

US sues Bank of America over 'Hustle' mortgage fraud

NEW YORK (Reuters) – The United States filed a fraud lawsuit against Bank of America Corp. accusing it of causing taxpayers more than \$1 billion of losses by selling thousands of toxic mortgage loans to Fannie Mae and Freddie Mac.

Wednesday's case, originally brought by a whistleblower, is the U.S. Department of Justice's first civil fraud lawsuit over mortgage loans sold to the big mortgage financiers, which were bailed out in 2008.

It also compounds the legal problems that Bank of America Chief Executive Brian Moynihan faces over the second-

largest U.S. bank's disastrous July 2008 purchase of Countrywide Financial Corp. once the nation's largest mortgage lender.

According to a complaint filed in Manhattan federal court, Countrywide in 2007 invented and Bank of America continued a scheme known as the "Hustle" to speed up processing of residential home loans.

Operating under the motto "Loans Move Forward. Never Backward," mortgage executives tried to eliminate "toll gates" designed to ensure that loans were sound and not tainted by fraud, the government said.

This led to "defect rates" that approached 40 percent, roughly nine times the industry norm, but Countrywide concealed this from Fannie Mae and Freddie Mac, and even awarded bonuses to staff to "rebut" the problems being found, it added.

Defaults and foreclosures soared, yet the bank has resisted buying back many of the defaulted loans from the scheme, which ran through 2009, the government added.

"The fraudulent conduct alleged in today's complaint was spectacularly brazen in scope," U.S. Attorney Preet Bharara in Manhattan said. "Countrywide

and Bank of America made disastrously bad loans and stuck taxpayers with the bill."

Wednesday's lawsuit seeks civil fines, as well as triple damages under the federal False Claims Act, which the government has used several times in recent years against Wall Street.

Lawrence Grayson, a bank spokesman, said in response to the lawsuit: "Bank of America has stepped up and acted responsibly to resolve legacy mortgage matters. The claim that we have failed to repurchase loans from Fannie Mae is simply false. At some point, Bank of America can't be

expected to compensate every entity that claims losses that actually were caused by the economic downturn."

In February, Bank of America agreed to a \$1 billion settlement of False Claims Act allegations over home loans submitted for insurance by the Federal Housing Administration, in a case from the U.S. Attorney's office in Brooklyn, New York.

Bank of America shares closed down 5 cents at \$9.31 on the New York Stock Exchange. They have fallen 61 percent since the Countrywide takeover closed, while the Standard & Poor's 500 has risen 10 percent.



GUAM REGIONAL TRANSIT AUTHORITY (Government of Guam)

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NOTICE TO THE PUBLIC Policy and Procedure Changes Effective November 5, 2012

Effective November 5, 2012, GRTA Board of Directors (BOD) approved policy and procedure changes on the following:

1. Origin to Destination Service
2. Subscription Service
3. Scheduled Ride Cancellation
4. No-Shows

at its BOD meeting on August 30, 2012. All transit riders are advised of the changes.

GRTA will be holding a public awareness meeting on Tuesday, October 30, 2012 at 3:00 pm at the GRTA Office located on the first floor, Government of Guam Administration Building in Hagatna, Guam

Paratransit riders please make your reservation at least one (1) day to two (2) days prior to your scheduled pick up time. For more information call Kloppenburg Enterprises, Inc. at 647-7433/34/35.

For reasonable accommodations, please contact GRTA at 300-7255, 475-4616/4686/4603 Monday through Friday, 8AM - 5PM. Closed on weekends and GovGuam Holidays.



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Dept. of Administration

NOTICE TO VENDORS

Please note that no goods or services should be provided to any government agency or department without first having an approved purchase order or contract. If you provide such goods or services without an approved purchase order or contract, the government of Guam will not process your request for payment without your business first going through the Government Claims Act (5 GCA Section 22506). The government has up to six months to review such claim before a court action can be initiated. There is no guarantee of payment even if a government claim is filed, especially since you are now on notice that such goods or services should not be provided without an approved contract or purchase order. Under the law, the burden for filing a government claims act rests with the vendor, not the government.

Therefore, please ensure that an approved contract or purchase order has been initiated before rendering such service.

If you feel otherwise, you should contact your attorney for guidance on this matter.

/s/ ROBERT H. KONO
Acting Procurement Officer

Wal-Mart, in China, pushes suppliers down green path

BEIJING (Reuters) – Wal-Mart Stores Inc. has given global suppliers five years to comply with its environmental rules or risk being pushed off U.S. shelves at the world's largest retailer, expanding a sustainability campaign launched in 2009.

The new requirements, announced in China where Wal-Mart has more than 20,000 suppliers, will compel workshops that churn out much of the world's toys, clothing and electronics to improve on energy efficiency, waste reduction and other markers on the retailer's checklist.

If suppliers fall short, they could be cut off from the nearly 4,000 Walmart discount stores and more than 600 Sam's Club wholesale warehouses that the company operates in the United States.

The standards set in Wal-Mart's "sustainability index," which has helped to burnish an image tarnished by criticism from labor groups and local communities, have already been embraced by 500 of the world's major consumer product makers.

The retailer said that by the end of 2017, U.S. Walmart and Sam's Club stores will get 70 percent of their goods from global suppliers that use the sustainability index.

"This will send a clear message to the Walmart supply chain that if you want to grow and partner with us for the long term, you will engage with us on the sustainability index," Wal-Mart Chief Executive Mike Duke said in a speech in Beijing, a copy of which was provided to Reuters in advance.

Toy story

Wal-Mart has pushed suppliers to cut down on packaging, water usage and energy consumption,

The retailer said that by the end of 2017, U.S. Walmart and Sam's Club stores will get 70 percent of their goods from global suppliers that use the sustainability index.

in part because it cuts costs.

It launched the sustainability index in July 2009, saying it would eventually be used in ratings that let consumers judge how green a product is.

The company is a frequent target of labor groups who say it pays poverty-level wages at its U.S. stores and drives small competitors out of business, but it has earned praise from environmental groups for its green efforts.

Its China ties have also drawn scrutiny. Wal-Mart was among the pioneers in buying from China after it joined the World Trade Organization in 2001, which helped drive down prices in Wal-Mart's stores but added to the U.S. trade deficit and left the company open to complaints that it was hurting U.S. jobs.

Wal-Mart said as recently as 2008 that it directly exported about \$9 billion a year out of China, and third-party suppliers shipped another \$9 billion, although it no longer provides that information on its website.

A 2007 study by the U.S.-based think tank Economic Policy Institute estimated that the retailer alone accounted for 11 percent of the growth in the U.S.-China trade gap between 2001 and 2006.

Wal-Mart registered some \$65 billion in second-quarter sales at its namesake U.S. stores, accounting for about 7 cents out of every retail dollar spent in the United States, excluding autos.