Analysts who reviewed complex mortgage bonds that ultimately collapsed and ruined the U.S. housing market were threatened with firing if they lost lucrative business, prompting faulty ratings on trillions of dollars worth of junk mortgage bonds, a Senate report said Wednesday.

The 639-page report by the Senate Permanent Subcommittee on Investigations confirms much of what McClatchy first reported about mismanagement by credit ratings agencies in 2009.

Credit rating agencies are supposed to provide independent assessments on the quality of debt being issued by companies or governments. Traditionally, investments rated AAA had a probability of failure of less than 1 percent.

But in collusion with Wall Street investment banks, the Senate report concludes, the top two ratings agencies — Moody's Investors Service and Standard & Poor's — effectively cashed in on the housing boom by ignoring mounting evidence of problems in the housing market.

TVNL Comment: Oh, please. Don't you know that teachers' unions caused this debacle? Just asking...

More...