Big Banks required Secret Emergency Loans from NY Fed in '08

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> We know today that Capitalism failed completely in 2008, it is currently on 'QE2' life support waiting desperately for the Global introduction of a PENALTY (Carbon) Economy to replace Capitalisms failed Production Economy; so it should come as no surprise that large financial institutions required a 'monetary transfusion' at that time -- the fact that these dealings were kept secret is in character with the methods employed by financial elites to manipulate the global economy and maintain debt slavery as the primary method of social control and Imperial supremacy!

Regarding the attempted implementation of an UN-mandated, UNDEMOCRATIC, CARBON PENALTY TAX, financial elites may be better off waiting for the second coming, as social awareness resists every effort of puppet governments to implement this transparent extra cost burden.

The now clearly failing implementation of this, created for cheating, Carbon economic model poses a very perplexing dilemma for financial elites, as they have NO ALTERNATIVES or plans B or C!

The public is instinctively resisting a guaranteed extra-hardship economic model and the flagrant LIES with which unrepresentative politicians are using to sell it! World wide the Carbon tax is being emphatically and totally REJECTED by the masses, much to the panic and consternation of criminal elites who now fear for THEIR personal welfare!

For the first time in hundreds of years financial elites are facing exposure therefore ruin, as most of their 'enterprises' are criminal, insider activities, hence SECRET loans in '08 are not surprising.

It's a hard life when you base your activities on deception, lies and crime -- the mammoth effort these cabals expend to maintain their criminal hold on the globe is easily countered with education and social awareness programs, which erupted spontaneously with the digital communications revolution.

It's highly amusing witnessing criminal cabals and their puppet governments reading from failed, transparent scripts, the world's increasing social/political awareness is occurring on an exponential basis and easily sees the reality behind the LIES.

Criminal cabals are now desperately attempting to implement their failed policies with brazen LIES, rhetoric and NO DETAILS whatsoever, as of course their policies would not withstand the scrutiny applied by elementary school kids -- insist on FULL DETAILS of any proposed Carbon Con and watch puppet politicians LIE, openly EVADE challenges and duck for cover. IT'S all a RUSE, a LIE a CON, designed to line the pockets of failed bankers while applying even greater downward pressure on an already debt strapped population -- anyone who imagines the public would wear such a sell is divorced from TODAY'S REALITY and deserves what they get.

It's over for them, pure and simple -- DEMOCRACY, correctly defined as MAJORITY rule, would again become the social STANDARD replacing the failed and destructive rule of minority criminal elites.

Surely the cabals and their political puppets should realise that the days of duping the public with facile lies and transparent rhetoric are over.

Report from Bloomberg follows:

> **Fed gave Banks Secret $80 Billion Loans at 0.01% interest in '08**
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> Credit Suisse Group AG (CS), Goldman Sachs Group Inc. (GS) and Royal Bank of Scotland Group Plc (RBS) each borrowed at least $30 billion in 2008 from a Federal Reserve emergency lending program whose details weren't revealed to shareholders, members of Congress or the public.
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> The $80 billion initiative, called single-tranche open- market operations, or ST OMO, made 28-day loans from March through December 2008, a period in which confidence in global credit markets collapsed after the Sept. 15 bankruptcy of Lehman Brothers Holdings Inc.
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> Units of 20 banks were required to bid at auctions for the cash. They paid interest rates as low as 0.01 percent that December, when the Fed's main lending facility charged 0.5 percent.
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> "This was a pure subsidy," said Robert A. Eisenbeis, former head of research at the Federal Reserve Bank of Atlanta and now chief monetary economist at Sarasota, Florida-based Cumberland Advisors Inc. "The Fed hasn't been forthcoming with disclosures overall. Why should this be any different?"
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> The Federal Reserve Bank of New York, which oversaw ST OMO, posted aggregate data about the program on its website after each auction, said Jeffrey V. Smith, a New York Fed spokesman. By increasing the availability of short-term financing when private lenders were under pressure, "this program helped alleviate strains in financial markets and support the flow of credit to U.S. households and businesses," he said.
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> **Not in Dodd-Frank**
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> Congress overlooked ST OMO when lawmakers required the central bank to publish its emergency lending data last year under the Dodd-Frank law.
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> "I wasn't aware of this program until now," said U.S. Representative Barney Frank, the Massachusetts Democrat who chaired the House Financial Services Committee in 2008 and co- authored the legislation overhauling financial regulation. The law does require the Fed to release details of any open-market operations undertaken after July 2010, after a two-year lag.
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> Records of the 2008 lending, released in March under court orders, show how the central bank adapted an existing tool for adjusting the U.S. money supply into an emergency source of cash. Zurich-based Credit Suisse borrowed as much as $45 billion, according to bar graphs that appear on 27 of 29,000 pages the central bank provided to media organizations that sued the Fed Board of Governors for public disclosure.
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> New York-based Goldman Sachs's borrowing peaked at about $30 billion, the records show, as did the program's loans to RBS, based in Edinburgh. Deutsche Bank AG (DBK),

