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Federal Home Loan Bank ("FHLB") in Dallas: FALSE STATEMENT FRAUD charges made against *T.C.Smith* (ex-CEO); *N.B.Parker* (ex-CIO) and *M.J. Sims* (ex-CFO)

Government Sponsored FHLB-Dallas

Federal Home Loan Bank System was created by an Act of Congress and signed into law by President Herbert Hoover on July 22, 1932, to provide capital for mortgage funding during the Great Depression. The Federal Home Loan Bank System has 11 banks around the United States, serving as an affordable, flexible source of funding for some 7,800 financial institutions. FHLB Dallas is one of these 11 banks.

FHLB-Dallas is a cooperative association that consists of financial institutions from the five-state district of Arkansas, Louisiana, Mississippi, New Mexico, and Texas that have purchased stock in FHLB-Dallas. Member institutions have access to funding for housing finance, community lending, and asset-liability management. FHLB-Dallas helped its member institutions provide credit and financial services to families, farms, and businesses across its district.

Fraudulent statements

An indictment[1] returned by a federal grand jury in Dallas at the end of August 2017, charged three former executives of the Federal Home Loan Bank of Dallas ("FHLB-Dallas") with various charges related to defrauding FHLB-Dallas between January 2008 and November 2013, of $780,000. The defendants incurred these expenses in connection with first class airfare, limousine

[1] An indictment is merely an allegation and defendants are presumed innocent unless and until proven guilty beyond a reasonable doubt in a court of law. If convicted, each count of making a false statement carries a maximum statutory penalty of 30 years in federal prison and a $1 million fine. Each count of conspiracy to make a false statement carries a maximum statutory penalty of five years in federal prison and a $250,000 fine.

services, concerts, vineyard tours, luxury hotel rooms, lavish meals, and expensive liquor and wine during more than 30 trips they took to Las Vegas, Nevada, Amelia Island, Florida, Coronado, California, San Diego, California, and others locations. In each instance, the defendants falsely stated that purpose of their travel was attending various conferences, planning meetings, strategy meetings, and ops meetings, when in fact they did not attend any conference, or conduct any legitimate planning, strategy, or ops meetings.

Conspiracy to embezzle

The indictment also charged Parker separately with conspiring to embezzle from FHLB-Dallas in connection with a scheme she executed to have the bank pay for Christmas gifts for Smith from December 2005 to December 2012. Parker conspired with a former contractor who later became an employee of FHLB-Dallas to submit an inflated contractor invoice, fictitious requests for payments, and a fictitious purchase order to FHLB-Dallas to acquire Christmas gifts for Smith using the bank's funds of over $17,000 for the gifts.

Forfeiture

The indictment included a forfeiture allegation that would require the defendants, upon conviction, to forfeit any property that constitutes or was derived from proceeds traceable to the offence (restitution).

Replacement

The replacement CIO is Mr Jeff Yeager who had been CIO at Horizon Lines LLC.

The replacement CFO is Mr Tom Lewis. In January 2016, Mr. Tom Lewis was promoted to executive vice president.

Deja-vous frauds resemble 1989 frauds at same bank and at Fannie Mae

Twenty-eight years ago, three former north Texas savings industry executives pleaded guilty to fraud charges, and another former executive was charged with diverting $138,000 from his institution for his own benefit in 1989.[2]

US markets in 2020

In 2020, the stock market in recent weeks, after the Senate failed to agree on a much-needed fiscal stimulus, was looking decidedly jittery once again. At the close on 11th April 2020, the *Dow Jones Industrial Average* and the *S & P 500* index were both down by about 3% and the two United States mortgage monopolies known as *Fannie Mae* and *Freddie Mac,* since recovered from the last financial crisis, are now in the midst of another financial crisis, but this time, their formations have changed and they cannot lean back of government bailout.

The present financial crisis is due in large part to millions of homeowners having lost their jobs recently due to the pandemic Covid-19 coronavirus disease has caused millions of people to become jobless in the US and they cannot pay their mortgages. There are many jobless and in default of monthly mortgage payments in the fifty states of the US.

