Extent of federal bailout of banks more extensive than first reported

By Bob Ivry, Bradley Keoun and Phil Kuntz, Bloomberg News

The Federal Reserve and the big banks fought for more than two years to keep details of the largest bailout in U.S. history a secret. Now, the rest of the world can see what it was missing.

The Fed didn't tell anyone which banks were in trouble so deep they required emergency loans of a combined $1.2 trillion on Dec. 5, 2008, their single neediest day.

Bankers didn't mention that they took tens of billions of dollars at the same time they were assuring investors their firms were healthy. And no one calculated until now that banks reaped an estimated $13 billion of income by taking advantage of the Fed's below-market interest rates, Bloomberg Markets magazine reports in its January issue.

Saved by the 2007-2010 bailout, bankers lobbied against government regulations, a job made easier by the Fed, which never disclosed the details of the rescue to lawmakers even as Congress doled out more money and debated new rules aimed at preventing the next collapse.

While Fed officials say that almost all the loans were repaid without losses, details that emerge from 29,000 pages of Fed documents obtained under the Freedom of Information Act and central bank records of more than 21,000 transactions suggest taxpayers paid a price beyond dollars as the secret funding helped preserve a broken status quo and enabled the biggest banks to grow even bigger.

The size of the bailout came to light after Bloomberg LP, the parent of Bloomberg News, won a court battle against the Fed and a group of the biggest banks called Clearing House Association LLC. The amount of money the central bank parceled out dwarfed the Treasury Department’s better-known $700 billion Troubled Asset Relief Program, or TARP.

Few people were aware of this, partly because bankers didn’t disclose the extent of their borrowing.

JPMorgan Chase & Co. Chief Executive Officer Jamie Dimon told shareholders in March 2010 that his bank used the Fed’s Term Auction Facility “at the request of the Federal Reserve to help motivate others to use the system.”

He didn’t say that the bank’s total TAF borrowings were almost twice its cash holdings or that its peak borrowing of $48 billion came more than a year after the program’s creation.

On Nov. 26, 2008, Bank of America’s then-CEO Kenneth Lewis wrote to shareholders that he headed “one of the strongest and most stable major banks in the world.” He didn’t say that Bank of America owed the Fed $86 billion that day. Bank of America’s borrowing peaked at $91.4 billion in February 2009.

Spokesmen for JPMorgan and Bank of America declined to comment.

Read the whole story

Nevada law keeps animal cruelty cases secret from public

By Frank X. Mullen Jr., Reno Gazette-Journal

"Cooney's Law," which went into effect a month ago and makes torturing or killing animals a serious crime, might have backfired by keeping those cases secret from the public.

"There was a late amendment to the law that was supposed to keep the identity of the reporting party confidential, to protect the person who comes forward to report abuse," said Gina Greisen of Nevada Voters for Animals, who lobbied for the law.

"A blanket prohibition on talking about a case was not what was intended … If this law was in effect last year, Cooney's case would never have come to light."

The law is named for Cooney, a mixed-breed dog who died after her owner sliced open her belly with a box cutter at a Reno motel. Police initially let Cooney's owner go free because such animal abuse was then a misdemeanor offense, so advocates this year lobbied the Legislature to make severe abuse a felony crime.

As the deadline for bills neared this year, an amendment was added to the measure that makes such cases confidential and provides penalties for officials who discuss the cases or release reports.

"Not being able to talk about these cases makes it difficult for us as animal welfare advocates," Greisen said. "The whole point was to protect the reporting party, not the alleged offender."

Read the whole story

California farmers must learn to cope with changing climate

By Suzanne Bohan, Contra Costa Times

SACRAMENTO — The succulent cherries and juicy ripe peaches that Californians enjoy every summer could disappear in some regions as climate change warms the cold winters that trees need to bear fruit in the spring.

In the past century, the state's winter lows have warmed by 2 degrees Fahrenheit, "a significant increase," one expert told a forum last week.

Although that warming trend hasn't yet disrupted crops, it is accelerating, Dan Sumner, director of the Agricultural Issues Center at UC Davis, told the Sacramento gathering.

