## How the crisis unfolded

How cheap money and a housing bubble triggered the worst financial crisis since the Great Depression.

### By Julie **Johnsson**

TRIBUNE REPORTER



As a result

#### WALL STREET

6 Investors start to pull money out of institutions that have large mortgagerelated holdings.

Trading partners and customers desert investment bank Lehman Brothers, forcing it into

bankruptcy.

Monday:

(5) Investment bank **Fallout Bear Stearns** credit crunch has two hedge funds fail in July

2007. Markets tighten for securities backed by other assets such as student loans.

January: Subprime

lender Countrywide **Financial** hit hardest, bought by Bank of America.

As a result

# **FEDERAL GOV'T**

**(7)** March: Fearing broader collapse, encourages financially sound JPMorgan Chase to purchase Bear

Freddie Mac and Fannie Mae, which owned or guaranteed about half of the nation's mortgages (Sept. 7)

Thrift bank IndyMac after it fails (July 11)

Insurer AIG, which has a large portfolio of risky securities (Tuesday)

(10) Seizes control of ...

Stearns.

8 Seizes control of ...

Asa result

### Liquidity crisis

(11) Banks start hoarding cash and shift investments to U.S. Treasuries, gold and other safe havens.

As a result

(12) Federal Reserve and other central banks pump \$180 billion into money markets to stimulate short-term lending.

mortgage debt.

Thursday: Announces new agency to absorb hundreds of billions of dollars in bad

Toxic securities still on the books

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