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Bank probes expanding with new investigation

REUTERS

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Thu May 13, 8:54 am ET



NEW YORK/WASHINGTON (Reuters) – U.S. authorities are expanding their probes of past mortgage securities deals, with New York's attorney general opening an investigation into whether eight banks misled rating agencies, a source familiar with the matter said.

New York Attorney General Andrew Cuomo's office on Wednesday served subpoenas on four U.S. banks and four European lenders, the source said.

Cuomo is targeting Citigroup, Credit Agricole, Credit Suisse, Deutsche Bank, Goldman Sachs Group Inc, Morgan Stanley, UBS and Merrill Lynch, now owned by Bank of America, the source said.

The investigation comes as Wall Street and major banks around the world are attracting scrutiny from regulators stemming from transactions that occurred in the run-up to the subprime mortgage meltdown and financial crisis.

The Wall Street Journal on Wednesday reported that U.S. federal prosecutors, working with securities regulators, were conducting a preliminary criminal probe into whether four banks misled investors about their roles in mortgage bond deals.

The banks under early-stage criminal scrutiny are JPMorgan Chase, Citigroup, Deutsche Bank and UBS, the newspaper reported on its website, citing a person familiar with the matter.

The banks have also received civil subpoenas from the U.S. Securities and Exchanges Commission as part of a sweeping investigation of banks' selling and trading of mortgage-related deals, the report said.

A spokesman for JPMorgan told the Journal the bank had not been contacted by federal prosecutors and was not aware of any criminal investigation. The other banks either declined comment or were not immediately available.

ABC News – N.Y. Attorney General's Bank Probe



Video: AP Source: NY AG probing 8 banks over securities AP

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The reports come less than a month after the SEC charged Goldman Sachs with fraud over its marketing of a subprime mortgage product.

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Federal investigators are also probing Morgan Stanley, The Wall Street Journal reported on Wednesday. The bank's chief executive, James Gorman, said he had no knowledge of any such investigation.

The companies that rated the mortgage deals were McGraw-Hill Cos Inc's Standard & Poor's, Fitch Ratings and Moody's Investors Service, a unit of Moody's Corp.

The New York attorney general's investigation was first reported by The New York Times.

Spokesmen for UBS and Deutsche Bank declined to comment, and a spokeswoman from Credit Agricole declined to comment on the New York Attorney General's investigation. The other banks did not immediately return messages seeking comment.

(Reporting by Steve Eder in New York, JoAnne Allen in Washington and Steve Slater in London; editing by Todd Eastham, Karen Foster and John Wallace)

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 THIS JUST IN... REPUBLICANS BLAME OBAMA FOR THIS AS WELL!
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Chuck H 5 hours ago | [Report Abuse](#) 126 8
 The Trillion \$ Question is well what are you going to do when you find out the fix was in ?

 Nothing again ?! Or a fine that amounts to pennies to these highrollers and then they make that back in a day. Does Congress feel they did their job by scolding Goldman Sachs for how they misled people on the Abacus deal. I don't..... Pullleeeeeeeze spare us your drama if you're going to let them go right back to it.

 OR how about that 1000 point drop last week..I think it's realistic to believe more than half of all stop losses globally were taken out. Here is a quarter - GO BUY A CLUE - Perhaps the biggest one day heist ever.

[Replies \(12\)](#)



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S&P 500	1,168.31	-3.36	-0.29%
10 Yr Bond(%)	3.5880%		+0.2100
Oil	74.40	-1.25	-1.65%
Gold	1,210.00	+10.90	+0.91%

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Glen 5 hours ago | [Report Abuse](#)

116 15

notice this is most of the banks that comprise the Fraudulent reserve bank i.e. the Fed

Same snakes keeping the country in debt.

Audit the FRB HR 1207 & S 604 Then do criminal investigation.

Time for equal justice. "end the fed "

[Replies \(8\)](#)

Mike 5 hours ago | [Report Abuse](#)

157 4

They should also investigate the credit rating agencies who are widely known to be in collusion with the banks. Had their rating been accurate and honest, this whole crisis could have been averted.

[Replies \(7\)](#)

American Seven 5 hours ago | [Report Abuse](#)

93 19

This is the fault of both political parties. Only Rep. and Dem. have been in power since this mess started several years ago.

[Replies \(10\)](#)

Jan 5 hours ago | [Report Abuse](#)

157 26

Unregulated free market capitalism works so very well. (Note sarcasm)

Astounding that folks argue there is too much regulation when the evidence shows over and over that banks will cheat, the oil companies will take unnecessary risks, that rating houses will provide bogus high ratings, that companies will dump raw toxic materials in to our air and waterways when left to their own devices, etc . And yet some people act as if attempts to regulate companies and prevent these grave harms to America and it's citizens are some form of socialism and tyranny.

[Replies \(21\)](#)

Mike 5 hours ago | [Report Abuse](#)

27 48

It's all so convenient (not saying that the banks did not do anything wrong) that this pops up as we gear up for elections for governor.

[Replies \(5\)](#)

Joel Banks 5 hours ago | [Report Abuse](#)

137 8

Keep going Mr. Cuomo. Follow the stench wherever it may lead. These probes are the best foundation for a sustainable economic recovery. They should have happened a long time ago. America needs to purge itself of imprudent lending and borrowing to finance the real estate industry. Messrs Bernanke and Geithner of the Federal Reserve should have called for these probes since 2008. They never did. Instead, they have been busy sacrificing innocent savers and taxpayers to prop up the unethical banks and greedy realtors.

[Replies \(13\)](#)

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