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Credit Union Group Sues Goldman Over Losses

By RUTH SIMON

Federal regulators filed a lawsuit Tuesday against [Goldman Sachs Group Inc.](#), accusing the investment bank of violating federal and state securities laws in the sale of \$1.2 billion in mortgage-backed securities.

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Reuters

The NCUA has been negotiating with banks that sold mortgages securities to failed credit unions. Above, the entrance to the Goldman Sachs in New York.

The lawsuit, filed in U.S. District Court in Los Angeles, seeks damages in excess of \$491 million. It is the fourth securities lawsuit to be filed in recent months by the National Credit Union Administration, which has been

negotiating for months with a variety of banks that sold mortgages securities to failed credit unions it has taken over.

The lawsuit alleges that the securities sold by Goldman Sachs to two failed corporate credit unions were "destined to perform poorly."

A Goldman spokesman wasn't immediately available for comment.

In addition to Goldman Sachs, the NCUA has filed two securities lawsuits against [Royal Bank of Scotland Group PLC](#) and a third lawsuit against [J.P. Morgan Chase & Co.](#) The four lawsuits seek a total of nearly \$2 billion in damages.

"NCUA continues to carry out our responsibility to do everything reasonable in our power to seek maximum recoveries," said NCUA Board Chairman Debbie Matz in a statement.

The lawsuit filed against Goldman Sachs involves purchases made

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by Western Corporate Federal Credit Union, also known as WesCorp, and U.S. Central Federal Credit Union, two now-defunct corporate credit unions.

Write to Ruth Simon at ruth.simon@wsj.com

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