

Global Financial Crisis Continues *In Spite Of Lies By Toronto's Daily Financial Writers*

Wall Street brokerages borrowing \$38.1 billion a day from taxpayer supported privately run 'Federal' Reserve (which has no reserve)!!

Big Wall Street investment companies are stepping up their borrowing a bit from the Federal Reserve's unprecedented emergency lending program.

The Federal Reserve reports Thursday that those firms averaged \$38.1 billion in daily borrowing over the past week from the new lending program. That compared with \$32.9 billion in the previous week and \$13.4 billion in the first week the lending facility opened.

The program, which began on March 17, is part of the Fed's effort to aid the financial system.

The Fed, for the first time, agreed to let big investment houses temporarily get emergency loans directly from the central bank. This mechanism, similar to one available for commercial banks for years, will continue for at least six months. It was the broadest use of the Fed's lending authority since the 1930s.

Fed Chairman Ben Bernanke and his colleagues opened the facility as it raced to deal with the sudden crash of the venerable Wall Street firm Bear Stearns, which was on the brink of bankruptcy. Fearful that other investment firms could be in jeopardy given the intense fear that gripped the markets at that time, the Fed moved to give investment firms a place to go for overnight cash loans.

The lending facility is seen as similar to

the Fed's "discount window" for commercial banks, where the Fed acts as a lender of last resort. Commercial banks and investment companies pay 2.5% in interest for overnight loans from the Fed.

Banks also stepped up their borrowing from the Fed's discount window. Banks averaged \$7 billion in daily borrowing for the week ending April 2. That compared with \$550 million the previous week.

CIBC May Have Run On Its Hands As Billion Dollar Losses Continue

CIBC (Canadian Imperial Bank of Commerce) is the worst run of all Canada's banks due to its gambling on Enron where it lost a billion in fines and direct losses. CIBC lent Enron a billion 'under the table' in order that Enron would not show any liability. CitiBank did the same.

Then, the same year, CIBC paid \$20 million in mutual fund stock fraud.

This year, CIBC lost \$4 billion and is expected to lose another \$3 billion.

Members of the Board of Directors of CIBC never seem to go to jail — they only have one or two directors who actually resign.

Britain already had a run on one of its largest banks last year and this year it had to "nationalize" the bank — meaning it took it over to cover its debts — all at public expense. That was after the Bank of England (the taxpayers) invented \$700 billion (seven tenths of a trillion!) to lend to banks in that country in order to save the economy from a

huge national/international disaster.

Global banks currently don't trust each other so they no longer lend to each other for short term commerce. Even though the U.S. government and others have lent the banks extra hundreds of billions they refuse to lower mortgage costs — and have instead actually raised interest rates.

This, after pushing non-realistic low-interest mortgages on the public for years before pulling the trigger and putting the interest rates

back up to where they should have been in the first place. That was something Toronto Street News warned about for the last several years as Californian homes were being purchased with NO down payment and no interest payments necessary to take over a home until the ARMS (Adjustable Rate Mortgages) snapped back into reality. The reality is: millions of homes are being foreclosed and real estate values have plummeted.

— VPF Editor

U.S. Banks Remain In Crisis: Wachovia Tries To Raise \$8 Billion

Defaulting Californians leave Wachovia with \$8bn headache

The number of Californians defaulting on mortgages has reached such a level that Wachovia, the fifth-largest US bank by market value, says that it has been forced to raise up to \$8 billion (£4 billion) in emergency funding and raise its provisioning.

The group, which unveiled a surprise net loss of \$350 million in the first quarter, slashed its dividend by 41 per cent to 37.5 cents saving \$2 billion of capital annually "to build capital ratios and provide more operational flexibility".

The bank, which made a \$2.3 billion profit in the same quarter a year ago, reported provisions of \$2.8 billion to cover losses on mortgage-related investments. The group said in a statement: "The provision largely reflected more severe deterioration in the residential housing market, particularly in specific markets in California and Florida," it said.

