

GOLDMAN'S LIES AND JAMIE DIMON'S PIGGY BANK

After a drawn out battle to liberate the records of the Fed's discount window lending, they've finally been released. Bloomberg (who led the legal fight to liberate them) has made the records available [here](#).

While it's going to take a while for those who understand this stuff to collate the data—the Fed released individual PDFs—thus far there are two stories. First, when Goldman Sachs President Gary Cohn testified to the FCIC that Goldman had only accessed the window once—and that at the request of the Fed—he appears to have not been telling the truth.

Goldman Sachs Bank USA, a unit of the company, took overnight loans from the Federal Reserve on Sept. 23, Oct. 1, and Oct. 23 in 2008 as well as on Sept. 9, 2009, and Jan. 11, 2010, according to the data released today. The largest loan was \$50 million on Sept. 23 and the smallest was \$1 million on the most recent two occasions.

Goldman Sachs President and Chief Operating Officer Gary D. Cohn told the Financial Crisis Inquiry Commission June 30 that “we used it one night at the request of the Fed to make sure our systems were linked with their systems, and it was for a de minimis amount of money.” Peter J. Wallison, a member of the Financial Crisis Inquiry Commission, then asked, “you never had to use it after that?”

“No, and as I said, we used it on the Fed's request,” Cohn replied.

Maybe now that we've established the principle

that people should go to jail for lying like this, we can finally send a bankster to jail?

Bernie Sanders, meanwhile, observes that Jamie Dimon was serving on the Board of the NY Fed at the same time as sucking at its teat.

Under court order, the Federal Reserve today identified more banks that took loans during the financial crisis using a once-secret system that Sen. Bernie Sanders (I-Vt.) called “welfare for the rich and powerful.” A Sanders provision in the Wall Street reform law already had forced the Fed last Dec. 1 to name banks that took trillions of dollars in emergency loans during the crisis.

“The Federal Reserve bailout was welfare for the rich and powerful and you-are-on-your-own rugged individualism for everyone else,” Sanders said. “The information released by the Fed today should never have been kept secret. This money does not belong to the Federal Reserve; it belongs to the American people. I applaud Bloomberg News, Fox News and others for their success in lifting another veil of secrecy at the Fed.”

Sanders said the latest disclosure raises questions about conflicts of interest. While Jamie Dimon, the CEO of JPMorgan Chase, served on the board of directors of the New York Fed, in one month alone, April of 2008, JPMorgan Chase received a combined \$313 billion in Fed loans.

“This is an obvious conflict of interest on its face that must be investigated as part of the independent audit that my amendment requires to be completed this summer. When JPMorgan Chase was telling the world about their great financial success, it seems like they were using the Fed’s discount window as a giant

piggy bank.”

I guess this is the kind of information about the banksters about which we little people are supposed to remain ignorant?

BIFFOS AND BANKSTERS

✖ I almost got distracted from working my yearly post around this picture of Mr. EW and I in Moneygall, taken back in 2008 when Brian Cowen was about to become Ireland’s Taoiseach and Barack O’Bama was about to officially get enough delegates to win the Democratic nomination to be President.

But this very worthwhile Adam Serwer post reminded me:

I think we’ve finally discovered the origins of President **Barack Obama’s** un-American worldview (via LGM):

President Obama has officially declared March 2011 Irish American Heritage Month. More importantly the White House also announced that the president would be brewing his own beer called White House Honey Ale for St.Patrick’ Day.

Obama, who said he will pay for the beer making equipment himself, has made presidential history by being the first U.S. president to brew beer at the White House.

It seems that Obama is certainly getting in touch with his Co. Offaly, roots although no one is sure if honey ale is brewed in the town of Moneygall (Obama’s

great-great-great grandfather is said to have left Offaly for New York in 1850).

I would love to know more. What I know is troubling enough. And one thing that I do know is his having grown up raised by his Irish-American mother, his view of the Brits, for example, is very different than the average American. When he gave the bust back to the Brits—the bust of **Winston Churchill**—it was a great insult to the British. But then if you think about it, his perspective as growing up in Dublin with an Irish mother and grandfather, their view of the Irish Republican Army is very different than ours because he probably grew up hearing that the British were a bunch of imperialists who persecuted his grandfather.

