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Mortgage Securitization 666: The Crime That Took Place - JPMorgan Chase and its WaMu customers

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**THE CRIME THAT TOOK PLACE - JPMorgan Chase and its WaMu customers.**  
(Reference Title: Mortgage Securitization 666)

**Introduction:** This description of the crime that Chase participates in as it proceeds with its foreclosure activities is necessary because the banking industry is misleading the judicial system about important financial aspects of today’s home loan mortgages.

This is an initial attempt to describe the crime.

This memorandum is divided into a short summary, a financial person’s attempt to show the “A,B,C’s” of where the switch between a legitimate and illegitimate moral and business banking activity occurs, and is followed by more technical operational detail about specific actions.

From a financial perspective, the time when Chase’s actions become a crime is identified.

I highlight how Chase’s activities interfered in an existing agreement. I highlight how Chase steals from borrowers, how it steals from the State, and how Chase aggravates the theft by imposing its conveniently developed worldview on the homeowners on which it forecloses.

Litigators familiar with criminal cases have advised me that a crime is ultimately determined to exist based on the whims and moral persuasion of a “prosecutor” or “policeman.” As such, identifying an activity as “criminal” is amorphous. To the victims who work with Chase, the only fact about which we are certain is that it is money and equity (in the financial sense of that word) that Chase is stealing systematically from homeowners.

Stepping back for perspective, it is a big negative that judges and lawyers are misinformed about the dynamics of finance. As such, most judges, politicians, and lawyers do not become aware of the theft of the homeowner’s financial equity that occurs every day.

It is the dynamics of the flow of funds and decisions that steals; it is not a specific document that creates the crime. It is a subtle theft via the interest rate and the interest rate margin that is imposed on homeowners and accepted by judges as “a given.” It is not “a given.” As an organization that operates in the banking field, Chase is acutely aware of what they have done, and what they are doing.

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1 This agrees with the original statement made by US Attorney General Eric Holder when he said that “much of the conduct that led to the financial crisis was unethical and irresponsible … but this behavior—while morally reprehensible—may not necessarily have been criminal.” In my opinion, Holder’s initial perception is the result of a lack of focus on the dynamics of the crime beyond the “contractual/legalistic” interpretation that Chase would like the public to believe.

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It is the actions of seemingly separate, but actually aligned, organizations that steal. The driving force is the “family boss” -- “il Capo di tutti capi” -- the party that both created and controlled all the separate organizations that participate as part of “the family.” The boss is the Chief Executive Officer who manages the bank from outside the regulatory process.

The first perception that needs to be recognized to notice the theft is that Chase and its agents act as one organized entity. It then becomes clear that the involved parties steal money and equity. How they do it, especially focused on the aspects that do not highlight the legal definitions of what they are doing, is the subject of this memorandum.

There is no difference in the economic results of the banking criminals and criminal organizations from previous generations. The modern banking criminals are thankfully not yet known to have engaged in murder to enforce their criminal intentions. This only differentiates them by the type of collateral damage they create. It does not change the fact that they are collecting booty using means that were not meant to be at their disposal in a civilized society.

I do not like using the inflammatory words I feel compelled to use below; I think their use has become necessary to correctly communicate to those who have been misinformed by the use of conventionally accepted “politically correct” language, as otherwise requested by the thieves.

**Summary: Initial Lay Person Perspective on the WaMu² / Chase³ Crime.**
In the situation where customers borrowed money from WaMu, the crime that took place is that consumers borrowed money from what turned itself into a crook.

The Lender was not a crook when he was dealing with his customers as WaMu.

The Lender became a crook when he began to interpret the documents in a new manner. The Lender cocked a gun with a bullet aimed at the consumer, pulled the trigger, and today collects money loaned at loan shark rates. WaMu started as a shill for other organizations, and Chase took over that role to receive money, and protect itself from funding liability.

As part of the crime, the Lender also gagged the victims and the witnesses. The Lender prevented the victims, the witnesses, and the Legal System from talking by befuddling all with chatter, obfuscation, harassment, intimidation, and deceitful behavior. The banking system that is involved has been largely successful in not having its liability issues brought to court.

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² WaMu = Washington Mutual Bank, a Savings & Loan regulated and supervised by The Office of Thrift Supervision, as well as the State Banking Departments of the States where it is allowed to operate.
³ Chase = JPMorgan Chase NA, as distinct from Chase Bank, a bank regulated by The Office of the Comptroller of the Currency (“OCC”), as well as the State Banking Departments of the States where it is allowed to operate.
**Where did it start?** The deceit started as soon as WaMu sold the loan (i.e. after the origination). The impact of the deceit was amplified in magnitudes only after WaMu was purchased by Chase AND interest rates dropped.

Within weeks thereafter, Chase's middle management intentionally took decisions that made the situation worse for WaMu consumers.

Shortly thereafter, senior Chase managers approved decisions being made at lower levels within the Chase organization. Chase’s senior management approved these decisions because they realized they could certainly get away with the theft for a period, while the alternative liabilities they faced seemed much less attractive.

What actually happened is that Chase took advantage of its overwhelming market influence - its effective monopoly power - and proceeded to enforce a conversion of the underlying nature of agreements, understandings, and past practices that existed between borrowers and the Savings & Loan bank lender.

Chase proceeded to steal by stepping into a situation which had been set up for other purposes. Chase’s management’s decisions guided Chase towards continued theft via other organization’s omissions and by Chase not correcting a wrong they knew they were perpetrating.

Chase employees were originally motivated by the simple receipt of money they needed and deemed they were due. They felt good about being able to collect the money. It was after the initial receipt of the money, however, that Chase then took actions that changed the situation from something that could be described as “competitive behavior” into something criminal. Chase took decisions solely to increase their collected loot. It is the combination of the actions and tools that Chase had at its disposition, tools that were created for a Glass-Steagall-era-that-no-longer-existed, that made the theft an organized endeavor.

