SIGNIFICANT POST-CRISIS BANK SETTLEMENTS AND JUDGMENTS

I. National Mortgage Settlement

Date of Resolution: Feb. 9, 2012

Defendants: Bank of America, JPMorgan Chase, Wells Fargo, Citigroup, Ally Financial (GMAC)

Plaintiff: DOJ, 49 state attorneys general

Type of Action(s): Federal/State Civil Claims

Substance of Claims: Unfair and deceptive consumer practices with respect to loan servicing and foreclosure abuses, violations of the False Claims Act, other common law claims

Type of Resolution: $5 billion cash settlement to federal and state governments, plus $20 billion agreement to provide “financial relief to borrowers,” including principal reduction for delinquent borrowers, refinancing for homeowners with negative equity, etc.

Filings Posted: Complaint, Settlement Documents, Holder Press Release

II. Bank of America’s “Comprehensive Resolution” with Fannie Mae

Date of Settlement: Jan. 6, 2013

Defendant: Bank of America/Countrywide

Plaintiff: Fannie Mae

Type of Action(s): FNMA issued “repurchase requests” to BOA, which this settlement resolved; no suit was ever filed

Substance of Claims: BOA sold loans to FNMA which had been originated with credit quality below FNMA’s standards; FNMA seeks repurchase of the bad loans

Type of Resolution: BOA agrees to pay $10.3B in repurchase requests and an additional $1.3B to address servicing problems

Filings Posted: FNMA 10-K announcing details of agreement, FNMA press release

III. Bank of America’s Jury Verdict Re: Fast-Track Loan Origination Plan

Date of Verdict: Oct. 23, 2013

Defendants: Bank of America, Countrywide Financial (subsidiary), Rebecca Mairone (Countrywide executive)

Plaintiff: USAO SDNY

Type of Action(s): Federal Civil Claims

Substance of Claims: Fast-Track mortgage origination characterized as a scheme to defraud the GSE’s (Fannie, Freddie) to whom mortgages were sold [False Claims Act / Financial Institutions Reform, Recovery, and Enforcement Act]
Type of Resolution: Jury verdict holding all defendants liable. The damages litigation is ongoing. [Suit for $1B with potential treble damages under FCA]

Filings Posted: Initial Complaint, Jury Verdict, Government’s Subsequent Motion in Favor of Civil Penalties; Bharara Press Releases at Filing and Verdict

**IV. JP Morgan’s Mortgage Settlement**

Date of Resolution: Nov. 19, 2013


Type of Action(s): Federal/State Civil Claims

Substance of Claims: Misrepresented nature of RMBS transactions to the public [False Claims Act / Financial Institutions Reform, Recovery, and Enforcement Act]

Type of Resolution: $13B settlement

Filings Posted: Settlement Agreements and Appendices

**V. Criminal Charges Re: Madoff Filed Against JPM**

Date of Deferred Prosecution Agreement: Jan. 7, 2014


Prosecutor: USAO SDNY

Type of Action(s): Federal criminal charges

Substance of Claims: JPM violated Bank Secrecy Act by failing to report suspicions of fraud by Bernard Madoff

Type of Resolution: Two-year deferred prosecution agreement, including $1.7B payment to Madoff victims, and reform of anti-money laundering policies

Filings Posted: Complaint, Deferred Prosecution Agreement
Concealed from investors risks, terms, and improper pricing in CDOs and other complex structured products:

- **Citigroup** - SEC charged Citigroup’s principal U.S. broker-dealer subsidiary with misleading investors about a $1 billion CDO tied to the housing market in which Citigroup bet against investors as the housing market showed signs of distress. The proposed settlement would require a payment of $285 million by Citigroup that would be returned to harmed investors. (10/19/11)

- **Commonwealth Advisors** - SEC charged Walter A. Morales and his Baton Rouge-based firm with defrauding investors by hiding millions of dollars in losses suffered during the financial crisis from investments tied to residential mortgage-backed securities. (11/9/12)

- **Goldman Sachs** - SEC charged the firm with defrauding investors by misstating and omitting key facts about a financial product tied to subprime mortgages as the U.S. housing market was beginning to falter. (4/16/10)
  - Goldman Settled Charges - Firm agreed to pay record penalty in $550 million settlement and reform its business practices. (7/15/10)

- **Harding Advisory LLC** - SEC charged a Morristown, N.J.-based firm and its CEO for misleading investors in a CDO about the asset selection process. (10/18/13)

- **ICP Asset Management** - SEC charged ICP and its president with fraudulently managing investment products tied to the mortgage markets as they came under pressure. (6/21/10)
  - ICP and President Settled Charges - ICP and its president Thomas Priore agreed to pay penalties and settle the SEC’s charges (9/6/12)