Now, back in 2008 when we were wide-eyed idealists, I found it notable that both Cowen and Obama were making a big career move at the same time. Both of them, you see, are Offaly men (just like Mr. EW, I have to admit), what the Irish affectionately call “Big Ignorant Fuckers from Offaly.” So at that point, I imagined there was some special Luck of the BIFF0, which would put them both in good stead as they moved forward to lead their country.

But it turns out that’s not what these two rising national BIFF0 leaders had in common. Unfortunately, it seems, it was a fondness for banksters.

Rather than make honey ale (!?), I’ve been corning beef for the last 10 days, which my own beloved BIFF0 and I will enjoy with some Guinness. May your Guinness and corned beef bring you the luck of the Irish in the year ahead.

WIKILEAKS REVEALS HOW THE BRITISH LIED TO OECD ABOUT BAE BRIBERY

A WikiLeaks cable dated March 5, 2007 has raised new interest in the BAE bribery scandal (AP, WSJ, Telegraph). While no one seems to have noted this, the cable shows that the British lied to their counterparts at the OECD about details of the bribery investigation into BAE.

As the Guardian (which led the reporting on this story) reported three years ago, the UK's Serious Fraud Office started investigating evidence of an elaborate kickback system by which the Brits would give money to the Saudis for BAE contracts in 2004 (it turns out those kickbacks were allegedly used to fund covert operations). In 2006, Prince Bandar bin Sultan flew to London and threatened Tony Blair the Saudis would stop sharing information on terrorists if the SFO continued its investigation. As a result, in early 2007, the SFO stopped its investigation, citing public interest. The US settled its investigation of the same bribery scheme for \$400 million last year.

The cable appears to be preparation for the March 2007 OECD meeting of the Working Group on Bribery; it serves as a review of what had happened in the previous, January 2007, meeting regarding the British decision to stop its investigation of the BAE bribery scheme. Much of the cable reviews the stance of each country regarding the UK decision, with France vocally complaining that the British decision violated the Convention on bribery's prohibition on invoking relations with foreign countries as reason to spike a bribery investigation, and

Australia fully supporting the UK decision. According to the cable, the American delegation was in between those two positions (they were basically arguing for putting off a conclusion about the appropriateness of the decision until the March meeting for which this cable served as preparation):

The U.S. delegation took note of the experience and professionalism of U.K. delegation members. The US del inquired into what appeared to be inconsistent accounts relating to differences in views of the SFO Director and Attorney General regarding the merits of the case, reports alleging British intelligence agencies had not joined the government's assessment that the case raised national and international security interests, and whether the SFO could provide WGB members with assurances that BAE would not continue to make corrupt payments to senior Saudi officials.

[snip]

The U.S. delegation commented that it was not appropriate at this juncture to conclude that Article 5 does not contemplate the proper invocation of national security interests.

Ultimately, the cable reveals, the group developed a consensus to revisit the issue in the March meeting after further review of the British investigation.

The cable is perhaps most interesting because it gives us a glimpse of what the British publicly told the international community about its investigation, the targets, and the reasons for dropping the investigation.

The SFO Deputy Director falsely portrayed the decision to end the investigation as voluntary

Most interestingly, the cable shows that SFO

Deputy Director Helen Garlick portrayed SFO Director Robert Wardle's decision to terminate the investigation as entirely voluntary.

Garlick started by underscoring the U.K. delegation's willingness to answer as much as possible the questions of the WGB, bearing in mind pending litigation in the U.K. Garlick reported that SFO and MOD Police investigators had expended more than 2 million pounds sterling on the BAE investigations. She said on December 14, SFO Director Robert Wardle had decided to discontinue the joint SFO/MOD Police investigation based on his personal, independent judgment.

The French doubted this (I'm guessing they were suspicious partly because Wardle did not brief the group himself). Shortly after the January meeting, the Guardian reported that Wardle disagreed with Lord Goldsmith's ultimate decision to spike the investigation and in 2008 Wardle testified that he strongly disagreed with the decision.

Wardle told the court in a witness statement: "The idea of discontinuing the investigation went against my every instinct as a prosecutor. I wanted to see where the evidence led."

All of which suggests the French were right to doubt that Wardle made this decision himself.

