

BANKING & FINANCIAL SERVICES FRAUD

Banks and financial institutions that operate in partnership with the government by, for example, approving or underwriting loans guaranteed by the government, or those that received bailout money from the government can be liable under the FCA. Specifically, banks dealing with government funds may have due diligence requirements as to how those funds can be expended.

Notable Banking and Financial Services Fraud Cases

For example, in February 2014, a major financial institution agreed to pay \$614 million to settle allegations of knowingly originating and underwriting non-compliant mortgage loans submitted for insurance coverage and guarantees to the U.S. Department of Housing and Urban Development (HUD), Federal Housing Administration (FHA), and U.S. Department of Veterans Affairs (VA). The institution admitted that it approved FHA and VA loans that were not eligible for FHA and VA insurance because they did not meet underwriting requirements. It also admitted that it failed to inform the agencies when its own internal reviews discovered more than 500 defective loans. In another example, in September 2013, a bank agreed to pay \$7.1 million to settle claims based on its failure “to engage in prudent underwriting practices” in issuing loans guaranteed by the Small Business Administration (SBA) by relying on unaudited financial statements without further verifying the information.

Banking and Financial Services Fraud Attorneys at Hodgson Russ LLP

Hodgson Russ is available to answer your questions about banking and financial services fraud. For more information about the False Claims Act, contact Dan Oliverio.

We also offer representation for pharmaceutical fraud, education & grant fraud, tax fraud and all other types of fraud covered under the False Claims Act.