

Title: Jeffrey Epstein was the Chairman of Bear Stearns' Shadow Bank, Liquid Funding  
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Created 2022-07-01 06:51:09 UTC  
Permalink: /r/Autisticats/comments/voudc6/jeffrey\_epstein\_was\_the\_chairman\_of\_bear\_stearns/  
Url: /r/LiquidFunding/comments/uzdl29/jeffrey\_epstein\_was\_the\_chairman\_of\_bear\_stearns/

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**\*\*TL;DR, with sources and pictures:\*\*** Epstein (in part) did '08.  
[www.liquidfunding.ltd](https://www.liquidfunding.ltd/)

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**\*\*\*Jeffrey Epstein's Involvement in Liquid Funding, Ltd and the Financial Crash of '08:\*\*\***

Epstein was a key figure in the 2008 financial crisis. Jeffrey Epstein was the chairman of a Bermuda-based entity called Liquid Funding, Ltd. Liquid Funding's data was leaked in the Paradise Papers.

Information about Liquid Funding can be found in derivatives textbooks published prior to the crisis. Liquid Funding was a "Structured Lending Vehicle" that was sponsored by Bear Stearns.

Liquid Funding was a Shadow Bank. Shadow Banks perform bank-like services and are often setup offshore to obscure reporting and tax obligations.

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**\*\*\*Repo Conduit Financing:\*\*\***

Liquid Funding was a "repo conduit financing company".

This means that it allowed Bear Stearns to purchase and securitize mortgages, before turning around and swapping those securities for cash in repurchase (repo) arrangements; because of the mortgage-backed securities' AA and AAA ratings, the amount of cash made available in repurchase deals was at or near face value of the assets.

This was known as a tri-party repo arrangement, because Bear Stearns (the investment bank) would solicit a client (the buyer) to engage in a repo arrangement with a financial product (Mortgage Backed Security/MBS derivative) as collateral. That collateral was held by a third party entity, Liquid Funding.

Through its subprime mortgage division Encore, Bear was able to originate subprime loans. Through Liquid Funding, its SLV, -- financed via ABCP issuance and repo financing -- Bear Stearns purchased the loans and create financial products with those expected cash inflows. Bear Stearns' business model relied heavily on substantial cash inflows from its repo financing operations in Dublin.

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**\*\*\*The '08 "Run on the Repo Markets":\*\*\***

When Bear Stearns' hedge funds collapsed, investors scrutinized the value of Bear Stearns' assets -- which lead to haircuts in the repo market. These haircuts limited the amount of capital available to Bear Stearns, by applying a percentage-of-value limit to the cash available for an asset class in the repo market.

This created the flywheel effect that caused the '08 financial crisis. Bank relies on ability to repo assets for cash > bank has a public debacle > investors are more cautious of the bank > investor caution reduces cash inflow, by way of asset haircuts > reduction in cash inflow further affects bank's ability to operate > insolvency. **\*\*Two Yale Economists classify the '08 crisis as a "Run on the Repo Markets".\*\***

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\*\*\*Toxic Assets, Maiden Lane LLC, and a \$30B bailout for Bear Stearns.\*\*\*

The rest is history. The US Government bailed out the banks. But what gets less clear is, what third-party entities had their assets purchased with funds from Maiden Lane?

I believe that's why the SEC's Bear Stearns post mortem is so heavily redacted.

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\*\*TL;DR, for the apes:\*\* Jeffrey Epstein was a fry cook in 2008. He took potato loans, chopped them up, mixed them together, and super heated them. The input was (\*subprime\*) potato loans and the output was a (\*risky\*) hot potato product.

Instead of selling the fries, they used something called "Repo Financing." Which is like if you bought the rights to hold Epstein's fries \$1 with the agreement that he'll buy the fries back for \$1.05, one month later...

So it's less about eating the fries; it's more like pawning the fries so you can use that cash to go make more fries. \*\*This all centers on the critical assumption that fries appreciate in value over time. However, we've all ordered Postmates or Uber Eats fries tho -- and those arrive soggy as fuck.\*\*

By the time the world realized they were holding soggy fries, it was too late. His fry stand was set up in Bermuda, his hot potatoes were in the hands of every important major financial institution, and it was in everyone in power's interest to make the problem of soggy fries go away.

To make it go away, the Fed set up (through a non-FOIAable entity, the FRBNY) a "Special Purpose Vehicle" that might as well have been named "Taxpaying Cuck's Soggy Fry Repurchase Vehicle."

The actual name was "Maiden Lane LLC." #EndTheFed

<https://i.redd.it/lhtt6s2lda291.gif>