

CONGRESS IS INSANE

Let's talk about the specifics that simply WILL NOT WORK.

Remember, the claim is that this bill will provide STABILITY and TRUST to financial markets.

It will in fact do no such thing.

Section 2(2)(a) – “Protects home values” – **the entire problem is that home values GOT TOO HIGH and STILL ARE!** We must have **AFFORDABLE** houses, not “protected value” housing – if you care about Americans, that is. Never mind that (a) and (b) are in direct opposition to one another.

Section 3(5) – Defines **any firm** that is organized in the United States or territories, irrespective of whether it is in a financial area of the marketplace, as a “financial institution.” The language is “including but not limited to”, not an enumeration. **Microsoft can be designated a financial institution under this bill.**

Section 3(9) – This permits the purchase of CDOs, CLOs, and **credit default swaps!** ALL forms of derivatives have a potential zero value and credit default swaps have a potential negative value; that is, they can result in an obligation greater than their purchase consideration – in fact, they can result in obligations of 100 times or more their purchase consideration! This is outrageous and **must not be allowed.**

Section 101(c)(3) – Allows The Treasury Secretary to order any firm to do as he demands by designating that firm as a “financial agent” of The Federal Government. (Gee, this will promote stability of firms like the aforementioned Microsoft, right?)

Section 101(e) – Specifically allows Treasury to pay up to 100% of the original acquisition cost of an asset, irrespective of its current value in the marketplace, and such determination is non-reviewable. None of these “troubled assets” are currently priced or valued there, or they wouldn't be “troubled.” There is no threshold to prevent the Treasury from **overpaying** for these assets nor to keep sellers from gaming the system for acquisition!

Section 102 – Not required to be used – at all – even if this method is lower-cost than the alternatives.

Section 103 – “Consideration” must be made to protecting the taxpayer but no weighting or required priority is set forth. Treasury may, in effect, do whatever it wants in ordering these priorities without regard to the outcome.

Section 104 – This “oversight board” is comprised of the people who **caused the problem in the first place**, and now they are being appointed to “oversee” the mess **they made**? Would you appoint a bank robber to guard the vault?

Section 111 – This entire section is a joke. Goldman Sachs **alone** has paid out some \$30 **billion** in bonuses during the last two years. Clawback and cessation provisions apply only to the top handful of (five) executives. This is outrageous; why are these banks able to not only keep their tens of billions of bonuses but also continue to pay them out? We could obtain nearly 100 billion **now** for this program if we “clawed back” the bonuses paid from these firms over the last three years. The simplest fix is to require that any firm participating must “claw back” all compensation over \$400,000/year paid to any employee and that no employee, contractor, or other executive at director level or above may receive total compensation, including options or restricted stock, of more than \$400,000 (the salary of the President of the United States), and no person below said level may receive total compensation including options and/or restricted stock of more value than the compensation of a United States House member.

Section 112 – You’re joking, right? **Our taxpayer is supposed to make whole or improve the lot of foreign entities who purchased bad assets, including foreign governments and central banks? Not just no – HELL NO!**

Sections 113(a) Sounds good but shreds accountability in the name of “long term benefits.” Just like we claim we’ll have a “balanced budget” 10 years hence – and never do.

Section 115 – This is the wrong approach. We should have \$150 billion now with additional authorizations requiring explicit appropriation, not a “must vote DOWN” structure, as the latter requires a supermajority.

Section 116 – Ok.

Section 117 – You need a study for this? You’re joking, right?

Section 119 – This is an absolute travesty. **Full protection** under the law must be provided to shareholders and bondholders. Absent this **you will precipitate capital flight from these instruments and institutions – guaranteed**. This section is tremendously **DESTABILIZING**.

Section 128 – This is touted by Bernanke as accelerating his ability to pay interest on reserves; that is not of particular concern. **The problem with this section is that it also allows Bernanke to set the reserve requirement for banks to zero if he so chooses. Such an event would have a catastrophic outcome for our banking system. This section MUST NOT STAND AS WRITTEN AS IT RISKS OUR ENTIRE BANKING SYSTEM.**

Section 129 – Why do the actions of The Fed need secrecy? Is this OUR money or not?

Section 131 – “Clawing back” that usurpation of authority is a good thing.

Section 132 – This is an absolute travesty. Honest accounting is **KEY TO TRUST**. Further, this section allows the SEC to exempt **only favored firms** from MTM accounting, which means that once again nobody will know who is a “favored son” and who is not, thereby **further destabilizing the markets**. This section **MUST NOT STAND**.

Section 134 – Do you believe this? More fantasies as we have repeatedly had with budgets.

Section 204 – If they blow the budget, it doesn’t count. This is cute – the claimed \$700 billion is a chimera. In fact an unlimited amount of loss can be ladled onto the taxpayer, as the budget enforcement provisions are waived. Cute trick Dodd .

Section 303 – This is good.