

2012, July 7

Saturday History Call

TO LISTEN TO THIS CALL:

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- CLICK ON "HISTORY OF OUR GALACTIC WORLD & NESARA" & THE INFORMATION PAGE WILL COME UP.
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- CLICK ON THAT BOX TO GET TO THE LISTING OF PROGRAM ARCHIVES.
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Opening Meditation: Cheryl Croci

Everyone is invited to Cheryl's Sunday, Monday ascension and activation calls

- 9 pm EST/6 pm PST
- 213-342-3000; PIN 9467441#

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T & R: • **Rent paid for the coming month! Thank you, thank you, thank you!!!!**

- something for the mechanic [\$100 as they are still paying ET off from last September]
- **Need money for food and gas.**
- Can trade with T & R for readings by Mother Sekhmet
- **Please let them know when you are gifting:**

E-mail: koran999@comcast.net

Mail: Ram D Berkowitz
2442 Cerrillos Road, #385
Santa Fe, NM 87505

Or contact MariettaRobert at 317-773-0061

- To send T & R a **gift card for food**

Call Robyn Lacorte. Office Manager of Sunflower Farmers' Market

1706 East Southern Avenue **480-820-4900** to use a credit card for a gift card
Tempe, AZ 85282 Robyn will mail the card to T & R

www.rlacorte@sfmarkets.com

Hard News:

888 - 429 - 5471 Toll free # for Canada and US

530 - 513- 6472

530- 413 - 9537

Hard News:

R: Now is the Time with Craig Barnes - local program - had on 2 older folks in town who understand judicial review: they talked of John Roberts & unprecedented move re Affordable Care Act, moving towards Universal Health Care

- Thomas, Scalia, Roberts - members of Opus Dei - now a rumble in the jungle about Vatican
- Opus Dei run by Jesuits and Black Pope
- we know behind the scenes Obama spoke to Roberts and brought up the numbers 9/11
- They alluded to fact that Lavender Lad visited Roberts about where the bear sits in the woods
- May be that Thomas and Scalia might be out of the Court: in 2000, Bush Sr leaned on them to get Jr into presidential seat
- now a change in judicial review process
- Thomas addicted to porn, and there are serious issues with him and wife re campaign money
- the whole case of Bush v. Gore being brought to public eye
 - goes back to Bush Sr who threatened civil war if son not put in, would cause irreparable damage to him -
- Barnes: what about the idea of irreparable damage to the people in Afghanistan and Iraq?
- getting close to war crimes tribunals - Barnes was saying that the war criminals might end up executed

R: this will be affected by Mother: summer solstice has come and gone; they have till middle of summer to come to balance and now they are ready for the rift

- As our country won't take the proper steps in terms of War Crimes Tribunals, other countries will - they can pick up the war criminals

Camp Loveway: a woman on from RAWA, about women in Afghanistan - the woman said the people of Afghanistan had nothing to do with 9/11, it was the US and we no live

- she brought up the idea of "anima" and "animas" and the beings who are part of the devic kingdoms; they are restoring the different etheric layers of the flora and fauna in Afghanistan -
- she can see these beings and angels as well - the beings show up in the night and dismantle and cause to disappear the technologies of death!
- It is in the realm of infinite possibilities

Right, Left and Centre:

- Libya - actually having elections, first time in a century: there are rebels and opposition - also no balance in representation between the areas
- There are 202 seats in Tripoli; east area has only 60 seats; SE area which is the biggest has only 38 - this is where Bengazi is & the people are angry, as the military controls from the largest area.
- The people in the east want to secede
- The older people are over joyed to vote! Ghaddafi was in power for 43 years
- Talk of creating a new constitution - all has to do with NATO, Hillary
- Talking heads said NATO is the devil in the details

Argentina: a dirty war!

- Over 500 babies have been stolen from the parents and given to the elites
- 55 stolen from women in the prison - as soon as the babies were taken, the women were executed
- Two old men have been doing this for 30 years!
- Only 106 of the 500 have been identified even though the mothers are dead.

Audio: Max Keiser

[\[KR311\] Keiser Report: Fraud & 60 Orgasms](#)

We discuss why nobody is freaking about LIBOR in America, while JP Morgan caught doing an Enron on US energy markets and GlaxoSmithKline pays 10% of their ill-gotten gains for bribing doctors and scientists across America. In the second half of the show Max talks to Kevin Sara of the TuNur solar export project of Tunisia about solar exports from the Middle East and toxic derivatives exports from the City of London.

Note that the imbecilic troll on Youtube (and one always inevitably appears when you try to discuss anything that threatens the old systems) suggests he knows so much about technology (he obviously doesn't) and claims that solar cannot work for Tunisia because where would they get the water. Um, if this guy who goes by the username [gerryhiles1](#) could do a simple google search, he would have known that Tunisia has a massive aquifer (as the guest indicated) at the border with Algeria. [Here is a map with all the aquifers of Africa](#), Tunisia has no problems with water supplies (yet). [Note the most productive and massive aquifer in Africa is under Libya . . .] [Also note, there are plenty of valid criticisms for solar including whether or not it is as efficient as other renewable energy sources, etc. or [whether there is any such thing as renewable energy](#) (and [here](#)) other than [solar energy](#) . . .]

http://www.youtube.com/watch?v=IpZ41zDDp5g&feature=player_embedded

T: an upbeat report!

Reading: The Scam Wall Street Learned from the Mafia

[SEE BELOW]

• Melissa Harris-Perry's program today: 13 cities filed for bankruptcy - just this year!

R: on the Craig Barnes show: bankers are going to go to jail now!

Caller: why is Judge Roberts in Malta?

T: he is a Knight of Malta, one of the militarized Jesuits

- Black Pope was killed in 2003; current one is both Black and White Pope

R: he might be in Malta: Opus Dei and members of the church have been notified that Roberts has broken away from the absolute iron clad traditions of the Court, that everything they do in the Court follows the tradition of the masonic order

- Craig Barnes said Obama spoke to Roberts about 9/11 and war crime tribunals, and also the Lavender Lad in the hours leading up to the decision

T: Cardinal Egan represents the Black Pope in USA

- Alito, Roberts, Thomas - all took orders from the Cardinal - 75,000 murders on 9/11 as well as the police who take orders from the courts
- economic high treason in last 100 years has taken out 2 billion people around the world with a little help from the archon / ankle biters

R: may also hire contractors like Blackwater

T: whether it is in Iraq, Afghanistan or wherever - Vatican

R: after 9/11 and Patriot Acts 1, 2 and 3, these ones have all the technologies to listen to each other - yet as far as ordinary people are concerned, they say they have to put in place all kinds of listening devices on order to keep the country secure!

T: reference to Lunesta in Matt's document: Lunesta is a killer!

T: Bill Richardson is a Rothschild

R: he has sat with Richardson; he knows the ramifications of what's going on
Bill knows the importance of the galactics coming; at the same time
he had a choice: would have had to renounce his inheritance, and didn't want to do it!

Audio: Michael Tsarion - Destruction of Atlantis (1 of 12)

Was Atlantis A Center Of Advanced Civilization? Many ancient texts and mythologies speak of a great conflict between the Gods fought with advanced weaponry that eventually destroyed everything. Michael Tsarion researched and analyzed many of these different texts and gave his own account of what may have happened in during that ancient time. Step out of the matrix and examine Tsarion's research deep into man's history. Asking questions that your Religion does not want to discuss, and finding answers that science cannot explain

Michael Tsarion - Destruction of Atlantis (1 of 12)



http://www.youtube.com/watch?v=8PvNYGuMx2I&feature=player_embedded

Michael Tsarion - Destruction of Atlantis (2 of 12)



- http://www.youtube.com/watch?feature=player_detailpage&v=rAsoHCnlX4M

Michael Tsarion - Destruction of Atlantis (3 of 12)



http://www.youtube.com/watch?feature=player_detailpage&v=UTOJyb3EcOg

[Michael Tsarion - Destruction of Atlantis \(4 of 12\)](#)



http://www.youtube.com/watch?feature=player_detailpage&v=96Y3YoLxv8E

[Michael Tsarion - Destruction of Atlantis \(5 of 12\)](#)



http://www.youtube.com/watch?feature=player_detailpage&v=vWyNMRqVUSM

[Michael Tsarion - Destruction of Atlantis \(6 of 12\)](#)



http://www.youtube.com/watch?feature=player_detailpage&v=2yNIIsCHRC2M

[Michael Tsarion - Destruction of Atlantis \(7 of 12\)](#)

- http://www.youtube.com/watch?feature=player_detailpage&v=2yNIIsCHRC2M

[Michael Tsarion - Destruction of Atlantis \(8 of 12\)](#)

- http://www.youtube.com/watch?feature=player_detailpage&v=rAsoHCnlX4M

[Michael Tsarion - Destruction of Atlantis \(9 of 12\)](#)

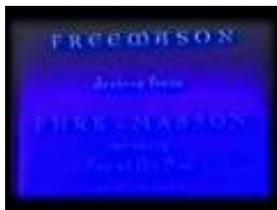


http://www.youtube.com/watch?feature=player_detailpage&v=qZd3mzgghZM

[Michael Tsarion - Destruction of Atlantis \(10 of 12\)](#)

- http://www.youtube.com/watch?feature=player_detailpage&v=qZd3mzgghZM

Michael Tsarion - Destruction of Atlantis (11 of 12)



http://www.youtube.com/watch?feature=player_detailpage&v=WWnBIL89wrk

Michael Tsarion - Destruction of Atlantis (12 of 12)



http://www.youtube.com/watch?feature=player_detailpage&v=ndqVfV3gwTo

Astrology: Richard [my phone was scratchy - I missed some]

today's chart is for Blue Ridge, Georgia, about 20 minutes ago

- Not an easy chart for this weekend;
- Moon conjunct Chiron, in Pisces - moon moved in after midnight last night - at 12:29 am, EDT
then moon conjuncted Neptune: our monthly download of wisdom overnight and this morning
then moon conjunct Chiron - inner healing, getting in balance
- Neptune and Chiron square -
challenge is to discover the wisdom
- Other major square - Pluto square Uranus in place for a longer time
recognizing divine will and divine love in Aries
- Mercury is helping us maintain balance between Leo in Aries is electrical and mental and the other one
Mercury goes retrograde next Saturday

Richard & Rama talk about the necessity of getting a rest from the overloads of information, and how they each do it.

- Tuesday am - moon conjuncts Uranus
- Wed - moon is void of course - Wed could be a day of revelations, an indicator of Divine Will
- Thursday - moon at 11:30 am trines Pluto; at 8:30 it squares Mercury - things should be come clearer as to getting ready for positional expressions of Divine Will
We need to keep our seatbelts snug!

T: today is Egyptian new year

Ri: Mercury goes retrograde in a week. It will be in 13th degree - about the re-arranging of the matrix -
Mercury connected to the mental

T: what does it mean for Uranus to go retrograde?

Ri: means will go into study hall! Doing homework! A fire energy - related to spiritual plane

- We'll be opening to more spiritual wisdom: humanity has to learn how to govern itself an octave higher. Our galactic brothers & sisters are here to help us learn how to govern as a solar society.

R: there is an evolutionary leap in our DNA AND our evolutionary consciousness!

Ri: every summer for last 2 years, Pluto [went first], Neptune [6 weeks ago] and Uranus go retrograde - they work on the inner planes

- Mercury and Saturn went direct - about learning how to move from stage heroes civilization to Stage 1 civilization
- Michio Kaku was talking about the 4 levels of civilization
 - We are moving from fossil fuel to a solar powered civilization = no air pollution, don't have to poke holes in earth

T: a 100 years ago, what Tesla did meant we didn't need to do fossil fuel thing

R: the void of course moon - maybe bankers will get arrested
July 11 try to repeal Obama Cares!

T: July 25th - the day out of time;

Astrological Reading for a caller: Saturn in Libra, like Richard - has a triple conjunction with wisdom / Neptune balancing justice

a warrior for balance, justice

her chart is 180 degrees out from Richard's - she does balancing with relationships

- has Jupiter in Aries - J falls in 12th house, which is - she came in with positive karma and with Marts
- has a true cardinal cross - Chiron, the healer, in the 10th house - part of her mission statement is to have a career in healing, after she heals herself
- in a pretty good spot - strong enough to meet challenges
- North node in Pisces - our group expressing the Christ consciousness - Neptune is sitting on North Node working to awakening to Divine wisdom

got moon and Mercury in Sag at 9 and 17 degrees - should be finding herself opening to all things galactic

Reading: Michelle Eloff - Manders www.palaceofpeace.com

- under a retrograde, do not react! A retrograde highlights lack and fear to be settled
- people, events from the past can be called up - need to be dealt with and finally put to rest!
- Never sign a contract during this period - do not buy things with moving parts like electronics, cars

Ri: we are in the midst of propaganda - a battle for the mind - watch speech, both yours and others

T: Tsarion talked of us being in 2nd generation

Ri: our job is to bust through the illusion

Reading: full moon on July 2 www.heliasstar.com

See also: <http://www.astrologypsychological.com/Uranus%20square%20Pluto%20PDF.pdf>

Caller: about Mercury retrograde - is it in our favour?

T: learn what you need to make it to your favour

- Not time to do new things - also time to get rid of old stuff which includes bankster gangsters
- No stopping the motion in place

Caller: saw something by White Dragons - July 4th arrests didn't happen because Rothschilds couldn't get hand on nukes

R: Captain Ashtar apprised of situation; suspects they are playing with some kind of bird - SLU - there are great unseen wars between F 1 and F 2 at highest levels

- He heard this morning that maybe Judge Roberts turned over a new leaf & rats on ankle biters -

T: does not know what is motivating him: he still has to take his medicine

- Many people do not know about visit of St Germain and call from Obama
- remember the missile over North Korea & Obama was in England visiting the Queen?
 - Obama and St Germain bi-located and went to UN and said oh no you don't!

Rainbird: question - July 10th is 120 days until election & NESARA needs 120 days

T: they did suggest on the outside it would be 120 days - could be anywhere from 90-120 days

R: does not know either - the change in what Richard has said, as we approach July 11 and the Void of Course moon, and Boehner and the turtle [McConnell] try to repeal Obama Cares - could be interesting

T: whatever they do, going to single payer - not enough votes to repeal it

Caller: how do you put your arm around a hologram?

T: Michelle did it! A fake queen hologram - it is a solid hologram

R: if you are in same room with that person, does not look like anyone is home!

T: the ball is in our court - nothing to be flustered about

- when she thinks that we have total responsibility from now on - kinda scary!
- Lots of re-educating required
 - We will have a lot of help, and all they ask is that we open our hearts

Caller: will phony weather be stopped soon? Is it to educate us?

T: the ships and the Ashtar command promised to help us - where is your father?

R: will not answer for him: he's still on duty!

T: P saw the star ship and as she focused her energy, it danced for her!

- Today there were 100s of ships in our sky! Santa Fe-ans are no slouches - white is the minority
 - Arabs, Blacks, Hispanics, whites are smallest group - all the groups have their own stories from their own traditions

Caller: is New Mexico a good place to move to?