Senior Chase management became aware of the theft as they received standard profitability and cashflow reports from their operating units as of October 31, 2008.

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4 WaMu was not actually purchased by Chase. Chase purchased certain assets via a Purchase & Assumption Agreement dated 9/25/2008 that never produced the schedules that were needed to identify the assets that were purchased, some of which were not even on WaMu’s balance sheet.

5 WaMu customers were tagged as “toxic” and “good prey.”

6 Alternative liabilities included lawsuits from the short and long term institutional investors who had invested in securitized tranches, as well as lawsuits from the monoline insurance industry. The banking industry was not concerned about the lawsuits from the trusts that owned securitized mortgages because these organizations were staffed by their employees.

7 Many reports give Chase’s senior management the benefit of the doubt that “senior managers” did not know what was happening so that no one could be blamed. This may be true as referenced by corporate officers’ titles, but not by corporate responsibility functions. By “responsibility,” not including Chase’s
Decisions were taken by that management at that time to standoff and not correct the wrong.

Chase today is in a “cover up” mode. Chase understands it has a problem. Chase today continuously lies and acts in a deceitful manner towards certain residential mortgage loan customers and regulators and tax authorities. Chase hides behind non-disclosure and the pretense of proprietary confidentiality with respect to any one consumer’s loan. Chase acts deceitfully towards its regulators that it hopes to continuously confuse.

Chase diligently opposes wanting any of its activities supervised by any State insurance regulator despite the fact that its residential mortgaged back securitization activities have all the necessary characteristics to be deemed an insurance activity.

Chase makes out like a bandit because it is a bandit. Chase transformed its “WaMu-self” into the personality of a common crook. Chase portrays itself as a saint facing difficult financial circumstances and it labels its customers as cheaters.

In actuality, like a sophisticated criminal, Chase steals out in the open with the hope that the theft will not be discovered. From a perspective that can rely on easy objective measurements, Chase’s crime became a crime and not “competitive advantage” as soon as Chase started to earn statistically significantly greater money from its mortgage lending business than in the historical past. Chase lost all “free-market” moral arguments defending its actions as it enforced its market power to foreclose and evict homeowners.

**The Macro perspective:** Chase initially participated in and organized an elaborate network of inter-related legal corporate operations to shill their actions. The set-up of the infrastructure was not criminal. It was senior management, once they used the infrastructure resource for nefarious purposes, that is criminal.

Those individuals, the “bosses” -- or “capos” -- who allowed the stealing to take place, are the criminals. Those individuals took decisions and actions in order to save the bank, save the jobs of bank employees, save their own jobs, but steal from the bank’s customer as described below.

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title inflation, the contention that senior management was not aware of the theft detail is ludicrous. Internal bank management reports all focus on cash flow, revenues, sources of funds, costs, etc., and easily identify current events. As soon as interest rates dropped, these internal reports alerted the important senior managers that Chase had changed its underwriting and that the prepayment of high interest rate loans were not taking place because the banks, as a family, had successfully blocked access to the mortgage refinancing market. To deny that this was known by Chase’s most senior management suggests that Chase senior management did not manage the bank’s activities and that the bank was only an autonomously run organization that paid no salaries.

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8 See the JP Morgan Chase 2009, 2010 and 2011 annual report. If Chase didn’t have a problem, why would Chase be spending hundreds of millions of dollars on legal expenses?
Chase hired goons to enforce their law. These goons trespassed on private property while quoting their right to do so from Section 9 of the typical mortgage lien document.\(^9\)

The problem is that the original note was already in effective dispute. Chase’s refusal to recognize the existence of a dispute, simultaneously with the enforcement of sections of the mortgage lien (or Deed-of-Trust), are part of Chase’s carefully approved harassment strategy.

In furtherance of the Chase cause, Chase keeps other gangs away from their prey by restricting interaction via an agreed to code of conduct, a “cosa nostra” with the other banking families. This is also done out in the open.\(^10\)

Where the Chase imposition became unconscionable (even to Chase), Chase selectively shows compassion because Chase knows they must.\(^11\) Chase co-opted otherwise legitimate organizations to support their activities and enforce Chase’s will. To give their actions a veneer of legitimacy, Chase invests and pays off the legal system to create precedence around the themes of a public relations campaign Chase likes to promote. Chase takes no action to accept responsibility for anything Chase actually enables. The focus of Chase’s actions are those that make sure that Chase's worldview is enforced against consumers.

The theft is not the Note (although that also happens\(^12\)). The theft is the bank's interpretation of its role, the application of arbitrary rules and policies invented by Chase after the fact, and the manner by which Chase chooses to enforce their self-serving interpretation above any other role they have.

Chase’s current management is only one of the banking crime families. Together with the other four large banks, the managements of the five gangster families control the majority of all US assets.\(^13\)

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\(^9\) Section 9 typically allows for the inspection of a property to be certain that it remains in good repair.

\(^10\) This Cosa Nostra is the reporting requirement standards agreed to between the Credit Bureaus and the banks. These standards allow the Credit Bureaus to accept unverified information that is then forwarded to Fair Isaac Corporation to create FICO scores.

\(^11\) Chase’s compassionate behavior is the same behavior gangs sometimes show in criminal neighborhoods where they take care of widows and orphans.

\(^12\) Through a quirk in accounting, tax, and trust laws and rules, the promissory note executed by a lender and borrower is actually paid off in full ab initio at the time of the initial securitizations. The organizers of these securitizations assumed incorrectly that they would never be challenged on this issue and this is now happening in several States.

