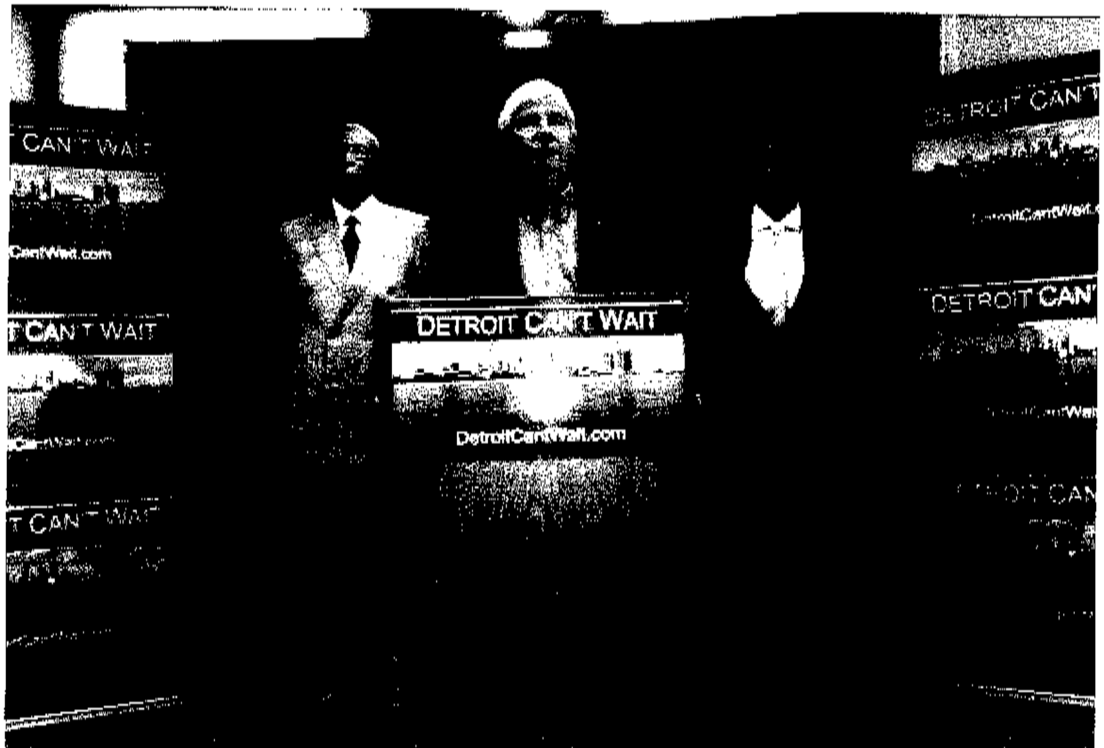
VOICE OF DETROIT http://voiceofdetroit.net
Editor Diane Bukowski, Videographer Kenneth Snodgrass P.O. Box 32684 Detroit, MI 48232
Direct Line: 313-825-6126 Direct Fax: 313-557-1576 email: diane_bukowski@hotmail.com

DETROIT EFM'S LAW FIRM ADVISES WORLD'S BIGGEST CROOKS, INCLUDING LIBOR BANKS



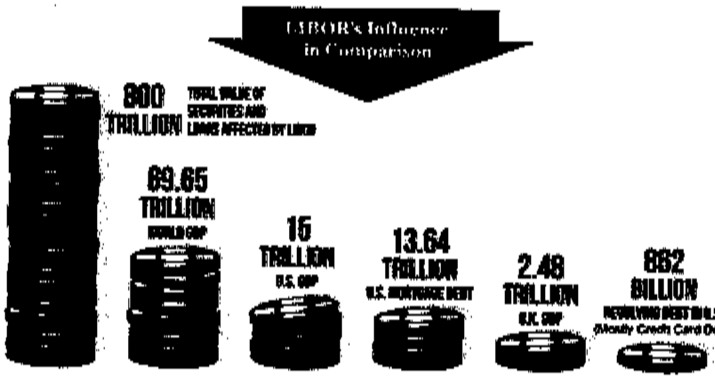
Michigan Gov. Rick Snyder (at podium) announces state takeover of Detroit, the world's largest Black majority city outside of Africa. Mayor Dave Bing (r) and new EFM Kevyn Orr stand at attention during press conference March 14, 2013.

- ***UBS, which sold Detroit predatory $1.5 billion POC loan, involved in LIBOR, which "dwarfs any financial scam in history"***

March 16, 2013

DETROIT – Detroit's newly-appointed "Emergency Financial Manager" Kevyn Orr was virtually speechless when VOD asked him what he would do about banks like UBS AG and others involved in the global "LIBOR" interest rate-rigging scandal, as it relates to Detroit's gargantuan debt load of more than $12 billion.

"This dwarfs by orders of magnitude any financial scam in the history of markets," Andrew Lo, Professor of Finance at the Massachusetts Institute of Technology, said about the LIBOR (London Interbank Offered Rate) case.



LIBOR fraud has resulted in over $800 trillion in profit to banks and lenders world-wide, at the expense of municipal and other government services, as well as peoples' needs.

VOD cited to Orr the fact that UBS loaned the City of Detroit $1.5 billion in 2004 in a predatory "pension obligation certificates" scheme, before the global economic meltdown of 2008. The city later defaulted on the loan twice, causing its debt ratings to plunge and interest rates to skyrocket. Because of the defaults, the city's income from state revenue-sharing and from casino taxes is now funneled through a trustee, USBankcorp, to ensure payment of the debt.

UBS AG just paid a fine of $1.5 billion to the U.S. Justice Department, admitting to fraud in the scheme.

Stephen Murphy of Standard and Poor's presses City Council to approve $1.5 billion POC loan from UBS during meeting Jan. 31, 2004. Also shown (l to r) former Detroit CFO Sean Werdlow, Joe O'Keefe of Fitch Ratings, then Deputy Mayor Anthony Adams.

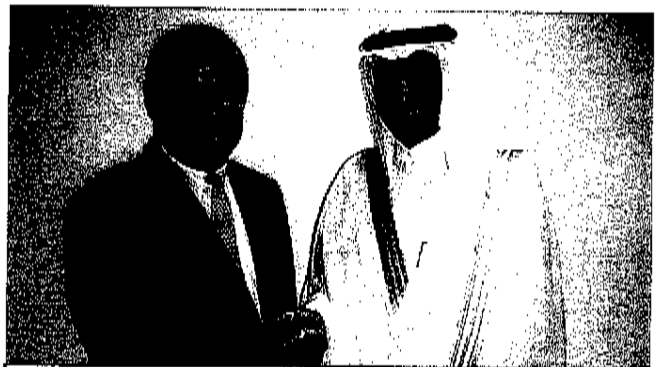
"'I'm aware of those things," was Orr's only response to VOD's question about LIBOR and UBS, during a press conference held by Michigan Gov. Rick Snyder, with Detroit Mayor Dave Bing loyally standing by, on Mar. 14 at Snyder's Detroit office in the Cadillac Building.

One trader has said LIBOR interest-rate rigging has been going on since at least 1991. Exposure began as early as 2005.

"The Bank for International Settlements estimated that outstanding interest rate contracts linked to Libor were valued at about $450 trillion in the second half of 2009. Nearly all 2008 subprime adjustable rate mortgages in the U.S. were similarly pegged to

Libor, according to a Federal Reserve Bank of Cleveland report," a recent USA Today article said.

VOD has discovered why Orr was didn't say anything more about LIBOR during the press conference.



Jones Day Managing Partner Stephen Brogan in Saudia Arabia in 2012 to open another of its many offices in that kingdom.

Orr hails from the world's third largest law firm, Jones Day, which has been tapped to be the city's re-structuring advisor (if approved by City Council).

Jones Day has over 2500 lawyers, 828 partners (of which Orr is only one), 35 offices across the globe, and gross revenues of $1.6 billion in 2011.

Founded in Cleveland, Ohio, it is now based in Washington D.C. Its managing partner is Stephen Brogan.

Orr said he has left the law firm and that it has "firewalls" in place to prevent conflicts of interest, but did not disclose the firm is up for the costly city contract.

Orr's bio on the Jones Day website says, "Kevyn Orr has practiced in the areas of business restructuring, financial institution regulation, and commercial litigation since 1984." It says he was part of the team representing Chrysler LLC as well as other corporations in bankruptcy proceedings, and that he defended URS/WGI against USDOJ claims.

Jones Day itself has acted as advisor to most of the LIBOR banks, Those include UBS Limited, a subsidiary of UBS AG, as recently as August, 2012, well after the LIBOR scandal began breaking.

Jones Day client banks involved in LIBOR scandal.

From the Jones Day website:

"Deutsche Bank, HSBC Bank, UBS Limited, and BBVA underwrite £500 million public offering by PepsiCo

August 2012 -Jones Day advised Deutsche Bank, AG London Branch; HSBC Bank plc; UBS Limited; and Banco Bilbao Vizcaya Argentaria, S.A., as underwriters, in connection with the public offering by PepsiCo, Inc., a leading global food and beverage company, of £500 million (US$791.2 million) of 2.500% Senior Notes due 2022. The Notes are expected to be listed on the NYSE.

UBS CEO Sergi Ermatti

"UBS, Jefferies, Baird, Needham & Company, and Natixis underwrite $77 million IPO by Sequans Communications

April 2011- Jones Day advised UBS Limited; Jefferies & Company, Inc.; Robert W. Baird & Co. Incorporated; Needham & Company, LLC; and Natixis Bleichroeder LLC in connection with the $77 million initial public offering of American Depositary Shares on the NYSE by Sequans Communications S.A. . . ."

Along with UBS, Deutsche Bank and HSBC Bank are among 13 banks sued by the City of Baltimore and dozens of other municipalities, labor unions, financial funds, and individual investors across the U.S. in a mammoth federal multidistrict litigation matter in Manhattan federal court, in addition to investigations being conducted by governments across the world.

Other Jones Day clients involved in LIBOR scandal

Other citations from the Jones Day website:

Barclay's CEO Bob Diamond

"Barclays, BNP Paribas and UBS complete $1 billion public offering of 4.875% Global Bonds due 2015, Global Benchmark, SEC Registered

November 2005 – Jones Day assisted Barclays Capital, BNP Paribas Securities Corp and UBS Limited in connection with the public offering by Landwirtschaftliche Rentenbank of Global Benchmark, SEC registered of $1 billion 4.875% Global Bonds due 2015.

Landwirtschaftliche Rentenbank is a financial institute organized under the public law of the Federal Republic of Germany. . . .

"Deutsche Bank, UBS and Nomura underwrite $1.5 billion global bond public offering by Landwirtschaftliche Rentenbank

October 2004 – Jones Day represented Deutsche Bank AG, Nomura International plc, and UBS Limited as lead underwriters in connection with the public offering by Landwirtschaftliche Rentenbank of Global Benchmark, SEC registered $1.5 billion 3.65% Global Bonds due October 20, 2009 . . ."

Deutsche CEO Josef Ackerman

Barclay's was the first bank British regulators went after in the LIBOR scandal, with investigations beginning in 2005, according to a BBC article.