T: Santa Fe is the galactic capital on the earth dimension - like Sagittarius in the heavens

- the glow in the sky from the lights interferes with people's progress
- Bill Richardson is a Spanish Rothschild
- The Anasazi lived in cliff dwellings - Canyon D is in AZ between 2nd and 3rd mesa of Hopi people
- Ship Rock, New Mexico outside of Farmington - it's the crater of a volcano - also an inter galactic beacon - when R played with the crystals to see how they worked, Ashtar showed up - and was not happy! The crystals called in The New Jerusalem!

Caller: curious: understand after the arrests take place, will have 120 days to have new elections

T: those are the outside numbers - could be 30 day, 60 days or 120 days

- as these ones get arrested, there will be big holes in the Congress
- Southern Russia - 5 months of rain in 24 hours fell on small place by Black Sea - 141 people dead
- Where weather is concerned, nothing is natural - they have screwed up the weather for the whole planet!
 - Morphogenic field - when a butterfly flaps its wing, we have a tsunami over here
- It is not about money and never was -
 - religion is the absolute worst tool they had & they used it well against we the people
- Question about becoming sovereign and having Universal Commercial Code registration:
 - GG Lillie said it is all cancelled now - The Aboriginal Moabite Nations is now registered as an NGO under the umbrella of UN and the ICC - now governed by a different area

- when you file your UCC application - Micah knows it, so does Cody - still worthy of pursuit - you really have to know know your rights and not just the paper work - have to be a walking talking & how to talk to the storm troopers with love!
- Michael Tsarion talked about us being dumbed down

R he talks to ET the mechanic about what is happening, and he asks "are you still going to vote for that black man?" This might take a while!

T: Ray McGovern has a long beard in 2005, he weighed 75 lbs; he got in Hillary's face and turned his back around which said Veterans for Peace - he was beaten etc - she ignored him and kept

Audio: Nitric Oxide

2nd part: May 23rd

3rd part: June 7th

4th part: lifestyle Modifications that have been shown to be effective

The Importance of Nitric Oxide and its role in the body - a Webinar Series

<https://vimeo.com/user12136614/videos>

Caller: source?

T: this will start reversing the aging process - there will now one thing after another!

Caller: smokes and uses inhalers: sounds like this might help to stop

T: does not know if it will help you stop

- the Edgar Cayce Institute in Arizona - they do it in a group, specifically for addictions; it works
- where there is an addiction, people need help
- There are 3 more parts to the presentation - this is natural product: lozenge one in morning, afternoon
- Discussion of benefits of Nitric Oxide and more on the background

Reading: The Full Moon of Cancer-Capricorn 2012 Pt. 1 - Time For Self-Transcendence!

<http://www.aquariuspapers.com/astrology/2012/07/the-full-moon-of-cancer-capricorn-2012-pt-1-time-for-self-transcendence.html>

[SEE BELOW]

Reading: The Meaning of Mitt - from Vanity Fair

[SEE BELOW]

Music: New Age Music #3 with Paul Winter - Lullaby from the Great Mother

Audio: Swami Purna

Closing: Rainbird
Reading about coyote, the trickster

Music: Celtic Woman

2012, June 21 **The Scam Wall Street Learned From the Mafia**

How America's biggest banks took part in a nationwide bid-rigging conspiracy - until they were caught on tape

<http://www.rollingstone.com/politics/news/the-scam-wall-street-learned-from-the-mafia-20120620>

By [Matt Taibbi](#)

June 21, 2012 11:20 AM ET

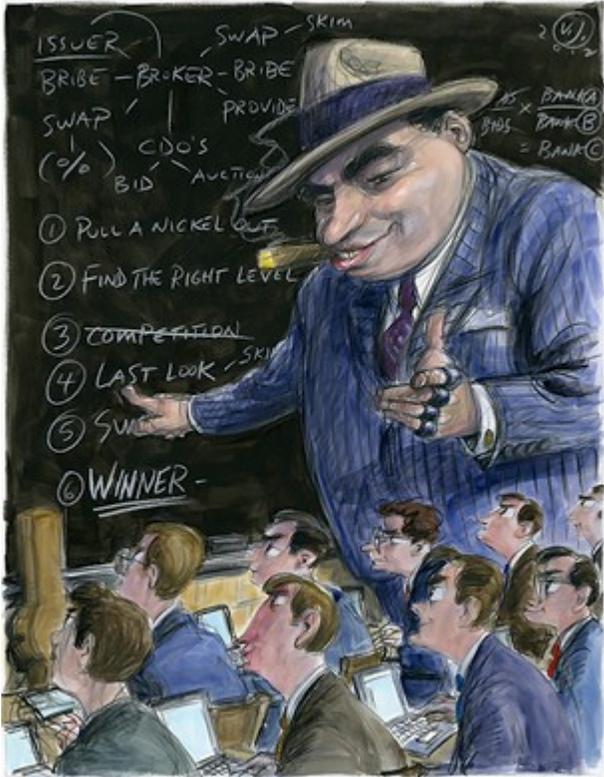


Illustration by Victor Judas

Someday, it will go down in history as the first trial of the modern American mafia. Of course, you won't hear the recent financial corruption case, *United States of America v. Carol Jo, Goldberg and Grimm*, called anything like that. If you heard about it at all, you're probably either in the municipal bond business or married to an antitrust lawyer. Even then, all you probably heard was that a threesome of bit players on Wall Street got convicted of obscure antitrust violations in one of the most inscrutable, jargon-packed legal snoozefests since the government's massive case against Microsoft in the Nineties – not exactly the thrilling courtroom drama offered by the famed trials of old-school mobsters like Al Capone or Anthony "Tony Ducks" Corallo.

But this just-completed trial in downtown New York against three faceless financial executives really was historic. Over 10 years in the making, the case allowed federal prosecutors to make public for the first time the astonishing inner workings of the reigning American crime syndicate, which now operates not out of Little Italy and Las Vegas, but out of Wall Street.

The defendants in the case – Dominick Carollo, Steven Goldberg and Peter Grimm – worked for GE Capital, the finance arm of General Electric. Along with virtually every major bank and finance company on Wall Street – not just GE, but J.P. Morgan Chase, Bank of America, UBS, Lehman Brothers, Bear Stearns, Wachovia and more – these three Wall Street wiseguys spent the past decade taking part in a breathtakingly broad scheme to skim billions of dollars from the coffers of cities and small towns across America. The banks achieved this gigantic rip-off by secretly colluding to rig the public bids on municipal bonds, a business worth \$3.7 trillion. By conspiring to lower the interest rates that towns earn on these investments, the banks systematically stole from schools, hospitals, libraries and nursing homes – from "virtually every state, district and territory in the United States," according to one settlement. And they did it so cleverly that the victims never even knew they were being cheated. No thumbs were broken, and nobody ended up in a landfill in New Jersey, but money disappeared, lots and lots of it, and its manner of disappearance had a familiar name: *organized crime*.

In fact, stripped of all the camouflaging financial verbiage, the crimes the defendants and their co-conspirators committed were virtually indistinguishable from the kind of thuggery practiced for decades by the Mafia, which has long made manipulation of public bids for things like garbage collection and construction contracts a cornerstone of its business. What's more, in the manner of old mob trials, Wall Street's secret machinations were revealed during the *Carollo* trial through crackling wiretap recordings and the lurid testimony of cooperating witnesses, who came into court with bowed heads, pointing fingers at their accomplices. The new-age gangsters even invented an elaborate code to hide their crimes. Like Elizabethan highway robbers who spoke in thieves' cant, or Italian mobsters who talked about "getting a button man to clip the capo," on tape after tape these Wall Street crooks coughed up phrases like "pull a nickel out" or "get to the right level" or "you're hanging out there" – all code words used to manipulate the interest rates on municipal bonds. The only thing that made this trial different from a typical mob trial was the scale of the crime.

USA v. Carollo involved classic cartel activity: not just one corrupt bank, but many, all acting in careful concert against the public interest. In the years since the economic crash of 2008, we've seen numerous hints that such orchestrated corruption exists. The collapses of Bear Stearns and Lehman Brothers, for instance, both pointed to coordinated attacks by powerful banks and hedge funds determined to speed the demise of those firms. In the bankruptcy of Jefferson County, Alabama, we learned that Goldman Sachs accepted a \$3 million bribe from J.P. Morgan Chase to permit Chase to serve as the sole provider of toxic swap deals to the rubes running metropolitan Birmingham – "an open-and-shut case of anti-competitive behavior," as one former regulator described it.

More recently, a major international investigation has been launched into the manipulation of Libor, the interbank lending index that is used to calculate global interest rates for products worth more than \$3 *trillion* a year. If and when that case is presented to the public at trial – there are several major civil suits in the works here in the States – we may yet find out that the world's most powerful banks have, for years, been fixing the prices of almost every adjustable-rate vehicle on earth, from mortgages and credit cards to interest-rate swaps and even currencies.

But *USA v. Carollo* marks the first time we actually got incontrovertible evidence that Wall Street has moved into this cartel-type brand of criminality. It also offered a disgusting glimpse into the enabling and grossly cynical role played by politicians, who took Super Bowl tickets and bribe-stuffed envelopes to look the other way while gangsters raided the public kitty. And though the punishments that were ultimately handed down in the trial – minor convictions of three bit players – felt deeply unsatisfying, it was still a watershed moment in the ongoing story of America's gradual awakening to the realities of financial corruption. In a post-crash era where Wall Street trials almost never make it

into court, and even the harshest settlements end with the evidence buried by the government and the offending banks permitted to escape with no admission of wrongdoing, this case finally dragged the whole ugly truth of American finance out into the open – and it was a hell of a show.

1. THE SCAM

This was no trial scene from popular lore, no *Inherit the Wind* or *State of California v. Orenthal James Simpson*. No gallery packed with rapt spectators, no ceiling fans set whirring to beat back the tension and the heat, no defense counsel's resting a sympathetic hand on the defendant's shoulder as opening statements commence. No, the setting for *USA v. Carollo* reflected the bizarre alternate universe that exists on Wall Street. Like so many court cases involving big banks, the proceeding looked more like a roomful of expensive lawyers negotiating a major corporate merger than a public search for justice.

The trial began on April 16th in a federal court in Lower Manhattan. The courtroom, an aeriellike setting 23 stories up, offered a panoramic view of the city and the East River. Though the gallery was usually full throughout the three-plus weeks of testimony, the spectators were not average citizens come to witness how they had been robbed blind by America's biggest banks. Instead, there were row after row of suits – other lawyers eager to observe a long-awaited case, one that could influence the outcome in a handful of civil suits pending across the country. In fact, the defendants themselves, whom the trial would reveal as easily replaceable cogs in a much larger machine of corruption, were barely visible from the gallery, obscured by the great chattering congress of prosecution and defense attorneys.

Only the presence of the mostly nonwhite and elderly jury, which resembled the front pew of a Harlem church, served as a reminder that the case had any connection to the real world. Even reporters from most of the major news outlets didn't bother to attend. The judge in the trial, the right honorable and amusingly cantankerous Harold Baer, acknowledged that the case was not likely to set the public's pulse racing. "It is unlikely, I think, that this will generate a lot of media publicity," Baer sighed to the jury in his preliminary instructions.

Once opening statements began, it was easy to see why the press might stay away. One of the main lines of defence for corrupt Wall Street institutions in recent years has been the extreme complexity of the infrastructure within which these crimes are committed. In order for prosecutors to win convictions, they have to drag ordinary Americans, people who watch and enjoy reality TV, up the steepest of learning curves, coaching them into game shape with regard to obscure financial vehicles like swaps and CDOs and, in this case, Guaranteed Investment Contracts.

So it was no surprise that both the prosecution and the defense began their opening remarks to the jury by apologizing for the hellishly dull maze of "convoluted" and "boring" and "tedious" financial transactions they were about to spend weeks hearing about. Only Wendy Waszmer, the feisty federal prosecutor with straight brown hair and an elfin build who presented the government's case, succeeded in cutting through the mountainous dung heap of acronyms and obfuscations and explaining what the case was about. "Even though some aspects of municipal bond finance are complex, the fraud here was simple," she told the jurors. "It was about lying and cheating cities and towns in a bidding process that was in place to protect them."

The "simple fraud" Waszmer described centered around public borrowing. Say your town wants to build a new elementary school. So it goes to Wall Street, which issues a bond in your town's name to raise \$100 million, attracting cash from investors all over the globe. Once Wall Street raises all that money, it dumps it in a tax-exempt account, which your town then uses to pay builders, plumbers, the chalkboard company and whoever else winds up working on the project.

But here's the catch: Most towns, when they raise all that money, don't spend it all at once. Often it takes years to complete a construction project, and the last contractor isn't paid until long after the original bond is issued. While that unspent money is sitting in the town's account, local officials go looking for a financial company on Wall Street to invest it for them.

To do that, officials hire a middleman firm known as a *broker* to set up a public auction and invite banks to compete for the town's business. For the \$100 million you borrowed on your elementary school bond, Bank A might offer you 5 percent interest. Bank B goes further and offers 5.25 percent. But Bank C, the winner of the auction, offers 5.5 percent.

In most cases, towns and cities, called *issuers*, are legally required to submit their bonds to a competitive auction of at least three banks, called *providers*. The scam Wall Street cooked up to beat this fair-market system was to devise phony auctions. Instead of submitting competitive bids and letting the highest rate win, providers like Chase, Bank of America and GE secretly divvied up the business of all the different cities and towns that came to Wall Street to borrow money. One company would be allowed to "win" the bid on an elementary school, the second would be handed a hospital, the third a hockey rink, and so on.

How did they rig the auctions? Simple: By bribing the auctioneers, those middlemen brokers hired to ensure the town got the best possible interest rate the market could offer. Instead of holding honest auctions in which none of the parties knew the size of one another's bids, the broker would tell the pre-arranged "winner" what the other two bids were, allowing the bank to lower its offer and come in with an interest rate just high enough to "beat" its supposed competitors. This simple but effective cheat – telling the winner what its rivals had bid – was called giving them a "last look." The winning bank would then reward the broker by providing it with kickbacks disguised as "fees" for swap deals that the brokers weren't even involved in.

The end result of this (at least) decade-long conspiracy was that towns and cities systematically lost, while banks and brokers won big. By shaving tiny fractions of a percent off their winning bids, the banks pocketed fantastic sums over the life of these multimillion-dollar bond deals. Lowering a bid by just one-100th of a percent, called a *basis point*, could cheat a town out of tens of thousands of dollars it would otherwise have earned on its bond deposits.

That doesn't sound like much. But when added to the other fractions of a percent stolen from basically every other town in America on every other bond issued by Wall Street in the past 10 to 15 years, it starts to turn into an enormous sum of money. In short, this was like the scam in Office Space, multiplied by a factor of about 10 gazillion: Banks stole pennies at a time from towns all over America, only they did it a few hundred bazillion times.