\(^13\) The Dallas Federal Reserve Bank’s annual report exposé by its executive director and head of Research, Harvey Rosenblum, states how the top five banks control 52% of US assets “as an oligopoly,” how all the banks follow parallel business strategies, hold similar assets, and how they “have enormous political clout”…to refocus banking statutes and regulatory enforcement to their advantage.” Harvey Rosenblum’s views are fully endorsed by Richard Fisher, the president of the Dallas Federal Reserve Bank. These views are also echoed by others, including Simon Johnson, the former chief economist for the International Monetary Fund, and Timothy Geithner, now U.S. Treasury Secretary.
Chase, as one of the lending families, makes classes of consumers pay because their analysis shows they can. Chase is only taking advantage of the anti-competitive market influence they know they can benefit from in each State where their influence is overbearing. Only a select few individuals are not directly affected by the criminal actions of the banks who dominate all discussion because they control the majority of all US assets.

The “A, B, C’s” of the crime.

A) The Conversion: The initial change that allows the theft to take place is the conversion\textsuperscript{14} of a “bank/borrower” relationship into an “obligor issuer/investor” relationship.\textsuperscript{15}

This conversion took place at the original execution of the Promissory Note under the supervision of a regulated bank, a Savings & Loan, but was converted into a crime via the transfer to a Servicer, as well as the directions and guidance given to other parties, by the parties that controlled the funding process of the originating bank.

The Servicer initially correctly began to enforce written provisions. The Servicer does not necessarily realize that they were the main enforcement strong-arm of the conversion. The manager/owners who received the financial benefits, however, fully realized immediately in what they were participating. Those managers, without doubt, informed their senior executive managers. Those senior executive managers, without doubt, took the moral decision that it was more important to protect and justify their company's cash flow and their jobs rather than to operate responsibly towards residents and small businesses in any State.

Without a doubt, against the backdrop of the truck driver paying an additional $500 per month, the decision makers knowingly abrogated their responsibility of operating within the confines of the Public Trust associated with the acceptance of the banking charter for their subsidiary that allowed them to operate in any particular State and collect deposits from residents. Anything but this conclusion denies historical precedence and the whole

\textsuperscript{14} The “conversion” is a change in the nature of a relationship and agreement between two parties into something else, something new, something that did not exist originally.

\textsuperscript{15} A “bank/borrower” relationship is one between “a bank as a lender” and a “homeowner as a borrower.” An “obligor issuer” is bank terminology that views the “borrower” as an “issuer of a security instrument,” as viewed by the SEC. An “investor” in this situation is an “accredited investor,” as viewed by the SEC, and this investor has to comply with SEC regulations as these interact with others. The distinction is that “sophisticated institutional investors” are permitted to interact with “accredited investors,” not just basic non-accredited borrowers. “Accredited” investors have to meet specific standards of income and Net Worth as established by the SEC before an investor is permitted to enter into a financial agreement.
The birthing process of today’s American banking system.

Following the removal of the affiliation provisions of the Glass-Steagall Act and the separation of roles between banks and private equity organizations\textsuperscript{16}, very few senior bank managers publicly remember how the receipt of a banking charter was a privilege that included the receipt of the Public Trust to act for the benefit of the local State economy. As such, only the most senior bank personnel must know that it is a public policy and that it is their proactive obligation to provide liquidity to residents and small businesses in the specific geographic region they serve.

From the other side of the economic equation, it is not the banking industry’s management decision to arbitrarily decide who should receive liquidity and loans. There are no scientific standards that can be used to determine who should receive credit. There are no global underwriting standards. Banks are obligated to work with whatever exists in any State where they are permitted to operate and not providing liquidity is not an option.

The crime that took place is the conversion. The crime manifests itself as the theft of monthly cash. It takes place because the actions of Chase prevented continued access to liquidity. Chase, after having always provided liquidity, suddenly cut off all options for residential borrowers. WaMu, after always providing liquidity, was removed from service. Chase, however, by enforcing a conversion, collected the extra money it was “earning” monthly that was not the promise made by WaMu. After not giving access to lower cost loans, - - i.e. charging, collecting, or accruing, much excess amounts each month -- Chase then took policy decisions to obfuscate and enforce foreclosure to take the money that is questionably theirs to receive in the first place. The foreclosure process steals money forcefully out of the homeowner’s equity.

Within all of this, multiple other petty laws and property rights are trampled on by the machinery that enforced Chase actions. Around this, multiple other organizations, including the credit bureaus, the foreclosing lawyers who carried out what they thought was their role and duty, the trustees that control the Trust that owns the loans, the trustees that control the servicers (different from the former), the Land Record managers, also began to trample on fundamental property rights. Via a lack of reflective thought, these other parties become co-conspirators.

A large harm in the US economic system and the way it delivers solutions, however, is

\textsuperscript{16} JPMorgan Chase Bank National Association is a subsidiary of JPMorgan Chase & Co.. JPMorgan Chase Bank is regulated as a commercial bank that interacts with consumers as it collects deposits and makes residential and business loans in a geographic region. Its 100% shareholder owner is regulated by the Federal Reserve Bank but not regarding its interaction with consumers. As such, the shareholder bank is a “private equity” organization – an investment bank – focused on earning money from the deposits, loans, and profits it is able to collect from its regulated banking subsidiary. The investment bank drives the management decisions, pay and bonuses of its regulated commercial banking subsidiary. This distinction is important as it results in a completely different type of conflicting relationship with the consumer.
the manipulation and essential complicity of the Credit Bureaus. For whatever reason, the Credit Bureaus took independent decisions to enforce the conversion. They became co-conspirators and were paid significant amounts of cash to not ask questions. They used disputable data to create now disputable FICO scores against which borrowers were given no defense.

