

House Financial Services Hearing on FDIC/Lennar Wed. May 16

Written by Chuck Cushman
Thursday, 10 May 2012 07:21

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House to hold a hearing on FDIC structured loan process and nationwide complaints regarding Lennar, Rialto and others.

Witnesses include FDIC and Lennar as well as damaged borrowers. Please forward this message widely. Send to at least 10 others.

Each recipient of this message who has been damaged by the FDIC structured loan process should write testimony or a letter to submit for the record. You can modify any testimony you've already written and send it again. A simple letter that explains what happened to you is fine.

Please send a copy of your statement to American Land Rights at ccushman@pacifier.com <mailto:ccushman@pacifier.com> or alra@pacifier.com <mailto:alra@pacifier.com>.

If you have not been damaged but know someone who has, please forward this message to them and send their contact information to ccushman@pacifier.com <mailto:ccushman@pacifier.com> . Please forward this message to as many people as possible whether or not you know the FDIC, Lennar, Rialto or others have damaged them.

You can mail your statement to:

Randy Neugebauer, TX, /Chairman/
House Financial Services Committee
Oversight and Investigations Subcommittee
U.S. House of Representatives
Washington, DC. 20515

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Attention: Hearing Wednesday, May 16th.
2:00 pm Eastern Time.

E-mail your testimony to or call:

cliff.roberti@mail.house.gov <mailto:cliff.roberti@mail.house.gov>
(202) 226-1231

gisele.roget@mail.house.gov <mailto:gisele.roget@mail.house.gov>
(202) 225-7502

The Hearing is available on the Internet streamed live at:

www.financialservices.house.gov
< <http://www.financialservices.house.gov/> >

At the time of this e-mail the hearing had not been listed on the website. It should be listed by the end of the week. Go to About Us to find videos or call their general number for information at: [\(202\) 225-7502](tel:(202)225-7502)

House Financial Services
Oversight and Investigations Subcommittee

Republicans:

Randy Neugebauer, TX, /Chairman/
Michael G. Fitzpatrick, PA, /Vice Chairman/
Peter T. King, NY
Michele Bachmann, MN
Stevan Pearce, NM
Bill Posey, FL
Nan A. S. Hayworth, NY
James B. Renacci, OH
Francisco "Quico" Canseco, TX

Stephen Lee Fincher, TN

Democrats:

Michael E. Capuano, MA, /Ranking Member/
Stephen F. Lynch, MA
Maxine Waters, CA
Joe Baca, CA
Brad Miller, NC
Keith Ellison, MN
James A. Himes, CT
John C. Carney, Jr., DE

Problem: FDIC Bank Closure Process destroying small businessmen,
killing jobs, undermining communities and slowing the economic

recovery.

The FDIC and its Wall Street Hedge fund partners like Lennar, Rialto and Multibank and others are using billions of taxpayer dollars interest free to fund for profit real estate investments with all their legal bills paid by the FDIC.

This means that borrowers and landowners cannot compete with Lennar, Rialto, Multibank and others in the legal process. They are up against the deep pockets of the taxpayer competing in the courts.

It is important to understand that most small businessmen facing the attack by Lennar, Rialto and others on their personal assets were in good standing when their bank closed. Their only guilt was being in a bank closed by the FDIC.

-----Please forward this message as widely as possible to all possible victims of the FDIC bank closures, Lennar Corp., Rialto Corp, Multibank Corps other Wall Street Hedgefunds developing structured partnerships with the FDIC.

The FDIC is continuing to close approximately 2 banks a week. They have closed over 100 banks each of the last two years. That means that thousands of additional small businessmen, landowners and borrowers are being destroyed putting a huge drag on the economy. Hundreds of local communities are suffering as a result.

Solution:

* *

Congress must reign in the FDIC and subject them rigorous oversight. The structured loan process must be stopped or FDIC must insist that borrowers with loans at failed banks be allowed to work out reasonable settlements where they have the resources to do so.

ALRA can help provide specifics to facilitate a closer look at the FDIC, its main partner Lennar Corp and it's Wall Street hedge fund subsidiaries such as Rialto and Multibank.

Bottom line, an agency of the federal government (FDIC) has and is forming numerous For Profit Entities to liquidate notes and related real estate collateral left over from failed banks. On its face, OK, what's the problem?

These new For Profit entities are not authorized, protected or empowered by FIRREA [the federal regulation that gives the FDIC super powers] and the loan transfer documents confirm it.

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The FDIC then arranges interest free loans from the US Treasury to capitalize the new private for profit LLC FDIC partners created to own the notes and operate the liquidation process.

They use low-ball fair market value valuations and then borrow 100% of that amount from the Treasury Dept. FDIC corporate guarantees the debt. They then sell a 40% interest to a "winning bidder" for pennies on the dollar, typically to a publicly-traded company like Lennar, Rialto, Multibank etc., who also guarantees their pro-rata portion of the loan.

