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FDIC insolvent by years end?, on: 2009/3/5 10:10

Did you hear the news yesterday? The FDIC (Federal Deposit Insurance Corp) chairman Sheila Bair said the FDIC fund **could** run out of money by the end of the year.

Why would anyone announce something like this unless they wanted people to make a run on the banks, and make the statement above come to fruition?

Is this whole mess pre-planned to get us out of the dollar and into the Amero, or even the Euro. Who knows?

What we do know is that if many people take their money out of the banks, the FDIC will indeed fail.

(<http://www.bloomberg.com/apps/news?pid=washingtontory&sid=JZqIFuN3k>) Bloomberg Press March 4, 2009

March 4 (Bloomberg) -- Federal Deposit Insurance Corp. Chairman Sheila Bair said the fund it uses to protect customer deposits at U.S. banks could dry up amid a surge in bank failures, as she responded to an industry outcry against new fees approved by the agency.

“Without these assessments, the deposit insurance fund could become insolvent this year,” Bair wrote in a March 2 letter to the industry. U.S. community banks plan to flood the FDIC with about 5,000 letters in protest of the fees, according to a trade group.

“A large number” of bank failures may occur through 2010 because of “rapidly deteriorating economic conditions,” Bair said in the letter. “Without substantial amounts of additional assessment revenue in the near future, current projections indicate that the fund balance will approach zero or even become negative.”

The FDIC last week approved a one-time “emergency” fee and other assessment increases on the industry to rebuild a fund to repay customers for deposits of as much as \$250,000 when a bank fails. The fees, opposed by the industry, may generate \$27 billion this year after the fund fell to \$18.9 billion in the fourth quarter from \$34.6 billion in the previous period, the FDIC said.

The fund, which lost \$33.5 billion in 2008, was drained by 25 bank failures last year. Sixteen banks have failed so far this year, further straining the fund.

Angry Bankers

Smaller banks are outraged over the one-time fee, which could wipe out 50 percent to 100 percent of a bank’s 2009 earnings, Camden Fine, president of the Independent Community Bankers of America, said yesterday in a telephone interview.

“I’ve never seen emotions like this,” said Fine, adding that he’s received more than 1,000 e-mails and telephone messages from angry bankers.

“The FDIC realizes that these assessments are a significant expense, particularly during a financial crisis and recession when bank earnings are under pressure,” Bair wrote. “We did not want to impose large assessments when the industry and economy are struggling. We searched for alternatives but found none better.”

The agency, which has released the change for 30 days of public comment, could modify the assessment to shift the burden

den to the large banks “that caused this train wreck,” Fine said. “Community bankers are feeling like they are paying for the incompetence and greed of Wall Street,” he said.

Legal Constraints

Bair dismissed that suggestion.

“For risk-based assessments, our statute restricts us from discriminating against an institution because of size,” Bair wrote.

The deposit insurance fund won’t dry up because the government can get funds from the industry and congressional appropriations, and borrow from the Treasury, Chip MacDonald, a partner specializing in financial services at law firm Jones Day, said today in a telephone interview.

“As a depositor, I am not worried in the least,” MacDonald said. “No one is going to let the FDIC go without any money.”

Consumers should watch this issue closely, said Edmund Mierzwinski, consumer program director at U.S. PIRG, a Boston-based consumer-watchdog group.

“I wouldn’t take their money out of the bank yet,” Mierzwinski said. “If the FDIC is saying that there is this serious problem, then we should all be concerned. I think there is a chance the FDIC is going to have to ask taxpayers for money in the future.”

No Taxpayer Funds

Bair rejected arguments that the agency should use government aid to rebuild the fund. The FDIC has authority to tap a \$30 billion line of credit at the Treasury Department and legislation pending in Congress would boost the amount to \$100 billion.

“Banks, not taxpayers, are expected to fund the system,” Bair said. Asking for taxpayer support “could paint all banks with the ‘bailout’ brush.”

The FDIC “will revise the interim rule, if appropriate, in light of the comments received,” the agency said in a Federal Register notice.

To contact the reporter on this story: Alison Vekshin in Washington at avekshin@bloomberg.net.

Sincerely,

Walter

Re: FDIC insolvent by years end? - posted by White_Stone (), on: 2009/3/5 11:08

gold will rust and be stolen, store up treasures in Heaven

Hello Walter,

I read this same story. Ever since the election we have been withdrawing the full amount of our monthly SS check, only leaving the amount necessary to cover checks written for utilities.

Fortunately, God in His wisdom freed us of the worry of losing our gold and silver (savings) by keeping us way below the poverty level. Soon, we may have a leg up on most other people because we are adapted to living hand to mouth. Perhaps we will be able to help some by showing them how to adjust their lifestyle and menus.

Lord willing the coming crash will be a slow one and we will have time to get a hand pump for our deep well. We anticipate

te the approach of rolling power outages. Without water - our experience is useless. Without the Water of Life, I could not live.

Jesus is Our Lord,
white stone

Re: , on: 2009/3/5 12:07

I have to tell ya... there is one of two things going on here... either the government is chuck full of some of the biggest idiots and morons in the history of the world (which, when I look at Bernie Frank, does seem plausible)... OR ...this is a lot of smoke and mirrors with the intentions of what Waltern has suggested.

I believe the intention of our government is to get as many people as possible eating from the government slop trough. If we depend on them, then they have power over us... and I'm convinced that's the goal.

They also want to "globalize", which means getting off the dollar and onto a world wide monetary system.

I could go on and on, but the fact is, if you're not saved you'd better get saved because time is running out probably faster than any of us knows.

We could all be eating dinner together in Heaven this evening for all we know! (Wouldn't that be cool??)

Krispy

Re: Dinner in Heaven Tonight - posted by LoveGodsWay2, on: 2009/3/5 13:11

Dinner in heaven tonight would be great!

If not tonight, someday soon.

:~)

Re: FDIC insolvent by years end? - posted by HeartSong, on: 2009/3/5 13:47

Isaiah 43:16-21

Thus saith the LORD, which maketh a way in the sea, and a path in the mighty waters; Which bringeth forth the chariot and horse, the army and the power; they shall lie down together, they shall not rise: they are extinct, they are quenched as a tow. Remember ye not the former things, neither consider the things of old. Behold, I will do a new thing; now it shall spring forth; shall ye not know it? I will even make a way in the wilderness, and rivers in the desert. The beast of the field shall honour me, the dragons and the owls: because I give waters in the wilderness, and rivers in the desert, to give drink to my people, my chosen. This people have I formed for myself; they shall shew forth my praise.

Re: FDIC insolvent by years end? - posted by ginnyrose (), on: 2009/3/6 19:08

Ok, I am ignorant, finding all this economic wranglings boring and scary at the same time. How I wish there would be someone to replace one could go to and find true honest answers to some questions without a lot of hype!

Anyone out there who can answer the above question?

Since this forum is devoted to revival, I would guess the mods would frown on any financial discussions...

ginnyrose