

2013, Jan 24

Mother Sekhmet Thursday Night Call

TO LISTEN TO THIS CALL:

- GO TO BBS RADIO 2 & SCROLL DOWN THE SCHEDULE UNTIL YOU REACH THURSDAY NIGHT.
- CLICK ON "STARGATE ROUND TABLE" & THE INFORMATION PAGE WILL COME UP.
- UNDERNEATH THE PICTURE OF THE GALAXY AND THE LOTUS, YOU WILL SEE A BLUE BOX WITH THE WORDS **PROGRAM ARCHIVES**.
- CLICK ON THAT BOX TO GET TO THE LISTING OF PROGRAM ARCHIVES.
- YOU CAN DOWNLOAD THE PROGRAM TO YOUR OWN COMPUTER OR LISTEN DIRECTLY.

Phone Numbers: 530-413-9537
530-513-6472
BBS Toll Free 888-483 -5471

Opening Meditation: Angelsu

Mayan Calendar: Rainbird

Inauguration Day - 3 CABAN Caban is healing the earth, taking care of it; guided by IK the wind, voices of our ancestors,

Jan 24th Thurs: 6 AHAU - means we are at end of 12th unial, the 12th month of 20 days

25th Fri: 7 IMIX - we start the next 20 days, 13th unial in the harmonic module - about the seen and the unseen; also a portal day so we have extra dimensionality

26th Sat: 8 IK - IK is the wind; also full moon; wind & voices of our ancestors; 8 - galactic harmony

27th Sun: 9 AKBAL - Akbal is the night; 9 is solar, mobilization, putting motions into action

28th Mon: 10 KAN - 10 manifestation; KAN openness to light

29th Tues: 11 CHICCHAN - snake, transmuting energies; 11 - disintegration of what no longer serves

30th Wed: 12 CIMI - 12 crystal clear understanding; Cimi - path between past & future; forgiveness; warrior aspect

31st Thurs: 13 MANIK - last tone of this wave of MEN that we are in, a visionary wave; the deer - gentleness

Housekeeping: D'Yanna

- BBS:**
- We are a listener-supported radio show: We the People make this possible.
 - **We need \$ 680** [\$395 for last 2 weeks + \$300 for this week] -
 - THIS IS NOT A MONEY MAKING PROJECT - IT'S ABOUT WHAT WE LEARN!
 - Go to BBS Radio 2; find the listing for Friday Night Hard News; find the **Paypal** button

T & R: • **Need about \$200 for food & gas**

- On the website: www.2013RainbowRoundTable.com There is a **Paypal** button on this site
- **Please notify them if you're sending something:** koran999@comcast.net
- Rama's **mailing address** for cheques, Money orders: Ram D Berkowitz
1704B Llano St., # 249
Santa Fe, NM 87505
- **phone contact** is via MariettaRobert: 317-773-0061
or by e-mail: stargatemarietta@gmail.com

As a reminder: Tara & Rama are the official spokespeople for Faction 3

We are grateful for what Tara and Rama do for us, and for everyone's financial support

Guest: will be Frank Chille

Not able to do Q & A on Conference Line, only on main line

Hard News:

The notes below come from Tara and Rama, compiled by them and based on information gathered from Ed Schultz' radio show on Jan 24th, and information from the Randi Rhodes show.



THE DARK RIFT - MOTHER'S YONI!

Greetings All you Commanders, Eagles and Angels,

Yesterday on the "Ed Show", Ed had on Karen Finney, Bob Shrum and Bobby Kennedy, Jr. as guests. They all agreed Senator Harry Reid needed to grow a pair and make those republicans stand and talk continuously in true filibuster form as they wish to object to bringing discussion to the floor about a bill proposal.

Bobby Kennedy went on to say Obama's speech brought tears to his eyes. He said there was so much depth to it and this was a long time coming. He said we are going to see new things happen now.

Bobby called for accountability for starters. He called for accountability regarding the 11 oil rig workers who lost their lives in the BP oil spill in 2010 in the Gulf of Mexico as well as for the 29 miners who died in the Massey Coal Mine that year. He fingered Mr. Blankenship as the Responsible owner of the mine. He said it's time to stop using fossil fuels and introduce the plethora of new tech and free energy devices for safe and healthy living.

Then Bobby went on to speak about the snow falling at Fukushima, that it is so radioactive that it is unregistrable.. He said Fukushima was an act of Genocide by the 13 families. He called out David Rockefeller in particular by saying, "David, your days are numbered".

