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Goldman Sachs named in civil suit over HUD bids

WASHINGTON, Oct 8 (Reuters) - Goldman Sachs Group Inc. (NYSE:GS - news) said it and other bidders were named as defendants in a civil suit involving auctions of competitive loans on behalf of the U.S. Department of Housing and Urban Development. New York-based Goldman, one of the leading U.S. investment banks and its bidding partners are accused of improperly receiving \$4.7 billion of HUD notes at prices lower than what would have been obtained in a "full and fair competition." Goldman disclosed the civil suit in its quarterly report with the Securities and Exchange Commission, filed on Thursday after the New York Stock Exchange closed. The suit, filed under seal by a private party in U.S. District Court for the District of Columbia, further alleges that HUD's financial adviser in the auctions gave Goldman and the bidding partners information that was not provided to competing bidders. That information concerned details of other bids, the value of the assets being sold and the structure of the sales. In one case, Goldman and its bidding partners were awarded assets even though they were not the highest bidder, Goldman said in the SEC filing. A Goldman spokeswoman said: "We have not yet seen this complaint, but we're confident that these allegations are wholly without merit." The investment bank said in the SEC filing it was notified in September of the suit by the U.S. Attorney's office for the District of Columbia. The suit did not state how much money was being sought by the private party that filed the action. But it was filed under the False Claims Act, under which any damage award could be tripled. The complaint remains under seal pending the government's investigation and consideration whether to intervene in the action, Goldman said. Goldman shares were trading up 5/16 to 63-1/2 on the New York Stock Exchange in early afternoon trading.

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