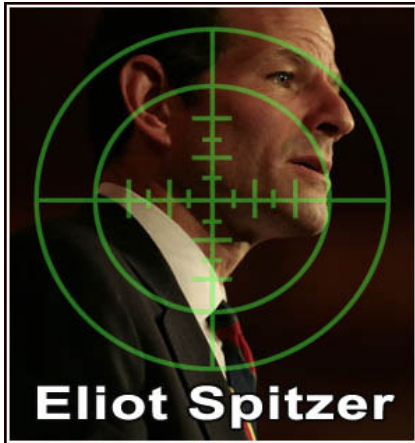


Assassination of Eliot Spitzer

Warning of the Bush Administration's enabling of the subprime, predatory lending crimes was crushed with the political assassination of Eliot Spitzer.



Most people have the sense that there was something bizarre and surreal about the sudden coordinated FBI and US news media attack on New York Governor Eliot Spitzer.

After all, unproven allegations about how he may have chosen to spend his own money on his own time hardly seems a worthy subject of front page news for a week straight.

Meanwhile, the US news media remained characteristically clueless about why Spitzer was taken out.

It's simple. Spitzer had the goods on Bush administration collusion with predatory lenders and was preparing a case that would have **tyed the administration directly to wide spread fraud and criminality in the lending business.**

A short explanation of how we got to where we are

Today's banking crisis is the THIRD trillion dollar plus US-caused financial meltdown in the last twenty years.

Each one of these crises came into being through the same basic mechanism - the fraudulent over-valuing of financial assets by Wall Street - with a "wink and a nod" (and sometimes a lot more) from the White House and Congress.

The fraudulently valued assets stimulate the economy, impart the illusion of health and then, inevitably, the fraud goes too far and the whole house of card comes painfully crashing back to earth.

The three trillion dollar plus frauds were:

Fraud #1: The so-called "Savings and Loan Crisis" of the late 80s

Fraud #2: The so-called "Tech Bubble" of the late 90s

Fraud #3: The so-called "Credit Crisis" of today

How the scam works

Take a shaky financial asset and blow up its value and then sell as much of it as you can.

In the "Savings and Loan Crisis," the instrument was junk bonds; In the "Tech Bubble" it was Internet stocks; In the "Credit Crisis" it was individual mortgages collected into pools and then re-sold to investors.

In each case, normal, well established "bread and butter" financial principles were consciously thrown away by Wall Street with no hint of protest from federal regulators.

The "Savings and Loan Crisis" dissected

Junk bonds caused the Saving and Loan crisis which resulted in the US taking over the assets of hundreds of banks and selling them back over time to the marketplace at fire sale prices.

Junk bonds, which caused the "Savings and Loan Crisis" were shaky bonds that were pumped up by deliberate misrepresentation and what I call "staged dealing."

Bonds get their value from two things: the amount of interest they pay and how safe they are.

"Junk" bonds have to pay higher interest because they are less safe. Therefore, until the "Savings and Loan Crisis," savings and loan banks were not allowed by law to buy them and call them assets.

Reagan/Bush changed all this and then a group of Wall Street fraudsters used the new loophole to kick off an orgy of junk bond creation and junk bond selling to banks and insurance companies.

The crooks would deal the junk bonds back and forth amongst themselves thereby establishing their "value" and then they'd sell them to outsiders. The bonds then became "assets" which could be borrowed against and leveraged to buy even more bonds.

When the bonds failed, the banks failed and in stepped the US government to "fix" the problem that it created at the cost of at least one trillion dollars to US tax payers.

Deja vu, eh?

The "Tech Bubble" dissected

The instrument of fraud in the "Tech Bubble" was Internet stocks, start ups in particular.

A stock gets its value from the underlying company's sales, its growth and its overall prospects for the future.

Pre-tech bubble, companies used to have to prove themselves by being in existence for several years before they could be sold on major exchanges. That standard was thrown away during the tech bubble.

To pump of their values, the companies engaged in "staged dealing" just like the junk bond crooks.

Company #1 would "sell" 20 million dollars in banner ads to Company #2 which would in turn "sell" 20 million in banner ads to Company #1.

In fact, nobody sold anybody anything. Company #2 ran ads for Company #1 and billed it for them. Company #1 ran ads for Company #2 and billed for an equal amount.