A caller called in to Ed and asked how it was possible for a 135 pages of docs. of filings against the World Bank and all these trusts -i.e.- The Spiritual Boy Trust (the BIG O), The St. Germain Trust, The Peoples Trust, etc. and listing Marcos, Sukarno, Obama, The Queen. - etc - how could all this

documentation be fake?

Ed replied that the Right Wing hired paid shills, willing and clever lawyers, for a price, to do this dirty work. Ed said the only places to get the truth are : <http://2013rainbowroundtable.ning.com> and the Max Keiser Report, which you can find on You Tube!

Then Ed addressed the Benghazi hearings for Hillary, that there was a screaming match between Hillary and her interrogators, Senator Rand Paul in particular, as he called her testimony insufficient and that, as he were President, he would have her removed from office! (talk about the pot calling the kettle black!)

This is my comment on this subject. This was a GIANT COVER UP! Both sides did not tell the truth because they are up to their crown chakras in blood since 9/11. Even ED had to lie on his TV show!

One more caller called in to Ed and asked, "ED, whatever became of the 800 metric tonnes of Gold that Hillary stole from Libya's National Bank?" Ed responded, "Now you have opened a can of worms I cannot speak about. Have a nice day"!

Shortly after the radio show with Ed, I got a call from Mr. X and Charlie Rangel. Charlie said, "We the Dems have won and therefore have a mandate, meaning we have the talking stick"! Tell your folks who support Ron and Rand Paul, Drake, Nesara Blogs and Forums, Cobra, Sheldon Nidle, Salusa etc...all these folks are connected to Dick Armey, a former member of Congress."

[Richard Keith 'Dick' Armey is a former U.S. Representative from Texas' 26th congressional district (1985-2003) and House Majority Leader (1995-2003)] and a dis-information pundit on Fox News. And Dick Armey is tied in with Karl Rove and Global GPS, Rove's Superpac. Dick and Rove are also connected to Phil and Wendy Gramm.]

Foreclosure Phil

Years before Phil Gramm was a McCain campaign adviser and a lobbyist for a Swiss bank at the center of the housing credit crisis, he pulled a sly manoeuvre in the Senate that helped create today's sub prime meltdown. <http://www.motherjones.com/print/15479> [SEE BELOW]

Phil and Wendy Gramm got their Nesara Test Package of \$14.5 BILLION after 9/11 and took collateral out against some of these funds and funded the TEA PARTY and "THE FAMILY" on C STREET!

Charlie and Mr. X said whether or not the Ron Pauls and Drakes, et al, and their followers, are fully aware of this, they have ended up fully supporting Faction 1 and Faction 2, thus leading themselves and everyone else following them down the PRIMROSE PATH to nowhere. Then Mr. X and Charlie said ALL IS TO GET EXPOSED NOW! Keep the faith and develop discernment. Call on your spiritual heart.

As we read these stories, send them only LOVE. BREATHE IN PEACE and RELEASE FREEDOM'S HOLY FLAME TO ALL!

IN SERVICE TO DIVINE LOVE AND WISDOM,

Commander Ari and Lady Master Avantari

See you on the Bridge and in your dreams!

NAMASTE!

Note! Today - Jan.24th, Thursday on the **Randi Rhodes Show,**

Randi said,"Some good people from Faction 3, right now, are going to expose everything. In the meantime, Harry Reid and President Obama are playing 3 tiered inter dimensional chess like Data, while the Republicans are still playing 3d checkers. As the Republicrats plan on, behind the scenes Obama and friends are quietly raising the debt ceiling, and, sooner than later, though everyone is thinking the Benghazi Scene is over and Hillary appears to walk off the stage with her nose in the sky... something else is going to crack NOW! It is coming in from the energies present, of The Sat Yuga - Very Suddenly - and the republicans will be shocked out of living in a past Kali-Yuga bubble of make-believe crises and contrived stories from their imaginary world of illusory power!

"We are not really in debt," says Randi. "The republicans and their over-lords have been printing quatuordecillions of worthless debtors notes (dollars), to support their non-existent Corporatocracy!"

Randy goes on, "Imagine a Giant Egg (their Fake Holographic Matrix). Still appearing as a Giant Egg, you can see the Sunlight emanating from within the egg, through the millions of cracks in their fake story." Indeed the Light of God that never fails is shining through!

