

AFL-CIO McCAIN WATCH

Deep Financial Ties Prevent McCain From Acting to Stem the Mortgage Crisis, Casting a Cloud on His Judgment

The mortgage crisis has resulted in record foreclosure filings. There is no wonder why so many state and local governments have sued to protect homeowners. The country's economic outlook is bleak. Congress approved a stimulus package hoping to trigger consumer spending and boost our ailing economy. But John McCain has not shown any real interest in correcting this situation. In fact, McCain has substantial financial ties to the industries that are causing the problem. Will McCain get his hands out of the banking and real estate industries' pockets and give the economy the hands on approach it needs?

January 2008: 233,000 Foreclosures Reported; An 8 Percent Increase From December 2007.

“RealtyTrac released its January 2008 U.S. Foreclosure Market Report, which shows foreclosure filings — default notices, auction sales notices and bank repossessions — were reported on 233,001 properties during the month, an increase of 8 percent from the previous month and an increase of nearly 57 percent from January 2007.” [\[RealtyTrac Press Release, 2/26/08\]](#)

Feds Investigate 14 Companies Connected to Housing Crisis of Mortgage Fraud. The FBI and Securities and Exchange Commission opened a criminal probe into mortgage-market fraud by 14 companies. The criminal probe is the latest in a string of investigations assessing how much banks knew and disclosed about risky mortgage securities back by subprime loans. The FBI did not identify the companies involved in the probe. [\[Associated Press, 2/1/08\]](#); [\[Associated Press, 2/19/08\]](#)

State & Local Governments Facing the Highest Foreclosure Rates Sue to Protect Homeowners

Ohio & New York Attorneys General Allege Systematic Inflation of Home Appraisals. “Attorneys general in New York and Ohio are targeting alleged systematic inflation of home appraisals by major lenders and appraisal firms. Litigation in Massachusetts and other states seeks to demonstrate that investment banks failed to disclose risks to investors who bought mortgage-related securities and weren't up front about conflicts of interest across their far-flung financial operations, including trading of subprime investments.” [\[Associated Press, 2/19/08\]](#)

- **2007: Ohio Ranked 3rd In Foreclosure Filings Totaling 153,196.** According to RealtyTrac mortgage research company, “Ohio had 153,200 foreclosures last year, an 88 percent increase from 2006. Only California and Florida had more foreclosures.” Four Ohio cities rank in top 20 for foreclosure rates: Cleveland at No. 6, Akron at No. 12, Dayton at No. 15 and Toledo at No. 19. [\[Cleveland Plain Dealer, 1/30/08\]](#); [\[RealtyTrac Press Release, 2/13/08\]](#)

Cleveland Is Suing To Hold 21 Banks Accountable For Foreclosure Crisis. “Cleveland is suing 21 of the nation's largest banks and financial institutions, accusing them of knowingly plunging the city into a financial crisis by flooding the local housing market with subprime mortgage loans to people who could never repay...The list of defendants includes some of the most prominent firms on Wall Street, like **Citigroup, Bank of America, Wells Fargo, Merrill Lynch and Countrywide Financial...**” [\[New York Times, 1/12/08\]](#)

- **2007: Cleveland Hit Hard With 49,000 Foreclosure Filings.** “Cleveland's 2007 foreclosure rate — 2.972 percent of households entering some stage of foreclosure during the year — ranked sixth

February 26, 2008

highest nationally and was the highest of any Ohio metro area on the list. A total of 49,071 foreclosure filings on 27,848 properties were reported during 2007, up 112 percent from 2006.” [\[RealtyTrac Press Release, 2/13/08\]](#)

2007: Florida Ranked 2nd In Foreclosure Filings Totaling 279,325. “More than 2 percent of Florida households entered some stage of foreclosure last year, the second highest foreclosure rate among all states...[RealtyTrac’s] 2007 U.S. Foreclosure Market Report reported 279,325 foreclosure filings on 165,291 Florida properties, roughly double the foreclosure filings from 2006.” [\[Palm Beach Post, 1/30/08\]](#)

- **2007: Three Florida Cities Ranked in Top 20 for Foreclosure Rates; Miami Had 8th Highest Rate.** “With 2.724 percent of its households entering some stage of foreclosure in 2007, Miami documented the eighth highest metro foreclosure rate, highest among Florida metro areas. A total of 51,662 foreclosure filings on 25,296 properties were reported in the metro area during 2007, up 106 percent from 2006. Other Florida metro areas with foreclosure rates in the top 20 were Fort Lauderdale at No. 10 and Orlando at No. 20.” [\[RealtyTrac Press Release, 2/13/08\]](#)

Florida’s Attorney General Issued Subpoenas To Countrywide In Predatory Lending Probe.

