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A U.S. government lawsuit against Bank of America Corp. related to the sale of billions of dollars of toxic mortgage loans to Fannie Mae and Freddie Mac is headed to trial in September. The government brought the case pursuant to the False Claims Act and the Financial Institutions Reform, Recovery and Enforcement Act alleging fraud by Bank of America in connection with the sales of the toxic mortgage loans.

The whistleblower lawsuit was originally brought by Countrywide Financial Corp. executive Edward O'Donnell. The U.S. Department of Justice then joined the action. The suit alleges that Countrywide, acquired by Bank of America in July 2008, caused more than \$1 billion in taxpayer losses by selling defective home loans to Fannie Mae and Freddie Mac, the mortgage finance entities seized by the government in September 2008.

Bank of America had sought the dismissal of the whistleblower suit. In an Order released on August 27, U.S. District Judge Jed Rakoff of the United States District Court for the Southern District of New York denied the Bank's Motion to Dismiss. That ruling clears the way for the lawsuit to proceed toward a jury trial scheduled to begin September 23 in New York.