

KARL ROVE, BANKSTER BAILER

I'm not surprised that Karl Rove has weighed in on the foreclosure fraud scandal with an erroneous op-ed in the WSJ. I'm just a bit baffled why he did so now.

The overall gist of the op-ed is that a \$20 billion settlement of the robo-signing scandal would represent "a money grab in search of a crime."

It is fundamentally unfair, even devious, to fleece banks out of billions, ignore victims of "robo-signing" who were wrongly evicted, and then hand out cash to cronies. The \$20 billion bank stick-up is a transparent attempt to pay some voters a thinly disguised election year bribe, while pretending the money didn't come from millions of middle-class families with a checking account, loan or credit card at an affected bank.

Of course the entire argument ignores the meaning of the word "settlement," which suggests an agreement between multiple parties, including the banks who presumably would reject such a settlement if they didn't believe it would provide them some kind of benefit (such as preventing them from going bankrupt due to all the shitty loans they securitized).

And while I can see why Rove wants to pitch this story as a contest between deadbeat homeowners (most of whom, of course, are middle class) versus the middle class, I'm not sure how families doing consumer business with banks would pick up the tab here. Is Rove suggesting banks would rewrite existing loan terms to make up for the settlement costs? Violate the consumer card bill of rights to screw card holders to make up the costs? Steal checking account funds to pay what is a paltry fine?

And what about all the investors, for whom principle modifications would be better than the foreclosures they're getting on shitty loans right now? Doesn't Karl Rove care about the helpless investors?

This seems to be a favor Rove is doing for the Office of Currency Control and the big banks to try to push back at CFPB and some attorneys general. Indeed, there's this bizarre claim which I suspect lays groundwork for a future CFPB attack.

The federal government could spend its share of the loot on a long list of programs, including, as one government official familiar with the proposed settlement said, a "borrower's transitional and educational fund." Just what does paying someone's junior college tuition or funding a sabbatical from work—simply because his mortgage is underwater—have to do with repairing the damage of "robo-signing?" Nothing.

How better to discredit teaching consumers how the banks are screwing them than to suggest the consumers would be getting a vacation from work?

But again, why now? Shouldn't Rove and the banks be a lot more worried about AG Eric Schneiderman's investigation of securitization? Shouldn't they be more worried about individual register of deeds demonstrating that most titles in this country are now corrupted? Shouldn't they worry about suits around the country that may reveal what we all know—that the banks would be lucky to get off with a \$20 billion settlement?

So I'm not surprised that Karl Rove is weighing in with one of his patented false screeds. But he seems to have missed the larger picture on this one.