One of the emails cited in the investigation included the following: "Hi Guys, We got a big position in 3m libor for the next 3 days. Can we please keep the lib or fixing at 5.39 for the next few days. It would really help. We do not want it to fix any higher than that. Tks a lot." *Barclays Bank trader in New York to submitter, 13 September 2006.*

"On 27 June [2012], Barclays admitted to misconduct," said the BBC article. "The UK's FSA [Financial Securities Administration] imposed a £59.5m penalty. The US Department of Justice and the Commodity Futures Trading Commission (CFTC) imposed fines worth £102m and £128m respectively, forcing Barclays to pay a total of around £290m."

Barclay's CEO Bob Diamond and Chairman of the Board Marcus Agius later resigned, and after a criminal probe, three Barclay's traders went to prison.

Chase Bank CEO Jamie Dimon

.

On its website, Jones Day also lists as clients Bank of America, Citigroup, Morgan Stanley Realty (a subsidiary of J.P. Morgan Chase), J.P. Morgan Chase, and the Royal Bank of Scotland (RBS) Commercial Services, all defendants in the U.S. LIBOR class action lawsuit.

Other well-known banksters serviced by Jones Day include Lehman Brothers Holdings, LLC, what is left of Lehman Brothers. That company's collapse began the global meltdown of 2008. Its accounting firm Ernst & Young has been advising the City of Detroit on financial matters since 2011, at the same time being sued by the states of New York and New Jersey for misrepresenting the company's financial situation.

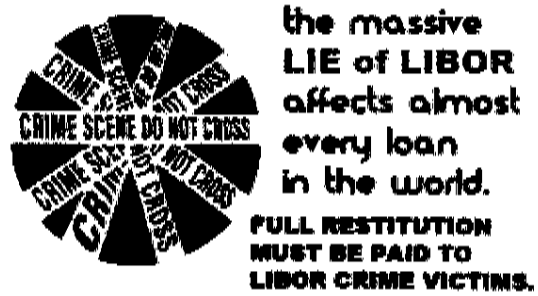
Also included is Goldman Sachs, now advising the Detroit Board of Water Commissioners on the current plan to transform the Detroit Water and Sewerage Department into two authorities completely disconnected from the City of Detroit.

VOD sent the following email to Kevyn Orr asking him for his response to these allegations, but has not yet heard from him:

Kevyn Orr holds forth at press conference

Mr. Orr, this is Diane Bukowski, editor of The Voice of Detroit, online at http://voiceofdetroit.net. You may or may not recall that I asked you during the Governor's press conference March 14 what you would do about the banks' role in Detroit's debt crisis.
I specifically brought up the LIBOR scandal and the fact that UBS, a defendant in LIBOR litigation which has so far paid \$1.5 billion in fines for interest-rate rigging, holds one of Detroit's largest debts, the \$1.5 billion Pension Obligation Certificate loan approved by City Council in 2004.

You stated you were "aware" of the situation, but did not anwer my question regarding what you planned to do about it. Since we spoke, I have researched Jones Day clients, and found that Jones Day has represented the following clients in various deals, clients who are defendants in LIBOR-related cases:



This illustration was not included in email to Mr. Orr

.

1) UBS Limited, a subsidiary of UBS AG.
2) Deutsche Bank
3) Barclay's
4) Bank of America
5) Citigroup
6) Morgan Stanley Realty (a subsidiary of J.P. Morgan Chase)
7) J.P. Morgan Chase, and
8) the Royal Bank of Scotland (RBS) Commercial Services, a subsidiary of RBS.

From my research, I do not see that Jones Day represented these entities in the LIBOR litigation. However, the deals in which Jones Day represented these banks range at least from 2004 through 2012, a period during which the LIBOR scandal was emerging and finally blew completely in 2012. One trader has said in published material that LIBOR interest-rate rigging has been rampant since at least 1991.

DWSD worker during strike Sept. 30, 2012

The City of Baltimore, various other municipalities and counties, pension funds, investors like Charles Schwab and numerous other entities are involved as plaintiffs in the LIBOR litigation.

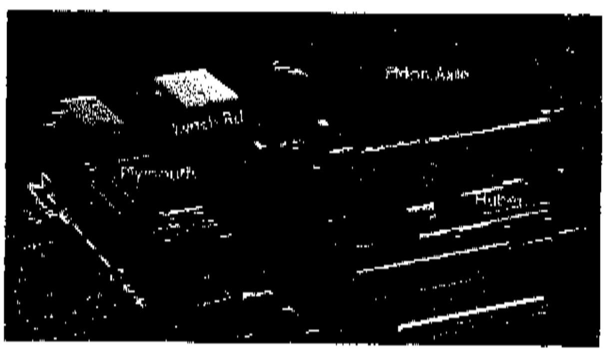
You have indicated in published reports that City of Detroit assets such DWSD and Belle Isle are on the table to resolve Detroit's alleged financial crisis.

Questions:

1. Are you planning to research, from your study of Detroit's books, how much the city may have lost due to criminal LIBOR-related deals with UBS and other institutions cited above, which involved interest-rate rigging? Do you plan to join Baltimore and other municipalities in seeking redress from these banks?

Homeowners get help at foreclosure hearing

2. Many of these same banks have been involved in predatory lending practices in Detroit and other cities with large populations of color. As a result of foreclosures and evictions during the last period, Detroit has lost over 250,000 residents. I see by your bio on the Jones Day site that you have helped write several documents related to TARP, so you are familiar with the fact that TARP was supposed to allow homeowners to negotiate affordable monthly payments, which has been done in only a small percentage of cases. Do you plan to pursue restitution from the banks and mortgage companies involved for the resulting destruction of a large part of Detroit's tax base?

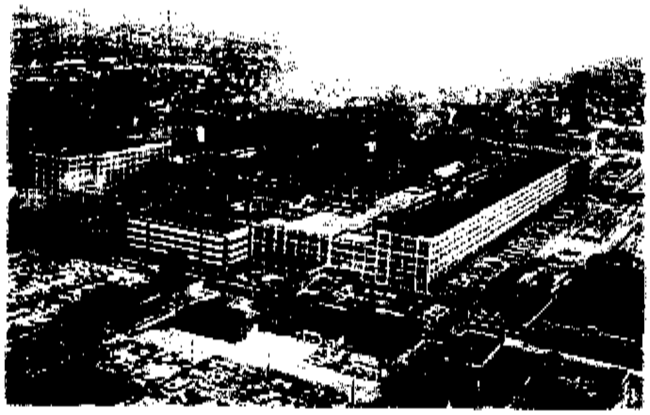


Chrysler Detroit Axle RIP

3. You are most well-known as a participant with other Jones Day partners in the Chrysler bankruptcy and the creation of the Fiat-led "New Chrysler." You therefore must be aware that Chrysler closed two plants in the Detroit area as part of the bankruptcy: the Sterling Heights plant, and. the Detroit Conner Avenue plant, and moved production from its Detroit axle plant to Port Huron, MI. Chrysler along with the other auto companies has shut many more plants in the Detroit region beginning with the historic closure of the Chrysler Hamtramck Assembly Plant, better known as "Dodge Main" on Jan. 4, 1980.

These plants were generally moved to the South or overseas. These closures decimated Detroit's tax base both in terms of corporate taxes as well as individual taxes from Chrysler workers. Do you plan to seek restitution from Chrysler or any other automaker for the resulting loss of revenue to the City of Detroit?

Dodge Main



4. Given the above issues, can you recommend hiring your former long-time employer, Jones Day, as Detroit's "restructuring" consultant?

5. Is this hiring of Jones Day not a conflict of interest for you as Detroit EFM?

Thank you kindly for your prompt responses to my questions. Please feel free to correct any errors of fact. My story will likely be going to press today, but I can publish your responses in a follow-up story as this is the first in a series.

Related documents and articles:

Amended LIBOR class action complaint 12 23 11
Wikipedia: Libor scandal
http://www.bbc.co.uk/news/business-18671255
http://voiceofdetroit.net/2013/03/12/grand-theft-of-detroits-water-dept-imminent-water-board-mtg-wed-march-13-2pm/
http://voiceofdetroit.net/2013/02/24/u-s-banks-scrutinized-in-libor-scandal-probe/
http://voiceofdetroit.net/2013/02/17/group-sues-for-detroits-debt-documents-state-review-team-leaks-negative-findings/
http://voiceofdetroit.net/2012/12/28/detroit-city-council-6-collaborators-in-war-on-people/
http://voiceofdetroit.net/2012/12/19/ubs-admits-fraud-in-1-5-billion-libor-rigging-settlement/
http://voiceofdetroit.net/2012/12/10/state-blitzkriegs-detroit-to-get-deal-with-wall-street-will-council-stand-up-at-meeting-dec-11/
http://voiceofdetroit.net/2012/09/27/detroit-dwsd-debt-shows-wall-street-never-loses-on-bad-swaps/
http://voiceofdetroit.net/2012/07/23/detroit-cut-2-billion-pension-bond-deal-with-ubs-one-of-banks-sued-by-baltimore-others-in-libor-scandal/ (copies sent to Mayor Bing, City Council members)
http://voiceofdetroit.net/2012/07/20/libor-scandal-could-turn-ugly-as-cities-begin-to-sue-banks/

VOICE OF DETROIT http://voiceofdetroit.net
Editor Diane Bukowski, Videographer Kenneth Snodgrass P.O. Box 32684 Detroit, MI 48232
Direct Line: 313-825-6126 Direct Fax: 313-557-1576 email: diane_bukowski@hotmail.com

ONLY WALL STREET WINS IN DETROIT CRISIS REAPING $474 MILLION FEE

Much of Detroit's streets look like this one in Highland Park, which shows Cassandra Cabil at her home after Highland Park cut a deal with DTE to remove half the city's street lights. Under a new Public Lighting Authority, 40 percent of Detroit's street lights, many already gone, will also be permanently removed. The blame lies with Wall Street. Photo: Carlos Osorio

Bloomberg Businessweek

By Darrell Preston & Chris Christoff – Mar 13, 2013 8:24 PM ET

The only winners in the financial crisis that brought Detroit to the brink of state takeover are Wall Street bankers who reaped more than $474 million from a city too poor to keep street lights working.

The city started borrowing to plug budget holes in 2005 under former Mayor Kwame Kilpatrick, who was convicted this week on corruption charges. That year, it issued $1.4 billion in securities to fund pension payments. Last year, it added $129.5 million in debt, 9.3 percent of its general-fund budget, in part to repay loans taken to service other bonds.

EM Orr, Gov. Snyder

Detroit, which is trying to avoid becoming the largest U.S. municipal bankruptcy, struggles to serve residents after revenue declined when the auto industry collapsed and the city began to empty. Michigan 's Republican governor, Rick Snyder, [has named] an emergency manager, who will have to address debt and derivatives taken on in the last eight years.

"We have no lights, no buses, poor streets and now we're paying millions of dollars a year on our debt," said David Sole, a retired municipal worker and advocate for Moratorium Now Coalition, a Detroit group that fights foreclosures and evictions. "The banks said they need to be paid first. But there is no money."

The city, which peaked at 1.85 million residents in 1950, has lost more than a quarter of its population since 2000. The 700,000 inhabitants who remain endure unreliable buses, inadequate police and fire protection and broken street lights that have darkened entire blocks.

