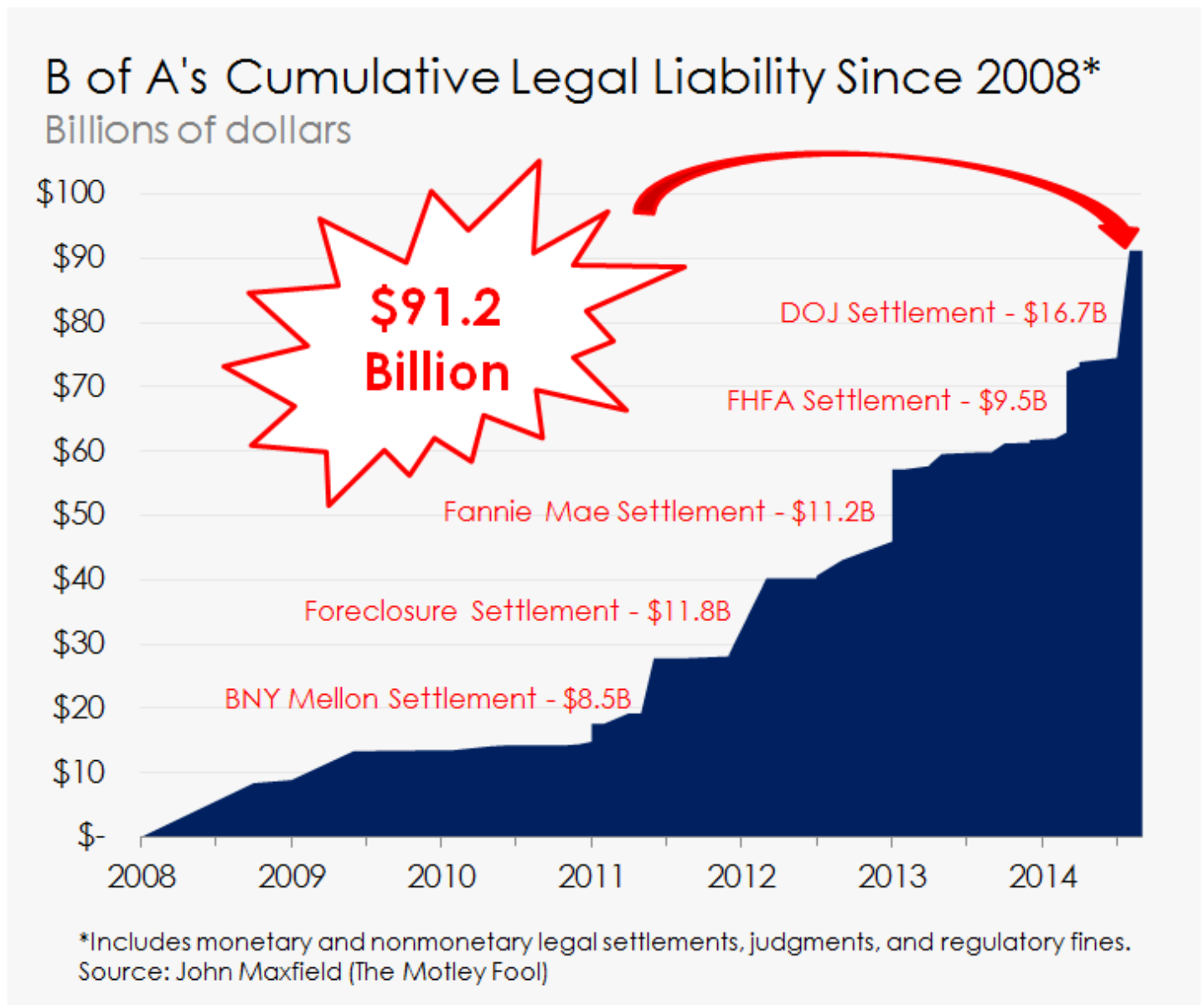


## The Complete List: Bank of America's Legal Fines and Settlements Since 2008

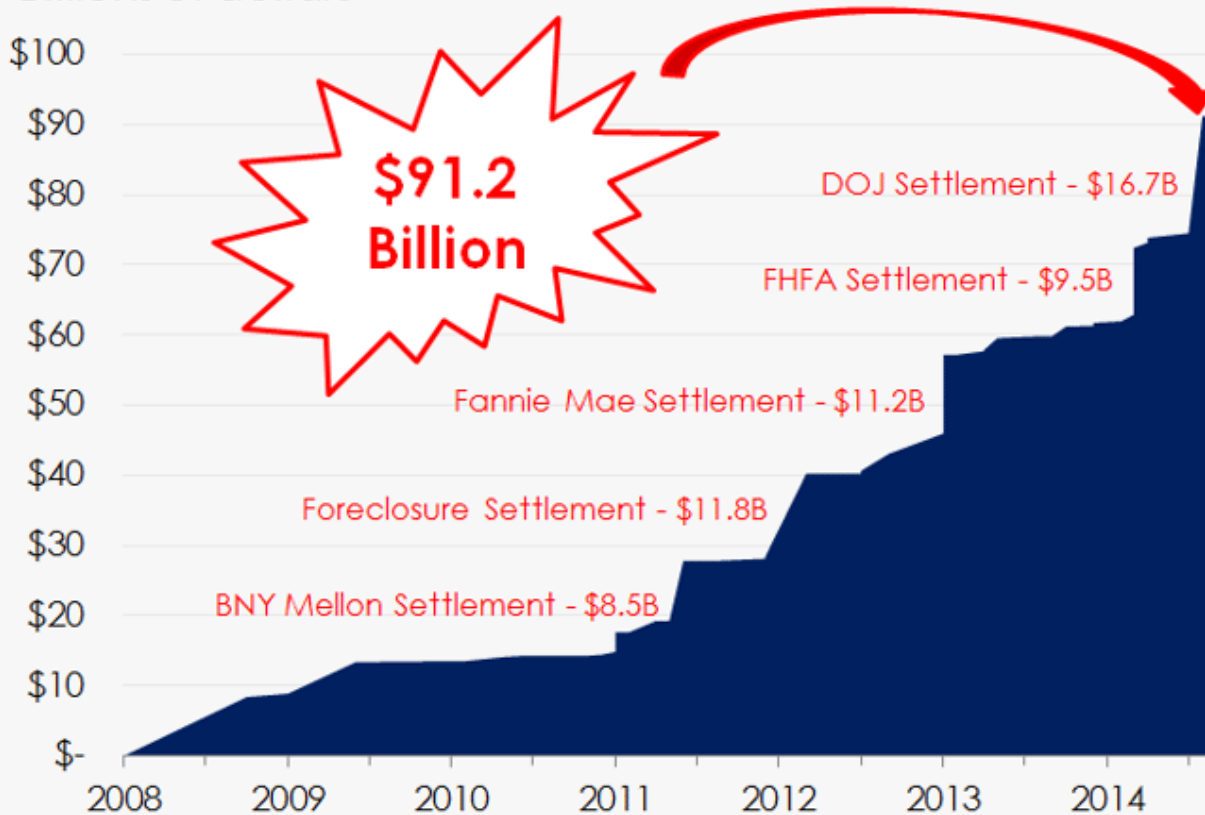
John Maxfield :: 10/1/2014



**All together, Bank of America has faced \$91.2 billion in legal fines and settlements since the beginning of the financial crisis.**

## B of A's Cumulative Legal Liability Since 2008\*

Billions of dollars



\*Includes monetary and nonmonetary legal settlements, judgments, and regulatory fines.  
Source: John Maxfield (The Motley Fool)

Over the past six years, **Bank of America** ([BAC](#) -0.15%) has entered into or been subject to 51 major legal settlements, judgments, and regulatory fines. Taken together, they add up to \$91.2 billion in monetary and nonmonetary damages.

