Obama Definitely Lied About Having Intent to Prosecute Banksters

By Eric Zuesse
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Two recent reports show that Obama and his Administration lied when they promised to prosecute Wall Street executives who had cheated outside investors and deceived homebuyers when selling mortgages to them.

On May 20, 2009, at the signing into law of both the Helping Families Save Their Homes Act and the Fraud Enforcement and Recovery Act, President Obama said:

> "This bill nearly doubles the FBI's mortgage and financial fraud program, allowing it to better target fraud in hard-hit areas. That's why it provides the resources necessary for other law enforcement and federal agencies, from the Department of Justice to the SEC to the Secret Service, to pursue these criminals, bring them to justice, and protect hardworking Americans affected most by these crimes. It's also why it expands DOJ's authority to prosecute fraud that takes place in many of the private institutions not covered under current federal bank fraud criminal statutes — institutions where more than half of all subprime mortgages came from as recently as four years ago."

Then, in the President's 24 January 2012 State of the Union Address, he said:

> "Tonight, I'm asking my Attorney General to create a special unit of federal prosecutors and leading state attorneys general to expand our investigations into the abusive lending and packaging of risky mortgages that led to the housing crisis. (Applause.) This new unit will hold accountable those who broke the law, speed assistance to homeowners, and help turn the page on an era of recklessness that hurt so many Americans. Now, a return to the American values of fair play and shared responsibility will help protect our people and our economy."

However, two years later, the Inspector General of the U.S. Department of Justice issued on 13 March 2014 its "Audit of the Department of Justice's Efforts to Address Mortgage Fraud," and reported that Obama's promises to prosecute turned out to be just a lie. DOJ didn't even try; and they lied even about their efforts. The IG found: "DOJ did not uniformly ensure that mortgage fraud was prioritized at a level commensurate with its public statements. For example, the Federal Bureau of Investigation (FBI) Criminal Investigative Division ranked mortgage fraud as the lowest criminal threat in its lowest crime category. Additionally, we found mortgage fraud to be a low priority, or not [even] listed as a priority, for the FBI Field Offices we visited." Not just that, but, "Many Assistant United States Attorneys (AUSA) informed us about underreporting and misclassification of mortgage fraud cases." This was important because, "Capturing such information would allow DOJ to … better evaluate its performance in targeting high-profile offenders."

Privately, Obama had told Wall Street executives that he would protect them. On 27 March 2009, Obama assembled the top executives of the bailed-out financial firms in a secret meeting at the White House and he assured them that he would cover their backs; he promised "My administration is the only thing between you and the pitchforks". It's not on the White House website; it was leaked out, which is one of the reasons Obama hates leakers. What the DOJ's IG indicated was, in effect, that Obama had kept his secret promise to them.

Here is the context in which he said that (from page 234 of Ron Suskind's 2011 book, *Confidence Men*):

> *The CEOs went into their traditional stance. "It's almost impossible to set caps [to their bonuses]; it's never worked, and you lose your best people," said one. "We're competing for talent on an international market," said another. Obama cut them off.*
>
> *"Be careful how you make those statements, gentlemen. The public isn't buying that," he said. "My administration is the only thing between you and the pitchforks."*
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> *It was an attention grabber, no doubt, especially that carefully chosen last word.*
>
> *But then Obama's flat tone turned to one of support, even sympathy. "You guys have an acute public relations problem that's turning into a political problem," he said. "And I want to help. But you need to show that you get that this is a crisis and that everyone has to make some sacrifices." According to one of the participants, he then said, "I'm not out there to go after you. I'm protecting you. But if I'm going to shield you from public and congressional anger, you have to give me something to work with on these issues of compensation."*
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> *No suggestions were forthcoming from the bankers on what they might offer, and the president didn't seem to be championing any specific proposals. He had none: neither Geithner nor Summers believed compensation controls had any merit.*
>
> *After a moment, the tension in the room seemed to lift: the bankers realized he was talking about voluntary limits on compensation until the storm of public anger passed. It would be for show.*

He had been lying to the public, all along. Not only would he not prosecute the banksters, but he would treat them as if all they had was "an acute public relations problem that's turning into a political problem." And he thought that the people who wanted them prosecuted were like the KKK who had chased Blacks with pitchforks before lynching. According to the DOJ, their Financial Fraud Enforcement Task Force (FFETF) was "established by President Barack Obama in November 2009 to wage an aggressive, coordinated and proactive effort to investigate and prosecute financial crimes." But, according to the Department's IG, it was all a fraud: a fraud that according to the DOJ itself had been going on since at least November 2009.