Dave Sole

Covering Shortfalls

Banks including UBS AG (UBS), Bank of America Corp.'s Merrill Lynch and JPMorgan Chase & Co (JPM) have enabled about $3.7 billion of bond issues to cover deficits, pension shortfalls and debt payments since 2005, according to data compiled by Bloomberg. Liabilities rose to almost $15 billion, including money owed retirees, according to a state treasurer's review.

The debt sales cost Detroit $474 million, including underwriting expenses, bond-insurance premiums and fees for wrong-way bets on swaps, according to data compiled by Bloomberg. That almost equals the city's 2013 budget for police and fire protection.

The largest part is $350 million owed for derivatives meant to lower borrowing costs on variable-rate debt.

Municipal borrowers from the Metropolitan Water District of Southern California to Harvard University in Cambridge, Massachusetts, have paid billions to banks to end interest-rate swaps that didn't protect them. In the bets, a municipal issuer and another party exchange payments tied to interest-rate indexes.

'Pay Later'

"The banks promise to get you the money and say you can pay later," said Greg Bowens, spokesman for Stand Up For Democracy, a Lansing group that campaigned last year to repeal the law allowing appointment of a financial manager. "They get their fees off the top, and you trust that they're doing what's in your taxpayers' best interest."

As banks were collecting fees from bonds, some targeted city homeowners with subprime loans that led to foreclosures, depressing real-estate values and tax revenue, Sole said. About one-quarter of Detroit's housing units are vacant, according to Detroit Future City, a 50-year blueprint for recovery. In some areas, entire blocks are deserted. Properties have been stripped of plumbing, wiring and whatever can be sold.

The home town of General Motors Co. (GM) has been running general-fund deficits of $155.4 million to $331.9 million since 2005, when Kilpatrick was mayor, and has been firing workers to save money.

Killing Fields

Last year, it cut police staffing by 11.6 percent to 2,836, according to budget documents. Killings spiked. Detroit had 411 homicides last year, up 9 percent from 2011.

On March 11, Kilpatrick, a Democrat, was convicted on corruption and fraud charges. He and co-conspirators executed a "wide-ranging racketeering conspiracy involving extortion, bribery and fraud," U.S. Attorney Barbara McQuade said in a statement. Kilpatrick's attorney, James Thomas of Detroit, declined to comment.

While his client ran Detroit, the city embarked on two of its most expensive bond issues, first paying $46.4 million in fees to UBS and others to borrow $1.4 billion for pension obligations.

A year later, the city paid $61.8 million, including insurance costs, for UBS to sell $948.5 million in bonds, replacing two-thirds of the debt sold the previous year.

Some pension debt traded at about 65 cents on the dollar in the most recent trade Feb. 12, according to data compiled by Bloomberg.

Stephen Murphy of Standard and Poor's (r) and Joe O'Keefe of Fitch Ratings sell Detroit City Council on $1.5 billion UBS AG loan in 2004.

Wrong-Way Bets

Detroit also entered into swaps contracts with UBS and SBS Financial Products Co., which serves as a counterparty on swaps transactions.

The arrangements are a bet on the direction of interest rates and can raise costs if they move unexpectedly.

SBS Financial Products Co., LLC

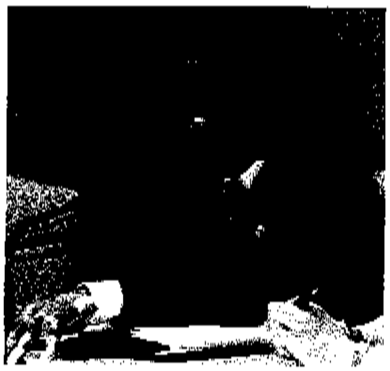
Rates fell, leaving a liability of $439 million on June 30, 2012, according to a city report. That has fallen to about $350 million as rates went back up, said Jack Martin, Detroit's chief financial officer.

The borrowing "likely contributed to our current problems," said Martin, who took his job in May, 2012. "It was the way people did business back then. We are where we are now and working hard to right the ship."

The city makes periodic swap payments from money generated by casinos.

Public Interest

Wall Street firms could end the deals and call for full payment because Moody's Investors Service last March cut unlimited general-obligation bond ratings to B2, five levels below investment grade, according to the city's 2012 financial statement. In November, Moody's cut the rating again, sending it down two levels to Caa1.



Detroit CFO Jack Martin

The cuts mean there is "significant risk in connection with the city's ability to meet the cash demands" under the swap, according to Detroit's financial report.
The city has been talking with holders of its swaps, the report said. Martin said no negotiations are occurring.

"I don't think we're going to have any problems with the counterparties wanting to get those dollars any time in the near future," said Martin. "We believe, and they believe, it would not be in the city's best interest, and wouldn't be in their best interest either."

Banks have been reluctant to negotiate lower termination payments for many municipal governments. Last year, Detroit's water and sewer utility borrowed to pay more than $300 million to unwind swaps.

'Liquidity Problems'

Karina Byrne, a spokeswoman for Zurich-based UBS, declined to comment on the deals. Elizabeth Seymour, a spokeswoman for New York-based JPMorgan, also declined to comment on them, as did Thomas Butler, an SBS spokesman who works for New York-based Butler Associates LLC.

After the pension bonds, the city continued to issue general-obligation bonds and short-term debt totaling about $1.3 billion, according to data compiled by Bloomberg. The city ran into "liquidity problems," according to the 2012 financial statement.

Because of low ratings and deficits, it was unable to borrow and turned to the Michigan Finance Authority, which arranged a $129.5 million bond issue underwritten by a Bank of America unit.

Costing $1.6 million in fees, part of the proceeds went to repay the unit for an earlier $80 million loan — and part of that loan had been used to service other debt, according to the financial statement.

William Halldin, a spokesman for Charlotte, North Carolina- based Bank of America, declined to comment on the deal.

Debt Hangover

An emergency financial manager will have to handle the legacy of Detroit's borrowing. Snyder said March 1 that the official would try to restructure long-term debt and renegotiate payments.

Striking new terms would be difficult, said Rick Frimmer, a corporate and municipal restructuring specialist with Schiff Hardin LLP in Chicago who represents some of the debt holders. Temporary changes may be possible, he said, such as waiving payments or default terms.

The city has advisers working on a plan to deal with the debt, in part by reducing retiree health-care liabilities, said Martin. He declined to comment on fees negotiated before he joined the administration.

"I'm sure the fees and interest rate are what most other local units or school districts would have to pay," Martin said.

VOICE OF DETROIT http://voiceofdetroit.net
Editor Diane Bukowski, Videographer Kenneth Snodgrass P.O. Box 32684 Detroit, MI 48232
Direct Line: 313-825-6126 Direct Fax: 313-557-1576 email: diane_bukowski@hotmail.com

DETROITERS MARCH IN CLEVELAND, TELL JONES DAY AND BANKS "GET OUT"

Jones Day, city's "restructuring counsel" under EM Kevyn Orr, clients:

- ***Banks who hold most of city's debt***
- ***Major media, including McClatchy, which owns News and Freep***
- ***Far right-wingers opposed to Voting Rights Act, contraception and abortion, corporate regulation***
- ***The tobacco industry***

By Diane Bukowski March 28, 2013

CLEVELAND – A busload of Detroiters protested the emergency manager takeover of their city outside the Cleveland, Ohio offices of Jones Day March 25, the first day of for

Jones Day attorney Kevyn Orr's tenancy as Detroit EM. The Jones Day law firm is the "restructuring consultant" for Detroit.

Ranging from young children to seniors with walkers, marchers picketed for two hours in snow and cold, chanting, "Jones Day has got to go," "Kevyn Orr, get out the door," and "Detroit will live and not die."

Jones Day staff brought coffee and tea to the picket line, which the protesters would not touch, but executives refused to answer questions from the media.

Jones Day is the third largest law firm in the world, with 2,407 attorneys and gross revenues of $1.6 billion in 2012. It was founded in Cleveland and is currently managed by Stephen Brogan out of its Washington office. It has 37 offices across the globe, in the U.S., Australia, Brazil, England, France, Spain, Italy, Russia, both Chinas, Japan, and the Kingdom of Saudi Arabia (where it has three).

Former Detroit school board member Marie Thornton was among the protesters.

"Here we are in Cleveland, walking in front of Jones Day with seniors and babies," Thornton said. "They had the nerve to bring hot coffee to us, while taking complete control of our city. This is a complete travesty.'

Rev. Charles Williams, leader of the Michigan chapter of the National Action Network (NAN), said "We believe Jones Day and Kevyn Orr's real goal is to protect the banks, in addition to disenfranchising our people. We are standing up and calling on other folks across the country to join us as we protest at Jones Day locations. This is just the beginning. This is a protracted struggle that will continue until we get our vote back. We fought too hard and marched too long. Too many of us were hit by water hoses, bit by dogs, and lynched; too much of our blood has been shed."

Jones Day represents most of the global banks which hold the City of Detroit's total debt of over $12.9 billion, including UBS AG, Citigroup, Goldman Sachs, Bank of America's Merrill Lynch, and Muriel Siebert and Co., an affiliate of the SBS Financial Group.

"I am very very upset that the EM is going to strip the history of Detroit away from our children's children," Phyllis McMillon, President of AFSCME Local 542, which represents Recreation Department workers, said during the protest.

"The citizens of Detroit will not have access to the taxes they pay in their own city. They are planning to take away Bele Isle like they took away Jean Klock Park in Benton Harbor. Roger Penske, who wants Belle Isle, and others said they are going to donate vehicles to the city, but contractors will be driving them, while city workers are laid off."

Pastors Charles Williams II of NAN and Cleveland pastor Aaron Ellis

Wonder why Detroit media including the Detroit News and Free Press strongly favor the installation of Orr and Jones Day and the elimination of Detroiters' right to self-determination?

Jones Day represents some of the biggest media and media-related companies in the country, including the McClatchy Company (formerly Knight-Ridder), which owns the News and Freep. Others include DirecTV, GE, Goldman Sachs, Halliburton, Lehman

Brothers Holdings, Liberty Media Group, Time Warner, the Tribune Co. and the Washington Post Co.

The law firm is tied to ultraconservative organizations including the Federalist Society, the Heritage Foundation, the Cato Institute (co-founded by Charles Koch of the infamous Koch Brothers), the Becket Fund for Religious Liberty, and the Center for Competitive Enterprise. It produced U.S. Supreme Court Justice Antonin Scalia, appointed by former U.S. President Ronald Reagan in 1986.

Many Jones Day clients oppose provisions of the National Voting Rights Act, patients' rights to contraceptive care and abortion at federally- funded religious hospitals, regulation of corporate executives under the Sarbanes-Oxley Act, and anti-trust laws.

It is notorious for representing the tobacco industry for decades in state and national litigation that continues to the present.

Most recently, Jones Day partner Michael Carvin spoke at a Heritage Foundation briefing on the "(Un)Constitutionality of Section 5 of the Voting Rights Act," in

Washington, D.C, as the U.S. Supreme Court heard arguments in *Shelby County v. Holder*.

Section 5, which Shelby County, Alabama is trying to overturn, requires that certain States and localities, located primarily in the South and Southwest, obtain federal preclearance for all voting changes before they may be implemented. To obtain preclearance, a jurisdiction must demonstrate that the change neither has a discriminatory purpose nor a discriminatory effect.

