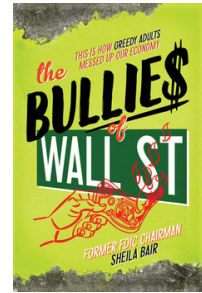


A Curriculum Guide to

***The Bullies of Wall Street***

by Former FDIC Chairman, Sheila Bair



**About the Book**

In 2008, the United States went through a terrible financial crisis and is still suffering the consequences. Families lost their homes, had to give up their pets, and struggled to pay for food and medicine. Businesses didn't have money to buy equipment or hire and pay workers. Millions of people lost their jobs and their life savings. Over 100,000 businesses went bankrupt.

As the former head of the Federal Deposit Insurance Corporation, Sheila Bair worked to protect families like yours during the crisis and keep their bank deposits safe. In *The Bullies of Wall Street*, she describes the many ways in which a broken system led families into financial trouble, and also explains the decisions being made at the time by the most powerful people in the country—from CEOs of multinational banks, to heads of government regulatory committees—that led to the recession.

**About the Author**

Sheila Bair is the former Chairman of the FDIC (Federal Deposit Insurance Corporation) and the author of *Bull by the Horns*, a *New York Times* bestseller.

**Prereading Activity**

Have students mark their opinion of the following statements below. Then place posters around the four corners of your room that correspond with the rankings, and have students move between them as you discuss them.

Statement	Strongly Disagree	Disagree	Agree	Strongly Agree	Why I think this
When parents' finances tank, kids get hurt the most.					
The greedy people who made millions tricking people should have to pay back every penny.					
It's important to know how the world of money works.					
Given the opportunity, people are as greedy as they can get away with.					
You should only take out loans on what you can easily afford to repay.					

## **Discussion Questions**

These discussion questions align with the following English Language Arts Common Core State Standards: (RI.9 – 10.1, 2, 5, 6) (SL.9 – 10.1, 1a, 1c, 4, 5, 6)

### **PART ONE**

1. List all the things Matt had to give up because of the financial crisis and then rank them from worst to least.
2. Why did the loan originators (those who offered loans) not really care if a mortgage was too expensive for a family to afford after a few years?
3. Even though her family lived in bigger and more elaborate houses, how did Anna feel about moving so often? Why did the family move so much?
4. What are speculators? How did they change the face of the real estate market? When their investments failed to do as well as they had hoped, why did it not matter that much to them?
5. Explain the idea of supply and demand using a popular item that kids use each day.
6. Describe why Jorge's dad lost his well-paid job with the cable company. What effect did it have on Jorge's family?
7. Why did people refinance their homes in order to get cash out of their properties? Why did this become a big problem when the price for houses went down a lot?
8. How was Imani's family a victim of the underhanded actions of the mortgage company? How did her family and community help fight for justice? How was Imani's mom more forthright than the company?
9. Compare and contrast the difference between loan refinancing and loan modification. Which one is better for the homeowner? Why?
10. Analyze how schools also faced budget problems from the decreasing value of homes in their districts. What impact did it have on students?
11. How was Ian led to believe that an expensive degree program was worth it? How financially in debt did he become for this degree?
12. Compare and contrast the differences between state colleges and universities with for-profit education institutions. Which one might you attend? Why?

### **PART TWO**

1. How did the fall of Lehman Brothers mark a turning point in the recession? How had it gotten into trouble?
2. Besides people and small businesses, who else borrows money? Were you surprised by this?

