

\$700 BILLION BAILOUT

The Emergency Economic Stabilization Act and
**What It Means to You,
Your Money, Your Mortgage,
and Your Taxes**

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PAUL MUOLO

Coauthor of *Chain of Blame*



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PAUL MUOLO



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John Wiley & Sons, Inc.

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Published by John Wiley & Sons, Inc., Hoboken, New Jersey.

Published simultaneously in Canada.

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ISBN 978-0-470-46256-0

Printed in the United States of America.

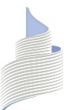
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*For the American public and the few
who saw this disaster coming*





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Author's Note

The \$700 Billion Bailout Bill

What Is This Monster?

By writing this book I get a second crack at the greatest financial disaster facing our nation since the Great Depression—the mortgage and credit crisis of 2008. As I consider my thoughts, stock markets have crashed worldwide, unemployment is rising, home prices continue to head south, and many Americans (unless they make their living off of home foreclosures) feel like there is no end in sight to the bad economic news. To many of us, it feels like we're on a ship that is taking on water. We're sinking, but there are repair crews in scuba gear trying to patch the holes in the bow. As passengers we're not sure if the ship can be saved.

In July 2008 Matthew Padilla of the *Orange County Register* and I produced a book called *Chain of Blame: How Wall Street Caused the Mortgage and Credit Crisis* (John Wiley & Sons). We made the radio and talk show circuit, got on *The Lou Dobbs Show*, *Fresh Air* with Terry Gross, Fox Business Network, and *The News Hour* with Jim Lehrer, among other programs. Our premise, laid out in *Chain of Blame*, is

that Wall Street firms caused the greatest financial crisis any of us face because they needed to create more bonds to sell and turned to one of the largest debt markets in the world—home mortgages. Firms like Bear Stearns, Lehman Brothers, and Merrill Lynch picked the riskiest part of the mortgage market to securitize, subprime loans—mortgages given to people with bad credit. In Washington none of the regulators were paying much attention.

The Wall Street firms—and many of the lenders they bought home mortgages from—didn't care about the quality of the loans they were securitizing. That was our premise in *Chain of Blame*. We told the tale through the people at the center of the crisis: the executives and bond traders at Bear, Merrill, Lehman, and other Wall Street firms and at some of the lending firms. A few short months after our book was published, our premise was validated. Now, there's the aftermath to deal with: How do we fix this mess and prevent it from happening again?

On Friday, October 3, 2008, President Bush signed the Emergency Economic Stabilization Act (EESA), a 451-page bill whose original mission was to create a means for dealing with the problem. (We've conveniently reprinted part of the bill at the back of this book.) The bill's solution focuses on setting up a Troubled Asset Relief Program (TARP) inside the U.S. Treasury Department to buy delinquent mortgage assets (bonds as well as loans) from a variety of sellers, including both banks and Wall Street firms. It also allows the government (the Treasury, that is) to buy ownership stakes in banks to prop up their capital. Why do that? Treasury, led by former Wall Streeter Henry Paulson, believes those banks, armed with cash, will go out and make new loans to businesses and consumers and revive the economy. That's the great hope. The cost of this experiment to the taxpayers: \$700 billion.

But the Emergency Economic Stabilization Act is more than a "let's buy mortgages and invest in banks" plan. It establishes a process for selling mortgages to the government in a way where supposedly the private sector will not unjustly profit by exploiting the legislation's

Author's Note

loopholes. It also offers some hope for homeowners facing foreclosure by rewriting their mortgages. And there's more. The great secret of EESA is this: Most of the bill (300-plus pages out of 451) offers tax breaks to businesses and consumers that had nothing to do with the mortgage and credit crisis.

This book is about EESA—what it does, and what effect the current financial malaise will have on your home and your ability to get a mortgage going forward; on your savings, retirement plans, and investments; and on your taxes. The interesting thing about the bill is that its intended goal is to create a sense of financial stability in our financial markets, or maybe a façade of stability. Yet, it does nothing whatsoever to regulate or re-regulate our nation's financial institutions to prevent this from happening again. We face two nightmares: what this bill potentially allows, and what would happen if we as a nation do nothing at all.