These should have been called media trades not sales, but Wall Street was happy to claim them as legitimate cash sales and then use the sales numbers to fraudulently value these companies - many of them totally worthless - in the hundreds of millions and sometimes even the billions.

The "Credit Crisis" dissected

By now, you see how the scheme works. It's not complicated at all.

You take near worthless pieces of paper (junk bonds, stock of start up Internet companies, etc.) and declare them to be good as gold.

Then you create as many junk bonds and Internet start up stocks as you get and sell them as fast as you can.

In the case of our current crisis, the instrument of fraud was so-called sub-prime mortgages.

Previously, sub-prime mortgages had very little trading value. Only people in the sub-prime industry itself dealt in them and for good reason. They're tricky to value and packed with financial peril.

But Wall Street changed all that.

Wall Street said: "If we take LOTS of these mortgages and assemble them into large pools and then slice and dice the pools in various ways, we can sell the slices to banks and other investors as AAA paper."

It sounds crazy, doesn't it?

If the underlying pieces of paper are garbage, how does assembling a whole bunch of garbage into one place make it "better?"

It doesn't, of course, and this is a principle even a three year old child can understand.

But greed and the need to pump up a shaky economy for propaganda purposes are two very strong motivators.

Banks created these mortgage pools, sold them to each other, and they by virtue of these "staged sales" declared them valuable.

Do you recognize the pattern now?

If you do, then you are now smarter than all the financial reporters because they apparently can't - or won't.

This is the THIRD trillion-dollar plus fraud driven financial meltdown in twenty years and apparently no one in the financial news media can see how it happened.

But there's more...

Junk bonds were mass manufactured as fast as the crooks could invent them. Ditto for Internet stocks.

But how did hundreds of billions of dollars worth of "toxic" mortgages suddenly come into being?

Why did the mortgage industry change its lending standards so radically and so suddenly to make their creation possible?

And why did real estate lending regulators in all 50 states - because real estate lending is a STATE-level issue not a federal - go along with it?

Here's where it gets very interesting

The fact is state-level lending regulators were VERY concerned about what was going on. They have been for years.

And they not only expressed their concern clearly, they also took SERIOUS concerted legal action to stop lenders from making bad real estate loans to their citizens. (Most of the sub-prime loans in the news so much today were designed to screw the people who borrowed the money and can rightly be called "predatory" loans.)

Guess who stopped the states from enforcing their own time-proven real estate lending laws and thus created the raw material that made the current "Credit Crisis" possible?

The trillion dollar plus question

If you're a US taxpayer, you're going to pay for this fraud so you might as well know that **George W. Bush did it to you.**

But perhaps more interesting is, then governor, Eliot Spitzer - who single-handedly rallied first state attorneys general and then fellow governors to fight the creation of these loans and who in the process became Public Enemy #1 to the Bush Administration and was quickly assassinated.

Had Eliot Spitzer been allowed to "live," he would have been in position to remind everyone every day of who made the current meltdown possible.

Instead, he was silenced very effectively. Not with a bullet in the back of the head, but the net effect was just the same. So effective was his assassination that no one can even mention his name in connection with today's crisis without risking ridicule, or worse.

Last note:

The crisis this fraud has created is **exponentially** bigger than the S & L and Tech Bubble combined. It's not going to be resolved by a quick "patch up" and will likely have the same impact on the current generation that the depression of the 1930s had on its parents, grandparents and great grandparents.

On that cheerful note, here's the big story everyone missed this year and now you'll finally know what REALLY happened and why:

<http://www.brasschecktv.com/page/291.html>

Mortgaging America's future for a quick buck

This video was originally posted in March of 2008

<http://www.youtube.com/watch?v=GMo7T9t0Gzk>

It's one of the most amazing displays of journalistic incompetence and malpractice in recent memory.

The US news media failed to draw the obvious connection between the bizarre federal law enforcement investigation and leak campaign about the private life of New York Governor Spitzer and Spitzer's all out attack on the Bush administration for its collusion with predatory lenders.

While the international credit system grinds to a halt because of a superabundance of bad mortgage loans made in the US, the news media failed to cover the details of Spitzer's public charges against the White House.

Yet when salacious details were leaked about alleged details of Spitzer's private life, they took that information and made it the front page news for days.