3. What does the FDIC (Federal Deposit Insurance Corporation) do for the American people? Why is this important?
4. What agency had the power to write mortgage rules for everyone (banks and non-banks)? Why didn't they do so?
5. How did large banks try to negotiate standards that crippled their smaller competitors?
6. List two ways a financial institution or business can raise money in order to grow.
7. Instead of being worried about the public and investors, some CEOs were most concerned about what aspect of the TARP plan?
8. Explain how the TARP worked and why many felt it was necessary to keep the economy working.
9. Why did some banks prefer to have loans in foreclosure rather than to modify the loans so families could stay in their homes?
10. What did the FDIC propose would be the easiest way to fix the subprime mortgage debacle?
11. Explain why bailing out banks that are supposedly "Too Big to Fail" can encourage them to be even riskier with investments.
12. When a bank does fail, what happens to the people who ran it poorly and the investors who believed in them?
13. Despite President Obama's commitment to help people stay in their homes, why did his foreclosure prevention program help very few?
14. How did big banks show their disconnection from the public as they left the TARP program?
15. Explain the robo-signing scandal. Why did this hurt people who were trying to fix the mess they were in with banks?
16. How would the new Dodd-Frank law, especially Title II, crack down on a bank that did not meet its financial obligations? How did it give the FDIC more power?
17. Why did Bair allow *60 Minutes*, a television news magazine, to film the FDIC as it took over a small bank? What did it explain to everyday Americans?
18. Which families have been hit the hardest and taken the longest to recover from the crisis? Why?

19. How did this book help you understand the financial meltdown that happened during your early lifetime? What do you think all Americans could learn from this book?

20. When you're an adult, what will you need to remember as you take on more financial responsibilities like taking on loans for cars, schools, or homes?

### **Activities**

These activities align with the following English Language Arts Common Core State Standards: (RI.9–10.1, 2) (L.9–10.6)

### **Summarizing**

Good readers are able to summarize the salient points of a text. These summaries focus on the important aspect of a selection and underline the central idea across chapters. At the end of each chapter write a one-sentence summary of it and mark key quotes (with page numbers in MLA style) that support this conclusion. Be prepared to discuss and defend not only your summary but your choice of quotes.

Chapter	Summary:	Key Quote:
EX: Intro	The author explains how the book is organized to help readers understand the financial crisis that began in 2008 so the next generation can avoid a similar disaster.	“Millions of people lost their homes, their jobs, and much of their life savings. More than 100,000 businesses went bankrupt.”
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**Vocabulary**

Use general academic and domain-specific words and phrases, sufficient for reading, writing, speaking, and listening at the college and career readiness level; demonstrate independence in gathering vocabulary knowledge when considering a word or phrase important to comprehension or expression.

There are some key vocabulary terms that will help students understand the text better if they are introduced to them before meeting them in context. Assign students into cooperative pairs and then assign them one of the following terms. After researching information from reliable sources, each pair will create a poster with the following components:

- Definition in student-friendly terms
- An example from real life (applied to teens if possible)
- A picture that symbolizes the definition and will help others remember it

Pairs will introduce the term to the class together.

**Terms:**

- Supply & demand
- Home equity
- Credit line
- Derivatives

- Securitization
- Loan modification
- Refinance (of a loan)
- Mortgage
- Securities
- Mortgage broker/originator
- FDIC
- Speculation
- Default (on a loan)
- Nonprofit (organization)
- Conflict of interest
- Recession

**Paraphrasing**

As you read Chapter 7 take notes (paraphrase) on the key players in the financial crisis by filling out this graphic organizer. Be sure to add to it as you read beyond this chapter.

<b>Key player</b>	<b>Role/Position</b>	<b>Background information/Details</b>	<b>What he/she believed/wanted</b>
Sheila Bair			
Henry “Hank” Paulson			
Vikrim Pandit			
Dick Kovacevich			
Jamie Dimon			
Lloyd Blankfein			
John Mack			
Ken Lewis			

Robert Kelly			
Ben Bernanke			
Tim Geithner			
John Thain			

Keep track of these important agencies/companies and their role in the crisis as well (Chapter 8):

<b>Agency/Company</b>	<b>Their role in the economy/government</b>	<b>Why they're important during the financial crisis</b>
FDIC (Federal Deposit Insurance Corporation)	Ex: Backs the deposits of everyday Americans so their money stays safe, even if the bank closes.	Takes over the running/selling of failing small banks. Negotiated terms of regulations during crisis
The Federal Reserve		
OTS: Office of Thrift Supervision		
OCC: Office of the Comptroller of the Currency		

*Guide written by Tracie Vaughn Zimmer, author and English teacher.*

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