The Brits may have kept Bandar bin Sultan's role in the bribery scheme secret

In addition, it appears that the Brits **may have** kept Bandar bin Sultan's role in the bribery scheme secret—though it may be, instead, that the cable didn't record the details of the briefing pertaining to Bandar. The cable describes the Brits exhorting their partners to keep the contents of the briefing on the investigation classified.

U.K. delegation head Jo Kuenssberg said the U.K. recognized the level of interest of WGB members in the case and stressed the need to respect the confidentiality of the information contained in the U.K.'s briefing,

And then, among the details revealed in the investigation, the Brits described an "unnamed senior Saudi official" and "another very senior Saudi official" as recipients of some of the bribes in the scheme.

Third, payments made under the al-Yamamah contract to an unnamed senior Saudi official: Garlick advised that in October 2005, the SFO had demanded BAE produce documents including payments related to the al-Yamamah contract. The company made representations to the AG on public interest grounds (political and economic considerations) as to why the investigation should be halted. The AG undertook a Shawcross Exercise and sought representations from various British officials regarding the case. The SFO Director wanted to continue the investigation. On January 25, 2006, the AG agreed that there was no impediment to continuing the investigation. The SFO sought Swiss banking records regarding agents of BAE. The SFO found reasonable grounds that another very senior Saudi official was the recipient of BAE payments. The SFO was poised to travel to Switzerland in connection with its Mutual Legal Assistance (MLA) request when the decision to discontinue the investigation was made;

The cable explicitly named Turki Bin Nasir, then the head of Saudi Arabia's Air Force and already by that point publicly tied to the bribery scheme. So these two must be others. I'm guessing that Bandar—whose receipt of \$1 billion via the scheme would be broken by the Guardian

in June 2007—is the “very senior Saudi official” mentioned, not least because his involvement seems to have been exposed at the Swiss bank account stage of the investigation. So the only question, then, is whether the Brits kept his name—as they did the “unnamed senior Saudi official”—secret from their counterparts at the OECD. It appears, however, they did.

In addition, the British review of the investigation far underplayed the amount involved here.

THE LOGICAL CONSEQUENCE OF LOOTING IN LIBYA

Things for anti-Qaddafi forces in Libya have gone from difficult to worse. Yet even after Director of National Intelligence James Clapper made the mistake of telling the truth about Qaddafi’s strength, there has been little discussion about this report from James Risen and Eric Lichtblau (one exception is Dan Drezner).

Here’s part of what Clapper said (the White House has backed away from his comments and Lindsey Graham has called for his resignation for telling the truth).

“Over time I think the regime will prevail,” acknowledged Clapper. “With respect to the rebels in Libya, and whether or not they will succeed or not, I think frankly they’re in for a tough row.”

Clapper added he did not believe Kadhafi, who has earned a reputation as a maverick, planned to step down after

more than four decades in power.

"I don't think he has any intention of leaving," Clapper said. "From all evidence that we have, which I'd be prepared to discuss in closed session, he appears to be hunkering down for the duration."

[snip]

Libyan air defenses, including radar and surface-to-air missiles, are "quite substantial," Clapper explained.

"A very important consideration here for the regime is, by design, Kadhafi intentionally designed the military so that those select units willed to him are the most luxuriously equipped and the best trained."

With that assessment—which was echoed in testimony by the head of DIA—in mind, consider Risen and Lichtblau's description of the way Qaddafi has prepared himself financially to weather a rebellion. They describe that he has hoarded away "tens of billions" in Libya which will make the financial sanctions we're using against him pretty useless.

The money — in Libyan dinars, United States dollars and possibly other foreign currencies — allows Colonel Qaddafi to pay his troops, African mercenaries and political supporters in the face of a determined uprising, said the intelligence officials, speaking on the condition of anonymity.

The huge cash reserves have, at least temporarily, diminished the impact of economic sanctions on Colonel Qaddafi and his government. The possibility that he could resist the rebellion in his country for a sustained period could place greater pressure for action on the Obama administration and European

leaders, who had hoped that the Libyan leader would be forced from power quickly.

In other words, in addition to the tens of billions in assets Europe and the US have frozen, Qaddafi has still more loot available within his country, inaccessible to international sanctions. And that is one thing (the superior Russian arms he has that Clapper mentioned are another) that will allow Qaddafi to wait out the rebels.