After Randi, Rama spoke to Rana-Mu. She said, "Ed behaved differently on TV yesterday and every day, than on the radio, because of a different Boss than himself on MSNBC TV. He wants to stay on the air. And the time is fast approaching when intervention removes the controllers forcing the continued propaganda program."

"Ed has a lot of Bark and a Bite too. He wants to be the bulldog in front of the Junkyard as the changes emerge."

Rana-Mu continues, "The lack of exposure cannot continue, and Julian Assange is poised and will drop the 1 Million WikiLeaks at the most precise and timely moment."

Satnam!

~A & A~

The hearing with Hillary: all of those present the devils in disguise!

- About them wanting to crash the entire world's economy and take over the \$ that is supposed to be coming to us
- Bobby Kennedy Jr said that Obama's speech brought tears to his eyes, there was so much depth to it - will see new things happen now;

Cathy: we are ready for this to stop happening! When does it stop?

T: other comments about another MLK being in the saddle now

- the shenanigans are being magnified in the extreme opposite: even Harry Reid deciding with McTurtle - 3 tiered inter dimensional chess, as opposed to 3d checkers! Harry is letting them show how dirty their shirt tails are! The people on Thom Hartmann's show are livid and are reading constitutional law and are really upset!
- The rule of law means we are equally doing our part to keep this from happening, as we are looking in the wrong places for what we think our needs are - we are to find a way to actively participate!
 - People say we hate politics and I am not a part of this. If you don't like it, get in there and do something! Says in 2nd amendment, you have obligations to see the law is followed: if you do not

participate, you are not helping

- Bobby called for accountability: for the 11 workers who lost their lives in gulf, for the people in the mine
 - He fingered owner of Massey coal mine: time to introduce other means of energy - like the little black box of Dr Keshe that produces free energy!
 - these one have proved they do not care about people or the environment
- Bobby went on to speak of the snow at Fukushima: massive amounts of radiation, so much there are no registration of it, it is so high. Called out David Rockefeller

Guest: Frank Chille

He tells stories of several people he has met who have had experiences with the galactics - the full stories are on BBS Archives: see above for how to access them

George van Tassel was building the integratron in 1961; **Daniel Boone**, descendent of Daniel Boone, was working with them

- a visitor called Chris came and talked to them; Daniel Boone wanted to give him something to get him warm because he was going to walk out into the desert; got his warmest jacket and said take this; Chris gave him a sleeping bag in return.
- Chris walked into the desert and George van Tassel, Boone & Paulson saw him just disappear
- Around May, Daniel went to Mt Shasta by himself, and took the sleeping bag with him; on Panther Meadow, made a campfire, got into the bag and laid down - the sleeping bag levitated and took him into the centre of Mt Shasta. When he came back out and went back to George Van Tassel and told them what happened, George asked do you know who this was? In a past life, was St. Christopher, the bearer of Christ . . .
- The other son-in-law was **Norman Paulson**; father was born blind, but could hear sidewalks, a piece of furniture so he could move as if he were sighted; the family moved into the desert, Norman met one of van Tassel's daughters and married her, helped build the integratron.
 - Norman was moved to walk into the desert - 9 pm - stars shining down; hears the sound of incredible singing - saw a 7 tiered, disc-shaped ship, like a pyramid; the singing he heard was the beings on the ships: 14, 000 people or more - he was allowed to go into the craft: one level was an entire forest where people on the ship could go to be re-charged.
 - Taken to the control room: 3 people there, each with a massive screen - Kuthumi, El Morya, St Germain: he was a visitor on The Star of Bethlehem! The beings were in the physical like he was: changed his life forever. Knew they would guide his life for
 - Later, he and Daniel Boone became students of Yogananada; continued to have experiences in CA; created Sunburst Farms. Put out a book called **Return of the Ancients** with colour plates Later re-printed under name of **Christ Consciousness**, but without the plates

Frank is posting on extraterrestrials.com, on Ashtar on the Road.com, and on 2013 Rainbow Rose

- he knows one of the co-producers of the upcoming movie: Thor

www.thestarchronicles.com take a look at this site: the person who has created this site is now living on limited income - Greer is trying to get financial support for this person and others like him

Another individual he met: **George Fiedler**

- When Frank was a lighting consultant, he went into an area called Costa Mesa, an industrial area around 3 pm; turned onto Sunland Ave, sees Solara Electronics; realized he knew the name - there

was a contactee who had an experience - her name was Solara.

