Vampire Squid Goldman Sachs Faces Lawsuit Over Role Played In Greek Debt Debacle

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Goldman Sachs — the Great Vampire Squid that helped oligarchs and corrupt politicians hide the debt central bankers say the Greek people owe — faces legal action over the role it played in the financial crisis.

The investment bank worked behind the scenes to ensure Greece followed strict Maastricht rules for eurozone membership, according to a former Goldman banker who advised indebted governments on recovering losses made from complex transactions with banks.

The swaps hid the true extent of the country's outstanding debt and resulted in a hefty profit for Goldman Sachs — around $500 million — a figure disputed by the bank.

Jaber George Jabbour, a former Goldman employee who designed swaps told the Greek government in a formal letter that it could "right historical wrongs as part of (its) plan to reduce Greece's debt," according to a reported published today by The Independent.

Currency swaps are long-maturity, over-the-counter derivatives in which parties exchange long-term interest payments in different currencies. In the case of Greece, the Goldman devised swaps were used to disguise the actual scale of debt.

In March, 2012 Bloomberg reported:

> The Goldman Sachs transaction swapped debt issued by Greece in dollars and yen for euros using an historical exchange rate, a mechanism that implied a reduction in debt… It also used an off-market interest-rate swap to repay the loan. Those swaps allow counterparties to exchange two forms of interest payment, such as fixed or floating rates, referenced to a notional amount of debt.
>
> The trading costs on the swap rose because the deal had a notional value of more than 15 billion euros, more than the amount of the loan itself, said a former Greek official with knowledge of the transaction who asked not to be identified because the pricing was private. The size and complexity of the deal meant that Goldman Sachs charged proportionately higher trading fees than for deals of a more standard size and structure.

Instead of investigating and prosecuting Goldman, EU apparatchiks ignored the scandal.

"It's hard to dispute that the Greek/Goldman deal should have come under the scrutiny of a financial authority or a prosecutor, but a judicial inquiry was never launched in the EU. There was mention of a Federal reserve investigation in February 2010, but it has gone silent. It's not crazy to assume there was a cover up (willful, as opposed to gross, negligence), at a very high level," Pater Tenebrarum wrote in January, 2012.

Goldman and Financial Predators Making Billions Crashing Economies

The high-octane vampire squid also profited handsomely on the subprime crisis in the United States.

In 2010 it stood accused of defrauding investors by hiding conflicts of interest in mortgage investments it sold as the housing market crumbled. It then bet against the toxic subprime mortgage securities sold to investors.

The economic environment that caused the financial crisis and allowed Goldman Sachs to loot and pillage was engineered by the Federal Reserve when it encouraged a massive housing bubble to form between 2002 to 2007.

"The blame is shared between a Wall Street Cabal and some government officials who unwittingly or knowingly executed the Cabal's agenda and continue to empower them and protect them," explains theEconomic Predictions Research Project.

> The Wall Street Cabal dominates the US government, treasury, congress, and federal reserve banks through their lobbying arm the Financial Services Roundtable (www.fsround.org) The cabal consist of the largest investment banks and financial conglomerates, including Goldman Sachs, Morgan Stanley, Merrill Lynch, Lehman Brothers, Bear Stearns, Citibank and JP Morgan. Securities insurance companies like AIG, MBIA, AMBAC and the top three credit rating agencies including Moody's, Standard & Poor's and Fitch.

Congress and presidents have made certain this massive and unprecedented swindle continues.

> Their partners were prominent academics and ex-Wall Street executives who worked for the government and protected their agenda. These people were appointed by US Presidents including Reagan, Bush Senior, Clinton, Bush and Obama to top government positions, in part as a payback for campaign contribution by some of these Wall Street firms. Some of these government officials unwittingly empowered the cabal and some took deliberate actions to bailout Wall Street and later protected them from prosecution.

The omnipresent power of the financial cabal went on full display in Greece as Prime Minister Alexis Tsipras submitted to European central banks and creditors despite the result of a snap poll by Bridging Europe that shows 79% of respondents stating they are against the an additional bailout proposal.

Minions of the financial elite were jubilant over the betrayal.

"The revolutionary moment has fizzled," said Mark Medish, who served as a top official in the Treasury Department and the National Security Council under President Bill Clinton. "In effect, the no vote would be turning into a yes."

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