Take a step back and think about the implications of this.

According to the story, Qaddafi probably started hoarding money in the 1990s. After the West lifted sanctions on Qaddafi in 2004, the process accelerated.

He has built up Libya's cash reserves in the years since the West began lifting economic sanctions on his government in 2004, following his decision to renounce unconventional weapons and cooperate with the United States in the fight against Al Qaeda. That led to a flood of Western investment in the Libyan oil and natural gas industries, and access to international oil and financial markets. Colonel Qaddafi, however, apparently feared that sanctions would someday be reimposed and secretly began setting aside cash in Tripoli that could not be seized by Western banks, according to the officials. He used the Libyan Central Bank, which he controls, and private banks in the city. He also directed that many government transactions, including some sales on the international oil spot market, be conducted in cash. "He learned to keep cash around," said the person with ties to Libyan government officials, who asked to remain anonymous for fear of putting them in jeopardy.

Then, in the weeks before the uprising broke out in Libya, Qaddafi continued to move money around to keep it accessible.

And with it, he is able to outfit and pay his elite troops, mercenaries from other countries, and loyal supporters. He can let oil just sit in the ground (as it did during the previous sanction period), because he doesn't need to sell oil immediately to get money.

Because Qaddafi managed to loot shrewdly, he is largely immune from our non-military efforts to prevent him from committing genocide against his own people. His looted riches make him the match of most of his country, even backed by the international community.

And the thing is, we **knew** Qaddafi was doing this looting. Some of the State Department cables describe the shell games he used to get money out of the country, such as this one from 2006.

All of the Qadhafi children and favorites are supposed to have income streams from the National Oil Company and oil services subsidiaries. Saif is involved in oil services through One-Nine Petroleum and other Qadhafi family members and associates are believed to have large financial stakes in the Libyan Tamoil oil marketing company based in Europe and Oil Invest. AbdelMagid al-Mansuri, the former "director" of One-Nine Petroleum, was responsible for the ill-executed "U.S.-Libya Economic Forum" held at the Corinthia Hotel December 2004. The Forum was viewed as a blatant attempt to tie up lucrative percentage deals for Libyan elites looking for representative relationships with U.S. companies. During 2004, the internet-based publication Libya al-Yown distributed information tracing a large number of sweetheart deals to One-Nine's Oil and Gas division XXXXXXXXXXXX in Scotland, home to a well-connected Libyan

expatriate community. It is believed that millions of dollars are distributed to politically connected Libyans and Libyan expatriates via the XXXXXXXXXXXX. XXXXXXXXXXXX

And per the NYT story, DOJ has documents tracking how Qaddafi and top officials stashed money in Switzerland.

Justice Department documents show that Libya had worked with Swiss banks to launder international banking transactions for years, with “hundreds” of senior Libyan officials allowed to surreptitiously move money.

We watched as one man everyone knew to be brutally crazy stole his country’s riches and put them aside for the moment when he would need them. Having watched him do so, we are now limited in the means by which we can pressure him.

Oops.

This is the logical consequence not just of Qaddafi’s looting, but of the looting elites have been doing more generally. To the extent money buys arms and—particularly with the proliferation of mercenaries—armies, and to the extent our multinational system makes it easy for the elite to hide money yet keep it accessible, any member of the elite with the ability to steal this much money could do the same thing.

And yet our society continues to just sit there and wink as elites here, in Libya, and around the world prepare for the time when they need to pay an army to kill their own people.

THE FOLKS WHO RUN OUR ECONOMY BELIEVE IN THE EASTER BUNNY

✖ The folks at the Fed who run our economy apparently believe in the Easter Bunny. And Casper the Friendly Ghost. And Santa Claus.

I mean, I can only conclude the folks over there are completely unhinged from reality given their claim that no people—not a single homeowner—was wrongly foreclosed.

A months-long investigation into abusive mortgage practices by the Federal Reserve found no wrongful foreclosures, members of the Fed's Consumer Advisory Council said Thursday.

Jason Grodensky, who paid cash for his house yet lost it to Bank of America in "foreclosure" nevertheless. The Fed says there were no wrongful foreclosures.

Christopher Marconi, who got foreclosed by Wells Fargo on a house he didn't own and had never seen. The Fed says there were no wrongful foreclosures.