- "I have to go in there and ask about this" - it was a combo of office and manufacturing facility: asks about the company: the son told him his father started this co.
- Frank came back to meet the young man's Dad: George Fiedler
 - Frank asked about the co: George had been an engineer for National Cash Register, was drawn to Alice Bailey's teachings; went into meditation - Djwal Kool came to him in meditation " we have a project we would like you to do"
 - Frank told George that he thought he knew who the woman was and showed him the drawing he had; yes, that's her, and George had named the co in her honour.
 - They developed a disc shaped, had inside it copper wire that was coiled in an unusual format: could magnify the vibrations of the earth so locusts, rodents, grasshoppers, rats in the field would die with no effect on ladybugs, ants, butterflies; the vibes would only attack those things which attack plants, so people no longer needed to use herbicides.
 - Got a call from Library of Congress about rodents eating the bindings; George worked out that they needed 3 of them; has a letter from Senator William Foxmeier that his devices had completely resolved the problem, no longer mice eating the book bindings
 - They were then used in Disneyland in CA and in FL - the devices controlled the rodents there.
 - Created a similar device to purify water and clean the air - very successful.
- Device was too successful: the chemical industry not happy, so wanted FDA to step in
 - for the solara device to work, **had to be on ground level as it amplified ground energies**
 - FDA put the device on a shelf 10' about the ground & rodents in jars - of course, it didn't work
 - so FDA declared him a fraud: he was forbidden to sell more of the devices, to sell replacement parts or to repair what he had already sold; customers who wanted more or help repairing had to be turned away!
- Djwal Kool and Solara came and told George the same thing they told George van Tassel: those who deny it, will be denied it themselves.
- George was completely separated from his family as a result - ended up moving to Utah and living in a trailer, teaching Alice Bailey; however, he was never angry over what had happened.
- Frank became very good friends with George.

Lady from New Jersey:

Frank is posting on 2013 Rainbow Rose; Ashtar on the Road and on extraterrestrials.com
George Filer's website: www.filersfiles.com

Mother Sekhmet:

Greetings in the Light of the Most Radiant One.

In the Office of the Christ and only in the Office of the Christ, we invoke the loving energies of St Germain and the Violet Flame.

T: we ask for an embracement of what we have heard tonight, and for recognition of who we are, and just how much we are loved. There are so many beings who are there for us.

Greetings, Children of Ra:

This is the time and place where all the things of which we speak are coming to pass at this moment.

- What we can say is that Mr 19.5 is bringing forth the avenue to make it so in the moment as we change

from the mother's blood to free energy from out of the air, out of space

- We are in flux in the moment; there is so much that has changed since 12/21/12 ; this moment now is BE LOVE NOW in the midst of the chaos around us now
 - Just be in that place of BE LOVE NOW, no matter what the situation. This will bring it to its highest potential on all levels even if you are sitting in Gitmo Bay [soon to be closed]
- The fake war on brown people, people of colour is the biggest story we have going this moment: you ask how can we move forward, have this discussion ?
 - We are already having this discussion in the fact that the talking stick has been passed; full disclosure any time, any moment;
- North Korea may just be flexing its reality in this moment, because of the fact there is a change in the wind - set aside the weapons of war in this moment - this is the biggest story in the moment
 - in the next step, we can come forward and have the discussion around the round table - leave the weapons of war at the door - why do we need them if we are discussing peace?
- this word magic as Ben Stewart says in Klymatica, Zeitgeist: we have been playing with word magic for a long time on earth: we have been given a mandate and the Dems have won, it is about moving forward - we are not saying it is about the parties, both are flawed; it is not about the people's trust or part - too many of these words have been misqualified
 - it is about true people's hearts - Lady Master Liberty, LM Hope, LM Justice - the founding fathers spoke of the wisdom inside each one of us. Divinity in the heart of each of us - we need to have huge amounts of love for these ones no matter what they have done: Hillary, Kerry, Rice, McCain - all of them
- Eric Cantor sitting in Davos, at the world economic forum, lying through his teeth, thinking they will get the money: the schemes of the web being woven: like the lost boys in Never Never land eating the food - all contrived.
 - Since voodoo economics, Reagan economics, began - time to roll back the Reagan tax cuts
- Has to do with how we have been tagged - we are the rescue party; it is our responsibility to respond - the planet sent out a planetary distress signal and we are the rescue party. It may seem we are ill prepared, yet remember the book ET 101 - all the akashic records are in this temple [body] and then some. Each particle is full of wisdom; at this critical juncture, this moment where it looks like chaos - this is when His Holiness the Mahdi shows up with the frequencies of the Office of the Cosmic Christ and brings peace to Kashmir and other places in dispute which has to do with the fake war on terror which has to do with stargates
 - Whole issue is the Gulf of Aden and the Dome of the Rock. This is the story about our people who came from the Land of Kennet, the black land - story goes to Mars and beyond this galaxy

T: about Maya land ... Ashtar returned to the land?

