Dodd-Frank Kills: How the U.S. Joined The International Bail-In Regime

by Leandra Bernstein

May 26—Committee hearings continue in the House and Senate to review what exactly was voted into law with the 2010 Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act) even as the rules for implementing the law are still being written. According to LaRouchePAC and *EIR* sources on Capitol Hill, there is little to no recognition of the key fact of Dodd-Frank. Namely, Title II of the Act, to establish an Orderly Liquidation Authority, vests the FDIC with the authority to conduct a European-style bail-in. The preamble to the Dodd-Frank Act claims "to protect the American taxpayer by ending bailouts." This is done, however, through *bail-in*, a critical feature of the internationally established regime of what is called cross-border bank resolution.

Bail-in, in its simplest terms, is the inverse policy of what was done under Franklin D. Roosevelt's Glass-Steagall Act and the 1933 Emergency Banking Act, generally. Under bail-in, the bank survives; the depositors do not. As is stated in an IMF review of the policy from April 2012, "The statutory bail-in power is intended to achieve a prompt recapitalization and restructuring of the distressed institution."[1] In the case of resolving a distressed, globally active, systemically important, financial institution (G-SIFI), bank creditors, specifically those whose assets exceed the FDIC insurance cap, will be subject to expropriation. This is not normal bankruptcy. Accounts and assets are seized and/or converted to stock under the resolution authority. The institution is prevented from failing. Values of securities are not written down through sale on the open market. And this is done to guarantee the continued operation of the financial institution and the "stability" of the financial system.

This report provides the evidence, primarily using the text of laws, charters, and the language of the administrators of the bail-in regime, to demonstrate that the United States of America is being subject to the premeditated scheme of an international syndicate to establish laws and treaties contrary to both the interests of the United States, and the spirit and the law of the U.S. Constitution. The Dodd-Frank Act, as currently written, has no evident provision that would prevent the overall effect of mass economic deprivation of the targeted subjects, the American citizenry. Such deprivation across the spectrum of economic activity would invariably lead to a sharp increase in the nation's death rate, as a direct consequence of the enactment of this law. If this Act is not nullified, the result of its enactment will be the mass destruction of U.S. citizens through economic means. The fact that this has not been stated openly, other than in the following report, does not improve the arguments of those who fail to annul this law.

Before this law goes into effect, as a result of any among a vast variety of financial crises waiting to happen, Dodd-Frank must be overridden by the passage of Glass-Steagall. The 2010 Dodd-Frank Act must be nullified immediately by its repeal and the simultaneous passage of the Glass-Steagall Act as drafted in Senate Bill 985 and House of Representatives Bill 129.

Anglo-American Resolution

As passed, Dodd-Frank took up 848 pages and contained 383,013 words. According to the financial law firm Davis Polk, as of July 2012, an additional 8,843 pages of rules were added, representing only 30% of the rules to-be-written. The estimate for the final length of the Act is 30,000 pages.[2] Additionally, the six largest banks in the U.S. spent $29.4 million lobbying Congress in 2010, and flooded Capitol Hill with about 3,000 lobbyists—a ratio

1. Jianping Zhou, Virginia Rutledge, et al., "From Bail-out to Bail-in: Mandatory Debt Restructuring of Systemic Financial Institutions," IMF staff discussion notes: April 24, 2012.

2. http://www.ibtimes.com/dodd-frank-rules-nearly-9000-pages-its-less-one-third-finished-726774

of five lobbyists per Congressman.[3] The Dodd-Frank Wall Street Reform and Consumer Protection Act currently stands as the single longest bill ever passed by the U.S. government.[4] It has been argued that the length of the bill itself was intended to intimidate Members of Congress. There has been public commentary suggesting that few Congressmen even read the bill, but were cowed into voting for it strictly on the basis of party loyalty under a first-term President Barack Obama, who kept his party in line using whatever means were at his disposal.[5]

In the first House vote, not a single Republican voted for the bill. In the final House vote of 237-192, three Republicans joined the ayes, and only 19 Democrats voted against it. In the final Senate vote, 55 Democrats were joined by 3 Republicans and both Independents to pass the bill, which was then signed into law by President Obama on July 21, 2010.

