



Obama's "Wall Street Guy" Goes Bust

CFTC Files Charges Against Obama's Disgraced Bundler And Ally Jon Corzine

YESTERDAY, CFTC FILED CHARGES AGAINST JON CORZINE AFTER HE LOST \$1.6 BILLION IN CLIENT FUNDS AT MF GLOBAL

Yesterday Afternoon, The Commodities Futures Trading Commission Filed Civil Charges Against Former New Jersey Governor And MF Global CEO Jon Corzine. "Jon Corzine, the former chief executive of brokerage MF Global, has been charged by a US regulator for alleged misuse of customers' funds. ("Corzine Charged Over Alleged Misuse Of Customer Funds," [Financial Times](#), 6/27/13)

Corzine Is Accused Of Catastrophically Mismanaging MF Global, Leading To The Collapse Of The Firm And The Loss Of Client Funds. "The Commodity Futures Trading Commission (CFTC) allege that Mr Corzine's failure to improve "deficient systems and controls" contributed to MF Global's customers losing money when the brokerage collapsed in 2011." ("Corzine Charged Over Alleged Misuse Of Customer Funds," [Financial Times](#), 6/27/13)

- **"Manhattan-Based MF Global's \$41 Billion Bankruptcy Is The Eighth Largest In U.S. History And The Biggest Wall Street Collapse Since The 2008 Implosion Of Lehman Brothers."** (Kevin McCoy, "Regulators Sue Corzine Over MF Global Collapse," [USA Today](#), 6/27/13)

The CFTC Is Seeking To Permanently Ban Corzine From Trading. "The CFTC is also seeking trading bans for Corzine and O'Brien." (Matt Berman, "Former New Jersey Gov. Jon Corzine's Fall From Grace Is Now Complete," [National Journal](#), 6/27/13)

Corzine's Mismanagement Of MF Global Was Disastrous For Clients And Investors

After MF Global's Collapse, \$1.6 Billion Went Missing From Customer Accounts. "The MF Global Missing Money Caper continues. Earlier this week, MF Global's trustee provided an update on several things but not the missing money. Turns out he just needed a few more days so the world could get ready to hear this: There's another \$400 million now included in the official figure. (Insert Law & Order sound effect here.) Colleague Jacob Bunge is reporting that the new estimate for the deficiency in customer accounts is \$1.6 billion." (David Benoit, "MF Global Missing \$1.6 Billion, Counting U.K.," [The Wall Street Journal's "Deal Journal"](#), 2/10/12)

"The Havoc Wreaked" By The Failure Of Jon Corzine's MF Global Rippled Through The Farm Belt. "The havoc wreaked by MF Global's bankruptcy filing has been felt not just by Wall Street investors and

traders, but also by wheat and corn growers, cattle ranchers and pig farmers. Dotting the farm belt, many who used the commodities market to protect against price swings are finding their money locked up and their hedges unwound due to the firm's downfall." (Jerry A Dicolo And Dan Strumpf, "MF Global Collapse Felt In Farm Country," [The Wall Street Journal](#), 12/7/11)

- **Farmers, Ranchers And Rural Businesses Were The Hardest Hit By MF Global's Failure And The Investigations Following The Bankruptcy.** "Farmers, ranchers and rural businesses such as grain elevators and feed mills were among the hardest hit when they were cut off from the cash in their hedging accounts at MF Global, which sought bankruptcy protection in October after making a disastrous bet on European government debt. The number of people harmed and the extent of their losses isn't clear yet." (Steve Karnowski, "Shock Waves From MF Global Collapse Felt On Farms," [The Associated Press](#), 12/4/11)

More Than 100 Minnesota Farmers Had Their Money Frozen Due To MF Global's Collapse.