Now we have a Wall Street company (Lennar, Rialto, Multibank and others) as 40% owner of a For Profit LLC using public funds interest free and a 100% loan with all their legal bills paid by the FDIC to shake down and foreclose on damaged borrowers (damaged when their bank failed) for additional dollars before taking the property away from them to in turn make a profit for themselves and the FDIC.

If that wasn't enough, Rialto and other Wall Street Hedgefunds are then going after the deficiencies of the borrowers. That means taking their homes, cars and anything else they own because the borrowers often pledged personal assets to the bank to get the original loan.

The FDIC has sicked predator organizations like Lennar, Rialto and Multibank on innocent private citizen borrowers destroying them financially and guaranteeing they cannot come back and hire people and help the economy recover.

Remember that in most cases the borrowers did nothing wrong. They just happened to be doing business with a bank that was closed by the FDIC.

Also keep in mind that most borrowers in the process were making their payments and in good standing before the FDIC closed their bank.

These PPIP's (Lennar, Multibank, Rialto etc) are borrowing billions in interest free dollars from the U.S. Treasury. To make matters worse, all their legal bills are paid by the FDIC. The small businessmen cannot compete in the courts and cannot afford to hire the lawyers to stay in the game.

The FDIC has created a situation where there is no opportunity for the borrower to gain equal access to justice.

There are numerous aspects of this that are morally and ethically

wrong.

----A. FDIC is using / risking tax payer funds with no return to the taxpayer.

----B. FDIC has created an un-level playing field favoring a federal agency and private Wall Street hedge funds and substantially disadvantaging private enterprise and small businessmen. That is contrary to government's function.

----C. The FDIC is a profit-making partner to the tune of a 60% share in each of the structured loans involved in the process. So the FDIC has become the enemy of the taxpayer borrower. The FDIC continues to be a 60% owner of each of the structured partnerships. So of course they have slanted the playing field and given unusual powers to their own partners.

----D. If FDIC can do this for Wall Street, why would they not work with the original Borrowers that were damaged when their bank failed or at least include them in the workout solution -- give them a chance to participate and get their investment back? The Borrowers have the property knowledge that would be very valuable to any development resolution down the road, especially critical on development loans.

----E. The FDIC has become the enemy of local economies. They and their giant Wall Street hedge fund partners intend to make a profit on the property taken from the failed bank's borrower's with no compensation for the property they take. Often the FDIC actions yield a much lower settlement than if the FDIC allowed the borrowers to work out their loan.

----F. The FDIC guarantees to pay most or all of the legal bills necessary to make Lennar, Rialto, Multibank and other structured partnerships function and attack borrowers. The Lennar, Rialto etc come into court with five or ten attorneys intimidating the court. The borrower has no chance at a fair crack at the legal system. The borrower is swamped with legal bills;

These same borrowers are unable to refinance to move the loan in today's environment. The banks are not lending and the regulators, state and federal, have told the banks that they will be criticized if they engage in making acquisition & development loans, construction loans and even commercial real estate loans.

So they take the loans and underlying collateral, attempt to bully,

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intimidate and frustrate the Borrowers on the one-hand while they compile the properties to partner with Wall Street and make a profit with the other.

To be sure, there are bad Borrowers out there that need to be addressed as such. But the majority of Borrowers are good people that honored their loans. They have good histories of honorable dealings with the banks that were closed. They were not the problem.

In many cases, especially acquisition & development and construction loans, the FDIC just "repudiated" a valid loan contracts, refused funding, put the borrowers out of business and breached the terms as a Lender default.

According to reports from borrowers, Lennar, Rialto and others make no effort to deal with the borrowers fairly or even equitably under the law. The borrower is often given little or no opportunity to work out a solution. Lennar, Rialto and others and their representatives use the IRS and litigation as a threat to intimidate.

Remember the FDIC uses funds from the banking industry [insurance fees charged banks] to guarantee depositors' accounts. They do not use taxpayer money for their primary function, so why are they allowed to use taxpayer money interest free to run over small businessmen borrowers, take their property and make profits with a Wall street partner (Lennar, Rialto, Multibank and others)?

Action Items:

-----1. Write up your story. It can be one, two, three pages or more. You don't have to be perfect. Just explain what happened to you and how you were treated by the FDIC, your bank, Lennar, Rialto, Multibank or other company or agency that is working with the FDIC.

Be sure to send a copy of your statement to American Land Rights at alara@pacifier.com <mailto: alara@pacifier.com > and ccushman@pacifier.com <mailto: ccushman@pacifier.com >

-----2. Contact your Congressman to talk to the staff person who handles Banking, Financial Services and/or the FDIC. Get his or her e-mail and forward our material plus your own personal letters. Be sure to send a copy of your personal letters regarding the FDIC, Rialto, Lennar and others to American Land Rights. Call any Congressman at [\(202\) 225-3121](tel:2022253121) .

