
From: Jim Britell [mailto:jim@britell.com]
Sent: Friday, April 10, 2009 5:21 PM
To: LLPComments
Subject: Comments Legacy Loans aka ³Son of Enron² scheme

Dear FDIC,

Thank you for the opportunity to comment on the FDIC Legacy Loans Program

I am utterly opposed to the FDIC, Treasury or any agency of the government engaging in providing financing to investors to buy toxic assets because I am concerned that hedge funds and speculators could use opaque and complex second and third hand transactions like Enron used to game the California electricity market to game the process. It is incomprehensible that we are going to provide incentives, free money and leveraging, so the same people who pillaged the country's financial system can now speculate against the US Treasury itself. This plan seems like the same kind of speculation, using the same tools and processes people and incentives that brought our current problems. The Treasury is going to be turned into a banker and partner of the same hedge funds and banks that created our present problems. Under the Geithner plan, the Treasury is basically doing the same thing that sleazy mortgage brokers in the California central valley were doing, except with about ten more zeros. This "new" plan calls for people to buy somebody's assets of unknown value with borrowed money they never have to repay and be able to keep all the profits while somebody else (the citizens) bear the losses.

Is this the only game we know how to play.

Many economists have developed the scenario where banks use this plan to game a scenario where third or fourth hand parties bid on their own assets and re-screw the public - one of them is:

<http://seekingalpha.com/article/129974-gaming-ppip-best-minds-of-my-generation-could-be-working-on-it>

I suppose your rules can stop obvious problems like Bank A bidding on Bank A's own toxic assets but I am concerned with the kind of convoluted off-balance sheet and offshore schemes that people who earn a billion dollars a year can create. Especially since the government has been deliberately starved for good people for years. So I have no confidence that our government can think up and manage a process which can't be gamed.

For every hour the FDIC has to spend to figure out how to make tough rules, bad guys can spend a hundred hours figuring how to get around them.

Further I note that most analysts who saw this so called “perfect storm” coming are mostly opposed to this scheme while those who should have been on the job guarding against abuses and protecting us, all seem to be for it.

Banks and regulators don’t act or behave like they understand or appreciate what banksters did to our country - on the contrary, their main concern seems to be to gin up the big barbeque again and rebubbleize the economy. You can’t expect people to have confidence in a process that appears to put crooks and failed regulators in charge while ignoring and excluding the ideas of everyone who saw this whole thing coming.

The crisis in banking may seem like a perfect storm to the Geithners and Paulsons and Summers of the world but it was perfectly obvious and predictable to a lot of people and those are the folks who need to plan the recovery not the same people who either made the mess or sat on their hands and watched it coming.

Anyone with any common sense would know that a family, community or a country’s real estate prices aren’t sustainable when they exceed three or four times average people’s earnings. You don’t need to go to Harvard to learn this – just ask your barber, or any relative with grey hair. And anyone who sat and watched this happen was willfully ignorant.

We need to go back right now and very aggressively and claw back all the money from the crooks who benefitted from all this fraud right down to reclaiming and selling the the bad brokers Mercedes. We need to put the people who deliberately made bad loans in jail to make an example of them.

Here is a very obvious suggestion to get us out of our financial problems. An assets tax, not an income tax, should be imposed on all assets above a certain level like 2% of assets over ten or perhaps 20 million dollars. Then we can get back some of the ill gotten gains from people who escaped with wind falls from these schemes. We simply must address the question of how we get the money back before the statute of limitations expires.

There seems to be scant interest in going after the bad actors and recovering the money. Our leaders primary concern seems to keep shareholders and bondholders of failed institutions from taking a haircut and to kowtow to the people who created our current situation.

I was a big Obama supporter and worked some on his campaign but it appears to me that the government is now being entirely managed and run solely for the financial benefit of banks and institutions who made the mess, by the very people who used to run it under Bush.

Most citizens in America, and most banks too, did not participate in the destruction of our financial system; and those of us who didn’t are getting unhappier by the day with

the way this problem is being addressed. We think that our leaders are simply being manipulated and scammed by the same banksters who looted our country in the first place. And now they seem to be coming back to get what they may have missed the first time.

A quote for your guidance:

"It is, of course disagreeable to take another person by the throat: But if a person undertakes to act as a trustee, he must face the necessity of doing disagreeable things when they become necessary in order to keep the estate intact. A trustee is not entitled to purchase a quiet life at the expense of the estate, or to act as good natured men sometimes do in their own affairs, in letting things slide and losing money, rather than create ill feelings."

From a "Manual for Bank Examiners"

Thank you,

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