Given the complexities of bond investments, it's impossible to know exactly how much the total take was. But consider this: Four banks that took part in the scam (UBS, Bank of America, Chase and Wells Fargo) paid \$673 million in restitution after agreeing to cooperate in the government's case. (Bank of America even entered the Justice Department's leniency program, which is tantamount to admitting that it committed felonies.) Since that settlement involves only four of the firms implicated in the scam (a list that includes Goldman, Transamerica and AIG, as well as banks in Scotland, France, Germany and the Netherlands), and since settlements in Wall Street cases tend to represent only a tiny fraction of the actual damages (Chase paid just \$75 million for its role in the bribe-and-payola scandal that saddled Jefferson County, Alabama, with more than \$3 billion in sewer debt), it's safe to assume that Wall Street skimmed untold billions in the bid-rigging scam. The UBS settlement alone, for instance, involved 100 different bond deals, worth a total of \$16 billion, over four years.

Contracting corruption has been around since the construction of the Appian Way. The difference here is the almost unimaginable scope of the crime – and the fact that it's mobsters from Wall Street who are getting in on the action. Until recently, such activity has traditionally been the almost exclusive domain of the Mafia. "When I think of bid rigging, I think of the convergence of organized crime and the government," says Eliot Spitzer, who prosecuted two bid-rigging cases in his career as a New York prosecutor, one involving garbage collection, the other a Garment District case involving the Gambino family. The Mafia moved into bid rigging, he says, because it observed over time that monopolizing public contracts offers a far more lucrative business model than legbreaking. "Organized crime learned their lessons from John D. Rockefeller," Spitzer explains. "It's much more efficient to control a market and boost the price 10 percent than it is to run a loan-sharking business on the street, where you actually have to use a baseball bat and collect every week."

What Spitzer saw was gangsters moving in the direction of big business. When I ask him if he is surprised by the current bid-rigging case, which looks more like big business moving in the direction of gangsters, he laughs. "The urge to become a monopolist," he says, "is as old as capitalism."

2. THE TAPES

The defendants in the case – Dominick Carollo, Steven Goldberg and Peter Grimm – worked together at GE, which was competing for bond business against banks like Chase, Wells Fargo and Bank of America. Carollo was the boss of Goldberg and Grimm, who handled the grunt work, submitting bids. Between August 1999 and November 2006, the three executives participated in countless rigged bids by telephone, conspiring with middleman brokers like Chambers, Dunhill and Rubin. We know this because prior to the start of the *Carollo* trial, 12 other individuals, including several brokers from CDR, had already pleaded guilty in a wide-ranging federal investigation.

How did the government manage to make a case against so many Wall Street scam artists? Hubris. As was the case in Jefferson County, Alabama, where Chase executives blabbed criminal conspiracies on the telephone even though they knew they were being recorded by their own company, the trio of defendants in Carollo wantonly fixed bond auctions despite the fact that their own firm was taping the conversations. Defense counsel even made an issue of this at trial, implying to the jury that nobody would be dumb enough to commit a crime by phone when "there was a big sticker on the phones that said all calls are being recorded," as Grimm's counsel, Mark Racanelli, put it. In fact, Racanelli argued, the conversations on the tapes hardly suggested a secret conspiracy, because "no one was whispering."

But the reason no one was whispering isn't that their actions weren't illegal – it's because the bid rigging was so incredibly common the defendants simply forgot to be ashamed of it. "The tapes illustrate the cavalier attitude which the financial community brought toward this behavior," says Michael Hausfeld, a renowned class-action attorney whose firm is leading a major civil suit against Bank of America, Wells Fargo, Chase and others for this same bid-rigging scam. "It became the predominant mode of transacting business."

How and when the government got hold of those tapes is still unclear; the prosecution is not commenting on the case, which remains an open investigation. But we do know that in November 2006, federal agents raided the offices of CDR, the broker firm that was working with Carollo, Goldberg and Grimm. Caught redhanded, many of the firm's top executives agreed to turn state's witness. One after another, these hangdog, pasty-faced men were led up to the stand by prosecutors and forced to recount how they'd been snatched up in the raid, separated and blitz-interviewed by FBI agents, and plunged into years of nut-crushing negotiations, which resulted in almost all of them pleading guilty. Prosecutors would eventually accumulate 570,000 recorded phone conversations, and

to decipher them they worked these cooperating witnesses like sled dogs, driving them in for dozens of meetings and grilling them about the details of the scam.

The state's first witness, confusingly, was a CDR broker named Doug Goldberg (no relation to the defendant Steven Goldberg). Almost every executive involved in the trial was absurdly young; many were just out of college when the bid-rigging scam started in the late Nineties. Doug Goldberg graduated from USC in 1993, and his fellow CDR executive Evan Zarefsky still looks to be about 15 years old, suggesting a suit-and-tie version of Napoleon Dynamite. The extreme youth of some of the conspirators was an obvious subtext of the trial, underscoring the fact that far more senior executives from bigger banks like Chase and Bank of America had been permitted by the government to evade testifying.

Right off the bat, in fact, Doug Goldberg explained that while at CDR, he had routinely helped the cream of Wall Street rig bids on municipal bonds by letting them take a peek at other bids:

Q: Who were some of the providers you gave last looks to?

A: There was a whole host of them, but GE Capital, FSA, J.P. Morgan, Bank of America, Société Générale, Lehman Brothers, Bear. There were others.

Goldberg went on to testify that he repeatedly rigged auctions with the three defendants. Sometimes he gave them "last looks" so they could shave basis points off their winning bids; other times he asked them to intentionally submit losing offers – called *cover bids* – to allow other firms to win. He told the court he knew he was being recorded by GE. When asked how he knew that, he drew one of the trial's rare laughs by answering, "Either they told me or some of them, like Société Générale, you can hear the beeping."

Because of the recordings, he went on, he and the defendants used "guarded language."

"I might tell him, if I'm looking for an intentionally losing bid, 'I need a bid,' or something like that," he said.

Q: With whom specifically did you use this guarded type of language?

A: With Steve Goldberg and others.

Q: In your dealings with Steve Goldberg, what, if any, language or other signal did he use that you understood as a request for a last look?

A: He might ask me where I "saw the market," or he might ask me for, as I mentioned, an "indication of where the market is," an "idea of the market."

The broker went on to detail how he had worked with the GE executives to manipulate a number of auctions. In several cases, he was pushed to make deals with GE by his boss at CDR, Stewart Wolmark, who seemed smitten with GE's Steve Goldberg; jurors listening to the tapes couldn't miss the pair's nauseatingly tight, cash-fueled bromance. In December 2000, for instance, Wolmark helped Goldberg win a rigged bid for a bond in Onondaga County, New York. After the auction, he calls his buddy Steve:

WOLMARK: Hey, congratulations. You got another one.

GOLDBERG: Yeah. Yeah, thank you. Thank you.

WOLMARK: You're hot!

GOLDBERG: I'm hot? Hot with your help, sir.

Later on, Wolmark basically tells Goldberg he owes a service to his fellow gangster. "I deserve the big lunch now," Wolmark chirps.

"Yeah," says Goldberg. "I owe you something, huh?"

A few months later, in March 2001, Wolmark and Goldberg do another deal, this time for a \$219 million construction bond for the Port Authority of Allegheny County, Pennsylvania. Wolmark rings up his payola paramour and scolds him for not calling him during a recent trip to Vegas, where Goldberg doubtless spent a nice chunk of the money Wolmark had helped him steal from places like Onondaga County.

"Good time in Vegas, you can't even call me back?" Wolmark laments.

"I don't have time to sleep in Vegas," Goldberg says suggestively.

"There's sleeping," Stewart Wolmark chides, "and there's Stewart."

From there, the clothes just start flying off as the pair jump into a steamy negotiation over the monster Allegheny deal. "I'm all set with \$200 million," Goldberg says. "Everything's ready to go."

Then Wolmark asks if GE is ready to pay CDR its bribe. "You got some swaps coming up?"

Goldberg assures him they do. Wolmark then passes the deal off to his own Goldberg, Doug, who handles the actual auction.

When prosecutors tried to explain these telephone auctions at trial, projecting the transcripts of the calls on a huge movie screen set up across the courtroom from the jury, you could see the sheer bewilderment on the jurors' faces. The men on the tapes seemed to be speaking a language from another planet — an insanely dry and boring planet, where there's no color and no adverbs, maybe, and babies are made by rubbing two calculators together. One of the jurors, an older white man, spent the first few days of the trial yawning repeatedly, fighting a heroic battle to stay awake in the face of all the mind-numbing jargon about Guaranteed Investment Contracts. "Who needs Lunesta," joked one lawyer who attended the proceedings, "when you can hear a lawyer talk about GICs right out of the gate?"

The language of the auctions was a kind of intellectual camouflage. If you didn't listen closely, you'd have thought the two Goldbergs were a couple of airmen exchanging weather balloon data, rather than two Wall Street executives plotting a crime to rip off the good citizens of Allegheny County. In that deal, Steve Goldberg of GE originally bid "503, 4" on the \$219 million bond, only to be guided downward by Doug Goldberg of CDR. The broker explained in court:

Q: Can you explain what you understood Mr. Goldberg to say when he was saying 503, 4? What was he bidding?

A: That was the rate he was willing to bid on this investment agreement.

Q: How much was it?

A: 5.04 percent.

Q: What did you do as a response to his bid of 5.04 percent?

A: I brought his bid down to 5.00 percent.

In other words, even though GE was willing to pay an interest rate of 5.04 percent, Allegheny County ended up earning just 5.00 percent on its \$219 million bond. How much money that amounted to is difficult to calculate, given the way the bond account diminished each year as the county used it to pay contractors; even Doug Goldberg couldn't put a number on the scam. But if the account was full at the start of the deal, GE may have cheated the county out of as much as \$87,600 a year to start.

In any case, GE certainly chiseled the Pennsylvanians out of a sizable sum, because soon after, the company paid CDR a kickback of \$57,400 in the form of "fees" on a swap deal. The whole deal pleased CDR's higher-ups. "I went to Stewart Wolmark and told him that not only did Steve Goldberg win but that I was able to reduce his rate down four basis points," said Doug Goldberg. "Stewart was very happy and excited."

Over and over again, jurors heard cooperating witnesses translate the damning audiotapes. In one lurid sequence, the bat-eared, bespectacled CDR broker Evan Zarefsky explained how he helped the GE defendant Peter Grimm win a bid for a bond put out by the Utah Housing Authority. The pair had apparently reamed Utah so many times that it had become a sort of inside joke between the two of them. From a call in August 2001:

GRIMM: Utah, let's see, how we look on that?

ZAREFSKY: Good old Utah!

Grimm complains about how much he'll have to pay to win the deal. "These levels are really shitty," he says.

Zarefsky comforts him. "Well, I can probably save you a couple of bucks here," he says.

From there, Grimm rattles off numbers, ultimately settling on a bid of 3.51 – 3.51 percent. Zarefsky, in almost motherly fashion, guides the manic Grimm downward, telling him, in code, that his bid is 10 basis points too high. "You actually got like a dime in there," Zarefsky says. "You want to come down a dime?"

So Grimm comes back with a bid of 3.41 percent, which turned out to be the winning bid. Utah lost out on 10 basis points, GE bilked the state out of untold sums, and CDR got another nice kickback.

This, basically, is how a lot of the calls went. The provider would tentatively offer a number, and the broker would guide him to a new bid. "You have a little bit of room there," he might say, or "That's gonna put you about a nickel short." Guiding the bidders to the lowest possible bid was called "figuring out the level" or being "in the market"; obtaining information about other bids was called "giving an indicative" or "seeing the market."

The brokers and providers used a dizzying array of methods for rigging deals. In some cases, the broker helped the "winner" by simply excluding other bidders, who may or may not have been in on the scam. In one hilarious sequence that sounds like something out of a wiretap of a Little Italy social club, CDR executive Dani Naeh tells GE's Steve Goldberg that he's not sure he can guarantee a win on a bid for a New Jersey hospital bond. There were too many triple-A-rated companies interested in the bond, Naeh explains, and he couldn't control their bids the way he could those of the lesser, double-A-rated companies he usually did business with. "It would be easier for us to contact other providers who were rated double-A and ask them to submit an intentionally losing bid," Naeh testified. He sounded exactly like a mobster, talking about "our guys" and "our friends."

In some of the calls, jurors could hear the entirety of the dirty deals negotiated, including the bribe paid back to the broker. In one deal involving a bond for the Port of Oakland, California, Steve Goldberg of GE starts to ask his pal Stewart Wolmark of CDR what kind of kickback the broker wants for rigging the deal. Such conversations about payoffs were so commonplace that Wolmark doesn't even have to wait for Goldberg to finish the question:

GOLDBERG: What are we building in here for the...

WOLMARK: Swap.

In his testimony, Wolmark explained that he was asking for a swap deal in return for rigging the bid. "He wanted to know what we were going to get paid on the back end," Wolmark explained.

In the call, Wolmark and Goldberg start haggling over the price of CDR's kickback. Wolmark tells Goldberg he only wants what's fair. "Listen, I'm not a *chazzer*," Wolmark says.

Fans of the movie *Scarface* will remember Tony Montana's inspired translation of this Yiddish term: "Thas a pig that don' fly straight."

Wolmark reassures Goldberg that as pigs go, he's a straight flier. "You see the kind of mensch I am," he says.

Negotiations ensue. Goldberg tells Wolmark that he can pay him more on the bribe – the swap deal – if Wolmark can help GE save money on the Port of Oakland deal. "I'd like to see if we can pull a nickel out of that swap," Wolmark says. Translation: He wants to boost CDR's take on the kickback by five basis points.

"If I could get to the right level," Goldberg answers, referring to the Port of Oakland deal. Translation: Goldberg will help Wolmark get his "nickel" on the swap deal if Wolmark can help GE "get to the right level" on the bid.

3. THE POLITICIANS

The *Carollo* case provides far more than a detailed look at the mechanics and pervasiveness of bid rigging; it offers a clear and unvarnished blueprint of the architecture of American financial and political corruption. In an attempt to discredit the CDR witnesses, defense counsel hounded them about other revelations that surfaced in the government's investigation, particularly those that involved bribery, illegal campaign contributions and pay-for-play schemes.

The defense's cross-examinations were surreal. It was certainly true that some of the government's cooperating witnesses had dubious résumés, so it may have made sense to highlight their generally duplicitous history of tax evasion or lying to investigators. But in their zeal, defense counsel went far beyond simply discrediting the witnesses, spending an inordinate amount of time eliciting even more details about the grotesque corruption scheme their own clients had taken part in. The result was a rare and somewhat confusing spectacle: high-octane lawyers from Wall Street working to rip the lid off Wall Street corruption in open court.

Defense counsel showed us, for instance, how CDR employees were routinely directed by their boss, David Rubin, to make political contributions to select candidates, only to be reimbursed by Rubin for those contributions later on. This kind of corporate skirting of campaign finance limits is something we've always suspected goes on, but we rarely get to see direct evidence of it.

More interesting, though, were the stories about political payoffs. In 2001, CDR hired a consultant named Ron White, a Philadelphia bond attorney who happened to be the chief fundraiser for then-mayor John Street. CDR gave White two tickets to the 2003 Super Bowl in San Diego plus a limo – a gift worth \$10,000. As his "guest," White took Corey Kemp, the city treasurer for Philadelphia, who, 16 days later, awarded CDR a \$150,000 contract to advise the city on swap deals. But that wasn't the end of the gravy train: CDR doled out those swap deals to selected banks, who in return kicked back \$515,000 to CDR for steering city business their way.

