SEC's 16 Biggest Penalties Since Financial Crisis

Since the financial meltdown in 2008, the agency has charged more than 150 firms and individuals, and returned $2.6 billion to investors

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The Securities and Exchange Commission recently released a roundup of its financial crisis enforcement actions, highlighting some of the more than 150 firms and individuals the agency has levied charges against since 2008. The actions so far have resulted in $2.6 billion returned to investors.

The SEC released its roundup of actions—which, of course, include many related to the mortgage crisis—just as the Consumer Financial Protection Bureau released a bevy of new mortgage rules. Between Jan. 10 and Jan. 18, the CFPB issued new rules to protect consumers from irresponsible mortgage lending, rules that establish strong protections for homeowners facing foreclosure, a final rule on appraisals for high-priced mortgages, and rules to prevent loan originators from steering consumers into risky mortgages.

Among the firms charged were advisors' partners, like Charles Schwab and Morgan Keegan.

Read on for a listing of the four biggest penalites to firms charged for violations in the following four areas:

1) concealing from investors risks, terms and improper pricing in CDOs and other complex structured products;

2) making misleading disclosures to investors about mortgage-related risks and disclosures;

3) concealing the extent of risky mortgage-related and other investments in mutual funds and other financial products; and

4) the always-mysterious "Other" category.

(Photo; AP) Goldman CEO Lloyd Blankfein testifying before Congress. Concealed from investors risks, terms and improper pricing in CDOs and other complex structured products

1) **Goldman Sachs:** In April 2010, the SEC charged the firm with defrauding investors by misstating and omitting key facts about a financial product tied to subprime mortgages as the U.S. housing market was beginning to falter. Goldman agreed to pay a record $550 million settlement and reform its business practices. (7/15/10)
2) **Citigroup:** SEC charged Citigroup's principal U.S. broker-dealer subsidiary with misleading investors about a $1 billion CDO tied to the housing market in which Citigroup bet against investors as the housing market showed signs of distress. The proposed settlement would require a payment of $285 million by Citigroup that would be returned to harmed investors. (10/19/11)
3) **J.P. Morgan Securities:** SEC charged the firm with misleading investors in a complex mortgage securities transaction just as the housing market was starting to plummet. J.P. Morgan agreed to pay $153.6 million in a settlement that enables harmed investors to receive all their money back. (6/21/11)
4) **Mizuho Securities USA:** SEC charged the U.S. subsidiary of Japan-based Mizuho Financial Group and three former employees with misleading investors in a CDO by using "dummy assets" to inflate the deal's credit ratings while the housing market was showing signs of severe stress. The SEC also charged the deal's collateral manager and portfolio manager. Mizuho agreed to pay $127.5 million to settle the charges, and the others also agreed to settlements. (7/18/12)

Former Countywide CEO Angelo Mozilo testifying before Congress in 2008 (Photo AP) Made misleading disclosures to investors about mortgage-related risks and disclosures

5) **J.P. Morgan Securities:** SEC charged the firm with misleading investors in offerings of residential mortgage-backed securities. J.P. Morgan Securities agreed to pay $296.9 million to settle the SEC's charges. (11/16/12)
6) **Credit Suisse Securities (USA):** SEC charged the firm with misleading investors in offerings of residential mortgage-backed securities. Credit Suisse agreed to pay $120 million to settle the SEC's charges. (11/16/12)
7) **Citigroup:** SEC charged the company and two executives with misleading investors about exposure to subprime mortgage assets. Citigroup paid $75 million to settle the charges, and the executives also paid penalties. (7/29/10)
8) **Countrywide:** In June 2009, the SEC charged CEO Angelo Mozilo and two other executives with deliberately misleading investors about significant credit risks taken in efforts to build and maintain the company's market share. Mozilo was also charged with insider trading. Mozilo settled the charges, agreeing to a record $22.5 million penalty and a permanent officer and director bar. (10/15/10)
9) **State Street:** SEC charged the firm with misleading investors about exposure to subprime investments while selectively disclosing more complete information to specific investors. State Street agreed to repay investors more than $300 million to settle the charges. (2/4/10)
10) **Charles Schwab:** SEC charged entities and executives with making misleading statements to investors in marketing a mutual fund heavily invested in mortgage-backed and other risky securities. The Schwab entities paid more than $118 million to settle charges. (1/11/11)


Center is Chairman Charles Schwab

11) **Morgan Keegan:** The firm agreed to pay $100 million to the SEC, and two employees also agreed to pay penalties, including one who agreed to be barred from the securities industry. (6/22/11)
12) **Evergreen:** SEC charged the firm with overstating the value of a mutual fund invested primarily in mortgage-backed securities and only selectively telling shareholders about the fund’s valuation problems. Evergreen settled the charges by paying more than $40 million, most of which was returned to harmed investors. (6/8/09)

13) Bank of America: SEC charged the company with misleading investors about billions of dollars in bonuses being paid to Merrill Lynch executives at the time of its acquisition of the firm, and failing to disclose extraordinary losses that Merrill sustained. Bank of America paid $150 million to settle charges. (2/4/10)

14) Claymore Advisors/Fiduciary Asset Management: SEC charged two investment advisory firms and two portfolio managers for failing to adequately inform investors about a closed-end fund's risky derivative strategies that contributed to its collapse during the financial crisis. Claymore agreed to distribute $45 million to fully compensate investors for losses related to the problematic trading, and Fiduciary Asset Management agreed to pay more than $2 million. (12/19/2012)

In 2008 these companies paid out Bonuses (Net Income & Bonuses is in Billions)

Bank	**Net Income**	**Bonuses**	**$1 Million Bonuses**	**$10 Million Bonuses**	**TARP**
Bank of America	$4.0	$3.3	172	4	$45
Citigroup	-$27.7	$5.3	738	3	$45
Goldman Sachs	$2.3	$4.8	953	6	$10
JPMorgan Chase	$5.6	$8.7	1,626	10	$25
Merrill Lynch	-$27.6	$3.6	696	14	$10
Morgan Stanley	$1.7	$4.5	428	10	$10

Source: http://www.sonyclassics.com/insidejob/_pdf/InsideJob_StudyGuide.pdf