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‘No-Risk’ Insurance at F.D.I.C.

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**Summary**

“The Federal Deposit Insurance Corporation was set up 76 years ago with the important but simple job of insuring bank deposits.

Now, because of what could politely be called mission creep, it’s elbowing its way into the middle of the financial mess as an enabler of enormous leverage.

In the fine print of Treasury Secretary Timothy F. Geithner’s plan to lend as much as $1 trillion to private investors to help them buy toxic assets from our nation’s banks, you’ll find some details of how the F.D.I.C is trying to stabilize the system by adding more risk, not less, to the system.

It’s going to be insuring 85 percent of the debt, provided by the Treasury, that private investors will use to subsidize their acquisitions of toxic assets.”

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