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Solyndra's Whorehouse Lender

Bruce Krasting | September 17, 2011 | 1,833 | 11

If you want to find out what happened with Solyndra you have to follow the money. I did. The half billion dollars of taxpayer dough that is probably lost in Sol came from the Federal Financing Bank ("FFB"). It's worth a look at this bank to see what else is going on.

FFB is a bank that is owned and controlled by the US Treasury. The chairman of the Board is the TSec. (Tim Geithner). With the (big) exception of the Post Office all of the loans at FFB are guaranteed by government agencies. Technically speaking, FFB has no risks on loans guaranteed by an agency like the DOE. But I don't think that should absolve Tim Geithner of any responsibility regarding the losses the country faces with Solyndra. If he, (or anyone else at Treasury) puts their pen to a ½ billion loan, **they better well know where the taxpayers money is going.** That didn't happen.

FEDERAL FINANCING BANK
Date of Financial Statement
September 30, 2009 and 2008
(Dollars in thousands)

Loans available as September 30, 2009 and 2008, consist of the following:

	2009	2008
Rural Utilities Service, Department of Agriculture	\$ 21,261,048	\$ 22,000,000
Credit Liquidity Fund, Federal Reserve Administration	15,384,098	1,000,000
U.S. Postal Service	7,200,000	7,200,000
Rural Utilities Service, Department of Agriculture Department of Agricultural Marketing	1,047,087	1,000,000
Energy Research Administration	2,037,211	2,000,000
Department of Energy	307,000	307,000
U.S. Postal Service, Department of Revenue and Internal Development	386,762	386,762
Foreign Military Sales, Department of Defense	542,270	542,270
Historically Black College and Universities, Department of Education	493,239	508,460
Manufacturing, Department of Defense, Navy	2,270	18,825
Rural Business Administration	2,270	18,248
Young Professional Development Training Program	4,490	5,345
Federal Railroad Administration, Department of Transportation	1,190	2,000
Total loans available	\$ 51,304,811	\$ 51,678,360

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FFB has been around for 40+ years. I believe it has always been a bank that has been used and abused by whoever happened to be running the show at Treasury. For example; from 9/30/2008 (Pre - Tim and O) to 9/30/3009 (Post - Tim and O) the FFB lent out \$17.1 billion to the nice folks at the National Credit Union Administration's "Liquidity Fund". NCU is the guarantor of the deposits in the country's Credit Unions (similar to FDIC). They were up against it in 2009. They had no money left in the till to insure that those deposits would be safe. A bailout was needed to avoid a crisis. But rather than have a public debate about this, the FFB just borrowed some money and wrote a check to NCU. **Problem solved.**

The following are the balance sheet assets of the FFB for fiscal year end 2008 and 09. **Note that there were no outstanding loans guaranteed by the DOE in 08.** But a year later the number had jumped up to nearly a Bil. It was clear back then that the FFB was rapidly becoming a policy tool of the new administration. By June 30th 2011 the DOE-guaranteed loans at FFB has grown to \$5.2B. Clearly the Administration is (was?) using the bank to facilitate its objectives.

The borrowers identified as the beneficiaries of the FFB's deep pockets include:

Abound Solar Arizona Solar – UNC Beacon Great Basin Transmission Kahuku Wind Power Solyndra Solar Partner I Solar Partner II And Solar Partner(s) III – VIII

The names on this list are the problems-to-be for the DOE. (I can't wait to find out who we are partnering up with on the I – VIII deals)

The FFB/DOE has also been lending big bucks to some well know names.

Fisker Automotive, Inc. Tesla Motors, Inc. Ford Motors

These successful companies owe the FFB a total of \$3.8 billion. There is one company that I don't recognize. But

they got \$35mm in May at a real fine rate:

GOVERNMENT-GUARANTEED LOANS					
DOE-ADV TECHNOLOGY VEHICLES MFG					
Tesla Motors, Inc.	3/03	\$1,634,715.00	9/16/19	2.385%	Qtr.
Tesla Motors, Inc.	3/03	\$5,735,723.00	9/15/22	2.860%	Qtr.
Vehicle Production Group	3/15	\$34,975,308.00	3/15/18	1.932%	Qtr.
Ford Motor Company	3/18	\$341,300,000.00	6/15/22	2.581%	Qtr.
Ford Motor Company	3/18	\$64,600,000.00	6/15/22	2.581%	Qtr.
Tesla Motors, Inc.	3/18	\$1,369,012.00	9/16/19	2.139%	Qtr.
Tesla Motors, Inc.	3/18	\$6,330,349.00	9/15/22	2.629%	Qtr.
Fisker Automotive, Inc.	3/24	\$9,265,000.00	4/24/17	1.786%	Qtr.

