

# **Analysis of Current U.S. Financial Crisis**



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# Introduction

The national and international economic problems we face today are almost beyond human comprehension and certainly beyond the human ability to resolve. As I began research for this presentation, I was struck by the magnitude, complexity, and urgency of the problem. The problems are so large and the betrayal so deep that divine intervention is the only answer. It is time for us to use the Science of The Spoken Word to apply the Mind and Heart and God to the problems of the government and the economy.

Over many years and perhaps decades some individuals in government have systematically chipped away at the Four Freedoms - freedom of the press, freedom of speech, freedom of religion, and freedom of assembly - inherent in our Constitution. The betrayal of its own citizens and of the Freedom Flame by the government of the United States is so pervasive and has gone on for so long that a comprehensive review would take many years, many researchers, and fill millions of pages. We have reached a point where a reasonable person could say "Enough, thus far and no farther!" or the more contemporary, "Stop the madness!" Madness it is, a drunken, disrespectful self-serving romp upon the Freedom Flame and the good people of this nation.

The problems are myriad but from an overarching perspective they can be categorized into broad areas that allow for short yet comprehensive dissection. We as a nation have arrived at the proverbial crossroads: one road, the road we currently seem to be travelling, can lead to the downfall of the nation. The other road, painful and unpopular, is the one that could serve to revitalize America, allowing her to fulfil her destiny. Now is the time to set the house aright upon the firm ground of God-government and Christ wholeness as intended by Saint Germain when He conceived of and gave birth to this nation, a perfect union intended to reflect the grandeur and governance of the God Star Sirius.

Therefore, as stated above, I will outline the major issues and areas of betrayal that are the most grievous and cause the most harm to the American people and to the Freedom flame.

# Background

It is neither my intent in this brief background information to rehash the events that led to the Great Depression, nor to delineate all the U.S. government's attempts to hasten its demise. It is my intent to give a bird's eye view of why it occurred. However, I believe the Great Depression was both God's Mercy and Judgment for the nation's past indiscretions. As a way to balance the misuse of God's energy, the nation received back what it sent out as misqualified energy in the 150 years since its founding. The opportunity was given to set things right with God and to move the nation back to its founding principles. Unfortunately, the government at the time did not see it that way and introduced "programs", socialistic in nature --some of which are still in place-- to mitigate God's Judgment and to solidify personal power, failing to realize that God's Judgment was already mitigated by opportunity to rebuild and remake the nation according to its divine destiny. As I see it, the two most detrimental "programs" were the movement away from the gold standard and the Social Security Act. The movement away from the gold standard partially removed the Light of God from backing the nation's money supply. The passage of the Social Security Act caused individuals to depend on government to meet their needs, thus drawing them away from dependence on the God within. This dependence on government played an integral part in the events leading up to the current situation. Responding to currency manipulations by other nations, President Richard Nixon removed the gold standard altogether in 1971. Subsequent recessions and near depressions in the 1970s, 1980s, 1990s and in the early 2000s were reminders --America get thy house in order! But this was to no avail, the admonitions fell on deaf ears and we have now arrived at the present situation.

# Current Situation

## A. Whodunit

As early as 2006 a few stalwart souls sounded the warning of “unrealistic highs” in the housing market. The market was exploding at an unsustainable rate. Properties were ‘hot’, providing loans and financing became a quick and easy way to make big bucks. As we will see later, there were plenty of players jostling to take advantage of this situation. When housing prices began to decline, these players found themselves unprepared for the losses that would ensue. Then the credit markets experienced a credit crunch that rapidly grew into a credit freeze. The situation reached critical mass when banks stopped lending to each other fearing that no bank balance sheet could be trusted. These balance sheets contained investments in mortgage-backed securities having as their collateral home mortgages whose owners defaulted on their payments.

It is possible that the cause of the crisis stemmed from the “bubble” in the housing market (the difference in the going price of housing and the actual price of housing adjusted for inflation) but the financial markets were already overleveraged in several areas and for several years. To put it in simple terms: There was not enough collateral to pay outstanding debt. Estimates of the housing bubble were approximately \$5.0-8.0 trillion. Added to this was the building frenzy as people sought to profit from soaring house prices. But, the housing balloon started to leak in 2007, and finally popped in 2008. In hindsight the bursting of the bubble appears to be the straw that broke the camel’s back. This perfect financial storm consisted of a tangled web of interrelationships and a mindboggling whodunit that defies comprehension.