Mo: all of what is occurring here has already been seen to by the Wingmakers; this moment now, there is an awakening that is occurring - in spite of dire news about economy and other things, rest assured that Dr King is back in the White House.

- The poor peoples march, how we are the ones, we have been active - Rama called Reid's office and said don't compromise on the filibuster; he asked who was paying for this
- it is about the matrix falling apart at the seams
- All that is left is Neo; now is the moment: all that is left is you, the 144,000 x 100,000 x 100,000

Cathy: asks about the crop circles with the dates with Dec 21 and March 28, 2013

Mo: this is the return of what we have asked for: how we can meet each other face to face without preconceived realities: suspend your disbeliefs or whatever they might be

T: That date adds up to 19 which is the Bahai 3 - intermarriage

Mo: why we keep saying the Mahdi is here - means there will be peace in Aleppo; ElAssaud will pay for his crimes; the real story about Mohammed will be told; the story of Ishmael, and the story of the Annunaki and the Elohim and the Elohigh which began with an escape pod that left the Nibiru - [will be told] - looked like an asteroid and was quite an event - hit the earth and

T: Asteroid hit in Gulf of Mexico - the Permian Extinction - India used to be in the Gulf and Mexico; the part that is now India got pulled away from that and moved across the ocean and hit where it is now and created the Himilayan Mtns by pushing against that land

Mo: in this moment of the fiasco of BENGHAZI hearings & the issues at hand that make your heads spin - it's about the wild story we didn't tell you: about how you and I can look each other in the eye and experience ecstatic orgasmic joy; there is so much love - it is about the disfunction of how these ones have been programmed for eternal darkness; it brings tears to the eye to think of the children

Cathy: hard to think of anyone being abused, not getting their needs met - we do our part and hold the light

T: 26.4% of Spanish people have no work; higher numbers of youth without work - worst since Franco

Mo: you are the heroes and the prophets

T: this is a divine providence, taking the whole Euro down - Spanish gov't won't budge - just pushing austerity; this will bring down the church

Mo: the great beings of such dignity have lowered themselves to such a fragile existence - love them as they go through their moments now - unravelling so fast [ref to the dark ones]

T: Japan's gaps between exports and imports - Japan used to be in the blue - in 1979

- 2008 were still in the blue by \$23Billion
- 2011 were \$ 29 million in the red; in 2012 \$ 78.3 bill in the red
- the US at \$ 16.5 Billion problem seems small

Mo: about the Lavendar Lad who has it in the bag

Cathy: the numbers mean little at the moment

T: looks like these guys will go on for ever and ever - want to take indigenous land of thousands and thousands of years in South Africa and build a nuclear power plant!

Cathy: when do we hear about the end of such unbelievable actions?

Mo: solutions are being made manifest; the millenials are stepping up to the plate & saying we'll play with cartoon physics - let's talk truth: thoughts are things - where attention goes, energy flows. As we work with frequencies of 528htz which is love, this attracts more beings who want to experience love!

- In these moments as you work with these energies, bless these ones, our children, who took on this mantle - the Wingmakers are here
- There are large craft in orbit around this planet - things are not as they seem; all that is left is the oracle, Neo, and he has said "Enough"

Closing: Cathy

FOLLOWING - PRINTED RESOURCES RELATED TO THE NOTES

2008, May **Foreclosure Phil**

<http://www.motherjones.com/politics/2008/05/foreclosure-phil>

Years before Phil Gramm was a McCain campaign adviser and a lobbyist for a Swiss bank at the center of the housing credit crisis, he pulled a sly maneuver in the Senate that helped create today's subprime meltdown.