PAUL MUOLO



\$700
BILLION
BAILOUT





Introduction

Original Sin: The Emergency Economic Stabilization Act of 2008

*The Patriot Act Meets the
World of Finance*

The message on the woman's red T-shirt boiled down the issue to a political slogan: "Help for Main Street, Not Wall Street." Sitting in a government hearing room, she was a member of ACORN, an activist organization that for years had been staging protests outside bank branches in the streets of Washington and elsewhere, arguing that too many of the nation's mortgage lenders had been engaged in so-called predatory lending practices—that is, granting home mortgages to consumers who wouldn't be able to repay them. Over the past two years the group, whose initials stood for Association of Community Organizations for Reform Now, had a new cause—foreclosures.

Foreclosures were the by-product of all those predatory mortgages the group had warned about.*

Americans were losing their personal residences at a rate not seen since the Great Depression. Tent cities were beginning to spring up in cities like Las Vegas, once the hottest housing market in the country, one where homes that hadn't even finished construction were being flipped for 20 percent more than the contract price. But the economic boom was over.

The housing bust had become a national story, played out on the nightly news seven days a week. Unemployment was rising to multi-year highs. A few weeks earlier, gasoline had been selling for \$4 a gallon in California. Even the nightly news shows, which hated doing financial stories because there was no good video to show the viewers, had finally latched onto the story. America's financial meltdown—with the housing and mortgage industry front and center—was suddenly sexy. It was also a political issue in a historic presidential election that pitted the first African-American candidate against a former war hero who had chosen a woman for his running mate. The entire country was now watching. So, too, was the rest of the world. And the Dow Jones Industrial Average was headed south like a cannon ball.

On the morning of September 23, 2008, the woman with the red T-shirt was not alone. She was accompanied by 20 other members of ACORN, some wearing T-shirts matching hers, others shouting out the slogans printed on their chests. (Yet others were there to protest the war in Iraq.) The setting wasn't a courthouse but rather the Dirksen Senate Office Building, a block from the U.S. Capitol, where all 21 members of the Senate Banking Committee had convened a hearing. It was 9:45.

*Even though ACORN was known more for its roots as a housing and mortgage activist, it found itself in the news during the presidential election of 2008 because of allegations that it had engaged in voter registration fraud. Election officials in a handful of states were looking into charges that ACORN workers submitted false registration forms for fictitious characters, including one Mickey Mouse. ACORN officials denied that it engaged any type of systematic fraud but admitted that some of its workers may have turned in duplicate or fake voter applications to pad their pay.

Original Sin

Sitting mostly in the hearing room's back rows, the ACORN protesters, left-leaning for sure, were beginning to get restless.

A block away at the Capitol building, tourists were already snapping pictures on a warm fall morning. But outside the hearing room 30 cameramen, several from foreign news bureaus, had parked their tripods and wide-angle lenses, waiting to hear not just the views of the 21 members of the Senate who made up the Banking Committee but also those of the two most powerful men in the world of finance: Treasury secretary Henry Paulson—the former head of Goldman Sachs—and Federal Reserve chairman Ben Bernanke, a former professor who once chaired the economics department at Princeton University. Two years earlier he had been picked by President George W. Bush to replace the legendary Alan Greenspan. (“Formerly legendary” might be a more appropriate description. Greenspan, known as the Maestro for his smooth shepherding of the economy, was now taking heat for not spotting the telltale signs of the housing bubble while he was in office.)

Along with Paulson and Bernanke, two other men would be testifying to the Senate that morning: Christopher Cox, chairman of the Securities and Exchange Commission, and James Lockhart, director of the Federal Housing Finance Agency, a Washington regulatory agency whose mission was to oversee Fannie Mae and Freddie Mac. Fannie and Freddie, as they were known, were two large government-chartered companies that bought mortgages from banks, savings and loans (S&Ls), nonbank mortgage lenders, and credit unions. By purchasing newly originated loans, they replenished the coffers of lenders, who could use that money to go out and make new loans. Fannie and Freddie, though, had effectively failed. On September 7 the government—Lockhart's agency with an assist from Treasury—had swooped in and taken control. Uncle Sam now owned them. Fannie and Freddie guaranteed (a synonym for “insured”) or owned \$5.4 trillion of the nation's \$9.6 trillion in outstanding home mortgages, making them the linchpin of the U.S. mortgage market.

The 21 senators sitting on the committee wanted to know what the hell had happened. For the first time in what seemed like decades, all

21 senators on the committee were present for a hearing. Most times, 10 or so senators might show for a hearing, make a few statements for the C-SPAN cameras, and depart, leaving four or five colleagues (sometimes even fewer) to do what was called “the people’s work.”