White voters are "wide open to electing black Democrats ... as much as white Democrats," Carvin told the audience, according to a Feb. 24 article in the Roll Call newspaper.

Jones Day's Michael Carvin

Jones Day, represented the National Federation of Independent Business which along with dozens of other groups unsuccessfully challenged "ObamaCare" before the U.S. Supreme Court.

In league with the U.S. Conference of Catholic Bishops, it zeroed in on the contraception mandate in the health care reform law.

"Forty Catholic agencies and institutions across the country launched a veritable legal holy war against the Obama administration, filing coordinated lawsuits against the Department of Health and Human Services over the proposed contraception mandate in the new health care reform law," *Mother Jones* magazine reported in Feb. 2012.

"The effort is being spearheaded by the US Conference of Catholic Bishops (USCCB), which has been clashing with the Obama administration for months over the mandate and other White House decisions that the bishops view as anti-Catholic. The church certainly brings a lot of money and high-powered legal fire to the fight—the lawsuits were filed by the Jones Day law firm, where Supreme Court Justice Antonin Scalia once worked."

In 2008, Jones Day represented the Free Enterprise Fund in a challenge to provisions of the Sarbanes-Oxley Act before the U.S. Supreme Court.
Sarbanes-Oxley is a federal law that sets stricter standards for U.S. corporations and accounting firms. It requires top management to individually certify the accuracy of financial information and increases the severity of penalties for fraudulent activities.

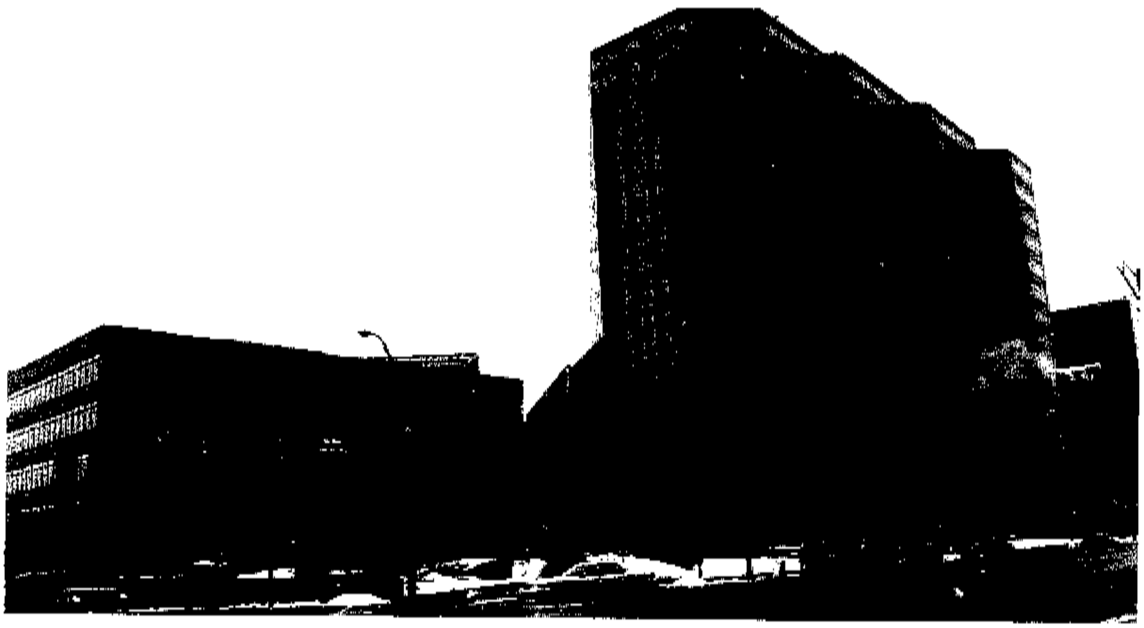
The bill was enacted in response to major corporate and accounting scandals including Enron, Tyco International, and WorldCom among others.

In June 2010, the USSC held in a 5-4 vote that restrictions on removal of members of the Public Company Accounting Oversight Board, which supervises Sarbanes-Oxley compliance, were unconstitutional. The act had limited the power of the U.S. President to remove the principal officer of the PCAOB.

Most notoriously, Jones Day represented R.J. Reynolds and Phillip Morris, two of four defendants, against lawsuits from 46 state attorney generals, which resulted in the 1998 "Tobacco Master Settlement Agreement." That agreement provided $206 billion over 25 years in compensation to the states for Medicaid-related health care costs resulting from tobacco smoking.
Jones, Day, Reavis and Pogue, as it was then known, authored a 460-page document setting forth common arguments against the tobacco companies, and then refuting them.

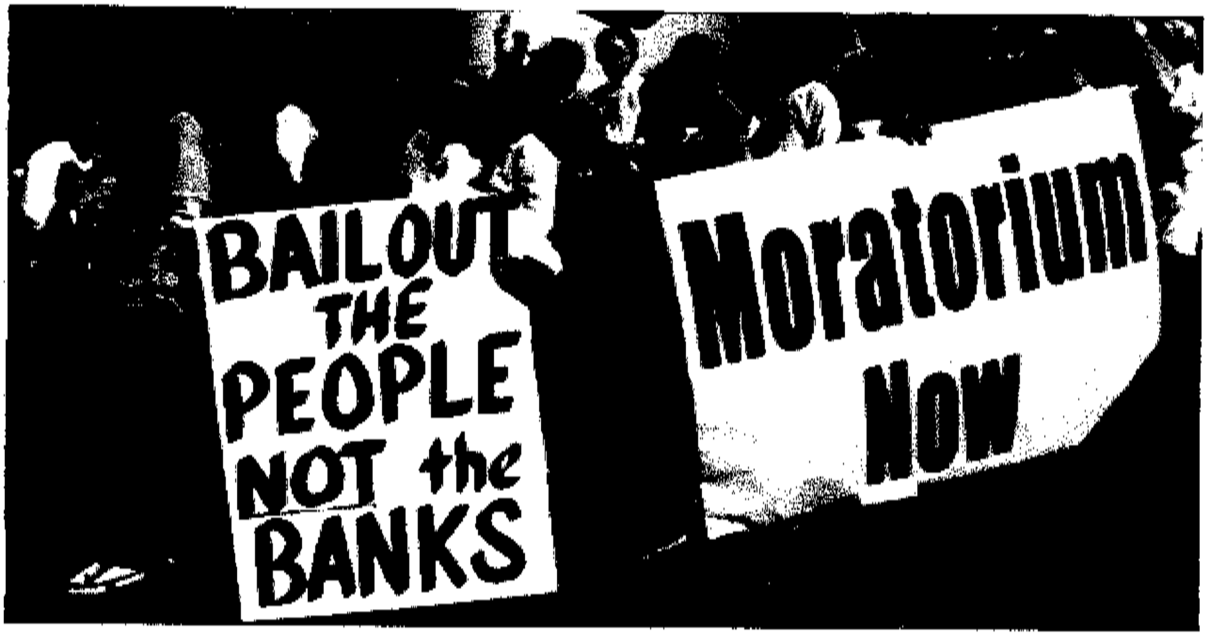
Marchers snubbed Jones Day coffee tray.

To this day, Jones Day continues to defend tobacco companies against ongoing litigation, arguing meanwhile for changes in the MSA that would benefit the companies.



VOICE OF DETROIT http://voiceofdetroit.net
Editor Diane Bukowski, Videographer Kenny Snodgrass P.O. Box 32684 Detroit, MI 48232
Direct Line: 313-825-6126 Direct Fax: 313-557-1576 email: diane_bukowski@hotmail.com

COSTLY JONES DAY EM CONTRACT FACES COUNCIL VOTE TUES. APR. 9; COME AT 9 AM



Protest at Coleman A. Young Municipal Center.

- ***Contract includes unlimited charges for work, including asset sales***
- ***Brushes off "conflict of interest" re: Jones Day's representation of most city creditors***
- ***Bars affirmative action in hiring, including U.S. EO 11246 compliance***
- ***Refuses to comply with "ban the box" city ordinance re: ex-offenders***

By Diane Bukowski

DETROIT – The Detroit City Council is expected to vote on an open-ended, open cost "debt restructuring" contract with Jones Day at its regular session Tues. April 9, 2013 at 10 a.m. Detroit Emergency Manager Kevyn Orr worked for the firm beginning in 1984, allegedly terminating his tenure when Michigan Gov. Rick Snyder anointed him EM.

"My friends, why is this not an obvious conflict, obvious to even non-Detroiters who think an EM is a great idea for Detroit but not themselves?" Tom Barrow, Pres. of Citizens for Detroit's Future, asked.

TOM BARROW

"Orr is so cold that he will now USE the Detroit city council to do what he could do by himself. . No, instead he wants the Detroit City Council to do it and thus make it appear and enable him to say "the city of Detroit hired" Jones Day. We have Miller Canfield, Buckfire and now Jones Day. I guarantee once they get their hooks into us, these folks will not let go until at least 100 million is charged. This is so wrong!!! So wrong!No, instead, he wants the Detroit city council to do it and thus make it appear and enable him to say the "city of Detroit" hired Jones Day. We have Miller Canfield, Buckfire and now Jones Day. I guarantee once these folks get their hooks into us, these folks will not let go until at least $100 million is charged. This is wrong, so wrong!"

Dave Bing, Rick Snyder, Kevyn Orr: OREO

Under the newly-minted EM act, PA 436, Detroit's EM must approve everything city officials do. However, many Detroiters feel their Council could at least take a stand on behalf of the people, and vote a resounding NO!

The contract's initial term of services is from March 15 to Sept. 15, 2013. But an attached letter to Mayor Dave Bing says it can last as long as Orr is EM. Under PA 436, he is supposed to stay 180 days, but only if Michigan Gov. Rick Snyder doesn't want him to stay longer. Jones Day says it will charge $3.35 million for "Core Re-structuring."

To read the complete contract, click on Jones Day contract.

CONTRACT COULD COST DETROIT HUNDREDS OF MILLIONS

However, the letter to Bing says the firm will charge additional costs for a massive amount of non-Core Restructuring work, which will be performed by its Managing Partner Stephen Brogan and partners David Heiman, Bruce Bennett, Corrine Ball, and Heather Lennox. (See profiles of these lawyers and their activities at the end of this article.)

Rates quoted in the letter are:

<u>Range of Jones Day U.S. Rates</u>

As of March 15, 2013

CLASSIFICATION	BILLABLE HOURLY RATE
Partners and of Counsel	$425.00 - $1,050.00
Counsel and Associates	$250.00 - $775.00
Paralegals and Project Assistants	$100.00 - $350.00

JONES DAY PARTNERS COMING TO DETROIT

Stephen Brogan **David Heiman** **Bruce Bennett** **Corrine Ball** **Heather Lennox**

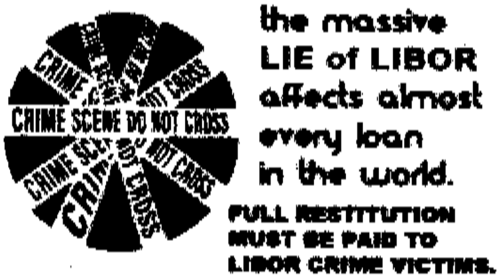
These Jones Day partners are specified in the contract. However, an unknown number of other staffers will also be hired. The contract specifically forbids the use of "affirmative action" in hiring.

