

Bank of America sued for “massive fraud” by mortgage investors

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[Bank of America](#)'s Countrywide mortgage operation was accused of “massive fraud” in a suit by big investors who say they were misled about the quality of mortgage-backed securities.

A dozen institutional investors, including TIAA-CREF Life Insurance Co. and [New York Life Insurance Co.](#), filed the complaint Jan. 24 in New York state Supreme Court, according to Bloomberg News.

The litigation is the latest salvo in a battle between BofA and institutional investors over mortgage-backed securities and the quality of the loans backing those investments.

“We will review the suit, but on first glance these sound like large, sophisticated investors who now want to blame someone for the fact that the declining economy caused their investment to lose value,” said BofA (NYSE: BAC) spokeswoman **Shirley Norton**.

In the suit, the investors say they purchased Countryside's mortgage-backed securities, seeking a low-risk investment. But the plaintiffs allege that Countrywide's documentation on the mortgage-backed securities was knowingly false. BofA acquired Countrywide in 2008.

“Countrywide was an enterprise driven by only one purpose -- to originate and securitize as many mortgage loans as possible into MBS to generate profits for the Countrywide defendants without regard to the investors that relied on the critical, false information provided to them with respect to the related certificates,” according to the suit.

BofA, headquartered in Charlotte, N.C., is the second-largest bank in New Mexico with more than 14 percent of market share, according to the [Federal Deposit Insurance Corp.](#)

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