The IG's report continued by pointing out the Attorney General's lies, noting that on 9 October 2012, "the FFETF held a press conference to publicize the results of the initiative," and:

> *"The Attorney General announced that the initiative resulted in 530 criminal defendants*

being charged, including 172 executives, in 285 criminal indictments or informations filed in federal courts throughout the United States during the previous 12 months. The Attorney General also announced that 110 federal civil cases were filed against over 150 defendants for losses totaling at least $37 million, and involving more than 15,000 victims. According to statements made at the press conference, these cases involved more than 73,000 homeowner victims and total losses estimated at more than $1 billion.

"Shortly after this press conference, we requested documentation that supported the statistics presented. … Over the following months, we repeatedly asked the Department about its efforts to correct the statistics. … Specifically, the number of criminal defendants charged as part of the initiative was 107, not 530 as originally reported; and the total estimated losses associated with true Distressed Homeowners cases were $95 million, 91 percent less than the $1 billion reported at the October 2012 press conference. …

"Despite being aware of the serious flaws in these statistics since at least November 2012, we found that the Department continued to cite them in mortgage fraud press releases. … According to DOJ officials, the data collected and publicly announced for an earlier FFETF mortgage fraud initiative – Operation Stolen Dreams – also may have contained similar errors."

Basically, the IG's report said that the Obama Administration had failed to enforce the Fraud Enforcement and Recovery Act of 2009. This bill had been passed overwhelmingly, 92-4 in the Senate, and 338-52 in the House. All of the votes against it came from Republicans. The law sent $165 million to the DOJ to catch the executive fraudsters who had brought down the U.S. economy, and it set up the Financial Crisis Inquiry Commission, and had been introduced and written by the liberal Democratic Senator Patrick Leahy. President Obama signed it on 20 May 2009. At that early stage in his Presidency, he couldn't afford to display that he was far to the right of every congressional Democrat, so he signed it.

Already on 15 November 2011, Syracuse University's *TRAC Reports* had headlined "Criminal Prosecutions for Financial Institution Fraud Continue to Fall," and provided a chart showing that whereas such prosecutions had been running at a fairly steady rate until George W. Bush came into office in 2001, they immediately plunged during his Presidency and were continuing that decline under Obama, even after the biggest boom in alleged financial fraud cases since right before the Great Depression. And, then, on 24 September 2013, *TRAC Reports*bannered "Slump in FBI White Collar Crime Prosecutions," and said that "prosecutions of white collar criminals recommended by the FBI are substantially down during the first ten months of Fiscal Year 2013." This was especially so in the Wall Street area: "In the last year, the judicial District Court recording the largest projected drop in the rate of white collar crime prosecutions — 27.8 percent — was the Southern District of New York (Manhattan)."

Another recent report documents lying by the Administration regarding its promised program to force banks to compensate cheated homeowners for fraud in their mortgages, and sometimes even for evictions that were based on those frauds. The investigative journalist David Dayen headlined on 19 March 2014, "Just 83,000 Homeowners Get First-Lien Principal Reductions from National Mortgage Settlement, 90 Percent Less Than Promised." He documented that, "the Secretary of Housing and Urban Development sold the settlement on a promise of helping 1 million homeowners, and the final number missed the cut by over 916,000. That … shows the essential dishonesty [Obama's HUD Secretary Shaun] Donovan displayed in his PR push back in 2012. … We're used to the Obama Administration falling far short of their goals for homeowner relief, whether because of a lack of interest or a desire to foam the runway for the banks or whatever. Even still, the level of duplicity is breathtaking."

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