Topic A that morning was the government seizure of Fannie and Freddie—a serious issue for sure. But Topic B was an even bigger issue of colossal proportion: Treasury secretary Paulson was now asking the nation’s 535 elected officials for an emergency cash infusion of \$700 billion to help stabilize Wall Street and the shaky banking industry. The crisis had emanated from the nation’s housing mess, which had been caused by Wall Street backing too many subprime lenders just so they could create bonds from their loans. Wall Street firms like Bear Stearns, Lehman Brothers, and Merrill Lynch hadn’t been careful enough about the loans they were buying that would go into those bonds. All three were now extinct or on the verge of being sold.

The public, as might be expected, was hopping mad. Spend \$700 billion to bail out Wall Street? Not only did it make a good T-shirt slogan, but it fit on a bumper sticker as well. Treasury secretary Paulson needed the money so he could buy what he called “troubled” assets (mostly mortgage bonds) from hundreds of financial institutions. The way he described the situation to the public was that the capital markets—Wall Street and the nation’s banks—had a major clogged artery. The patient (the economy), he reasoned, would have a heart attack if Treasury didn’t have the resources (the \$700 billion) to buy troubled mortgages from lenders. Paulson’s plan was to give that money to the banks, which would use it to go out and make new loans—to businesses, to homeowners—to unclog that bad artery in the capital markets. He was also asking for permission for the government to buy ownership stakes in some banks. He hoped it wouldn’t come to that, though.

To Senator Jim Bunning, a Republican from Kentucky, the whole idea sounded like a communist takeover of the U.S. banking system. “It’s financial socialism and it’s un-American,” he told Paulson, his beet-red face turning darker.

But to hear Paulson tell it, he was trying to avoid a financial Armageddon. The former Goldman Sachs chief came across as someone who knew what he was talking about. After all, he had run Goldman Sachs for several years as the company earned billions. But Paulson had blemishes on his record. A year earlier he was serving as the White House's water boy on the then-emerging subprime crisis, making speeches in the United States and abroad, saying the nation's subprime mess was "contained"—that it wouldn't affect what he called the nation's "healthy economy." He had been dead wrong. And now he wanted \$700 billion to help fix the problem.

But on this morning the senators weren't about to bring up Paulson's track record; a few of them had PR problems of their own. Committee chairman Christopher Dodd, a Democrat from Connecticut, had received a so-called Friend of Angelo (FOA) loan from Countrywide Financial Corporation, once the nation's largest subprime originator. Being a friend of Angelo Mozilo (the chairman and CEO) meant that Dodd received a price break on his own personal mortgage. Mozilo, silver-haired and a dapper dresser, was a 40-year veteran of mortgage lending. He was also now under investigation by the Feds for selling \$400 million in company stock while Countrywide's fortunes tanked. (In July Countrywide was bought by Bank of America. If it hadn't been for the sale, Countrywide eventually would have filed for bankruptcy. Mozilo was now retired.)

The FOA story was receiving wide media attention. Dodd wasn't looking too good; neither was fellow senator Charles Schumer of New York, whose constituents on Wall Street had donated generously to his campaigns over the years. Schumer, ever a homer for the people of New York, had done nothing with his political power to rein in Wall Street. It was lucky for Schumer and Dodd that they weren't up for reelection this year. Neither would be too tough on Paulson.

As the hearing got under way, each senator had a chance to grandstand, making short speeches. The political theater was broadcast on C-SPAN for all the voters back home. Most of the senators were

indignant about having to spend \$700 billion of the public's money for something most Americans didn't understand. Dodd led off the hearing, calling Paulson's Troubled Asset Relief Program (TARP) "stunning for its lack of detail." The former Goldman Sachs chief had started his idea for the bailout legislation by typing out a brief three-page memo a couple of weeks earlier. Dodd wanted to know what Treasury would do if the bailout plan didn't work.

Senator Schumer, looking out for his constituents back home on Wall Street, pontificated that the "lowly mortgage" was at the center of what was not an international banking crisis. But he begrudgingly admitted, "The real danger is if we don't act." (Schumer loved grandstanding. It was often joked in Washington that the most dangerous place inside the Beltway was getting between Chuck Schumer and a camera.)

Meanwhile, the ACORN protestors in the hearing room were getting noisy. Every time a senator expressed the wish that the money be used to help the homeowners who were losing their houses, they'd shout an "Amen!" or a loud "Yes!" But Dodd, who was running the hearing, wasn't in a mood to hear their protests and the "Amen!" shouts. He banged his gavel. "You settle down or I'll clear this room," he warned.

