

Calif. AG not afraid to fight for the state

By Katrina Heron, Newsweek

Kamala Harris is known for her entrances. A political crusader and cultural-barrier breaker, she was until recently famous for a trifecta of firsts: first African-American, first Indian-American, first female attorney general of California.

But then Harris did something that took many by surprise: she made a grand exit.



Kamala Harris

After multiple trips to Washington for heated closed-door sessions, Harris walked away last September from a deal highly coveted by President Obama and shepherded by a score of federal agencies, a proposed settlement between the 50 states' attorneys general and the five biggest banks involved in the home-mortgage crisis. "I have concluded that this is not the deal California homeowners have been waiting for," Harris wrote to the settlement's committee chairs, just nine months into her job, noting that more than half a million more homes in her state had fallen into the foreclosure process since discussions had begun in late 2010.

Harris's abrupt departure helped derail that agreement, and response to her move was swift. Some critics, including members of the financial community, spoke of a newcomer making

an irresponsible gamble to enhance her own political stature. Those who approved saw a savvy bluff-caller doing her job for a state that leads the nation in homeowner woes, with 2.2 million borrowers currently underwater on their mortgages and seven of the 10 cities in America hardest hit by foreclosure. Still others believed Harris would never agree to a deal.

That last theory, at least, was put to rest on Thursday with the announcement that 49 states, including California, have agreed to a three-year, \$26 billion settlement with Bank of America, JPMorgan Chase, Citigroup, Wells Fargo, and Ally Financial. A formidable negotiator, Harris had pushed up her state's take from somewhere between \$2 billion and \$4 billion to \$12 billion, with an estimated \$6 billion more in value to owners coming from banks acknowledging the diminished value of homes. She also extracted special concessions on how the relief will be guaranteed and distributed. Along with other, equally intransigent AGs, Harris also prevailed against the banks' bid for across-the-board immunity, preserving for states the right to pursue their own investigations into how loans were made to borrowers and how they were then packaged and resold in financial markets.

Still, some critics branded the deal a sell-out (after all, bank shares rose), pointing out that it offers scant relief for those who have already lost their homes to foreclosure. Harris herself—for whom the settlement is arguably a huge political coup and a boost for any future gubernatorial run—did not crow. “We brought an \$18 billion life preserver to homeowners who need relief right now,” she told Newsweek in an interview after the deal was announced. “It’s a good thing, but we have a lot more work to do. By no means are we done.”

Harris, 47, has never shied from a central role in the long-running negotiations. Sitting in her office under a portrait of Martin Luther King Jr., she was roused easily from professional calm to righteous fervor, revealing shades of the career prosecutor who first made her name battling the

grittiest of crimes, including child sexual abuse. Her customary uniform of dark pantsuit, high heels, and pearls suggests a rather glamorous CEO, but the bursts of intensity are that of a courtroom dynamo, by turns compelling outrage and inviting empathy, disarmingly folksy and clearly comfortable under pressure.

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