"Magnuson is among more than 100 Minnesota farmers estimated to have assets frozen as a result of MF Global's bankruptcy filing and an estimated \$1.2 billion in missing customer funds." (Jim Spencer, "MF Global Woes Ripple Into Heartland," [Star Tribune](#), 12/1/11)

Over 100 Iowans Were Left Waiting For Their Money. "Ries, whose family still operates farms in the area, said he sent a letter to more than 100 aggrieved clients who have been waiting for their money since MF Global filed for bankruptcy." (Lauren Tara Lacapra, "Iowa Farmers Feel Ripples Of MF Global Bankruptcy," [Reuters](#), 11/4/11)

Hundreds Of Hog Producers In Minnesota And Wisconsin May Have Lost Over \$40 Million. "Hog producers who rode out tough years in 2008 and 2009 came to rely heavily on risk management tools and were starting to lock in some pretty good profits before MF Global collapsed, said Mark Greenwood, a senior vice president and swine expert at AgStar Financial Services, which serves farmers mainly in Minnesota and Wisconsin. Greenwood estimates that about half of the hog producers his company serves have been affected, with combined losses probably more than \$40 million. The 300 to 400 clients have individual losses of \$50,000 to over \$1 million, he said." (Steve Karnowski, "Shock Waves From MF Global Collapse Felt On Farms," [The Associated Press](#), 12/4/11)

New Jersey Resources Lost \$20.2 Million From Its MF Global Account. "A subsidiary of Wall-based New Jersey Resources is trying to collect \$20.2 million from its account at MF Global, the failed New York trading firm once headed by former New Jersey Gov. Jon Corzine. NJR Energy Services, an unregulated, wholesale energy subsidiary, doesn't know how much money it will get back after the Wall Street firm imploded in scandal, leading to Corzine's resignation as chief executive officer." (David P. Willis, "MF Global Owes Wall Company \$20.2 Million," [Asbury Park Press](#), 3/28/12)

CORZINE WAS A MAJOR FUNDRAISER AND ALLY FOR OBAMA AND THE DNC

Corzine Has Contributed And Raised Hundreds Of Thousands Of Dollars For Obama And The DNC

Corzine Bundled Over \$500,000 For Obama's Reelection Campaign. ([Center For Responsive Politics](#), Accessed 6/27/13)

Corzine Has Personally Contributed Over \$1.7 Million To The Democratic National Committee Since 1992. ([Center For Responsive Politics](#), Accessed 6/27/13)

Corzine Served As Obama's "Wall Street Guy"

Corzine Played A "Central Role" In Obama's Wall Street Fundraising Efforts. "His new legal troubles, sparked by the bankruptcy filing of his investment firm, MF Global, could complicate the president's

efforts to raise money from the financial community given Corzine's central role in those efforts." (Michael Isikoff, "Corzine, Top Obama Fundraiser, Under FBI Investigation," [MSNBC](#), 11/2/11)

- **Obama: Corzine Is "Our Wall Street Guy."** "The rollout also provided a showcase for Corzine, the former Goldman Sachs CEO whom Obama referred to as 'our Wall Street guy' at a meeting of Democratic governors in Chicago on Friday." (Claire Heining, "Corzine Profile Rises In Obama Camp," [The Star-Ledger \(NJ\)](#), 6/23/08)

Corzine Co-Hosted A Wall Street Fundraiser For Obama In April Of 2011. "President Obama's first New York event since he declared his reelection will be at the home of former New Jersey Gov. Jon Corzine, the former Goldman Sachs financier who will host a high-dollar, small dinner, an invitation to the event shows. Tickets to the event, which sources said Corzine is co-hosting with another financier, longtime Obama backer Orin Kramer and his wife, cost \$35,800 per person." (Maggie Haberman, "Obama Fundraiser At Corzine Home," [Politico](#), 4/5/11)

- **The Fundraiser Was Part Of Obama's Efforts "To Soothe Frayed Relations" With Wall Street.** "The choice of Corzine's home is notable, given his ties to the financial sector. The White House has made efforts in recent months to soothe frayed relations with the business community, after an election cycle during which some donors, unhappy with the push for Wall Street reform, claimed to be sitting on their hands." (Maggie Haberman, "Obama Fundraiser At Corzine Home," [Politico](#), 4/5/11)

To Date, Obama And The DNC Have Returned Only A Fraction Of Corzine's Tainted Contributions

When Allegations Of Corzine's Wrongdoings First Emerged, The Obama Campaign And The DNC Returned Only Returned \$70,000 In Corzine Campaign Donations. "President Barack Obama's re-election campaign has returned campaign contributions from Jon S. Corzine, former chairman and chief executive officer of MF Global Holdings Ltd., according to a Democratic official. Responding to Republican criticism that the money from the former New Jersey governor was tainted by his firm's collapse, Obama for America and the Democratic National Committee refunded the money, said the official, who requested anonymity. Corzine, 64, and his wife Sharon Elghanayan each contributed \$30,800 to the Democratic National Committee and \$5,000 to Obama's campaign, the maximum amounts that individuals are allowed to give, said the official." (Hans Nichols, "Obama Returns \$70,000 In Corzine Donations," [Bloomberg](#), 12/23/11)