## Homeowners

Many homeowners defaulted on their mortgages because they could no longer afford to pay them. They, in their misplaced trust, ignorance or perhaps greed, accepted terms from agents, bankers, and brokers that were beyond their ability to fulfill. They thought and were told that their investments in homes would increase at the then existing rates and they would in a short time recoup their costs by selling their homes for a substantial profit. The sellers of these terms--bankers, brokers, and other real estate professionals-- knew the real estate market could not sustain the frenzied growth nor could the homeowners keep up with their mortgages unless: a) their incomes rose as rapidly as the promised investment in their homes; b) people continued to buy homes in an already saturated market; and c) the people receiving mortgages had sufficient income to qualify for a mortgage. As the housing bubble burst, homeowners found themselves ‘upside down’ on their mortgages – owing more than their home was worth. Why pay a mortgage on a property that is worth less than the mortgage? Some homeowners chose to walk away from their properties. Others simply fell behind on payments.

## Banks and other financial institutions

In order to make more loans available to clients banks sold mortgage securities (individual mortgages) to investment banks that then bundled these securities. We can make an analogy to making an apple pie. You use several apples to make the pie, but it would be impossible to tell which apple chunks came from which apple after the pie was made. So it was with the mortgage

securities. Investment banks took the whole pie but then sold individual pieces to banks, investment banks, foreign investors, foreign governments, and private firms such as insurance companies. Because of the bundling then slicing into pieces, it was impossible to determine who owned which individual piece of collateral that made up these mortgage-backed securities. In other words, no one was able to match a specific piece of real estate to a specific piece of the security pie. Since one piece of real estate cannot be differentiated from another in this process, when a portion goes bad the whole suffers.

In March 2008 Bear Sterns collapsed. It was one of the largest global investment banks. In July 2008, Indy Mac the nation's seventh largest mortgage lender, collapsed. In September 2008, Lehman Brothers filed for bankruptcy and Freddie Mac and Fannie Mae were placed in conservatorship by the Federal government. And in the last four months of 2008, AIG received \$150 Billion from the Federal government with the reasoning that AIG was too big to fail and would cause massive repercussions. At the heart of AIG's problems were its credit default swaps -- insurance contracts wagering that companies would pay their debt. The government received a 79.9% equity share in AIG. Bank of America acquired Merrill Lynch and Washington Mutual Bank was placed in receivership by the FDIC after \$16.4 billion in deposits were withdrawn in 10 days. Washington Mutual Bank's parent company, Washington Mutual Inc. filed chapter 11 bankruptcy. The \$50.0 billion Madoff Ponzi scheme was uncovered (he pled guilty in March 2009), and in a Sunday night back-room deal between the Federal Reserve and Treasury Secretary Hank Paulson -- a clear conflict of interest -- Morgan Stanley changed its status from an investment bank to a bank holding company. This change allows the FDIC to guarantee deposits at Morgan Stanley -- a smart but underhand way to receive public relief without having to explain to the public. Goldman Sachs, the last investment bank on Wall Street, also became a bank holding company in a separate deal. This final move ended the stand-alone investment banking era. They are no more.

## **Government**

Government, through regulation or lack thereof, played a major role in this financial storm. The Clinton administration, aided by the Congress, revised the 1977 Community Reinvestment Act. This revision forced mortgage lenders to relax rules that allowed disadvantaged borrowers to qualify for home loans. Some of these loans are called 'ninja loans' (no income, no job applicants). Legislation via the Commodity Futures Modernization Act exempted credit default swaps from regulation. Finch Clark and Teather (2009) state, "In 1999 Clinton repealed the Glass-Steagall Act, which ensured a complete separation between commercial banks, which accept deposits, and investment banks, which invest and take risks. The move prompted the era of the superbank and primed the sub-prime pump. The year before the repeal sub-prime loans were just 5% of all mortgage lending. By the time the credit crunch blew up it was approaching 30%."

The Bush administration did nothing to stem the tide of these ninja loans, perhaps because President Bush was a strong proponent of deregulation believing the system would right itself. Bush also believed that within the capitalist system companies and individuals should suffer the consequences of their actions. In President Bush's address to the nation (9/24/2008) he stated "I'm a strong believer in free enterprise, so my natural instinct is to oppose government intervention. I believe companies that make bad decisions should be allowed to go out of business. Under normal circumstances, I would have followed this course."

