

We The People  
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We the People 380 Irish Banks and Airlines



**Good day to you.** As you may be aware the airline 'Virgin Australia' is in financial trouble and currently owes around 7 billion to creditors. It also brings a very uncomfortable feeling to its 9000 employees. Airlines have become the busses of the sky in prolific numbers and we rely on them for fast national and international travel. It's an era many of us would not have envisioned 50 years ago. However as with so many business matters these days it's not so simple because of complex laws and layers of bureaucracy which effectively hide the true situation and often it's only the little people who really get caught. Profit margins are small but as a matter of interest the most profitable airline in the world is Delta Airlines in the USA closely followed by Fedex Express which only carries freight. Many more are in technical loss and may be used for business convenience or tax purposes. So the administrators of Virgin Australia have a big job in unravelling the mess before them but the Administrators will be paid of course.

Now to Ponzi schemes and why dishonest people use them. The Ponzi scheme is named after a swindler called Charles Ponzi, who orchestrated the first one in 1919. The term '**Ponzi scheme**' has become a universal 'catch all' phrase meaning the system or venture is geared to deceive and thus benefit a few at the expense of the many. Thanks to Bob Lyddon writer and consultant, we are now aware of what I refer to as the world biggest flying Ponzi scheme with its main airline hangars in Ireland. Here is how the planes are purchased..... the shadowy structure is that a Big Tech subsidiary becomes the general partner in an Irish Limited Liability Partnership, which buys and owns the aircraft. They inject into the partnership about 15% of the aircraft's cost from their own resources. **The Partnership borrows the remaining 85% of the aircraft's cost from banks.** In consequence the Big Tech subsidiary does not show the debt as a liability in its balance sheet, nor does its ultimate parent company upon consolidation. As an asset the subsidiary need only show the 15% business investment and need not take the aircraft onto its balance sheet, so 85% of **the transaction is invisible** in the Irish subsidiary's accounts. **Put simply its designed to deceive.** However, the two parties that are even more exposed by an airline failing are the Irish banks, which are the main providers of the 85% debt financing and the Irish government which would have to pay out bank depositors, should an Irish bank fail. The volume of aircraft lending made by Irish banks is out of all proportion to the air transportation needs of Irish businesses and citizens, so the global, negative impact of COVID-19 on the aviation industry represents a deadly threat to the Irish banking system. The calculated outstanding loans on 70% of the world's airliner fleet is €653 billion euro and **the major part lies with the banks in Ireland.** In contrast the GDP of Ireland in 2017 was a more 'modest' €294 billion so watch the Irish banking system very carefully.

What has now become absolutely critical for every airline in the world with the corona virus freezing aircraft movements, is that their income has dropped dramatically to virtually nothing and are now facing financial ruin. Their financial interest obligations remain the same, but they cannot meet them without income and the value of their one asset, the aircraft, has nose-dived to little or no value. So there maybe dreadful times ahead for the Irish banks and failures on a scale not seen since the great depression. Let's pray something can be done to stop the financial avalanche created by the Corona Virus and the purveyors of dishonesty.

**Until next time this is Kent Bayley** ack Bob Lyddon