The senators' opening speeches continued. Robert Menendez of New Jersey cautioned that he wouldn't be "stampeded into rubber-stamping" Paulson's \$700 billion TARP plan. Elizabeth Dole, a Republican from South Carolina, who was married to former presidential candidate (and Viagra pitchman) Bob Dole, tried to point the finger of blame on the crisis toward Fannie Mae and Freddie Mac, which many Democrats had gone to bat for over the years. She angrily recalled how she and her fellow Republicans had tried to push for stronger oversight of Fannie and Freddie. Dole, who was in a close reelection race that fall, was stretching the truth. Fannie and Freddie hadn't caused the subprime crisis, though the two had been unwise enough to buy \$180 billion in subprime bonds.

By the time Paulson finally spoke, 90 minutes had passed. The protestors from ACORN had calmed down. Some had left the room. He thanked the senators for giving him what he called a “bazooka”—that is, the legislative authority—to take control of Fannie and Freddie. He implored them to move forward with the legislation for the \$700 billion. “I’m convinced it will cost far less than the alternative,” he said.

There was just one problem. The Senate didn’t get to vote on the \$700 billion first. That was the job of the House of Representatives. Less than a week later, on Monday, September 29, the House voted. Nancy Pelosi, the Speaker of the House, thought she had enough votes—but by the time the tally came up she was 23 short. The \$700 billion bailout package was nixed 228 to 205. The revolt was led by proud conservatives from the Republican Party who said their offices had been inundated by telephone calls from angry citizens back home who didn’t want their tax dollars used to bail out Wall Street. It was just like the ACORN-T-shirts had said.

There was only one problem with the Republicans’ defiance: They cast their votes while the stock market was still open. By noon that day the vote was complete and the Dow Jones Industrial Average went into a full-scale meltdown, plunging 778 points—a record for a one-day drop. Billions of dollars in shareholder wealth had been wiped out. Now constituents were calling their elected officials in Washington with a new complaint: Their 401(k)s and personal investments had been hammered.

The tables had turned. Republicans were now under fire for *not* passing it. The Senate decided to take up the vote on Wednesday. By the time it did, the \$700 billion legislation had changed: The version the House had turned down had been a streamlined bill (just over 110 pages) that dealt mostly with giving the Treasury secretary the power to buy troubled mortgages. This time around it was loaded down with pork-barrel legislation; quite a bit of it was tied to extending tax breaks for alternative energy and green fuels, but it also threw in a few benefits that Republicans might like, including tax breaks for

the construction of race tracks (a nod to NASCAR dads) and for the coal industry.

On Wednesday the Senate approved the bill—which had ballooned to 451 pages—by a wide margin. Two days later the House voted, and it too passed the bill by a wide margin. Two hours later President Bush signed the bill. The Emergency Economic Stabilization Act (EESA) was now law. The United States was about to spend \$700 billion to buy troubled mortgage assets. To get the bill passed quickly, Secretary Paulson had promised he could get most of the \$700 billion back by holding those troubled assets for a few years and then selling them later at a profit or at least breaking even. But as Senator Dodd had pointed out, the bill was short on details. Even though Bush signed the bill, the stock market continued to suffer: It went down, down, down, experiencing losses not seen since the Great Depression.



Not since Congress had passed the Patriot Act in the wake of the 9/11 terrorist attacks had a piece of legislation moved so quickly with so little debate. And at \$700 billion (unless Paulson was right and Treasury recouped that money over time), it would be the largest bailout in U.S. history—of any industry. The S&L crisis, which had occurred 20 years earlier, had cost a mere \$120 billion.

But the new bill was about more than money. It was about power. In the name of national security, the Patriot Act gave law enforcement officials—for better or worse—more tools to spy on Americans and foreigners. Tom Myers, a forensic accountant who had worked on S&L fraud cases two decades earlier, drew an analogy between EESA and the Patriot Act. “It gives the government unfettered power,” he said. But what was Myers talking about?

Not only does the bill give the government—the Treasury Department, which is running the program—\$700 billion, but the bill also gives it the power to bail out counties and cities as long as these

areas may have suffered increased “costs or losses in the current market turmoil.” EESA’s language also says Treasury can come to the aid of retirement funds. Well, what does that mean? Who really knows? EESA was written and passed so quickly that it is open to more interpretations than the Bible. The way it was pitched originally by Paulson, it was supposed to help only banks and Wall Street.