Since I last [published](#) a running tally of Bank of America's legal transgressions, two more have come to fruition. The first was a \$16.65 billion [deal](#) between the Charlotte, N.C.-based bank, the U.S. Department of Justice, and a handful of states and federal agencies. The settlement released Bank of America from liability for the sale of toxic mortgage-backed securities to public and private investors in the lead-up to the financial crisis.

The second was a \$7.65 million fine the Securities and Exchange Commission levied in September. This fine concerned Bank of America's April 28 [admission](#) that it had overstated its regulatory capital by \$4.3 billion because of an accounting error dating to its 2008 acquisition of Merrill Lynch.

The resolution of these cases leaves the nation's second largest bank by assets with only one significant case from the financial crisis to resolve. It relates to an ongoing legal battle between Bank of America and **Ambac Financial** ([AMBC](#) -0.06%) for approximately \$2.5 billion in damages that the latter allegedly suffered

after insuring mortgage-backed securities issued by Bank of America and/or one of its now-subsidiary companies -- namely, Countrywide Financial.

What follows, in turn, is an updated list of Bank of America's legal transgressions since 2008:

Date	Description	Settlement/Judgment Amount
Pending	Bank of America is purportedly in the process of completing a settlement with mortgage-bond insurer Ambac Financial Group stemming from toxic mortgage-backed securities sold by the bank and its legacy companies (namely, Countrywide Financial) in the lead-up to the crisis.	According to Bank of America's latest annual report, Ambac is seeking \$2.5 billion in damages.
September 2014	The Securities and Exchange Commission fined Bank of America after it over-reported its regulatory capital by \$4.3 billion.	\$7.65 million
August 2014	Bank of America settles with multiple state and federal agencies over the sale of shoddy residential mortgage-backed securities (principally by Countrywide Financial) in the lead-up to the financial crisis.	\$16.65 billion
July 2014	Bank of America settles with <b>American International Group</b> over toxic mortgage-backed securities sold by the bank and its legacy companies.	\$650 million
April 2014	Bank of America was fined by the Consumer Financial Protection Bureau based on allegations that it "forced customers to sign up for extra credit card products."	\$727 million
April 2014	Bank of America settles securities fraud claims brought by <b>Allstate</b> .	Undisclosed (the lawsuit covered \$167 million in mortgage-backed securities)
April 2014	Bank of America settles securities fraud claims, principally related to RMBS sold by Countrywide Financial, brought by Allstate.	Undisclosed (Allstate was seeking \$700 million)

Date	Description	Settlement/Judgment Amount
March 2014	Bank of America settles with Financial Guaranty Insurance Co. over toxic second-lien residential mortgage-backed securities.	\$950 million
March 2014	Bank of America settles with the Federal Housing Finance Agency over claims that the bank -- principally, Countrywide Financial -- defrauded Fannie Mae and Freddie Mac.	\$9.5 billion
March 2014	Bank of America and former CEO Ken Lewis settle securities-fraud charges with the New York Attorney General related to the bank's 2008 acquisition of Merrill Lynch.	\$25 million
February 2014	Bank of America settles a class action force-placed insurance dispute, claiming that it engaged in a "kickback scheme inflating the cost of insurance that homeowners were forced to buy."	\$228 million (though QBE Insurance Corp. was included in the settlement)
December 2013	Merrill Lynch settles with the Securities and Exchange Commission related to the structuring and sale of complex mortgage securities to institutional investors in 2006 and 2007.	\$131.8 million
December 2013	Countrywide settles with Freddie Mac over faulty mortgages sold to the government-sponsored entity from 2000 to 2009.	\$404 million
October 2013	Bank of America was found liable for fraud over defective mortgages sold to <b>Fannie Mae</b> and <b>Freddie Mac</b> as a part of a shoddy home loan process at Countrywide known as the "Hustle."	\$1.3 billion

