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Salem register 'thrilled' by AG suit vs. banks

From staff and wire reports

SALEM — The attorney general went to court yesterday against five major banks and a business set up to privately keep track of and service home mortgages, alleging unlawful and deceptive conduct in foreclosures and in how mortgage documents were handled.

The lawsuit, filed in Suffolk Superior Court, names Bank of America Corp., JPMorgan Chase, Wells Fargo, Citigroup and GMAC, as well as Mortgage Electronic Registration Systems (MERS).

Attorney General Martha Coakley alleges that the defendants engaged in unfair and deceptive trade practices in violation of Massachusetts' law by pervasive use of fraudulent documentation in the foreclosure process, including so-called "robo-signing"; foreclosing without holding the actual mortgage; corrupting Massachusetts' land recording system through the use of MERS, which is essentially a private registry to keep track of mortgage transactions; and failing to uphold loan modification promises to Massachusetts homeowners.

"Our suit alleges that the banks have charted a destructive path by cutting corners and rushing to foreclose on homeowners without following the rule of law," Coakley said in a statement. "Our action today seeks real accountability for the banks' illegal behavior and real relief for homeowners."

Southern Essex District Register of Deeds John O'Brien said he is "thrilled" at Coakley's move, which he'd been hoping for months would happen.

O'Brien has been outspoken in challenging the authority of MERS in particular, and at one point began refusing to accept paperwork that he believed had been "robo-signed."

"I look forward to our day in court," O'Brien said.

"We are confident that MERS complies with Massachusetts laws," said Janis Smith, a spokeswoman for the company. "The company has not engaged in or facilitated any violation of the commonwealth's statutes, including its consumer protection provisions."

The lawsuit comes as talks have been dragging on for more than a year between major banks and the attorneys general from all 50 states over fraudulent foreclosure practices that drove millions of Americans from their homes following the bursting of the housing bubble.

However, over the past year, several obstacles have arisen. Attorneys general of different states have disagreed over what terms to offer the banks. Coakley, along with New York Attorney General Eric Schneiderman and Delaware's Beau Biden, have argued that banks should not be protected from future civil liability.