The rules were determined by the banks and enforced by the banks. In addition to the conversion of a Loan Agreement into what the banks retroactively said was actually a securities offering that was meant to have been compliant with SEC issuance rules, the banks also converted the meaning of the English language. As one example, according to the banks, a “dispute” only exists if the bank agrees that it is a dispute. A borrower's statement that a dispute exists has no ability to stop the destruction and lowering of FICO credit scores if the bank says that no dispute exists, even when the affected homeowner is pointing out that the bank is the party that is committing the crime.

The complicity of the Credit Bureaus to the actions of any one bank, and the agreement of the major banks to operate with similar reporting rules, the bank’s “Cosa Nostra,” effectively draws up the ranks and essentially cuts a residential borrower off any borrowing access once a reporting bank realizes that: a) they can take extra money from each individual homeowner monthly; b) they can take anything they don't get monthly by enforcing foreclosure on all low loan-to-asset value borrowers, and; c) they can earn incredible money from all government insured mortgages.  

Except for the criminal nature of the taking, Chase is executing an excellent business plan.

The criminality occurs because the geographic franchise received to operate in a State comes with the responsibility to provide homeowners access to mortgage loans and small businesses access to credit. This has essentially not been delivered since 2008 and the banks are not recognizing their own responsibility but are instead blaming and defaming borrowers.

Access to credit must take into account whatever residential and business borrowing parameters exists in a State and Chase can not invent or impose underwriting standards that defer to “US” or “global international” standards that anyway do not exist. Disallowing loans to all loan-to-asset-value borrowers, including those with high FICO

17 Chase is paid its fees from the collection of the total amount of money it receives following the sale of a home. This sum is agreed to between Chase and the US government and totals 27% of the total cash collected. Chase therefore earns $67,500 for every $250,000 home it auctions. This is a fee earned above the guarantee paid to investors who are made whole for their investment via other payments from the US government. Servicing fees to Chase are far in excess of the nominal interest margin or servicing fee Chase would otherwise earn on such a loan. The sale also has zero downside risk for Chase as it doesn’t own the loan. The investors also have zero risk as the government has already reimbursed the investors for any loss.
scores, caused the market to seize itself up and do nothing. This became a theft from borrowers based on arbitrarily determined criteria that had nothing to do with the borrower.

**B) Contract Interference:** WaMu customers entered into a Loan Agreement with all their borrowers that reflected multiple representations about how they would interact in the future.

Chase denies the existence of all these understandings effectively interfering with an existing contract. Chase says such contracts did not exist because it is not the way it ever did business.

Chase effectively states that WaMu should have never been permitted to make any of these representations and says that the terms of a promissory Note and Mortgage Lien (or Deed-of-Trust) are the only enforceable parts of that original Loan Agreement.

Chase justifies its actions by stating that Chase has no responsibility to continue the practice that was an operating agreement between WaMu and its customers. 18

Lender liability to continue acting as in the past was set aside.

**C) Chase’s Public Policy Dilemma:** Chase makes the argument to politicians and the Courts that “public policy” must be such that “contract law” must be enforced over all other public policy.

Chase makes this argument while enforcing anti-competitive behavior (from which it benefits financially) that has otherwise been curtailed historically by the creation of antitrust laws.

Chase, however, makes this argument while ignoring its obligations towards other “public policy,” including the obligations associated with the receipt of its banking charter and its need to serve State economies. This is a still-in-force agreement to which Chase subscribed to in the past.

While no longer doing so, Chase tells State and National bank regulators that it continues to provide those local banking services that it has throughout its history. It does this while knowing it has no trained staff with authority to carry out this function on a State-by-State basis.

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18 The smear campaign against WaMu and the OTS, and the high profile disagreement about the use of words in the Majority and Minority Staff Report by the Permanent Subcommittee on Investigations of the US Senate dated 4/13/2012 and chaired by Carl Levin: “Wall Street and the Financial Crisis: Anatomy of a Financial Collapse, are all back-door attempts to retroactively justify theft that has already happened but that Chase does not want labeled as theft.
Through its actions as “servicer,” and via the servicer’s guidance to third party vendors, Chase currently facilitates the direct interaction between members of the public and sophisticated accredited investors. In the insurance field, this is known as “fronting” and it is not permitted by State insurance departments.

Singular to the field of “securitization enforcement” where Chase commits its crime, all other branches of the financial service industry require interaction between the public and financial institutions to be monitored or supervised by some governmental agency.

In the case of “securitization enforcement,” neither the banking industry regulators, the SEC, nor the Insurance Departments provide any supervision or enforcement. The direction is strictly provided by organizations or “contractual obligations to third parties” that are not regulated in terms of their interactions with the consuming public. The unregulated entities are the parties that own the commercial banks, the investment bank personnel, and the institutional investors who invest in the securitized “investment agreements.” This is unique to the financial stealing that Chase imposes on residents. Any individual agreement remains legal & enforceable; it is the agreements taken as a whole that creates the theft.

D) The Enforcement of an Invalid Index: WaMu represented to all its customers that the Index to which they added their profit margin represented the cost-of-funds associated with their own funding of mortgage loans.

The Index of Choice was often one based on LIBOR, a rate WaMu bankers and agents said was determined as the rate at which money center banks exchanged one-year funds. Post closing admissions by senior bankers and large banks have made this representation false ab initio. Chase is one of the important parties that set this rate.

Following the admission that the rate is manipulated, Chase’s and WaMu’s enforcement of its use seems immediately invalid, back to the interest rate setting environment of the original loan.

As it was used by WaMu, and now reinforced by Chase, the initial Index was just another profit center being used by the bank deceitfully hidden from the homeowner consumer.

