Civil War Erupts On Wall Street

by David DeGraw via judd - AmpedStatus *Saturday, Sep 3 2011, 11:47pm*
international / imperialism / other press

Financial Elites Turn On Each Other

> Finally, after trillions in fraudulent activity, trillions in bailouts, trillions in printed money, billions in political bribing and billions in bonuses, the criminal cartel members on Wall Street are beginning to get what they deserve. As the Eurozone is coming apart at the seams and as the US economy grinds to a halt, the financial elite are starting to turn on each other. The lawsuits are piling up fast. Here's an extensive roundup:

As I reported last week [3]:

> Collapse Roundup #5: Goliath On The Ropes, Big Banks Getting Hit Hard, It's A "Bloodbath" As Wall Street's Crimes Blow Up In Their Face
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> Time to put your Big Bank *shorts* on! Get ready for a *run*... The chickens are coming home to roost... The Global Banking Cartel's crimes are being exposed left & right... Prepare for Shock & Awe...

Well, well... here's your Shock & Awe:

First up, this shockingly huge $196 billion lawsuit just filed against 17 major banks on behalf of Fannie Mae and Freddie Mac. Bank of America is severely exposed in this lawsuit. As the parent company of Countrywide and Merrill Lynch they are on the hook for $57.4 billion. JP Morgan is next in the line of fire with $33 billion. And many death spiraling European banks are facing billions in losses as well.

FHA Files a $196 Billion Lawsuit Against 17 Banks

> The Federal Housing Finance Agency (FHFA), as conservator for Fannie Mae and Freddie Mac (the Enterprises), today filed lawsuits against 17 financial institutions, certain of their officers and various unaffiliated lead underwriters. The suits allege violations of federal securities laws and common law in the sale of residential private-label mortgage-backed securities (PLS) to the Enterprises.
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> Complaints have been filed against the following lead defendants, in alphabetical order:
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> 1. Ally Financial Inc. f/k/a GMAC, LLC – $6 billion
> 2. Bank of America Corporation – $6 billion
> 3. Barclays Bank PLC – $4.9 billion
> 4. Citigroup, Inc. – $3.5 billion
> 5. Countrywide Financial Corporation -$26.6 billion
> 6. Credit Suisse Holdings (USA), Inc. – $14.1 billion
> 7. Deutsche Bank AG – $14.2 billion

8. First Horizon National Corporation – $883 million
9. General Electric Company – $549 million
10. Goldman Sachs & Co. – $11.1 billion
11. HSBC North America Holdings, Inc. – $6.2 billion
12. JPMorgan Chase & Co. – $33 billion
13. Merrill Lynch & Co. / First Franklin Financial Corp. – $24.8 billion
14. Morgan Stanley – $10.6 billion
15. Nomura Holding America Inc. – $2 billion
16. The Royal Bank of Scotland Group PLC – $30.4 billion
17. Société Générale – $1.3 billion

> These complaints were filed in federal or state court in New York or the federal court in Connecticut. The complaints seek damages and civil penalties under the Securities Act of 1933, similar in content to the complaint FHFA filed against UBS Americas, Inc. on July 27, 2011. In addition, each complaint seeks compensatory damages for negligent misrepresentation. Certain complaints also allege state securities law violations or common law fraud. [read full FHFA release [4]]

You can read the suits filed against each individual bank here [5]. For some more information read Bloomberg: BofA, JPMorgan Among 17 Banks Sued by U.S. for $196 Billion [6]. Noticeably absent from the list of companies being sued is Wells Fargo.

And the suits just keep coming…

BofA sued over $1.75 billion Countrywide mortgage pool

> Bank of America Corp (BAC.N) was sued by the trustee of a $1.75 billion mortgage pool, which seeks to force the bank to buy back the underlying loans because of alleged misrepresentations in how they were made. The lawsuit by the banking unit of US Bancorp (USB.N) is the latest of a number of suits seeking to recover investor losses tied to risky mortgage loans issued by Countrywide Financial Corp, which Bank of America bought in 2008. In a complaint filed in a New York state court in Manhattan, U.S. Bank said Countrywide, which issued the 4,484 loans in the HarborView Mortgage Loan Trust 2005-10, materially breached its obligations by systemically misrepresenting the quality of its underwriting and loan documentation. [read more [7]]