So a mere \$10,000 bribe to a politician – a couple of Super Bowl tickets and a limo – scored CDR a total of \$665,000 of the public's money. If you want to know why Wall Street has been enjoying record profits, here's your answer: Corruption is a business model that brings in \$66 for every dollar you invest.

Even more startling was the way that a notorious incident involving former New Mexico governor and presidential candidate Bill Richardson resurfaced during the trial. Barack Obama, you may recall, had nominated Richardson to be commerce secretary – only to have the move blow up in his face when tales of Richardson accepting bribes began to make the rounds. Federal prosecutors never brought a

case against Richardson: In 2009, an inside source told the AP that the investigation had been "killed in Washington." Obama himself, after Richardson bowed out, praised the former governor as an "outstanding public servant."

Now, in the *Carollo* trial, defense counsel got Doug Goldberg, the CDR broker, to admit that his boss, Stewart Wolmark, had handed him an envelope containing a check for \$25,000. The check was payable to none other than Moving America Forward – Bill Richardson's political action committee. Goldberg then went to a Richardson fundraiser and handed the politician the envelope. Richardson, pleased, told Goldberg, "Tell the big guy I'm going to hire you guys."

Goldberg admitted on the stand that he understood "the big guy" to mean Wolmark. After that came this amazing testimony:

Q: Soon after that, New Mexico hired CDR as its swap and GIC adviser on a \$400 million deal, right?

A: Yes.

Q: You learned later that that check in that envelope was a check for \$25,000, right?

A: Yes. I learned it later.

Q: You also learned later that CDR gave another \$75,000 to Gov. Richardson, right?

A: Yes.

Q: CDR ended up making about a million dollars on this deal for those two checks?

A: Yes.

Q: In fact, New Mexico not only hired CDR, they hired another firm to do the actual work that they needed done?

A: For the fixed-income stuff, yes.

What we get from this is that CDR paid Bill Richardson \$100,000 in contributions and got \$1.5 million in public money in return. And not just \$1.5 million, but \$1.5 million for work they didn't even do – the state still had to hire another firm to do the actual job. Nice non-work, if you can get it.

To grasp the full insanity of these revelations, one must step back and consider all this information together: the bribes, yes, but also the industrywide, anti-competitive bid-rigging scheme. It turns into a kind of unbroken Möbius strip of corruption – the banks pay middlemen to rig auctions, the middlemen bribe politicians to win business, then the politicians choose the middlemen to run the auctions, leading right back to the banks bribing the middlemen to rig the bids.

When we allow Wall Street to continually raid the public cookie jar, we're not just enriching a bunch of petty executives (Wolmark's income in 2008, two years after he was busted in the FBI raid, was \$2,464,210.18) – we're effectively creating an alternate government, one in which money lifted from the taxpayer's pocket through mob-style schemes turns into a kind of permanent shadow tax, used to maintain the corruption and keep the thieves in place. And that cuts right to the heart of what this case is all about. Wall Street is tired of making money by competing for business and weathering the vagaries of the market. What it wants instead is something more like the deal the government has – regularly collecting guaranteed taxes. What's crazy is that in order to justify that dream of regular, monopolistic tribute, they've begun to see themselves as a type of shadow government, watching out for the rest of us. Amazingly enough, this even became a defense at trial.

4. THE DEFENSE

There were times, sitting in the courtroom, when I wondered, *How did this case even go to trial?* What defense attorney would look at the thousands of recorded phone calls, the parade of cooperating witnesses, the stacks of falsified documents, and conclude that airing all of this in court was a smart

play? Listening to tape after damning tape played in open court while the defendants cringed in a corner seemed increasingly like a gratuitous ass-kicking, one that any smart defense lawyer would have made a deal to avoid.

But as the weeks passed, I started to get a feel for the defense strategy, which made a kind of demented sense. The lawyers for Carollo, Goldberg and Grimm didn't even bother trying to argue the facts of the case. Instead, in one cross-examination after another, they kept hitting the same theme. Despite the fact that the rigged bids resulted in lower returns, wasn't it true that the cities and towns still received, technically speaking, the highest bid? If a town received a 5.00 percent return on a \$219 million bond instead of 5.04 percent, who's to say that wasn't a good price?

John Siffert, the gray-faced and unlikable attorney for Steve Goldberg, put it this way in his cross-examination of CDR executive Stewart Wolmark. Asking about the Allegheny deal, he boomed: "Isn't it fair to say that you believed that by lowering... Steve's bid to 5 percent, Steve's bid was still a fair price to pay?"

Wolmark's answer was both quick and sensible: "I don't determine the fair price," he replied. "The market does." GE was supposed to pay the *highest* price the market would pay. It wasn't a competitive auction, as required by law.

But Siffert had made his point, and his rhetoric got right to the heart of the defense, which was going to center around the definition of the word "fair." The men and women who run these corrupt banks and brokerages genuinely believe that their relentless lying and cheating, and even their anti-competitive cartelstyle scheming, are all legitimate market processes that lead to legitimate price discovery. In this lunatic worldview, the bidrigging scheme was a system that created fair returns for everyone. If a bunch of Pennsylvanians got a 5.00 percent return on their money instead of 5.04 percent, and GE and CDR just happened to split the extra .04 percent, that was a fair outcome, because that's what the parties negotiated. True, the Pennsylvanians had no idea about the extra .04 percent, and true, they had hired CDR precisely to make sure they got that extra 0.4 percent. But hey, it's not like they were complaining: Until someone told them they were being brazenly cheated, they were happy with their bond service. And besides, it's not like ordinary people understand this stuff anyway. So how is it the place of some busybody federal prosecutor to waltz in here and say what's a fair price?

Walter Timpone, who represented Carollo, tried to lay this outrageous load of balls on the jury using a faux-folksy analogy. "When your refrigerator breaks down, if you're not mechanically inclined, you're at the mercy of that repair person," he told the jury. "And if he repairs the refrigerator, makes it work well, charges you a fair price, you're likely to call on him again when the stove breaks." What he was essentially telling jurors was: This shit is complicated, so best just to leave it to the experts. Whether they're fixing a fridge or fixing a bond rate, they get to set the price, because we're all morons who are dependent on them to make our world work. Timpone, in his lawyerly way, was actually telling us an essential economic truth: *You're at the mercy of that repair person.*

This incredible defense, which the attorneys for all three defendants led with, perfectly expresses the awesome arrogance of the modern-day aristocrats who run our financial services sector. Corrupt or not, they built this financial infrastructure, and it's producing the prices they genuinely think are fair for us – and for them. And fair to them is the customer getting the absolute bare minimum, while they get instant millions for work they didn't do. Moreover – and this is the most important part – they believe they should get permanent protection from the ravages of the market, i.e., from one another's competition. Imagine Jack Nicholson on the witness stand, dressed in a repairman's uniform and tool belt. *Who's gonna fix those refrigerators? You? You, Lieutenant Weinberg? You can't handle the truth!*

That, ultimately, is what this case was about. Capitalism is a system for determining objective value. What these Wall Street criminals have created is an opposite system of value by fiat. Prices are not objectively determined by collisions of price information from all over the market, but instead are collectively negotiated in secret, then dictated from above.

"One of the biggest lies in capitalism," says Eliot Spitzer, "is that companies like competition. They don't. Nobody likes competition."

To the great credit of the jurors in the *Carollo* case, they didn't buy Wall Street's ludicrous defense. On May 11th, nearly a month after the trial began, they handed down convictions to all three defendants. Carollo, Goldberg and Grimm, who will be sentenced in October, face as many as five years in jail.

There are some who think that the government is limited in how many corruption cases it can bring against Wall Street, because juries can't understand the complexity of the financial schemes involved. But in *USA v. Carollo*, that turned out not to be true. "This verdict is proof of that," says Hausfeld, the antitrust attorney. "Juries can and do understand this material."

In the end, though, the conviction of a few bit players seems like far too puny a punishment, given that the bid rigging exposed in *Carollo* involved an entrenched system that affected major bond issues in every state in the nation. You find yourself thinking, *America's biggest banks ripped off the entire country, virtually every day, for more than a decade!* A truly commensurate penalty would be something like televised stonings of the top 10 executives of every guilty bank, or maybe the forcible resettlement of every banker and broker in Lower Manhattan to some uninhabited Andean wasteland... anything to address the systemic nature of the crime.

No such luck. Instead of anything resembling real censure, a few young executives got spanked, while the offending banks got off with slap-on-the-wrist fines and were allowed to retain their pre-eminent positions in the municipal bond market. Last year, the two leading recipients of public bond business, clocking in with more than \$35 billion in bond issues apiece, were Chase and Bank of America – who combined had just paid more than \$365 million in fines for their role in the mass bid rigging. Get busted for welfare fraud even once in America, and good luck getting so much as a food stamp ever again. Get caught rigging interest rates in 50 states, and the government goes right on handing you billions of dollars in public contracts.

Over the years, many in the public have become numb to news of financial corruption, partly because too many of these stories involve banker-on-banker crime. The notorious Abacus deal involving Goldman Sachs, for instance, involved a hedge-fund billionaire ripping off a couple of European banks – who cares? But the bid-rigging scandal laid bare in *USA v. Carollo* is a totally different animal. This is the world's biggest banks stealing money that would otherwise have gone toward textbooks and medicine and housing for ordinary Americans, and turning the cash into sports cars and bonuses for the already rich. It's the equivalent of robbing a charity or a church fund to pay for lap dances.

Who ultimately loses in these deals? Well, to take just one example, the New Jersey Health Care Facilities Finance Authority, the agency that issues bonds for the state's hospitals, had their interest rates rigged by the *Carollo* defendants on \$17 million in bonds. Since then, more than a dozen New Jersey hospitals have closed, mostly in poor neighborhoods.

As *Carollo* showed us, in open court, this is what Wall Street learned from the Mafia: how to reach into the penny jars of dying hospitals and schools and transform their desperation and civic panic into fat year-end bonuses and the occasional "big lunch." Unlike the Mafia, though, they were smart enough to

do their dirt without anyone noticing for a very long time, which is what defense counsel in this case were talking about when they argued that towns and cities "were not harmed" by the rigged bids. No harm, to them, means no *visible* harm, i.e., that what taxpayers didn't know couldn't hurt them. This is logical thinking, to the sociopath – like saying it's not infidelity if your wife never finds out. But we did find out, and the scale of betrayal unveiled in *Carollo* was epic. It was like finding out your husband didn't just cheat, but had a frequent-flier account with every brothel in North America for the past 10 years. At least now we know how bad it was. The trick is to find a way to make the cheaters pay.

Editor's Note: Due to a mislabeling in the court transcript, we misidentified the attorney who used the refrigerator analogy in his opening statement. The online version of the story has been corrected.

This story is from the July 5th, 2012 issue of Rolling Stone.

2012, July 7 **The Full Moon of Cancer-Capricorn 2012 Pt. 1 – Time For Self-Transcendence!**

<http://www.aquariuspapers.com/astrology/2012/07/the-full-moon-of-cancer-capricorn-2012-pt-1-time-for-self-transcendence.html>

by Robert Wilkinson

This Full Moon at 13 Cancer-Capricorn is expansive, initiating, challenging, but not very conflicted. It will help us synthesize recent decisions and group involvements toward self-transcendence, and while some things will melt down, we can still achieve a lot through taking careful aim and having confidence in our training and ability to hit the target.

Today's article will cover rising signs around the globe, an overview of the Lunation, and the Sabian Symbols. Part 2 will cover the aspects, configurations and patterns, and which signs are most likely to be affected by where this falls in their charts.

A brief overview: the period ruled by this Full Moon will illuminate our feelings, sensitivities, and needs while showing us the way to strength of character and flexibility. This will lead us to transcend old ways, and open many to symbolic deaths that will be the gate to a living the spiritual archetypes we first encountered in 2010. This is a heavy launch point for new ways to ground our ideals in practical forms that allow us to take the initiative in whatever group work we want to do.

The primary focus is on self-transcendence as we greet the dawning of a new day, even if others don't see it yet. We can find peace and poise in the indestructible elements of our Being, gain higher responsibilities based in our dedication, healing a call, and quickening our pace. Concentration is the key to taking control of processes and keeping the initiative in our own hands. Things will be really combustible, but very creative and productive in some fairly inspired ways!

Today's article will cover rising signs around the world, an overview of the Lunation, and the Sabian Symbols. Part 2 will cover the aspects, configurations and patterns, and which signs are most likely to be affected by where this falls in their charts. This grounding and self-gathering activating Full Moon, helping us mobilize to take care of our needs and get outside ourselves by claiming a greater personal power and initiative, occurs July 3 at 11:52 am PDT, 2:52 pm EDT, and 7:52 pm Greenwich (July 4 in India and points east.)

Now on to the rising signs around the world. The Lunation finds 28 Virgo rising in Santa Monica, 25 Virgo rising in Vancouver, 2 Scorpio in Montreal, 1 Scorpio in Washington DC, 24 Sagittarius in Rio, 27 Sagittarius in Lisbon, 23 Sagittarius in London, 27 Sagittarius in Amsterdam, 4 Capricorn in Berlin, 3 Capricorn in Tallinn, 26 Capricorn in Sofia, 15 Aquarius in Cairo, and 28 Aquarius in Johannesburg.

Moving into Asia and Oceania, we find the Ascendants to be 13 Aries in Abbottabad, 18 Aries in New Delhi, 15 Aries in Trivandrum, 13 Taurus in Bangkok, 1 Gemini in Hong Kong, 3 Cancer in Tokyo, 14 Taurus in Perth, 5 Gemini in Melbourne, 17 Gemini in Brisbane, 28 Gemini in Wellington, and 22 Leo rising on Maui.

Because the New Moon preceding the Full Moon always represents the seed forms that are brought to surface at and after the Full Moon, please check out [New Moon in Gemini Pt. 1 – What's Happening in June-July 2012](#). There's more at [New Moon in Gemini Pt.2 – Signs, Sabian Symbols, and What it All Means](#).

Those around the world who will definitely feel effects of this Full Moon are the places where it falls near the angles of the chart. Places where the Lunation is near the angles and activating energies powerfully are Vancouver (MC/IC), Rio to the UK through Western and Eastern Europe (Dsc/Asc),

Pakistan and India (IC/MC), and Brisbane and New Zealand (Asc/Dsc).

Full Moons heighten feelings, due to the opposition of the Moon and the Sun. This particular Lunation has a lot of important aspects, mostly very productive or specializing with a couple of important septile series aspects to Mars, showing forks in the road of destiny wherever we have 1 Libra in our charts.

This is the first Full Moon where the Sun falls in the subsequent sign to the Sun at the previous New Moon. This begins many months of the reverse of what we've been experiencing the past 21 months. We last had Full Moon Suns in different signs than the previous New Moon from July 2009 through September 2010. Since then, we've had a sequence of the New Moon Sun being in the same sign as the next Full Moon Sun. As I've explained in previous Full Moon articles,

... the Full Moon being in a subsequent sign than the previous New Moon indicates that what is released as realizations in the Full Moon period actually "prepares the ground" for the coming New Moon seed. Strange reversal of function, since you would think the New Moon provides the seed for the next Full Moon. But this set of Lunations works the opposite way...