Chase and the other large banks have done nothing to address this issue.

E) The Crime against the State: Financial institutions have generally exempted themselves from registering with local Secretaries of State with respect to their business activities in a State, even as they conduct this activity on behalf of institutions in other States.
Chase, however, conducts extensive negotiation with residents of the States where the collateral is located without reporting this business activity to the local State revenue department. This activity steals revenue from the State that, because of the involvement of local real property, necessarily involves a State nexus. Chase has arbitrarily decided not to apply the same principles of taxation that are imposed on non-US Persons as they interact with US real estate. Chase is evading taxes it otherwise owes to every State.

Chase also engages the judicial services of a State before even discovering that a potential dispute exists with a homeowner. Disputes that have traditionally been handled using private resources are handed over to judges to adjudicate. Chase is thereby effectively using State resources, before expending any of its own resources, effectively stealing these resources from the State for the resolution of a private dispute.

Chase participates in securitization that, by the industry’s own historical admission, is a form of insurance about which Chase does not report its activities to a State Insurance Departments and for which Chase does not pay premium taxes. The first action deceitfully avoids regulatory supervision by a State insurance regulator; the second steals revenues from the State.

F) Deceitfulness towards the Court?

As the loan made by WaMu was securitized off the balance sheet of WaMu and certified as a “true sale” to WaMu's auditors, regulators, and to the IRS, how does Chase purchase ownership of the Note via an agreement with WaMu, or the FDIC as receiver, that doesn't make WaMu’s initial statements untrue? How does a Court enforce the claim of non-payment of a Promissory Note that was not owned by any party in the courtroom?

Under all conditions, how does Chase purchase an off-balance sheet item that doesn’t belong to anyone with whom it is dealing?

Thereafter, if Chase became an “investment” owner of a cash flow stream in a flow of funds distributed by a Trust, how does Chase receive the granular detail that enables it to know that any individual loan exists? As standard Trust disclosure statutes do not permit access to that information in the first place, how is it that Servicers receive permission to disclose detail they are otherwise not permitted to receive?

If the Servicer, WaMu, and Chase, do not own the Note, how can Chase have made representations to the Credit Bureaus that Chase owns the Note? How does Chase review

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19 Judges are generally paid less than the Chase employees that would otherwise need to be involved and they are both easier to convince with simplistic arguments that “seem right,” they do not have the time to spend learning complex financial matters, and they have much more authority.

20 The securitization process and the receipt of funds by the trust that issues the investment certificates technically repays all outstanding promissory notes at the time of funding so, except for the public policy argument promoted by the banks that this was never the intent, it leaves the servicer with nothing on which to demand repayment.
the case to file a Lis Pendens on Land Records when it already knows that it doesn’t have title ownership in the individual Promissory Note and its collateral? How are Chase’s lawyers not subject to penalties or reprimand for abrogation of their duties of honest dealings by their State's judicial grievance review systems and for themselves relying only on statements received from Chase?

As the lawyers are themselves not able to verify the chain of ownership associated with any particular Note, are the lawyers actually fencing stolen goods?

**G) Defamation of Character:** Despite its knowledge of the theft in which Chase participates, after stealing the money for any number of years, Chase systematically reports homeowners who do not pay Chase what they think Chase is due as being in “default.”

As mentioned above, Chase invented a new definition for the word “dispute.” Currently, a “dispute” only exists when Chase says it does but never when the homeowner says it does. Chase uses the non-existence of a dispute as the reason to report homeowners to the Credit Bureaus destroying the homeowners’ access to replacement credit, or even the ability to negotiate with another party to obtain today’s existing rates, that may otherwise be available to them.

This one-sided tattling by Chase is part of the enforcement of Chase’s monopoly power. It is intimidation and enforcement action by Chase “soldiers.”

As mentioned before, Chase foreclosure procedures also automatically file a Lis Pendens on local town Land Records. This action immediately lowers the market value of a homeowner’s property in the eyes of any third person potential buyer. It is very difficult to purge Land Records of information so false statements have long lasting negative impact on value and lower the willingness of title insurance companies to provide coverage, also lowering the value of property.

Chase files a lis pendens for WaMu’s closed low loan-to-value loans because it can get away with it and because Chase thinks it somehow meets one of their objectives. Chase knows that no schedules exist that give Chase ownership to any individual loan. The threat and then eventual defamation of character associated with their actions is simply a part of Chase’s cover-up scheme for the erroneous judgment shown by senior management in 2008. Given the past excellent reputation of credibility banks had with the Courts before the elimination of the affiliations restrictions of Glass-Steagall, it becomes another deceitful omission to Chase regulators and to the Court.  

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21 The credit mentioned in the previous paragraph is actually not otherwise available to borrowers because Chase and its cronies all act as one, as a monopoly stealing because they are able to do so.

22 With respects to the application of foreclosure against homeowners, the USA divides itself into “judicial” and “non-Judicial” procedures. “Non-judicial” States do not require the involvement of a judge in deciding about the legitimacy of the Lender’s actions to take title or sell a property. In non-judicial States where a
H) **Overbearing Resources:** Chase is known to gross-up all money that it is believed due, and adding this to the principal amount it collects for itself following a forced sale in a foreclosure auction. Other banks are known to have grossed up $335,000 in legal fees to foreclose on a single home with an initial mortgage of under $359,000. This use of overbearing resources, completely devoid of attachment to the concept of “reasonableness” to which Chase must comply according to the documents it would like to enforce, stacks the playing cards and reflects a continuous disregard for any sense of responsibility for the creation of the problems.

