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Bank of America Liable in Securities Fraud

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A federal jury in Manhattan has found [Bank of America](#) liable in a securities fraud trial that centered on the sales of asset-backed securities and involved some of the biggest names on Wall Street.

In a verdict delivered late Thursday after nearly six weeks of trial, the jury ordered Bank of America to pay more than \$141 million to a dozen institutional plaintiffs, including the [American International Group](#), [Allstate](#), [Société Générale](#), Travelers, Bank Leumi, Bayerische Landesbank and the International Finance Corporation. The money includes interest that Bank of America, the nation's largest bank, is obligated by law to pay on the \$101 million award, which did not include punitive damages, according to court papers.

The civil trial, in Federal District Court in Manhattan, was closely watched because it was unusual for disputes between financial institutions over the sale of securities to be dragged into court as opposed to being settled behind closed doors.

The ruling comes after the investors, led by A.I.G., sued Bank of America in 2003, accusing it of fraud and deceit in connection with its 1998 sale of \$648 million in securities offered by the furniture company Heilig-Meyers, at the time a darling of Wall Street. The plaintiffs bought more than \$300 million of the securities, which lost nearly all of their value when Heilig-Meyers went bankrupt in 2002.

The plaintiffs had argued that Bank of America failed to disclose to the investors that Heilig-Meyers kept two sets of accounting books and that the company distorted the loss and delinquency statistics supporting the consumer payments that backed the securities. Bank of America said Friday in a statement that it was disappointed with the outcome and was considering an appeal.

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