

What Does WikiLeaks Have on Bank of America?

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[WikiLeaks](#) founder Julian Assange is promising to unleash a cache of secret documents from the hard drive of a U.S. megabank executive. In 2009, he told Computer World that the bank was Bank of America (BoFA). In 2010, he told Forbes that the information was significant enough to “take down a bank or two,” but that he needed time to lay out the information in a more user-friendly format.

Recent new reports suggest that [BoFA](#) is now moving into high gear on damage control, creating a “war room” and buying up hundreds of derogatory Internet domain names including BankofAmericaSucks.com and BrianMoynihanblows.com (BoFA’s CEO).

Before the big banks start calling for Assange’s internment at Guantanamo, the question worth considering is what does Wikileaks have on America’s largest bank?

Legal Liability for Toxic Mortgages

[BoFA](#) is already under the gun, defending itself from multiple lawsuits from private investors as well as Fannie and Freddie demanding that the bank buy back billions worth of toxic mortgages-backed securities. The firm stopped issuing subprime mortgages in 2001, but it kept underwriting subprime mortgage-backed securities for many years. In September 2009, for example, BoFA underwrote \$239 million worth of securities backed by subprime loans. BoFA has reserved \$4.4 billion for these “put back” lawsuits. If Assange has emails showing that top executives at BoFA knew they were peddling toxic dreck to investors, it would rock the firm and give tremendous ammunition to the army of lawyers already knocking on BoFA’s door.

Reckless and Illegal Foreclosures

[BoFA](#) is at the heart of the robo-signing scandal and has wrongfully foreclosed on countless American families. One poor woman returned to a vacation home to find it locked, all her possessions gone — including the ashes of her late husband. How could such a mistake be made? A BoFA employee deposed in February 2010 said that she signed as many as 8,000 foreclosure documents a month without reviewing them, in violation of the law. Mounting questions about the fraudulent and illegal foreclosure practices at the big banks and mortgage service companies prompted BoFA to temporarily halt foreclosures nationwide in October 2010. If Wikileaks can document that top BoFA officials have a callous disregard for legal processes and constitutionally protected property rights, BoFA’s mounting legal liability may not be sustainable.

Countrywide Headaches

In 2008, [BofA](#) acquired Countrywide, one of the most aggressive and fraudulent lenders during the housing bubble. The result has been a trainwreck of liability and lawsuits for the megabank that now has over 1.3 million customers in foreclosure. To settle the lawsuits with Illinois, California and eight other states over predatory lending, BofA came up with an \$8.4 billion loan relief plan for those holding Countrywide mortgages. In June, 2010 BofA paid \$108 million to settle a Federal Trade Commission case that charged Countrywide with having extracted excessive fees out of borrowers facing foreclosure. BofA paid \$600 million in August 2010 to settle shareholder claims that Countrywide had concealed the riskiness of its lending standards. There is no end in sight for these suits. In June 2010 the State of Illinois sued Countrywide again, this time over racial discrimination in its lending practices. Wikileaks could have further documentation of Countrywide's illegal and reckless underwriting practices or ongoing fraud at BofA.

Taxpayer Paid Bonuses

[BofA](#) acquired the brokerage firm Merrill Lynch for \$50 billion in January 2009. The U.S. government blessed the merger with a \$20 billion bailout loan to aid BofA. After the acquisition went through, it was revealed that Merrill Lynch had lost \$15.8 billion in the last quarter of 2008 and that \$3.6 billion in bonuses were paid ahead of schedule to top executives at Merrill. Among beneficiaries of the bonus bonanza was Merrill's CEO John Thain, who famously spent a million redecorating his office at the height of the crisis. About the deal New York Attorney General Andrew Cuomo said: "One disturbing question that must be answered is whether Merrill Lynch and Bank of America timed the bonuses in such a way as to force taxpayers to pay for them through the deal funding." If Wikileaks has emails showing top executives knowingly used bailout bucks for bonuses, this ugly chapter in history could be reopened, prompting Congressional investigations and further bailout backlash.

Still Too Big To Fail

In addition to the \$25 billion in TARP bailout money and the \$20 billion for purchasing Merrill, America recently learned of the extraordinary actions taken by the Federal Reserve to prop up BofA at the height of the crisis, details that were kept secret from the public. When the Fed was forced to release data about its emergency loan programs in December 2010, we found that BofA tapped an [estimated \\$931 billion](#) from the Fed in short term loans and government subsidies. If Wikileaks has information showing that America's biggest bank is only being kept alive by accounting tricks and ongoing government subsidies, the result could be another government bailout. Or is it possible we might see the first orderly dissolution of a of a "too big to fail" under the new Wall Street reform law?

"We Don't Suck"

BofA doesn't just want you to know that their CEO Brian Moynihan doesn't suck, they want you to know that their top staff does not suck either. The bank has started buying damaging domain names for a long list of executives, prompting many to wonder: just what have those executives been up to over there at BofA?

Hopefully Wikileaks and Julian Assange will soon let us know.

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