Bank of America kept AIG legal threat under wraps

> Top Bank of America Corp lawyers knew as early as January that American International Group Inc was prepared to sue the bank for more than $10 billion, seven months before the lawsuit was filed, according to sources familiar with the matter. Bank of America shares fell more than 20 percent on August 8, the day the lawsuit was filed, adding to worries about the stability of the largest U.S. bank.… The bank made no mention of the lawsuit threat in a quarterly regulatory filing with the U.S. Securities and Exchange Commission just four days earlier. Nor did management discuss it on conference calls about quarterly results and other pending legal claims. [read more [8]]

Nevada Lawsuit Shows Bank of America’s Criminal Incompetence

As we've stated before, litigation by attorney general is significant not merely due to the damages and remedies sought, but because it paves the way for private lawsuits. And make no mistake about it, this filing is a doozy. It shows the Federal/state attorney general mortgage settlement effort to be a complete travesty. The claim describes, in considerable detail, how various Bank of America units engaged in misconduct in virtually every aspect of its residential mortgage business. [read more [9]]

Nevada Wallops Bank of America With Sweeping Suit; Nationwide Foreclosure Settlement in Peril

The sweeping new suit could have repercussions far beyond Nevada's borders. It further jeopardizes a possible nationwide settlement with the five largest U.S. banks over their foreclosure practices, especially given concerns voiced by other attorneys general, New York's foremost among them.... In a statement, Bank of America spokeswoman Jumana Bauwens said reaching a settlement would bring a better outcome for homeowners than litigation. "We believe that the best way to get the housing market going again in every state is a global settlement that addresses these issues fairly, comprehensively and with finality. [read more [10]]

FDIC Objects to Bank of America's $8.5 Billion Mortgage-Bond Accord

The Federal Deposit Insurance Corp. is objecting to Bank of America Corp. (BAC)'s proposed $8.5 billion mortgage-bond settlement with investors, joining investors and states that are challenging the agreement. The FDIC owns securities covered by the settlement and said it doesn't have enough information to evaluate the accord, according to a filing today in federal court in Manhattan. Bank of America has agreed to pay $8.5 billion to resolve claims from investors in Countrywide Financial mortgage bonds. The settlement was negotiated with a group of institutional investors and would apply to investors outside that group. [read more [11]]

Fed asks Bank of America to list contingency plan: report

The Federal Reserve has asked Bank of America Corp to show what measures it could take if business conditions worsen, the Wall Street Journal said, citing people familiar with the situation. BofA executives recently responded to the unusual request from the Federal Reserve with a list of options that includes the issuance of a separate class of shares tied to the performance of its Merrill Lynch securities unit, the people told the paper. Bank of America and the Fed declined to comment to the Journal. Both could not immediately be reached for comment by Reuters outside regular U.S. business hours. [read more [12]]

Bombshell Admission of Failed Securitization Process in American Home Mortgage Servicing/LPS Lawsuit

Wow, Jones Day just created a huge mess for its client and banks generally if anyone is alert enough to act on it. The lawsuit in question is American Home Mortgage Servicing Inc. v Lender Processing Services. It hasn't gotten all that much attention (unless you are on the LPS deathwatch beat) because to most, it looks like yet another beauty contest between Cinderella's two ugly sisters. AHMSI is a servicer (the successor to Option One, and it may also still have some Ameriquest servicing).

AHMSI is mad at LPS because LPS was supposed to prepare certain types of documentation AHMSI used in foreclosures. AHMSI authorized the use of certain designated staffers signing with the authority of AHSI (what we call robosinging, since the people signing these documents didn't have personal knowledge, which is required if any of the documents were affidavits). But it did not authorize the use of surrogate signers, which were (I kid you not) people hired to forge the signatures of robosigners. The lawsuit rather matter of factly makes a stunning admission… [read more [13]]

Fraudclosure: MERS Case Filed With Supreme Court

Before readers get worried by virtue of the headline that the Supreme Court will use its magic legal wand to make the dubious MERS mortgage registry system viable, consider the following:

1. The Supreme Court hears only a very small portion of the cases filed with it, and is less likely to take one with these demographics (filed by a private party, and an appeal out of a state court system, as opposed to Federal court). This case, Gomes v. Countywide, was decided against the plaintiff in lower and appellate court and the California state supreme court declined to hear it

2. If MERS or the various servicers who have had foreclosures overturned based on challenges to MERS thought they'd get a sympathetic hearing at the Supreme Court, they probably would have filed some time ago. MERS have apparently been settling cases rather than pursue ones where it though the judge would issue an unfavorable precedent

