

Public Nuisance Suit Filed Against 21 Investment Firms in Cleveland

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Press release from: [Gardere Wynne Sewell LLP](#)

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Sending shockwaves through the subprime market, the city of Cleveland, Ohio, has filed suit against 21 major investment banks, including Deutsche Bank, Goldman Sachs, Merrill Lynch and Wells Fargo, alleging the banks have enabled the subprime lending and foreclosure crisis in Cleveland.

Styled, City of Cleveland v. Deutsche Bank Trust Company, et. al., the complaint alleges a single cause of action – Public Nuisance – for the banks’ “respective roles in proliferating toxic subprime mortgages within its borders, under circumstances that made the resulting spike in foreclosures a foreseeable and inevitable result.” CNN reports Citigroup as responding, “We believe the allegations against us are without merit and plan to contest the suit vigorously.” Likewise, they quote a spokesman for J.P. Morgan as stating, “We share the city's concern over foreclosures, and we work with borrowers whenever possible to keep them in their homes.”

Monitoring this development closely are Gardere Wynne Sewell LLP’s Litigation Chair Richard Faulk and partner John Gray. Mr. Faulk and Mr. Gray serve as counsel for the Coalition for Public Nuisance Fairness, an organization of businesses in Washington, D.C., who oppose abuse of the public nuisance cause of action.

Mr. Faulk and Mr. Gray have strong expertise in the field of public nuisance. They have written and spoken on this subject in numerous forums, and have filed amicus curiae briefs on the matter in various courts around the country.

Of the Cleveland lawsuit, Mr. Faulk says, “Many financial institutions may be impacted by this new initiative, either through suits directly filed by Attorney Generals or local authorities, or in league with private contingent fee counsel. ... This is not a freak or crank lawsuit that businesses should ignore. It is a significant effort by public authorities to expand the tort of public nuisance beyond any rational limits.”

To request a copy of the complaint or to discuss this case further, please contact Richard Faulk or John Gray at 713.276.5500.

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