Another way to look at this is the Sun sign of the Full Moon is the same as and precedes the Sun sign of the next New Moon, reversing the usual way Lunations work. So the fulfillment of the Full Moon sets up the next "seed" to be revealed at the next New Moon....

So say goodbye to the old "normal" New Moon-Full Moon cycle, where we've experienced the illuminated form shown to us at the New Moon which is fulfilled by the light of the same sign at the subsequent Full Moon. The New Moons all fell in the first half of their signs and the Full Moons all fell in the last half of their signs through May 2012. Seeds shown in the first half, fulfillment in the second half makes some kind of sense.

This Full Moon falls at 13 Capricorn-Cancer. It is said that the second third (decan) of any sign deals with the emotional, social, and cultural levels of life, and being the second decan of those signs, invokes a sub-influence of Taurus and Scorpio.

Since the Moon always focuses the light of the Sun in specific forms, the degree symbols for both are important. The Sun degree is the illumination or enlightenment of the Lunation, whereas the Moon shows us the potential forms that enlightenment will take.

The Solar degree symbol for the 13th degree of Cancer is "One hand slightly flexed with a very prominent thumb." Rudhyar says this is a degree of "strong, active and self-certain will, or persistent yet blind plunging ahead into reality," and "Freedom from soft illusions."

In the Mandala he goes on to say this is a degree of "the power of the will in shaping character." Here we see how personal characteristics reveal the psychological and spiritual qualities behind them, and how the will must be somewhat flexible, and therefore the character also has that quality. He states that "a strong will is required to face (some) issue at stake."

So the illumination available via this Full Moon is through how flexible we can be when confronted with issues requiring strength of will or strength of character. We may be required to persistently plunge ahead into our lives in some way, and thereby be freed from "soft illusions." He says this degree falls in the Span of Expansion, Act of Stabilization, and Scene of Decision on the Individual-Mental level.

Dr. Jones, creator of the Sabian Symbols, says this is a degree of our "belief in (our) inherent

supremacy over all other orders of nature” through our “normal confidence in (our) ability to deal with every eventuality of day-by-day activity and relationship.” He states that “any individual must rule his environment or surrender his own potentialities forever.”

He states that this is a degree where “practicality (is) brought to the point of ruthlessness.” He offers the keyword DETERMINATION. He states that when operating positively, the degree is an “exceptional steadiness and a high sense of self-responsibility in every issue of the moment.”

The Lunar degree symbol for the 13th degree of Capricorn is “A fire worshiper.” Rudhyar says this is a degree of “Firm establishment upon immemorial principles,” “consciousness of absolute unity,” “Depth of Soul penetration,” and “Self conquest.”

In the Astrological Mandala, he goes on to say that this degree is about “the subjective quest for ultimates beyond the interplay of life and death processes,” where we confront an “adventure in consciousness.” This is where we explore the mysteries of life and transformation through meditational techniques that could help us “to a stage beyond life itself.”

He asks us “Are we ready to demonstrate (our) will to transcendence?” He says this degree falls in the Span of Illusiveness, Act of Capitalization, and Scene of Crystallization on the Individual-Mental level.

Dr. Jones says this is a degree of our “inner strength through (our) realization of an inviolable tie with the creative power of the universe itself, dramatized by (our) continual outreach to the divine in a spiritualizing of (our) aspiration and a dedication of (our) talents and possessions to the over-all reality.” Here we know we must “demonstrate (our) ultimate independence of (our) circumstances or else surrender (our) own potentialities forever.”

He states “Here is ideality brought to the point of miracle.” He offers us the keyword MAGIC. He states that when operating in a positive manner, this degree “extraordinary skill in enlisting every resource of the world for the exaltation fo self and the consummation of its ambitions.”

From these symbols it seems we can see the light of seeing the need to be strong yet flexible as we plunge into life’s possibilities, and synthesize our humor and objectivity to see the deeper meaning in life’s events and experiences. These can express as forms of self-transcendence through connecting with “the creative power of the universe” and how we dedicate our talents and possessions to a greater sense of potential that demonstrates our independence in achieving our ambitions through forms of magic and skill.

For now, enjoy seeing how to mobilize your will and skill to utilize your capacity for self-transcendence and embrace a greater potential. Here we can even transcend our old personality strengths and habits, and embrace a new day dawning even if others don’t yet see it.

This is a great time to explore different perspectives regarding things we’ve suppressed before now, and overall productivity will be sky high in many life areas. There are so many favorable sextiles, quintiles, and trines that this should be a very harmonious period with a lot of harmony and stability within productive changing conditions.

In Part 2 we'll cover the aspects, configurations, and which degree spans will be impacted by this Full Moon Christ Fest Lunar Eclipse. See you soon!

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The Full Moon of Cancer-Capricorn 2012 Pt. 2 – Illuminated Will, Adventure in Consciousness

by Robert Wilkinson

This Full Moon at 13 Cancer-Capricorn has a powerful Yod, or “Finger of God,” with Pluto as the nozzle for the “expansion through sacrifice” energies. Attune and keep attuning to the invisible world and your helpers there. There’s tremendous productivity promised over the next two weeks, along with forks in the road of destiny and positive developments resulting from taking careful aim and being a good Zen archer. Use your clarity to achieve a new creativity!

As most of you already know, forming aspects show things to come, while separating aspects show things already in the past. This Full Moon has a lot of great forming aspects at work, along with the major league Yod that will help us all attune to the world of our invisible helpers. Of special note is the Moon biseptile Mars and Mercury septile Mars, setting up 3 points of a 7-pointed star pattern. This will bring many to critical forks in the road in areas involving Aries, Gemini, Cancer, Leo, Virgo, Libra, Scorpio, and Capricorn.

Other favorable aspects include Moon biquintile Venus and binovile Saturn, Mercury sextile Venus (the base of the Yod), quintile Saturn, trine Uranus, and quincunx Pluto. There’s also a Venus sextile Uranus, Sun novile Jupiter, Mars trine Jupiter, opposed Uranus and quincunx Neptune, Jupiter sesquiquare Saturn and sextile Uranus, Saturn quintile Pluto, and Uranus square Pluto. (While Uranus square Pluto is technically separating, they’re so close that they must be considered in constant square during this time.)

So it’s maximum harmonious productivity between Mercury, Venus, and Uranus, with Mars and Jupiter also in a powerful harmony of an opposition, sextile, and trine configuration with Uranus. All in all, taken together these promise a lot a harmonious productivity in all areas ruled by these planets (which involve 8 signs!)

Mercury quintile Saturn with Saturn quintile Pluto should provide high specialization and some unique gifts wherever they fall in our charts. This will bring specialized conditions and unique events for those with planets near 8-15 Leo, 20-27 Libra, 2-9 Capricorn, 14-21 Pisces, and 26 Taurus-3 Gemini.

The Yod, or Finger of God, is made by Mercury at 8 Leo sextile Venus at 9 Gemini with both quincunx Pluto at 9 Capricorn. Though Venus is just separating by 2 minutes of motion, it’s so close that this will be a powerful focus wherever we have 9 Capricorn, with major productivity where we have those degrees in Gemini and Leo. So the next two weeks will involve expansions through sacrifices, with productivity in the Gemini and Leo sectors and adjustments in the Capricorn sectors of our charts.

Whatever is squeezed into focus over the next two weeks through sacrificing whatever is needed to achieve that focus will become the source of opportunity, imagination, and expanded life awareness and adventures when Jupiter crosses 8-9 Gemini between July 14-25. This will bring many a technique of attuning to the invisible world that will be useful when confronting events this coming October, November, and December.

The Moon biseptile Mars, with Mercury septile Mars, opens 7 zones of intense non-rational events and activity. These zones are around 7-11 Leo, 28 Virgo-2 Libra, 20-24 Scorpio, 12-16 Capricorn, 3-7 Pisces, 24-28 Aries, and 15-19 Gemini. If you have a planet or point in these zones, expect dramatic choices and changes in your life in the areas listed in the second paragraph of this article.

As with the Yod, we can expect significant developments evolving from the choices we make in the next few weeks when Jupiter is in the Gemini zone in September and October, as well as when Mars crosses the Scorpio zone the last 10 days of September. It would seem that late September is going to

set some major events into motion that have their origin over the next two weeks! Pay close attention to when the Moon moves through these zones on July 6-7 (Pisces), July 11-12 (Aries), and July 15-16 (Gemini).

So Just What Was the New Moon Theme for this Period?

Remember that the qualities of the Full Moon express whatever new directions we were shown at the previous New Moon. You will recall its theme is one of getting clear about what is true and what isn't true, and finding multiple angles of approaching perception and information.

This one requires that we externalize some element of our individuality in a way that attracts what we would like to see appear. This time is entirely about clarity in who we are and what we're externalizing. Other themes involve the "recapitulation of past opportunities at the threshold of a new cycle of experience," and "realization of new potentialities," and "the creative exuberance of the human soul in response to life renewals."

Further, it's about weaving "collective material" and expressing it so that we demonstrate our virtuosity to our environment and our world." Rudhyar says it's about "Expansion," and individual mental Exteriorization in the Act of Differentiation.

It's also a time of learning how our "aesthetic experience" strengthens our core through our "skill in imitation." Here our "aspiration becomes articulate far in advance of (our) self-refinement," where the promise is made manifest in extraordinary achievements. This is an attempt at self-revelation which enhances our roles in everyday life.

We are all quickening, and are in a time of opening to new ways of externalizing our skills, knowledge, and aspiration. The recent Venus retrograde helped us all to get new insights into what we like, why we like it, and why we liked other things and people in the past. We may have gotten insights into previous difficult situations which allowed us to correct our aim, use intensity to better advantage, and repair something that went off track through vagueness or a lack of clarity in some ways.

This Full Moon shows a "Splay" Jones pattern, showing a wide diversity of individualized activities, some of which may not blend well with others. This type of pattern is a very "wide footprint," and though some things may seem out of balance or the process may seem to get diverted from time to time, it still promises a lot of power to move many things forward simultaneously as long as we don't get distracted into needing "false harmony."

More on how Uranus Square Pluto Is Ramping Up Radical Energies!

As I've told you, we're all learning to manage the "out of control" energies of Uranus square Pluto. I've discussed this aspect at length over quite a few articles in the archives. Use the site google box to find out more about this year's long disruptive revolutionary influence. Welcome to the 21st century of upheaval, transformation, and titanic collisions between a new world being born and an old age that's digging in even as it's dying.

That square represents the ongoing revolution of our times, with innovations and pioneering energies in conflict with restrictive and controlling power structures. We'll be dealing with this for a few years, and it promises to make this year and next very "electric and eclectic," moving the world through a revolution unlike any seen since the 1960s!!

Uranus is on a degree of the need to concentrate to see the whole picture, showing us how to externalize our higher Self in new individual ways. It's going to be the major theme for 2013, and given the trine from Mercury and the sextile from Jupiter, there will be major productive harmony across the Aries, Gemini, and Leo areas of our lives!

Like the last one, this Lunation will definitely free us from old perspectives and views so we can see our part to play using more cosmic or universal truths and values. Here we attune to the invisible world to express our individuality in new ways, and many will find relief in re-identifying with the source of their inspiration and wisdom. There are possibilities to find some basic truths of life, and use them for self-perfection in some form that is valuable and pleasing to society.

Uranus square Pluto will show us how to concentrate to align with a deeper and higher power, so that we can enjoy playing a role we were born to play and have already begun to live in preliminary ways. We are still being challenged to get beyond fear, see things from the past differently, and find relief through expressing the Higher Self that's been "cut and polished" in past months. We can grow into a larger role when we're confronted by old Pluto roles, coercions, and heavy-handed corrosive behavior. We can use this square in two big ways, both now and into the future.

We can exercise good Pluto function to put the brakes on negative Uranian manifestations, and good Uranus function to put the brakes on negative Pluto manifestations. Look to the harmonizing aspects to each to show which is building and which one is the release point for those energies. Given the lack of harmonizing aspects to either of these powerhouses, there won't be much of a safety valve for the pressures unless we draw on the harmonizing energies from within us.

Separating aspects, showing things just past, include Moon triseptile Mercury, biquintile Jupiter, square Uranus, septile Neptune, and conjunct Pluto. Other aspects are Mercury sextile Jupiter and triseptile Neptune, Venus trine Mars, conjunct Jupiter, sesquisquare Saturn and quincunx Pluto, Sun biseptile Saturn, square Uranus, trine Neptune, and opposition Pluto, and Jupiter square Neptune and biquintile Pluto.

I can't possibly explain what these were all about, since there are too many planets in aspect to explore the possibilities. Just remember these symbolize things in the near past, so examine what's happened over the past weeks in light of these aspects.

Overall this indicates that we've had tremendous conflict and releases in the near past, as well as important understanding that forced us all to make major choices that will determine how we will exteriorize our destiny, or our responsibilities to come, in the near future. As a result of these past events, the two weeks in front of us is a time when we'll stabilize future patterns through strength and flexibility as we transcend our old roles, old lifestyles, and old ways of experiencing life in its infinite potential. Though there may be many meltdowns, it'll lead us to a greater stability and harmony of function.

The Cusp of Where The Age of Pisces Gives Way to the Age of Aquarius

As I've mentioned in other Lunation articles, a major factor in this season is that Neptune now stands close to "the cusp of the Age." It's now moved forward from its stationary direct transformational degree of 29 Aquarius where we have been collectively transfigured, and is now at 3 Pisces where we can glimpse subtle elements of our "indestructibility."

Neptune in very early Pisces has major implications for humanity as a whole. I've discussed this phenomenon of Neptune dancing back and forth between early Pisces and late Aquarius in previous articles, opening the collective consciousness to the energies of this transitional period, this "time cusp" between the Age of Pisces and the Age of Aquarius. This happened throughout 2011 into early 2012.

In the larger precessional Age, our world is at 1 Pisces right now. Thanks to prior transits of both Neptune and Chiron to this degree, many of us have collectively awakened to a vast connectedness with all Life and all Time. This degree is one of joyously rallying as we begin the closing of a long cycle. Fairness is paramount in all dealings, and with Saturn in Libra, the scales are weighing many things right now.

Dr. Marc Edmund Jones, creator of the Sabian Symbols, points out that the first degree of Pisces, "the cusp of the Age," is "a symbol of full maturity in (humanity's) social estate, with an emphasis on the group integrity" facilitating each to develop their special patterns. This degree is about a willingness for each of us to do our part in the larger "common ideals of a community life."

Here we refine our ambition through "a consistent generosity toward the aims of others with a real intensity of effort directed toward its own ends." The keyword is COMMERCE, and when positive, this degree "is an exceptional capacity for organizing the converging and conflicting interests of many people in practical arrangements of mutual benefit."

So this is where humanity as a whole is at right now. I believe we will finally enter the Age of Aquarius sometime between 2045-2070, when we all will see the concrete manifestations of Aquarian patterns that were [awakened by Uranus and have been dreamed into collective consciousness by Neptune](#) during these planets' movement through late Aquarius. (Please also check out part one of that series since it elaborates on the transition between the Age of Pisces and the Age of Aquarius.)