**\$400mm
for F, in
a month**

Who's VPG? Nice rate on 35 mil!

The Post Office has \$12.9 large out with FFB. The PO has a debt limit of \$14b. They will hit that in 2012 (and then go broke). The FFB has been funding the operating deficits at the PO for years. When O took office it was \$7b. Playing, "**Hide the losses at the PO**" is a very old game in D.C.

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The FFB also has an active role in providing the much needed lucre for **Foreign Military Sales**. As of June 30 there was \$349mm of IOUs. (I wonder who those "I"s are. Probably stable governments, *right?*) If you're keeping score, the amount outstanding when Bush left office was 50% higher than today.

\$33 billion (61% of FFB's book) is out to Rural Electrics. It would appear that many parts of the country don't have adequate utilities. Nor do they have the resources to fix the problems. The solution has been to lend them dirt-cheap money with functionally no maturity. This is just a silly accounting game to avoid recognizing that needed infrastructure expense(s) should have been in the budget long ago. This is a close-up of a section of the FFB report:

RURAL UTILITIES SERVICE					
People's Coop. Svcs #2694	5/23	\$1,500,000.00	12/31/43	3.948%	Qtr.
Sumter Elec Coop. Inc. #2554	5/23	\$38,500,000.00	12/31/43	3.784%	Qtr.
East Kentucky Power #2322	5/24	\$1,813,000.00	12/31/40	3.829%	Qtr.
East Kentucky Power #2531	5/24	\$12,668,000.00	12/31/40	3.829%	Qtr.
East Kentucky Power #2768	5/24	\$24,000,000.00	1/03/45	3.942%	Qtr.
• High Plains #2924	5/24	\$9,300,000.00	1/02/46	3.813%	Qtr.
• Lake Region Elec. #2921	5/24	\$5,000,000.00	1/02/46	3.968%	Qtr.

I wanna go!

Note the long maturities and % rates. 35-year money for **Lake Land** (*sounds like a nice place*) at Treasuries +30. The following is a pic of all the re-financings for May and June. I shrunk it because it would just clutter the page; *it's that long*. Blow it up on your own or go to the **FFB site** and look up Press Releases. **This goes on every month of the year**. This stinks of boondoggle and pork. What are the administrative costs to oversee this? **There has to be a better way.**