"There's potential for complete crop failure, especially cherries, apricots and other stone fruit," said Louise Jackson, a UC Davis researcher. As an example, Sumner said that as winters heat up, peach growers in the warmer southern San Joaquin Valley may have to move northward, where it's cooler.

The forum drew experts in agricultural and climate science, and water and pest management with concerns over extreme weather's threat to California's rich agricultural heartland.

California farmers grow more produce than any other state, supplying half of domestic fruits and vegetables, and almost all the almonds, apricots, raisins, grapes, olives and pistachios. California ranchers are among the leading livestock producers.

But California’s fast-changing climate will challenge farmers’ resiliency. Climate models predict global temperature increases from 2 to 11.5 degrees by 2100, depending on heat-trapping greenhouse gas emissions.

Read the whole story

Real estate brokerage firms swap assets

By Jason Hildago, Reno Gazette-Journal

Two area real estate brokerage firms swapped assets through branch acquisitions, as part of a strategic realignment that focuses and increases market share for both companies in their respective areas.

The Select Group Real Estate Services and Better Homes and Gardens Real Estate Mason-McDuffie acquired offices from each other in the greater Reno area and Truckee on Nov. 16.

As part of the deal, The Select Group acquired Better Homes and Gardens’ Reno and Sparks operations. In exchange, Better Homes and Gardens acquired The Select Group’s Truckee operations.

“This strategic realignment allows us to focus more on Northern Nevada and Lake Tahoe and allows them to focus and expand their market share in the Truckee area,” said Dan Jacuzzi, owner of the The Select Group. “It’s a positive for both of our companies.”

The Select Group is always on the lookout for opportunities to expand its operations, Jacuzzi said. The operations that The Select Group acquired are significantly larger than what the company sold to Better Homes and Garden.

Read the whole story

State Supreme Court ruling affects retiree health benefits

By Denny Walsh, Sacramento Bee

In a development that may help Sacramento County retirees regain lost health-care subsidies, the California Supreme Court ruled last week that counties can be bound by an "implied contract" with retired employees.

In a federal lawsuit that was filed in April, the Sacramento County Retired Employees Association is challenging the county's drastic reduction of subsidies that help retirees pay for medical and dental insurance.

As a cost-saving measure in tough economic times, the Board of Supervisors slashed the subsidy in 2010 by $100 a month – from a maximum of $244 to $144 – and then, in 2011, to a maximum of $80.64 a month.

The association, which claims a membership of approximately 8,000, alleges in its complaint that the board's actions breach an implied contract in violation of the U.S. and California constitutions.

The “substantial subsidy” provided by board actions from 1993 through 2009 is evidence of “a legislative intent to create a contractual right, because it induced plaintiffs to remain employed with the county and they relied upon it in deciding when to retire,” attorney Mark Merin wrote in a brief opposing the county’s motion to dismiss the suit.

Read the whole story

Douglas County school site close to having for sale sign

By Kathryn Reed

When Douglas County School District board of trustees meet next month they are likely to vote on whether Kingsbury Middle School should be put up for sale.

Declining enrollment at Lake Tahoe forced the district to go from three schools at the lake to two in fall 2008. KMS has sat dormant since then.

Declining enrollment forced the

closure of KMS. Photo/LTN file

The 36,000-square-foot school sits on 10 acres of pristine lake ridge property above Lake Village in Stateline. It comes with a cafeteria/commercial kitchen, full-size gymnasium, locker room and TRPA required BMPs.

Nevada law requires the district to put an asking price no less than the highest appraised value – which is $4 million.

Two appraisals were sought – another state regulation. The one that came in at $2.5 million was working with comparisons in the local market, while the $4 million appraisal looked at a broader spectrum, according to CFO Holly Luna.

The money from the sale must go toward future capital improvements. State law does not permit it to go into the general fund.

The board meets Dec. 13 at 3:30pm at Douglas High School in Minden.

Lawsuit filed to stop Washoe Meadows State Park from

becoming golf course

By Kathryn Reed

A month after the California State Park and Recreation Commission voted unanimously to move Lake Tahoe Golf Course into Washoe Meadows State Park, a group has filed a lawsuit to prohibit that from happening.