More of the implications of Dodd-Frank have been revealed, but only after its passage. There has been an inadequate response from members of the U.S. government who presumably voted for the Act, or failed to defeat it. Even after witnessing the fallout from the resurgent European crisis, little has been done. Moreover, for freshman Members of Congress, there is a new wave of financial interests descending on Capitol Hill to scope out the best candidates for campaign contributions, as veteran members submit and pass bills literally written by financial institutions.[6]

However, the routine corruption of the Congress is as old as the institution itself. What was done, and can now be enacted, under the new authorities established in Dodd-Frank's Title II, is of a different class altogether.

On Dec. 10, 2012, a joint strategy paper was drafted by the Bank of England (BOE) and the Federal Deposit Insurance Corporation (FDIC), titled *Resolving Globally Active, Systemically Important, Financial Institutions*.[7] The paper compares the resolution regime established by Title II's Orderly Liquidation Authority (OLA) to the Prudent Regulation Authority (PRA), a similar resolution authority in the United Kingdom. The regime in the U.K. was established April 1, 2013, following the dismantling of the Financial Services Authority. Beginning in June, the PRA will be overseen by Bank of Canada governor and former head of the Financial Stability Board, Mark Carney, when he becomes head of the Bank of England.[8]

The Executive Overview of the joint report states:

> The financial crisis that began in 2007 has driven home the importance of an orderly resolution process for globally active, systemically important, financial institutions (G-SIFIs).... These strategies have been designed to enable large and complex cross-border firms to be resolved without threatening financial stability and without putting public funds at risk....
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> In the U.S., the strategy has been developed in the context of the powers provided by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. Such a strategy would apply a single receivership at the top-tier holding company, assign losses to shareholders and unsecured creditors of the holding company, and transfer sound operating subsidiaries to a new solvent entity or entities.[9]

Prior to resolution, a financial entity is entitled to petition the U.S. District Court of the District of Columbia if it is believed that the decision to resolve is erroneous or capricious. But, at the court level, such a decision is made, "On a strictly confidential basis, and without any prior public disclosure...." This means there is to be no disclosure to unsecured creditors, or other affected parties. Under the law, premature or "reckless" disclosure can result in fines up to $250,000, imprisonment for up to five years, or both (Title II, Sec. 202, 1, A.).

Moreover, if a creditor objects to resolution, they have a limited amount of time to petition for redress. For example, if a state government, with its state work-

3. Robert Reich, "The Shameful Murder of Dodd-Frank," July 20, 2011, http://robertreich.org/post/7843866058

4. http://www.opencongress.org/bill/111-h4173/text

5. Recent White House-linked scandals including wiretapping of AP and other news agencies, IRS targeting of conservative groups, and ongoing questions of the legality of domestic and foreign extrajudicial assassinations, raise questions regarding what tactics Obama has used to influence both his political enemies and allies.

6. Eric Lipton & Ben Protus, "Banks' Lobbyists Help in Drafting Financial Bills," *New York Times* Dealbook, May 23, 2013.

7. "Resolving Globally Active, Systemically Important, Financial Institutions," a joint paper by the Federal Deposit Insurance Corporation and the Bank of England; Dec. 10, 2012.

8. Former BOE Monetary Policy Committee member Charles Goodhart noted of the transition from the quasi-independent FSA to the PRA, "It's arguable the scope of the powers, the range of powers, is now greater than any other central bank." Scott Hamilton and Jennifer Ryan, "BOE Power Shift Takes Hold as Regulation Role Crystallizes," Bloomberg News, April 2, 2013.

