

New Lawsuit Filed for Bank of America Homeowners Seeking Modifications

Hagens Berman Sobol Shapiro LLP, a national consumer-protection law firm, has filed a class action lawsuit alleging that Bank of America (NYSE: BAC) created and headed an illegal enterprise designed to defraud homeowners seeking loan modifications as part of the government's Home Affordable Modification Program, or "HAMP."

The complaint, filed in U.S. District Court in Colorado on July 10, alleges that Bank of America masterminded a scheme which allowed it to deny help it had promised to give thousands of its customers in exchange for \$45 billion it took in bailout funds.

"We believe that Bank of America gamed the system, perpetrating a fraud on both its customers and American taxpayers," said Steve Berman, managing partner of Hagens Berman and one of the attorneys who filed the lawsuit. "BofA promised that it would work with homeowners to modify their mortgages under the HAMP program. Instead it took \$45 billion in taxpayer money and fought as hard as it could to avoid granting modifications, squeezing every last dollar from its customers and wrongfully foreclosing thousands of people's homes in the process."

For the past three years, Hagens Berman has been pursuing claims on behalf of homeowners who were not given loan modifications that the firm believes Bank of America contractually promised them. As the firm litigated these issues, it uncovered evidence resulting in yesterday's new lawsuit. According to the complaint, Bank of America's failure to grant loan modifications was not merely the result of honest mistakes or even widespread incompetence, but a deliberate and coordinated plan orchestrated by the bank.

The lawsuit alleges that Bank of America employed contractors, including co-defendant Urban Lending Solutions ("Urban"), who repeatedly lied to Bank of America's customers. For instance, the suit claims that Urban employees answered the phone, "Bank of America – Office of the President," when they did not work directly for Bank of America.

Former employees, according to the complaint, have confirmed that Bank of America instructed its employees to delay modifications, claim that it had not received paperwork and payments when it had received them, and declined modifications en masse in periods known internally as "blitzes."

The complaint also alleges that Bank of America went to great lengths to keep its employees silent about these issues. According to the suit, employees who questioned the ethics of declining

modifications for fraudulent reasons, or of lying to customers, were subject to discipline including termination.

“BofA’s efforts to keep its employees from exposing the scheme were successful for far too long,” said Berman. “Now – some very courageous former employees have come forward and shed light on this massive injustice that has impacted hundreds of thousands of people across the United States.”

The lawsuit claims that Bank of America is guilty of violating the Racketeering Influenced Corrupt Organizations Act, or RICO. It asks for damages to be awarded to a proposed class defined as:

“All individuals whose home mortgage loans have been serviced by BOA and who, since April 13, 2009, (1) applied to BOA for a HAMP loan modification, (2) fulfilled an FHA Trial Period Plan Agreement or any other trial-payment agreement that was not issued pursuant to SD-09 (form 3156), (3) sent documents to, or received documents or other communications from, Urban employees in connection with their attempts to modify their home mortgage, and (4) did not receive, within 30 days after making all required trial payments, a permanent loan modification that complied with HAMP rules.”

Additional information about this case is available at <http://www.hbsslaw.com/cases-and-investigations/cases/BankofAmericaHAMP>.

About Hagens Berman

Seattle-based Hagens Berman Sobol Shapiro LLP represents consumers, whistleblowers, investors, workers and others in complex and class-action litigation. The firm has offices in ten cities and has been named to the National Law Journal’s Plaintiffs’ Hot List five times. Founded in 1993, HBSS continues to successfully fight for consumer rights in large, complex litigation against large corporations. More about the law firm and its successes can be found at www.hbsslaw.com. Visit the firm’s class-action law blog at www.classactionlawtoday.com.

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