"I would like people to know this has consequences for the entire state," Lynne Paulson, who is part of Washoe Meadows Community, told *Lake Tahoe News*. "The Parks and Recreation Commission has done something that is unprecedented. They downgraded a property where they want to move the golf course. Usually they upgrade classifications to give more protection to land."

Some cycling and hiking trails would become a golf course if the project continues. Photo/LTN file

Besides reclassifying state land, the Washoe Meadows Community – the group that filed the lawsuit Nov. 23 in Alameda County Superior Court – believes the California Environmental Quality Act has been violated.

Lake Tahoe News was notified of the lawsuit Sunday and therefore unable to immediately speak with State Parks officials.

The state acquired the 777 acres in Meyers in 1984 for $5 million following a lawsuit between developers and the Tahoe Regional Planning Agency.

Part of that decision says, "The unique subject property is scientifically valuable, environmentally sensitive, vital to the maintenance of riparian habitat and to the maintenance of water quality in Lake Tahoe, and is, therefore, highly suitable for public acquisition in order to preserve and maintain these natural resource values …."

Reclassification came about because water quality experts believe the Upper Truckee River must be reconfigured to near its original meander to best prevent sediment from reaching Lake Tahoe, as well as to restore meadows along the banks, and to create a more robust ecosystem.

In order to change the segment owned by State Parks the golf course on Lake Valley Recreation Area land must be touched. What the state commission approved in October was moving nine holes to what is now state park land and reclassifying it to a recreation area because a golf course cannot be built on park land.

Opponents, including those behind the lawsuit, don't advocate for the golf course to go away. Instead, they support Alternative 3 – which would take the 18-hole course down to nine holes or convert it to an 18-hole executive course.

"We hope a better solution is brought up," Paulson said. "We are in favor of Alternative 3. It's the best balance of the extremes."

Paulson and her group would welcome new ideas that have not been brought up or consideration of ones not part of the environmental documents.

This is not the first time the state has tried to reclassify land it owns. In 2010 part of Tolowa Dunes State Park near Crescent City was slated to become a state recreation area to accommodate waterfowl hunting. After several public workshops, the commission voted to keep all of the property a state park.

Washoe Park proponents believe if this South Shore park is downgraded, that it's possible it will happen up and down the state.

The December hearings before the Tahoe Regional Planning Agency on the river restoration/state park/golf course project have been moved to 2012, though specific dates have not been set.

More information about the Upper Truckee River restoration project is online.

Report: Government subsidies

going to millionaires

By Daniel Stone and Laura Colarusso, Newsweek

Class warfare is a politically charged term these days, from the Wall Street protests to the Capitol Hill negotiations over curtailing the nation's debt. But a new congressional analysis, obtained by Newsweek, may fuel populist outrage by showing the extent of government subsidies that go to the wealthiest people in America.

From unemployment payments to subsidies and tax breaks on luxury items like vacation homes and yachts, Americans earning more than $1 million collect more than $30 billion in government largesse each year, according to the report assembled by Sen. Tom Coburn, a Republican from Oklahoma, who is so often at odds with members of both parties that colleagues call him "Dr. No." The Internal Revenue Service provided the data showing how much money was going to the much-referenced top 1 percent.

In all, millionaires receive hefty help from Uncle Sam. The $30 billion in handouts, to put it in perspective, amounts to twice as much as the government spends on NASA, and three times the budget of the Environmental Protection Agency. On the other hand, it would only cover the cost of fighting about three months in Iraq and Afghanistan. Still, eliminating them would help make a small dent in the $1.5 trillion congressional leaders are trying to find by Thanksgiving.

Jon Bon Jovi, the millionaire rock star cited in the report, took federal dollars to raise honeybees on his property. Together billionaire moguls David Rockefeller and Ted Turner have also accepted more than half a million dollars in farm payments. Basketball legend Scottie Pippen took $210,520 in agriculture subsidies while making his fortune playing for the Chicago Bulls. To make matters worse, the government disclosed to Coburn that some recipients of farm subsidies got it by mistake. Tax records show that more than three fourths of high earners collecting farming money list their primary residence in a city—land unsuitable for farming.