MAY JUNE

MAY						JUNE					
Alaska Electric Energy	5/01	\$1,000,000.00	12/31/10	3.000%	Qtr.	Alaska Electric Energy	6/01	\$1,000,000.00	12/31/10	3.000%	Qtr.
Arizona Electric Energy	5/01	\$1,000,000.00	12/31/10	3.000%	Qtr.	Arizona Electric Energy	6/01	\$1,000,000.00	12/31/10	3.000%	Qtr.
California Electric Energy	5/01	\$1,000,000.00	12/31/10	3.000%	Qtr.	California Electric Energy	6/01	\$1,000,000.00	12/31/10	3.000%	Qtr.
Colorado Electric Energy	5/01	\$1,000,000.00	12/31/10	3.000%	Qtr.	Colorado Electric Energy	6/01	\$1,000,000.00	12/31/10	3.000%	Qtr.
Connecticut Electric Energy	5/01	\$1,000,000.00	12/31/10	3.000%	Qtr.	Connecticut Electric Energy	6/01	\$1,000,000.00	12/31/10	3.000%	Qtr.
Delaware Electric Energy	5/01	\$1,000,000.00	12/31/10	3.000%	Qtr.	Delaware Electric Energy	6/01	\$1,000,000.00	12/31/10	3.000%	Qtr.
District of Columbia Electric Energy	5/01	\$1,000,000.00	12/31/10	3.000%	Qtr.	District of Columbia Electric Energy	6/01	\$1,000,000.00	12/31/10	3.000%	Qtr.
Florida Electric Energy	5/01	\$1,000,000.00	12/31/10	3.000%	Qtr.	Florida Electric Energy	6/01	\$1,000,000.00	12/31/10	3.000%	Qtr.
Georgia Electric Energy	5/01	\$1,000,000.00	12/31/10	3.000%	Qtr.	Georgia Electric Energy	6/01	\$1,000,000.00	12/31/10	3.000%	Qtr.
Hawaii Electric Energy	5/01	\$1,000,000.00	12/31/10	3.000%	Qtr.	Hawaii Electric Energy	6/01	\$1,000,000.00	12/31/10	3.000%	Qtr.
Idaho Electric Energy	5/01	\$1,000,000.00	12/31/10	3.000%	Qtr.	Idaho Electric Energy	6/01	\$1,000,000.00	12/31/10	3.000%	Qtr.
Illinois Electric Energy	5/01	\$1,000,000.00	12/31/10	3.000%	Qtr.	Illinois Electric Energy	6/01	\$1,000,000.00	12/31/10	3.000%	Qtr.
Indiana Electric Energy	5/01	\$1,000,000.00	12/31/10	3.000%	Qtr.	Indiana Electric Energy	6/01	\$1,000,000.00	12/31/10	3.000%	Qtr.
Iowa Electric Energy	5/01	\$1,000,000.00	12/31/10	3.000%	Qtr.	Iowa Electric Energy	6/01	\$1,000,000.00	12/31/10	3.000%	Qtr.
Kansas Electric Energy	5/01	\$1,000,000.00	12/31/10	3.000%	Qtr.	Kansas Electric Energy	6/01	\$1,000,000.00	12/31/10	3.000%	Qtr.
Kentucky Electric Energy	5/01	\$1,000,000.00	12/31/10	3.000%	Qtr.	Kentucky Electric Energy	6/01	\$1,000,000.00	12/31/10	3.000%	Qtr.
Louisiana Electric Energy	5/01	\$1,000,000.00	12/31/10	3.000%	Qtr.	Louisiana Electric Energy	6/01	\$1,000,000.00	12/31/10	3.000%	Qtr.
Maine Electric Energy	5/01	\$1,000,000.00	12/31/10	3.000%	Qtr.	Maine Electric Energy	6/01	\$1,000,000.00	12/31/10	3.000%	Qtr.
Maryland Electric Energy	5/01	\$1,000,000.00	12/31/10	3.000%	Qtr.	Maryland Electric Energy	6/01	\$1,000,000.00	12/31/10	3.000%	Qtr.
Massachusetts Electric Energy	5/01	\$1,000,000.00	12/31/10	3.000%	Qtr.	Massachusetts Electric Energy	6/01	\$1,000,000.00	12/31/10	3.000%	Qtr.
Michigan Electric Energy	5/01	\$1,000,000.00	12/31/10	3.000%	Qtr.	Michigan Electric Energy	6/01	\$1,000,000.00	12/31/10	3.000%	Qtr.
Minnesota Electric Energy	5/01	\$1,000,000.00	12/31/10	3.000%	Qtr.	Minnesota Electric Energy	6/01	\$1,000,000.00	12/31/10	3.000%	Qtr.
Mississippi Electric Energy	5/01	\$1,000,000.00	12/31/10	3.000%	Qtr.	Mississippi Electric Energy	6/01	\$1,000,000.00	12/31/10	3.000%	Qtr.
Montana Electric Energy	5/01	\$1,000,000.00	12/31/10	3.000%	Qtr.	Montana Electric Energy	6/01	\$1,000,000.00	12/31/10	3.000%	Qtr.
