Continuing Lawsuits Show Consumers Are Still Being Hurt By Mortgage Crisis

/EINPresswire.com/ The whistleblower lawyers of Keller Grover discuss how two of the largest pension funds in California were hurt by S&P's violations of the False Claims Act.

In a recent lawsuit filed by the state of California against one of the Big-Three credit rating agencies, Standard and Poor's (S&P), the company is accused of False Claims Act violations. According to the Los Angeles Times report, the state is seeking $4 billion in damages, alleging the company's deceptive practices cost two of the state's largest pension funds approximately $1 billion in losses. The pension funds' investments in various mortgage-backed securities were based solely on S&P's ratings and reliance that their ratings were objective, unbiased and not influenced by business considerations. In spite of the high ratings the securities were plagued by massive numbers of loan defaults and foreclosures causing the securities to be virtually worthless.

California's pension funds were not the only ones invested in these securities. A number of other state pension funds made financial investments in mortgage-backed securities that S&P allegedly misrepresented as being low risk, but subsequently failed, causing irreparable damage to public employees' and teachers' retirement funds. California joined the U.S. Department of Justice and 12 other states and the District of Columbia in announcing lawsuits in Washington, D.C. California's suit is unique because it filed suit under the state's False Claims Act and under California's unfair competition laws.

As this lawsuit illustrates, California is taking aim at a player it believes played a significant part in the housing crisis and it is using its False Claims Act to do it. The deliberately inaccurate information provided by companies like S&P have impacted the state's pension funds ability to provide for the beneficiaries of those funds - public employees including teachers and first responders who have worked in public service anticipating that their pensions will be there for them when they retire.

More than five years after the housing bubble burst, this suit also shows that the practices giving rise to the crash have had ripple effects well beyond the foreclosures, short sales and lost equity for the millions of consumers who owned the homes underlying all those transactions.

The whistleblower lawyers of Keller Grover LLP seek to help protect the interests of consumers who have been hurt by the unethical or fraudulent actions of key players in the mortgage crisis in their dealings with local, state and federal government agencies. These may include financial institutions, credit agencies, and other entities whose actions may be in violation of the False Claims Act.

If you have information about fraudulent or deceptive practices by companies doing business with the government, contact the Keller Grover law firm today for a free confidential consultation about your legal options.