"Non-core Restructuring" work includes "work related to Pension Certificates Participation and related swap and interest agreements," other than legal analysis. It will charge to handle litigation relating to labor or pension disputes or proposed changes to the Detroit Water and Sewerage Department, now before U.S. District Court Judge Sean Cox.

DWSD workers on strike; Orr has said DWSD is on the table for monetization

Jones Day will charge Detroit for work on "(a) any asset dispositions, privatization, or similar transactions, any other capital-raising transactions; and (b) any transactions necessary to implement

a negotiated financial restructuring, such as new debt instruments, new labor contract, or other agreements beyond restructuring term sheets."
It will charge for work relating to EM Acts PA 72 and 436 or challenges to Orr's power, and for "contingency planning for a potential chapter 9 bankruptcy filing by the City, or the conduct or administration of such a case."



Jones Day represents UBS AG and a partner of SBS Financial, the firms which sold Detroit a predatory "pension obligation certificate" (POC) loan of $1.5 billion in 2005. The city has had to pay an additional $1 billion to hedge funds for betting the wrong way on which way the market would go, prior to the great economic collapse of 2008.

UBS AG just paid a $1.5 billion fine to the U.S. Department of Justice for interest-rate rigging in the LIBOR scandal and faces other related litigation globally.
The firms are also involved in $474 million in fees Wall Street raked in as a result of interest swap deals. (See article below from Bloomberg Businessweek.)

UBS, Citigroup, JP Morgan and numerous other banks for interest rate rigging. Why hasn't Detroit joined in? During Gov. Snyder's press conference announcing Orr's appointment March 16, VOD specifically questioned Orr about the UBS AG loan to the City of Detroit and the USDOJ fine, asking him what he would do about the banks. He responded only in generalities.


Baltimore Mayor Stephanie Rawlings

Later, VOD emailed him asking him if he would investigate whether LIBOR banks including UBS AG have caused the city economic damage, and pursue legal action against them, as did the City of Baltimore and many other municipalities and pension funds around the U.S. Orr never responded to the email, and never admitted that Jones Day had UBS AG and SBS as clients.

Jones Day admits in its letter to Bing, "Some of Jones Day's clients may have, or develop, interests adverse to the City. . . We will promptly inform the City of any client relationships that may raise conflict concerns as such matters are identified over the course of our engagement. We will work with the City to address any conflicts as circumstances require."

Jones Day says further that it "will not represent any person or entity in any matter adverse to the City without its express written consent."

Detroit neighborhood destroyed by banks

It appears to be a case of too little (or nothing), too late. As the Bloomberg Businessweek article points out, Wall Street firms including Jones Day clients are responsible to a great degree for Detroit's economic decline, the matter which Jones Day is allegedly to address.

Kevyn Orr was Jones Day's minority recruitment director, but he appears not to have done a very thorough job, as evidenced by photos of partners on the Jones Day website. Jones Day further states in its contract that it "shall not be required to comply with any affirmative action provision or related employee data-gathering or auditing requirements . . . . " It also refuses to comply with U.S. Executive Order 11246, which requires affirmative action in hiring. Jones Day claims it is not subject to this order because it is not a federal contractor paid out of federal funds.

Supporters of the Voting Rights Act at U.S. Supreme Court during hearings on Shelby County v. Holder.

The contract also refuses specifically to comply with Detroit's new "ban the box" ordinance, which would eliminate questions about previous criminal offenses until later in the interview process.

Showing its racist tendencies, Jones Day has been an active supporter of Shelby County Alabama in recent hearings before the U.S. Supreme Court, in which it is trying to overturn Section 5 of the Voting Rights Act which requires many Southern states to obtain federal preclearance for all voting procedure changes before they are implemented.

Most recently, Jones Day partner Michael Carvin spoke at a Heritage Foundation briefing on the "(Un)Constitutionality of Section 5 of the Voting Rights Act," in Washington, D.C, as the U.S. Supreme Court heard arguments in *Shelby County v. Holder*.

Jones Day partner Michael Carvin

White voters are "wide open to electing black Democrats ... as much as white Democrats," Carvin told the audience, according to a Feb. 24 article in the Roll Call newspaper.

Many protesters of the EM appointment, in signs and at Council, have advocated "debt re-structuring," appearing to confuse it with a moratorium on payments of the city's debt or actual cancellation, actions which have been demanded in Third World countries for years and which are now being demanded in France, Italy, Spain, Greece, Cyprus, Ireland and other European countries.

"Debt re-structuring," as it has been carried out in those countries, while getting the banks to back off some of their immediate demands for payment after massive general strikes and protests, is however, inextricably tied to austerity measures.

In 2004, the Detroit Public Schools District "re-structured" a $220 million loan taken out by then state-appointed CEO Kenneth Burnley. It spread the debt out over 15 years, resulting in soaring interest rates. The agreement to "re-structure" the debt specified that payments would come directly from the state's per-pupil aid to DPS. As a result, to ensure re-payment of that and other loans, a state trustee gets DPS per-pupil aid and parcels out 80 to 90 percent of it to the district's creditors. (Click on Banks take 90 cents of every state aid dollar for article by this author published in the Michigan Citizen in 2004.)

The devastation of DPS, and the destruction of the futures of Detroit's children, is directly due to "debt restructuring." DO NOT BE FOOLED.

PROFILES OF JONES DAY PARTNERS COMING TO DETROIT

STEPHEN BROGAN, JONES DAY MANAGING PARTNER

(l) Stephen Brogan in the Kingdom of Saudia Arabia, where Jones Day has three offices.

The current managing partner of Jones Day is Steve Brogan, a 1977 Notre Dame Law grad, and a current member of Notre Dame's Board of Trustees. Brogan was a Deputy Assistant Attorney General during the Reagan Administration (1981-1983), Jones Day represented Brogan's alma mater the University of Notre Dame, and other Catholic organizations, *pro bono* in their lawsuit challenging Obamacare's contraception inclusion mandate. It has also represented the Catholic Diocese of Cleveland in its child abuse lawsuits.

DAVID HEIMAN

Corporate cannibal Wilbur Ross

David Heiman has been part of teams representing WL Ross & Co., owned by billionaire Wilbur Ross, a conservative Mitt Romney supporter and global corporate buy-out specialist who was involved with the owners of Sago Mine in W. Virginia, where 12 miners died after numerous safety violation citations. Heiman has also been part of teams representing Lehman Brothers, whose collapse triggered the 2008 world-wide economic meltdown; the Chrysler LLC buyout by Fiat; Gould Electronics, accused of contamination at a site in Omaha, Nebraska by the US EPA, and USG Corporation, which went bankrupt settling asbestos personal injury liabilities.

BRUCE BENNETT

Enron's Kenneth Lay

"Prior to joining Jones Day in May 2012, Bennett was the lead debtor's counsel in the country's largest municipal bankruptcy (County of Orange, California), following a $1.7 billion loss in county investment pools. As counsel to the debtor, Bruce was the architect of the plan of adjustment that . . . .resulted in the recovery of more than $870 million for the county. . .," says the Jones Day website. "Bruce also successfully resolved many other large bankruptcy cases for ***lenders, note holders, and equity interest owners,*** including Adelphia Communications, **Enron,** Fountainebleau Las Vegas, Green Valley Ranch, Hawaii Medical Centers, **Lehman Brothers** Treasury Co., Olympia & York, and Tribune Company.

CORRINE BALL

Jones Day announced in April, 2011 that Ball would lead Jones Day's restructuring effort in Europe, where it has dozens of offices. She was the lead lawyer in the Chrysler bankruptcy and in the Dana Corporation global settlement in the UK which targeted the company's pension systems, transferring them to Centerbridge and other investors. She obtained settlements to eliminate "an enormous accumulated liability for health and life insurance benefits for retirees from its unionized and nonunion workforces, and to modify its collective bargaining agreements with active employees, allowing Dana to compete in the troubled auto industry upon emergence from bankruptcy.

This "Global Settlement" resulted in the elimination of almost $1.5 billion in accumulated post-retirement benefit obligations, and the creation and funding of Voluntary Employee Benefit Association (VEBA) trusts," says the Jones Day website.

She also helped WL Ross & Co. with numerous acquisitions of European-based companies.

HEATHER LENNOX

According to Jones Day, "Heather Lennox has . . . substantial experience counseling clients in fraudulent conveyance, illegal dividend, fiduciary duty, piercing the corporate veil, and mass tort issues in bankruptcy. She has represented a number of entities in the structuring and consummation of spin-offs, secured financings, distressed sales and acquisitions, ring-fencing transactions, and other out-of-court restructuring transactions.

Heather has represented, among others: Copperweld Corporation, CSC Industries, Dana Corporation, Fruehauf Trailer Corporation, Great American Communications Company (a prepackaged case), Hostess Brands, Inc., LTV Steel Company, Metaldyne Corporation, and Oglebay Norton Company as debtors' counsel, and significant creditors in the Delta Airlines, Forum Health, HomePlace Stores, Northwest Airlines, Pittsburgh Penguins, R.H. Macy, Southern Air Transport, United Airlines, US Airways, and Wornick Company bankruptcies.

Related articles:

http://voiceofdetroit.net/2013/04/08/only-wall-street-wins-in-detroit-crisis-reaping-474-million-fee/

http://voiceofdetroit.net/2013/04/08/reek-general-strike-battled-imf-austerity-measures-em-to-bring-same-to-detroit/

http://voiceofdetroit.net/2013/04/07/privatizing-detroit-water-sewerage-dept-will-cost-customers-dearly/

http://voiceofdetroit.net/2013/04/01/detroit-pension-systems-under-attack-actuary-disputes-milliman-report/

http://voiceofdetroit.net/2013/04/01/afscme-local-457-called-for-moratorium-on-debt-to-banks-in-1992/

http://voiceofdetroit.net/2013/03/31/detroit-council-to-vote-on-jones-day-contract-firm-represents-criminal-banks-holding-citys-debt/

http://voiceofdetroit.net/2013/03/27/throw-out-detroits-em-power-to-the-people-not-the-banks/

http://voiceofdetroit.net/2013/03/27/detroiters-march-in-cleveland-tell-jones-day-and-banks-get-out/

http://voiceofdetroit.net/2013/03/26/vampire-capitalism-comes-to-detroit-mi-and-dekalb-county-ga/

http://voiceofdetroit.net/2013/03/24/from-detroit-to-cyprus-banksters-in-search-of-prey/

http://voiceofdetroit.net/2013/03/20/banks-behind-detroit-emergency-manager-takeover/

http://voiceofdetroit.net/2013/03/20/detroit-water-dept-on-the-table-says-efm-commissioners-approve-report-rooted-in-lies/

http://voiceofdetroit.net/2013/03/23/detroit-leaders-announce-drastic-direct-action-to-fight-em-banks/

http://voiceofdetroit.net/2013/03/19/wall-street-v-woodward-ave-will-detroit-em-address-predatory-interest-rate-swaps/

http://voiceofdetroit.net/2013/03/17/detroit-efms-law-firm-advises-worlds-biggest-crooks-including-libor-banks/

http://voiceofdetroit.net/2013/03/12/grand-theft-of-detroits-water-dept-imminent-water-board-mtg-wed-march-13-2pm/

VOICE OF DETROIT http://voiceofdetroit.net
Editor Diane Bukowski, Videographer Kenneth Snodgrass P.O. Box 32684 Detroit, MI 48232
Direct Line: 313-825-6126 Direct Fax: 313-557-1576 email: diane_bukowski@hotmail.com

DETROIT CITY COUNCIL SAYS 'YES' TO BANKS IN JONES DAY VOTE; PEOPLE SAY 'NO'

(L to r) Rev. Bill Wylie-Kellerman, and Elena Herrada, both arrested at City Council April 16, 2013, with supporters, after their release from the Northeast District Police station. Councilwoman JoAnn Watson and several attorneys intervened to have them released on personal bond. They pledged to continue the battle against the bankers' takeover of Detroit.