Shares fell by more than 10% to \$24.85 following the news.

- * Bank of America takes \$3bn hit
- * Citigroup chief set to quit amid mounting woes
- * Credit crunch gives banks \$11bn headache

Executives told analysts on a conference call that it had made the decision to raise the funds after witnessing a dramatic change in the behaviour of borrowers in California where there had been "significant" increases in defaults as house prices fall.

They warned that "the propensity to default rises dramatically" once equity in a borrower's property falls to zero, with further increases in foreclosures on the horizon.

G. Kennedy Thompson, the president, chairman and chief executive of Wachovia, told the conference call: "These actions are not without cost and I wish they were not necessary, but they are."

Mr Thompson added: "The precipitous decline in housing market conditions and unprecedented changes in consumer behavior prompted us to update our credit reserve modeling and rely less heavily on historical trends to forecast losses."

He said that the bank had embarked on the capital raising through a public offering of common shares and perpetual convertible preferred stock. The bank is looking for \$7 billion in funds with an over-allotment option of 15%.

This is likely to be oversubscribed with strong support from existing institutional shareholders, he said.

The bank later revealed that it plans to make further job cuts in its markets and investment banking operations in the second quarter, reducing the workforce in this area by 12%.

Tom Wurtz, Wachovia's chief financial officer, warned a conference call: "These markets are going to remain subdued for a longer pe-

riod of time ... at this point it's the time for paring back."

No sovereign wealth funds are understood to be among the investors injecting capital into Wachovia. Warburg Pincus, the buyout firm, has been named in media reports as one of the potential investors.

The bank's move follows its raising of \$3.5 billion through a preferred-stock sale only two months ago which Mr Thompson said would "provide greater certainty that we are well positioned in 2008".

It is believed that Wachovia's latest deal is similar in structure to the \$7 billion infusion announced by Washington Mutual last week.

Wachovia's problems stem from its \$25 billion purchase of Golden West Financial two years ago when the US housing market was near its peak. Golden West's loans are mainly in California, one of the hardest-hit housing markets in the US.

Be Healthy Or Rot!!

Researched by Victor The Health Guru

Small May Not Be Beautiful

Small may not be beautiful

We may already be eating the products of nanotechnology but we have no way of knowing, writes Deborah Smith.

Imagine a low-fat ice-cream that tastes just as creamy as an unhealthy, full-fat version. Or a colourless drink that bursts into the flavour of your choosing at the flick of a microwave switch. Or intelligent food packaging that detects if the contents are beginning to spoil, changes colour to alert you, and then releases a preservative.

These are some of the promises of nanotechnology, a revolutionary area of research at the atomic or molecular scale of matter. Nanotechnology is expected to have a huge impact on many aspects of our lives, including medicine and the environment, with the development of materials and devices that can monitor blood, detect environmental pollutants and store energy better.

But one of its most immediate effects will be on our food. An estimated 200 companies worldwide are conducting research using nanotechnology to develop foods with new tastes and textures, as well as to improve packaging and enhance nutrient absorption.

Some products containing nano-sized particles are already on the market. In America and Europe, nano-sized ingredients have been added to some fruit juices, processed meats, diet milkshakes and baby food.

But consumers would not know, as there are

no requirements to label the presence of nanoparticles in food. Concerns are also growing about the possible harmful effects of nano-sized materials on human health and the environment.

In a comprehensive review of the issue, a British researcher, Dr Qasim Chaudhry, and his team conclude there

are major gaps in knowledge about the safety of nanoparticles. "The toxicological nature of hazard, likelihood of exposure and risk to consumers from nanotechnology-derived food and food packaging are largely unknown," says Chaudhry, of Britain's Department for Environment, Food and Rural Affairs' Central Science Laboratory. Their study is published in this month's Food Additives and Contaminants journal.

Evidence that nanoparticles are more chemically reactive than larger particles, and that some are toxic to cells has prompted the environmental group Friends of the Earth, as well as the NSW Greens, to call for a moratorium on the use of nano-sized ingredients in food, food packaging or surfaces that can come into contact with food.