3. The case in question, from what the experts I consulted with and I can tell, is not the sort the Supreme Court would intervene in based on the issue raised, which is due process (14th Amendment). But none of us have seen the underlying lower and appellate court cases, and the summaries we've seen are unusually unclear as to what the legal argument is. [read more [14]]

Iowa Says State AG Accord Won't Release Banks From Liability

The 50-state attorney general group investigating mortgage foreclosure practices won't release banks from all civil, or any criminal, liability in a settlement, Iowa Attorney General Tom Miller said. [read more [15]]

Fed Launches New Formal Enforcement Action Against Goldman Sachs To Review Foreclosure Practices

The Federal Reserve Board has just launched a formal enforcement action against Goldman Sachs related to Litton Loan Services. Litton Loan is the nightmare-ridden mortgage servicing unit, a subsidiary of Goldman, that Goldman has been trying to sell for months. They penned a deal to recently, but the Fed stepped in and required Goldman to end robo-signing taking place at the unit before the sale could be completed. Sounds like this enforcement action is an extension of that requirement. [read more [16]]

Goldman Sachs, Firms Agree With Regulator To End 'Robo-Signing' Foreclosure Practices

Goldman Sachs and two other firms have agreed with the New York banking regulator to end the practice known as robo-signing, in which bank employees signed foreclosure documents without reviewing case files as required by law, the Wall Street Journal said. In an agreement with New York's financial-services superintendent, Goldman, its Litton Loan Servicing unit and Ocwen Financial Corp also agreed to scrutinize loan files for evidence they mishandled borrowers' paperwork and to cut mortgage payments for some New York homeowners, the Journal said. [read more [17]]

Banks still robo-signing, filing doubtful foreclosure documents

Reuters has found that some of the biggest U.S. banks and other "loan servicers" continue to file questionable foreclosure documents with courts and county clerks. They are using tactics that late last year triggered an outcry, multiple investigations and temporary moratoriums on foreclosures. In recent months, servicers have filed thousands of documents that appear to have been fabricated or improperly altered, or have sworn to false facts. Reuters also identified at least six "robo-signers," individuals who in recent months have each signed thousands of mortgage assignments — legal documents which pinpoint ownership of a property. These same individuals have been identified — in depositions, court testimony or court rulings — as previously having signed vast numbers of foreclosure documents that they never read or checked. [read more [18]]

JPMorgan fined for contravening Iran, Cuba sanctions

JPMorgan Chase Bank has been fined $88.3 million for contravening US sanctions against regimes in Iran, Cuba and Sudan, and the former Liberian government, the US Treasury Department announced Thursday. The Treasury said that the bank had engaged in a number of "egregious" financial transfers, loans and other facilities involving those countries but, in announcing a settlement with the bank, said they were "apparent" violations of various sanctions regulations. [read more [19]]

This Is Considered Punishment? The Federal Reserve Wells Fargo Farce

What made the news surprising, of course, was that the Federal Reserve has rarely, if ever, taken action against a bank for making predatory loans. Alan Greenspan, the former Fed chairman, didn't believe in regulation and turned a blind eye to subprime abuses. His successor, Ben Bernanke, is not the ideologue that Greenspan is, but, as an institution, the Fed prefers to coddle banks rather than punish them.

That the Fed would crack down on Wells Fargo would seem to suggest a long-overdue awakening. Yet, for anyone still hoping for justice in the wake of the financial crisis, the news was hardly encouraging. First, the Fed did not force Wells Fargo to admit guilt — and even let the company issue a press release blaming its wrongdoing on a "relatively small group."

The $85 million fine was a joke; in just the last quarter, Wells Fargo's revenues exceeded $20 billion. And compensating borrowers isn't going to hurt much either. By my calculation, it won't top $20 million. [read more [20]]

Exclusive: Regulators seek high-frequency trading secrets

U.S. securities regulators have taken the unprecedented step of asking high-frequency trading firms to hand over the details of their trading strategies, and in some cases, their secret computer codes. The requests for proprietary code and algorithm parameters by the Financial Industry Regulatory Authority (FINRA), a Wall Street brokerage regulator, are part of investigations into suspicious market activity, said Tom Gira, executive vice president of FINRA's market regulation unit. [read more [21]]

And here's part of the Collapse Roundup [3] I wrote on August 25th, referenced in the beginning of this report – as you will see, I would probably make a lot more money as an investment adviser:

Collapse Roundup #5: Goliath On The Ropes, Big Banks Getting Hit Hard, It's A "Bloodbath" As Wall Street's Crimes Blow Up In Their Face

Time to put your Big Bank *shorts* [22] on! Get ready for a *run* [23]...