Read the whole story

Assembly committee budgets conceal travel by lawmakers' personal aides

By Jim Sanders, Sacramento Bee

Much of the money spent for travel by Assembly committees this year went to fly personal aides of Southern California legislators round-trip between the Capitol and their districts.

The trips contradict what the Assembly tells Californians in its annual expenditure report – that committee travel funds are used primarily for hearings to serve the public.

"Staff travel expenditures reported by committee are generally costs incurred in connection with interim committee hearings which are generally held away from Sacramento for the convenience of citizens who wish to provide testimony," the Assembly's annual notice reads.

The disparity offers another example of how difficult it is to pinpoint how much taxpayer money lawmakers use to run their personal offices. Assembly financial reports minimize what individual lawmakers spend by charging costly personal office expenses to the budgets of committees that do the brunt of the policy work in the house.

Nearly three of every four travel dollars spent by committees from December through July were for trips by lawmakers' personal aides, roughly $48,500 of $67,000. Documents released by the Assembly do not specify a reason for travel in every trip involving a personal aide, but many do, and virtually none cite committee hearings.

According to a Bee review of 507 pages of Assembly committee records, personal aides flew on 102 of 138 flights bankrolled by committees during those eight months. Dollars spent for travel paid for other things as well, including hotel rooms, rental cars, parking fees, and gasoline reimbursement when personal vehicles were used.

The *Bee* reported last month that more than $8 million in salaries for more than 170 personal aides – who staff legislators' Capitol or district offices – had been paid by Assembly committees during that time span. Travel records show that costs of trips they take are paid by committees as well.

Ted Costa, head of People's Advocate and a political watchdog who launched the successful recall drive against former Gov. Gray Davis, said that the Assembly's failure to disclose scores of flights by personal staff as member expenses can harm its credibility.

Read the whole story

Nevada in the market for education chief

By Sean Whaley, Nevada News Bureau

CARSON CITY – Nevada is looking for a state public schools chief to push forward with education reforms sought by Gov. Brian Sandoval and approved by lawmakers in the 2011 legislative session.

Keith Rheault, Nevada's superintendent of public instruction since 2004, is retiring in early April and Sandoval wants to have a new schools chief to take over the Department of Education by then.

Dale Erquiaga, senior adviser to Sandoval, said in a press briefing that the selection of a new leader of the state public school system is a critical initiative for the governor but that he is staying out of the search.

Sandoval has not asked Michelle Rhee, the founder and CEO of the education advocacy group StudentsFirst, to apply for the position, he said. Rhee, the former head of the Washington, D.C., school system, was invited and attended Sandoval's State of the State address in January.

"The governor is asking no one to apply, no one in our office will speak to applicants, the governor has no predetermined outcome," Erquiaga said. "I will say though the governor recognizes it is potentially the most important appointment he will make during his time in office.

"Superintendent searches around the country at the state level and district level sometimes fail because there are not enough applicants," he said. "So the better pool of applicants we have the better off all of our kids will be."

Florida had difficulty recruiting a state schools chief earlier this year because of a lack of qualified candidates. A new chief was finally selected and took over in July.

The Nevada position is posted and open to qualified applicants through Dec. 30. It pays about $121,785 a year plus benefits.

As a result of the education reform legislation, Sandoval now has the authority to appoint the schools chief. In the past the 10-member board of education, all of whom are elected in districts statewide, had the authority to select the superintendent.

Erquiaga said the governor would like to have at least six candidates to interview in a public process. Three candidates would then be forwarded to Sandoval for his consideration for an appointment by March.

The new legislation also changes the way the state board is selected but Erquiaga said those changes won't come until January 2013, which is why the search process is being done now with the current board. Sandoval wants a new superintendent in place well in advance of the 2013 legislative session, he said.

The new board as established in Senate Bill 197 will have four elected members, one from each of the state's congressional districts, one member appointed by Sandoval and one member each selected by the Senate majority leader and Assembly speaker. There will also be four non-voting members appointed by the governor representing different public education interests.

Sandoval and lawmakers agreed to a number of education reforms in the 2011 session, including a new teacher evaluation process to ensure the best educators remain in the classroom.