Date	Description	Settlement/Judgment Amount
September 2013	A settlement resolves claims that Bank of America employees made harassing debt-collection calls to customers' cell phones in violation of the 1991 Telephone Consumer Protection Act.	\$32 million
September 2013	The U.S. Department of Labor fines Bank of America for hiring practices that kept qualified black job applicants from getting jobs.	\$2.2 million
September 2013	Merrill Lynch settles a class action gender discrimination lawsuit brought by female brokers alleging they were "paid less than men and deprived of handling their fair share of lucrative accounts."	\$39 million
August 2013	Merrill Lynch settles class action racial discrimination lawsuit alleging that it segregated its workforce by, among other things, steering black brokers into clerical positions and reassigning their accounts to white workers.	\$160 million
June 2013	A settlement is reached over claims that Countrywide "deceptively lured consumers into buying loans with higher interest rates than originally promised."	\$100 million
June 2013	Bank of America is fined by the Financial Industry Regulatory Authority after an investigation found that the bank's brokers steered retail investors toward a type of mutual fund that was riskier than what they were seeking.	\$2 million
May 2013	A settlement resolves claims brought by mortgage-bond insurer MBIA related primarily to toxic mortgages originated mainly by Countrywide.	\$1.7 billion

Date	Description	Settlement/Judgment Amount
April 2013	A settlement of a class action securities-fraud lawsuit is reached involving Countrywide-issued mortgage-backed securities.	\$500 million
April 2013	Bank of America settles with the National Credit Union Administration to resolve claims stemming from sales of mortgage-backed securities to credit unions that led them to fail.	\$165 million
February 2013	A settlement is reached to resolve allegations that Merrill Lynch failed to pay proper overtime to its client associates.	\$12 million
February 2013	A settlement resolves a class action lawsuit alleging that Bank of America violated the Real Estate Settlement Procedures Act by failing to respond to mortgagees' requests for information relating to the servicing of their home loans.	\$19 million
January 2013	Bank of America joined with nine other lenders to resolve claims of foreclosure abuse related to the financial crisis. The aggregate settlement for all participants was \$8.5 billion.	\$2.9 billion
January 2013	A settlement with Fannie Mae resolves claims that Bank of America -- namely, Countrywide -- sold tens of billions of dollars' worth of faulty mortgages to the government-sponsored entity.	\$11.2 billion
Sept. 2012	Bank of America settles class action lawsuit brought by the bank's shareholders alleging that it provided "false and misleading statements about the health of" Merrill Lynch before its acquisition.	\$2.43 billion

Date	Description	Settlement/Judgment Amount
July 2012	Bank of America settles a class action lawsuit alleging that the bank "used deceptive marketing tactics to sign up and charge credit card customers for a useless credit-protection service."	\$20 million
July 2012	A settlement is reached with Syncora Holdings regarding claims that the mortgage-bond insurer was duped into insuring Countrywide-issued mortgage-backed securities.	\$375 million
March 2012	Bank of America settles with federal and state regulators and agencies related to faulty foreclosure and servicing practices. This was part of the National Mortgage Settlement.	\$11.82 billion (\$3.2 billion in federal and state payments; \$8.58 billion in relief to borrowers)
December 2011	A settlement is reached with the U.S. Justice Department, which charged that Countrywide carried out a "widespread pattern or practice of discrimination against qualified African-American and Hispanic borrowers."	\$335 million
December 2011	A settlement of a class action suit is reached against Merrill Lynch brought by investors alleging that the investment bank misled them about the risks associated with \$16.5 billion of mortgage-backed securities in 18 offerings made between 2006 and 2007.	\$315 million
August 2011	Bank of America settles with the City of San Francisco over allegations that the bank's FIA Card Services used a rigged system to arbitrate credit card debt collection disputes.	\$5 million