Barclays Plc (BARC) and UBS AG (UBSN) each borrowed at least $15 billion, according to the graphs, which reflect deals made by 12 of the 20 eligible banks during the last four months of 2008.

No Exact Amounts

The records don't provide exact loan amounts for each bank. Smith, the New York Fed spokesman, would not disclose those details. Amounts cited in this article are estimates based on the graphs.

One effect of the program was to spur trading in mortgage- backed securities, said Lou Crandall, chief U.S. economist at Jersey City, New Jersey-based Wrightson ICAP LLC, a research company specializing in Fed operations. The 20 banks -- previously designated as primary dealers to trade government securities directly with the New York Fed -- posted mortgage securities guaranteed by government-sponsored enterprises such as Fannie Mae or Freddie Mac in exchange for the Fed's cash.

ST OMO aimed to thaw a frozen short-term funding market and not necessarily to aid individual banks, Crandall said. Still, primary dealers earned spreads by using the program to help customers, such as hedge funds, finance their mortgage securities, he said.

'Spreads Vary'

"Spreads vary from one transaction to another," making any calculation of dealers' profits on the Fed loans impossible, Crandall said.

The Fed opposed disclosing details of its open market operations because doing so would probably cause borrowers "substantial competitive harm," according to a March 2009 declaration by Christopher R. Burke, vice president of the New York Fed's markets group. The declaration is filed in federal court.

Revealing the borrowing "could lead market participants to inaccurately speculate that the primary dealer was having difficulty finding term funding against its collateral in the open market and that the dealer itself must therefore be in financial trouble," Burke said in opposing a media request for records about the borrowing.

Bidding Interest Rates

The New York Fed conducted 44 ST OMO auctions, from March through December 2008, according to its website. Banks bid the interest rate they were willing to pay for the loans, which had terms of 28 days. That was an expansion of longstanding open-market operations, which offered cash for up to two weeks.

Outstanding ST OMO loans from April 2008 to January 2009 stayed at $80 billion. The average loan amount during that time was $19.4 billion, more than three times the average for the 7 1/2 years prior, according to New York Fed data. By comparison, borrowing from the Fed's discount window, its main lending program for banks since 1914, peaked at $113.7 billion in October 2008, Fed data show.

In March 2008, ST OMO was "desperately needed," because of the shaken state of short-term credit markets, said Michael Greenberger, a professor at the University of Maryland School of Law in Baltimore and former director of the division of markets and trading at the Commodities Futures Trading Commission. After the Fed created other lending mechanisms and the Treasury Department began distributing money from the Troubled Asset Relief Program in October, ST OMO became "just a way for banks to have at it," he said.

'Profit-Making Enterprise'

"At such low interest rates, it's no longer a rescue, it's a profit-making enterprise," Greenberger said. "By December, a lot of money was made off this program."

Goldman Sachs, led by Chief Executive Officer Lloyd C. Blankfein, tapped the program most in December 2008, when data on the New York Fed website show the loans were least expensive. The lowest winning bid at an ST OMO auction declined to 0.01 percent on Dec. 30, 2008, New York Fed data show. At the time, the rate charged at the discount window was 0.5 percent.

Stephen Cohen, a spokesman for Goldman Sachs, declined to comment.