However, the administration did take strong action to reign in Freddie Mac and Fannie Mae but was vigorously opposed by some in Congress. There was also an attempt to “fix” social security but that attempt met its death in the halls of Congress. This administration passed the Sarbanes-Oxley Act as a direct response to the Enron failure. The Sarbanes-Oxley Act established new regulations for publicly held companies to ensure accurate financial disclosure.

*Time Magazine* (2009) singles out William Philip “Phil” Gramm and Henry Merritt “Hank” Paulson Jr. in its article “*25 People to Blame for the Financial Crisis.*” Finch, Clark and Teather (2009), writing for *The Guardian*, point to Christopher John Dodd in their article “*Who led us down the Road to Ruin.*”

In the 2009 article, *Time* states, “As chairman of the Senate Banking Committee from 1995 through 2000, Gramm was Washington's most prominent and outspoken champion of financial deregulation. He played a leading role in writing and pushing through Congress the 1999 (Gramm-Leach-Bliley Act) repeal of the Depression-era Glass-Steagall Act, which separated commercial banks from Wall Street. This Act was unanimously passed by an overwhelming majority in the House of Representatives and by unanimous consent in the Senate without debate by either bodies, the day before the Christmas recess. He also inserted a key provision into the 2000 Commodity Futures Modernization Act that exempted over-the-counter derivatives like credit-default swaps from regulation by the Commodity Futures Trading Commission. Credit-default swaps took down AIG, which has cost the U.S. \$150 billion thus far”. *Time* critiques “Hank” Paulson, “When Paulson left the top job at Goldman Sachs to become Treasury Secretary in 2006, his big concern was whether he'd have an impact. The three main gripes against Paulson are that he was late to the party in battling the financial crisis, letting Lehman Brothers fail was a big mistake and the big bailout bill he pushed through Congress has been a wasteful mess.”

Finch et al single out Christopher John Dodd, current chairman of the Senate banking committee, with these choice words, “(He) consistently resisted efforts to tighten regulation on the mortgage finance firms Fannie Mae and Freddie Mac. He pushed to broaden their role to dodgier mortgages in an effort to help home ownership for the poor. (He) received \$165,000 in donations from Fannie and Freddie from 1989 to 2008, more than anyone else in Congress.”

None of these men acted alone and for that reason we are convinced there are others in the United States Senate and in the House of Representatives holding similar positions and ideology who were party to and acquiesced to the passing and/or the not passing of any legislation that either protected or threatened U.S. and global financial markets.

Saint Germain, in a 1980 Pearl of Wisdom, mentions how the process of running for frequent elections assures that popular measures, rather than sacrifice, dominate legislation, and that the gravity of economic issues is not placed before the populace.

## **Regulators**

Alan Greenspan, former Federal Reserve chairman (1987- 2006), admitted to Congress that he "made a mistake in presuming" that financial firms could regulate themselves. He was asked when he knew there was a housing bubble and when he told the public about it. He answered that he

never anticipated home prices could fall so much. He stated "I did not forecast a significant decline because we had never had a significant decline in prices" (Scannell, Reddy & Blackstone, 2008).

Greenspan, a proponent of free markets, guided the economy through the stock market crash in 1987 and the downturn in 2001 after the September 11, 2001 terrorist attacks. Some say his blame lies in the fact that his course of low interest rates; his lack of regulation in mortgage lending; his support for sub-prime lending; his encouragement to swap fixed-rate mortgages for ones with variable rates, and his defense of 'derivatives' -- financial contracts deriving their value from something else (an asset, index, other items or financial instrument) -- spearheaded the growth of the housing bubble. When Greenspan took over as chairman of the Federal Reserve, the derivatives market was relatively small. By 2002 it had grown to \$100 trillion and by 2007 to \$500 trillion. Any substantial loss in the value of the underlying base of these instruments will cause the entire financial structure of this nation to crumble. Compared to the housing bubble, derivatives are as Warren Buffett calls them "weapons of mass destruction." Scannell et al (2008) observed that in 2003 Greenspan told the Senate banking committee, "Derivatives have been an extraordinarily useful vehicle to transfer risk from those who shouldn't be taking it to those who are willing to and are capable of doing so."

