

Foreclose This: There's More Than Robo Signatures To Blame For The Ongoing Foreclosure Scandal

By [Danny Schechter](#)

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The other day, during an interview on Al Jazeera, I was asked if I was frustrated because my warnings and worries about the financial meltdown and foreclosure crisis, first aired in 2006, have been ignored so long.

Duh!

The excruciating lesson I learned is that it takes time for a problem to turn into an issue and, then, an issue to get attention, to move from the business section to the news section, from the back of the paper to page one. It is always hard to predict which story will grab the attention of a news media that has not paid sufficient attention to these issues for years. What connect for editors are usually a small matter and a symbolic one, a story that's not just new but dripping with the appearance of injustice or hypocrisy?

Once some truth slips through the cracks, a flood threatens like the toxic sludge undoing parts of Hungary.

The fact that millions of Americans were having their homes foreclosed on by a shadowy industry agency using robo signature machines without reviewing the details of the alleged default has become the scandal dujour. Committing this fraud is the Mortgages Electronic Registration System, (MERS) the company the big banks hired to do their dirty work with the appearance of computer-driven semi-official efficiency.

As they churned out and executed foreclosures (while making more than a pretty penny in the process,) they, in effect, executed homeowners with the sanction and support of kangaroo courts. As soon as the Judges received their impeccably prepared documents—like Bernie Madoff's meticulously written monthly statements fooling his investors—the orders went out to throw the deadbeats out.

One day, and for a quick second, your home sweet homes' fate is in court before some Judge that has received contributions from the industry, and, the next, the sheriff is outside your door with a goon squad to move your stuff into the street. It has been a cruel, stealth and systematic process.

Explains Naked Capitalism:

“banks have become so powerful in Florida that they have managed to get what amount to kangaroo foreclosure courts created. Not surprisingly, the assembly line imitation of justice railroads borrowers, and prevents legitimate grievances from being heard.

It turns out that banks in that state are so confident of their above the law status that they've also taken to casually changing the locks on and entering homes they don't own, meaning haven't foreclosed upon. This has become sufficiently common that the local press has taken notice."

The only problem behind this flim-flam was that this practice violated the law in at least 23 states leading to big banks imposing long overdue foreclosure moratoriums, not to safeguard human rights but to protect their property rights. The banks fear massive and very costly lawsuits. Fortunately, homeowners at risk or in foreclosure could benefit. Some have been fighting back. [Watch this](#)

This issue has been all over the media. MERS has been defending itself even as its ship is sinking. Economics writer Yves Smith denounced a statement by its CEO this way, "Wow, this is an almost perfect statement from the Ministry of Truth. Virtually every statement is a lie or very disingenuous. I'm seeing if I can get a lawyer with recognized credentials to shred it."

[The Washington Post](#) reports that the government had been warned repeatedly about problems among mortgage servicers.

The facts here, alas, may not matter as much as an often-omitted fact: the mortgage scandal that triggered the financial crisis goes much deeper than what is happening on the back end, i.e. when a property finally goes into foreclosure.

As Edward Harrison who writes the Credit Writedowns blog, points out,

"The crisis in foreclosure documentation is much deeper than the specific issue of robo-signers which has precipitated the halt in foreclosures by major banks. The fact is the mortgage process in the US is broken because securitization has created a byzantine mess that is wholly unsuited for the large number of foreclosures now on-going."

And that process has been fudged, riddled with fraud and phony documentation provided by lenders who have been laughing all the way to the bank. There is has been a chain of criminality behind what the FBI has been calling a 'mortgage fraud epidemic' that has not really been in the news. The press has avoided showing how three industries, real estate, finance and insurance worked together to rip off the American people.

This process has been given political cover, as Mike Taibbi reminds us, that the Tea Party was formed with demagoguery on this very issue (even as many conservatives are also losing their homes):

"This second-generation Tea Party came into being a month after Barack Obama moved into the Oval Office, when CNBC windbag Rick Santelli went on the air to denounce one of Obama's bailout programs and called for "tea parties" to protest. The impetus for Santelli's rant wasn't the billions in taxpayer money being spent to prop up the bad mortgage debts and unsecured derivatives losses of irresponsible investors like Goldman Sachs and AIG — massive government bailouts supported, ...

"No, what had Santelli all worked up was Obama's "Homeowner Affordability

and Stability Plan,” a \$75 billion program less than a hundredth the size of all the bank bailouts. This was one of the few bailout programs designed to directly benefit individual victims of the financial crisis.

“How many of you people want to pay your neighbor’s mortgage that has an extra bathroom and can’t pay their bills? Raise your hand!” Santelli roared in a broadcast from the floor of the Chicago Board of Trade. Why, he later asked, doesn’t America reward people who “carry the water instead of drink the water?”

Who is drinking that turgid water now?

Unfortunately, the blame the irresponsible homeowner narrative has become deeply embedded even after films like Leslie Cockburn’s *Casino* documented the way homeowners in Baltimore were targeted on a racial basis or my own *In Debt We Trust* and *Plunder* demonstrating that crimes were committed in a massive way. Michael Moore exposed the ugliness of foreclosures in his *Roger and Me* and *Capitalism: A Love Story*.

Now, a new film, *Inside Job* fleshes out the story with a pretty looking, term paper/power point-style illustrated lecture showing, step by step, how homeowners were fleeced and why the crisis mushroomed. Worth seeing, It’s a bit top-down and dense for my taste with lots of visuals from helicopters over buildings and interviews with big name economists. At the same time, it reveals how former politicians turned academics are serving and servicing the right-wing elite with arguments that conceal their interests and agendas while drawing huge fees for their intellectual subservience/whoredom. It has a studio release so, hopefully, it will be seen widely.

If you like charts that shows how subprime turned subcrime, check [this out](#)

The facts are here but the political will isn’t. Where is the solidarity with the victims as the media treats this as a “technical” issue, rarely explaining its premeditated criminal context?

We need the President to proclaim a national moratorium on foreclosures and a no holds barred investigation into these practices that lead to prosecutions. If a French trader who bet wrong can be fined for his billion dollar losses, why not the Wall Street powercrats who sucked away similar sums?

Mostly we need public outrage and popular organizations to force them to do it.

Filmmaker and News Dissector **Danny Schechter** edits [Mediachannel.org](#).

For more on his film [Plunder: The Crime of Our Time](#) and companion book [The Crime Of Our Time: Why Wall Street Is Not Too Big To Jail](#), visit [plunderthecrimeofourtime.com](#).

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