“Florida Attorney General Bill McCollum said he is seeking information on the business practices of Countrywide Financial Corp...McCollum wants to know how Calabasas, CA-based Countrywide handles borrower payments and credit, and is looking for materials related to the company’s sales practices and standards for making various type of loans. He also wants to know whether Countrywide charged excessive fees to borrowers in the foreclosure process.” [\[South Florida Business Journal, 1/31/08\]](#)

Baltimore Is Suing Wells Fargo Over Discriminatory Lending Practices. “Baltimore’s mayor and City Council are suing Wells Fargo Bank, contending that its lending practices discriminated against black borrowers and led to a wave of foreclosures that has reduced city tax revenues and increased its costs...” [\[New York Times, 1/8/08\]](#)

Even McCain’s Hometown Suffers From Rising Foreclosures

McCain’s Hometown Phoenix Had Devastating 56,000 Foreclosure Filings in 2007. In 2007, Phoenix reported 56,040 foreclosures - that represents a 177 percent increase from 2006. JoAnn Hauger, executive director of the Community Housing Resources of Arizona, sees 20 to 30 people a month in need of housing counseling because they can no longer afford their mortgage payments. “It is tough,” she said, “I don’t know if Bush’s \$300 or \$600 will make a difference.” [\[RealtyTrac Press Release, 2/13/08\]](#); [Washington Post, 2/5/08\]](#)

- **Arizona Faces Billion-Dollar Budget Shortfall and Rising Housing Vacancies.** Maricopa, Arizona residents vote “against a backdrop of vacant storefronts and sprawling, terra-cotta-roofed subdivisions that are studded with for-sale signs as far as the eye can see. The state government is staring at a billion-dollar shortfall in its \$11 billion budget. Forecasters expect a region that grew 7 percent in 2006 to contract this year. Retail sales, which rose 16 percent in 2006, are dropping. Dennis Hoffman, an economics professor at Arizona State University, said he had never seen such a sharp turnabout in 25 years studying the local economy.” [\[Washington Post, 2/5/08\]](#)

But He Claims...

McCain: We Are NOT Headed Into a Recession. McCain said, “I don’t believe we’re headed into a recession. I believe the fundamentals of this economy are strong, and I believe they will remain strong.” [\[GOP Debate, Myrtle Beach, FNC, 1/10/08\]](#)

McCain Puts Bank's Interest Ahead of Homeowner's

McCain Said Government Should *Consider* Intervening in Mortgage Crisis; Did NOT Specify Necessary Intervention. “Reacting to voters’ concerns about the economy, Senator John McCain said that he would consider greater intervention by the federal government to limit the fallout of the mortgage crisis if current measures fail. McCain...did not specify what further federal intervention might be necessary.” [[New York Times](#), 12/15/07]

- **But ONLY If Efforts To Help The Banks Do NOT Succeed.** “Arizona Sen. John McCain is the only GOP hopeful to express any support for government intervention in the foreclosure crisis, and then only if current efforts by the White House to work with banks don't succeed.” [[St Louis Post-Dispatch](#), 1/27/08]

McCain Skipped Vote on Economic Stimulus Package Despite Being in Washington. Senator McCain missed a key vote on HR. 5140- the Recovery Rebates and Economic Stimulus for the American People Act of 2008. “McCain returned to Washington but made an eleventh-hour decision to skip the vote, aides to his campaign said.” [HR. 5140, Vote# 6, 2/6/08; [Associated Press](#), 2/6/08]

With Extensive Ties To The Banking & Real Estate Industry, No Wonder He Will NOT Act

McCain Raised Approximately \$6 Million from Finance, Insurance and Real Estate Industries Senator McCain received \$6,045,302 in contributions from individuals in the Finance, Insurance and Real Estate industries. McCain received a hefty \$2,134,033 from the Securities industry; \$1,900,616 from the Real Estate industry; \$620,673 from Commercial Banks; and \$308,662 from the Insurance industry. [[OpenSecrets.org](#), accessed 2/4/08]

McCain Has 120 Registered Bundlers from the Finance, Banking and Real Estate Industries. According to the [WhiteHouseForSale.org](#), a site that tracks bundlers for the presidential candidates, Senator McCain has 120 registered bundlers from the Real Estate (51), Securities & Investment (40), Commercial Banks (13), Finance (11) and Insurance (5) industries. [[WhiteHouseForSale.org](#), accessed 2/5/08]

- **McCain Leads Among Candidates with Bundlers from Real Estate & Commercial Banking Industries.** McCain leads among presidential candidates for bundlers from the Real Estate and Commercial Banking industries. Wachovia CEO and President G. Kenny Thompson is a McCain bundler. [[WhiteHouseForSale.org](#), accessed 2/5/08]

Wachovia CEO and President G. Kenny Thompson is a McCain Bundler. According to [WhiteHouseForSale.org](#), Wachovia CEO and President G. Kenny Thompson is a bundler for Senator McCain’s presidential campaign. [[WhiteHouseForSale.org](#), accessed 2/5/08]

- **Wachovia Rewards CEO Ken Thompson With More Stock Options After Dismal Year.** After a difficult year, Wachovia gave CEO Ken Thompson additional stock options for his work in 2007. Thompson was granted 1.5 million options to buy the company’s stock at three different prices, ranging from \$33.79 to \$48.00. Spokesperson Christy Phillips-Brown said, “We believe the stock awards demonstrate Wachovia's commitment to pay for performance and the board's confidence in Wachovia's management team to deliver increased shareholder value.” [[Charlotte Observer](#), 2/22/08]

Wachovia Did NOT Perform As Analysts Expected...

- **Wachovia's 2007 Profits Fell 19 Percent Due to Mortgage Related Losses; Performed Worse Than Analysts Expected.** According to the Charlotte Observer: "In 2007, Wachovia's profits fell about 19 percent to \$6.3 billion, partly because of losses tied to mortgage-related investments." Wachovia's fourth quarter earnings dropped 98 percent due to nearly \$10 billion in credit write-downs. Wachovia's quarter profits fell to \$51 million from \$2.3 billion the previous year. The results were far worse than analysts expected. [Charlotte Observer, 2/22/08; Los Angeles Times, 1/23/08]