Jonathan Rowles, who never missed a payment, who got foreclosed by Chase while he was away in Iraq, in violation of the Servicemembers Civil Relief Act. The Fed says there were no wrongful foreclosures.

Granted, they came to this conclusion, in part, by defining wrongful foreclosure in a way that totally ignores title problems, failure to serve homeowners, and tack-on charges servicers have used to force people into default so they can foreclose.

During a public meeting attended by Fed chairman Ben Bernanke and other regulators, consumer advocates on the panel criticized federal bank regulators

for narrowly defining what constitutes a
“wrongful foreclosure.”

[snip]


Kirsten Keefe, a member of the Fed
consumer panel and an attorney at the
Empire Justice Center in Albany, New
York, said the Fed’s report defined
“wrongful foreclosures” as repossessions
of borrowers’ homes who were not
significantly behind on their payments.

**And they’re not releasing the report—they’re
keeping it totally secret!** I can only presume
that the logic and data (based on just 500 loan
files) behind it is so laughable that releasing
it would be more damaging than simply issuing
this claim with no proof.

Nevertheless, as my list above makes clear, it
is simply impossible to state that there have
been no wrongful foreclosures and still claim to
have even a shred of grasp on reality.

Which I guess, given the smoke and mirrors that
has constituted our economy in recent years, is
about what we ought to expect from the Fed.

A MODEST PROPOSAL: INDEFINITELY DETAIN THE BANKSTERS

 Obama has declared that he has the
authority under the 2001 AUMF to
indefinitely hold anyone “if it is necessary to
protect against a significant threat to the
security of the United States.”

He doesn’t say that person has to be a
terrorist, much less part of al Qaeda. He
doesn’t say that person has to have any tie to

the enemy as defined by the 2001 AUMF, that is, "those nations, organizations, or persons [the President] determines planned, authorized, committed, or aided the terrorist attacks that occurred on September 11, 2001, or harbored such organizations or persons." He doesn't even say that person has to have been rounded up on a battle field, however you define **that**.

If detaining someone indefinitely is "necessary to protect against a significant threat to the security of the United States," Obama says, he can do it.

So I say, fine! Let's indefinitely detain the banksters that crashed our entire economy. They fairly routinely hold the workers and taxpayers of this country hostage these days, just like terrorists do. And when you account for the number of people they've left homeless and hungry, the damage they have done may well surpass that of the attack on 9/11. Clearly, the banksters are a "significant threat to the security of the United States"—they're the biggest threat to the security of the US. And the genius of Obama's EO is it doesn't even require the detainees, themselves, represent a threat. Rather, if their detention is necessitated by the security threat, we can detain them. We don't have to trouble with sorting the good banksters, like Jamie Dimon, from the bad banksters, like Dick Fuld. We can detain them all, just to make sure we don't accidentally miss any. (Sorry Bill, we can't take any risks, so this includes you too!)

Simple as that. Our biggest security threat solved!

Mind you, Obama's Executive Order laying out this amazing limitless standard specifies that the EO only applies to "those detainees held at Guantanamo on the date of this order."

But we all know that EOs don't have to say what they mean. We know OLC ruled back in 2001 that, "There is no constitutional requirement for a President to issue a new executive order

whenever he wishes to depart from the terms of a previous executive order. Rather than violate an executive order, the President has instead modified or waived it.” We know Bush did just that—change the terms of an EO without changing the text, so none of us had warning we were being spied on. But when national security is threatened—our government has decided—it’s okay to change EOs with no warning.

So all Obama has to do to authorize the indefinite detention of the banksters that represent the biggest threat to our security right now is simply pixie dust his EO, and voila! He can round up the banksters, put them on some tropical island somewhere (I suspect they’ll feel right at home in the Cayman Islands).

It’s as easy as that, vanquishing a security threat, arbitrarily detaining people in the name of security forever.

Right?

IF A TBTF BANK LOST ITS QUANT CODE TO CHINESE HACKERS AND NO ONE KNEW, WOULD WE STILL HAVE A FUNCTIONING MARKET?

Bloomberg has an excellent catch from the HB Gary emails, revealing that Morgan Stanley was one of the 20-200 companies targeted by the Chinese-based Aurora hack in 2009.