Chris Cox was chair of the SEC. Robert Hillman, quoted by Westbrook (2009), put it best, "He [Chris Cox] may go down as the unluckiest of the SEC chairmen. ...He was slow to recognize the deteriorating position of brokerage firms, in that sense, he bears joint responsibility with the Secretary of the Treasury and the Federal Reserve chairman." The Gramm-Leach-Bliley Act of 1999 did not give the SEC the authority to regulate large investment bank holding companies and therefore investors are vulnerable to regulatory gaps such as the unregulated \$60 trillion credit default swaps market. Before Congress Cox stated, "Neither the SEC nor any regulator has authority even to require minimum disclosure" (Cox, 2008). On several occasions in testimony before Congress and in statements, Cox urged Congress to enact remedial legislation. The SEC took several complaints about the Madoff Ponzi scheme but failed to investigate. The loss to investors in the Madoff scandal is \$50 billion. Some advocate that the SEC should have suspended the "Mark-to-market rule" which mandates that companies account for the fair value of their financial instruments. The fair value is whatever value the marketplace places on that instrument at any given time, not upon liquidation of the instrument. The conundrum here is that there is no actual profit or loss in "fair valuing" a security. It is an indicator of movement within markets.

## **Major Players**

Angelo Mozilo, co-founder of Countrywide, the largest mortgage lender in the U.S., made 'ninja mortgages' popular. Bank of America purchased Countrywide and had to pay \$8.7 billion to 11 state attorneys general to settle charges for Countrywide's predatory lending practices.

Joe Cassano of AIG's financial products unit and Maurice "Hank" Greenberg, former chairman and CEO made speculative profits by insuring others against financial disasters. The very thing they insured against--companies defaulting on debt -- occurred. AIG received \$150 billion from the U.S. Treasury - the American people footing the bill.

Beazer Homes, condoned by its CEO Ian McCarthy, practiced aggressive sales tactics by falsifying borrowers' qualifications. In 2008 Beazer Homes admitted violations of mortgage regulations since 2000, and agreed to cease and desist from the sales tactics (B-Net 2008).

According to Newsweek (2005), Franklin Delano Raines, former CEO of Fannie Mae from 1999 to 2004 "was in charge in 2001, when Fannie chose to create what the SEC dryly called 'its own unique methodology' to calculate the earnings impact of its trillion-dollar portfolio of derivatives. Raines gave Chief Financial Officer, J. Timothy, free rein and tolerated 'weak or nonexistent' financial controls, according to a scathing report issued in September by the Office of Federal Housing Enterprise Oversight, Fannie's regulator."

Rating Agencies Standard & Poor's, Moodys, and Fitch bear responsibility for this crisis in that their ratings gave the green light to investors. Their ratings indicated stability of the security and the underlying collateral. These rating agencies are paid by the issuer of the security. This poses a conflict of interest. As one S&P analyst wrote in an e-mail, "[A bond] could be structured by cows and we would rate it" (Time, 2009).

Dick Fuld of Lehman Brothers was up to his eyeballs in sub-prime mortgages. Lehman took these mortgages, bundled them into bonds, and sold them to investors. If misery loves company, Fuld was its distributor. Fuld blamed short sellers for Lehman's downfall and was astonished that the government did not rush in to save him and his company. Lehman Brothers is no more; its North American operations were purchased by Britain's Barclays Bank.

Marion and Herb Sanders were the first to sell mortgages with adjustable rates called ARMs more than 20 years ago. They got increasingly inventive on ways to decrease early payments. They sold the business to Wachovia in 2006, just before the housing bubble burst. Wachovia suffered great loss on its loan portfolio which led to its purchase by Wells Fargo in 2008.

Stan O'Neal guided the change in Merrill Lynch from its profitable asset management business into the business of creating mortgage-backed securities called collateralised debt obligations (CDO). Merrill invested \$41 billion into these instruments. Bank of America now owns Merrill Lynch.

David Lereah, the chief economist at the National Association of Realtors gave no warning signs, reporting only that the industry was doing well. He even wrote a book in 2005 titled *Are You Missing the Real Estate Boom?* He became concerned about the housing market in 2006 and determined the bottom was reached in January of 2007.

Bernard Lawrence Madoff's Ponzi scheme was a shock to his investors. He not only fooled his investors, he fooled banks, hedge fund managers, nonprofits and regulators. His scheme cost investors \$50 billion. Investigation into his elaborate operation is still underway (he pled guilty in March 2009).