9. This entity is likely the bridge financial company. "The term 'bridge financial company' means a new financial company organized by the Corporation in accordance with section 210(h) for the purpose of resolving a covered financial company" (Dodd-Frank, Title II, Sec. 201; 3.).

ers' pensions invested in the distressed institution, objects to the terms or the triggering of a resolution, and wishes to exempt its funds from bailing-in the institution, they have *24 hours* to petition the courts. In June 2012, a lawsuit was filed in the U.S. District Court of the District of Columbia challenging the constitutionality of the Dodd-Frank Act on a number of counts, including the failure to allow for due process of law.[10]

From the Introduction, *Legislative frameworks for implementing the strategy:*

> Title I of the Dodd-Frank Act requires each G-SIFI to periodically submit to the FDIC and the Federal Reserve a resolution plan that must address the company's plans for its rapid and orderly resolution under the U.S. Bankruptcy Code....[11]
>
> Title II of the Dodd-Frank Act provides the FDIC with new powers to resolve SIFIs by establishing the Orderly Liquidation Authority (OLA). Under the OLA, the FDIC may be appointed receiver for any U.S. financial company that meets specified criteria, including being in default or in danger of default, and whose resolution under the U.S. Bankruptcy Code (or other relevant insolvency procedure) would likely create systemic instability.[12]
>
> Title II requires that the losses of any financial company placed into receivership will not be borne by taxpayers, but by common and preferred stockholders, debt holders, and other unsecured creditors, and that management responsible for the condition of the financial company will be replaced. Once appointed receiver for a failed financial company, the FDIC would be required to carry out a resolution of the company in a manner that mitigates risk to financial stability and minimizes moral hazard. Any costs borne by the U.S. authorities in resolving the institution not paid from proceeds of the resolution will be recovered from the industry.

The above statement assumes that the costs of resolution will be covered by those creditors slated to bear the losses as well as an Orderly Liquidation Fund, to bear the administrative costs of resolution. What is further proposed for those creditors whose claims are not liquidated, is their conversion to shareholders; the debt becomes stock acting to prop up the value of the resolved institution. What would otherwise occur in bankruptcy, meting out claims to creditors based on priority, does not happen. Rather, the liquidation of the firm does not occur, it is kept operational, and is, in that way, bailed-in by its creditors.

A crucial clarification of what constitutes a bank creditor was made in a March 28, 2013 review of the BOE-FDIC paper by chairwoman of the Public Banking Institute, Ellen Brown. In the course of explaining why the bail-in, confiscation of 40% of unsecured deposits in Cyprus, was not a one-time event, she clarifies:

> Although few depositors realize it, legally the bank owns the depositor's funds as soon as they are put in the bank. Our money becomes the bank's, and we become unsecured creditors holding IOUs or promises to pay.... Under the FDIC-BOE plan, our IOUs will be converted into "bank equity."... With any luck we may be able to sell the stock to someone else, but when and at what price?[13]

As will be illustrated in the following section, any form of creditor with money in the bank, from $1 to $250,000, and everything above, can be converted from having his account immediately available to him, to becoming a stockholder. As with the triggering of OLA, this can be done quite literally overnight. To retrieve the value of what was formerly assumed to be the depositor's account balance, the stock must be sold.

For example, a former depositor with an account balance of $250,000, who now owns that amount in bank stock, owns that amount of stock in a bank that just underwent a major, cross-border, government restructuring because it was in imminent distress. The receiver, the FDIC, determines which values in the bank must be upheld in the interest of "financial stability," and this undoubtedly includes financial derivatives, and other debt instruments, which, if sold off in the course of orderly liquidation, would cause a panic. The obvious question is, how much will the depositor be able to sell his stock for?

10. The original suit was filed by the State National Bank of Big Spring, Texas; the 60 Plus Association; and the Competitive Enterprise Institute. This suit has been joined by the attorneys general of 11 states: Michigan, Alabama, Georgia, Nebraska, Kansas, South Carolina, Oklahoma, West Virginia, Texas, Montana, and Ohio. See http://cei.org/doddfrank

11. The so-called "Living Will."

12. Title II, Sec. 203, a.

13. Ellen Brown, "It Can Happen Here: The Confiscation Scheme Planned for US and UK Depositors." webofdebt.wordpress.com, March 28, 2013.

