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FDIC And Giant Wall Street Hedgefunds Destroying Jobs by Foreclosing On Small Businesses With Good Loans

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If The FDIC Closes Your Bank And You Have A Loan With That Bank, Wall Street Moneymen (hedge funds) Can Still Try To Foreclose On You And Take Your Property, Even If Your Payments Are Current When The Bank Was Closed.

The Wall Street Moneymen, FDIC And Its Partners, Hedgefunds Funded by Billion Dollar Interest free Loans by FDIC With Lawyers Paid For By FDIC, Will Try To Sell Your Property For Its Full Value And Give You Nothing.

-----1. In a sweetheart deal with Wall Street hedge fund moneymen the FDIC is providing billions of dollars in interest free funds to purchase the loans of failed banks. The FDIC is then encouraging these moneymen with Wall Street hedge funds to foreclose on ALL the loans these banks have made whether or not those loans are in default;

----2. As part of the sweetheart deal, FDIC provides billions of dollars in interest free loans and promises to pay for any losses, and further, pay all the legal expenses associated with these foreclosures;

-----3. When the FDIC and Wall Street hedge fund moneymen foreclose on the small businesses whose loans are in good standing, the businesses are often forced into bankruptcy and the thousands of jobs created by those small businesses are lost; and

-----4. The FDIC encourages the hedge funds to then foreclose on the personal assets and life savings of innocent businessmen whose only fault was that they had a loan with a bank that failed.

This FDIC policy is destroying jobs and slowing the recovery.

The Obama Administration must overturn this failed policy.

HOW CAN THIS BE HAPPENING???

Problem: Unlucky borrowers with loans at a bank closed by the FDIC are being foreclosed on and losing everything. The FDIC is closing an average of two banks a week. Tens of thousands of borrowers are affected. **Overwhelmingly these borrowers were current with their loans when the bank was closed** but the FDIC bank receivership freezes all loans, funding, and loan provisions.

The FDIC **requires** the Wall Street hedge fund moneymen to legally pursue these borrowers to the fullest extent allowed as a condition to get paid a 40% share of the profits. Naturally, the Wall Street investors want their profits, and since the FDIC is covering all the legal costs, and providing interest free loans, they are enthusiastic litigators. There is little chance the small businesses can afford to compete in court against the unlimited legal funds of the FDIC.

The FDIC is selling the loans of closed banks to Wall Street real estate hedge funds at 'fire sale' prices. In addition, the banks purchasing these assets are indemnified against up to 80% of collection losses. The hedge funds cannot lose.

The loss protection for the banks is provided by the FDIC and the Public-Private Investment Program (PPIP). PPIP are partnerships with Wall Street hedge fund money men, among which are publicly-traded hedge fund companies Lennar, Multibank Rialto, Colony, Kingston, Starwood, Roundpoint, and others.

Using the unlimited legal budget funded by the FDIC, these FDIC partners aggressively litigate borrowers, attempt to force them into bankruptcy, obtain judgments, further pursue those judgments against personal assets and savings and generally attempt to ruin all borrowers and guarantors, unless they pay the loans off or gain an unappealable court decision in the borrower's favor.

The FDIC is aggressively participating in attacking US citizens while destroying thousands of small businesses and hundreds of thousands of jobs. In the process, the FDIC is continuing to damage the economic infrastructure of hundreds of communities.

The Wall Street hedge fund moneymen aggressively use the court system and punish and outspend borrowers with legal fees until they are broken with the blessing of the FDIC. This FDIC required foreclosure policy does not even consider whether borrowers are or were current on their loans.

FDIC policy is destroying thousands of small businesses and their attack on the personal assets of businessmen prevents these businesses from coming back, hiring new people, and getting back into business. The FDIC is actually working against the creation of jobs and is holding back the economic recovery. This policy is clearly inconsistent with the Obama Administration's stated effort of creating jobs.

One FDIC Partner, Rialto, aggressively uses the threat of the IRS as part of their tactics and all FDIC partners fund their efforts with FDIC and taxpayer dollars from no interest loans at no cost to them.

Solution:

-----The FDIC must stop favoring equity groups and hedge funds over small businesses and job producers.

-----Congress must limit the ability of the FDIC and their partners to go after deficiencies and personal assets.

-----Collections must be limited to collateral securing the loans they acquire.

What is needed is a **simple amendment to the FDI Act and FIRREA** that is a variation on the "Bridge Bank" concept, which is already in the FDIC playbook. This will eliminate the waste and misery forced on the American public and economy by the FDIC and its partner companies. Together, they are destroying local businesses (borrowers) and other members of the local communities, victims of the bank closures that were not direct customers of the failed banks nationwide.

