

Bring Transparency To Our Financial System

The Housing Bubble was created by intentional mispricing of risk allowing investment banks and others on Wall Street to siphon off hundreds of billions of dollars for their own enrichment, while ensuring that millions of Americans are turned into debt zombies.

Now we have Ben Bernanke “cutting interest rates” into bad information due to “rogue traders” and “bailout proposals” involving unsafe and foolish changes to Freddie and Fannie mortgage caps, which are **explicitly opposed** by these firms’ regulator (OFHEO.)

The Bond Market reacted **violently** to these actions today (1/24), spiking up the rate on the ten year bond by **more than six percent, effectively revoking all of The Fed’s “rate action” in less than 24 hours**. **Mortgage costs are going to RISE, not fall!**

As if that is not enough, Egan Jones, **who has the same status as Moody’s, Fitch and S&P**, today said that the “bond insurers”, known as “monolines”, need not \$15 billion – **but two hundred billion dollars** to remain afloat!

WE THE UNDERSIGNED DEMAND THAT THE GAMES STOP!

Specifically, we demand that you, as our elected representatives, do all of the following:

- **CEASE** any and all action on any “bail out” or “stimulus” package, **as we, the people, cannot afford the tax bill that it will generate**. Conservative estimates are that this “package” could cost up to \$250 billion. **We do not have the money to pay for this with ramping budget deficits**.
- **FORCE** through regulatory channels **the taking back of ALL “off-balance sheet” conduits and SIVs onto bank balance sheets, with all securities to be marked to the market immediately**.
- **AUDIT** all chartered financial institutions for capital ratio compliance and forcibly merge all those who are unable to meet capital ratios **to protect depositors and the banking system as a whole**.
- **Stop lying to The American People**. The Federal Reserve **does not set interest rates**. The Federal Reserve follows the demand and cost of short-term commercial credit. *The market sets interest rates as we saw today with both the IRX (13-week T-Bill) and TNX (10 year Treasury) spiking up by more than SIX PERCENT in one day!*

We are at risk of a full-on deflationary credit collapse in this country similar to what happened in the 1930s. If it occurs it will not be due to the **expected and just** contraction of the credit bubble which **you allowed to be inflated by Wall Street**, but rather due to your **intentional actions** which are and will continue to make the situation **worse!**

Housing prices **must and will contract** until a “median house” sells for approximately three times a “median income”, **as has been the case for the last two hundred years**. This not only cannot be stopped any attempt to do so will only cause those with money who fund both commercial and government debt to demand ever-more-onerous terms for the use of their money.

The market served its warning to you and The Federal Reserve today. Our vote depends on you listening to both the market and our voices.