From: Andrea Getto
Sent: Tuesday, March 10, 2009 11:52 AM
To: denver; dfw; saltlake; losangeles; losangeles; IARDLIVE; WebTech; WebMaster; RECRUIT; CFLETTERS; DCAO Letters
Subject: From Moodys

Tuesday, March 10, 2009

I want to submit the following problem
and I want to know why not doing anything
write 'to all the newspapers in usa....

From <u>Moodys</u>
Rating Agencies continue to be at the center of the storm for why the financial markets, especially financial institutions are in their own mini depression. Moodys Corporation has been the chief culprit hitting banks, life insurance companies and monoline insurers with quarterly investment downgrades primarily due to "Mark to Market" problems. When they aren't actually marking down companies, they are "warning" they will be marking down companies after they complete their review of the most recent quarterly numbers. Most banks, life and monoline insurers depend on their ratings to bid on new business. When they are downgraded, they have to increase their reserves for their investment holdings and their ability to write new business declines. Each new quarter brings lower earnings and thus another chance for the Rating Agencies to mark them down once again. This has been going on for about six or seven quarters. These stocks are down 85-95% in value.

Since sophisticated investors can't figure out what these complex derivatives are worth and how long these assets will be held, how can Moodys provide accurate ratings on the company's they are rating? Mark to Market valuation problems continue to overhang this process.

There is another issue that adds an element of uneasiness to ratings process. Warren Buffett's Bershire Hathaway owns a large investment in Moodys (around 48,000,000 shares or 20% of Moodys common stock). There seems to be an inherent conflict of interest here since Berkshire Hathaway has been building up insurance business in the very lines (monoline insurers and life insurers) while Moodys is downgrading Berkshire's competitors to junk status. Berkshire Hathaway can write all the business it wants with a AAA rating while its competitors are being downgraded repeatedly. Could one hand be helping out the other hand? Since master investor Buffett was pushing hard for "Mark to Market" accounting rules back in 2003-2005, was his goal to clean up balance sheets or to drive down competition so he could pick up more assets on the cheap? I think financial reporters should ask Warren Buffett some tough questions about the inherent conflicts of interest he has between his investment in Moodys and his ever expanding insurance business.

Regardes
Andrea Getto