

As Foreclosure Nightmares Increase, Will More Homeowners Pay Off Their Bankers in Violence?

By **Scott Thill**, [AlterNet](#). Posted November 9, 2009.

The economic crisis revealed late-capitalism's central offense: Human beings are being transparently treated if they were mere transactions. And they're going postal over it.

Anger and discontent are reaching a boil as a lethal combination of economic corruption and political collusion are deleveraged across the United States.

From recent rampages in Orlando, Fla., to [mortgage-related torture](#) in Los Angeles, certain members of the citizenry seem to have had their fill of being manipulated for the financial gain of others, and they're firing back with force.

And the situation threatens to burn hotter as the winter holidays -- always a [peak period for domestic violence](#), due mostly to financial stress -- approach to spark its frazzled strands. The economic crisis revealed late-capitalism's central offense: Human beings are being transparently treated if they were mere transactions. And they're going postal over it.

"They left me to rot," [Jason Rodriguez](#) said when asked why he went on a shooting rampage at the Orlando engineering firm Reynolds, Smith and Hills that had fired him two years ago.

That compressed vitriol is also found in the Los Angeles case, where Daniel Weston and Gustavo Canez allegedly imprisoned and tortured loan-modification agents Lamond Dean and Luis Garcia while three others -- Mario Soloman Gonzales, Marissa Parker and Mary Ann Parmelee, a realtor -- sat and watched.

According to the [Los Angeles District Attorney's](#) office, "Weston and Parmelee live in a house that is in foreclosure," and they "allegedly sought loan-modification assistance from the victims but believed that nothing was being done and wanted their money back."

When they didn't get it, they evidently extracted their payback in violent revenge.

"That's not right," explained Kathleen Day, spokeswoman for the nonprofit [Center for Responsible Lending](#). "But clearly people are really mad about what's happened to them. This is the kind of thing that happens when lenders don't lend responsibly. You can't abuse your customers forever."

Or your tormenters, as Weston and Canez will no doubt realize, once the full force of the state comes down on them for venting their rage. Whatever their perceived or real injustices may have been, their attack on Dean and Garcia crossed a line laid down by the rule of law. But that rule, as everyone from voters to homeowners to municipalities and more have come to fully realize during the last decade, rarely applies in both directions.

For those in power, it is used to shield them from the justice they often deserve. For those on the outside looking in, it is often used to oppress them further. The disturbing blowback from that growing inequality, mirrored by an [ever-growing gap](#) between the rich and the poor and a [true national unemployment rate](#) around 17 percent, can only get worse.

"Loan-modification scams are proliferating now because of the numerous foreclosure-prevention programs that have been announced," said Douglas Robinson, spokesman for [NeighborWorks America](#), a national nonprofit created by Congress to financially and technically assist with community-based revitalization efforts. "Homeowners know that there is help out there for them, so they are more susceptible to scammers who sound legitimate. Unemployment is increasing, and homeowners are looking for answers that will save their homes. Scammers know this and tailor their approach to homeowners."

Until more details on the case come in, the jury is still out on whether Dean and Garcia were scamming the posse that allegedly imprisoned and tortured them or were legitimate operators.

But the convergence of malfeasance and blowback in their case is alluring: NeighborWorks announced a national campaign to [combat loan-mod scams](#) alongside Los Angeles Mayor Antonio Villaraigosa on the same day the district attorney posted its press release on Dean and Garcia.

Of course, there was little in NeighborWorks' campaign -- which designated November as [National Loan Modification Scam Awareness Month](#) -- that mentioned the actual banks whose densely securitized loans have crippled not just American homeowners, but also the global economy.

According to a series of brilliant exposes, McClatchy newspapers found that Wall Street titan [Goldman Sachs](#) peddled billions of securitized mortgages that it knew were toxic, and then capitalized on inevitable foreclosures through murky subsidiaries tasked with [kicking distressed homeowners](#) onto the street.

The callous practice was good for Goldman's bottom line: According to a recent report from the [National Consumer Law Center](#), there's more money for mortgage companies in foreclosures than in loan modification. To reward itself for its purportedly legal duplicity for the holidays, when economic stress is at its peak, Goldman is giving its employees billions in bonuses, all while claiming to do "[God's work](#)."

Of course, Goldman Sachs isn't the only perp getting a free ride. According to [Ohio Rep. Marcy Kaptur](#), over 95 percent of troubled mortgages in the United States "has moved to five institutions: JPMorgan Chase, Bank of America, Wachovia, Citigroup and HSBC. They have this country held by the neck."

All of those U.S. banks, excluding London's HSBC, have [received bailout billions](#) in American taxpayer dollars, and yet homeowners threatened with foreclosure, especially poor ones, are [running out of lawyers](#) to represent them in court. Ironical, considering that the unjust double-standard, judging by events in Los Angeles and probably coming to a city near you, is destroying what is left of the rule of law as we know it.

"There's a growing sense from people that they don't feel they should have to hold up their end of contracts," added Center for Responsible Lending's Day. "The banks and government have caused a breakdown in social mores. The Senate didn't pass the bankruptcy bill, which would have helped homeowners with their loan modifications, [because of pressure](#) from the banking industry. And that helped create the situation we're in."

"Lenders, lawmakers and regulators have really got to start thinking about how to help those who have been hurt by this and how to prevent this kind of thing from happening again."

For its part, NeighborWorks and its partners in Congress, the U.S. Department of Housing and Urban Development and more are trying to help homeowners avoid loan-mod scammers in hopes of stanching the bleeding. And they're not fans of the kind of frontier justice allegedly meted out by Weston, Canez and crew in Los Angeles.

"No matter how frustrating the circumstance, we urge anyone who feels they've been scammed to seek justice by reporting the scam artist or business to the legal authorities," said Robinson. "Knowing the signs of a scam and reporting a scam is our best defense."

But that's wishful thinking, and given the recent rash of violent events, probably exhausted as an alternative at this point.

NeighborWorks' faith in "the legal authorities" has not been borne out by the facts of this unfolding economic depression, and Americans can see right through the hypocrisy of it all: From the housing bubble to the neutered bankruptcy bill and down to the highway robbery of the bailout, the collusion of the government and the financial-services industry has stripped the population of everything from its equity and savings to its dignity and options. And it's mad as hell about it, as it should be, given that what it is enduring is a perversion and ultimately erasure of authority.

"This isn't capitalism, it's the Wild West," concluded Day. "We have to heal the market."

The only way to do that is to give the American people's money back to them, rather than the white-collar vampires that are sucking them dry. The bailout, allegedly created to increase lending, has failed.

U.S. commercial and industrial [loans declined 11 percent](#) to around \$1.4 trillion since September, according to the Federal Reserve, which itself, thanks to public anger, is busy trying to hide from audits to outright dissolution.

And so the plan to award banks that built the housing bubble on labyrinthine debt securitization doomed to failure has now fully backfired, and the pitchforks and torches are being brought out with mounting speed.

If the American people, to say nothing of those in much worse straits in poorer countries, don't get paid their due soon, they are liable to make what's left of the rule of law that has abandoned them an utter nightmare. You're likely to find reruns of Orlando and Los Angeles, as well as Fort Hood, replicating everywhere. And who is going to argue with them?

"For once," Day explained, "borrowers aren't seen as primarily responsible for products designed to bilk them of every nickel and dime. The fact is that all studies have shown if people can afford to stay in their homes, they will, even if they are underwater. But now there is a growing disrespect for banks and what has been a social norm -- if you incur a debt, you should pay it back."

"What the lending institutions have done is outrageous and has gone on for too long."

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