Fannie Mae and Freddie Mac have suffered more than any other bank and unsurprisingly, their share prices are down by 14% and 12%, respectively. Fannie Mae and Freddie Mac have now lost 60% of their value between January to April 2020.

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[2] Thomas C. Hayes "Three plead guilty to fraud in Texas savings case", *New York Times*, July 6, 1989. See http://nytimes.com/1989

Law relating to overseas financial banking business

Overseas financial banking business has enjoyed new laws in the US and they must comply with the EU Basle Capital Accord, the EU Market Abuse Directive, the EU Prospectus Directive, money laundering regulations and the newer US Federal Regulation, with the exception of Thrift Cross-Border activities which include “financial activities transferred to foreign countries”. This poses high risks for such countries ' markets, even though foreign banks' jurisdiction is still governed by the International Money Laundering Abatement and Financial Anti-Terrorism Act 2001 and the 2017 AML regulations stand. Some US “savings and loans” holding companies have European operations and are protected under the Gramm-Leach-Bliley Act 1999, because they were formed before 1999 and the Act is not retrospective. These 'thrifts' engage in offering clearing-house services through a foreign agency office, including global custody, settlement, securities lending , paying agent and CEDEL depository services; investing in foreign currency-dominated certificates of deposit and foreign debt instruments and providing foreign currency exchange forward contracts to commercial borrowers; foreign currency exchange services; making loans on the security of foreign real estate; re-insurance activities, provide internal asset-management services to reduce tax, and establishing foreign real estate investment trusts.

These thrifts are currently not subject to federal financial services regulation other than the 'thrift' regulator. The US with the Basel Committee, have developed specific rules for these 'thrifts' in the EU, such as the Joint Agency Statement on Parallel Banking Organisations ('thrifts') and the Office of Thrift Supervision (OTS) now has a role as a consolidated financial services regulator under European Union Directive 2002/87. The United States now has joint legislation with the European Union, partly governing the EU banking sector. The Bank of England Financial Stability Report 2004 revealed that the US accounts for the largest single country exposure of UK -owned banks. It is planned that the US will impose a similar weighted capital requirements from European owned banking institutions which are operating in the US.

US 'thrifts' have, over many years, let into the global financial system trillions of dollars of unregulated financial products, most of which can be summarised as 'junk bonds'. The EU and the US now wish to call an amnesty on and start afresh with new regulations to be applied only to new products. This is the crux of the European Union's Basle II Accord and the United States Depository Institution Management Interlock Act 2000 (DIMIA). Cross-border financial interaction with some form of security via capital requirements for all banks and non-bank institutions is now in place.

Compromises made

The EU has agreed to allow the US banks (and all other parties)to use their present accounting standards but restate the accounts to statements EQUIVALENT to the International Accounting Statements. No definition of the word "equivalent" has been given.. It was the use of GAAP Accounting standards which Fannie Mae used to manipulate its operating costs, profit and earnings per share for at least five years.

Securitization debt

Securitisation debt has a lower interest-rate cost than say, corporate debt Securitized capital market debt is called "Commercial Paper"". The Table below shows the short term attractiveness of securitisation compared to Ordinary bank rate; the small reductions in bank rates make for very substantial cash-flow differences when the securitisation involves billions of US dollars and is one method of providing liquidity for companies not in a position to borrow, so preventing bankruptcy, although a company should be prudent enough not to take the high risks.that securitisation entail. The US securitisation industry deals in trillions of dollars of securitisation each year, a very lucrative industry. The US Federal government has implemented the Sarbanes -Oxley Act 2002 demands transparency in the financial reports and could literally wipe out

the securitisation industry, causing several states to enact laws that permit 'true sale' treatment without regard to the substance of the transaction.
When US banks show signs of deep financial trouble, they can be bankrupted, a practice alien to Europe The Federal Deposit Insurance Corporation (FIDC) is authorised to conserve the debtors' bank balance. But the FIDC's power does not extend to assets which are no longer owned by the bank, i.e. securitized debt