- ***Vote split 5-2***
- ***Protesters delayed vote with civil rights songs; two arrested***
- ***Mass actions May 4, June 22 to challenge EM rule in Detroit and state***

By Diane Bukowski
April 17, 2013

DETROIT – The Detroit City Council voted 5-2 for a "debt re-structuring" contract with the Jones Day law firm April 16, despite loud protests including civil disobedience, and legal opinions from two of three city attorneys that it represents a clear conflict of interest. Many protesters said Jones Day will enable a complete takeover of Detroit by the big banks, which the firm represents.

Rev. Wylie-Kellerman under arrest.

A phalanx of fully-equipped Detroit police arrested two protesters, the Rev. Bill Wylie-Kellerman of St. Peters Episcopal Church, and Detroit School Board member Elena Herrada, as they chanted with the rest of the audience, "SHAME, SHAME!" Earlier, the public brought a one and a half hour halt to the vote by kneeling and singing the civil rights anthem, "We shall not be moved."

The two were charged with misdemeanors and released at 4 p.m. from the Northeast District police station. They were to appear in 36th District Court Wed. May 1 at 8:30 a.m.

Elena Herrada under arrest

"It is common sense that the city should not be hiring the same law firm to address its debts that represents its lenders," objected Councilwoman JoAnn Watson, who along with Councilwoman Brenda Jones voted against the contract.

"We owe hundreds of millions of dollars to banks and bondholders that Jones Day represents," Watson said. "When the current federal lawsuit gets rid of PA 436 [Michigan's new emergency manager act], this contract would not be undone. That is the same reason the Council should not have voted for the PA 4 consent agreement. Kevyn Orr has the power to make the contract himself—let him do it. The Council will knowingly be waiving the whole issue of conflict of interest by voting for this."

Members of public chant, "SHAME, SHAME!"

The PA 436 lawsuit has now been assigned to U.S. District Court Judge George Caram Steeh, an appointee of President Bill Clinton with a relatively progressive record. He has extended the time for the defendants including Gov. Rick Snyder to respond to the complaint to May 15, 2013. Antonio Cosby concurred with Watson during public comment.

"With its list of financial clients, Jones day cannot represent the interests of the people. The EM law requires them to protect the interest of banks. There is the complicity of the Council itself—your approval is not needed. Force the EM to make the contract with his own partners. To the people: resist the EM!"

Demeeko Ashawn Williams, a Wayne County Community College business administration major, and member of Project #Save Detroit 2013, said, "I am disappointed in the Mayor and the six city council members who sold out, caved in to the EM, on the Consent and Milestone Agreements, and now this contract. What will it take for several hundred thousand people to stand up and fight back against malfeasance and corrupt government? You have the power to say no to Jones Day. We are not broke. I've studied all the documents—you have been bamboozled. You all can say no today, close the door and declare war on Republican oppression in the city of Detroit."

Demeeko Williams

Attorney David Whitaker, head of Council's Research and Analysis Division, said, "There is a major problem with Kevyn Orr being the Emergency Manager, with all power the city has and more, and his former firm being the restructuring counsel ."

Stephen Brogan **David Heiman** **Bruce Bennett** **Corrine Ball** **Heather Lennox**

Jones Day partners coming to run Detroit. Managing partner is Stephen Brogan at left.

Orr will directly supervise five highly-paid Jones Day partners, including his former boss, Jones Day managing partner Stephen Brogan. Whitaker also noted, "The core restructuring work in the contract largely deals with balance sheet issues, getting the city's enormous debt under control. But there are a number of other issues that would be expected for any firm that are outside the core scope of work. It might be expected that the contract would go way beyond $3.3 million for six months."

In a letter to Mayor Dave Bing attached to the contract, Brogan said he wanted to "clear up any doubt" that more work would be required. He said that would include asset dispositions, privatization, new debt instruments, and new labor contracts, among other issues. He also cited the city's Pension Obligation Certificate debt to Jones Day clients UBS AG and SBS Financial, which now amounts to over $2.5 billion including penalties.

FROM RAD REPORT ON JONES DAY CONTRACT

Two-headed vulture: Jones Day chief Stephen Brogan, EM Kevyn Orr

"In general . . .it is important to note that concerns about the proposed Jones Day contract are not limited to either potential conflicts of interest the firm may have with other clients, or the status of Mr. Orr's former employment relationship with that firm. Rather, the real concern arises out of the combination of Jones Day's and Mr. Orr's multiple intersecting, overlapping and complementary roles . . ."

Those include Jones Day serving as counsel "for both the city and its creditors and other major multinational corporations that may well be able to assert claims or pursue private interests in the vast and complex process of Detroit's restructuring.

In other words, evaluating the propriety of the Jones Day contract involves multiple issues, conflicts and public policy concerns arising out of the totality of the combination of the roles they are being asked to play in conjunction with the State and Mr. Orr, as Emergency Manager.

The Detroit News' Daniel Howe quoted Bill Nowling, Orr's spokesman, "One of the things that Kevyn wants to do is pick off that low-hanging fruit. He said on Day 1, if you want a roadmap to what I'm going to do, look at the consent agreement."

Howe went on to say that Orr will imminently announce the takeover of the City's Planning and Development Department by the Detroit Economic Growth Corporation, a "quasi-public" entity dominated by corporate board members, a move cited in the Consent Agreement.

The takeover would likely mean the elimination of PD&D city workers, and would affect the city's administration of $150 million in federal funds allotted annually, including $33.3 million in Community Development Block Grants (CDBG) and $93.1 million for Neighborhood Stabilization programs.

Howe added that other departments using federal dollars will also be targeted.

The city has already divested itself of the Health and Wellness, Human Services, and Workforce Development Departments, including their workers and contractors. The majority of funding for those departments came from the federal government.

Young Detroit Builders lost CDBG funds

Acting Detroit Corporation Counsel Edward Keelean said at the hearing that he has absolute confidence that Jones Day is ethical and will disclose all conflicts of interest. He said the state of Michigan gave the nod to Orr as EM, and that there was a meeting in January at Metro Airport between Orr, other Jones Day partners, and government officials. He said that the Miller Buckfire law firm, now on contract with the city as its "investment banker," vetted Jones Day and other firms.

Former Corp. Counsel Krystal Crittendon agreed with Law Dept. atty. Louis Smith that Jones Day contract is a "conflict of interest" during interview after City Council session April 16, 2013.

Miller Buckfire has been bought out by Stiffel Financial, which has had numerous lawsuits for fraud brought against it by municipalities and the Securities Exchange Commission.

Law Department attorney Louis Smith, who worked closely with previous Corporation Counsel and now Mayoral candidate Krystal Crittendon, disagreed with Keelean.

"I believe there is a conflict of interest, although I do believe the process is clean and Orr is ethical," Smith said. "But there remains the appearance of impropriety, which with the history of corruption in this city, means the second highest ranking law firm should have been selected."

Councilwoman Brenda Jones said the firm had falsely claimed to represent three governmental entities in bankruptcy proceedings, Orange County and the City of Stockton in California, and Jefferson County, Alabama. She said that in fact it represented only one government, and its attorneys represented creditors in the other two cases.
Keelean claimed that the attorneys in those cases were not working for Jones Day at the time.

The five Council members voting for the contract were Council Pres. Charles Pugh, Pres. Pres. Pro-tem Gary Brown, Councilwoman Saunteel Jenkins, and Councilmen James Tate and Andre Spivey. Councilmen Kwame Kenyatta and Kenneth Cockrel, Jr. were not present.

Council Pres. Pro-tem Gary Brown and Pres. Charles Pugh confer after recess of Council April 16, 2013.

The five members clearly had their minds made up, moving almost immediately for a vote with little discussion other than comments from Watson and Jones. Earlier, Orr met with each Council member individually. Only Councilwoman JoAnn Watson took a representative with her, Attorney Jerry Goldberg of the Moratorium NOW! Coalition.

During public comment at the meeting, Goldberg called for a moratorium on payment of the city's $16.9 billion debt to the banks.

"Under Sec. 11 of the Emergency Manager Act, the EM can modify or abrogate virtually every contract including union agreements, but the Act mandates payment in full of all debts," Goldberg said. "Section 16 mandates that the EM conduct an investigation of any criminal activity that contributed to the financial crisis. That should include the activity of the major banks, which carried out over 150,000 illegal foreclosures in Detroit, documented at a U.S. Senate hearing. Why should these banks now have first claim on our tax dollars? By voting No, the Council would be sending a message to the banks, who are the real criminals. We must wage a struggle to take back our city from the banks who have destroyed it."

Abayomi Azikiwe

Abayomi Azikiwe of Moratorium Now! noted, "This firm was heavily involved in the Chrysler bankruptcy, which resulted in the loss of tens of thousands of jobs and businesses in Detroit and nationally. Orr and his law firm are agents of the banks. The people owe the banks absolutely nothing after their predatory lending and fraudulent bond issues. Our Coalition now has over 3,000 pages of debt documents which expose these criminal activities."

Both announced that a "People's Assembly to Save Detroit" will be held Sat. May 4 at 1 p.m. at Central United Methodist Church, Woodward and E. Adams in downtown Detroit.
Elena Herrada, who was later arrested, told the Council, "We welcome you into exile with the Detroit Public School Board, operating under a despotic EM despite every obstruction. We welcome you into exile and caution you against captivity. We are going to fight the EM's, the Educational Apartheid Authority (EAA), led by Mike Duggan, the governor, and certainly Jones Day. Stand up for the children and elders of Detroit!"

Rev. Bill Wylie-Kellerman, also later arrested, recalled that the day was the 50th anniversary of Dr. Martin Luther King, Jr.'s "Letter from a Birmingham Jail."

"The Council passed the consent agreement last year on the anniversary of Dr. King's assassination," Rev. Wylie-Kellerman added. "Dr. King's letter speaks to me personally. It is addressed to clergy and people of faith, asking where are your bodies and voices in the struggle to condemn attacks in Birmingham. Dr. King said it was time, and that's what time it is in Detroit today." Click on LETTER FROM A BIRMINGHAM JAIL for text of Dr. King's letter.)

Ms. Jackson, grandson

Ms. Jackson, a City of Detroit retiree who brought her grandson to the meeting, said, "Those that are going to vote for Jones Day are the same people that decided to go with the Consent Agreement. Why did you allow Snyder to bamboozle you all in the first place? You did not have to agree with anything, you didn't read the fine print. What's the advantage of Orr being here? You have listened to what Snyder said. I told you we need houses in Detroit, and there is over $3 billion in the general city pension system. You are going into my money now—I have a problem with that."

