
Public Nuisance by mortgage companies?

Posted by Jacob - 2008/01/22 02:21

A lawsuit was filed in Cuyahoga County Ohio by the Cleveland Mayor, Frank Jackson. Mayor Jackson's complaint states that 21 investment banks (mortgage houses) created a public nuisance by selling subprime mortgages, which in turn created high default rates and has destroyed entire neighborhoods/communities.

The Cleveland Mayor stated that the home foreclosures has had the same effect on communities as drug dealing, i.e. abandoned homes where the landscape is not maintained and where crime starts to flourish.

Others has said that the mortgage banks engaged in "organized crime".

I think its an interesting analogy, but it fails to appropriate a sufficient amount of blame on home buyers that bit off more than they could chew.

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Re:Public Nuisance by mortgage companies?

Posted by Brian - 2008/01/22 15:22

Interesting case. Public nuisance is a class of common law offence in which the injury, loss or damage is suffered by the local community as a whole rather than by individual victims. Ohio may have a solid case. The mortgage companies have more money to fight the charges and Ohio will get nowhere with it.

Interesting claim that will lead to nothing.

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