Would you have voted for John Key if You had known...

1. That John Key had been involved with the biggest attack on the New Zealand dollar in history and lied about it twenty years later?
2. That John Key had been involved in the Asian Crisis, The Russian Crisis and the LTCM hedgefund collapse?
3. That John Key is one of the architects of the Subprime crisis and lied about his involvement?

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1. John Key and Andrew Krieger and the attack on the New Zealand dollar.

In late 1987 Andrew Krieger attacked the New Zealand dollar. He earned for the Bankers Trust bank the sum of $ 338 million in just a few days. This attack was so threatning to the dollar and the economy that the then Governor of the Reserve bank had to call the Bankers Trust bank in New York to stop the attack.

John Key claims that he only started to work with Andrew Krieger in September 1988 well after the attacks when he claims he started to work for the Bankers Trust.

The problem with John Key's version of the story is that Andrew Krieger did not work in the Foreign Exchange business at the time. Three different New York Times articles written in Feb 1988, June 1988 and September 1990 state that Andrew Krieger left the Bankers Trust bank no later than February 1988. He only worked from April until June 1988 for George Soros and after he left this position he left the Foreign Exchange business altogethere until he returned in 1990 during which period he did not much trading The only period in which John Key worked with Andrew Krieger must have been before December 1987-February 1988.

Why is this important?

Andrew Kriegers attack was the first ever attack of this magnitude on a currency jeopardising an entire economy. If John Key was aiding and abbetting a man who for greed alone was prepared to take huge chances with the lifelyhoods of New Zelanders than so was John Key.

In an interview John Key spoke admiringly about Andrew Kriegers attack and he saw his position as only following orders and no morality whatsoever in almost destroying his own country.

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2. John Key and the Long Term Credit Management hedgefund scandal.

John Key in his speech to the APEC conference attacked the investment banking world for being reckless in their practices and that this was causing the current financial crisis.

He also denied responsibility for any of the current crisis and stated that in his time no excesses happended and that the current level of risk investment bankers were taking would have been incomprehensible and unacceptable in his days as a banker.

This is not true. Both Bankers Trust and Merrill Lynch collapsed as a result of dishonest and specualtive trading.

One such example of irresponsible and reckless trading by Merrill Lynch was their involvement with the Long Term Credit Management hedgefund.

The hedgefund was formed in 1993 and served as a tool to speculate heavily in the Foreign exchange trading world. While in the initial years the fund performed above average and as such gained a lot of respect it collapsed spectacular in 1998 due to irresponsible and reckless betting. When in 1997 the Thai bath collapsed and with it all the Asian currencies and in the chaos that ensued the Russian currency and it's entire economy, the LTCM fund collapsed so spectacularly that the Federal Reserve had to bail it out before the fund could take the global financial system with it.

Was John Key involved in the LTCM find disaster?

In several interviews John Key mentiones the loss of $1 to 1.5 billion dollar US and how he had to prevent that from happening. Merrill Lynch only once faced that loss in the late nineties and that was when it stood to loose that money with the demise of the LTCM fund.

In the wake of the LTCM collapse John Key had to fire hundreds of people. It earned him the nickname “The Smiling assassin.

It is save to conclude that John Key knew about the fund and was inolved at a minimum with the cleanup after the debacle. It is also save to conclude that John Key knew full well that his bank was involved in irresponsible and reckless speculative behaviour **well before the “subprime” crisis errupted.**

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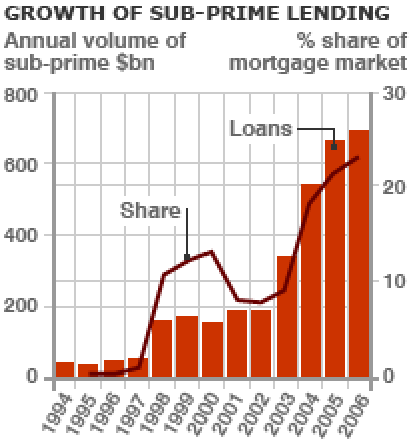
3. John Key and the Subprime crisis

In an interview with Journalist Eugene Bingham in the New Zealand Herald John Key stated that the products causing the subprime crisis were not developed until 2004-2005.

This is not the truth! The products causing the subprime crisis were developed as early as 1987 up until 2001.

In the graph shown below the trend shows clearly that the subprime crisis (lending to people with a bad credit rating)



SOURCE: Center for Responsible Lending /Inside Mortgage Finance

was well on it's way in as early as 1998.

Between late 1997 to 1988 the percentage of subrime mortgages roese toe whopping 14% coming from near zero the year before.