- **J.P. Morgan Securities** - SEC charged the firm with misleading investors in a complex mortgage securities transaction just as the housing market was starting to plummet. J.P. Morgan agreed to pay $153.6 million in a settlement that enables harmed investors to receive all of their money back. (6/21/11)

- **Merrill Lynch** - SEC charged the firm with making faulty disclosures about collateral selection for two CDOs that it structured and marketed to investors, and maintaining inaccurate books and records for a third CDO. Merrill Lynch agreed to pay $131.8 million to settle the charges. (12/12/13)

- **Mizuho Securities USA** - SEC charged the U.S. subsidiary of Japan-based Mizuho Financial Group and three former employees with misleading investors in a CDO by using “dummy assets” to inflate the deal’s credit ratings while the housing market was showing signs of severe stress. The SEC also charged the deal’s collateral manager and portfolio manager. Mizuho agreed to pay $127.5 million to settle the charges, and the others also agreed to settlements. (7/18/12)

- **NIR Capital Management** - SEC charged the two managing partners of the Charlotte, N.C.-based investment advisory firm for compromising their independent judgment and allowing a third party to influence the portfolio selection process of a CDO. Scott H. Shannon and Joseph G. Parish III agreed to collectively pay more than $472,000 to settle the charges. (12/12/13)

- **Stifel, Nicolaus & Co.** - SEC charged the St. Louis-based brokerage firm and a former senior executive with defrauding five Wisconsin school districts by selling them unsuitably risky and complex investments. (8/10/11)
RBC Capital Markets - SEC charged the firm for misconduct in the sale of unsuitable CDO investments to five Wisconsin school districts. The firm settled the charges by paying $30.4 million to be distributed to the school districts through a Fair Fund. (9/27/11)

Wachovia Capital Markets - SEC charged the firm with misconduct in the sale of two CDOs tied to the performance of residential mortgage-backed securities as the housing market was beginning to show signs of distress. Firm settled charges by paying more than $11 million, much of which will be returned to harmed investors. (4/5/11)

Wells Fargo - SEC charged Wells Fargo's brokerage firm and a former vice president for selling investments tied to mortgage-backed securities without fully understanding their complexity or disclosing the risks to investors. Wells Fargo agreed to pay more than $6.5 million to settle the charges. (8/14/12)

UBS Securities - SEC charged UBS Securities with violating securities laws while structuring and marketing a CDO by failing to disclose that it retained millions of dollars in upfront cash that should have gone to the CDO for the benefit of its investors. UBS agreed to pay nearly $50 million to settle the SEC's charges. (8/6/13)

Made misleading disclosures to investors about mortgage-related risks and exposure:

American Home Mortgage - SEC charged executives with accounting fraud and misleading investors about the company's deteriorating financial condition as the subprime crisis emerged. Former CEO settled charges by paying $2.45 million and agreeing to five-year officer and director bar. (4/28/09)

BankAtlantic - SEC charged the holding company for one of Florida's largest banks and CEO Alan Levan with misleading investors about growing problems in one of its significant loan portfolios early in the financial crisis. (1/18/12)

Bank of America - SEC charged Bank of America and two subsidiaries with defrauding investors in an offering of residential mortgage-backed securities by failing to disclose key risks and misrepresenting facts about the underlying mortgages. (8/6/13)

Citigroup - SEC charged the company and two executives with misleading investors about exposure to subprime mortgage assets. Citigroup paid $75 million penalty to settle charges, and the executives also paid penalties. (7/29/10)

Commonwealth Bankshares - SEC charged three former bank executives in Virginia for understating millions of dollars in losses and masking the true health of the bank's loan portfolio at the height of the financial crisis. (1/9/13)

Countrywide - SEC charged CEO Angelo Mozilo and two other executives with deliberately misleading investors about significant credit risks taken in efforts to build and maintain the company's market share. Mozilo also charged with insider trading. (6/4/09)
  - Mozilo Settled Charges - Agreed to record $22.5 million penalty and permanent officer and director bar. (10/15/10)

Credit Suisse Securities (USA) - SEC charged the firm with misleading investors in offering of residential mortgage-backed securities. Credit Suisse agreed to pay $120 million to settle the SEC's charges. (11/16/12)
• **Franklin Bank** - SEC charged two top executives with securities fraud for misleading investors about increasing delinquencies in its single-family mortgage and residential construction loan portfolios at the height of the financial crisis. (4/5/12)

• **Fannie Mae and Freddie Mac** - SEC charged six former top executives of Fannie Mae and Freddie Mac with securities fraud for misleading investors about the extent of each company's holdings of higher-risk mortgage loans, including subprime loans. (12/16/11)