The Moon rules the Sun in the Lunation, while Saturn and Uranus rule the Moon. The interconnecting aspects between these three planets show a spiritual emphasis, with awakenings and revolutions released through the endings of old dreams and assertions. Many power plays are no longer in play, and it'll take an inward turned technique of attunement to see the whole picture in order to re-identify with source and receive the blessings we need to move forward into a more perfect form of self-expression.

As a process of moving through events, first get clear about what you're feeling and/or experiencing, then decide and act with an eye to those feelings that have arisen based in prior interactions and value structures. Once you've felt your experience, then decided and acted on those decisions, then get new information or understanding so you can update your perceptual files. Pay attention to attachment to old interpretations, perception, and views, and get a new understanding or view of things.

To sum up, this Lunation will help us be flexible as we transcend old life forms. We can practice our archery skills as many old forms melt down, and be creative in the midst of the breakdowns and breakthroughs. While some old forms of control and deep fears related to control will come up, it's all so that we can learn to attune to our Higher Self and invisible helpers in the midst of productively chaotic conditions. As both Venus and Saturn are now moving forward, a new day is on the way, along with new perspectives, new ways of interpreting sensory inputs, and new ways of sensing old control mechanisms and fears so we can squeeze them out of our lives forever.

This is a time to be creative in adapting your will to the need of the moment. Be open to discovering new ways to view what you can and cannot do, and how you do what you do. This is a threshold of getting new values, resources, and relationships that will fill the void created by the Eclipses of 2011. Soon there will be a lot of new activity and information, and this is the time to be an innovator, concentrate to see the whole picture, and step into the new archetypal roles you've been shown and practicing since 2010.

We've all gotten clear in the past two weeks about new ways to sing our song and techniques to share what we know and have experienced with others. Do not equivocate or lose your balance as you renew your commitment to the archetypal roles you've been practicing these past two years, and since the process of self-transcendence is front and center, embrace it with joy, creativity, the spirit of exploration, and see the adventure of discovery as teaching your poise and translucidity.

Though things seem tense and conflicted, it's really only invisible forces leading us all to new forms of individualization that will block old shadows of control mechanisms that are useless anyway. Since all shadows result from light hitting a dense object, it's better to become as translucent as possible to dispel lurking shadows.

And if you must look at the shadows, then refocus on the object being illuminated, since that's the source of the shadow.

Find the correct 4 angles of illuminating whatever you want to focus on, and all shadows will be dispelled. Then you're seeing things with an illuminated mind.

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2012, February

The Meaning of Mitt – from Vanity Fair

<http://www.vanityfair.com/politics/2012/02/mitt-romney-201202>

Mitt Romney has long been a front-runner for the G.O.P. nomination—even if no one really knows who he is. Digging into the candidate's record as a Mormon leader, his business deals at Bain Capital, and that infamous car trip with the family dog strapped to the roof, Michael Kranish and Scott Helman pierce the Mitt bubble in an adaptation from their new book, *The Real Romney*, to find that the contradictions, question marks, and ambivalence go deeper than his politics.

By [Michael Kranish](#) and [Scott Helman](#) Illustration by [André Carrilho](#)

THE 1 PERCENT SOLUTION “He has that invisible wall between ‘me’ and ‘you,’” says a fellow Republican.

Adapted from [The Real Romney](#), by Michael Kranish and Scott Helman, to be published this month by HarperCollins; © 2012 by The Boston Globe.

Mitt Romney's privileged pedigree was common knowledge to his classmates at Harvard Business School and Harvard Law School, where he was simultaneously enrolled in 1971 through a joint-degree program. By that time, his father, George Romney, had run a major corporation (American Motors), been elected three times as Michigan's governor, sought the presidency, and been appointed to President Nixon's Cabinet. Despite strongly resembling the elder Romney—the full head of strikingly dark hair, square jaw, dazzling smile—Mitt did little to draw attention to his parentage. The only hint was George's faded gold initials on a beat-up old briefcase that Mitt carried around.

In truth, Mitt cherished his father's example and endeavored to follow it. George became more than just a mentor to his youngest son. He was a pathfinder, showing the way of their Mormon faith through the thickets of politics and business, home life, and character. Through his achievements and mistakes, George had bestowed many lessons, and Mitt soaked them up. “His whole life,” said John Wright, a close family friend, “was following a pattern which had been laid out by his dad.” So with his wife, Ann, as a partner and his father as an inspiration, Mitt set out to build a family, a career, and a place in the church that he loved.

The Romneys' Mormon faith, as Mitt and Ann began their life together, formed a deep foundation. It lay under nearly everything—their acts of charity, their marriage, their parenting, their social lives, even their weekly schedules. Their family-centric lifestyle was a choice; Mitt and Ann plainly cherished time at home with their children more than anything. But it was also a duty. Belonging to the

Mormon Church meant accepting a code of conduct that placed supreme value on strong families—strong heterosexual families, in which men and women often filled defined and traditional roles. The Romneys have long cited a well-known Mormon credo popularized by the late church leader David O. McKay: “No other success can compensate for failure in the home.” They had arrived in the Boston area with one son, Taggart, and soon had a second, Matthew. Over the next decade, the Romneys would have three more boys: Joshua was born in 1975, Benjamin in 1978, and then Craig in 1981.

To Mitt, the special one in the house was Ann, with her wide smile, piercing eyes, and steady domestic presence. And woe was the boy who forgot it. Tagg said there was one rule that was simply not breakable: “We were not allowed to say anything negative about my mother, talk back to her, do anything that would not be respectful of her.” On Mother’s Day, their home would be fragrant with lilacs, Ann’s favorite flowers. Tagg didn’t get it back then, but he came to understand. From the beginning, Mitt had put Ann on a pedestal and kept her there. “When they were dating,” Tagg said, “he felt like she was way better than him and he was really lucky to have this catch. He really genuinely still feels that way.” What makes his parents’ relationship work, he said, is their distinct characters: Mitt is driven first by reason, while Ann operates more on emotion. “She helps him see there’s stuff beyond the logic; he helps her see that there’s more than just instinct and feeling,” Tagg said. Mitt and Ann’s relationship would grow and change as their family entered the public eye. But she has remained his chief counselor and confidante, the one person who can lead Mitt to a final decision. Though she did not necessarily offer detailed input on every business deal, friends said, she weighed in on just about everything else. “Mitt’s not going to do something that they don’t feel good about together,” said Mitt’s sister Jane. Tagg said they called their mom “the great Mitt stabilizer.” Ann would later be mocked for her claim that she and Mitt had never had an argument during their marriage, which sounded preposterous to the ears of many married mortals. Tagg said it’s not that his parents never disagree. “I know there are things that she says that he doesn’t agree with sometimes, and I see him kind of bite his tongue. But I know that they go and discuss it in private. He doesn’t ever contradict my mother in public.” Friends of the Romneys’ back up that account, saying they cannot recall Mitt ever raising his voice toward Ann. Nowhere was Ann’s special status more evident than on long family car trips. Mitt imposed strict rules: they would stop only for gas, and that was the only chance to get food or use the restroom. With one exception, Tagg explained. “As soon as my mom says, ‘I think I need to go to the bathroom,’ he pulls over instantly and doesn’t complain. ‘Anything for you, Ann.’” On one infamous road trip, though, it wasn’t Ann who forced Mitt off the highway. The destination of this journey, in the summer of 1983, was his parents’ cottage, on the Canadian shores of Lake Huron. The white Chevy station wagon with the wood paneling was overstuffed with suitcases, supplies, and sons when Mitt climbed behind the wheel to begin the 12-hour family trek from Boston to Ontario. As with most ventures in his life, he had left little to chance, mapping out the route and planning each stop. Before beginning the drive, Mitt put Seamus, the family’s hulking Irish setter, in a dog carrier and attached it to the station wagon’s roof rack. He had improvised a windshield for the carrier to make the ride more comfortable for the dog.

Then Mitt put his sons on notice: there would be pre-determined stops for gas, and that was it. Tagg was commandeering the way-back of the wagon, keeping his eyes fixed out the rear window, when he glimpsed the first sign of trouble. “Dad!” he yelled. “Gross!” A brown liquid was dripping down the rear window, payback from an Irish setter who’d been riding on the roof in the wind for hours. As the rest of the boys joined in the howls of disgust, Mitt coolly pulled off the highway and into a service station. There he borrowed a hose, washed down Seamus and the car, then hopped back onto the road with the dog still on the roof. It was a preview of a trait he would grow famous for in business: emotion-free crisis management. But the story would trail him years later on the national political stage, where the name Seamus would become shorthand for Romney’s coldly clinical approach to problem solving.

The Book of Mitt

If Romney is exceedingly comfortable around family and close friends, he’s much less so around those he doesn’t know well, drawing a boundary that’s difficult to traverse. It’s a strict social order—us and them—that has put co-workers, political aides, casual acquaintances, and others in his professional circles, even people who have worked with or known him for years, outside the bubble. As a result, he has numerous admirers but, by several accounts, not a long list of close pals. “He’s very engaging and charming in a small group of friends he’s comfortable with,” said one former aide. “When he’s with people he doesn’t know, he gets more formal. And if it’s a political thing where he doesn’t know anybody, he has a mask.” For those outside the inner circle, Romney comes across as all business. Colleagues at work or political staffers are there to do a job, not to bond. “Mitt is always the star,” said one Massachusetts Republican. “And everybody else is a bit player.” He has little patience for idle chatter or small talk, little interest in mingling at cocktail parties, at social functions, or even in the crowded hallway. He is not fed by, and does not crave, casual social interaction, often displaying little desire to know who people are and what makes them tick. “He wasn’t overly interested in people’s personal details or their kids or spouses or team building or their career path,” said another former aide. “It was all very friendly but not very deep.” Or, as one fellow Republican put it, “He has that invisible wall between ‘me’ and ‘you.’” Referring to the time later when Romney was governor of Massachusetts, a Democratic lawmaker recalls, “You remember Richard Nixon and the imperial presidency? Well, this was the imperial governor.” There were the ropes that often curtailed access to Romney and his chambers. The elevator settings restricted access to his office. The tape on the floor told people exactly where to stand during events. This was the controlled environment that Romney created. His orbit was his own. “We always would talk about how, among the legislators, he had no idea what our names were—none,” the lawmaker said, “because he was so far removed from the day-to-day operations of state government.”

This sense of detachment is a function partly of his faith, which has its own tight social community that most outsiders don’t see. Indeed, the stories of Romney’s humanity and warmth come mostly from people who know him as a fellow Mormon. His abstention from drinking also makes parties and other alcohol-fueled functions distinctly less appealing. He is the antithesis of the gregarious pol with a highball in one hand and a cigar in his mouth. Romney’s discomfort around strangers would later become more than just a curiosity; it would be an impediment on the campaign trail. Lacking an easy rapport with voters, he would come across as aloof, even off-putting. “A lot of it is he is patrician. He just is. He has lived a charmed life,” said one former aide. “It is a big challenge that he has, connecting to folks who haven’t swum in the same rarefied waters that he has.” His growing wealth, the deeper he got into his career, only widened the disconnect. Even as he began shouldering more responsibility at work, Romney would assume several leadership positions in the Mormon Church. But he could handle it. “Mitt,” said Kem Gardner, a fellow church official from this period, “just had the capacity to keep all

the balls up in the air.” Or, as Tagg put it, “Compared to my dad, everyone’s lazy.” Helen Claire Sievers, who served in a church leadership position under Romney, got a glimpse of his work habits during weekend bus trips to the Mormon temple near Washington, D.C. Church groups would leave late on a Friday, drive all night, and arrive early on Saturday morning. Then they’d spend all day Saturday in temple sessions before turning around and driving home, to be back by Sunday morning. It was a grueling itinerary, Sievers said, so everyone used the time on the bus to sleep or read quietly. Everyone but Romney. “Mitt was always working. His light was on,” she said.

Mormon congregations, typically groups of 400 to 500 people, are known as wards, and their boundaries are determined by geography. Wards, along with smaller congregations known as branches, are organized into stakes. Thus a stake, akin to a Catholic diocese, is a collection of wards and branches in a city or region. Unlike Protestants or Catholics, Mormons do not choose the congregations to which they belong. It depends entirely on where they live. In another departure from many other faiths, Mormons do not have paid full-time clergy. Members in good standing take turns serving in leadership roles. They are expected to perform their ecclesiastical duties on top of career and family responsibilities. Those called to serve as stake presidents and bishops, or leaders of local wards, are fully empowered as agents of the church, and they carry great authority over their domains. Mitt Romney first took on a major church role around 1977, when he was called to be a counselor to Gordon Williams, then the president of the Boston stake. Romney was essentially an adviser and deputy to Williams, helping oversee area congregations. His appointment was somewhat unusual in that counselors at that level have typically been bishops of their local wards first. But Romney, who was only about 30 years old, was deemed to possess leadership qualities beyond his years. Romney’s responsibilities only grew from there; he would go on to serve as bishop and then as stake president, overseeing about a dozen congregations with close to 4,000 members altogether. Those positions in the church amounted to his biggest leadership test yet, exposing him to personal and institutional crises, human tragedies, immigrant cultures, social forces, and organizational challenges that he had never before encountered.

The Church of Jesus Christ of Latter-Day Saints is far more than a form of Sunday worship. It is a code of ethics that frowns on homosexuality, out-of-wedlock births, and abortion and forbids pre-marital sex. It offers a robust, effective social safety net, capable of incredible feats of charity, support, and service, particularly when its own members are in trouble. And it works hard to create community, a built-in network of friends who often share values and a worldview. For many Mormons, the all-encompassing nature of their faith, as an extension of their spiritual lives, is what makes belonging to the church so wonderful, so warm, even as its insularity can set members apart from society.

But a dichotomy exists within the Mormon Church, which holds that one is either in or out; there is little or no tolerance for those, like so-called cafeteria Catholics, who pick and choose what doctrines to follow. And in Mormonism, if one is in, a lot is expected, including tithing 10 percent of one’s income, participating regularly in church activities, meeting high moral expectations, and accepting Mormon doctrine—including many concepts, such as the belief that Jesus will rule from Missouri in his Second Coming, that run counter to those of other Christian faiths. That rigidity can be difficult to abide for those who love the faith but chafe at its strictures or question its teachings and cultural habits. For one, Mormonism is male-dominated—women can serve only in certain leadership roles and never as bishops or stake presidents. The church also makes a number of firm value judgments, typically prohibiting single or divorced men from leading wards and stakes, for example, and not looking kindly upon single parenthood.

The portrait of Romney that emerges from those he led and served with in the church is of a leader who

was pulled between Mormonism's conservative core views and practices and the demands from some quarters within the Boston stake for a more elastic, more open-minded application of church doctrine. Romney was forced to strike a balance between those local expectations and the dictates out of Salt Lake City. Some believe that he artfully reconciled the two, praising him as an innovative and generous leader who was willing to make accommodations, such as giving women expanded responsibility, and who was always there for church members in times of need. To others, he was the product of a hidebound, patriarchal Mormon culture, inflexible and insensitive in delicate situations and dismissive of those who didn't share his perspective.