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-----3. Contact both your Senators to do the same as above. You may call any Senator at [\(202\) 224-3121](tel:2022243121) .

-----4. Contact the two coalitions working to stop this extreme FDIC abuse: FDIC Rialto Affected Borrowers Coalition (FRABCo), 10013 NE Hazel Dell Ave #237, Vancouver, WA 98685— FRABCo.org@gmail.com <mailto: FRABCo.org@gmail.com >
-- [503-972-4080](tel:5039724080) . Check out the FRABCo website:
<http://reactioncommittee.com/> < <http://reactioncommittee.com/> >

-----5. Second coalition is the FDIC Bank Closure and Foreclosure Coalition formed by the American Land Rights Association, PO Box 400, Battle Ground, WA 98604, [\(360\) 687-3087](tel:3606873087) . It is operating under American Land Rights and working cooperatively with FRABCo. Website: www.landrights.org < <http://www.landrights.org/> >
Contact: Chuck Cushman at ccushman@pacifier.com <mailto: ccushman@pacifier.com >

-----6. Call any local or regional newspapers in your area to alert them to the hearing. Forward this message to their business reporters.

-----Please forward this message as widely as possible. The more allies you and American Land Rights have the more we are able to help you protect your property rights and your community.

It is important for other groups, individuals and communities to know where to go to get help when threatened by the FDIC, Lennar, Rialto and Multibank bank closure scandal.

If you are not already a member, we hope you decide to join and help ALRA help other groups compete in the political process.

Join or donate:

Please consider supporting American Land Rights by visiting our membership page <http://www.landrights.org/members.htm> to join or donate.” ALRA is working hard to keep you informed. E-mail is not that expensive but ALRA also sends tens of thousands of faxes and letters to alert your allies and friends about your issues. In addition we maintain a full time office and staff to serve our members and allies. Your support at this critical time would be appreciated. Thank you, Chuck Cushman, Executive Director.
ccushman@pacifier.com <mailto: ccushman@pacifier.com >

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. Look up Chuck Cushman or American Land Rights Association on Facebook, LinkedIn or Twitter. Please click the Like button.

Many of our allies in stopping this giant FDIC Bank Closure Scandal are making contributions on a monthly bases. Contributions are voluntary in the interest of getting Congress to stop Lennar, Rialto, Multibank and other Wall Street Hedgefunds from destroying small businessmen across the country and taking their personal assets to pay deficiencies.

You can join American Land Rights with a basic membership by going to www.landrights.org < <http://www.landrights.org/> > at the bottom of the home page or by mailing a check for \$25 for new members, that's a special \$10 off the regular \$35 for membership, to PO Box 400, Battle Ground, WA 98604.

You can go online and make a contribution. Supporters often give \$500 or \$1,000 or more. But even \$5 or \$10 helps the cause. Your support will make a big difference.

Many members send extra contributions beyond their regular memberships to help American Land Rights build this national coalition to be even more successful stopping the FDIC and its Wall Street hedge fund partners.

Your extra contributions make the difference in how fast ALRA and you achieve success. There is little question that you will win eventually. The key is to keep up the pressure on Congress as well as Lennar, Rialto, Multibank and others in the press.

American Land Rights must have the resources to keep up the pressure, educate the press and public about this amazing abuse of power by the FDIC and its partners Lennar, Rialto, Multibank and others.

The FDIC continues to close over 100 banks a year. There are tens of thousands of small businessmen and borrowers who are facing extreme duress. Many more are in the pipeline.

It is extremely expensive to reach out to these borrowers, get information to them to help them, and organize a nationwide coalition effort to pressure Congress to bring a close to this excessive abuse of power by the FDIC and its partners Lennar, Rialto, Multibank and others.

American Land Rights is sending hundreds of thousands of e-mails,

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faxes and letters to build allies in Congress.

Together we can stop the attack on your deficiencies and bring this FDIC scofflaw agency back under control. Congress must take action. Your continued pressure can make that happen.

The result of the attack on small businessmen by the FDIC, Lennar, Rialto, Multibank and other companies is the destruction of thousands of small businessmen and their companies thus eliminating many thousands of jobs and holding back the ability of communities to recover from the recession. Instead of helping solve the economic crisis, the FDIC is actually impeding the recovery. Congress must get the FDIC and its structured loan partners under control.

Please forward this urgent message as widely as possible.

Chuck Cushman
American Land Rights
ccushman@pacifier.com

Look Chuck Cushman and American Land Rights up on Google by typing in the following search terms: Chuck Cushman, Charles Cushman, Charles S. Cushman, American Land Rights Association, National Inholders Association and League of Private Property Voters.