The chickens are coming home to roost. Reality is catching up with the market riggers (Fed, ECB, PPT, CIA) and the "too big to fail" banks are getting whacked. Trillions of dollars in bailouts and legalized (FASB) accounting fraud cannot save these insolvent zombie banks any longer. The Grim Reaper is on the horizon and his sickle will do what paid off politicians won't, *cut 'em down to size*. So get your silver stake [24] ready, time to *plunge* it into their vampire squid hearts....

What about Warren Buffet? He saved Goldman Sachs with a bailout in 2008. Can he save Bank of America?...

Warren's bailout will help BofA over the short run, but $5 billion is just a drop in the bucket when it comes to their problems. The only thing his $5 billion will accomplish is a temporary run up in stock value so everyone who has been killed on the plummeting stock price can then jump out without complete loss....

Trouble a-comin'...

Goldman Sachs TANKS After CEO Lloyd Blankfein Hires Famous Defense Lawyer

Is the Goldman Sachs CEO facing a new lawsuit?

The market seems to think so. Goldman Sachs just tanked in minutes before the close after news that Lloyd Blankfein hired a lawyer famous for defending vilified execs. It's back up a bit since dropping over 5%, but the news is still concerning.

It's unclear whether the lawyer is for him, Goldman Sachs, or both, but Goldman Sachs's CEO Lloyd Blankfein hired Reid Weingarten, a high profile defense attorney who says "I'm used to these monstrously difficult cases where everybody hates my clients," according to Reuters.

Reuters says the hire might have something to do with accusations of Blankfein's committing perjury. Or something else:

One former federal prosecutor, who was not authorized to speak publicly, said Blankfein may have hired outside counsel after receiving a request from investigators for documents or other information. [read full report [25]]

Speaking of hiring lawyers...

The Global Banking Cartel's Crimes Are Being Exposed Left & Right...

Blowing Up In Their Face... Prepare for Shock & Awe...

BOOM! Moody's exposed:

MOODY'S ANALYST BREAKS SILENCE: Says Ratings Agency Rotten To Core With Conflicts

A former senior analyst at Moody's has gone public with his story of how one of the country's most important rating agencies is corrupted to the core.

The analyst, William J. Harrington, worked for Moody's for 11 years, from 1999 until his resignation last year.

From 2006 to 2010, Harrington was a Senior Vice President in the derivative products group, which was responsible for producing many of the disastrous ratings Moody's issued during the housing bubble.

Harrington has made his story public in the form of a 78-page "comment" to the SEC's proposed rules about rating agency reform....

Here are some key points:

* Moody's ratings often do not reflect its analysts' private conclusions. Instead, rating committees privately conclude that certain securities deserve certain ratings–but then vote with management to give the securities the higher ratings that issuer clients want.

* Moody's management and "compliance" officers do everything possible to make issuer clients happy–and they view analysts who do not do the same as "troublesome." Management employs a variety of tactics to transform these troublesome analysts into "pliant corporate citizens" who have Moody's best interests at heart.

* Moody's product managers participate in–and vote on–ratings decisions. These product managers are the same people who are directly responsible for keeping clients happy

and growing Moody's business.

* At least one senior executive lied under oath at the hearings into rating agency conduct. Another executive, who Harrington says exemplified management's emphasis on giving issuers what they wanted, skipped the hearings altogether. [read full report [26]]

BOOM! The SEC Caught Covering Up Wall Street Crimes:

Matt Taibbi Exposes How SEC Shredded Thousands of Investigations

An explosive new report in Rolling Stone magazine exposes how the U.S. Securities and Exchange Commission destroyed records of thousands of investigations, whitewashing the files of some of the nation's largest banks and hedge funds, including AIG, Wells Fargo, Lehman Brothers, Goldman Sachs, Bank of America and top Wall Street broker Bernard Madoff. Last week, Republican Sen. Chuck Grassley of Iowa said an agency whistleblower had sent him a letter detailing the unlawful destruction of records detailing more than 9,000 information investigations. We speak with Matt Taibbi, the political reporter for Rolling Stone magazine who broke this story in his latest article....