In the spring of 1993, Helen Claire Sievers performed a bit of shuttle diplomacy to resolve a thorny problem confronting church leaders in Boston: resentment among progressive Mormon women at their subservient status within the church. Sievers was active in an organization of liberal women called Exponent II, which published a periodical. The group had been chewing over the challenges of being a woman in the male-led faith. So Sievers went to Romney, who was stake president, with a proposal. "I said, 'Why don't you have a meeting and have an open forum and let women talk to you?'" she recalled. The idea was that, although there were many church rules that stake presidents and bishops could not change, they did have some leeway to do things their own way.

Romney wasn't sure about holding such a meeting, but he ultimately agreed to it. Sievers went back to the Exponent II group and said they should be realistic and not demand things Romney could never deliver, such as allowing women to hold the priesthood. On the day of the meeting, about 250 women filled the pews of the Belmont Chapel. After an opening song, prayer, and some housekeeping items, the floor was open. Women began proposing changes that would include them more in the life of the church. In the end, the group came up with some 70 suggestions—from letting women speak after men in church to putting changing tables in men's bathrooms—as Romney and one of his counselors listened and took careful notes.

Romney was essentially willing to grant any request he couldn't see a reason to reject. "Pretty much, he said yes to everything that I would have said yes to, and I'm kind of a liberal Mormon," Sievers said. "I was pretty impressed." (Ann Romney was not considered to be sympathetic to the agitation of liberal women within the stake. She was invited to social events sponsored by Exponent II but did not attend. She was, in the words of one member, understood to be "not that kind of woman.")

Romney's leadership was not so rosy for everyone, though. As both bishop and stake president, he at times clashed with women he felt strayed too far from church beliefs and practice. To them, he lacked the empathy and courage that they had known in other leaders, putting the church first even at times of great personal vulnerability. Peggie Hayes had joined the church as a teenager along with her mother and siblings. They'd had a difficult life. Mormonism offered the serenity and stability her mother craved. "It was," Hayes said, "the answer to everything." Her family, though poorer than many of the well-off members, felt accepted within the faith. Everyone was so nice. The church provided emotional and, at times, financial support. As a teenager, Hayes babysat for Mitt and Ann Romney and other couples in the ward. Then Hayes's mother abruptly moved the family to Salt Lake City for Hayes's senior year of high school. Restless and unhappy, Hayes moved to Los Angeles once she turned 18. She got married, had a daughter, and then got divorced shortly after. But she remained part of the church.

By 1983, Hayes was 23 and back in the Boston area, raising a 3-year-old daughter on her own and working as a nurse's aide. Then she got pregnant again. Single motherhood was no picnic, but Hayes said she had wanted a second child and wasn't upset at the news. "I kind of felt like I could do it," she said. "And I wanted to." By that point Mitt Romney, the man whose kids Hayes used to watch, was, as bishop of her ward, her church leader. But it didn't feel so formal at first. She earned some money

while she was pregnant organizing the Romneys' basement. The Romneys also arranged for her to do odd jobs for other church members, who knew she needed the cash. "Mitt was really good to us. He did a lot for us," Hayes said. Then Romney called Hayes one winter day and said he wanted to come over and talk. He arrived at her apartment in Somerville, a dense, largely working-class city just north of Boston. They chitchatted for a few minutes. Then Romney said something about the church's adoption agency. Hayes initially thought she must have misunderstood. But Romney's intent became apparent: he was urging her to give up her soon-to-be-born son for adoption, saying that was what the church wanted. Indeed, the church encourages adoption in cases where "a successful marriage is unlikely."

Hayes was deeply insulted. She told him she would never surrender her child. Sure, her life wasn't exactly the picture of Rockwellian harmony, but she felt she was on a path to stability. In that moment, she also felt intimidated. Here was Romney, who held great power as her church leader and was the head of a wealthy, prominent Belmont family, sitting in her gritty apartment making grave demands. "And then he says, 'Well, this is what the church wants you to do, and if you don't, then you could be excommunicated for failing to follow the leadership of the church,'" Hayes recalled. It was a serious threat. At that point Hayes still valued her place within the Mormon Church. "This is not playing around," she said. "This is not like 'You don't get to take Communion.' This is like 'You will not be saved. You will never see the face of God.'" Romney would later deny that he had threatened Hayes with excommunication, but Hayes said his message was crystal clear: "Give up your son or give up your God."

Not long after, Hayes gave birth to a son. She named him Dane. At nine months old, Dane needed serious, and risky, surgery. The bones in his head were fused together, restricting the growth of his brain, and would need to be separated. Hayes was scared. She sought emotional and spiritual support from the church once again. Looking past their uncomfortable conversation before Dane's birth, she called Romney and asked him to come to the hospital to confer a blessing on her baby. Hayes was expecting him. Instead, two people she didn't know showed up. She was crushed. "I needed him," she said. "It was very significant that he didn't come." Sitting there in the hospital, Hayes decided she was finished with the Mormon Church. The decision was easy, yet she made it with a heavy heart. To this day, she remains grateful to Romney and others in the church for all they did for her family. But she shudders at what they were asking her to do in return, especially when she pulls out pictures of Dane, now a 27-year-old electrician in Salt Lake City. "There's my baby," she said.

In the fall of 1990, Exponent II published in its journal an unsigned essay by a married woman who, having already borne five children, had found herself some years earlier facing an unplanned sixth pregnancy. She couldn't bear the thought of another child and was contemplating abortion. But the Mormon Church makes few exceptions to permit women to end a pregnancy. Church leaders have said that abortion can be justified in cases of rape or incest, when the health of the mother is seriously threatened, or when the fetus will surely not survive beyond birth. And even those circumstances "do not automatically justify an abortion," according to church policy.

Then the woman's doctors discovered she had a serious blood clot in her pelvis. She thought initially that would be her way out—of course she would have to get an abortion. But the doctors, she said, ultimately told her that, with some risk to her life, she might be able to deliver a full-term baby, whose chance of survival they put at 50 percent. One day in the hospital, her bishop—later identified as Romney, though she did not name him in the piece—paid her a visit. He told her about his nephew who had Down syndrome and what a blessing it had turned out to be for their family. "As your bishop," she said he told her, "my concern is with the child." The woman wrote, "Here I—a baptized, endowed, dedicated worker, and tithe-payer in the church—lay helpless, hurt, and frightened, trying to maintain

my psychological equilibrium, and his concern was for the eight-week possibility in my uterus—not for me!”

Romney would later contend that he couldn't recall the incident, saying, “I don't have any memory of what she is referring to, although I certainly can't say it could not have been me.” Romney acknowledged having counseled Mormon women not to have abortions except in exceptional cases, in accordance with church rules. The woman told Romney, she wrote, that her stake president, a doctor, had already told her, “Of course, you should have this abortion and then recover from the blood clot and take care of the healthy children you already have.” Romney, she said, fired back, “I don't believe you. He wouldn't say that. I'm going to call him.” And then he left. The woman said that she went on to have the abortion and never regretted it. “What I do feel bad about,” she wrote, “is that at a time when I would have appreciated nurturing and support from spiritual leaders and friends, I got judgment, criticism, prejudicial advice, and rejection.”

One woman who had been active in the Exponent II organization was Judy Dushku, a longtime scholar of global politics at Suffolk University in Boston. At one point while Romney was stake president, Dushku wanted to visit the temple outside Washington to take out endowments, a sacred rite that commits Mormons to a lifetime of faithfulness to the church. She had never entered a temple before and was thrilled at the chance to affirm her dedication to a faith she'd grown up with and grown to love. Earlier in her life, temples had been off limits to Mormons who, like Dushku, were married to non-Mormons. Now that rule had changed, and she was eager to go. But first she needed permission from her bishop and stake president.

After what she described as a “lovely interview” with her bishop and after speaking with one of Romney's counselors, she went to see Romney. She wasn't sure what to expect. Despite Romney's willingness to allow some changes in 1993, he and Dushku had clashed over the church's treatment of women. “He says something like ‘I suspect, if you've gotten through both of the interviews, there's nothing I can do to keep you from going to the temple,’ ” Dushku recalled. “I said, ‘Well, why would you want to keep me from going to the temple?’ ” Romney's answer, Dushku said, was biting. “He said, ‘Well, Judy, I just don't understand why you stay in the church.’ ” She asked him whether he wanted her to really answer that question. “And he said, ‘No, actually. I don't understand it, but I also don't care. I don't care why you do. But I can tell you one thing: you're not my kind of Mormon.’ ” With that, Dushku said, he dismissively signed her recommendation to visit the temple and let her go. Dushku was deeply hurt. Though she and Romney had had their differences, he was still her spiritual leader. She had hoped he would be excited at her yearning to visit the temple. “I'm coming to you as a member of the church, essentially expecting you to say, ‘I'm happy for you,’ ” Dushku said. Instead, “I just felt kicked in the stomach.”

The Bain of Mitt's Campaign

By the time Mitt Romney walked into the Faneuil Hall offices of his mentor and boss, Bill Bain, in the spring of 1983, the 36-year-old was already a business-consulting star, coveted by clients for his analytical cool. He was, as people had said of him since childhood, mature beyond his years and organized to a fault. Everything he took on was thought through in advance, down to the smallest detail; he was rarely taken by surprise. This day, however, would be an exception. Bill Bain, the founder of Bain & Company, one of the nation's premier consulting outfits, had a stunning proposition: he was prepared to entrust an entirely new venture to the striking young man seated before him.

From the moment they'd first met, Bill Bain had seen something special, something he knew, in Mitt

Romney. Indeed, he had seen someone he knew when he interviewed Romney for a job in 1977: Mitt's father. "I remember [George] as president of American Motors when he was fighting the gas guzzlers and making funny ads. So when I saw Mitt, I instantly saw George Romney. He doesn't look exactly like his dad did, but he very strongly resembles his father." Beyond appearances, Mitt had an air of great promise about him. He seemed brilliant but not cocky. All of the partners were impressed, and some were jealous. More than one partner told Bain, "This guy is going to be president of the United States someday."

The Bain Way, as it became known, was intensely analytical and data-driven, a quality it shared with some other firms' methods. But Bill Bain had come up with the idea of working for just one client per industry and devoting Bain & Company entirely to that company, with a strict vow of confidentiality. From the start Romney was perfectly adapted to the Bain Way and became a devoted disciple. Patient analysis and attention to nuance were what drove him. For six years, he delved into numerous unfamiliar companies, learned what made them work, scoped out the competition, and then presented his findings. An increasing number of clients preferred Romney over more senior partners. He was plainly a star, and Bain treated him as a kind of prince regent at the firm, a favored son. Just the man for the big move he now had in mind.

And so Bain made his pitch: Up to that point, Bain & Company could watch its clients prosper only from a distance, taking handsome fees but not directly sharing in profits. Bain's epiphany was that he would create a new enterprise that would invest in companies and share in their growth, rather than just advise them.

Starting almost immediately, Bain proposed, Romney would become the head of a new company to be called Bain Capital. With seed money from Bill Bain and other partners at the consulting firm, Bain Capital would raise tens of millions of dollars, invest in start-ups and troubled businesses, apply Bain's brand of management advice, and then resell the revitalized companies or sell their shares to the public at a profit. It sounded exciting, daring, new. It would be Romney's first chance to run his own firm and, potentially, to make a killing. It was an offer few young men in a hurry could refuse.

Yet Romney stunned his boss by doing just that. He explained to Bain that he didn't want to risk his position, earnings, and reputation on an experiment. He found the offer appealing but didn't want to make the decision in a "light or flippant manner." So Bain sweetened the pot. He guaranteed that if the experiment failed Romney would get his old job and salary back, plus any raises he would have earned during his absence. Still, Romney worried about the impact on his reputation if he proved unable to do the job. Again the pot was sweetened. Bain promised that, if necessary, he would craft a cover story saying that Romney's return to Bain & Company was needed due to his value as a consultant. "So," Bain explained, "there was no professional or financial risk." This time Romney said yes.

Thus began Romney's 15-year odyssey at Bain Capital. Boasting about those years when running for senator, governor, or president, Romney would usually talk about how he had helped create jobs at new or underperforming companies, and would claim that he had learned how jobs and businesses come and go. He'd typically mention a few well-known companies in which he and his partners had invested, such as Staples. But the full story of his years at Bain Capital is far more complicated and has rarely been closely scrutinized. Romney was involved in about a hundred deals, many of which have received little notice because the companies involved were privately held and not household names. The most thorough analysis of Romney's performance comes from a private solicitation for investment in Bain Capital's funds written by the Wall Street firm Deutsche Bank. The company examined 68 major deals that had taken place on Romney's watch. Of those, Bain had lost money or broken even on 33. Overall, though, the numbers were stunning: Bain was nearly doubling its investors' money annually, giving it

one of the best track records in the business.

Romney was, by nature, deeply risk-averse in a business based on risk. He worried about losing the money of his partners and his outside investors—not to mention his own savings. “He was troubled when we didn’t invest fast enough; he was troubled when we made an investment,” said Bain partner Coleman Andrews. Sorting through possible investments, Romney met weekly with his young partners, pushing them for deeper analysis and more data and giving himself the final vote on whether to go forward. They operated more like a group of bankers carefully guarding their cash than an aggressive firm eager to embrace giant deals. Some partners suspected that Romney always had one eye on his political future. “I always wondered about Mitt, whether he was concerned about the blemishes from a business perspective or from a personal and political perspective,” one partner said years later. The partner concluded that it was the latter. Whereas most entrepreneurs accepted failure as an inherent part of the game, the partner said, Romney worried that a single flop would bring disgrace. Every calculation had to be made with care.

Despite some initial struggles, 1986 would prove to be a pivotal year for Romney. It started with a most unlikely deal. A former supermarket executive, Thomas Stemberg, was trying to sell venture capitalists on what seemed like a modest idea: a cheaper way to sell paper clips, pens, and other office supplies. The enterprise that would become the superstore Staples at first met with skepticism. Small and midsize businesses at the time bought most of their supplies from local stationers, often at significant markups. Few people saw the profit-margin potential in selling such homely goods at discount and in massive volume. But Stemberg was convinced and hired an investment banker to help raise money. Romney eventually heard Stemberg’s pitch, and he and his partners dug into Stemberg’s projections. They called lawyers, accountants, and scores of business owners in the Boston area to query them on how much they spent on supplies and whether they’d be willing to shop at a large new store. The partners initially concluded that Stemberg was overestimating the market. “Look,” Stemberg told Romney, “your mistake is that the guys you called think they know what they spend, but they don’t.” Romney and Bain Capital went back to the businesses and tallied up invoices. Stemberg’s assessment that this was a hidden giant of a market seemed right after all.

Romney hadn’t stumbled on Staples on his own. A partner at another Boston firm, Bessemer Venture Partners, had invited him to the first meeting with Stemberg. But after that, he took the lead; he finally had his hands on what looked like a promising start-up. Bain Capital invested \$650,000 to help Staples open its first store, in Brighton, Massachusetts, in May 1986. In all, it invested about \$2.5 million in the company. Three years later, in 1989, Staples sold shares to the public, when it was just barely turning a profit, and Bain reaped more than \$13 million. It was a big success at the time. Yet it was very modest compared with later Bain deals that reached into the hundreds of millions of dollars.