Nebraska Electric Energy	5/01	\$1,000,000.00	12/31/10	3.000%	Qtr.	Nebraska Electric Energy	6/01	\$1,000,000.00	12/31/10	3.000%	Qtr.
Nevada Electric Energy	5/01	\$1,000,000.00	12/31/10	3.000%	Qtr.	Nevada Electric Energy	6/01	\$1,000,000.00	12/31/10	3.000%	Qtr.
New Hampshire Electric Energy	5/01	\$1,000,000.00	12/31/10	3.000%	Qtr.	New Hampshire Electric Energy	6/01	\$1,000,000.00	12/31/10	3.000%	Qtr.
New Jersey Electric Energy	5/01	\$1,000,000.00	12/31/10	3.000%	Qtr.	New Jersey Electric Energy	6/01	\$1,000,000.00	12/31/10	3.000%	Qtr.
New Mexico Electric Energy	5/01	\$1,000,000.00	12/31/10	3.000%	Qtr.	New Mexico Electric Energy	6/01	\$1,000,000.00	12/31/10	3.000%	Qtr.
New York Electric Energy	5/01	\$1,000,000.00	12/31/10	3.000%	Qtr.	New York Electric Energy	6/01	\$1,000,000.00	12/31/10	3.000%	Qtr.
North Carolina Electric Energy	5/01	\$1,000,000.00	12/31/10	3.000%	Qtr.	North Carolina Electric Energy	6/01	\$1,000,000.00	12/31/10	3.000%	Qtr.
North Dakota Electric Energy	5/01	\$1,000,000.00	12/31/10	3.000%	Qtr.	North Dakota Electric Energy	6/01	\$1,000,000.00	12/31/10	3.000%	Qtr.
Ohio Electric Energy	5/01	\$1,000,000.00	12/31/10	3.000%	Qtr.	Ohio Electric Energy	6/01	\$1,000,000.00	12/31/10	3.000%	Qtr.
Oklahoma Electric Energy	5/01	\$1,000,000.00	12/31/10	3.000%	Qtr.	Oklahoma Electric Energy	6/01	\$1,000,000.00	12/31/10	3.000%	Qtr.
Oregon Electric Energy	5/01	\$1,000,000.00	12/31/10	3.000%	Qtr.	Oregon Electric Energy	6/01	\$1,000,000.00	12/31/10	3.000%	Qtr.
Pennsylvania Electric Energy	5/01	\$1,000,000.00	12/31/10	3.000%	Qtr.	Pennsylvania Electric Energy	6/01	\$1,000,000.00	12/31/10	3.000%	Qtr.
Rhode Island Electric Energy	5/01	\$1,000,000.00	12/31/10	3.000%	Qtr.	Rhode Island Electric Energy	6/01	\$1,000,000.00	12/31/10	3.000%	Qtr.
South Carolina Electric Energy	5/01	\$1,000,000.00	12/31/10	3.000%	Qtr.	South Carolina Electric Energy	6/01	\$1,000,000.00	12/31/10	3.000%	Qtr.
South Dakota Electric Energy	5/01	\$1,000,000.00	12/31/10	3.000%	Qtr.	South Dakota Electric Energy	6/01	\$1,000,000.00	12/31/10	3.000%	Qtr.
Tennessee Electric Energy	5/01	\$1,000,000.00	12/31/10	3.000%	Qtr.	Tennessee Electric Energy	6/01	\$1,000,000.00	12/31/10	3.000%	Qtr.
Texas Electric Energy	5/01	\$1,000,000.00	12/31/10	3.000%	Qtr.	Texas Electric Energy	6/01	\$1,000,000.00	12/31/10	3.000%	Qtr.
Utah Electric Energy	5/01	\$1,000,000.00	12/31/10	3.000%	Qtr.	Utah Electric Energy	6/01	\$1,000,000.00	12/31/10	3.000%	Qtr.
Vermont Electric Energy	5/01	\$1,000,000.00	12/31/10	3.000%	Qtr.	Vermont Electric Energy	6/01	\$1,000,000.00	12/31/10	3.000%	Qtr.
Virginia Electric Energy	5/01	\$1,000,000.00	12/31/10	3.000%	Qtr.	Virginia Electric Energy	6/01	\$1,000,000.00	12/31/10	3.000%	Qtr.
Washington Electric Energy	5/01	\$1,000,000.00	12/31/10	3.000%	Qtr.	Washington Electric Energy	6/01	\$1,000,000.00	12/31/10	3.000%	Qtr.
West Virginia Electric Energy	5/01	\$1,000,000.00	12/31/10	3.000%	Qtr.	West Virginia Electric Energy	6/01	\$1,000,000.00	12/31/10	3.000%	Qtr.
Wisconsin Electric Energy	5/01	\$1,000,000.00	12/31/10	3.000%	Qtr.	Wisconsin Electric Energy	6/01	\$1,000,000.00	12/31/10	3.000%	Qtr.
Wyoming Electric Energy	5/01	\$1,000,000.00	12/31/10	3.000%	Qtr.	Wyoming Electric Energy	6/01	\$1,000,000.00	12/31/10	3.000%	Qtr.

