

STAGECOACH ROBBERY

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WELLS FARGO STRIPPED WORKING COMMUNITIES OF THEIR WEALTH & ROBBED HOMEOWNERS OF THEIR RIGHTS



In 2008, the economy imploded because of the predatory lending practices and financial fraud perpetuated by powerful and politically influential Wall Street investors and big banks. Wall Street devised mortgages and loans to extract wealth from families who believed that if they worked hard and played by the rules, they too could achieve the “American Dream” and purchase a home. These practices pushed hard-working families into dire economic straits, and drove the global economy into a tailspin that continues to plague our economy today.

The causes of this crisis are well-documented, but the solutions to the crisis have clearly favored the criminals over the victims. There have been several high profile settlements entered into between the largest banks and both state and federal governments. Most homeowners never received any assistance from the banks or any funds from the settlements. Now we’re learning that banks, like Wells Fargo, used the terms of those settlements to steal away the legal rights and recourses of homeowners – and the New Jersey Office of the Attorney General continues to look the other way.

In New Jersey, the foreclosure crisis continues to lead the nation – in fact a full 5% of New Jersey residents were targeted by the big banks and tricked into fraudulent “pick-a-payment” loans which drove families into despair and crisis. In May 2013, approximately 1 in every 273 home sales in the state were attributed to foreclosed home sales.



Let's consider the facts. Wells Fargo (and their corporate predecessor, World Savings Bank), knowingly engaged in predatory and exploitative lending practices, specifically targeting working class communities, communities of color and immigrant communities. Wells Fargo peddled toxic loans to borrowers they knew would fail. When the housing market imploded and their actions were revealed, they negotiated settlements with State Attorneys General and the Department of Justice which ultimately stripped homeowners of their rights to sue or defend foreclosure actions taken by Wells Fargo. Essentially, Wells Fargo castrated homeowners of their legal rights and then moved aggressively to foreclose on families across New Jersey and the country.

Even worse, Wells Fargo openly continues to push bank workers to peddle dangerous financial products to economically disadvantaged communities. Wells Fargo has clearly learned that they are above being held accountable and that they can still generate more profit by stealing the little wealth that remains in low-income communities. Wells Fargo continues to act inappropriately under a "protective cloak of immunity."

The expectation by consumers is that we learned a hard lesson about the economics of toxic mortgages. Surely predatory lending has ceased in the aftermath of the foreclosure crisis. Unfortunately, this is not true.

Instead, Wells Fargo and the other big banks have learned how to act with greater stealth, stripping wealth from disadvantaged communities and witting down the legal rights and recourses available to homeowners.

It's now 2014, and the big banks are even bigger and more profitable than ever before. Yet, hundreds of thousands of homeowners are still struggling to rebuild their lives in the devastation caused by the greedy and predatory actions of the "too big to fail" banks. While it's too late to restore wealth to homeowners who couldn't stay afloat this long, there are still paths forward that can help lift working families out of this crisis and avoid future devastation. But it will require our elected and appointed leaders to prioritize the needs of actual citizens and the guts to carry out real solutions.

What should have prompted bold and aggressive action from our elected leaders and government agencies, turned into tepid back room deals that ultimately let those responsible off the hook. At the end of the day, homeowners trapped in toxic, predatory mortgages have been ignored, and tax payers have paid the bill.

Policy Recommendations

The following policy recommendations are specific to Wells Fargo and the State of New Jersey. However, the spirit of these recommendations can – and should – be applied industry-wide. Settlements and legal agreements between banks and the State of New Jersey should be reviewed with a specific attention to results, reporting and enforcement.

Report Results of Mortgage Settlements: Wells Fargo must publicly release their mortgage modification data and disclose how many homeowners received modifications on their mortgages, how many were denied, and how those determinations were made.

Release Assurance Reports Required by Settlement Agreement(s): Wells Fargo and the New Jersey Office of the Attorney General must publicly release the assurance reports that the bank submitted to the State. These reports were required as part of the settlement to make sure Wells Fargo followed the promises laid out in their agreement.

Enforce Homeowner Protections According to State Laws and the Original Agreement Between New Jersey & Wells Fargo: The New Jersey Office of the Attorney General should prosecute Wells Fargo for breaching their deal with the State, which promised that homeowners would not have to surrender their rights to sue Wells Fargo if they accepted mortgage modifications. The bank's subsequent deal in the Federal class action lawsuit demanded that homeowners surrender these rights – a clear breach of their original deal with New Jersey.

Enforce & Enhance Homeowner Protections & Predatory Lending Laws: The New Jersey State Legislature must take immediate action and put an end to the predatory and toxic financial products that Wells Fargo continues to force bank workers to peddle to working-class communities of color.

Communities have learned that the way to achieve justice is to hold banks and government officials accountable for their behavior through aggressive direct action with clear and concise demands. State and federal relief programs have failed and it has impacted communities that have the power to stand up and demand solutions to the crisis. Despite the lack of action by fearful leaders, a legal analysis from the law firm Denbeaux & Denbeaux, and a growing movement of empowered homeowners in New Jersey have identified several paths forward that can hold Wells Fargo and other big banks accountable for their actions, end their pillaging of wealth from working-class communities, and find some semblance of justice for all those they've harmed.

If we've been unable to hold banks like Wells Fargo accountable for the crisis they created, what's to stop them from continuing their bad behavior and driving our economy to the edge again and again? How much is enough?



Community Values.

Collective Action.

A Strong New Jersey.

About New Jersey Communities United

New Jersey Communities United is a growing progressive grassroots community organization committed to building power for low and moderate income people, predominantly in Newark.

At NJCU, we work to ensure that everyone has access to the American Dream by amplifying the voices of low- and moderate-income communities, communities of color, and immigrant Americans through collective action. We develop the capacities essential to hold government and corporations accountable, improve the health of our families, economy and environment, and reform our public schools, workplaces and financial institutions.