Date	Description	Settlement/Judgment Amount
June 2011	Countrywide reaches a preliminary \$8.5 billion settlement with <b>The Bank of New York Mellon</b> and 22 institutional investors (including <b>Goldman Sachs</b> and <b>Blackrock</b> ) over toxic mortgage-backed securities.	\$8.5 billion
May 2011	Countrywide settles with the U.S. Department of Justice over allegations that Countrywide "wrongfully foreclosed upon active duty servicemembers without first obtaining court orders."	\$20 million
April 2011	Countrywide settles with mortgage-bond insurer Assured Guaranty over toxic Countrywide-issued mortgage-backed securities.	\$1.6 billion
February 2011	Bank of America settles a class action lawsuit claiming that it "improperly increased the interest rate on delinquent or defaulted FIA, MBNA, and Bank of America credit cards by calculating the rate increase starting at the beginning of the billing cycle in which the default or delinquency occurred."	\$10 million
January 2011	Bank of America settles a class action debit-card overdraft lawsuit. Here's how one plaintiff described it: "The bank actively provides false or misleading balance information to these customers, including plaintiff, that in turn deceives these customers into making additional transactions that, in turn, will generate even more overdraft fees for the bank."	\$410 million
January 2011	A settlement is reached with Freddie Mac to "end all claims, including future claims, related to mortgages sold through 2008 by Countrywide."	\$1.28 billion



Date	Description	Settlement/Judgment Amount
January 2011	A settlement is reached with Fannie Mae to settle claims on 12,045 Countrywide loans originated between 2004 and 2008.	\$1.52 billion
December 2010	Bank of America settles with 19 state attorneys general and four federal agencies over bid-rigging charges in the municipal bond market.	\$137 million
November 2010	Countrywide settles a class action lawsuit related to overcharging for mortgage insurance in violation of the Real Estate Settlement Procedures Act of 1974.	\$34 million
October 2010	Bank of America covers part of former Countrywide CEO Angelo Mozilo's \$67.5 million civil fraud settlement with the Securities and Exchange Commission.	\$20 million
July 2010	Bank of America settles class action antitrust claims regarding credit card arbitration.	\$0 (injunctive relief)
June 2010	Countrywide settles with the Federal Trade Commission over allegations that it overcharged customers who were struggling to hang on to their homes.	\$108 million
May 2010	Countrywide settles class action securities fraud claims made by institutional investors, including New York pension funds, alleging that the lender misled them about its health.	\$600 million
February 2010	Bank of America completes a settlement with the Securities and Exchange Commission over its failure to "properly disclose employee bonuses and financial losses at Merrill Lynch before shareholders approved the merger of the companies in December 2008."	\$150 million

Date	Description	Settlement/Judgment Amount
July 2009	Bank of America settles a racial discrimination class action accusing it of "routinely giving black workers short shrift with respect to pay, advancement, and resources."	\$7.2 million
June 2009	Bank of America completes a settlement with the Securities and Exchange Commission and several states over alleged misrepresentations the bank made to customers about the safety and liquidity of auction-rate securities.	\$4.5 billion in "restored liquidity" to the ARS market
January 2009	Merrill Lynch settles a securities fraud case with institutional investors in its common and preferred shares between Oct. 17, 2006, and Dec. 31, 2008. The plaintiffs alleged that the investment bank inflated the price of collateralized debt obligations to boost its own share price.	\$475 million
October 2008	Countrywide settles with 11 states over predatory lending allegations, including relaxing underwriting standards, structuring loans with risky features, and misleading consumers with hidden fees and fake marketing claims like its "no closing costs loan."	\$8.4 billion in "direct loan relief." At the time, "it was the largest predatory lending settlement in history, far exceeding the \$484 million deal struck in 2002 with the Household Finance Corporation."

Sources: Bank of America, U.S. Department of Justice, New York Attorney General's Office, Securities and Exchange Commission, Federal Trade Commission, Reuters, Bloomberg, *The New York Times*, and *The Wall Street Journal*.

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*\*Stock Advisor returns as of February 8, 2023*

*John Maxfield has no position in any stocks mentioned. The Motley Fool recommends AIG, Apple, Bank of America, BlackRock, and Goldman Sachs; owns shares of AIG, Apple, and Bank of America; and has options on AIG. We Fools don't all hold the same opinions, but we all believe that [considering a diverse range of insights](#) makes us better investors. The Motley Fool has a [disclosure policy](#).*

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