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Senate Subpoenas Banks Over Subprime Mortgages

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By Mathew Katz

Goldman Sachs, Deutsche Bank, and Washington Mutual were issued subpoenas by a Senate panel investigating evidence of fraud in the subprime mortgage crisis, the Wall Street Journal [reports this morning](#) (subs. req'd). Washington Mutual is now [largely owned by JPMorgan Chase](#), so their subpoena also drags Wall Street's other titan into the mix.

Citing officials familiar with the subpoenas, the Journal said the Senate Permanent Subcommittee on Investigations is trying to find out whether internal memos show that bank executives doubted the financial soundness of the mortgage-backed securities their institutions put together.

The subpoenas will force the banks to hand over hundreds of company e-mails -- even if they don't find show evidence of fraud, they'll provide an interesting snapshot of what executives at the time really knew about those delightful subprime mortgages.

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