ADDRESSING THE HOME MORTGAGE CRISIS AS A CRIMINAL LAW ENFORCEMENT MATTER

Well over a decade before the financial melt-down of 2008, I was investigating malfeasance in the home mortgage industry. My clients included former employees of a household-name, major American home mortgage company that wound up having to be taken over in the wake of the 2008 industry debacle. Let's call it "company X."

That melt-down came as no surprise to me, because of what I'd uncovered – and tried to warn people about during my 1998 campaign for California State Treasurer. One of my clients had been a branch manager for Company X. She had attempted to blow the whistle on a pattern and practice in the company of having loan applicants falsify their income to justify sub-prime loans. She wound up fired and the company attempted to discredit her with a smear campaign.

When I called for a boycott of Company X in the 1998 California ballot pamphlet statement for my State Treasurer candidacy, I received a telephone call from an attorney representing a couple of other employees who'd sued the business. He said that he'd gotten a call from Company X's lawyers. According to the Plaintifffs' lawyer, he'd been told that they'd just finished talking the company's CEO out of having me killed while he was dialing a hit man to get the job done. He was furious of what I'd said in the state ballot pamphlet that exposed the company to millions of Californians.

Well, even though the CEO of Company X didn't have me hit, he did make a campaign contribution to the man who won the election, former California State Treasurer Phil Angelides. I denounced that campaign contribution during a debate on KQED FM radio in San Francisco that year.

As America now knows, Phil Angelides is the chair of the Financial Crisis Inquiry Commission (FCIC) a ten-member commission appointed with the goal of investigating the causes of the financial crisis of 2007–2010. The Commission has been nicknamed the Angelides Commission after the chairman, Phil Angelides. The Commission was created by section 5 of the Fraud Enforcement and Recovery Act of 2009 (Public Law 111-21), signed into law by President Barack Obama on May 20, 2009. So I guess Phil is now supposed to investigate his former campaign contributors, like the CEO who wanted to have me hit. Fat chance.

Treating Criminals Like Criminals

If the people who helped to create the mortgage meltdown were running classic fraudulent scheme in which unwitting people were manipulated into participating what they think is an entirely different fraud, so that when they were ripped off they would be afraid or too embarrassed to go to the police, prosecutors and a police bunco squad would treat the people who got ripped off as victims and not charge them with a crime in exchange for testimony against the real criminals.

Corporate criminals in the mortgage industry depend on people not coming forward to say that they were solicited and cajoled into submitting false financial papers to get sub-prime mortgages because in essence, these victims who got talked into it participated in a fraud. However, they remain just as much victims as people who get taken every day by street level confidence schemes.

We need a nationally coordinated criminal procedure policy to start at the bottom and work up the food chain to put corporate mortgage criminals behind bars:

- Congress should appropriate a fund for polygraph examinations for the victims of these frauds and for higher ups who are prepared to give truthful testimony to implicate those higher up than themselves
- A law granting amnesty should be passed for any person who got a mortgage with false financial statements if they pass a lie detector examination demonstrating that they were solicited to do so by employees or agents of the mortgage broker or lender
- Appropriate leniency should be encouraged by prosecutors to mortgage industry employees who implicate higher ups
- Congress should make the results of polygraphs conducted by American Polygraph Association examiners admissible when done according to APA ethics and guidelines for federal criminal and civil prosecutions for these cases
- As this process will undoubtedly lead to “predicate acts” as defined in the Racketeer Influenced and Corrupt Organization Act (RICO) law (18 USC 1961 et seq), mortgage companies and their officers and directors who participated in these practices should be prosecuted under the RICO Act, just like organized crime, because that behavior is exactly what they engaged in.