For years Romney would cite the Staples investment as proof that he had helped create thousands of jobs. And it is true that his foresight in investing in Staples helped a major enterprise lift off. But neither Romney nor Bain directly ran the business, though Romney was active on its board. At the initial public offering, Staples was a firm of 24 stores and 1,100 full- and part-time jobs. Its boom years were still to come. Romney resigned his seat on the board of directors in 2001 in preparation for his run for governor. A decade later, the company had more than 2,200 stores and 89,000 employees.

Assessing claims about job creation is hard. Staples grew hugely, but the gains were offset, at least partially, by losses elsewhere: smaller, mom-and-pop stationery stores and suppliers were being squeezed, and some went out of business entirely. Ultimately, Romney would approvingly call Staples “a classic ‘category killer,’ like Toys R Us.” Staples steamrolled the competition, undercutting prices and selling in large quantities. When asked about his job-creation claim during the 1994 Senate

campaign—that he had helped create 10,000 jobs at various companies (a claim he expanded during his 2012 presidential campaign to having “helped to create tens of thousands” of jobs)—Romney responded with a careful hedge. He emphasized that he always used the word “helped” and didn’t take full credit for the jobs. “That’s why I’m always very careful to use the words ‘help create,’ ” he acknowledged. “Bain Capital, or Mitt Romney, ‘helped create’ over 10,000 jobs. I don’t take credit for the jobs at Staples. I helped create the jobs at Staples.”

Howard Anderson, a professor at M.I.T.’s Sloan School of Management and a former entrepreneur who has invested with Bain, put it more plainly: “What you really cannot do is claim every job was because of your good judgment,” he said. “You’re not really running those organizations. You’re financing it; you’re offering your judgment and your advice. I think you can only really claim credit for the jobs of the company that you ran.”

The same year Romney invested in Staples—digging into a true start-up—he also inked the biggest transaction, by far, that Bain Capital had put together until then. And with this \$200 million deal, he waded full-on into the high-stakes financial arena of the time: leveraged buyouts, or LBOs. Whereas a venture-capital deal bet on a new business, pursuing an LBO meant borrowing huge sums of money to buy an established company, typically saddling the target with big debts. The goal was to mine value that others had missed, to quickly improve profitability by cutting costs and often jobs, and then to sell.

Initially, Romney thought that putting money into young firms “would be just as good as acquiring an existing company and trying to make it better.” But he found that “there’s a lot greater risk in a start-up than there is in acquiring an existing company.” He was much more comfortable in an environment where the issue wasn’t whether an idea would pan out but whether the numbers worked. He knew himself, knew that his powers ran less to the creative than to the analytical; he was not at heart an entrepreneur. Perhaps that was what led him to push the Pause button at the outset with Bill Bain. But he now felt ready to take on much bigger financial risks, mostly by making leveraged bets on existing companies, whose market was known and whose business plans he could parse and master.

Billions of dollars were being made in the field of leveraged buyouts in the roaring 80s, and Romney was fully in the game, continuing to ratchet up his favored strategy. On the campaign trail in 2011, Romney said his work had “led me to become very deeply involved in helping other businesses, from start-ups to large companies that were going through tough times. Sometimes I was successful and we were able to help create jobs, other times I wasn’t. I learned how America competes with other companies in other countries, what works in the real world and what doesn’t.” It was a vague summary of what was a very controversial type of business. In his 2004 autobiography, *Turnaround*, Romney put it more bluntly: “I never actually ran one of our investments; that was left to management.” He explained that his strategy was to “invest in these underperforming companies, using the equivalent of a mortgage to leverage up our investment. Then we would go to work to help management make their business more successful.”

Romney’s phrase, “leverage up,” provides the key to understanding this most profitable stage of his business career. While putting relatively little money on the table, Bain could strike a deal using largely debt. That generally meant that the company being acquired had to borrow huge sums. But there was no guarantee that target companies would be able to repay their debts. At Bain, the goal was to buy businesses that were stagnating as subsidiaries of large corporations and grow them or shake them up to burnish their performance. Because many of the companies were troubled, or at least were going to be heavily indebted after Bain bought them, their bonds would be considered lower-grade, or “junk.” That meant they would have to pay higher interest on the bonds, like a strapped credit-card holder facing a higher rate than a person who pays off purchases more quickly. High-yielding junk bonds were

appealing to investors willing to take on risk in exchange for big payouts. But they also represented a big bet: if the companies didn't generate large profits or could not sell their stock to the public, some would be crippled by the debt layered on them by the buyout firms.

The arcane domain of corporate buyouts and junk-bond financing had entered the public consciousness at the time, and not always in a positive way. Ivan Boesky, a Wall Street arbitrageur who often bought the stock of takeover targets, was charged with insider trading and featured on the cover of *Time* magazine as "Ivan the Terrible." Shortly after Romney began working on leveraged deals, a movie called *Wall Street* opened. It featured the fictional corporate raider Gordon Gekko, who justified his behavior by declaring, "I am not a destroyer of companies. I am a liberator of them! ... Greed, for lack of a better word, is good. Greed is right. Greed works. Greed clarifies, cuts through, and captures the essence of the evolutionary spirit."

Romney, of course, never said that greed is good, and there was nothing of Gekko in his mores or style. But he bought into the broader ethic of the LBO kings, who believed that through the aggressive use of leverage and skilled management they could quickly remake underperforming enterprises. Romney described himself as driven by a core economic credo, that capitalism is a form of "creative destruction." This theory, espoused in the 1940s by the economist Joseph Schumpeter and later touted by former Federal Reserve Board chairman Alan Greenspan, holds that business must exist in a state of ceaseless revolution. A thriving economy changes from within, Schumpeter wrote in his landmark book, *Capitalism, Socialism and Democracy*, "incessantly destroying the old one, incessantly creating a new one." But as even the theory's proponents acknowledged, such destruction could bankrupt companies, upending lives and communities, and raise questions about society's role in softening some of the harsher consequences.

Romney, for his part, contrasted the capitalistic benefits of creative destruction with what happened in controlled economies, in which jobs might be protected but productivity and competitiveness falters. Far better, Romney wrote in his book *No Apology*, "for governments to stand aside and allow the creative destruction inherent in a free economy." He acknowledged that it is "unquestionably stressful—on workers, managers, owners, bankers, suppliers, customers, and the communities that surround the affected businesses." But it was necessary to rebuild a moribund company and economy. It was a point of view he would stick with in years ahead. Indeed, he wrote a 2008 op-ed piece for *The New York Times* opposing a federal bailout for automakers that the newspaper headlined, let detroit go bankrupt. His advice went unheeded, and his prediction that "you can kiss the American automotive industry goodbye" if it got a bailout has not come true.

Thanks to a highly leveraged but successful takeover and turnaround of a wheel-rim maker, Accuride, Bain Capital became a hot property. So much money poured into Romney's second investment fund that the firm had to turn away investors. Romney set out to raise \$80 million and received offers totaling \$150 million. The partners settled on \$105 million, half of it from wealthy customers of a New York bank. During a break at a photo shoot for a brochure to attract investors, the Bain partners playfully posed for a photo that showed them flush with cash. They clutched \$10 and \$20 bills, stuffed them into their pockets, and even clenched them in their grinning teeth. Romney tucked a bill between his striped tie and his buttoned suit jacket. Everything was different now.

Valley of the LBO Kings

It was time for another road show, but the days of soliciting prospects for scarce cash in obscure locales were mostly over. This time Romney and his partners headed to Beverly Hills, California. Arriving at

the intersection of Rodeo Drive and Wilshire Boulevard, they headed to the office of Michael Milken, the canny and controversial junk-bond king, at his company, Drexel Burnham Lambert. Romney knew Milken was able to find buyers for the high-yield, high-risk bonds that were crucial to the success of many leveraged-buyout deals. At the time of Romney's visit, it was widely known that Drexel and Milken were under investigation by the Securities and Exchange Commission. But Drexel was still the big player in the junk-bond business, and Romney needed the financing.

Romney had come to Drexel to obtain financing for the \$300 million purchase of two Texas department-store chains, Bealls and Palais Royal, to form Specialty Retailers, Inc. On September 7, 1988, two months after Bain hired Drexel to issue junk bonds to finance the deal, the S.E.C. filed a complaint against Drexel and Milken for insider trading. Romney had to decide whether to close a deal with a company ensnared in a growing clash with regulators. The old Romney might well have backed off; the newly assertive, emboldened Mitt decided to press ahead.

Romney's deal with Drexel turned out well for both him and Bain Capital, which put \$10 million into the retailer and financed most of the rest of the \$300 million deal with junk bonds. The newly constituted company, later known as Stage Stores, refocused in 1989 on its small-town, small-department-store roots. Seven years later, in October 1996, the company successfully sold shares to the public at \$16 a share. By the following year, the stock had climbed to a high of nearly \$53, and Bain Capital and a number of its officers and directors sold a large part of their holdings. Bain made a \$175 million gain by 1997. It was one of the most profitable leveraged buyouts of the era.

Romney sold at just the right time. Shares plunged in value the next year amid declining sales at the stores. The department-store company filed for Chapter 11 bankruptcy protection in 2000, struggling with \$600 million in debt, and a reorganized company emerged the following year. So ended the story of a deal that Romney would not be likely to cite on the campaign trail: the highly leveraged purchase, financed with junk bonds from a firm that became infamous for its financial practices, of a department-store company that had subsequently gone into bankruptcy. But on the Bain balance sheet, and on Romney's, it was a huge win.

Not every deal worked out so well for Romney and his investors. Bain invested \$4 million in a company called Handbag Holdings, which sold pocketbooks and other accessories. When a major customer stopped buying, the company failed and 200 jobs were lost. Bain invested \$2.1 million in a bathroom-fixtures company called PPM and lost nearly all of it. An investment in a company called Mothercare Stores also didn't pan out; the firm had eliminated a hundred jobs by the time Bain dumped it. Fellow Bain partner Robert White said Bain lost its \$1 million and blamed "a difficult retail environment."

In some cases, Bain Capital's alternative strategy of buying into companies also ended in trouble. In 1993, Bain bought GST Steel, a maker of steel-wire rods, and later more than doubled its \$24 million investment. The company borrowed heavily to modernize plants in Kansas City and North Carolina—and to pay out dividends to Bain. But foreign competition increased and steel prices fell. GST Steel filed for bankruptcy and shut down its money-losing Kansas City plant, throwing some 750 employees out of work. Union workers there blamed Bain, then and now, for ruining the company, upending their lives, and devastating the community.

Then, in 1994, Bain invested \$27 million as part of a deal with other firms to acquire Dade International, a medical-diagnostics-equipment firm, from its parent company, Baxter International. Bain ultimately made nearly 10 times its money, getting back \$230 million. But Dade wound up laying off more than 1,600 people and filed for bankruptcy protection in 2002, amid crushing debt and rising

interest rates. The company, with Bain in charge, had borrowed heavily to do acquisitions, accumulating \$1.6 billion in debt by 2000. The company cut benefits for some workers at the acquired firms and laid off others. When it merged with Behring Diagnostics, a German company, Dade shut down three U.S. plants. At the same time, Dade paid out \$421 million to Bain Capital's investors and investing partners.

The amount of money now being earned at Bain Capital was skyrocketing, and much of it came from a handful of giant deals. During Romney's 15 years there, the firm invested about \$260 million in its 10 top deals and reaped a nearly \$3 billion return. That was about three-quarters of its overall profit on roughly 100 transactions during Romney's tenure. In one of his most specific explanations of how he made his fortune, in his autobiography, *Turnaround*, Romney wrote that most of the companies he invested in were ones that "no one has heard of—TRW's credit services, the Yellow Pages of Italy." Those weren't just any two deals. They were two of the most lucrative of Romney's career, and luck played a big part in both. A mere seven weeks after buying TRW, Romney and his partners flipped the company. Bain's \$100 million investment returned at least \$300 million. The second deal cited by Romney took longer but involved even more good timing and luck. It began with a renowned Italian investor named Phil Cuneo, who had the idea of buying the Italian version of the Yellow Pages. It seemed a solid investment in a firm with a staid and stable business model. But mere months after closing the deal, Cuneo and his Bain associates realized that they had acquired a company that might benefit from the surging interest in dot-com businesses; the Yellow Pages company owned a Web-based directory that had the potential to be the Italian version of America Online or Yahoo. In just under three years, in September 2000, the partners sold the investment, earning a windfall that far exceeded anyone's initial expectations. Bain's \$51.3 million investment in the Italian Yellow Pages returned at least \$1.17 billion, according to a Romney associate familiar with the deal. There is no public documentation of how the profits were distributed, but at that time at least 20 percent of the return would have gone to Bain Capital. Of that, Romney's typical payout was then 5 to 10 percent. That means this one obscure deal would have given him a profit of \$11 million to \$22 million. If Romney made a side investment in the deal, as was standard among Bain partners, he would have made even larger gains. One Romney associate said Romney's total profit could have been as much as \$40 million. (A Romney spokesman did not respond to questions about the deal.)

It was those kinds of deals that enabled Bain Capital to report the highest returns in the business in the 1990s. Romney's own net worth would grow to at least \$250 million, and maybe much more, a trove that would enable him to foot a large part of the bill for his 2008 presidential campaign. Asked about a report that his wealth at one point reached as high as \$1 billion, Romney said, "I'm not going to get into my net worth. No estimates whatsoever."

For 15 years, Romney had been in the business of creative destruction and wealth creation. But what about his claims of job creation? Though Bain Capital surely helped expand some companies that had created jobs, the layoffs and closures at other firms would lead Romney's political opponents to say that he had amassed a fortune in part by putting people out of work. The lucrative deals that made Romney wealthy could exact a cost. Maximizing financial return to investors could mean slashing jobs, closing plants, and moving production overseas. It could also mean clashing with union workers, serving on the board of a company that ran afoul of federal laws, and loading up already struggling companies with debt.

There is a difference between companies run by buyout firms and those rooted in their communities, according to Ross Gittell, a professor at the University of New Hampshire's Whittemore School of Business and Economics. When it comes to buyout firms, he said, "the objective is: Make money for investors. It's not to maximize jobs." Romney, in fact, had a fiduciary duty to investors to make as much money as possible. Sometimes everything worked out perfectly; a change in strategy might lead to cost savings and higher profits,

and Bain cashed in. Sometimes jobs were lost, and Bain cashed in or lost part or all of its investment. In the end, Romney's winners outweighed his losers on the Bain balance sheet. Marc Wolpov, a former Bain partner who worked with Romney on many deals, said the discussion at buyout companies typically does not focus on whether jobs will be created. "It's the opposite—what jobs we can cut," Wolpov said. "Because you had to document how you were going to create value. Eliminating redundancy, or the elimination of people, is a very valid way. Businesses will die if you don't do that. I think the way Mitt should explain it is, if we didn't buy these businesses and impose efficiencies on them, the market would have done it with disastrous consequences."

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