



January 24, 2012

Dear President Obama:

While banks enjoy record profits, millions of Americans are drowning in underwater mortgages.

Regarding the settlement talks between state attorneys general and big banks: the banks deserve much more than a slap on the wrist. We urge the administration to fight for and win a solution that is at the scale of the problem. Specifically, we urge the administration to ensure the following:

1) The banks must pay a minimum \$300 billion in principal reduction for homeowners with underwater mortgages and restitution for foreclosed-on families. The \$300 billion shouldn't be taken out of the pension accounts of ordinary Americans. Authentic principal reduction at this scale is essential. Every effort to date to reboot the housing market has failed because it has not done the most essential thing -- actually reduce the massive debt load carried by homeowners. Add up all the underwater homes in America, and there's an estimated \$750 billion in negative equity in the country. The rumored \$17 billion for principal reduction in the settlement currently under consideration is a tiny fraction of what's needed.

2) There must be a full-fledged, full-blown investigation into Wall Street financial fraud by the Department of Justice. There should be a task force with the staff resources, the authority, and the explicit mission of seriously investigating fraudulent behavior in the way home mortgages were originated, serviced, and securitized.

The banks can afford it. U.S. banks made \$35 billion in profits last summer alone and are currently sitting on a historically high level of cash reserves of \$1.64 trillion. The six biggest banks -- Bank of America, Wells Fargo, Citigroup, JP Morgan Chase, Goldman Sachs, and Morgan Stanley -- hold assets totaling \$9.5 trillion. And that's not all. Despite their bleak performance this year, the nation's top six banks paid out \$144 billion in bonuses and compensation for 2011, second only to the record \$147 billion they paid out in 2007 at the height of the economic boom.

This administration has the ability to change the scope and direction of this deal, to show that the big banks can be held accountable for the problems they played such a central role in creating. Mr. President, the country needs your leadership and courage at this critical time.

SIGNED BY:

Alliance for a Just Society

Alliance of Californians for Community Empowerment

ColorofChange.org

MoveOn.org

National Domestic Workers Alliance

National People's Action

New Bottom Line

PICO National Network

Rebuild the Dream

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