US corporate governance changes did not protect against fraud

It is a telling fact that in the history of US corporate governance, rewards by way of shares was not usual,; the usual method of calculating management reward was the use of accounting ratios as indicators of performance and earnings per share was the chosen ratio, this same earnings ratio which was manipulated by Fannie Mae.
Fannie Mae highlights the vast multi-trillion dollar unregulated US financial market which has also permeated across borders . It has been play-acting as the paragon of good corporate management , whilst in fact it led the US insurance market in inflating prices, conflict of interest, bid rigging, a complacent regulator, and insufficient capital /liquidity plan. manipulation of its earnings ratio to lend an air of liquidity and soundness, and poor audit and internal controls. Fannie Mae engaged in high risk synthetic securitisation, the use of credit risk mitigation techniques, that is, collateral, guarantees and credit derivatives, for hedging the underlying exposure without collateral.
The result of this alarmingly massive financial fraud is that many states of the US speedily enacted new legislation against anti-predatory money lending.
Recently Germany amended its Mortgage Bank Act to protect the Pfandbrief holder's rights in case of an issuer's insolvency ; since Germany has 70% of the European covered bond market and some of the market share of US Treasury and Agency Paper which the Asian Central Banks no longer wanted .
In deceit Fannie Mae misused structured finance vehicles, designed to lower financing costs and spread investment risk, to carry out sham transactions and mislead investors, analysts and regulators about their true financial condition.
ENDS+

Gender inequality in China

Sally Ramage

It was reported that Chinese Women's Rights Activist Wu Rongrong had applied for a travel permit to Hong Kong where she has been accepted to graduate school but her application was denied.

Source: Google

Ms Wu Rongrong, age 32, is the founder and executive director of the Weizhiming Women's Centre in Hangzhou, which was established in 2014. [3]Ms Wu Rongrong is of the opinion that refusing her permit to travel to Hong Kong to study for a post0-graduate course is an apparent repeat of the strategy of dissuading Chinese women to better themselves and thus sustain the gender inequality status quo in China.

[3] Her previous human rights experience was as project leader for women's rights programs at the Beijing Yirenping Centre, She had also worked at the Beijing Aizhixing Institute, fighting for the rights of people infected with HIV/AIDS.

Selfish hoarders of anti-virus goods causes illegal shortages for other people

The coronavirus outbreak in Brooklyn, New York has revealed heroes in every community. However, one Brooklyn man who said he had COVID-19 coughed on FBI agents, and lied to them about personal protection equipment he was hoarding to try to make a buck, authorities said Monday.

Prosecutors said Feldheim had accumulated much needed N95 respirators, personal protection surgical masks, medical gowns and disinfecting devices and selling them to health care professionals at inflated prices. In one instance, according to authorities, a doctor in New Jersey contacted Feldheim via a WhatsApp chat group labelled "Virus2020!" Feldheim agreed to sell to the doctor approximately 1,000 N95 masks and other assorted materials for $12,000, an approximately 700% mark-up from the normal price, according to court documents. Feldheim directed the doctor to an auto repair shop in Irvington, N.J., to pick up the order, officials said.

According to the doctor, the repair shop contained enough materials, including hand sanitizers, Clorox wipes, chemical cleaning supply agents, and surgical supplies, to outfit an entire hospital, officials said. Feldheim later told the doctor he'd been forced to move the supplies from Irvington to another location. Days later, Feldheim allegedly offered to sell a nurse a quantity of surgical gowns, and directed the nurse to his residence in Brooklyn. On March 25, Feldheim also received a shipment from Canada containing approximately eight pallets of medical face masks, authorities said. FBI agents two days later observed an empty box of N95 masks outside of Feldheim's residence. Around that time, agents witnessed multiple instances during which individuals approached Feldheim's residence and walked away with boxes or bags that appeared to contain medical supplies. When they approached him outside his home and asked about the medical supplies, Feldheim said he had coronavirus *and coughed on the agents,* officials said.

Prosecutors said Feldheim also lied and told the agents that he worked for a company that bought and sold personal protective equipment.