Meet Lewis Ranieri, the man who created securitization in 1970, what *Time* (2009) rightly calls "a tidy bit of financial alchemy in which loans were packaged and sold to institutional investors." This increases a bank's ability to make more loans by selling off mortgages already on their books. Securitization in itself is not a bad idea, but it is only half of the process. The other half is the due diligence needed to constantly verify the value of the underlying asset which "Mark-to-market"

should have done. On November 7, 2008 the Franklin Bank, Ranieri's company, was ordered closed by the Texas Department of Savings and Mortgage Lending.

Hedge Fund manager John Devaney bought mortgage loans knowing they were bad. Jackson (2008) reports on what Devaney had to say in 2007 to *Money* about option ARMs, "The consumer has to be an idiot to take on those loans, but it has been one of our best-performing investments." It never occurred to him to protect his investors. It was a \$90 million margin call from Deutsche Bank that finally unmasked him.

Sanford Weill is the former CEO and chairman of Citigroup, Inc. He lobbied Congress to remove regulations that separated banks from investment banks. He got his wish and built Citigroup into a conglomerate, steadily moving away from the core service of banking. Other banks followed Citigroup's lead and became conglomerates themselves. Chuck Prince, Weill's successor helped build Citi into the world's largest bank. After Citi suffered huge losses from the sub-prime debacle, Prince left with a \$140 million package for his lack of foresight.

According to Finch et al. (2009) Jimmy Cayne, the perfect example of a CEO's incompetence happily slept at the wheel while Bear Stearns crashed and burned, losing billions in two hedge funds backed by subprime mortgages. Bear Stearns was sold for less than the value of its building. Cayne contends he didn't stop; he didn't rein in the leverage. I contend he didn't know it, he didn't see it, and he wasn't aware of it. Cayne walked away with \$60 million and was forced to hire a bodyguard to protect himself from angry investors. Two of Bear Stearns bankers, Ralph Cioffi and Matthew Tannin, were indicted for fraud and for having lied to investors and withdrawing their own funds from investments they deemed too risky.

As Goldman Sachs chief U.S. strategist, Abby Cohen was a force to be reckoned with. She was once rated as one of the most powerful women in the U.S. Her forecasts were legendary for their optimistic views. She didn't see it coming either, and should have, if we are to believe in her incredible forecasting abilities.

The American culture got out of hand with wanting bigger and better and living beyond our means. A famous warning in the West Indies is indicative of this mentality, "Don't hang your hat where you hand cannot reach." We are a nation addicted to debt. We are no doubt suffering from our excesses, but the question begs an answer. Did we learn our lesson?

OPEC decided to raise the price of oil, as they usually do, for the summer months. This increase in price, designed for no apparent reason, other than to break the back of the American economy, did just that. This increased the cost of transportation, thereby increasing the cost on everything that required transportation. This created a dilemma for homeowners who were on the verge of defaulting on their mortgages -- feed their families and get to work or pay the mortgage. They of course, chose to feed their families and get to work. This placed additional strain on an economy that was already strained to breaking point.

### **Whistleblowers**

Several individuals saw the handwriting on the wall and tried to warn us of the impending doom. Andrew Lahde, a hedge fund boss, became rich from betting against sub-prime. He beat the

industry at its own game. John Paulson, another hedge fund boss bet the bubble was going to burst. He too was right and made \$3.7 billion on his bet. He gave away \$15 million of his profits. Professor Nouriel Roubini, an economist from New York University, was sounding the alarm of a massive housing bust since 2006. Warren Buffett warned of dodgy financial instruments and compared them to hell. No one listened. George Soros warned of the “gigantic real estate bubble.” Again no one listened. Stephen Eismann tracked the sub-prime market since 1990 saying, "I did sub-prime first. I lived with the worst first. These guys lied to infinity. What I learned from that experience was that Wall Street didn't give a ---- what it sold" (Finch et al 2009). Meredith Whitney of Oppenheimer Securities forecasted that Citigroup had to cut its dividend or face bankruptcy. This one received swift action. Citigroup's boss was out (see above) and the company slashed its dividend.

This is literally a ball of confusion with a cure more dangerous than the disease. In November of 2008 the United States Congress, aided and abetted by some in the Bush administration, passed HR. 1424 – Emergency Economic Stabilization Act of 2008 that consisted of a Troubled Asset Relief Program (TARP), at the cost of \$700 billion.

