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Credit Union Regulator Accuses Goldman

By BLOOMBERG NEWS

The [Goldman Sachs](#) Group was sued on Tuesday by the National Credit Union Administration over claims that the bank violated federal and state laws in the sale of mortgage-backed securities to corporate credit unions that subsequently failed.

The agency, which charters and regulates credit unions, said in a statement that it was seeking more than \$491 million from Goldman Sachs. The complaint, filed Tuesday in federal court in Los Angeles, is the fourth case aimed at recovering almost \$2 billion from “sellers and underwriters of questionable securities,” [the National Credit Union Administration said](#). It claims in the complaint that Goldman Sachs misrepresented securities in offering documents, causing the credit unions to believe the risk of loss was minimal when it was substantial.

Goldman Sachs “systematically abandoned the stated underwriting guidelines described in the offering documents” for the mortgages in the pools of collateralized residential mortgage-backed securities it underwrote, the group’s complaint said.

Stephen Cohen, a spokesman for Goldman Sachs, declined to comment on the lawsuit.

The agency said it expected to file five to 10 such cases. On June 20, the agency separately sued, in federal court in Kansas City, JPMorgan Chase and the Royal Bank of Scotland over similar claims.

“N.C.U.A. continues to carry out our responsibility to do everything reasonable in our power to seek maximum recoveries,” its chairwoman, Debbie Matz, said in the statement. “Those who caused the problems in the wholesale credit unions should pay for the losses now being paid by retail credit unions.”

The Goldman complaint relates to the collapse of the U.S. Central and Western Corporate federal credit unions, two of the five liquidated under the conservatorship of the national agency, the regulator said.