

Puppet Obama Continues to Protect his Masters: Bankers

by Richard RJ Eskow via stele - Crooks and Liars *Wednesday, Jan 11 2012, 8:04pm*
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Obama flatly refuses to pursue and prosecute criminal Wall St Fraudsters

It is to be expected that a SERVANT serves his master. Only fools and the uninformed would find the following report shocking. The solution to the OBVIOUS problem is simple; criminal COLLUSION is a CRIME and anyone that serves criminal interests is a CRIMINAL, regardless of their position in society. If the President of the United States is a criminal then lock him and his cohorts in crime up! The LAW must apply to ALL or it becomes a tool in the hands of the criminally corrupt and civilisation goes to the dogs!



The Obama White House continues to push for a settlement that would let bankers avoid being punished - or even investigated - for a wave of mortgage-related crimes that includes perjury, tax evasion, and several types of fraud.

Despite the President's new-found populism - rhetorically, anyway - officials in his Administration continue to push an unfair deal designed to conceal the financial Crime of the Century.

The Financial Times reported on new details of the proposed settlement, whose stated purpose is to punish banks and reduce the amount of money owed by underwater homeowners. But it's increasingly clear that the deal wouldn't help homeowners very much and wouldn't punish bankers at all.

Banks could lower those loan balances by reducing the amount owed on mortgages owned by investors and not by the bank itself. That's what Bank of America is accused of doing as part of an \$8 billion settlement it reached in 2008. This deal would set the stage for a repeat performance.

This proposed deal is still unfair, unjust, and very unbalanced. And it has the Administration's fingerprints all over it.

Unfair

Banks deceived investors into buying bundled mortgages (mortgage-backed securities) that they knew were worth far less than they were paying. Now, as part of this settlement deal, they could shaft those investors again. Many of the investors are from the 99 percent, not the one percent. As the head of the Association of Mortgage Investors told the Financial Times, "It would be a pyrrhic victory to settle the mortgage crisis with the money of public institutions, pension funds and

seniors."

The proposed deal would force banks to meet a certain dollar limit for reducing mortgage principal. But it's designed to let them use other people's money - mortgage investors' money - to reach that limit. They would have to reduce principals by a larger amount if they were using someone else's money.

Taking \$1.00 off their own books might get them \$1.00 closer to their goal, while using investors' money money only "earn" them fifty cents. Is that really supposed to encourage them to do the right thing?

Ask yourself: What if you were given a choice between spending a thousand dollars of your own money to pay a fine - or two thousand dollars of someone else's? (And remember: You're a banker, so don't let conscience influence your decision.) What would you do?

The money should come out of the banks' balance sheets, not those of mortgage investors that in many cases they've already defrauded. Even that isn't entirely fair: Many pension funds and other institutional investors hold bank stock, too, as do unwary private investors. They've also been defrauded by bank executives. But someone has to pay the price for trusting these bankers and tolerating their continued presence in the executive suite.

Guess whose shares have soared since details of this proposed deal emerged? Bank of America. The rest of the country may suffer under this day, but the leaders of its worst-run bank (and that's saying something) will make out like ... well, like bandits.

Unjust

Justice: 1. the maintenance or administration of what is just, especially by the impartial adjustment of conflicting claims ... the administration of law; especially the establishment or determination of rights according to the rules of law or equity. 2 the quality of being just, impartial, or fair. -Merriam-Webster

And speaking of bandits: ***The evidence of banker crime is overwhelming.*** For any group of citizens but bankers, the investigations and prosecutions would have started years ago.

Justice isn't served by the suppression of information. (Neither is the free market.) Justice isn't served by letting an entire group of wealthy and powerful individuals remain above the law. And justice isn't served when millions of Americans continue to pay the price of financial ruin or hardship for crimes that will forever remain unpunished.

In fact, justice won't be served unless bankers themselves are forced to pay personally. Many of them made millions by deceiving homeowners, shareholders, and investors. Unless they're required to reimburse their victims they have no reason not to keep defrauding them again and again.

And do we really think that the country's screwed-over homeowners will find justice under this deal? The Administration's Making Home Affordable program was supposed to help homeowners who had missed two or more payments, but new Treasury Department reports show that less than 20 percent of the 4.6 million people who fit that description will even be considered eligible for the program.

Is this bank-managed program likely to do any better, especially with the design flaws we've heard about already? (There are bound to be others that haven't been reported yet.)

Here's the most unjust thing of all: Under this deal, crooks will get away with their crimes without even suffering the embarrassment of being investigated. Whoever said "crime doesn't pay" will have to eat their words - again.

Unbalanced

The entire amount of the deal is \$25 billion, and we now know that even some of that will be payable out of other people's funds. Let's put that figure in perspective:

American homes have lost more than ten trillion dollars in value as a result of the bank-fueled bubble and crash. \$25 billion is one-fourth of one percent of the lost value.

Americans owed \$750 billion in principal for non-existent real estate that evaporated after the crash, as of the last study. That's money borrowed against values that were artificially inflated by the banks, which made bankers rich and left homeowners holding the bag. That figure has risen since then.

But even if we don't adjust for additional losses, \$25 billion is a little more than 3 percent of the amount that's owed for nothing - that is, for bank-inflated and now nonexistent home value.

There were more than 11 million underwater mortgages in this country as of last report. The number is higher now, but even at the artificially low figure of 11 million homes, this settlement would only provide about \$2,200 for each mortgage. Does that sound right to you?

The "good news" for 2011 was that US homes only lost an estimated \$681 billion in value. That's down from the \$1.1 trillion lost in 2010. But even at last year's slower rate of loss, know how long it would take for US homes to lose the entire \$25 billion amount of this settlement in value?

Less than two weeks.

PS: It's Unwise, Too

It's possible that the President and his advisors don't understand the level of outrage the public feels - outrage over being fleeced by banks, who kept telling them that real estate was a 'can't lose' investment even as they artificially inflated its value; and outrage over the lack of prosecutions for the bank crimes that have caused such damage to their lives.

If so, they're acting very unwisely. The President's popularity has risen since he's started adopting the rhetoric of populism and economic justice. How long would it take to fall once his Administration puts a deal like this into place?

But politics isn't the biggest problem with this deal. Fair play would take a beating under this settlement, making a mockery out of our system of justice. But even that might not be its biggest problem.

If it goes through, we may look back at this agreement someday and decide that this was its biggest problem: Bankers who get away with breaking the law always do it again. When they do, another financial crisis is sure to follow.

And next time our economy may not survive.

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