Friends of the Earth spokeswoman, Georgia Miller, says it is possible nano-sized ingredients are already present in Australian food,

but without labelling or regulations it is impossible to know. "There is no way for anyone to choose to eat nano-free," says Miller, co-author of a report called Out Of The Laboratory And Onto Our Plate, Nanotechnology In Food And Agriculture.

Food Standards Australia New Zealand says it is not aware of any commercially sold foods in Australia that have been developed using nanotechnology, and says "robust regulatory arrangements to ensure the safety of food" are in place.

As part of its national nanotechnology strategy, the Federal Government has also commissioned a review of regulations covering nanotechnology. Professor Graeme Hodge, of Monash University, who helped carry out the review, says Australia is one of the few countries to have done this. People should not overreact to concerns about nanofoods because a host of standards guarding food safety are already in place: "We're not coming at the question of nanotechnology from a blank slate."

He says a sophisticated middle road needs to be trodden between premature bans and a laissez-faire attitude, starting with an international agreement on a definition for nanomaterials.

It is also vital the public is involved in debates about the safety and regulation of nanomaterials in consumer products such as cosmetics, foods and medicines, Hodge says. Chaudhry points out that the public knows very little about nanofoods, and there could be a backlash, as with genetically modified

foods.

"The food industry could consider voluntarily declaring the use of nano-additives, especially where free engineered nanoparticles have been introduced into food and drinks, and where such products are likely to be consumed in large quantities and or by a large proportion of the population," he says.

One of its first uses in food has been the addition of nutritional supplements. The German company Aquanova produces ball-like structures about 30 nanometres across, called micelles, inside which additives - such as vitamins or antioxidants - can be placed for better absorption.

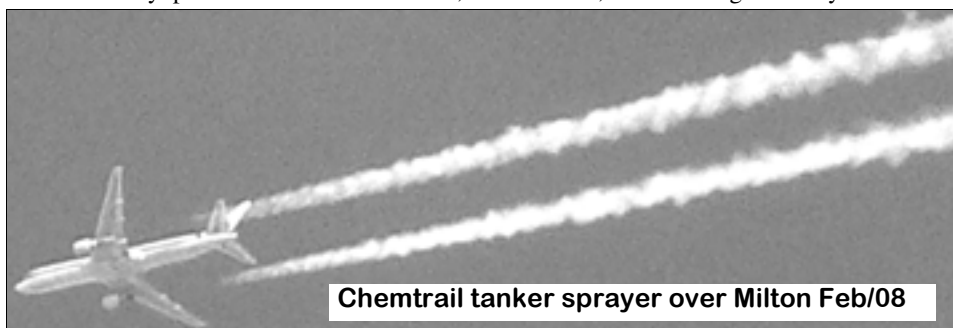
Another German company, BASF, produces a nano-sized synthetic tomato colouring for soft drinks and baking mixtures. Nanostructures made from soya bean extract, that protect nutrients during manufacture and storage, are under development, as are nanotubes made from milk protein, says Chaudhry.

These methods could be used to develop colourless and tasteless drinks that the consumer controls with a particular microwave frequency. "This would lead to the activation of selected nanocapsules, while the others remain latent, releasing only the preferred flavour, colour or nutrients."

By making ingredients tiny, products such as low fat mayonnaise or ice-cream could be produced that are as smooth in texture as high-fat ones, he says. The nanofood sector is led by the US, followed by Japan and China. Asian countries, particularly China, are expected to be the biggest market for nanofood by 2010.

Food packaging using nanotechnology is more advanced than nanofoods, with products on the market that incorporate nanomaterials that scavenge oxygen, fight bacteria, keep in moisture or sense the state of the food.

Plastic incorporating nanoparticles of clay or oxides of metals such as zinc and titanium have already been used to package meats, cheese, confectionery, beer, fruit juice and soft drink overseas.



Chemtrail tanker sprayer over Milton Feb/08