Unsecured Creditors

According to the April 24, 2012 IMF report,[14] conversion of bank debt to stock is an essential element of bail-in included in Dodd-Frank. "The contribution of new capital will come from debt conversion and/or issuance of new equity, with an elimination or significant dilution of the pre-bail-in shareholders.... Some measures might be necessary to reduce the risk of a 'death spiral' in share prices." In the language of Dodd-Frank, this will "ensure that unsecured creditors bear losses."

Such a conversion of deposits into equity already had its test-run under the terms of bankruptcy reorganization of Bankia and four other Spanish banks earlier this year. The conditions of a July 2012 Memorandum of Understanding between the Troika (European Commission, European Central Bank, and the IMF) and Spain, resulted in over 1 million small depositors becoming stockholders in Bankia when they were sold *preferentes* (preferred stock) in exchange for their deposits. Following the conversion, the *preferentes* took an initial write-down of 30-70%. Soon after, they were converted into common stock originally valued at EU 2 per share, which was further devalued to EU 0.1 after the March restructuring of Bankia.[15]

The likelihood of this write-down of assets is stated outright in the BOE-FDIC joint report and readily acknowledged otherwise. Following the triggering of Dodd-Frank's Title II authorities, and the FDIC taking receivership at the top tier parent holding company of a G-SIFI, assets will be transferred to recapitalize the parent company, in its original and other incarnations, and written down.

> To capitalize the new operations—one or more new private entities—the FDIC expects that it will have to look to subordinated debt or even senior unsecured debt claims as the immediate source of capital. The original debt holders can thus expect that their claims will be written down to reflect any losses in the receivership of the parent that the shareholders cannot cover....

This is not simply a haircut to bond holders, creditors, and others, but a guarantee that those who are invested in the institution, with money in the depository branch of the institution (understood as depositors), will be made responsible for the continued operation of the institution. Depositors as well as creditors become financially responsible for keeping the institution open and operating, instead of being allowed to go bankrupt, as would be the case for a non-G-SIFI. The depository and investment branches are, in this way, called upon equally to bail-in. Economist Nouriel Roubini wrote, in an online briefing, "Bank Resolution Regimes":

> Under the existing legislation, the FDIC has the power to impose losses on unsecured creditors in the process of resolving failing banks. For example, the FDIC resolved Washington Mutual under the least-cost resolution method in 2008 and imposed serious losses on the unsecured creditors and uninsured depositors (deposit amount above USD 100,000). The Orderly Liquidation Authority (OLA) established under the Dodd-Frank Act further expands the resolution authority of FDIC. Subject to certain conditions, the FDIC now also has the powers to cherry-pick which assets and liabilities to transfer to a third party and to treat similarly situated creditors differently, eg: favoring short-term creditors over long-term creditors or favoring operating creditors over lenders or bondholders.[16]

International Framework in Place

The key issue taken up by Dodd-Frank in its drafting and passage was cross-border resolution of the so-called global systemically important financial institutions (also called G-SIBs, or global systemically important banks, in other locations). This obviously necessitates cooperation with other nations. Provisions of Dodd-Frank explicitly authorize this coordination with foreign authorities to take action to resolve those institutions whose collapse threatens financial stability.

As is stated in Title II, Sec. 210, N, the FDIC, acting as the receiver for such a financial institution in distress, "shall coordinate, to the maximum extent possible, with the appropriate foreign financial authorities regarding the orderly liquidation of any covered financial company that has assets or operations in a country other than the United States."

Chairman of the FDIC Martin Gruenberg elaborated on the cross-border strategies codified under Dodd-Frank,

14. Op. cit., Zhou et al., footnote 1.

15. See LPAC-TV broadcast with *EIR* Ibero-America Intelligence Director Dennis Small, March 27, 2013. "Cyprus Template: The Case of Spain," larouchepac.com/node/26013

16. http://www.roubini.com/briefings/175500.php

in a June 9, 2012 speech in Chicago. He stated that, since the passage of Dodd-Frank, the FDIC has taken action to carry out its new resolution authorities, including increasingly coordinating cross-border resolution with foreign regulators, in particular, the United Kingdom, where "the operations of U.S. SIFIs are concentrated."

