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MADIGAN ANNOUNCES RECORD \$300 MILLION FOR ILLINOIS' PENSION SYSTEMS, CONSUMERS IN BANK OF AMERICA SETTLEMENT

With Today's Settlement, Attorney General Madigan Has Recovered a Total of \$2.8 Billion for Illinois Homeowners, Communities & Pension Systems

Chicago — Attorney General Lisa Madigan today announced a record \$300 million settlement with Bank of America as a result of the bank's misconduct in its marketing and sale of risky residential mortgage-backed securities (RMBS) leading up to the 2008 economic collapse. The settlement includes \$200 million in relief to fully recover for losses incurred by Illinois' pension systems and \$100 million in consumer relief.

The agreement is part of a national settlement forged by the U.S. Department of Justice (DOJ) and also joined by attorneys general from California, Delaware, Massachusetts, New York and Kentucky. The settlement includes recoveries for RMBS issued by Countrywide and Merrill Lynch, both of which were acquired by Bank of America.

Today's settlement is the latest in a long line of enforcement actions Attorney General Madigan has taken against Bank of America and its subsidiary Countrywide for abuses, discrimination and misconduct that contributed to the financial crisis. As a result of all of the enforcement actions that Madigan has taken against the perpetrators of the economic collapse, she has recovered a total of approximately \$2.8 billion for Illinois consumers, communities, county recorders and pension funds.

"This settlement resolves the fourth enforcement action I have brought against Bank of America to fight the widespread fraud that was at the root cause of the economic crisis. Bank of America, and in particular Countrywide, were major players in virtually every aspect of the market that caused the crisis, from shoddy loan originations and discriminatory lending to African Americans and Latinos to fraudulent marketing of mortgage-backed securities," Madigan said. "This settlement is my latest fight to hold Bank of America and Countrywide accountable for destroying our economy and the financial future of so many Illinoisans."

The settlement with Bank of America stems from an investigation by Madigan's office which revealed that between 2006 and 2008 the bank failed to disclose the true risk of RMBS investments to Illinois' pension systems and therefore misled the systems when they invested in the RMBS market.

The settlement requires Bank of America to pay a total of \$154.2 million to the Illinois Teachers Retirement System, \$2.6 million to the State Universities Retirement System, and \$43.2 million the Illinois State Board of Investment, which oversees the State Employees' Retirement System, General Assembly Retirement System and Judges' Retirement System.

Bank of America also will provide at least \$100 million in consumer relief, including assistance for homeowners as well as funding for blight reduction. An independent monitor will be appointed to oversee the relief distribution.

Today's settlement is the third and largest such agreement that Madigan has secured as part of her work on the Residential Mortgage-Backed Securities Working Group under President Obama's Financial Fraud Enforcement Task Force. Madigan has reached similar agreements with JPMorgan Chase & Company for \$100 million to Illinois' pension systems, and with Citigroup for \$44 million to the state's pension systems and an additional \$40 million in consumer relief.

The settlement is also the latest action for Madigan against Bank of America and Countrywide that began even before the economic collapse.

In June 2008, Madigan filed an historic lawsuit against Countrywide that led to an \$8.7 billion national settlement for deceptively placing thousands of Illinois homeowners into ultra-risky and unaffordable subprime mortgages. The settlement was reached with Bank of America after it acquired Countrywide, and it established the nation's first mandatory loan modification program.

Two years later, in 2010, Madigan again filed suit against Countrywide and Bank of America for illegally targeting African American and Latino borrowers for sales of the lender's poorest quality and most expensive mortgages during the height of the subprime mortgage lending spree. The lawsuit led to a \$335 million national settlement reached by Madigan and DOJ that provided restitution to harmed Illinois borrowers and represented the largest settlement of a fair lending lawsuit ever obtained by a state attorney general. In addition, Madigan and DOJ secured a \$175 million national settlement with Wells Fargo to resolve similar fair lending allegations.

In 2012, Madigan was a lead negotiator in the \$25 billion national mortgage settlement with the country's largest mortgage servicers, including Bank of America, JPMorgan Chase, Wells Fargo, Citibank and Ally Bank, formerly GMAC, that addressed allegations of widespread "robo-signing" of foreclosure documents and other fraudulent practices banks employed while servicing mortgages of struggling homeowners. As a result of Madigan's leadership, Illinois borrowers have received over \$2.4 billion in direct relief.

Currently, Madigan is litigating against the national credit rating agency Standard & Poor's, alleging that the company compromised its independence as a rating agency by doling out high ratings to unworthy, risky investments as a corporate strategy to increase its revenue and market share.

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