Morgan Stanley experienced a “very sensitive” break-in to its network by

the same China-based hackers who attacked Google Inc.'s computers more than a year ago, according to e-mails stolen from a cyber-security company working for the bank.

The e-mails from the Sacramento, California-based computer security firm HBGary Inc., which identify the first financial institution targeted in the series of attacks, said the bank considered details of the intrusion a closely guarded secret.

"They were hit hard by the real Aurora attacks (not the crap in the news)," wrote Phil Wallisch, a senior security engineer at HBGary, who said he read an internal Morgan Stanley report detailing the so-called Operation Aurora attacks.

As McAfee made clear when it first announced the hack, the hackers were after the targets' intellectual property (though note the understanding of the timing of the hack has changed).

Similar to the ATM heist of 2009, Operation Aurora looks to be a coordinated attack on many high profile companies targeting their intellectual property. Like an army of mules withdrawing funds from an ATM, this malware enabled the attackers to quietly suck the crown jewels out of many companies while people were off enjoying their December holidays.

Now, Bloomberg—with backing from an FBI officer and a reminder that Morgan Stanley is the world's larger mergers and acquisitions adviser—seems to be most concerned about what the hackers learned about impending M&A.

FBI Deputy Assistant Director Steven Chabinsky said that hackers have increasingly targeted information

related to mergers and acquisitions, data that can give companies involved an advantage in negotiations.

But the description of the targeted information as IP immediately made me think about quant code, the algorithms that banks use to conduct high frequency trading. When Sergey Aleynikov attempted to sell Goldman Sachs' high frequency trading code, the Goldman and the government treated it like a capital offense. For good reason, because if another firm got that code, it would be able to game out Goldman's moves. So how do we know that these hackers didn't steal MS' quant code?

In any case, the hack seems to raise real questions about disclosure. Should Morgan Stanley have had to reveal this to its stockholders and potential M&A clients (remember that MS led GM's IPO last year, though hopefully long enough after this hack for the merger not to be exposed by it). Should MS have had to reveal this—with the potential implications for markets—to Congress? Did it?

I just can't help but think that the Aurora hackers may well have gotten the same kind of information that Congressional oversight committees have requested from the Fed, but were refused.

BANKSTER-CODDLING PARTY SUFFERS “ELECTORAL MELTOWN”

Everyone knew that Fianna Fáil was going to lose Friday's election in Ireland. But the results (still coming in because the Irish hand count their paper ballots and have an instant runoff voting system) are pretty stunning. Here's how

Fianna Fáil did in Laois-Offaly (both Mr. EW's home district and that of outgoing Taoiseach Brian Cowen) in 2007 (these graphics are from the Irish Times):



And here's how they did Friday:



And Laois-Offaly is going to be one of Fianna Fáil's **stronger** districts (Cowen's brother, Barry, will likely take one of the five seats). In Dublin, FF went from holding 13 seats in parliament to just one, that of the former Finance Minister Brian Lenihan. And the Green Party, which had been in coalition with FF, will lose all 6 of the seats it held.

Now, it's not clear that Fine Gael—which will rule with Labor—will be all that much better than FF with regards to coddling banksters. Rising Taoiseach Enda Kenny has promised to renegotiate the bailout, but unless and until he threatens to default, Ireland will still be taking money from retirees to pay off the banksters.

But what will be interesting is the presence of more further left members of Parliament. And Gerry Adams, Sinn Féin's President, will have a seat in the Republic's parliament for the first time. He's been getting a lot of press for his populist criticism of the bailout:

Sinn Féin leader Gerry Adams says a good government requires a good opposition, vowing his party would oppose the "swingeing, anti-citizen, economically-illiterate measures" being proposed by the establishment parties.

So it's not clear whether this "electoral meltdown" will have an effect on the banks. But it sure is interesting to see how political accountability works in a system with more than two parties.

GEORGE W BUSH WON'T SHARE STAGE WITH SOMEONE WHO HAS HARMED US INTERESTS

Mark Knoller tweets:

A spokesman says former Pres George W Bush cancelled a speaking appearance tomorrow to avoid sharing stage with Wikileaks' Julian Assange.

Bush/43 was invited to address the YPO Global Leadership Summit in Denver tomorrow, but cancelled when he learned Assange was too.

