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JPMorgan Chase Support for ACORN

Judge Andrew Napolitano: You've heard Glenn talk about Goldman Sachs' strong ties to the Obama administration. Tonight, another bank, J.P. Morgan Chase, with strong ties to the Obama Administration, that has received a government bailout. And who that bank is giving its money to?

According to our research, J.P. Morgan Chase - are you ready for this - has given more than \$5 million to ACORN affiliate, ACORN Housing, since 2001. A J.P. Morgan spokesman tells us, quote, "Our dealings with ACORN have been entirely appropriate."

OK, we're not saying they haven't been appropriate. In fact, other banks keep giving money to the group blamed for helping to cause the mortgage meltdown. The question is, why? Remember, ACORN is accused of operating what this show has called a shell game. And some members of Congress have called ACORN, quote, "a criminal enterprise" that funnels money, government money between its three hundred sixty one different entities. The Obama Administration may be distancing itself from the community organization, but not from the funders who are backing it. Jamie Dimon has been called, quote, "President Obama's favorite banker" by the *New York Times*. Dimon also reportedly has a phone hotline to his old pals, Chief-Of-Staff Rahm Emanuel and Treasury Secretary Tim Geithner.

Here to explore the ties that bind is Peter Flaherty, President of the National Legal and Policy Center. Peter, welcome here. Why would J.P. Morgan Chase be interested in giving \$5 million in cash to an organization like ACORN?

Peter Flaherty: By the way, Judge, I believe that figure is low. If you go back over the years and count all the ACORN affiliates, I think the figure is much higher. But this whole thing really started during the seventies when ACORN got rolling. They targeted the banks, because as Jesse Jackson pointed out at an ACORN conference, quoting Jesse James, "That's where the money is." And they figured out that if you could picket a bank director's home in a leafy suburb, they say, "Who are these people? Get them off my back." So pretty soon, all the banks, J.P. Morgan Chase, Bank of America, Citigroup, started paying tribute to ACORN.

It included direct cash donations. It included investments in ACORN Housing, Inc. And of most consequence, it included backing off opposition to something called the Community Reinvestment Act of 1977...

Judge Andrew Napolitano: All right.

Peter Flaherty: ... which led to a severe loosening of lending standards, which led to the subprime meltdown and the more general mortgage crisis.

Judge Andrew Napolitano: All right. Are you telling us, Peter, that J.P. Morgan Chase was the victim of a shakedown, and the response to that shakedown to keep these people away from Jamie Dimon's house and other executives' homes, they coughed up more than five million dollars to these characters?

Peter Flaherty: Well, yes. It has been a long-standing process, as I said, going back to the seventies, but that's really the mentality. Now, J.P. Morgan Chase got twenty five billion in taxpayer TARP money.

Judge Andrew Napolitano: Right.

Peter Flaherty: At the same time, last year, over one thousand employees of the company got bonuses of one million or more. When you're that affluent, you're not very ideological. You just want to get these people off your back. In continuing the support for ACORN, it keeps them at bay, but I think it's time for shareholders, for customers, and now taxpayers, who have a significant stake in banks like Citigroup, to say enough is enough. Where is the accountability?

Judge Andrew Napolitano: All right.

Peter Flaherty: Banks are supposed to operate differently now. Why are they still supporting ACORN? Has their relationship with ACORN changed at all? Are they demanding more information especially in light of the allegations of voter registration fraud and the embezzlement scandal within ACORN?

Judge Andrew Napolitano: So ACORN's banker is not only rich, he's also powerful. The President of the United States - we have a full screen on this - has referred to Jamie Dimon by saying the following, "There are a lot of banks that are actually pretty well-managed. J.P. Morgan is a good example. Jamie Dimon, the CEO there - I don't think he should be punished for doing a pretty good job managing an enormous portfolio." And let's see, do I have this right? Not only does the President know him and like him, the mayor of Chicago, where this crowd comes from, his brother, is vice chair of the bank. All of this true?

Peter Flaherty: Well, it is true, but I don't think just because J.P. Morgan Chase has a solid balance sheet that it's exculpatory I when it comes to the mortgage crisis. They provided important funding to ACORN which helped bring on this whole mortgage thing. This bank is very political. Obama says Dimon is his favorite banker.

Judge Andrew Napolitano: Right.

Peter Flaherty: At least, the *New York Times* characterized it that way. And William Daley, the brother of Chicago Mayor Richard Daley, has the title of Midwest director. Now, how many *Fortune* five hundred companies have a Midwest director? Not another one. It's political protection, pure and simple.

Judge Andrew Napolitano: Got it. Peter Flaherty, thanks very much for joining us.

Peter Flaherty: Thanks, Judge.