

# Wall Street and Washington conspired to defraud Japanese banks

By [Wayne Madsen](#)

Global Research, November 19, 2008

[Online Journal](#) 19 November 2008

Region: [Asia](#)

Theme: [Global Economy](#), [Intelligence](#)

(WMR) — Intelligence agencies in China and Japan are focusing on the role of a successor entity of Salomon Brothers as being behind a fraud against Japanese banks by the U.S. Treasury, the Federal Reserve, and Wall Street to bail out unscrupulous Wall Street bankers and mega-investors.

Salomon was the first to offer mortgage bonds to infuse capital into failing firms. It began its mortgage bond business in 1935 to circumvent a “capital strike” organized by Wall Street’s top investment firms to protest Securities and Exchange Commission Chairman Joseph P. Kennedy’s tough new regulations on Wall Street following the Great Depression.

In 1962, Salomon teamed up with Merrill Lynch, Blyth & Co., and Lehman Brothers to form the “Fearsome Foursome.” The foursome became aggressive as block traders of stocks and bonds and took over bond trading from traditional underwriters.

When the Republican Congress approved deregulation of mortgage trading in the 1980s, Salomon was in the cat bird’s seat as savings and loans began selling mortgages as bonds. Under John Gutfreund as CEO, Salomon became the king of the mortgage-backed securities market. However, the savings & loan scandal, a Treasury bill (T-Bill) scandal in which Salomon submitted false bids to the Treasury Department to purchase more Treasury bonds than legally permitted, and involvement in the junk bond business ultimately led the SEC to fine Salomon and bar Gutfreund from ever serving as a CEO of a brokerage firm. Salomon was acquired by Travelers Group and later by Citigroup and was briefly known as Salomon Smith Barney. Salomon is now an autonomous division of Citigroup Global Markets.

Chinese and Japanese intelligence agencies that look closely at financial malfeasance are alarmed that the Salomon division of Citigroup has managed to take over all of Lehman Brothers’ viable assets, leaving the U.S. bankruptcy court holding the debt of the failed securities firm. Lehman Brothers filed for Chapter 11 bankruptcy on September 15, 2008. Lehman had borrowed billions from two Japanese banks — Nomura and Sumitomo Mitsui — to stay afloat. Our Asian intelligence sources report that the Salomon division of Citigroup engaged in a massive fraud scheme with the connivance of the Treasury Department of Henry Paulson and the Federal Reserve Bank of Ben Shalom Bernanke.

The Japanese government of Prime Minister Taro Aso realizes the impact of the fraud committed against its banks by Salomon/Citigroup and has backpedaled on an earlier promise to hold snap early elections. The opposition Democratic Party, which controls the upper house of the Japanese parliament, smells blood in the water and wants to see early elections.

WMR has also learned that a number of CIA officers are in Beijing to try to prevent a united Asian front against Washington's and Wall Street's attempts to call the shots on the global financial crisis. The CIA's top priority is to ensure that nothing interferes with China's continued backing of the U.S. dollar.

Previously published in the Wayne Madsen Report.

Copyright © 2008 WayneMadsenReport.com

The original source of this article is [Online Journal](#)  
Copyright © [Wayne Madsen](#), [Online Journal](#), 2008

---

[Comment on Global Research Articles on our Facebook page](#)

[Become a Member of Global Research](#)

Articles by: [Wayne Madsen](#)

**Disclaimer:** The contents of this article are of sole responsibility of the author(s). The Centre for Research on Globalization will not be responsible for any inaccurate or incorrect statement in this article. The Centre of Research on Globalization grants permission to cross-post Global Research articles on community internet sites as long the source and copyright are acknowledged together with a hyperlink to the original Global Research article. For publication of Global Research articles in print or other forms including commercial internet sites, contact: [publications@globalresearch.ca](mailto:publications@globalresearch.ca)  
[www.globalresearch.ca](http://www.globalresearch.ca) contains copyrighted material the use of which has not always been specifically authorized by the copyright owner. We are making such material available to our readers under the provisions of "fair use" in an effort to advance a better understanding of political, economic and social issues. The material on this site is distributed without profit to those who have expressed a prior interest in receiving it for research and educational purposes. If you wish to use copyrighted material for purposes other than "fair use" you must request permission from the copyright owner.

For media inquiries: [publications@globalresearch.ca](mailto:publications@globalresearch.ca)