Ms. Jackson kept speaking despite a police officer coming to her side threateningly, after Pugh told her her time was up.

"The people petitioned for a public vote on PA4, and Michigan voted no EM, Detroit voted no EM," said Rick Mattson. "I doubt that Orr can balance a checkbook. Jones Day will make a bundle, and the banks will make a mint. What happened to one body, one vote? Disillusionment is growing. An unjust law is no law."

Rev. Charles Williams II

Rev. Charles Williams II of the Historic King Solomon Baptist Church and head the of the Michigan National Action Network chapter, said, "Jesus threw the moneychangers out of the temple. Jones Day is nothing but a representative for Merrill Lynch and Bank of America, so why would we hire them to renegotiate the city's debts? Jones Day is the EM, Jones Day and Kevyn Orr in one happy family with the City Council and Bing. We will be everywhere Jones Day is across the world to shine the light."

NAN is building for a mass march down Woodward Ave. on June 22, honoring the 50th anniversary of Dr. Martin Luther King, Jr.'s march in Detroit in 1963, where he first gave his famous "I Have a Dream" speech. The NAN march is to focus on the disenfranchisement of the majority of Blacks in Michigan, as well as the fight against the banks.

For more information on that, call 313-355-2150 or text 313-492-6774.

Police, Wall St. execs called out on pension deal

By Diane Bukowski
The Michigan Citizen

Feb. 2005

(DB note, July 22, 2012: Michigan Citizen editor Teresa Kelly deleted the author's opening reference to the fact that City Council president Ken Cockrel, Jr. called out the police to force city council members including JoAnn Watson, Sharon McPhail, Barbara Rose-Collins, and Brenda Jones to the table to ensure a quorum at this meeting. It was NOT the financial executives who were "marshaled to the table" to support borrowing $1.2 BILLION from UBS Financial Services and Siebert, Brandford, Shank and Co. in pension obligation certificates.

They came MORE than willingly. It was the City Council members who were marshaled there. This was an election year, and the Michigan Citizen was preparing to favor, if not endorse, Kilpatrick for a second term. Werdlow's remarks that "it took a lot to get them here" meant that he and Kilpatrick were desperate to get the controversial deal passed and called on the ratings agencies representatives for help. Later that year, Werdlow left the administration to take a position as managing partner with Seibert, Brandford, Shank, and Co.

To a great extent, this deal was responsible for the city's current slavery to Wall Street banks, who threatened to call in this debt in 2009. Then interim Mayor Kenneth Cockrel, Jr. agreed to funnel all of the city's casino income taxes through US Bancorp, acting as trustee, and increase the city income tax, to ensure payment of the debt.)

DETROIT — Mayor Kwame Kilpatrick marshaled financial executives to the table during a council public hearing Jan. 31 in a last-ditch attempt to get the body to approve a bond to fund pensions.

"It took a lot to get them here," said the city's chief financial officer, Sean Werdlow.

Werdlow objected loudly when Councilwoman Sharon McPhail got a representative of Fitch Ratings, a bond rating agency, to admit his company had "frequently been apprised" of the city's plan to use layoffs and service cutbacks to deal with a $300 million budget deficit.

The representative, Joe O'Keefe, said his agency currently rates the city's credit as "A, with a negative outlook," unless the city enacts those cuts. In 1992, Wall Street bond rating agencies drastically downgraded the city's credit after city unions voted down a ten-percent pay cut.

Werdlow said 2,000 to 3,000 city employees would be laid off unless the bond deal is approved. He said it would save the city $160 million in this year's budget, and compared the deal to refinancing a home mortgage, from a current rate of 7.8 percent to a lower rate of 5.6 percent.

Werdlow added that the city could not borrow only the money owed to the pension funds this year, but the entire $1.2 billion in liabilities owed over the next 14 years.

He was directly contradicted at various times by the bond executives, who said the city's pension debt is a "soft liability," not a "hard liability" like a home mortgage, and could be borrowed in annual allotments.

Stephen Murphy of Standard and Poor's, however, said it would be "financially prudent" to make the debt a hard liability.

Councilwoman Sharon McPhail and George Orzech, who both sit on the city's Police and Fire Retirement System Board, pointed out that a "soft liability" can vary to the city's advantage. In previous years, Orzech said, that system was over-funded due to successful investments, eliminating the city's liability.

Addressing Murphy, Councilwoman JoAnn Watson said, "If the transaction is approved but the stock market goes south in the following years, what would that do to the city's bond rating?"

Watson cited negative factors influencing the nation's economy, including competition from automakers in China and elsewhere, and the war in Iraq.

Murphy responded, "That would be a significant problem." He stressed that for the deal to succeed, pension boards would have to resist demands for better retiree benefits and distribution of excess profits, as with the "13th check" city retirees used to receive.

Werdlow said the elected retiree boards would still control the distribution of proceeds from the bonds.

The city council is deliberating not only on the bond issue, but also on an ordinance to form two non-profit corporations that would oversee the funds, doling them out to the boards on an annual basis.

Henry Sciortino, head of the state oversight board now running the City of Pittsburgh, tried to assuage the impact of remarks he made at Kilpatrick's economic forum Jan. 5.

At the time, he had cited a pension bond deal as partially responsible for the city's default. During the council session, he said that the deal was "non-callable," meaning interest rates could not be renegotiated even after they went down on the national market. That goes against Werdlow's claim that only 10 to 15 percent of Detroit's proposed bond deal is "non-callable."

Councilwoman Barbara Rose-Collins said the city council should not rush to pass the bonds without exhausting other possible options.

Union presidents Emily Kunze and John Riehl, representing workers in the city's Water, Public Lighting, Finance and Human Resources departments, laid out some of those alternatives during the hearing.

Kunze said it was the responsibility of big business to deal with the city's deficit.

"They got all the tax abatements," she said. "What are they giving back to the community? We demand some of that money they're spending on the Superbowl for our services!"

She said part of the problem behind the deficit is that the Kilpatrick administration failed to pay payroll taxes on time to the federal government, which has left the city with about $4 million in fines.

As for the bond deal, Kunze added: "We can't enter into a scheme like this with no guarantees. We can't gamble with Detroit's future."

The deal was scheduled for a council vote on Feb. 2, when Council President Maryann Mahaffey is expected to return from an absence due to shoulder surgery.

Council caves: Votes for risky pension bonds

By Diane Bukowski
The Michigan Citizen

DETROIT — After months of opposing it, the Detroit City Council's "Fabulous Four" voted for a $1.2 billion pension bond deal Feb. 4, stunning many supporters while comforting city workers worried about keeping their jobs.

"The state took over the schools to control a $1.5 billion construction bond proposal," Agnes Hitchcock of the Call 'Em Out Coalition said. "Now it looks like we're telling them that the city is a good thing to take over as well."

Helen Moore, head of the Keep the Vote No Takeover Coalition, agreed: "Call 'em out, call 'em out, what's it all about — elected politicians selling us out."

But many city employees reacted with relief, saying they feared being laid off if the council didn't go along with the deal.

Prior to the vote Mayor Kwame Kilpatrick told the council that if the bond deal didn't pass, "I'll have to lay off 2,000 workers. We've already told Wall Street we would use the pension obligation certificates to close the gap in our budget."

For a while during the lengthy discussion, the council president, Maryann Mahaffey, along with Councilwomen Barbara Rose Collins, Sharon McPhail and Joann Watson, went toe to toe with the mayor.

McPhail, a candidate for Kilpatrick's job, told the incumbent mayor: "This is a very risky transaction. Your own people at your economic forum called this one of the seven deadly sins of municipal finance. If the deal doesn't do what is expected, we could face receivership under the local government Fiscal Responsibility Act. If the stock market does well, that $1.2 billion in unfunded pension liability could go away, but we'd still owe it in bonds."

"So what?" Kilpatrick responded.

McPhail and the vice president of the Detroit Police Officers Association, Paul Stewart, who both sit on the Police and Fire Retirement Board, said their colleagues would likely support a different scenario to address the budget crisis: deferring the city's payments to the system for this year and spreading out future payments.

Kilpatrick turned the proposal down flat, saying that borrowing the bonds at a lower interest rate would still be preferable.

In a seven-point alternative plan, Watson proposed rescinding non-essential private contracts, including one between the water department and the Infrastructure Management Group.

"I want you to commit to no layoffs and restoration of bus services until there are deep cuts in management," she added.

Mahaffey pointed to a list of $300 million in no-bid contracts, asking that those be slashed.

Others who would not endorse the bond package included Ed McNeil and Jimmy Hearns, representing Michigan Council 25 of the American Federation of State, County and Municipal Employees (AFSCME).

Their boss, Council 25 President Al Garrett, later said he was misquoted as being in support of the deal, but added, "Frankly I didn't see any better alternative. We're in favor of bringing private contracts back in, but my concern was the timetable. How long would it take, and what litigation would be involved?"

In the end, with Watson and the mayor several times leaving the room together, and Collins abruptly saying the matter could be resolved, the four council members jointly capitulated.

They voted yes on the strength of verbal promises from Kilpatrick to retain all workers — other than the 700 fired last month — until July 1; to freeze new non-essential purchases and real estate leases; and to meet with the council on a regular basis.

In statements, McPhail and Mahaffey said they gave their vote with "unreadiness" and "reluctance."

Watson, who has lobbied for a "team approach" to deal with the budget crisis, said she felt the mayor would use upcoming meetings to address the council's concerns about private contracts.

Asked whether she felt Kilpatrick would agree to eliminate the contract with IMG, whose executives have contributed large amounts to his campaign fund, Watson said campaign finances were not the issue.

The mayor must now meet with city unions to see if they will agree to ten-percent pay cuts like those he asked the council to endorse for non-union members.

Ron Gracia, president of the Senior Accountants, Analysts and Appraisers Association, said afterwards, "The mayor held city employees hostage to get this vote, but he's not laying off police and fire employees, and he's not asking them for a ten-percent cut. The deficit is in the general fund, and 60 percent of my members are not paid out of that fund. He's creating an economic underclass."

Garrett, the Council 25 president, said Kilpatrick had already told his union that at least 600 AFSCME workers would be added to the unemployment rolls if they voted down the pay cuts.

Archer on bond dealers' payroll

Bond dealer to reap millions in fees

By Bankole Thompson
The Michigan Citizen

DETROIT — As the city prepares to hand UBS Financial Services the pension bond deal, it will in a way reward former Detroit Mayor Dennis Archer, a lobbyist on the payroll of the giant investment bank.

Faced with a growing deficit of over $300 million for 2005-2006, Detroit turned to its retirement systems last week to borrow $1.2 billion in pension bonds in the name of saving jobs.

Several Detroit City Council members had expressed fear that borrowing money to pay for the city's financial woes without proper structural changes in city government was bad business. Nevertheless, the Detroit City Council voted 8-0 to approve Mayor Kwame Kilpatrick's plan to do just that.

In March 2004, The Associated Press carried an article by Justin Pope showing how large investment banks like UBS thrive off bond deals with the help of lobbyists such as Archer.

"Like many big investment banks, UBS Financial Services relies on a stable of well-connected local lobbyists to steer lucrative municipal bond underwriting business back its way," Pope wrote.

He reported the firm has about 28 political consultants under contract, including Archer.

