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## **MADIGAN RECOVERS \$41 MILLION FOR ILLINOIS PENSION SYSTEMS, CONSUMERS IN GOLDMAN SACHS SETTLEMENT**

### ***Madigan Recoups \$25 Million to Pension Funds for Goldman Sachs Mortgage-backed Securities, Obtains Additional \$16 Million in Consumer Relief***

**Chicago** — Attorney General Lisa Madigan today announced a \$41 million settlement with Goldman Sachs as a result of the investment bank's misconduct in its marketing and sale of risky residential mortgage-backed securities (RMBS) leading up to the 2008 economic collapse. The agreement is part of a \$5 billion national settlement forged by the U.S. Department of Justice (DOJ), state attorneys general from New York and California and other federal entities.

The settlement includes \$25 million in relief for Illinois' pension systems and \$16 million in relief for Illinois consumers. The agreement stems from an investigation by Madigan's office concerning the investment bank's failure to disclose the true risk of RMBS investments.

"With today's settlement, I have recovered over \$540 million for Illinois pension systems and residents as a result of fraudulent conduct in the mortgage-backed securities market," Madigan said. "My office is continuing to recover critical funds for the state and homeowners due to Wall Street's misconduct."

Under the settlement, Goldman Sachs will pay nearly \$23.8 million to the Teachers Retirement System of the State of Illinois, \$472,500 to the State Universities Retirement System of Illinois, and \$737,500 to the Illinois State Board of Investment, which oversees the State Employees' Retirement System, General Assembly Retirement System and Judges' Retirement System.

Goldman Sachs also will provide \$16 million in consumer relief. An independent monitor will be appointed to oversee the relief distribution.

Today's settlement is the fifth such agreement 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 previously settled with JPMorgan Chase & Company for \$100 million to Illinois' pension systems, with Citigroup for \$44 million to the state's pension systems and an additional \$40 million in consumer relief, with Bank of America for a record \$300 million, including \$200 million to Illinois' pension systems and an additional \$100 million in consumer relief, and with Morgan Stanley for \$22.5 million to the state's pension systems. Madigan also secured a \$52.5 million settlement with Standard & Poor's to resolve allegations that the company compromised its independence by doling out high ratings to risky mortgage-back securities as a corporate strategy to increase its revenue.

Attorney General Madigan has led the country in taking legal action against banks, lenders and other financial institutions for unlawful financial misconduct that contributed to the country's economic collapse. Madigan's enforcement actions have recovered a total of \$2.9 billion for consumers, communities, county recorders and pension funds.

Madigan was a lead negotiator in the \$25 billion national mortgage settlement with the country's largest mortgage servicers – 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. Illinois borrowers received more than \$2.4 billion in direct relief under the settlement.

Madigan also was the first attorney general in the nation to sue a national bank for fair lending violations. Madigan and DOJ secured a \$175 million national settlement to resolve allegations that Wells Fargo illegally targeted 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. Madigan and DOJ also reached a \$335 million national settlement with Countrywide, once the nation's largest mortgage lender, to resolve similar allegations of fair lending violations. The settlement has provided restitution to harmed Illinois borrowers and is the largest settlement of a fair lending lawsuit ever obtained by a state attorney general.

Madigan reached a landmark \$8.7 billion national settlement in 2008 against Countrywide for deceptively placing thousands of Illinois homeowners into ultra-risky and unaffordable subprime mortgages. The settlement with Countrywide's new owner, Bank of America, established the nation's first mandatory loan modification program.

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