KA-BOOM! The Fed And All Their Crony-Capitalist Cartel Members Exposed, Yet Again:

Wall Street Pentagon Papers Part III – Are The Federal Reserve's Crimes Still Too Big To Comprehend?

Another day, another trillion plus in secret Federal Reserve "bailouts" revealed. Bloomberg News exposes this latest Fed "deal" after winning a long Freedom of Information Act (FOIA) legal battle to get the details on what was done with the American people's money. Their report runs with an AmpedStatus style headline: "Wall Street Aristocracy Got $1.2 Trillion From Fed."

The aristocracy is alive and well... thanks to the Fed, of course.

Keep in mind, this $1.2 trillion is in addition to the $16 trillion the Government Accountability Office (GAO) audit revealed and the over $2 trillion in Quantitative Easing the Fed dished out, not to mention the now continued promise of the Zero Interest Rate Policy (ZIRP). This is also separate from the $700 billion TARP program that Congress approved. This is yet another unknown secret program, throwing another mere $1.2 trillion in public money at the Wall Street elite (global banking cartel), just being revealed now.

Those of us paying attention over the past three years have had Fed crony-capitalism on steroids fatigue for awhile now. Nonetheless, this is deja vu all over again as another mindbogglingly huge story that must be covered comes to light.

Here are the details of this latest revelation:

[read full report [27]]

Speaking of the $16 trillion GAO audit...

BOOM! GAO audit exposed, missing some vital details:

More on how the GAO's Fed audit failed to disclose some dirty secrets about BlackRock and JP Morgan

> In its review of the Fed's outsourcing practices, it failed to mention the most damaging and suspicious sole-source (no bid) contract awarded to BlackRock, which was for handling the New York Fed's toxic Bear Stearns portfolio, otherwise known as Maiden Lane. This contract would generate $108,000,000 in fees and was one of the largest awarded during the bailout period, but it might also have saved JP Morgan $1.1 billion in losses from its Bear Stearns acquisition....
>
> Also, BlackRock was also one of the managers of the NY Fed's separate $1.25 trillion MBS purchase program as part of QE1. Contrary to the lie on the NY Fed's webpage (that the MBS auctions were conducted via competitive bidding), the NY Fed's own purchasing manager, Brian Sack, admitted in a paper that, "the MBS purchases were arranged with primary dealer counterparties directly, [and] there was no auction mechanism to provide a measure of market supply."
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> Putting it all together, it looks like Jamie Dimon signed off on hiring BlackRock for no justifiable reason to trade the very Maiden Lane portfolio that could have caused his bank, JP Morgan, to lose up to $1.1 billion. And, it was entirely possible that BlackRock saved the portfolio by trading the MBS portion of ML with the New York Fed directly as QE1 was underway. [read full report [28]]

BOOM! Bear Stearns exposed:

Report Says Bear Stearns Executives Sold Illegal RMBS and Covered It Up

> Former back office employees from Bear Stearns are coming out of the woodwork to explain how Tom Marano's mortgage group cheated their own clients out of billions. This week I reported at The Distressed Debt Report, EMC insiders say they were told to make up the classification for whole loans, packaged into mortgage securities, to get them switched out of the trust. By classifying the loans as 'prepaid' or having 'subsequent recoveries' Bear employees were able to fool the trustee into giving them back loans they were not able to legally service. A move New York Attorney General Eric Schneiderman is actively investigating now.
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> In my latest DealFlow story we hear from EMC staffers who describe how subprime loans, that would have been sold by Bear Stearns trader Jeff Verschleiser's team, never had a proper servicing license in West Virginia when they were packaged into the residential mortgage backed security. In 2003 Bear/EMC put $100 million of subprime loans from West Virginia into a few RMBS transactions. EMC, the banks wholly owned mortgage servicing shop, would service all of Bear's RMBS after they were sold.
>
> A year latter, when senior executies realized the mishap instead of Bear going out and informing their regulator and applying for a license, they orchestrated a cover up and even threaten EMC employees not to talk about it. [read full report]

The big banks are getting lit up!

You shall reap what you sow.

Karma is a ... bit@h. [read full report [3]]

Let’s end with this video. We need to keep in mind that the Federal Reserve has known about all of this criminal activity from the start. Yet, they have done everything they could, and are still trying, to keep this criminal operation up and running. As all these criminal banks begin to blow up, let’s not forget who their central bank is and what they have done to the American people.

URL:

http://ampedstatus.org

http://tinyurl.com/3cfk8dc