• **IndyMac Bancorp** - SEC charged three executives with misleading investors about the mortgage lender's deteriorating financial condition. (2/11/11)
  - **CEO Settles Case** - IndyMac's former CEO and chairman of the board Michael Perry agreed to pay an $80,000 penalty. (9/28/12)

• **J.P. Morgan Securities** - SEC charged the firm with misleading investors in offerings of residential mortgage-backed securities. J.P. Morgan Securities agreed to pay $296.9 million to settle the SEC's charges. (11/16/12)

• **New Century** - SEC charged three executives with misleading investors as the lender's subprime mortgage business was collapsing. (12/7/09)
  - **Executives Settled Charges** - Paid more than $1.5 million and each agreed to five-year officer and director bars. (7/30/10)

• **Option One Mortgage Corp.** - SEC charged the H&R Block subsidiary with misleading investors in several offerings of subprime residential mortgage-backed securities by failing to disclose that its financial condition was significantly deteriorating. The firm agreed to pay $28.2 million to settle the charges. (4/24/12)

• **RBS Securities** - SEC charged the Royal Bank of Scotland subsidiary with misleading investors in a subprime RMBS offering. RBS agreed to settle the charges and pay $150 million for the benefit of harmed investors. (11/7/13)

• **Thornburg executives** - SEC charged three executives at formerly one of the nation's largest mortgage companies with hiding the company's deteriorating financial condition at the onset of the financial crisis. (3/13/12)

• **TierOne Bank executives** - SEC charged three former bank executives in Nebraska for participating in a scheme to understate millions of dollars in losses and mislead investors and federal regulators at the height of the financial crisis. Two executives settled the charges by paying penalties and agreeing to officer-and-director bars. (9/25/12)
  - **TierOne auditors** - SEC charged two KPMG auditors for their roles in the failed audit of TierOne Bank. (1/9/13)

Concealed the extent of risky mortgage-related and other investments in mutual funds and other financial products:

• **Bear Stearns** - SEC charged two former Bear Stearns Asset Management portfolio managers for fraudulently misleading investors about the financial state of the firm's two largest hedge funds and their exposure to subprime mortgage-backed securities before the collapse of the funds in June 2007. (6/19/08)
  - **Cioffi and Tannin Settled Charges** - Agree to pay more than $1 million and accept industry bars. (6/18/12)
• **Charles Schwab** - SEC charged entities and executives with making misleading statements to investors in marketing a mutual fund heavily invested in mortgage-backed and other risky securities. The Schwab entities paid more than $118 million to settle charges. (1/11/11)

• **Evergreen** - SEC charged the firm with overstating the value of a mutual fund invested primarily in mortgage-backed securities and only selectively telling shareholders about the fund's valuation problems. Evergreen settled the charges by paying more than $40 million, most of which was returned to harmed investors. (6/8/09)
  
  - The SEC also charged the lead portfolio manager of the fund, Lisa Premo. In December 2012, a judge found Premo liable for aiding and abetting some of Evergreen's violations, and she was barred from working as an investment adviser for five years.

• **Morgan Keegan** - SEC charged the firm and two employees with fraudulently overstating the value of securities backed by subprime mortgages (4/7/10)
  
  - **Morgan Keegan Settled Charges** - Firm agreed to pay $100 million to the SEC and the two employees also agreed to pay penalties, including one who agreed to be barred from the securities industry. (6/22/11)

• **OppenheimerFunds** - SEC charged the investment management company and its sales distribution arm for misleading statements about two of its mutual funds that had substantial exposure to commercial mortgage-backed securities during the midst of the credit crisis in late 2008. (6/6/12)

• **Reserve Fund** - SEC charged several entities and individuals who operated the Reserve Primary Fund for failing to provide key material facts to investors and trustees about the fund's vulnerability as Lehman Brothers sought bankruptcy protection. (3/5/09)

• **State Street** - SEC charged the firm with misleading investors about exposure to subprime investments while selectively disclosing more complete information to specific investors. State Street agreed to repay investors more than $300 million to settle the charges. (2/4/10)
  
  - **Two Former State Street Employees Charged** - Accused of misleading investors about exposure to subprime investments. (9/30/10)

• **TD Ameritrade** - SEC charged the firm with failing to supervise representatives who mischaracterized the Reserve Fund as safe as cash and failed to disclose risks when offering the investment to customers. Firm settled charges by agreeing to repay $10 million to certain fund investors. (2/3/11)