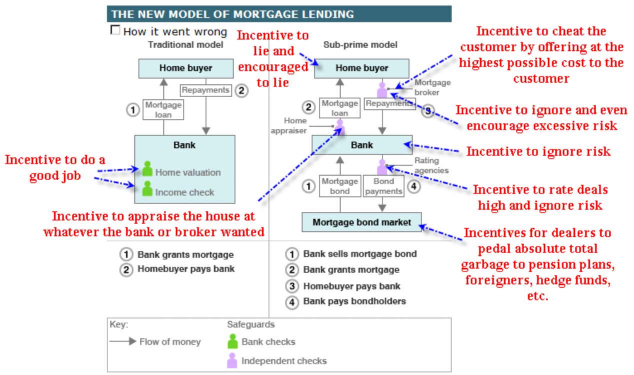
What happened aroung that time?

Around that time an act was repealed (axed).
The act was called the Glass Steagall act.

This act was put in place in 1933 after the excesses of the banking world caused the first "Great" depression. It was put in place to prevent investment banks and Comercial banks from merging.

After the banks spend anywhere between $100 to $200 million to lobby the Government to repeal the act from 1987 until 1998 the act was finally repealed in 1998 and officially signed away in 1999. removing all barrieres for the merging of the two types of banks and to allow the speculative investment banks to once again gain full control over the financial world and the following pattern developed as shown in the following

A Beautiful Model For Fraud



graph.

Before the repeal of the act the commercial banks who lend money to housebuyers had a huge incentive to keep on the straight an narrow because it was their money on the line. House valuers had an equal interest in making correct valuations and the people who wanted to buy a house were equally carefull not to lie on their applications and had to finance at least 10 to 20% of the property they wanted to buy.

All this disapeared when with the Glass Seagall act.

In it's place came what is truly "a beautiful model for fraud."

Everybody now had reasons to lie and behave irresponsible because the Investment bankers had a nice little trick to "Spread the risk" while allowing all the others in the foodchain and themselves to make an absolute bundle.

What did the investment bankers do?

They bought the mortages of their newly aquired commercial banks thus eliminating risk for their commercial banking departments. This meant that C. banks were in the black straight away again and therefore had not reason to be prudent anymore.

Valuers who took a percentage of the houses they valued had every reason to hype the prices of the houses and since banks had not more incentive to be prudent began to loan to people without properly assessing the capability of borrowers to pay back the loan.

In fact mortgage brokers went as far as encouraging people to lie about their income so he could get a higher percentage in pay.

What happened with those mortgages?

They were bundled and sold on to pension funds and other investment companies as Asset Backed Securities. Promoted as save, low risk investments and they were bought by the millions by unsuspecting naïve and ignorant investors looking to buy save and long term yielding investments to protect pensions and other mom and pop investments.

Why is there a crisis?

In 2007 Deutche bank tried to foreclose on some of the mortgages they thought they owned only to find the Judge filing for the defendants. They were not the principal lenders and holders of the mortgages and therefore they were not entitled to foreclose.

This caused a wave of panic and loss of confidence in the product that had been sold all over the world and the result was the subprime crisis.

What did John Key have to do with the Subprime crisis?

John Key was the Global head of Foreign Excange and European head for Bonds and Derivatives for Merrill Lynch at the time the Glass Steagall act was repealed. He had an office and a flat in New York and was a Wall street investment banker.

He is introduced as the Managing Director of debt (bonds and Derivaties) in an online interview in November 1999. This means that he was at the right time and the right place to be running the subprime scam for Merrill Lynch, a bank who was one of the most aggressive banks dealing in the products now devastating the Financial world. According to himself he headed the department responsible for all these exotic new products.

John Key was a master in the Derivatives trade, a trade he learned in 1987 from another master Andrew Krieger.

It is impossible for John Key not to have known that eventually the subprime crisis would happen because it was under his leadership that in 1998-1999 Merrill Lynch started to produce and sell the Derivatives now causing the collapse of our entire financial system.

Links to check:

http://query.nytimes.com/gst/fullpage.html?res=9C0CE2DD123EF930A2575AC0A966958260&scp=5&sq=andrew%20krieger&st=cse&scp=5&sq=andrew%20krieger&st=cse

http://www.derivativesstrategy.com/magazine/archive/1998/0598book.asp

http://www.nzherald.co.nz/politics/news/article.cfm?c_id=280&objectid=10522310

http://findarticles.com/p/articles/mi_qa3715/is_/ai_n8869409

http://en.wikipedia.org/wiki/Subprime_crisis_impact_timeline

http://aotearoaawiderperspective.wordpress.com/

http://www.businessweek.com/1995/42/b34461.htm