> As I mentioned earlier, the type of firm we would need to resolve will likely have significant international operations. This creates a number of challenges. . . .
>
> The FDIC has participated in the work of the Financial Stability Board through its membership on the Resolution Steering Group, which produced the *Key Attributes of Effective Resolution Regimes for Financial Institutions*. We have also participated in the Cross-border Crisis Management Group and a number of technical working groups, and have co-chaired the Basel Committee's Cross-border Bank Resolution Group since its inception in 2007. . . .
>
> We conducted a heat-map exercise that determined that the operations of U.S. SIFIs are concentrated in a relatively small number of jurisdictions, particularly the United Kingdom (U.K.). Working with the authorities in the U.K., we have made substantial progress in understanding how possible U.S. resolution structures might be treated under existing U.K. legal and policy frameworks. We've examined potential impediments to efficient resolutions in depth, and are on a cooperative basis in the process exploring methods of resolving them.[17]

It is accurate to say that the first incarnation of a serious cross-border resolution regime was established at the April 2009 G20 summit in London, the first summit attended by the newly elected President Barack Obama. At that time, the Financial Stability Board (FSB) emerged as an entity "with a broadened mandate to promote financial stability." The board currently consists of all G20 member nations' central financial institutions, a handful of other nations, international organizations, and international financial standard-setting bodies.[18]

In October 2011, the FSB published a document reflecting the agreement among its participating bodies to conduct cross-border resolutions of financial institutions. That document features extensive discussion of the establishment of cross-border resolution authorities within the law of each participating nation. At the outset of the report it is recommended:

> In order to facilitate the coordinated resolution of firms active in multiple countries, jurisdictions should seek convergence of their resolution regimes through the legislative changes needed to incorporate the tools and powers set out in these *Key Attributes* into their national regimes.

The report goes on to enumerate the requirements of a domestic, legal, and active authority to resolve "any financial institution that could be systemically significant if it fails." Given the similarity of the language of Dodd-Frank and the FSB report, it would be a worthwhile venture to analyze whether all of the requirements in the FSB report are also contained explicitly in the 2010 U.S. legislation.

What is most significant in the FSB *Key Attributes* is the strict emphasis on coordinating the bail-in regimes above and beyond national borders. The report reflects a sincere dedication to establish active authorities in each jurisdiction where a parent holding company or its subsidiaries are located.

The following is quoted from Section 7, *Legal framework conditions for cross-border cooperation:*

> 7.1 The statutory mandate of a resolution authority should empower and strongly encourage the authority wherever possible to act to achieve a cooperative solution with foreign resolution authorities.
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> 7.2 Legislation and regulations in jurisdictions should not contain provisions that trigger automatic action in that jurisdiction as a result of official intervention or the initiation of resolution or insolvency proceedings in another jurisdiction, while reserving the right of discretionary national action if necessary to achieve domestic stability in the absence of effective in-

17. Martin J. Gruenberg, Chairman, Federal Deposit Insurance Corporation, speech to Federal Reserve Bank of Chicago Bank Structure Conference, June 9, 2012.

18. As of April 4, 2013, membership in the FSB included the following jurisdictions: Argentina, Australia, Brazil, Canada, China, France, Germany, Hong Kong, India, Indonesia, Italy, Japan, Mexico, The Netherlands, Republic of Korea, Russia, Saudi Arabia, Singapore, South Africa, Spain, Switzerland, Turkey, United Kingdom, United States of America. International organizations: Bank for International Settlements, European Central Bank, European Commission, International Monetary Fund, Organization for Economic Cooperation and Development, The World Bank (full list at www.financialstabilityboard.org).

ternational cooperation and information sharing. Where a resolution authority takes discretionary national action it should consider the impact on financial stability in other jurisdictions.