I) **Denial of Service:** Chase has denied any responsibility for the current state of any State economy. Chase no longer maintains local underwriting skills that understand either credit or lending in most States where Chase operates. The very act of constant credit denial constitutes a crime towards the well being of the State economies where they are permitted to operate.

J) **The undisclosed Conflicts of Interest:** Chase’s purchase of ABX indices and Credit Default Swap to benefit from private information stemming from homeowners. Chase is benefiting financially from the collection of granular data to which it generally should not have had access.

Chase makes use of this private information, gains financial returns, and does this without applying proceeds its earns to the owner of the information. At a minimum, that information belongs to the Trust that owns the Promissory Note (etc.); the Trust should therefore be applying those claims proceeds to the principal of outstanding loans. The Trusts should be suing the owners of the Servicer for profiting from information that belongs to the Trust and whose financial benefits could be applied towards the principal of outstanding loans and towards investors.

Instead, based on information transmitted from inside the regulated bank to private equity organization outside the “front” that is formed to interact with homeowners, the private equity organizations that own the bank or that organized the securitization (the investment bank) keep those funds for themselves. Using this information, Chase effectively collects for itself up to several times the amount of their investor’s principal exposure. It allows this to happen without advising the homeowner and without sharing the financial benefits with the true owners of the information or the investor. Proceeds lender only files a notice of default and immediately proceeds to a sale of the property on the Court House Steps, the process leaves the homeowner stunned and homeless. Such results were never anticipated by the legal systems of any State.

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23 Articles about Whistleblower Linda Almonte on 3/14/2012 highlight this reality around Chase’s credit card processing activities.
are not correctly applied because the ownership and management of the Trust is conflicted.\textsuperscript{24} Because of requirements included in mortgage documents, these proceeds are meant to be applied to reduce the principal amount of any outstanding loan.

K) **New Definition of Applicable Law:** Via participation and interaction with Chase, a transaction involving local real estate, a local homeowner, and a transaction that closed in one State, is converted into a transaction involving interstate commerce codes and laws and the application of rules and procedures that are anything but local. A transaction that starts as a transaction between a homeowner and his local bank is transformed into a sophisticated high finance transaction that completely undermines the presentations initially made by the local bank. These new terms are never described to borrowers. These undisclosed terms, when combined with disclosed terms, totally confuse and anger homeowners as they discover the theft where they are the victim.

\textsuperscript{24} As a financial example, as a result of Chase’s involvement in the securitization process, Chase can effectively collect three and one-third times its principal exposure to a loan at any point in time if the homeowner stops paying. The stopped payment can be for whatever reason. Chase will only describe the stopped payment as a “default.” Soon after the default, Chase can collect 100\% of its principal exposure via the Credit Default Swap it purchased and another 100\% based on the purchase of the correct ABX index. In both cases, it can plan its timing based on information it receives from servicing loans. That information can help it predict defaults with 100\% certainty and thereby quickly reap the benefits of purchasing the insurance from insurance counterparties that it does not inform of all the facts.

Chase therefore earns an excess return based on the margin it charges. It then collects two times its principal exposure if a default is made to happen. As stated in a previous footnote, it then collects another 27\% by foreclosing on the home.

As mentioned before, Chase earns 27\% for foreclosing on homes whose Promissory Notes it does not own via the “service agreements” entered into with Government Sponsored Enterprises (Fannie Mae, Freddie Mac) to handle the auction, selling, and eviction, process necessary to make a homeowner homeless. It collects this same 27\% from uninsured securitizations by ramping up legal and other fees and applying these to the recoupment of its costs from the homeowner it does not listen to from the start.

Chase and the investment bank that organized the initial securitization, both private equity organizations that operate outside the bank regulatory paradigm, encourage a homeowner default to occur by not being responsive, not being competitive, not allocating resources to address a communication problem, by exhibiting confusion about events, and by seeding misinformation with victims and witnesses.
Elaboration to the Summary Paragraph: The Technical Perspective.

1) The basic transactions’ fraud
The initial stealing took place by making consumers sign documents that did not disclose material conflicts of interest or disclose very specific costs. The deceit involves omission and enticement via misleading representations about lower costs of borrowing. The theft includes control over the homeowner’s asset, his promissory Note and his house. The banks made representation about how operations would proceed and intended that consumers would rely on these representations. The bank then made individuals sign documents that did not reflect those representations (but which were the only option offered at closing with a borrower who would generally be considered “unsophisticated.”).

The banks then proceeded to change their operations and locked classes of consumers into paying excess amounts to the banks for extended periods. For WaMu borrowers, the bank change in policy took place during the week of October 8th, 2008, shortly after control of WaMu affairs was largely delivered to Chase by the FDIC.

During that week, Chase "cocked the gun" and "pointed a bullet at WaMu consumers." Chase began to advise WaMu customers throughout the US that the only way to lower their past borrowing rate was to declare "personal financial hardship" and to request a "loan modification."

All of a sudden, under new rules invented at that point in time, unless the consumer could qualify themselves as a W2 wage earning individual with earned-income debt service coverage, anything except that qualification would result in no change to their loan relationship.25

Even with a high FICO score, and a low loan-to-asset value collateral situation, when a borrower asked for a new loan at a new rate, Chase refused to give that loan consideration. Chase personnel and telephone operators learned to effectively dissuade borrowers from even applying. In some cases, Chase actually refused to accept an application, as this would reflect negatively on their Community Reinvestment Act reports.

As it turned out, Chase newly developed underwriting procedures were such that procedural situations were created where an applicant received a Chase rejection letter with no interaction from a Chase human employee. Chase assumes this manner of underwriting satisfies the State obligations for its banking charter.