—By [David Corn](#) [July/August 2008 Issue](#)

Who's to blame for the biggest financial catastrophe of our time? There are plenty of culprits, but one candidate for lead perp is former Sen. Phil Gramm. Eight years ago, as part of a decades-long anti-regulatory crusade, Gramm pulled a sly legislative maneuver that greased the way to the multibillion-dollar subprime meltdown. Yet has Gramm been banished from the corridors of power? Reviled as the villain who bankrupted Middle America? Hardly. Now a well-paid executive at a Swiss bank, Gramm cochairs Sen. John McCain's presidential campaign and advises the Republican candidate on economic matters. He's been mentioned as a possible Treasury secretary should McCain win. That's right: A guy who helped screw up the global financial system could end up in charge of US economic policy. Talk about a market failure.

Gramm's long been a handmaiden to Big Finance. In the 1990s, as chairman of the Senate banking committee, he routinely turned down Securities and Exchange Commission chairman Arthur Levitt's requests for more money to police Wall Street; during this period, the sec's workload shot up 80 percent, but its staff grew only 20 percent. Gramm also opposed an sec rule that would have prohibited accounting firms from getting too close to the companies they audited—at one point, according to Levitt's memoir, he warned the sec chairman that if the commission adopted the rule, its funding would be cut. And in 1999, Gramm pushed through a historic banking deregulation bill that decimated Depression-era firewalls between commercial banks, investment banks, insurance companies, and securities firms—setting off a wave of merger mania.

But Gramm's most cunning coup on behalf of his friends in the financial services industry—friends who gave him millions over his 24-year congressional career—came on December 15, 2000. It was an especially tense time in Washington. Only two days earlier, the Supreme Court had issued its decision on *Bush v. Gore*. President Bill Clinton and the Republican-controlled Congress were locked in a budget showdown. It was the perfect moment for a wily senator to game the system. As Congress and the White House were hurriedly hammering out a \$384-billion omnibus spending bill, Gramm slipped in a 262-page measure called the Commodity Futures Modernization Act. Written with the help of financial industry lobbyists and cosponsored by Senator Richard Lugar (R-Ind.), the chairman of the agriculture committee, the measure had been considered dead—even by Gramm. Few lawmakers had either the opportunity or inclination to read the version of the bill Gramm inserted. "Nobody in either chamber had any knowledge of what was going on or what was in it," says a congressional aide familiar with the bill's history.

It's not exactly like Gramm hid his handiwork—far from it. The balding and bespectacled Texan strode onto the Senate floor to hail the act's inclusion into the must-pass budget package. But only an expert, or a lobbyist, could have followed what Gramm was saying. The act, he declared, would ensure that neither the sec nor the Commodity Futures Trading Commission (cftc) got into the business of regulating newfangled financial products called swaps—and would thus "protect financial institutions from over regulation" and "position our financial services industries to be world leaders into the new century."

It didn't quite work out that way. For starters, the legislation contained a provision—lobbied for by Enron, a generous contributor to Gramm—that exempted energy trading from regulatory oversight, allowing Enron to run rampant, wreck the California electricity market, and cost consumers billions before it collapsed. (For Gramm, Enron was a family affair. Eight years earlier, his wife, Wendy Gramm, as cftc chairwoman, had pushed through a rule excluding Enron's energy futures contracts from government oversight. Wendy later joined the Houston-based company's board, and in the following years her Enron salary and stock income brought between \$915,000 and \$1.8 million into the Gramm household.)

But the Enron loophole was small potatoes compared to the devastation that unregulated swaps would unleash. Credit default swaps are essentially insurance policies covering the losses on securities in the event of a default. Financial institutions buy them to protect themselves if an investment they hold goes south. It's like bookies trading bets, with banks and hedge funds gambling on whether an investment (say, a pile of subprime mortgages bundled into a security) will succeed or fail. Because of the swap-related provisions of Gramm's bill—which were supported by Fed chairman Alan Greenspan and Treasury secretary Larry Summers—a \$62 trillion market (nearly four times the size of the entire US stock market) remained utterly unregulated, meaning no one made sure the banks and hedge funds had the assets to cover the losses they guaranteed.

In essence, Wall Street's biggest players (which, thanks to Gramm's earlier banking deregulation efforts, now incorporated everything from your checking account to your pension fund) ran a secret casino. "Tens of trillions of dollars of transactions were done in the dark," says University of San Diego law professor Frank Partnoy, an expert on financial markets and derivatives. "No one had a picture of where the risks were flowing." Betting on the risk of any given transaction became more important—and more lucrative—than the transactions themselves, Partnoy notes: "So there was more betting on the riskiest subprime mortgages than there were actual mortgages." Banks and hedge funds, notes Michael Greenberger, who directed the cftc's division of trading and markets in the late 1990s, "were betting the subprimes would pay off and they would not need the capital to support their bets."

