

JP Morgan has disclosed it faces criminal and civil investigations into the sale of mortgage-backed securities ahead of the financial crisis.

The bank faces parallel investigations by the civil and criminal divisions of the US attorney's office for the eastern district of California, according to a regulatory filing made late Wednesday. The attorney's civil division has already "preliminarily concluded" that the bank broke civil securities laws in selling the securities between 2005 to 2007, according to the filing.

JP Morgan also disclosed that it has received requests concerning mortgage securities from the US attorney for Connecticut, the Securities and Exchange Commission's (SEC) enforcement division and the inspector general for the government's bank bailout programme relating to "among other matters, communications with counterparties in connection with certain mortgage-backed securities transactions."

The investigations come amid a battery of other probes into the banking giant's business from federal and state regulators. The bank also faces class action lawsuits over its \$6bn losses related to the so-called "London whale" trader.

JP Morgan is not alone in facing ongoing investigations into the sale of mortgage securities. The bank's disclosure comes in the same week that the justice department and the SEC filed separate suits charging Bank of America of understating the risks associated with the sale of \$850m of mortgage-backed securities in 2008.

According to the SEC, Bank of America's then-CEO had described the type of assets for sale as "toxic waste" and failed to inform investors about their "vastly greater risks of severe delinquencies, early defaults, underwriting defects, and prepayment."

On the same day UBS agreed to pay \$50m to the SEC to settle charges that it violated securities laws while structuring and marketing a mortgage-backed collateralized debt obligation (CDO) by failing to disclose that it retained millions of dollars that should have gone to investors.

Announcing the action against Bank of America attorney general Eric Holder said the financial fraud enforcement task force, set up by President Barack Obama, was pursuing "a range of additional investigations."

Holder said the Justice Department "will continue to take an aggressive approach to combating financial fraud and uncovering abuses in the residential mortgage-backed securities market."