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Our View: Big banks face Bay State test

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The nation's big banks, which seem to be going through a rocky patch these days, have another foe in the person of Attorney General Martha Coakley.

She announced this week her intent to go after those institutions that may have defrauded consumers through "unlawful foreclosures ... as well as filing false or misleading documents with registries in the commonwealth."

Coakley's concerns are justified given the big banks' role in the collapse of the U.S. economy in general, and their property-lending practices in particular.

While the mortgage crisis dates back to the middle of the last decade, it was a little less than two years ago that John L. O'Brien, the register of deeds in Salem, raised the question of banks bypassing legal notification requirements and avoiding recording fees through the use of an affiliated organization known as the Mortgage Electronic Registration Systems (MERS).

Legal battles are now raging throughout the country regarding the legality of these practices. And while MERS has won some of those battles, most recently in Arizona, their conformance with Massachusetts law has yet to be tested. Thanks to Coakley and O'Brien, that question can now be resolved.