In 2003, UBS paid its consultants $1.8 million, up 66 percent from 2002, Pope reported.

"UBS isn't the only firm spending big money lobbying to win business underwriting, or selling a government body's bonds to the public, usually at a markup," he wrote. "Merrill Lynch spent nearly $3 million last year, and J.P. Morgan Chase spent $3.3 million. Payments to consultants by the top 15 securities underwriters hit $7.3 million in the first half of last year, up 70 percent since 1998, according to data compiled by The Bond Buyer, an industry publication."

He said the media hardly covers the $1.9 trillion municipal bond market, which is a critical part of the economy.

"The sector has thrived in recent years; budget cuts have sent state and local governments scrambling for funds, while low interest rates have made it appealing for them to seek those funds in the bond market," Pope wrote.

Archer could not be reached for comment on whether he's playing a role in securing the bond deal between UBS and the city.

"There is too much cronyism in this administration," said City Council President Maryann Mahaffey, referring to Kilpatrick's mayoralty.

UBS was among several rating agencies and bond insurers, including Fitch Ratings and Standard & Poor's, that went before council at the behest of the Kilpatrick administration to answer questions about the deal as a possible solution to the city's fiscal crisis.

"It is standard business practice in the modern world but I find it very bothersome," Mahaffey said. "I don't even know if there was an open bidding to deal with UBS. That is part of the secrecy. I just don't like it."

Either way, Mahaffey voted for the deal. Ironically, it was Archer who added nearly 3,000 employees to the city's payroll during his administration, contributing to the budget deficit that in turn created the need for the bond sale.

But the bond deal is fraught with questions, a major one being whether such a deal could work for a city like Detroit.

"Pension bonds should not be used to fund plans that require substantial liquidity to meet net cash outflows," said James B. Burnham, an expert on pension bonds.

Burnham, the Murrin Professor of Global Competitiveness at Duquesne University in Pittsburgh, said it is challenging to manage pension bond obligations.

"Like any financial debt instrument, pension bonds are two-edged swords. In the hands of the right borrower, a well-designed pension bond issue may play a useful if limited role in managing pension obligation certificates," he said.

But a poorly-designed issue, he went on, reflects "a desperate effort to avoid coming to terms with fiscal reality, with unpleasant ultimate consequences for all concerned."

The City of Pittsburgh, now under receivership, makes a strong case against pension bonds, Burnham said.

"Pittsburgh is a poster child for the case against pension bonds," Burnham said. "In the case of Pittsburgh's plan, in 2001 the gap between payments and contributions plus interest and dividends was a negative $8 million."

That meant the plan managers had to liquidate an equivalent amount of investments in a down market, he said.

He added: "Such an action violates the basis behind the apparent long-run returns on investment in equities. No serious effort was made to address the problem of the underlying structural deficit. Instead the city resorted to one-shot financial transactions, such as the sale of the water and sewer operations to an off-balance sheet entity and the sale of tax liens."

Burnham said the Government Finance Officers Association recommends state and local governments to use caution in issuing pension obligation bonds.

"GFOA says governments should be sure they are legally authorized to issue these bonds and that other legal or statutory requirements governing the pension fund are not violated," he said.

Burnham said the GFOA states that the issuance of pension obligation bonds should not become a substitute for prudent funding of pension plans.

Visit www.gfoa.org for the full text of GFAO's recommendations.

With the passing of the pension bonds, Kilpatrick now has to work out details with UBS Financial Services and hire bond attorneys, according to one city analyst. The analyst said the deal will cost the city about $12 million in legal fees.

Wall Street junks Detroit

But fight may be brewing

ANALYSIS
By Diane Bukowski
The Michigan Citizen

DETROIT — After meeting for several hours with Mayor Kwame Kilpatrick and his top aides shortly after city elections, Standard & Poor's once again downgraded the city's bond ratings, this time to BBB- one step above junk level.

Despite Kilpatrick's lay-offs of 1,396 city workers since June and recently disclosed plans to close most of the city's recreation centers, S&P said, "The administration's hesitancy to cut positions, as well as the inability to adjust union contracts to gain savings, has deepened the budget gap for fiscal 2006."

The agency went on to demand that city workers and retirees pay even more for their health care, although they have already shouldered increasing health care co-pays. S&P also endorsed Kilpatrick's other contract proposals, which include a 10 percent pay cut in the form of a shortened work week.

S&P found a note of hope, however.

"Union negotiations appear hopeful because the contracts are currently expired, and should no agreement be made between the two sides a last-best offer (determined by the arbitrator) could be imposed," said S&P.

"Since new contracts will be in place by March 1, 2006, the city has assumed some savings in contracts costs during the last four months of the fiscal year."

Whether city workers will agree to Wall Street's demands remains to be seen, however. A demonstration by the city's largest union local, representing water department workers, was planned for Dec. 1 to honor the 50th anniversary of the day Rosa Parks refused to relinquish her seat on a city bus in Montgomery, Alabama.

"If Detroit stands up for decent public services and fair treatment for public workers it will set the wheel in motion across the nation," reads a flyer for the demonstration, scheduled for 4:15 p.m. outside the Coleman A. Young Municipal Center. "People everywhere are waiting for someone to stand up and fight. If not Detroit, then who will do it?"

Standard and Poor's recently slashed credit ratings for General Motors and Ford even lower than the city's, dumping them into the junk bond basement.

But threats by unions representing Delphi workers that they would strike in response to the company's demands to slash wages from an average of $27 an hour to $12.50, have forced GM, Delphi's largest customer, to intercede in the Delphi negotiations. Delphi has now postponed its deadline for filing a motion in bankruptcy court to cancel union contracts from Dec. 16 to Jan. 20 next year.

Even Republican legislators have recently come out to challenge Wall Street, in the wake of the collapses of Enron and WorldCom after exposures of massive fraud.

In July, U.S. Congressman Michael G. Fitzpatrick (R-Pennsylvania) introduced a bill in the House of Representatives to regulate ratings agencies, H.R. 2990, the "Credit Rating Agency Duopoly Relief Act of 2005." The bill's introduction spurred the Securities and Exchange Commission's staff to outline "Key Issues for A Legislative Framework for the Oversight and Regulation of Credit Rating Agencies."

Fitzpatrick said, "As a Bucks County Commissioner, I remember the financial hardships that the people in the 8th District of Pennsylvania faced when Enron and WorldCom went bankrupt. It is extremely disturbing that the two largest Nationally Recognized Statistical Rating Organizations (NRSROs) – Moody's and S&P – rated Enron and WorldCom at invest grade just prior to their bankruptcy filings."

Fitzpatrick went on, "Credit rating agencies claim that they are not in the business of detecting fraud, but they are most certainly in the business of impacting the bottom line of companies, municipalities and school districts. The better the credit rating, the lower the interest rate the borrower must pay to expand its operations, construct a road or build a school."

S&P has responded in alarm, conducting a concerted campaign to defeat the legislative efforts. In a letter to Pennsylvania Congressman Paul Kanjorski, S&P executive Kathleen Corbet even claimed that government regulation of credit ratings agencies would violate their First Amendment Rights.

She alleged that the agencies "perform journalistic functions by gathering information, analyzing that information, and disseminating their resulting opinions—in the form of credit ratings and commentary—to the general public."

In 2004, S&P and Moody's downgraded Puerto Rico's credit ratings, causing the government to carry out massive lay-offs of public employees and increase utility rates, bus fares, highway tolls, car registration fees and public university tuition by huge amounts. The government has also refused to negotiate wage increases with public workers.

In its release on Detroit's bond rating downgrade, S&P cited the city's "high debt burden" including the recent addition of $1.2 billion in pension obligation bonds that S&P analyst Steven J. Murphy came to Detroit to campaign for, as another negative factor in the city's economic outlook.

But S&P did not ask the banks, to which the city paid $366 million in 2005 alone for that debt, or the city's wealthy contractors, who refused en masse to take a 10 percent cut in their payments from the city, to sacrifice along with the city's workers and youth. It did not ask President George Bush to end the war in Iraq and give the $400 million a year which Detroit provides in tax dollars for the military budget, back to the people of Detroit.

The coming period will show whether Detroit's residents, workers and youth will mount a fight against Wall Street's escalating demands.

AFSCME LOCAL 457 CALLED FOR MORATORIUM ON DEBT TO BANKS IN 1992 ---- Voice of Detroit, April 1, 2013

Al Phillips, President of AFSCME Local 457, Detroit Health Department.
Born Feb. 15, 1937, Died April 16, 1994.

- ***If labor movement had listened then, people would be thriving today***
- ***Pres, Al Phillips headed local union for Health Dept., now privatized***

(VOD: the resolution below was brought by AFSCME Local 457 delegates to the AFSCME International Convention in 1992. It warned then that the union movement needed to take up the battle against the banks. A resolution against privatization which included the same call for a debt moratorium was passed by the AFSCME Presidents representing Detroit locals on April 15, 1994. The anniversary of Local 457 Pres. Al Phillips' death the following day, April 16, 1994, is now approaching. It is long past time for a mass movement of working and poor people to overturn the power of the banks.)

RESOLUTION FOR AN INVESTIGATION INTO LAUNCHING A CAMPAIGN FOR A MORATORIUM ON GOVERNMENT DEBTS TO THE BANKS

WHEREAS: The AFSCME International Executive Board has gone on record and been supported by this 30th International Convention in Resolution 129, "Government and Economy in the 1990's," which called for drastic cuts in military spending but also that additional revenues be sought for domestic needs and for reducing federal, state, and local government deficits;

WHEREAS: The International Executive Board and this Convention have also called for part of these additional revenues to come from taxing those who have the ability to pay and otherwise placing the deficit burden on the wealthy;

WHEREAS: A $3 trillion national debt exists at the federal level, and debts to the banks in cities and states across the country are at exorbitant levels; e.g. in the City of Detroit, $2 billion is owed to the banks through the year 2000, with $1.2 billion of that due in interest payments; the interest alone approximates the budget deficits forecast for that period;

WHEREAS: In Detroit, the 21st Century Committee of major corporations and banks has launched an unprecedented assault calling for massive cutbacks, layoffs, and privatization of public services to offset projected budget deficits; such attacks are taking place in most other cities and states across the country;

WHEREAS: During the Great Depression of the 1930's, the U.S. Conference of Mayors under the leadership of its founder, Detroit Mayor Frank Murphy, campaigned for the passage of national legislation that would allow cities and states to eliminate the stranglehold of the banks by enforcing a moratorium on debts to the banks until the urgent needs of the people for food, housing, jobs and health care could be met;

THEREFORE BE IT RESOLVED:

That the AFSCME International Union immediately launch an intensive investigation into the possibility of waging a national campaign in alliance with progressive city and state administrations, which would demand national legislation allowing for moratoriums on debts to the banks to be declared at federal, state, and local levels;

That in conjunction with this campaign, the AFSCME International also plan the kinds of mass marches and other actions that would be necessary to bring the needed pressure to bear to win this demand.

SUBMITTED BY:

Alfred Phillips
Alfred Phillips, President
and Delegate, AFSCME Local 457

M. Diane Goldberg
M. Diane Goldberg, Rec. Sec'y.
and Delegate, AFSCME Local 457

TO THE AFSCME INTERNATIONAL CONVENTION AND EXECUTIVE BOARD

June 17, 1992