Slideshow: Financial System Failure!

Symphony Music
Financial System Failure!

Technical & Moral Error in the Administration of Banks VS The Unwitting Household Consumers.

Not yet edited for political correctness.

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The Bank’s Consumer Fraud

- It’s the unintended result of Federal Reserve Bank and Commercial Bank policy mixed in with the good intentions of securitized assets that ends up ….
  - …. stealing from all consumers
  - …. economically disrupting every level of society.
The Typical Impact, an example…*

Actual Situation:
• Truck Driver, $250,000 mortgage,
• 6% + property tax + insurance
• = $1,791 per month

How It should be:
• Same assumptions
• Interest cost reduced to same constant margin for bank, i.e. 3%
• = $1,345 per month

➢ If applied correctly, Saves the Truck Driver $500 per month

➢ Amount Overpaid 10/9/2008 to 10/9/2012 = $24,000

➢ i.e. Besides personal disruption + harm, saves more than the value of the decrease in the value of the house!

* This is without going into extremes, numbers are averaged.
Tax Payer and State Economic Impact

• No matter how it is quantified, the Treasury Department that receives income taxes provided loans at subsidized market rates to banks in exchange for faint promises of behavioral change that was not passed on to consumer.

• $24,000 \times 1,000,000 \text{ borrowers/customers} = \$24,000,000,000,000 taken by the banks from the local State economy
Stifled Lending*

No matter how it is quantified, commercial banks changed their underwriting practices and arbitrarily decided **Not** to make loans to:

1) Homeowners who could generally borrow at the best interest rates if their credit was good and on a low loan-to-value basis.

2) Small businesses and corporations where the banker had to think and understand the source of cash-flow.

> The consequence of both actions was a halt to liquidity at the personal & small business level in individual states.

*See: www.cop.senate.gov
Conflicts of Interest

• Bank management and its role
• Legal: Judges with financial conflicts
• Politicians: State vs Local vs National
• Administrators: Land Registrars, Court systems
• Credit Bureaus: Agents for Banks
Bank Management

Beneficiary of:
1) A “bank charter” permit to carry on a banking business in any particular State
2) Low cost funding

Moral Error: Accepting Either or Both

(... without remaining accountable towards and integrated into the economic advancement of its local State businesses and State residents)

- Bank tactical response to its customers: denial, stalling, obfuscation, harassment, fabrications, fraud, non-disclosure, too much disclosure, procrastination, market manipulation, theft, and more.
What was the Fraud?

- Arbitrarily changing underwriting standards from existing standards without disclosure to any regulatory authority (OTS, OCC, FDIC, Federal Reserve Bank, etc.)

- Locking Consumers into “double” to “three times” what they previously paid.

- Making the consumer a part of the market manipulation fraud.
Technical Issues

- **Consumer Fraud**, Fraudulent Disclosure to Auditors + SEC (market manipulation), RESPA (violations), HUD Disclosure Statement (violation), Predatory Lending (theft), Not disclosing conflicts (fraud), Privacy (violation at State level), Change in policies (fraud), TILA (violations), Regulation X (violation), Unjust Enrichment (theft),

- **RICO**, mis-representation (playing Three Card Monte), Lying (fraud), Trespassing (criminal), Harassment (criminal), Fraudulent Disclosure to Credit Bureaus (slander strategy),

- **Theft From State**, Public Trust (ignorance/ dismissal of importance), Cost shifting to State (business strategy contrary to State interest), Non-payment of State taxes.
Resolution

• Reimburse harmed individuals for excess interest cost already paid.
• Pay for additional harm done during dispute.
• Lose banking charter that doesn’t provide service to State economies on a State-by-State basis.
• Initiate Claims against Government Agencies for NOT doing their jobs
Who Is Not Doing Their Job?

- **Attorney General**: for allowing consumers to be defrauded.
- **State Banking Commissioner**: for not enforcing public trust interaction at the level of the State economy.
- **State Insurance Commissioner**: for not identifying the role of insurance, and the requirements of originators to report insurance activity.
- **State Revenue Department**: for not collecting premium tax (from SPV) or withholding tax (from bank).
- **Land Registrars**: for allowing known non-compliant false statements to be filed disruptively to the process.
- **Credit Bureaus**: for allowing unverified statements to be filed.