

JP MORGAN CHASE'S SEVERAL WEEK TIMELINE

In addition to dropping MERS today, JP Morgan Chase had an earnings call at which Jamie Dimon was asked questions about JPMC's foreclosure fraud. Calculated Risk has a transcription (both the AP and WSJ attribute these comments to Dimon, though CFO Douglas Braunstein made comments about the foreclosure fraud as well). But I just wanted to note the contradictory stories Dimon is telling about timing.

Analyst: I was wondering if you could give us any sense for timing of resolution in terms of reopening these 115,000 cases?

JPM: It's going to take several weeks to go through the files and make sure and correct any errors that are in there.

The underlying stuff is all accurate. So that's the key substance. Obviously we know there's a lot of state AGs and we have conversations with them. We're hoping [to get back to] the normal process – for us, the sooner the better for everybody involved. We don't think there are cases with people have been evicted out of homes where they shouldn't have been. These foreclosures go through multiple process, so we're hoping it will be sooner rather than later and those conversations are starting to take place.

[snip]

Analyst: And the foreclosure stuff, outside of how it directly may impact you or somebody else, how do you look at the drag it may have on the housing market, kind of the macro impact, what do you think about that?

JPM: Again, I hope – this is a hope. This is not a knowledge. Is that when people take a deep, sigh breath, go back to the right, look to the substance underlying the files and go back to modifying, foreclosing and doing the right thing, all told, it could be a blip. Talking about three or four weeks it will be a blip in the housing market. If it went on for a long period of time it will have a lot of consequences, most of which would be adverse on everybody.

Analyst: The foreclosure suspension, it's a matter of weeks instead of months, did I hear you say that?

JPM: No. I didn't say weeks to clean up the files. We actually have to have little in depth conversations with regulators and AGs and stuff like that. So I don't know exactly when. I'm hopeful that it all starts to move at one point. I don't know if it's going to be three weeks or five. But I think it will be a real shame if we don't get this resolved and moving again.

Analyst: In all likelihood you should be allowed to foreclose as we go into next year.

JPM: I hope so. It's not up to me. [my emphasis]

First, note the clear reversal. At first, Jamie Dimon says it will take several weeks to "correct any errors" (meaning, to write new affidavits with proper notarizations to replace the ones he admitted to earlier). When asked about the overall impact on the housing market, Dimon gives a classic, "nice economy you've got here; it'd be a pity if it died if it takes us longer than three or four weeks to fix 'our errors.'" But based on that statement, an analyst clarifies that he imagines it will take weeks. To which Dimon response, "I didn't say

weeks to clean up the files.”

But he did.

The real reason for his squirminess—aside from the fact that he all but admits that his company had fabricated affidavits and notarizations, amounting to fraud on courts in multiple states—appears to be the awareness that 50 Attorneys General and some unnamed regulators have him by the balls and will tell him, MOTU Dimon, when he can start foreclosing again. (Nowhere does he admit to doubt that JPMC will be able to foreclose.) He seems to be hoping that if the regulators and prosecutors just look at the “substance underlying the files”—that is, look at the delinquent payments rather than the insufficient paperwork—they’ll green light foreclosures and we can all go on to pretend that the banksters haven’t been engaged in systematic fraud to hide their larger systematic fraud.

But I do find it remarkable that in an earnings call, Dimon all but admitted to fraud, admitted that the Attorneys General will dictate what happens going forward, and yet didn’t lay that out (or the underlying problem of fraud built on fraud) as an earnings risk. It’ll be interesting if JPMC admits the legal jeopardy to the SEC.