

WHY IS THOMAS PERRELLI NEGOTIATING A SETTLEMENT IF THE BANKSTERS DIDN'T COMMIT FRAUDULENT ACTIONS?

In his press conference today, Obama said,

Well, first, on the issue of – on the issue of prosecutions on Wall Street, one of the biggest problems about the collapse of Lehman's and the subsequent financial crisis and the whole subprime lending fiasco is that a lot of that stuff wasn't necessarily illegal, it was just immoral or inappropriate or reckless.

[snip]

So you know, without commenting on particular prosecutions – obviously, that's not my job; that's the attorney general's job – you know, I think part of people's frustrations – part of my frustration was a lot of practices that should not have been allowed weren't necessarily against the law, but they had a huge destructive impact. And that's why it was important for us to put in place financial rules that protect the American people from reckless decision-making and irresponsible behavior.

[snip]

The president can't go around saying prosecute somebody. But as a general principle, if somebody is engaged in fraudulent actions, they need to be prosecuted. If they've violated laws on

the books, they need to be prosecuted.
And that's the attorney general's job.
And I know that Attorney General Holder,
U.S. attorneys all across the country –
they take that job very seriously. [my
emphasis]

His comments are funny for a number of reasons.
Apparently, the President can't go around saying
"prosecute somebody," but he can go around
saying, "assassinate somebody."

More curiously, though, he insists that if
someone has engaged in "fraudulent actions, they
need to be prosecuted."

FHFA has sued 18 banks, a number of them for
fraud, most of them in federal court. As part of
those suits, it has sued a number of named
individuals. DOJ, however, seems to have no
interest in all those entities accused of fraud.

More troubling still, mortgage servicers have,
in sworn depositions, admitted to fraud of a
variety of types.

And yet Associate Attorney General Thomas
Perrelli is busy trying to craft a
settlement—not a prosecution—with those who
engaged in this fraud. (And in the wake of CA's
withdrawal from the settlement talks, the banks
are crowing that DOJ is still going to sign such
a deal.)

The Administration needs to be asked not just
why no big banksters have been prosecuted, but
also why in the face of massive fraudulent
actions, DOJ is choosing to settle, rather than
prosecute.