But one thing seems certain: For American taxpayers, the ability to obtain a mortgage has been severely damaged, as has the value of the real estate they own. The correction in the housing market could last up to 10 years. With the government takeover of Fannie and Freddie, the U.S. mortgage market has been socialized. It is under the control of the Treasury, which is controlled by the White House. All of this happened under the watch of a president who rode into office believing that deregulation and getting government off the backs of businesses was a laudable goal because companies could make good money and pass on the largesse to all citizens. It was part of what Bush had called “the ownership society.” It looked good on paper. Now, the government owns the mortgage industry, more or less. That’s called irony.

For a week and a half after Paulson got his money wish, the stock market kept declining in large chunks except for an occasional rebound. The Treasury secretary wasn’t happy. The stock market kept on tanking. Paulson was hoping for a respite from the Dow’s carnage. Some banks had stopped lending to each other and their business customers, exacerbating what was referred to as a credit crisis. On Tuesday morning, October 14, Paulson took one more bold step: He unveiled a plan to spend \$250 billion of the money that was supposed to be used for buying troubled mortgages to instead invest in nine of the largest banks in the United States, including his former firm Goldman Sachs as well as Bank of America, Citigroup, Wells Fargo, and JPMorgan Chase. But few of these banks were in danger of failing. Paulson, according to the press reports of the day, strong-armed the heads of these banks, telling them it was their “patriotic duty” to go along with the idea. Treasury wasn’t taking over these banks—but it was becoming a stakeholder. Paulson

wanted to send a signal to the investment community and the world at large that the U.S. government was standing behind its banks. After these nine investments, hundreds more might follow.

To the men and the women on the street watching the news unfold, it all seemed surreal—nine of the nation’s biggest and most respected banks had been partially nationalized. What did it all mean? Republicans weren’t supposed to nationalize businesses. Hugo Chávez, the socialist leader of Venezuela, did stuff like that. Paulson had already spent more than one-third of the money that was supposed to buy troubled mortgages, money that could trickle down to the struggling homeowner. Of course, in late 2008 curing the nation’s credit and mortgage crisis was no longer a worry for Paulson. With the election of Barack Obama as president, Paulson, a Republican and a Bush appointee, was out of a job. The cleanup—without a doubt—is the most important task facing the new Treasury secretary.

What follows in this book is a discussion of what the bailout means for your financial life. We’ve reprinted part of the bailout bill at the end of this book. Most of the news isn’t good. As for the \$700 billion being spent on your behalf, if Mr. Paulson’s track record is any indication—especially his comments made in the summer of 2007 about the country’s subprime crisis being “contained” and not spreading overseas—we, as a nation, are in serious trouble. It’s now up to a new White House to serve as shepherd of the TARP program—an unproven creation for sure.

Chapter 1

The Big Hoist: Will the \$700 Billion Bailout of the Mortgage and Credit Markets Work?

(It Had Better)

“It will work.”

—TREASURY SECRETARY HENRY PAULSON, COMMENTING AFTER PASSAGE OF
THE \$700 BILLION EMERGENCY ECONOMIC STABILIZATION ACT

“It should help.”

—ÜBERINVESTOR WARREN BUFFETT, CHAIRMAN OF BERKSHIRE HATHAWAY

On a Thursday morning in mid-March of 2008, Treasury secretary Henry Paulson called a press conference in Washington to discuss the results of a study done by the President’s Working Group on Financial Markets, which consisted of his agency and three others: the Federal Reserve, the Securities and Exchange Commission (SEC), and the Commodity Futures Trading Commission

(CFTC).^{*} Seven months earlier, Paulson had been pushing the Bush administration’s line that the country’s subprime mortgage crisis would not spill over to other parts of the economy or world economies. But on this morning, finally, the former Goldman Sachs CEO came clean. The setting: the National Press Club Building in downtown Washington, two blocks east of the White House on F Street, a block away from the Treasury building. Reporters from every major news organization in the United States and several overseas news outlets were there.

The report he was discussing that morning before 50 reporters and TV cameramen (who were broadcasting live) had concluded: “The turmoil in financial markets clearly was triggered by a dramatic weakening of underwriting standards for U.S. subprime mortgages, beginning in late 2004 and extending into early 2007.” The report’s diagnosis singled out the credit rating agencies (Fitch Ratings Ltd., Standard & Poor’s, and Moody’s Investors Service) and “those involved” in securitizing subprime. The diagnosis bullet-point section of the report never once used the phrases *Wall Street* or *investment bankers*. As the former head of Goldman Sachs, Paulson wasn’t about to gut the beast that he once worked for. He still had good friends there.