7.3 The resolution authority should have resolution powers over local branches of foreign firms and the capacity to use its powers either to support a resolution carried out by a foreign home authority (for example, by ordering a transfer of property located in its jurisdiction to a bridge institution established by the foreign home authority) or, in exceptional cases, to take measures on its own initiative where the home jurisdiction is not taking action or acts in a manner that does not take sufficient account of the need to preserve the local jurisdiction's financial stability. Where a resolution authority acting as host authority takes discretionary national action, it should give prior notification and consult the foreign home authority.

As stated in 7.3, it is entirely conceivable for resolution to be triggered by the bank holding company of a foreign nation, necessitating the steps of resolution, including bail-in, to be enacted within a host nation of that bank. In the case of the United States, for example, if resolution were to be triggered by a large British bank, such as HSBC or Barclays, or a continental European bank, such as Deutsche Bank or UBS, the United States would be obligated, based on the FSB agreements, to take part in resolution.[19] Under the provisions of Dodd-Frank, the resolution authorities are already established in law. Such a coordinated regime was agreed to by the Heads of State and Government of the Group of Twenty in establishing the Charter of the Financial Stability Board in April 2009, reflecting the interests of that body "to coordinate at the international level the work of national financial authorities and international standard setting bodies (SSBs) in order to develop and promote the implementation of effective regulatory, supervisory and other financial sector policies."[20]

19. As of November 2012, the FSB published a list of G-SIFIs for which cross-border resolution would apply. The list of 28 institutions includes: Citigroup, Deutsche Bank, HSBC, JP Morgan Chase, Barclays, BNP Paribas, Bank of America, Bank of New York Mellon, Crédit Suisse, Goldman Sachs, Mitsubishi UFJ FG, Morgan Stanley, Royal Bank of Scotland, UBS, Bank of China, BBVA, Groupe BPCE, Group Crédit Agricole, ING Bank, Mizuho FG, Nordea, Santander, Société Générale, Standard Chartered, State Street, Sumitomo Mitsui FG, Unicredit Group, Wells Fargo.

20. Charter of the Financial Stability Board, Sept. 25, 2009. Amended by the G20 Heads of State and Government, June 19, 2012.

First in Line

There have been numerous documents written comparing Dodd-Frank's Orderly Liquidation Authority to regular bankruptcy under U.S. law. What is most notable in the comparisons is who gets priority during resolution, and on what basis that is determined.

The Cornell University Legal Information Institute wrote that Title II is aimed at "ensuring that payout to claimants is at least as much as the claimants would have received under bankruptcy liquidation." Impartial as it may seem, the problem that arises from that statement is that liquidation during resolution is done at the discretion of the receiver, the FDIC, on the basis of salvaging what is, in its view, most important for financial stability. Under Title II, Sec. 9 E, it is stated that the FDIC "shall, to the greatest extent practicable, conduct its operations in a manner that ... (iii) mitigates the potential for serious adverse effects to the financial system."

The current financial system, G-SIFIs most emphatically, are highly leveraged, hugely undercapitalized, and rely on classes of assets in the form of securities contracts, collateralized debt obligations, derivatives, and other debt instruments, to maintain the appearance of solvency. Uncertainty in the value of a category of such assets triggered by any outstanding event, for example, the announcement of bank resolution, would create an across-the-board devaluation among all holders of those assets, thereby guaranteeing "adverse effects to the financial system." Creating these effects would constitute "disorderly liquidation." Preventing these effects constitutes "orderly liquidation."

As stated in the IMF report *From Bailout to Bail-In*, disorderly liquidation can create risks to overall financial stability:

i. through direct counterparty risks when the failing institution fails to meet its financial obligations

ii. through liquidity risks and fire-sale effects in asset markets, when the distressed institution is forced into asset sales to obtain liquidity which further depresses asset prices (and thus raises demand for higher "margin")

iii. through contagion risks when the panic caused by the failure of one institution spreads to other financial institutions.[21]

21. Op. cit., Zhou et al., footnote 1.

Again, if these three risks are to be avoided effectively, the assets of the institution, regardless of their legitimacy or actual market value, would have to be bailed-in. Their values would have to be preserved, presumably within the bridge financial company, to ensure that similar assets held by other institutions do not suffer the "contagion effect" seen in the Lehman Brothers crash of 2008 and its aftermath.