I'm all for education. We're dead in the water without it. I think there is a role for the government to assist in this. **But the FFB? Why are they making loans?** Is this just another way to avoid an expense? What are these guys

in D.C. thinking? Is everything "on the arm" down there? Again, a close up and the totals for two months. This is silly, right?

DEPARTMENT OF EDUCATION					
Tuskegee Univ.	4/08	\$1,174,003.94	12/03/40	4.375%	S/A
Wiley College	4/08	\$5,096,985.63	10/01/41	4.349%	S/A
Harris Stowe State Univ.	4/20	\$1,492,524.54	7/02/40	4.179%	S/A
Southern University	4/20	\$148,508.49	6/01/11	0.044%	S/A
Dillard University	4/27	\$323,206.58	6/01/11	0.026%	S/A
Florida Memorial Univ.	4/27	\$2,526,572.89	10/01/36	4.302%	S/A

Nice rates for Dillard and Southern. 0.026%???

ALL THESE IN ONE MONTH!!!

Tuskegee University	3/27	\$1,174,003.94	12/03/40	4.375%	S/A
Tuskegee University	3/27	\$1,174,003.94	12/03/40	4.375%	S/A
Tuskegee University	3/27	\$1,174,003.94	12/03/40	4.375%	S/A
Wiley College	3/27	\$5,096,985.63	10/01/41	4.349%	S/A
Wiley College	3/27	\$5,096,985.63	10/01/41	4.349%	S/A
Harris Stowe State University	3/27	\$1,492,524.54	7/02/40	4.179%	S/A
Harris Stowe State University	3/27	\$1,492,524.54	7/02/40	4.179%	S/A
Southern University	3/27	\$148,508.49	6/01/11	0.044%	S/A
Southern University	3/27	\$148,508.49	6/01/11	0.044%	S/A
Dillard University	3/27	\$323,206.58	6/01/11	0.026%	S/A
Dillard University	3/27	\$323,206.58	6/01/11	0.026%	S/A
Florida Memorial University	3/27	\$2,526,572.89	10/01/36	4.302%	S/A
Florida Memorial University	3/27	\$2,526,572.89	10/01/36	4.302%	S/A

A minor bad loan is the \$493mm of Hope Now Bonds. A good chunk of this is still in cash. But not for long. Treasury is going to use some of this money for the big mortgage ReFi that is in the offing. When that happens there will be hope of repayment of the Hope Bonds.

There is one more attractive feature for the Chairman of the FFB. With the exception of the notes from the PO, it's all off balance sheet. When the "Debt to the Penny" calculation is made by the Treasury, the (net of PO) \$33b at FFB borrowings are excluded.

In Wall Street terms, that makes the FFB a SPIV and it's a whorehouse.

Note: I've written about the FFB before. I smelled trouble with this bank. My nose was working.

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11 comments

spoogeman on [Sep 17, 11:31 AM](#) said:

From my perch, the whole of Washington is a whorehouse.

Louis Cabeza on [Sep 17, 11:47 AM](#) said:

I don't find the title of the article helpful and, besides, aren't whorehouses the definition of a cash only business? Well, unless you're a self destructive governor.

notice what those universities are on [Sep 17, 12:27 PM](#) said:

every single one of them is a traditionally black school, except FIU, which has a 59% hispanic undergrad enrollment

Confirmed Gold Bug on [Sep 17, 2:00 PM](#) said:

This SPV is the government version of Enron accounting, and then some more. Where is Enron now?

loan to India on [Sep 17, 3:29 PM](#) said:

I read last week that the Federal Bank made a large loan to a wind turbine plant in India. We have one here in Fort Smith, Arkansas owned by Hyundi. I am so glad a competent company is starting American jobs! Government, get out of business deals!!!!

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