The Treasury secretary told the press that securitization had paved the way for lower-cost mortgages to be made to millions of Americans, but also complained about what he called “extreme complexity” of financial instruments—credit default swaps (CDSs), among other instruments—and a lack of transparency for investors. A credit default swap is an insurance contract that allows an investor to bet or hedge against losses. There were \$44 trillion worth (that’s not a typo) of these

^{*}The SEC regulates financial disclosures by publicly traded lenders but not necessarily their businesses. The CFTC regulates commodities markets, including the trading of instruments that represent commodities. The Federal Reserve is the nation’s central bank, whose job it is to set monetary policy and fight inflation. It also regulates banks.

contracts outstanding in the United States at last count. By comparison, the U.S. government, which is deeply in debt, owes just over \$10.2 trillion on the outstanding Treasury bonds sold to finance the nation's debt. The government funds the country's operations, including paying for its defense and cutting all those Social Security checks each month.

Credit default swaps can be written by just about anyone, but usually it's insurance firms or investment banking houses. American International Group (AIG), the large insurance conglomerate (which is now owned by us, the taxpayers), wrote plenty of CDS insurance policies. When AIG—a company with \$1 trillion in assets—was taken over by the government (a deal Paulson also helped put together) it had (outstanding) \$70 billion in contracts or bets on subprime bonds. Would AIG be able to cover all those bets if the subprime bonds it insured went south? That's a good question, but here's an even more important question: Who regulates the CDS market? The SEC? The CFTC? Answer: *Not one government agency keeps tabs on this market*, which is why no one ever thought to look at AIG—whose primary business is insurance (including annuities to retirees)—to see if it had enough capital to cover its swap policies. (Unbeknownst to most consumers, AIG also owns two subprime lending companies, both of which are not the property of Uncle Sam.)

At the National Press Club, the Treasury secretary also blamed investors for not knowing what they were buying and cautioned that whatever regulatory changes might lie ahead, the Treasury, under his direction, would not stifle “financial innovation” in the marketplace, which meant that the creation of and trading in such instruments as credit default swaps (used to hedge or speculate, depending on what the customer wanted to do) would continue.

The next day Bear Stearns' stock plunged, and within days the government had arranged its sale to JPMorgan Chase. Six months later, President Bush signed the EESA legislation, committing the \$700 billion. Ben Bernanke's team at the Federal Reserve had put together the Bear sale, consulting with Paulson over at Treasury. Paulson's former

Praise for Muolo's *Chain of Blame*:

"There's no time like the present to read this one. Talk about a whopping tale—and it happens to be true."

—USA Today

"*Chain of Blame* offer[s] instant history on what may turn out to be the worst economic disaster of our time."

—Wall Street Journal

"For the federal investigators now piecing together the history of who knew what when, *Chain of Blame*'s storehouse of stories provides a good place to start."

—BusinessWeek

Is America a sinking ship? With the economy in the midst of crisis, the United States government has approved an unprecedented \$700 billion bailout of the battered financial industry.

\$700 Billion Bailout is an analysis of the controversial Emergency Economic Stabilization Act and explains in easy to understand language what the bailout bill means for individuals. The bill, described as the \$700 billion bailout . . . and \$110 billion in tax breaks, will include tax breaks shielding millions of taxpayers from the alternative minimum tax this year, increase FDIC insurance for bank deposits from \$100,000 to \$250,000, and provide support for Wall Street's floundering financial institutions. But what does this truly mean for people on Main Street?

The book provides understandable analysis of the bill's provisions and offers "to do" and "not to do" steps on how the bailout bill impacts individuals. Whether the plan will work, and how we can prevent this from happening again remains to be seen, but with *\$700 Billion Bailout* Paul Muolo gives us a critical tool for deciphering perhaps the most sweeping piece of legislation since the Patriot Act.

Paul Muolo is Executive Editor of *National Mortgage News* and coauthor of the eye-opening *Chain of Blame*, which has received very strong coverage in both print and online. His freelance work has appeared in the *New York Times*, the *Washington Post*, and *Barron's*. Muolo has been a guest financial expert on numerous media outlets, including CNN, CNBC, ABC, and Fox Business Network.

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