Without diminishing the FDIC's authority or autonomy, **this amendment** provides a **Preferred Least Cost Resolution** methodology, which protects depositors, borrowers and vendors of failed banks <u>and</u> the markets they serve <u>and</u> the people living and working within those markets whether they banked at the failed institution or not. The **Preferred Least Cost Resolution** protects everyone. It treats everyone <u>fairly, equally and with respect</u>.

The Amendment <u>eliminates</u> the need for <u>Loss Share Banks and FDIC PPIP's partners such as Lennar, Rialto and Multibank</u>. It does <u>not</u> create different classes of citizens and it does <u>not</u> favor equity groups and hedge funds over the borrowers and jobs producers in the local market, as do current FDIC methods. It is demonstrably <u>less expensive</u> to the deposit insurance fund than current methods utilized by the FDIC.

However, if the FDIC is allowed by Congress "to do things the way they have always been done", which is clearly <u>not the Least Cost Resolution as required by statute</u>, then the destructive effects of their efforts and alliances are not reduced and contained by limiting the extent of their collections to realizing on the collateral securing the loans they acquire. It is still their choice.

All recipients of this message must urge Congress to:

-----1. **Halt all funding by the US Treasury or the FDIC fund for the FDIC Public Private Partnership program** until a complete audit is made by the FDIC Inspector General and the GAO (Government Accountability Office).

Further, that the Congress freeze the lands taken by the FDIC and their partners with the ultimate goal of revesting these properties where possible with the original owners where the abuse of power by FDIC and its partner companies have resulted in taking lands inappropriately and using the FDIC extreme powers inappropriately.

-----2. **Congress must intervene to stop the attack on private owner assets, savings and guarantees** until these public audits are complete. The mass slaughter of small businesses and the economic damage to local communities must be brought to an end as quickly as possible. In other words, impose an immediate injunction against FDIC and their partner's collection activities and lawsuits until a thorough investigation can be performed.

-----3. Defund the FDIC's Lennar, Multibank, Rialto and any PPIP partners not in compliance with TARP, or using TARP funds, apparently illegally.

-----4. Intervene and mandate that judgments already awarded to the Lennar, Multibank, Rialto & other PPIP's (FDIC partners) against borrowers be vacated due to their participation in an illegal act central to their benefit.

-----5. Intervene for a mass settlement between the Lennar, Multibank, Rialto PPIP's and other FDIC partners and borrowers based solely on the transfer of collateral in full satisfaction of the debt.

-----6. Pass immediate Federal Anti-Deficiency Law that is based on recently approved Nevada Law AB 273- Anti-Deficiency Law. *This law* **limits** *PPIP*'s (like Multibank/Rialto/Lennar) *or Private Loan Speculators who re-purchase these notes for pennies on the dollar at depressed market values and make immense profits.   These Loan speculators would be prevented from then also suing local borrowers for the personal deficiencies.*

-----7. You must call, fax and e-mail your Congressman and both Senators.

-----Call your Congressman at (202) 225-3121. Ask for the staff person who handles banking and/or the FDIC. Ask for his or her e-mail address or fax number. Forward this message to your Congressman by fax or e-mail. Urge the staff to read American Land Rights Testimony to the House Financial Services Committee. The websites are listed below.

-----Call both your Senators at (202) 224-3121. Follow the same instructions as above.

For more information and a full copy of the ALRA testimony go to: http://reactioncommittee.com/ or www.landrights.org

Contact Chuck Cushman at (360) 687-3087

Reference links and articles below.
http://www.nytimes.com/2009/04/07/business/07sorkin.html

Below are links to information on AB273 passed by Nevada to limit the amount debt collectors can pursue personal guarantees to the amount they paid for the Trust Deed less any amount collected from the sale of the property. We need similar legislation in Oregon and Washington to stop these people from double dipping and destroying every local developer in our communities.

See the section on purchase deeds of trust.

http://www.nnbw.com/ArticleRead.aspx?storyID=17513

-----Please forward this message as widely as possible. The more press, Congressional Staff and private citizens who see this document the better chance you have to halt this assault on landowners and bank borrowers by the FDIC. The FDIC is supposed to be helping and protecting the US economy. In fact, their policies are destroying jobs and undermining businesses, communities and jobs.

Thank you in advance for reporting on this critical issue or contacting Congress to put a stop to the FDIC abuses.

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