25 The Bureau of Labor Statistics reports that there are 10,300,000 independent contractors in 2005 or about 8% of the US workforce. The US tax code’s exclusive deductibility of interest on home mortgages have made it such that independent contractors collateralize their business working capital loans with their primary residence. Assuming all business needs working capital, this suggests that 20% of the US workforce was cut off, or charged extra, for being forced to deal with monopolist Chase. Up to 20% of the US workforce would most likely never properly qualify for loans under the newly imposed documentation and ratio requirements arbitrarily established by Chase in 2008.
Under all conditions, the actions taken by Chase were those that Chase always receive the higher interest rate, knowing it was the only way to continue to receive their conflicted servicing fees, which would otherwise reduce itself as new lower interest rates were offered to borrowers.

The bullet that Chase built into the system was their explicit statement and threat to ex-WaMu customers that they would report a skipped payment to the Credit Bureaus as a "default." Chase's definition of default allowed no option for the existence of a "dispute." According to Chase, a consumer could be "in dispute" with Chase but, if Chase did not consider itself "in dispute" with that consumer, then Chase could report the disputed payment as a “default.”

This reporting policy is carried out with full knowledge of the Credit Bureau's management who make no independent effort to verify anything told to them by Chase’s delivery of the “business records” associated with a borrower. The impact of this action by Chase effectively locks Chase's ex-WaMu’s customer out of the possibility of entering into a competitively priced loan relationship with any other Lender, which are anyway not available as the five families control the terms used by the whole industry via their adherence to la cosa nostra.

The code of conduct associated with reporting to the national credit bureaus becomes an additional bank family code of conduct that limits interaction with other bank family members, and any of the smaller lenders who are not a part of the family.

As a further action, going back to the Lis Pendens, Chase files challengeable assignments and Lis Pendens on local Land Records of all parties with whom they may be in dispute. The action of filing immediately lowers the potential offer price associated with the sale of a house and often immediately irreparably muddies the clarity of title ownership, also immediately reducing value. These actions by themselves may take a highly leveraged home ownership situation into an underwater workout, defeating the very purpose of public policy that encouraged home ownership in the first place.

Consequences of Chase Actions: If allowed to continue to take place via historic foreclosure methods and norms, actions taken by Chase allow title to properties to be transferred at lower prices. These lower prices reflect the prices of a “remainder market,” a market where the trading prices of a small percentage of the total market determines the general market price quoted and where quoted price can be much higher or lower than a long term stabilized market price. The indicated prices become deceitful to all involved, especially as they are referred to as authoritative. In the case example provided by Chase, Chase’s actions only reduce the overall level of real estate prices to the detriment of all homeowners who sell their homes.

The net effect of Chase's other actions is that the consumer is forced to exclusively deal with Chase at whatever terms Chase arbitrarily determines is best for its non-regulated bank shareholder. The cost to the consumer of this power granted to Chase is that the
Chase consumer is forced to pay Chase interest amounts that are significantly greater than what the mortgage lending industry has historically received.

These interest payments are immediate injuries and thefts that occur to consumers every day as the shill’s actions weave around the bank's charter that obligate it to serve a local economy under its obligation to serve the Public Trust. These injuries are caused by the Servicer’s conflicted contractual obligations to certificate holders (investors) and its own mandate, as received from the Servicer’s unregulated owner. Both of these obligations are not the same as Chase’s obligation to its regulators. These conflicting obligations create a mess.

Foreclosure using fabricated Promissory Notes and math calculations based on incorrectly applied terms of contracts that become defunct via their own terms and via the actions and representations actually made via securitization, cost homeowners money. The judicial and non-judicial foreclosure process is giving Chase the privilege of being paid from the equity in the consumer’s home.

Chase forces homeowners to sell their homes to meet Chase Bank’s owners private liquidity needs. Chase’s actions reduce the overall value of home prices. The cost to society is the disruption caused to families by the enforcement of powers that were deceitfully obtained.

2) The basic Organizational set-up behind the theft:
The elaborate network of inter-related legal corporate operations that shill the bank's actions all stem from the now non-existing restrictions that used to be enforced via the Glass-Steagall Act. Combined as one, these otherwise independent entities allow sophisticated and accredited investor groups to directly interact with un-sophisticated and non-accredited consumers without supervision via any regulatory authority. The sophisticated parties, without up-front disclosure of costs or conflicts, trap unsophisticated consumers into becoming “issuing obligors” of their “security instruments” that are converted into “marketable securities” as if they were sophisticated accredited issuers negotiating with sophisticated accredited buyers.

The homeowner, however, especially when dealing with his home as it is done by everyone in his community, is neither sophisticated nor accredited. The closing process, or Chase’s enforcement process, glosses over the well-known SEC reporting and disclosure requirements. With the exception of the interest rate margin added to the available Index, all homeowners who accepted mortgage loans from any bank over the past 25 years have never been able to negotiate away any of the essential borrowing terms reflected in bank documentation. This was considered acceptable in an environment where banks were regulated to serve the Public Trust. Chase’s current

contention that homeowners had options ignores their monopoly market influence surrounding all mortgage transactions today.

Chase has stated in Court documents that the homeowner note, secured by the homeowner’s personal primary residence, is in fact a Negotiable Instrument that can be sold to anyone and involves no “relationship” or “agreement” with an originating bank. Chase states that the Promissory Note involves UCC – section 3 – and is a Negotiable Instruments from which a derivative product, "a cashflow," is sold to other sophisticated parties. By this bank action, the unsophisticated consumer is converted into being considered the issuer of a security that, under normal circumstances, is a regulated SEC issuance activity. The actual status of any note, via the UCC’s own conflict resolution language, is more accurately reflected in UCC – section 9 – which doesn’t allow for the simplistic treatment as reflected in UCC- section 3 and which anyway, were not meant to be applied to transactions that were secured by real estate collateral. The application and interpretation of UCC – section 9 – are the most relevant rules that can be applied to mortgage loan situations. In reality, mortgages and deeds-of-trust, that are the principal forms of real property security interests, remain governed by non-uniform State laws.