## **B. Stimulus #1 Emergency Economic Stabilization of 2008**

"Troubled assets" as defined by the Congressional Budget Office (2009) are "(A) residential or commercial mortgages and any securities, obligations, or other instruments that are based on or related to such mortgages, that in each case was originated or issued on or before March 14, 2008, the purchase of which the Secretary determines promotes financial market stability; and (B) any other financial instrument that the Secretary, after consultation with the Chairman of the Board of Governors of the Federal Reserve System, determines the purchase of which is necessary to promote financial market stability, but only upon transmittal of such determination, in writing, to the appropriate committees of Congress."

Simply put, this program authorized the U.S. Treasury to buy toxic -- underperforming and/or worthless -- assets from financial institutions with the intent to relieve institutions of those assets which were impossible to value on the open market. The market value of these assets was so depleted they had little or no value, and what little value they had could not be ascertained because of the bundling and slicing mentioned previously. Institutions could only receive funds to stabilize and/or stop the loss of further value of the institutions and to resume consumer lending, thereby helping stabilize the entire economy. The U.S. Treasury received in return, for any infusion of cash, preferred stock or warrants in the given institution. Although those ownership instruments did not give the U.S. Treasury any voting rights, they allowed the Treasury Department to share in the future gains of the institutions, thus recouping its investment on behalf of the citizens.

If we follow the reasoning of the U.S. Treasury that TARP would remove toxic assets from the balance sheets of banks and allow them to resume lending we will find this scenario. The assets on any bank's balance sheet would be purchased by the Treasury at a discount --less than book price. Banks would then have to write off the difference between the book and the discount price. Writing off 50% to 70% of assets off the books has to be balanced by a write-down in equity. Meaning, the bank is worth less to its shareholders. Obviously the banks would want the best price for their

assets. Consider this excerpt from McIntire (2009) on banks' attitude towards the TARP funds they received: "few [banks] cited lending as a priority. An overwhelming majority saw the program as a no-strings-attached windfall that could be used to pay down debt, acquire other businesses or invest for the future." Therefore the funds were not used as the Treasury intended and the Treasury Secretary did not dictate to receiving banks how the TARP funds should be used. As a result banks did what they wanted with our money.

According to McIntire (2009), in 2008 companies that received \$295 billion in TARP funds spent \$114 million in lobbying and campaign contributions. And according to the chairperson of the Congressional Oversight Panel, the Treasury paid \$254 billion for assets worth \$176 billion. This speaks directly to the point mentioned above. Banks will seek the highest price for their assets in order to preserve equity- shareholder value.

Not only did the TARP not do what it was intended to accomplish, it is a mockery of the intelligence of the American people. No sane person would give an addict the drug that made him an addict in the first place and expect him not to use it in the way he is accustomed. Nevertheless, that is exactly what the Treasury Department did. And to no one's surprise, it did not work; the addicts indeed used public funds to feed their addiction. Not having learned the lesson that this problem cannot be solved by throwing money at it, the Congress and the new President, Barack Obama, decided on another stimulus package to do what the first was unable to accomplish.

## **C. Stimulus #2 American Recovery and Reinvestment Act of 2009**

"Never let a serious crisis go to waste. What I mean by that is it's an opportunity to do things you couldn't do before" (A 40-year wish List, 2009), so said White House Chief of Staff, Rahm Emanuel, to his Democratic Party colleagues in November 2008. His colleagues took him at his word and on February 13, 2009, both houses of Congress approved the American Recovery and Reinvestment Act of 2009, and on February 17, 2009 President Barack Obama signed it into law. It began in the House of Representatives as an \$820 billion spending spree, a veritable wish list and rewards to those loyal to the cause of the Democratic Party. The Senate, not to be outdone, came up a package worth \$827 billion. A compromise resulted in the final price tag of \$787 billion.

40% of the bill or \$317 billion is allocated for spending by various federal agencies while tax cuts account for 36% or \$286 billion. 9.5% or \$75 billion is reserved for homeowner mortgage relief and the remaining \$109 billion is not yet allocated and/or the publication of its allocation is not yet available. One area that is of particular concern is TITLE XII-Health Information Technology. The objective of this technology is written clearly in its strategic plan as follows:

(A) IN GENERAL- The National Coordinator shall, in consultation with other appropriate Federal agencies (including the National Institute of Standards and Technology), update the Federal Health IT Strategic Plan (developed as of June 3, 2008) to include specific objectives, milestones, and metrics with respect to the following:

- (i) The electronic exchange and use of health information and the enterprise integration of such information.

