National News

August Foreclosures Hit 102,000 U.S. Households

Nearly 102,000 U.S. homeowners lost their properties to foreclosure in August, up nearly 6% from July, and more than 80% from August 2007, according a ForeclosureS.com report released Sept. 8.

So far this year, lenders have repossessed a record 656,545 properties nationwide—or 8.6 of every 1,000 households in the United States. They are expected to repossess more than 1 million by year's end.

Year-to-date, 1.45 million homeowners (19.6 of every 1,000 households) faced pre-foreclosure actions by lenders, almost double the number a year ago.

The Mortgage Bankers Association, in its National Delinquency Survey in the first week of September, reported 6.4% of all mortgage loans were delinquent in the second quarter, not including those in the foreclosure process. A total of 2.7% of loans were somewhere in the foreclosure process.

The Southwest reported by far the largest number of foreclosed properties year-to-date, 348,019 or 12.7 per 1,000 households. The Southeast leads the nation in pre-foreclosures filed year-to-date with 477,177, or 27.5 per 1,000 households.

Senate Committee: Banks Evade Billions in Taxes

Just days after Treasury Secretary Henry Paulson acted unconstitutionally to bail out his speculator friends, as provided by the Dodd-Frank bill, the Senate Subcommittee on Investigations released a 77-page report which exposes a $100-billion-a-year tax-evasion scheme devised by such named brokerage firms and banks as Morgan Stanley, Lehman Brothers, Deutsche Bank, Merrill Lynch, UBS, and Citigroup, in conjunction with major U.S.-based hedge funds such as Moore Capital, Highbridge, and Maverick Capital, to name just a few.

As the subcommittee reports, through programs with names like "dividend enhancement" and "dividend uplift," these banks and brokerage firms are using complex equity swaps, fake loans, and sham stock sales, sometimes through entities in the Cayman Islands, to disguise dividend payments to clients.

Although the report focuses on how these U.S. financial institutions have helped "foreign" clients dodge dividend payments, subcommittee chairman Carl Levin (D-Mich.), pointed out that if you take a closer look, some of those foreign investors begin to look a lot less foreign. They are hedge funds organized offshore, often by Americans.

"Hedge funds and other offshore entities couldn't perform their dividend-tax escape act without the cooperation and assistance of financial institutions. It is those financial institutions that devise the abusive transactions and send the U.S. dividend payments offshore to their clients in the form of dividend equivalent or substitute dividend payments, without remitting any taxes to the U.S. Treasury."

Lawmakers: Russia Was Right; Georgia, Wrong

The Bush/Cheney anti-Russia line on the Russia-Georgia conflict was sharply challenged by both Democrats and Republicans at a House Foreign Affairs Committee meeting Sept. 9.

That the Georgians and their President Mikheil Saakashvili started the conflict was brought up by committee chairman Howard Berman (D-Calif.) and Rep. William Delahunt (D-Mass.), as well as by Rep. Brad Sherman (D-Calif.) and Rep. Dana Rohrabacher (R-Calif.). Referring to reports that Saakashvili had launched a military strike against South Ossetia so that he would have a *fait accompli*, Delahunt then charged that "we are being asked to reward that ... with a $1 billion appropriation," adding that "everyone agrees that Georgia attacked and launched their military operations first."

Rohrabacher declared, "The Georgians broke the truce, not the Russians. And no amount of talk of provocation and all this other stuff can alter that fact.... Let me just say that the Russians are right, we're wrong," Rohrbacher stated. "The Georgians started it. The Russians ended it."

Addressing Assistant Secretary of State Daniel Fried, a number of Committee members, starting with Sherman, demanded to know why the U.S. is for self-determination for Kosovo, and against it for South Ossetia. Rohrabacher was the toughest, asking Fried: "How many Serbs were killed by American military operations to make sure that the Kosovars have their right of self-determination? About 500 is the answer, Mr. Secretary."

Banks Have the Runs; Buffett Fears for 1,500

A subsidiary of Warren Buffett's Berkshire Hathaway, Kansas Bankers Surety Corp., has terminated its "excess deposit insurance" plan by which it insured bank deposits above $100,000, particularly for smaller community and regional banks. The reason, a Paris banking source said Sept. 10, is that Buffett fears that 1,500 U.S. banks will soon fail. The *Wall Street Journal* made a similar report of Buffett's fears.

Washington Mutual, the country's biggest savings and loan institution, with over $250 billion in deposits, and a toxic book of mortgage "assets," has been placed on probation by the Office of Thrift Supervision.

Lehman Brothers, whose CEO Richard Fuld is closely advised by fascist banker Felix Rohatyn, has begun to set up a separate unit to try to auction off its $30 billion in commercial mortgage-backed securities. Morgan Stanley may likely end up being the "receiving bank" for Lehman. That, commented Lyndon LaRouche, is "like the sinking Titanic buying another anchor!"