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To: Bender, Michael (CNI-Palm Beach)
Subject: Ferre questions Greene's fitness for office



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Ferre questions Greene's fitness for office based on business record

FLORIDA - Today, Democratic candidate for U.S. Senate Maurice Ferre blasted his billionaire opponent Jeff Greene for financing his campaign with the fortune he made of the hardship of people losing their homes.

"It's appalling enough that Jeff Greene made his money off of the misfortune of hard-working Floridians," said Ferre. "It's even more insulting that he thinks he can use his loot to buy their votes."

Greene made \$800 million by betting against the subprime mortgage market, shorting credit default swaps, when the housing market collapsed in 2007. The Miami Herald wrote that Jeff Greene "became a billionaire off the economic collapse that has devastated Florida."

Greene has admitted that his scheme was inspired by hedge fund manager John Paulson, who is at the center of a federal criminal investigation into the investment firm, Goldman Sachs.

"Did Greene work with Paulson to manipulate the market?" asked Ferre. "Greene should make public a list of the subprime mortgage companies he shorted. If Greene is guilty of market manipulation, he's the last person we need in the U.S. Senate."

The Securities and Exchange Commission has accused Goldman Sachs of selling a package of toxic subprime mortgage-backed securities to investors and failing to disclose that Paulson selected the securities because they would fail and was betting against them.

Paulson further ensured that the securities would fail by making a \$15 million contribution to the Center for Responsible Lending (CRL), a front group that had pushed regulators to lower lending standards and mortgage companies to provide loans to more low-income borrowers.

CRL then lobbied for bankruptcy legislation to make it easier for people to walk away from their

bad mortgages, effectively torpedoing the companies Paulson had bet against.

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BACKGROUND

Jeff Greene, by his own admission, stole an ingenious idea to make money from his friend and adviser John Paulson: bet big against homeowners who were suckered into subprime mortgage loans they could never afford.

Wall Street firms had securitized these subprime mortgages by the truckload into unregulated investment funds called collateralized default obligations (CDOs) and sold them to investors as sound investments, paying ratings agencies to rate them as AAA quality to investment banks and pension funds.

Because 90 percent of these securities sold by Goldman Sachs were stated-income loans, made without verification of a borrower's income, there was a high probability they would fail.

Paulson knew this. He now finds himself at the heart of the Securities and Exchange Commission's investigation into Goldman Sachs. The SEC has alleged that Paulson convinced Goldman to let him personally select the mortgages in the Abacus-CDO that the investment bank then sold to unwitting investors.

Goldman and Paulson then both betted against the CDO. When the CDO tanked, \$1 billion was transferred from Goldman's misled investors directly to Paulson. Goldman received at least \$15 million in fees.

Paulson made \$15 billion by placing bets like these that depended on homeowners in Florida, California, and Nevada losing their homes. He made the bubble even bigger and ensured that the securities would fail through outright market manipulation.

Paulson did this by making a \$15 million contribution to the Center for Responsible Lending (CRL), a group that had pushed regulators to lower lending standards and mortgage companies to provide loans to more low-income borrowers.

CRL then lobbied for bankruptcy legislation to make it easier for people to walk away from their bad mortgages, effectively torpedoing the companies Paulson had bet against.

Did Greene short the same subprime bonds as Paulson? Did Greene make contributions to CRL? Floridians deserve answers.

If you have any questions or would like to speak to the candidate directly please call me. Mr. Ferre will be available to discuss his candidacy as well as timely issues facing the citizens of Florida.

Learn more about Maurice Ferre, visit: www.Ferre2010.com

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