These unregulated swaps have been at "the heart of the subprime meltdown," says Greenberger. "I happen to think Gramm did not know what he was doing. I don't think a member in Congress had read the 262-page bill or had thought of the cataclysm it would cause." In 1998, Greenberger's division at the cftc proposed applying regulations to the burgeoning derivatives market. But, he says, "all hell broke loose. The lobbyists for major commercial banks and investment banks and hedge funds went wild. They all wanted to be trading without the government looking over their shoulder."

Subprime 1-2-3

Don't understand credit default swaps? Don't worry—neither does Congress. Herewith, a step-by-step outline of the subprime risk betting game. —**Casey Miner**

Subprime borrower: Has a few overdue credit card bills; goes to a storefront lender owned by major bank; takes out a \$100,000 home-equity loan at 11 percent interest

Lending bank: Assuming housing prices will only go up, and that investors will want to buy mortgage loan packages, makes as many subprime loans as it can

Investment bank: Packages subprime mortgages into bundles called collateralized debt obligations, or cdos, then sells those cdos to eager investors. Goes to insurer to get protection for those investors, thus passing the default risk to the insurer through a "credit default swap."

Insurer: Thinking that default risk is low, agrees to cover more money than it can pay out, in exchange for a premium

Rating agency: On basis of original quality of loans and insurance policy they are "wrapped" in, issues a rating signaling certain slices of the cdo are low risk (aaa), medium risk (bbb), or high risk (ccc)

Investor: Borrows more money from investment bank to load up on cdo slices; makes money from interest payments made to the "pool" of loans. No one loses—as long as no one tries to cash in on the insurance.

Now, belatedly, the feds are swooping in—but not to regulate the industry, only to bail it out, as they did in engineering the March takeover of investment banking giant Bear Stearns by JPMorgan Chase, fearing the firm's collapse could trigger a dominoes-like crash of the entire credit derivatives market.

No one in Washington apologizes for anything, so it's no surprise that Gramm has failed to issue any mea culpa. Post-Enron, says Greenberger, the senator even called him to say, "You're going around saying this was my fault—and it's not my fault. I didn't intend this."

Whether or not Gramm had bothered to ponder the potential downsides of his commodities legislation, having helped set off an industry free-for-all, he reaped the rewards. In 2003, he left the Senate to take a highly lucrative job at UBS, Switzerland's largest bank, which had been able to acquire investment house PaineWebber due to his banking deregulation bill. He would soon be lobbying Congress, the Fed, and the Treasury Department for UBS on banking and mortgage matters. There was a moment of poetic justice when UBS became one of the subprime crisis' top losers, writing down \$37 billion as of this spring—an amount equal to its previous four years of profits combined. In a report explaining how it had managed to mess up so grandly, UBS noted that two-thirds of its losses were the fault of collateralized debt obligations—securities backed largely by subprime instruments—and that credit default swaps had been "key to the growth" of its out-of-control CDO business. (Gramm declined to comment for this article.)

Gramm's record as a reckless deregulator has not affected his rating as a Republican economic expert. Sen. John McCain has relied on him for policy advice, especially, according to the campaign, on housing matters. The two have been buddies ever since they served together in the House in the 1980s; in 1996, McCain chaired Gramm's flop of a presidential campaign. (Gramm spent \$21 million and earned only 10 delegates during the GOP primaries.) In 2005, McCain told a *Wall Street Journal* columnist that Gramm was his economic guru. Two years later, Gramm wrote a piece for the *Journal* extolling McCain as a modern-day Abraham Lincoln, and he's hailed McCain's love of tax cuts and free trade. Media accounts have identified Gramm as a contender for the top slot at the Treasury Department if McCain reaches the White House. "If McCain gets in," frets Lynn Turner, a former chief SEC accountant, "we'll have more of the same deregulatory mess. I like John McCain, but given what I know about Phil Gramm, I wouldn't vote for McCain."

As a thriving bank exec and presidential adviser, Gramm has defied a prime economic principle: Bad products are driven out of the market. In John McCain, he has gained an important customer, so his stock has gone up in value. And there's no telling when the Gramm bubble will burst.

- [David Corn](#) David Corn is *Mother Jones*' Washington bureau chief.