To the 9/11 fiasco, the Iraq War, the travesty of the federal response to Hurricane Katrina, and the shredding of the US Constitution, we can now add a deliberate and reckless undermining of the credit and banking system of the US to the list of Bush administration "accomplishments."

No external enemy, or group of external enemies, could have done as much harm to the nation as this group has in less than eight years.

Hey, do you think it's a coincidence that a Bush was involved the *last* time the US banking industry fell into a black whole because of White House-facilitated fraud?

There's actually a lot of money to be made blowing up banks. Here's how Bush Sr. and his friends in the Mafia and CIA profited from it the last time:

[Bush, the Mafia, the CIA and the Savings and Loan Scandal](#)

Washington Post

Predatory Lenders' Partner in Crime

How the Bush Administration Stopped the States From Stepping In to Help Consumers

SOURCE: <http://www.washingtonpost.com/wp-dyn/content/article/2008/02/13/AR2008021302783.html>

By Eliot Spitzer

Thursday, February 14, 2008; A25

Several years ago, state attorneys general and others involved in consumer protection began to notice a marked increase in a range of predatory lending practices by mortgage lenders. Some were misrepresenting the terms of loans, making loans without regard to consumers' ability to repay, making loans with deceptive "teaser" rates that later ballooned astronomically, packing loans with undisclosed charges and fees, or even paying illegal kickbacks. These and other practices, we noticed, were having a devastating effect on home buyers. In addition, the widespread nature of these practices, if left unchecked, threatened our financial markets.

Even though predatory lending was becoming a national problem, the Bush administration looked the other way and did nothing to protect American homeowners. In fact, the government chose instead to align itself with the banks that were victimizing consumers.

Predatory lending was widely understood to present a looming national crisis. This threat was so clear that as New York attorney general, I joined with colleagues in the other 49 states in attempting to fill the void left by the federal government. Individually, and together, state attorneys general of both parties brought litigation or entered into settlements with many subprime lenders that were engaged in predatory lending practices. Several state legislatures, including New York's, enacted laws aimed at curbing such practices.

What did the Bush administration do in response? Did it reverse course and decide to take action to halt this burgeoning scourge? As Americans are now painfully aware, with hundreds of thousands of homeowners facing foreclosure and our markets reeling, the answer is a resounding no.

Not only did the Bush administration do nothing to protect consumers, it embarked on an aggressive and unprecedented campaign to prevent states from protecting their residents from the very problems to which the federal government was turning a blind eye.

Let me explain: The administration accomplished this feat through an obscure federal agency called the [Office of the Comptroller of the Currency](#) (OCC). The OCC has been in existence since the Civil War. Its mission is to ensure the fiscal soundness of national banks. For 140 years, the OCC examined the books of national banks to make sure they were balanced, an important but uncontroversial function. But a few years ago, for the first time in its history, the OCC was used as a tool against consumers.

In 2003, during the height of the predatory lending crisis, the OCC invoked a clause from the 1863 National Bank Act to issue formal opinions preempting all state predatory lending laws, thereby rendering them inoperative. The OCC also promulgated new rules that prevented states from enforcing any of their own consumer protection laws against national banks. The federal government's actions were so egregious and so unprecedented that all 50 state attorneys general, and all 50 state banking superintendents, actively fought the new rules.

But the unanimous opposition of the 50 states did not deter, or even slow, the Bush administration in its goal of protecting the banks. In fact, when my office opened an investigation of possible discrimination in mortgage lending by a number of banks, the OCC filed a federal lawsuit to stop the investigation.

Throughout our battles with the OCC and the banks, the mantra of the banks and their defenders was that efforts to curb predatory lending would deny access to credit to the very consumers the states were trying to protect. But the curbs we sought on predatory and unfair lending would have in no way jeopardized access to the legitimate credit market for appropriately priced loans. Instead, they would have stopped the scourge of predatory lending practices that have resulted in countless thousands of consumers losing their homes and put our economy in a precarious position.

When history tells the story of the subprime lending crisis and recounts its devastating effects on the lives of so many innocent homeowners, the Bush administration will not be judged favorably. The tale is still unfolding, but when the dust settles, it will be judged as a willing accomplice to the lenders who went to any lengths in their quest for profits. So willing, in fact, that it used the power of the federal government in an unprecedented assault on state legislatures, as well as on state attorneys general and anyone else on the side of consumers.

The writer is governor of New York.