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**Others**

• **Aladdin Capital Management** - SEC charged the Connecticut-based investment adviser, its affiliated broker-dealer, and a former executive with falsely stating to clients that it had "skin in the game" for two CDOs. Aladdin and its broker-dealer agreed to pay more than $1.6 million combined, and the former executive agreed to pay a $50,000 penalty. (12/17/12)

• **Bank of America** - SEC charged the company with misleading investors about billions of dollars in bonuses being paid to Merrill Lynch executives at the time of its acquisition of the firm, and failing to disclose extraordinary losses that Merrill sustained. Bank of America paid $150 million to settle charges. (2/4/10)
• **Brooke Corporation** - SEC charged six executives for misleading investors about the firm's deteriorating financial condition and for engaging in various fraudulent schemes designed to conceal the firm's rapidly deteriorating loan portfolio. Five executives agreed to settlements including financial penalties and officer and director bars. (5/4/11)
  - Former CEO Settled Charges - The sixth executive agreed to an officer and director bar and financial penalty. (9/8/11)

• **Brookstreet** - SEC charged the firm and its CEO with defrauding customers in its sales of risky mortgage-backed securities. (12/8/09)
  - Judge Orders Brookstreet CEO to Pay $10 Million Penalty - Stanley Brooks and Brookstreet Securities ordered to pay $10,010,000 penalty and $110,713.31 in disgorgement and prejudgment interest. (3/2/12)
  - Brookstreet Brokers Charged - SEC charged 10 Brookstreet brokers with making misrepresentations to investors in sale of risky CMOs. (5/28/09)

• **Capital One** - SEC charged Capital One Financial Corporation and two senior executives for understating millions of dollars in auto loan losses incurred during the months leading into the financial crisis. Capital One agreed to pay $3.5 million to settle the SEC's charges. The two senior executives also agreed to pay penalties to settle the claims against them. (4/24/13)

• **Claymore Advisors/Fiduciary Asset Management** - SEC charged two investment advisory firms and two portfolio managers for failing to adequately inform investors about a closed-end fund's risky derivative strategies that contributed to its collapse during the financial crisis. Claymore agreed to distribute $45 million to fully compensate investors for losses related to the problematic trading, and Fiduciary Asset Management agreed to pay more than $2 million. (12/19/12)

• **Colonial Bank and Taylor, Bean & Whitaker (TBW)** - SEC charged executives at the bank and the major mortgage lender for orchestrating $1.5 billion scheme with fabricated or impaired mortgage loans and securities, and attempting to scam the TARP program.

• **Credit Suisse bankers** - SEC charged four former veteran investment bankers and traders for their roles in fraudulently overstating subprime bond prices in a complex scheme driven in part by their desire for lavish year-end bonuses. (2/1/12)

• **Fifth Third Bank** - SEC charged the holding company of the Cincinnati-based bank and its former CFO for improper accounting of commercial real estate loans in the midst of the financial crisis. (12/4/13)

• **Jefferies & Co. executive** - SEC charged a former executive at a New York-based broker-dealer with defrauding investors while selling mortgage-backed securities in the wake of the financial crisis so he could generate additional revenue for his firm. (1/28/13)

• **KCAP Financial** - SEC charged three top executives at a New York-based publicly traded fund being regulated as a business development company with overstating the fund's assets during the financial crisis. The executives agreed to pay financial penalties to settle the SEC's charges. (11/28/12)

• **UCBH Holdings Inc.** - SEC charged former bank executives with misleading investors about mounting loan losses at San Francisco-based United Commercial Bank and its public holding company during the height of the financial crisis. (10/11/11)
  - SEC charged former bank executive with misleading the bank's independent auditors regarding risks the bank faced on certain outstanding loans. (3/27/12)
### Stats (as of December 12, 2013)

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Entities and Individuals Charged</td>
<td>169</td>
</tr>
<tr>
<td>Number of CEOs, CFOs, and Other Senior Corporate Officers Charged</td>
<td>70</td>
</tr>
<tr>
<td>Number of Individuals Who Have Received Officer and Director Bars, Industry Bars, or Commission Suspensions</td>
<td>40</td>
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<tr>
<td>Penalties Ordered or Agreed To</td>
<td>&gt; $1.64 billion</td>
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<tr>
<td>Disgorgement and Prejudgment Interest Ordered or Agreed To</td>
<td>&gt; $981 million</td>
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<tr>
<td>Additional Monetary Relief Obtained for Harmed Investors</td>
<td>$400 million*</td>
</tr>
<tr>
<td>Total Penalties, Disgorgement, and Other Monetary Relief</td>
<td>$3.02 billion</td>
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* In settlements with Evergreen, J.P. Morgan, State Street, TD Ameritrade, and Claymore Advisors