

2 FUNNY THINGS ABOUT OBAMA ADMINISTRATION'S EFFORT TO PRESSURE ERIC SCHNEIDERMAN

The NYT has an article about efforts to strong-arm Attorney General Schneiderman to get him to put rule of law aside for yet another bank bailout.

First, it quotes HUD Secretary Shaun Donovan as saying,

The disagreement is around whether we should wait to settle and resolve the issues around the servicing practices for him – and potentially other A.G.'s and other federal agencies – to complete investigations on the securitization side. He might argue that he has more leverage that way, but our view is **we have the immediate opportunity to help a huge number of borrowers to stay in their homes, to help their neighborhoods and the housing market.** [my emphasis]

And it quotes DOJ spokeswoman Alisa Finelli saying,

The Justice Department, along with our federal agency partners and state attorneys general, are committed to achieving a resolution that will **hold servicers accountable for the harm they have done** consumers and bring billions of dollars of relief to struggling homeowners – and **bring relief swiftly** because homeowners continue to suffer more each day that these issues are not resolved. [my emphasis]

You see, the Administration has an “immediate opportunity to help a huge number of borrowers stay in their homes,” without any action from Eric Schneiderman. They have a way to do so more

swiftly, in such a way the servicers actually would be held accountable. It would involve offering refis with principal reductions to all the underwater homeowners whose loans are owned by Fannie and Freddie. That would not only help a huge number of borrowers stay in their home, but it would be massive stimulus.

But instead they're sending Donovan to pressure Schneiderman to pursue a measure that would benefit far fewer homeowners and probably take more time, while putting the last nail in the coffin of the rule of law in this country.

And then there's Kathryn Wylde, who spins her shilling for Bank of America as an effort to protect NYC's "Main Street."

The lawsuit angered Bank of New York Mellon, and as Mr. Schneiderman was leaving the memorial service last week for Hugh Carey, the former New York governor who died Aug. 7, an attendee said Mr. Schneiderman became embroiled in a contentious conversation with Kathryn S. Wylde, a member of the board of the Federal Reserve Bank of New York who represents the public. Ms. Wylde, who has criticized Mr. Schneiderman for bringing the lawsuit, is also chief executive of the Partnership for New York City.

[snip]

Characterizing her conversation with Mr. Schneiderman that day as "not unpleasant," Ms. Wylde said in an interview on Thursday that she had told the attorney general "it is of concern to the industry that instead of trying to facilitate resolving these issues, you seem to be throwing a wrench into it. Wall Street is our Main Street – love 'em or hate 'em. They are important and we have to make sure we are doing everything we can to support them unless they are doing something indefensible."

Now why would Wylde believe she's a more appropriate person to decide what is "defensible" than NY's top state law enforcement

official?

And while Wylde is directly doing the bidding of BNYM, ultimately this is about saving Bank of America from admitting that it is insolvent.

You know ... Bank of America.

One of just a few of the big banks that is **not** headquartered in NYC?

One that considered—and then decided against—moving its HQ and related jobs to NYC a few years ago?

Why is Kathryn Wylde fighting so hard to get an elected NY official to put his constituents' interests behind the interests of a Charlotte company? Why is the CEO of the Partnership for New York City working so hard to benefit a company that doesn't even want to move to her city?

But then this effort to further erode rule of law isn't about constituencies—about actual people rather than Mitt's corporate people—is it?

Update: Nail, coffin, fixed. per Fractal.