



Attorneys at Law

Jury selection began on October 1, 2013 in the government's first financial crisis case to go to trial against a major bank over defective mortgages. The case involves claims that Bank of America's Countrywide unit approved deficient home loans in a process called "Hustle," defrauding Fannie Mae and Freddie Mac, the U.S. government enterprises that underwrite mortgages.

The lawsuit was filed in 2012 by the U.S. Department of Justice and blames the bank for more than \$1 billion in losses to Fannie Mae and Freddie Mac, which bought mortgages that later defaulted. The lawsuit arose from a whistleblower case brought by former Countrywide Financial Corp. executive Edward O'Donnell. The lawsuit centers on allegations that Countrywide, in its haste to streamline and quicken its loan origination business, eliminated loan quality checkpoints and began paying employees based only on the volume of loans they produced. According to the Justice Department, the result was "rampant instances of fraud and other serious loan defects" in the mortgages sold to Fannie Mae and Freddie Mac, despite assurances that Countrywide had tightened underwriting guidelines.

The case is U.S. ex rel. O'Donnell v. Bank of America Corp., et al. and is pending in the U.S. District court for the Southern District of New York.