Moreover, under the Bankruptcy Reform laws of 2005, securitized derivatives counterparties are given priority status in the event of bankruptcy.[22] This is highly consequential for G-SIFIs, as it is the case that the majority of the world's derivatives are concentrated in those institutions. By popularly quoted estimates, as of 2010, the total world derivatives had a notional value of $1.2 quadrillion, approximately 20 times the world GDP. Because of the opacity of the derivatives market, the exact numbers are virtually impossible to produce. However, the Bank for International Settlements quoted global OTC derivatives—derivatives that have a paper-trail—at $632 trillion as of December 2012.[23]

If it is the case, as indicated by the Legal Information Institute, that payouts to claimants would be equivalent to what they would receive under liquidation in bankruptcy, despite the priority of payments listed in Dodd-Frank,[24] securitized derivatives counterparties would be the first to recoup their money, followed by those asset holders whose claims, if exposed to be valueless, would create a disorderly, chain-reaction collapse.

Reasserting U.S. Law

The case has been made and put on the record, using facts that virtually every member of government did not find pressing or compelling enough to take into consideration, in the course of making national law. What has been presented is now available to American lawmakers and members of governments internationally. This report itself, in the days following its publication, is being distributed to the same, and is widely available to the public at large (http://larouchepac.com/node/26726).

The point that has been made implicitly throughout this documentation must be made explicit at this time. The consequences of enforcing the provisions of Dodd-Frank, or the agreements under the Charter of the Financial Stability Board as discussed above, amount to a violation of the spirit and the letter of the law of the United States of America. The preceding provisions of law and international agreements have been made in such a way that places the interests of "financial stability" above the interests of the people of the United States and their Government. The very definition of what is meant by financial stability has been codified by those whose present and future positions of power and authority depend upon that definition.

Moreover, what is established through this legislation will result in the mass destruction of the citizens of the United States through economic deprivation, through the collection and extraction of funds done in such a way as to leave the targeted subjects of the law desperate to the point of extermination. Within the texts cited above, there appears to be no evidence suggesting the contrary to be true.

The establishment of the United States of America, as a free and sovereign nation, was premised upon a foundation of law. What underlies the founding laws of the nation is the issue of *Right*. The right of the nation to govern itself, and to govern in such a way that upholds the right of each citizen to his or her life, that most fundamental value in law.

Enacting the resolution authority (OLA) at the holding company level of a G-SIFI in the event of a crisis, as it is written and intended in Dodd-Frank, will deprive the citizens of the United States of those rights guaranteed to them under national law, most emphatically, their right to life. They will be deprived of their right to petition their government, they will be deprived materially, and as a result, it is a certainty that many will be deprived of their lives—whether by violence, poverty, starvation, extreme want, or suicide. However, after expropriating the material wealth of the nation the aforementioned international syndicate will have financial stability.

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22. More documentation will become available on larouchepac.com and larouchepub.com on the priority status given to derivatives in resolution and bankruptcy.

Also see Ellen Brown, "Winner Takes All: The Super-priority Status of Derivatives." webofdebt.wordpress.com, April 9, 2013.

23. *BIS Quarterly Review*, June 2013, Table 19.

24. The Cornell University Legal Information Institute summarizes these claims citing Dodd-Frank, Title II, Sec. 209 (b): "Claims are paid in the following order: (1) administrative costs; (2) the government; (3) wages, salaries, or commissions of employees; (4) contributions to employee benefit plans; (5) any other general or senior liability of the company; (6) any junior obligation; (7) salaries of executives and directors of the company; and (8) obligations to shareholders, members, general partners, and other equity holders."