December Peak

As its ST OMO loans peaked in December 2008, Goldman Sachs's borrowing from other Fed facilities topped out at $43.5 billion, the 15th highest peak of all banks assisted by the Fed, according to data compiled by Bloomberg. That month, the bank's Fixed Income, Currencies and Commodities trading unit lost $320 million, according to a May 6, 2009, regulatory filing.

Under ST OMO, cash changed hands through repos, or repurchase agreements, which the central bank has used to move money in and out of the banking system for at least 60 years. In a repo, the dealer sells securities to the Fed and agrees to buy them back for a higher price after a set period of time.

Open-market operations traditionally use repos to influence the federal funds rate, which is banks' cost of short-term borrowing, said Sherrill Shaffer, the officer in charge of the discount window at the Federal Reserve Bank of Philadelphia from 1994 to 1997. He's now a banking professor at the University of Wyoming in Laramie.

When the central bank increases the money supply -- by paying cash for securities in repos -- interest rates tend to fall. When it drains cash from the system by selling securities in reverse repos, rates can climb.

Pedal to Metal

Using repos to provide emergency cash, a step the Fed announced on March 7, 2008, was a departure from that process, said John H. Cochrane, a finance professor at the University of Chicago Booth School of Business.

"The Fed was slamming the pedal to the metal in the lender-of-last-resort category," Cochrane said. "What they did was so far from what we conventionally think of as monetary policy."

Credit Suisse's borrowing peaked at about $45 billion in September 2008, the Fed charts show. Steven Vames, a Credit Suisse spokesman in New York, declined to comment.

RBS's use of ST OMO hit about $30 billion in October 2008. The U.K. government has had a stake in the bank since Oct. 13, 2008. "RBS no longer makes any use of these emergency Federal Reserve lending programs and all money borrowed from the Fed has been repaid in full with interest," said Michael Geller, a spokesman for RBS Global Banking & Markets in Stamford, Connecticut.

Annual Report

Frankfurt-based Deutsche Bank's use peaked at about $20 billion in October 2008, its chart shows. The bank had 87 billion euros ($122 billion) in repurchase agreements with all central banks as of the end of 2008, according to its annual report. John Gallagher, a bank spokesman, declined to comment.

London-based Barclays's peak reached about $20 billion in December 2008, the chart said. Mark Lane, a Barclays spokesman, declined to comment.

UBS, based in Zurich, borrowed as much as about $15 billion in late 2008, the chart shows.

"UBS's usage of those facilities should be seen in the context of our overall desire to maintain flexibility and diversification in our funding sources, even during the crisis," said Kelly Smith, a spokeswoman for UBS in New York. "Given UBS's substantial presence and commitment to U.S. dollar-denominated markets, utilization of such facilities was relatively modest."

Other Banks

Other banks listed in the Fed charts borrowed less than their peers. New York-based Morgan Stanley (MS) and Paris-based BNP Paribas (BNP), France's biggest bank by assets, took no more than about $10 billion. Citigroup Inc. (C), JPMorgan Chase & Co. and Merrill Lynch & Co., which is now part of Bank of America Corp. (BAC), borrowed less than $5 billion each.

Mary Claire Delaney, a spokeswoman for Morgan Stanley, Jon Diat, a Citigroup spokesman in New York, Howard Opinsky, a spokesman for New York-based JPMorgan Chase, and Megan Stinson, a spokeswoman in New York for BNP Paribas, declined to comment on their banks' borrowings.

"Look at it in hindsight and these programs did exactly what they were intended to do -- stabilize the financial system, provide liquidity and instill confidence," said Jerry Dubrowski, a spokesman for Charlotte, North Carolina-based Bank of America.

The bar charts were included in the Fed's court-ordered March 31 disclosure under the Freedom of Information Act. The release was mandated after the U.S. Supreme Court rejected an industry group's attempt to block it. Bloomberg LP, the parent company of Bloomberg News, and News Corp. (NWS)'s Fox News Network LLC had sued the central bank after it refused to release lending records under the FOIA.

http://tinyurl.com/3u2nsyv

Cleaves Alternative News. http://cleaves.lingama.net/news/story-2522.html