The groups that act together to shill the interaction with the consumer include the initial "warehouse lender," the "servicer," the "originator," the Special Purpose Vehicles that creates the initial "Trust," the "Trust," the "credit bureaus" and the "loan processors." The nationally recognized credit rating agencies such as Standard & Poor’s are not involved. The involved "Insurers" are unwittingly made a part of the shill without much influence. The Credit Rating Agencies and the Insurers have no moral suasion about the situation affecting consumers, as they were themselves both defrauded by the representations of the parties that controlled the shill.

The party that controlled the management of the Special Purpose Vehicle, either the managers of the owners of the Warehouse Lending Bank (sometimes Chase) or the Investment Bank (sometimes Chase), represent the gangster "family" members who subject the consumers to the theft. Both technically operate outside the shill “front” that interacts with the consumer and all regulatory agencies. Both worked extremely hard to never have their names mentioned in the documentation that creates the theft.

The managers of the bank and the investment bank are all aware of the consequence of their actions. Unfortunately, for whatever moral reason they chose to justify their actions, instead of attempting to correct the theft, the banks engaged both public relations firms and took decisions to seed case law with finely adjudicated cases that would promote and confuse the legal system about the overall wrong. Chase prioritized themselves over all others. Today, it is only via the discovery of very specific detail that any judge or jury can hope to become aware of the theft that Chase perpetrates every day.

3) **The Dynamic process of the theft.**

Although it is sometimes the investment banks who control the initial Special Purpose Corporation that creates the Trust that receives ownership to Promissory Notes and Mortgage Liens (or Deeds-of-Trust), the enabling party for each theft is always the
commercial bank with the short term liquidity that creates the "warehouse lines of credit" that allows an Originator to fund the loans to the homeowner in the first place. This represents a commercial bank using depositors money to eventually steal from its depositors. The terms and conditions imposed on all the other parties that are part of the transaction are controlled by the warehouse bank: "He who owns the gold makes the rules." The party that provides the warehouse line of credit is the same party that requires expensive Fiduciary and Errors & Omissions insurance policies to protect their loan advances. The same party establishes the terms of the underwriting of the residential loans that are used in the securitization. That party interprets all the rules so that the owners of that commercial bank reap the financial benefits.

The Note itself is not stolen. The Note and Mortgage Lien, as one set of documents, are always separated from the Loan Agreement that forms the initial relationship between the Lender and Borrower. The separation of the combined Promissory Note and Mortgage Lien (or Deed-of-Trust) from the balance of the documents that make up the Loan Agreement are the an undisclosed act that sets up the homeowner for the theft. (It follows a first act of non-disclosure of fees and conflicts associated with the signing of the original Note). It is only following that separation from the Loan Agreement, effectively making the homeowner a part of a securities offering (for which he is neither qualified, licensed, or regulated), that the Servicer's enforcement action can actually begin to take place. It is inside the walls of the shill that the enforcement actions against the homeowners are taken and this includes the imposition of the unjustifiably high interest cost and the taking of financial equity via foreclosure action.

The high interest cost is almost always predatory according to local State law where these laws are specific enough to allow definition. The interest costs are always statistically significantly higher than what the mortgage lending industry has historically earned. These facts are documentable statistical proof of the theft on a massive scale.

**Conclusion: JPMorgan Chase & Co. – Criminal with Monopoly Power!**

A thorough understanding of the consequences of consumer interaction with Chase concludes that Chase is a monopoly, using its monopoly power to obtain what it would not typically be able to obtain in a competitive market.

Chase’s focus on its self-interest has caused disruption to millions of homes and small businesses in the USA. This filters down to no less than tens of thousands at a State level. Chase’s independent actions, alongside its conversion of bank/borrower relationships into something that was not disclosed, caused Chase to collect money, and enforce the collection of money, that they were never due.

Chase’s action started as a slow theft of small amounts of money; the small theft grew to become large amounts of money. Chase’s success in certain areas emboldened it towards aggressive actions in others. None of these financial successes for Chase, however, filtered down towards homeowners or small businesses. It is very difficult to accept that
the economic malaise and disruption caused by Chase’s actions is a public good that should be defended.

Even if documentation were error free, it is difficult to accept that the public good that enforces the strict interpretation of a contract to two documents, and that bends backwards to accommodate the bank’s errors, can trump the public good requiring a bank to provide liquidity to the State economy where the bank is given permission to serve. The consequences of one policy creates homeless; the consequences of the other, when normal underwriting judgment is used, accepts risks and leads to prosperity.

Chase targeted a number of classes of borrowers in order to maximize Chase cashflow collections. These borrowers have all had money taken from them.

Chase never took actions not demanded by regulators to correct its behavior.

Chase has enabled the situations to exist where, in every case of dispute, it is always a well-funded unregulated financially sophisticated private party who interacts with an unsophisticated much poorer consumer. In every case, the company that owns the bank and/or Servicer earns revenues from situations that involve another organization’s or person’s property.

Chase’s action show how Chase was not driven to satisfy the spirit of how they would typically be regulated by the Office of the Comptroller of the Currency ("OCC") or, in the case of homeowners who began their relationship with WaMu, by the mandates that existed when these contracts were regulated by The Office of Thrift Supervision ("OTS").

Under all conditions, the theft is sophisticated. It involves a lot of money. In my opinion, the theft is criminal because any reasonable jury would interpret the taking of the money and the taking of the home equity value as intentional and planned from the start.