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## **Lehman Brothers close subprime unit**

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The closure of the subprime division is going to cut profits by \$52 million dollars, Lehman Brothers said today, quoted by Bloomberg.

Lehman Brothers, which bought BNC Mortgage in 2004 to expand into the mortgage sector for people with difficulties in paying loans, has now become the first Wall Street company to close a subprime unit.

The 1,200 people who are to be laid off, represent 4.2% of Lehman Brother's work force.

The crisis in the US subprime sector broke on 19 July and has caused steep falls on the financial markets and the closure of some real estate credit units such as Accredited Home Lenders.

Accredited, a subprime specialist, said today it was closing almost half of the 10 units that provided services to stock exchange operators and half of the US mortgage credit applications. These closures mean 1,600 people are going to lose their jobs.