- (ii) The utilization of an electronic health record for each person in the United States by 2014.
- (iii) The incorporation of privacy and security protections for the electronic exchange of an individual's individually identifiable health information.
- (iv) Ensuring security methods to ensure appropriate authorization and electronic authentication of health information and specifying technologies or methodologies for rendering health information unusable, unreadable, or indecipherable.
- (v) Specifying a framework for coordination and flow of recommendations and policies under this subtitle among the Secretary, the National Coordinator, the HIT Policy Committee, the HIT Standards Committee, and other health information exchanges and other relevant entities.
- (vi) Methods to foster the public understanding of health information technology.
- (vii) Strategies to enhance the use of health information technology in improving the quality of health care, reducing medical errors, reducing health disparities, improving public health, increasing prevention and coordination with community resources, and improving the continuity of care among health care settings.
- (viii) Specific plans for ensuring that populations with unique needs, such as children, are appropriately addressed in the technology design, as appropriate, which may include technology that automates enrolment and retention for eligible individuals. (American Recovery and Reinvestment Act of 2009)

Although this may seem like a good idea, it attempts to enumerate the American people. It also attempts to standardize procedures, forcing physicians to prescribe “acceptable treatments” when other treatments may provide greater benefit. At issue is this information in the hands of the government, a government that has proven itself untrustworthy and a government that has already betrayed the populace. I find this move to be extremely dangerous and will even go as far as to say it brings up trepidation of the “the mark of the beast.” Let us do evil so good would come about is their rallying cry. Once again the sons and daughters of God are embroiled in an unholy scheme to bear the burdens of the rebellious few.



## Conclusion

According to the U.S. Treasury Department, as of December 2008 foreign governments held \$3.1 trillion of U.S. securities, 29% of the nation's debt. The Major holders are;

Country	Holders of 10% of America's debt	
	Debt held (in billions)	% of total USA debt
China	\$696.2	4.3%
Japan	\$578.3	3.5%
United Kingdom	\$355	2.2%

Foreign governments hold U.S. debt to hedge their losses during their own economic downturns. Holding US debt provides them with a steady stream of massive interest income plus provides them with the advantage of receiving higher prices for their exports. When foreign currency values rise above the dollar, exports are worth less, when the currency falls below the dollar, exports are worth more (Bradsher, 2009). The \$3.1 trillion of foreign held debt does not include foreign investment in public or private companies. If the U.S. should ever default on its debt, the global economy will fail.

As of February 12, 2009, the national debt was \$10.76 trillion. With the passage of the new stimulus package that debt will increase to \$11.3 trillion, the ceiling set by Congress. Foreign governments once eager to purchase America's debt can no longer afford to do so. They have their own problems. Like rebellious wards, Fannie Mae and Freddie Mac thought they needed \$66 billion to fix themselves, now they estimate the "fix" to cost \$400 billion. The automakers already received \$25 billion and are back for more. The FDIC now insures bank deposits up to \$250,000 which makes the FDIC (taxpayer funds) responsible for making up the difference if any bank does not have the cash to cover the insured amounts should it fail. The bill to the tax payers for this subsidy is yet undetermined.

The Government Accountability Office (GAO) states, "Of the Government's total debt of about \$10 trillion at the end of FY 2008, approximately \$5.8 trillion was debt held by the public in the form of Treasury securities, such as bills, notes, and bonds. The 'public' consists of individuals, corporations, state and local governments, Federal Reserve Banks, and foreign governments. The balance—more than \$4.2 trillion—was intragovernmental debt, which arises when one part of the Government borrows from another. It represents debt held by Government funds, including the Social Security (\$2.4 trillion) and Medicare (\$378 billion) trust funds. These Government funds are typically required to invest any excess annual receipts in Federal securities. When the Government borrows these excess receipts, it still has an obligation to repay them to the Government funds with interest. Gross Federal debt (with some adjustments) is subject to a statutory ceiling (i.e., the debt limit), which has been recently raised to \$11.3 trillion. If budget deficits continue, the Government will have to borrow more from the public in order to make benefit payments and to pay for other programs" (www.gao.gov).