- **The Obama Campaign Refused To Return The Bundled Money From Corzine.** "Corzine was one of 41 donors who bundled more than \$500,000 this year for Obama's re-election effort, according to documents released by the campaign Oct. 14. The campaign doesn't plan to return those bundled donations and will evaluate other contributions from MF Global employees on a case-by-case basis, according to the Democratic official." (Hans Nichols, "Obama Returns \$70,000 In Corzine Donations," [Bloomberg](#), 12/23/11)

CORZINE WAS ON TRACK FOR AN EVEN GREATER ROLE IN THE OBAMA ADMINISTRATION BEFORE THE MF GLOBAL COLLAPSE

Corzine Was Once Expected To Be Obama's Next Treasury Secretary

Corzine's Firm Issued "Highly Unusual" Securities Which Promised To Pay A Higher Interest Rates If Corzine Was Appointed And Confirmed To A "Federal Position By The President Of The United States." "Just a few months after that event, Corzine's firm, MF Global, surprised many Wall Street investors by issuing highly unusual securities notes that appeared to highlight Corzine's close

relationship with the White House: The notes suggested that the former New Jersey governor might be in line for a top administration post should the president get re-elected. The notes promised to pay an extra 1% in interest rates in the event of 'the departure of Mr. Corzine as our full time chief executive officer due to his appointment to a federal position by the President of the United States and his confirmation...by the United States Senate prior to July 1, 2013.'" (Michael Isikoff, "Corzine, Top Obama Fundraiser, Under FBI Investigation," [MSNBC](#), 11/2/11)

- **Raising Speculation That Corzine Would Be A Candidate For Treasury Secretary.** "There was speculation in the financial press at the time that Corzine might be a candidate to replace Tim Geithner as Secretary of the Treasury." (Michael Isikoff, "Corzine, Top Obama Fundraiser, Under FBI Investigation," [MSNBC](#), 11/2/11)

"Jon Corzine Stands Much More Of A Chance Of Being Tapped To Be The Next Treasury Secretary Than Many In Washington, D.C., Or On Wall Street Think." (John Carney, "Jon Corzine's Treasury Secretary Appeal," [CNBC](#), 8/4/11)

Corzine Played A Key Role In Crafting Obama's Failed Stimulus

Obama: Corzine "Was An Ally With The Obama Administration In Helping Us Develop A National Recovery Plan." OBAMA: "Jon Corzine wasn't just the first governor to pass an economic recovery plan for his state; he was an ally with the Obama administration in helping us develop a national recovery plan." (President Obama, [Remarks By The President At New Jersey Rally For Governor Jon Corzine](#), Holmdel, NJ, 7/16/09)

Vice President Biden: "Jon Corzine Helped Craft The Recovery Act." BIDEN: "It's not coincidental that that's what the Recovery Act is. Jon Corzine helped craft the Recovery Act. It's not coincidental that the things he did here turned out to be the exact same things the recovery act has because way back in the transition period before we were sworn in, when Barack Obama and I were literally sitting at a desk in a high rise in Chicago beginning to plan how we would try to get this economy out of a ditch, literally the first guy I called was Jon Corzine. Not a joke. Not a joke. Because first of all, he's the smartest guy I know in terms of the economy and on finance." (Vice President Joe Biden, [Remarks](#), NJ, 5/7/11)

- **In The Early Days Of The Obama Administration, Biden "Literally" Called Jon Corzine For Advice On The Economy Because "He Knew About The Economy ... And We Trusted His Judgment."** "I literally picked up the phone and called Jon Corzine and said Jon, what do you think we should do,' Biden said. 'The reason we called Jon is that we knew that he knew about the economy, about world markets, how we had to respond, unlike almost anyone we knew. It was because he had been in the pit -- because he had been in the furnace. And we trusted his judgment.'" (Conor Friedersdorf, "Obama's Team Relied On Jon Corzine For Economic Advice," [The Atlantic](#), 11/14/11)