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State takes legal action against Countrywide

The state of Connecticut is planning to sue Countrywide Financial Corp. on the basis that its lending practices violated state consumer protection and banking laws. Richard Blumenthal, the state's attorney general, announced the lawsuit Wednesday with more finite details not available.

With the announcement of legal action being taken, Connecticut joins California, Florida and Illinois in holding Countrywide Financial Corp. accountable for its predatory lending. Other states may not be taking the same action as the previously mentioned states, but Thomas Reuters has reported that many have accused Countrywide and Angelo Mozilo, its longtime chief executive, of unfair, deceptive lending.

Countrywide has been closely linked, perhaps closer than any other lender, with the development of the nation wide housing boom and its ensuing crisis by extending risky mortgages.

Bank of America, who acquired Countrywide last month for about \$2.5 billion, expects the acquisition to add profit in 2008. However, analysts have reported the bank might be facing \$10 billion or more of future losses due to deteriorating credit and large legal bills tied to Countrywide.