The GAO also reports that in 2008 Medicare Hospital Insurance benefits exceeded tax revenues and the Social Security benefits will exceed revenues in 2018. By 2040 the Federal debt held by the public will be above the historic high of 109% of GDP. By 2080 total government cost will be three times more than its revenue. These statistics are particularly revealing because they reflect

something that no one in government chooses to acknowledge. Fifty-three millions souls have been aborted in the United States since the Roe v. Wade decision in 1973. Those forty-nine million could have possessed the very skills needed in this time of crisis, or least in the government's view, forty-nine million more to contribute to the financial health of the nation. The correlation between a nation allowing the abortion of her children and the impotence of business and government to act responsibly are lost to all but a few. The very ones with the ideas to transform the markets and the government were denied the opportunity to try.

While the investment banks reaped their just rewards for their greed by disappearing altogether, the American citizens are left holding the bag-- an empty bag at that. The bankers themselves are still doing business in other companies. JP Morgan Chase, Citigroup, Inc., Bank of America and Wells Fargo rushed in to purchase failing banks. Consolidation and massive layoffs will follow along with pleas for bail outs. The Bureau of Labor statistics reports that 598,000 jobs were lost in January of 2009. That is in addition to the 2.974 million jobs lost in 2008, bringing the national unemployment rate to 7.6%. 1992 was the last time the unemployment rate moved above 7%. Through all of this there is no one in government calling for prayers of atonement from the nation as a whole. Instead, their cries are "God help us if this doesn't work."

America is bankrupt, bankrupt in its ability to draw the light necessary to sustain the nation in God-government. I am aware that that is a harsh statement. Our government has seen fit, overriding the objections of its populace, to place the nation in debt in the amount of trillions of dollars. Huge debt that is now owed to foreign governments not sympathetic to America's divine destiny; debt to America's succeeding generations who are now burdened with the karma of a greedy and unrepentant people; debt to those who know better but are not given the opportunity to do better and showcase their talents; debt to the ascended masters who placed their attainment on the line, withholding nothing, because they knew the level of sacrifice needed to bring us back from the brink of destruction; debt to the great God Almighty in His acceptance of His ascended sons and daughters offer of such a sacrifice; debt to the universe itself for the horrendous misuse of its energy; debt to elemental life for the burdens they continue to bear on behalf of this people; debt to the nations of the world for failing to set the proper example of God-government and giving them "permission" to follow in its downward spiral. And this massive debt makes America that more vulnerable to manipulation by the fallen ones.

The money changers in the Temple were allowed to run wild with no Christed one in government willing or able to chase them out as Jesus did. Instead government removed the barriers allowing them to not only continue, but increase their dastardly deeds. Hence, we now have in place a President and a Congress bent on socialistic ideals that will spell the death of Liberty in this nation, if we do nothing. To reverse the crisis created by greed and living beyond one's means, our government has done exactly that: overextended the nation beyond its means and placed the burden upon every American citizen and its unborn. That is a perversion of the cosmic decree "I am my brother's keeper." Once again they have come to thwart God's plan. Not satisfied with the abortion of the unborn, they seek to abort the divine plan of America as well.

We are reminded of the words spoken by the character Padme in the movie Star Wars Episode III- The Revenge of the Sith, "So this is how liberty dies...with thunderous applause." (Star Wars, 2005) Heaven has already had enough and at last we of the Earth raise our voices, our hearts, and our pens to join that heavenly chorus in "Enough, I have had done with my human creation" (Elohim of

Peace, 1992). We dare to quote the Elohim because we are Elohim in the making and as such we can, with the help of the heavenly Hosts, transmute and dissolve this illusion, massive as it is.

Therefore, we, through our sponsorship by the Great White Brotherhood, in the flame of divine love, hearing the cries of our brothers and sisters, the cries of the children and their parents, by our pledge to Saint Germain and the Liberty Flame, and in acknowledgement of the great sacrifices of our gurus ascended and unascended, hereby do our part in making a difference in accordance with our father, Alpha's plea of July 1, 1992: "*Do not let the people down. Do not let the people of earth down and do not let us, your parents, down. For you can make the difference! Yes, beloved, you can make the difference but you must do it! It is not enough that I tell you you can. You must do it!*" (Alpha, 1992)

IN GOD WE TRUST

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