A spksmn says Bush/43 won't share a stage "with a man who has willfully & repeatedly done great harm to the interests of the United States."

Jeebus.

The Iraq War, by itself, has done far graver harm to the interests of the United States than all of the cables Julian Assange has leaked. And that's before you consider allowing banksters to ruin our economy. And a whole slew of other things W did, like torture, that willfully hurt US interests.

It's a wonder W can even share a stage with himself, if that's his criteria.

THE JOHN WALSH-LIZ WARREN-INVESTORS & HOMEOWNERS CAGE FIGHT

I noted the other day that the Administration was floating a ridiculously small \$20 billion Get out of Jail Free plan to excuse the banksters for their foreclosure fraud. Apparently, the banksters think that \$20 billion is just a “crazy figure” that will never be imposed. The actual homeowners affected by the banksters’ crime, however, believe it is “chump change.” From a press release from the CrimeShouldn’tPay effort:

“We need more than just another slap on the wrist. Home prices have plummeted by \$9 trillion over the last four years because of the massive fraud that the big banks perpetrated on the American people. \$20 billion is chump change, especially when you divide that amongst the nation’s 14 largest banks,” says Gina Gates from San Jose, CA who lost her home fraudulently to JP Morgan Chase. “This cannot be more ‘business as usual’ for the nation’s biggest banks – break the law, make hundreds of billions of dollars doing so, and then pay a small percentage of their bounty in fines while leaving everyone else suffering the consequence of their actions. No, this time, the punishment must fit the crime. The big banks must pay commensurate to the pain and suffering they’ve caused so many people.”

But the truth behind the figure is—as Shahien Nasiripour reports—actually that Elizabeth Warren and Office of the Comptroller of the Currency, headed by John Walsh, are fighting

over what an appropriate remedy might be. Warren, along with the FDIC and FHA, believes a still-too-paltry \$25-\$30 billion penalty is in order.

Officials at the Federal Deposit Insurance Corporation, the Federal Housing Administration, and those now creating a fledgling consumer financial protection bureau are inclined to seek as much as \$30 billion in fines, making those funds available to provide relief to borrowers at risk of losing their homes.

[snip]

Elizabeth Warren of the Consumer Financial Protection Bureau has floated a figure of about \$25 billion for a unified settlement, according to people familiar with the situation.

But OCC—which has a long history of protecting banksters from actual regulation—wants just a \$5 billion penalty with no principal reductions.

The Office of the Comptroller of the Currency, which oversees the nation's largest banks, intends to pursue its own settlement with lenders, a track distinct from the talks conducted by its federal counterparts, the sources said. The OCC, eager to protect major banks from expensive fines, is seeking to limit the terms to \$5 billion, while also ensuring that lenders retain wide latitude in how to administer relief for homeowners, the sources said.

[snip]

Housing experts assert that mortgage companies have been largely unwilling to shrink principal balances on first mortgages, because they understand that that this would trigger huge losses on the second mortgages they own

themselves.

The OCC is opposing a settlement that would entail large-scale write-downs of mortgages precisely because of concerns about this very scenario, the sources said.

Problem is, the OCC, as the banksters' primary ~~regulator~~ enabler, has control of the key documents demonstrating the banksters' fraud.

The OCC has already begun a process toward resolving the allegations lodged against the banks that it regulates, recently sending draft orders detailing improper and illegal practices that the firms would have to end, according to people familiar with the matter. The draft orders, which are not public, have been shared with some federal agencies, the sources said.

One source said the OCC was effectively aiding the banks in delivering the orders by handing them valuable information about its findings, thus allowing mortgage companies more time to marshal a defense.

The OCC has also shown reluctance to share its detailed findings and documents with other federal regulators, said people familiar with its actions. As the primary regulator for the nation's largest lenders, the OCC is privy to more inside information than its counterparts, giving it substantial power in shaping the contours of any negotiation.

Of course, this entire discussion leaves out two key players: the homeowners, whose legal recourse against banksters for fraudulent practices would presumably be limited by any settlement. And the investors, who would prefer big principal reductions to the foreclosures

that the big banks seem intent on forcing.

And meanwhile, the housing market continues to drag down the economy. And the folks in DC seem more focused on cutting benefits for the old and the infirm instead of fixing the real problem with our economy.