

PEOPLE'S REVIEW OF DETROIT'S \$600 MILLION YEARLY DEBT SERVICE LAUNCHED; PART OF CAMPAIGN TO MAKE THE BANKS PAY FOR FISCAL CRISIS THEY CAUSED

A lawsuit has been filed demanding release and copies of the City of Detroit's bond issues and interest rate swaps with the banks. The lawsuit is to launch an independent review of the City's massive debt service payments to the same banks which caused the financial crisis in the city with their racist predatory lending practices that resulted in 150,000 foreclosures from 2005-2010.

The Emergency Manager Act, guarantees the banks "payment in full of the scheduled debt service requirements on all bonds, notes and municipal securities," even if it means selling city assets such as Belle Isle and the Water Department, laying off more workers, cutting more city services, or attacking the pension system for retirees. Governor Snyder's and Mayor Bing's "financial stability agreement" incorporate these guarantees to the banks by giving the banks' direct control the city's finances.

Last year's Financial Review Team's Report on Detroit's finances notes that in the prior fiscal year the City of Detroit paid \$597 in debt service to the banks. The city owes \$16.9 billion in debt service to the banks, including \$4.9 billion in interest (profit) alone. The City is paying hundreds of millions a year in penalties for failed interest rate swaps, swaps based on the fraudulent LIBOR index, and placed in default when credit agencies like Standard & Poors, which was just slapped with a \$5 billion lawsuit by the U.S. Department of Justice alleging fraudulent practices which helped precipitate the sub-prime mortgage crisis, lowered the City's bond ratings.

Why should the same banks who destroyed the tax base of our city, who drove over 200,000 people out of the City of Detroit through their criminal, fraudulent foreclosures and evictions, who were bailed out by taxpayers and the Federal Reserve with TRILLIONS of our dollars, get paid first? The banks owe Detroit billions in reparations for the destruction they have caused. A suspension in debt service payments would immediately resolve the cities' fiscal crises and allow for the restoration of city services and the recall of laid-off city workers.

MORATORIUM NOW! COALITION TO STOP FORECLOSURES, EVICTIONS & UTILITY SHUT-OFFS

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