

# Wall Street's Pentagon Papers: Biggest Financial Scam In World History

\$12.3 TRILLION in taxpayers' money.

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✖ What if the greatest scam ever perpetrated was blatantly exposed, and the US media didn't cover it? Does that mean the scam could keep going? That's what we are about to find out.

I understand the importance of the new WikiLeaks documents. However, we must not let them distract us from the new information the Federal Reserve was forced to release. Even if WikiLeaks reveals documents from inside a large American bank, as huge as that could be, it will most likely pale in comparison to what we just found out from the one-time peek we got into the inner-workings of the Federal Reserve. This is the Wall Street equivalent of the Pentagon Papers.

I've written many reports detailing the crimes of Wall Street during this crisis. The level of fraud, from top to bottom, has been staggering. The lack of accountability and the complete disregard for the rule of law have made me and many of my colleagues extremely cynical and jaded when it comes to new evidence to pile on top of the mountain that we have already gathered. But we must not let our cynicism cloud our vision on the details within this new information.

Just when I thought the banksters couldn't possibly shock me anymore... they did.

We were finally granted the honor and privilege of finding out the specifics, a limited one-time Federal Reserve view, of a secret taxpayer funded "backdoor bailout" by a small group of unelected bankers. This data release reveals "emergency lending programs" that doled out \$12.3 TRILLION in taxpayer money - \$3.3 trillion in liquidity, \$9 trillion in "other financial arrangements."

Wait, what? Did you say \$12.3 TRILLION tax dollars were thrown around in secrecy by unelected bankers... and Congress didn't know any of the details?

Yes. The Founding Fathers are rolling over in their graves. The original copy of the Constitution spontaneously burst into flames. The ghost of Tom Paine went running, stark raving mad screaming through the halls of Congress.

The Federal Reserve was secretly throwing around our money in unprecedented fashion, and it wasn't just to the usual suspects like Goldman Sachs, JP Morgan, Citigroup, Bank of America, etc.; it was to the entire Global Banking Cartel. To central banks throughout the world: Australia, Denmark, Japan, Mexico, Norway, South Korea, Sweden, Switzerland,

England... To the Fed's foreign primary dealers like Credit Suisse (Switzerland), Deutsche Bank (Germany), Royal Bank of Scotland (U.K.), Barclays (U.K.), BNP Paribas (France)... All their Ponzi players were "gifted." All the Racketeer Influenced and Corrupt Organizations got their cut.

Talk about the ransacking and burning of Rome! Sayonara American middle class...

If you still had any question as to whether or not the United States is now the world's preeminent banana republic, the final verdict was just delivered and the decision was unanimous. The ayes have it.

Any fairytale notions that we are living in a nation built on the rule of law and of the global economy being based on free market principles has now been exposed as just that, a fairytale. This moment is equivalent to everyone in Vatican City being told, by the Pope, that God is dead.

I've been arguing for years that the market is rigged and that the major Wall Street firms are elaborate Ponzi schemes, as have many other people who built their beliefs on rational thought, reasoned logic and evidence. We already came to this conclusion by doing the research and connecting the dots. But now, even our strongest skeptics and the most ardent Wall Street supporters have it all laid out in front of them, on [FEDERAL RESERVE SPREADSHEETS](#).

Even the Financial Times, which named Lloyd Blankfein its 2009 [person of the year](#), reacted by reporting this: "The initial reactions were shock at the breadth of lending, particularly to foreign firms. But the details paint a bleaker and even more disturbing picture."

Yes, the emperor doesn't have any clothes. God is, indeed, dead. But, for the moment at least, the illusion continues to hold power. How is this possible?

To start with, as always, the US television "news" media (propaganda) networks just glossed over the whole thing - nothing to see here, just move along, back after a message from our sponsors... Other than that obvious reason, I've come to the realization that the Federal Reserve's crimes are so big, so huge in scale, it is very hard for people to even wrap their head around it and comprehend what has happened here.

Think about it. In just this one peek we got at its operations, we learned that the Fed doled out \$12.3 trillion in near-zero interest loans, without Congressional input.

The audacity and absurdity of it all is mind boggling...

Based on many conversations I've had with people, it seems that the average person doesn't comprehend how much a trillion dollars is, let alone 12.3 trillion. You might as well just say 12.3 gazillion, because people don't grasp a number that large, nor do they understand what would be possible if that money was used in other ways.

Can you imagine what we could do to restructure society with \$12.3 trillion? Think about that...

People also can't grasp the colossal crime committed because they keep hearing the word "loans." People think of the loans they get. You borrow money, you pay it back with interest, no big deal.

That's not what happened here. The Fed doled out \$12.3 trillion in near-zero interest loans, using the American people as collateral, demanding nothing in return, other than a bunch of toxic assets in some cases. They only gave this money to a select group of insiders, at a time when very few had any money because all these same insiders and speculators crashed the system.

Do you get that? The very people most responsible for crashing the system, were then rewarded with trillions of our dollars. This gave that select group of insiders unlimited power to seize control of assets and have unprecedented leverage over almost everything within their economies - crony capitalism on steroids.

This was a hostile world takeover orchestrated through economic attacks by a very small group of unelected global bankers. They paralyzed the system, then were given the power to recreate it according to their own desires. No free market, no democracy of any kind. All done in secrecy. In the process, they gave themselves all-time record-breaking bonuses and impoverished tens of millions of people - they have put into motion a system that will inevitably collapse again and utterly destroy the very existence of what is left of an economic middle class.

That is not hyperbole. That is what happened.

We are talking about trillions of dollars secretly pumped into global banks, handpicked by a small select group of bankers themselves. All for the benefit of those bankers, and at the expense of everyone else. People can't even comprehend what that means and the severe consequences that it entails, which we have only just begun to experience.

Let me sum it up for you: The American Dream is O-V-E-R.

Welcome to the neo-feudal-fascist state.

People throughout the world who keep using the dollar are either A) Part of the scam; B) Oblivious to reality; C) Believe that US military power will be able to maintain the value of an otherwise worthless currency; D) All of the above.

No matter which way you look at it, we are all in serious trouble!

If you are an elected official, (I know at least 17 of you subscribe to my newsletter) and you believe in the oath you took upon taking office, you must immediately demand a full audit of the Federal Reserve and have Ben Bernanke and the entire Federal Reserve Board detained. If you are not going to do that, you deserve to have the words "Irrelevant Puppet" tattooed across your forehead.

Yes, those are obviously strong words, but they are the truth.

The [Global Banking Cartel](#) has now been so blatantly exposed, you cannot possibly get away with pretending that we live in a nation of law based on the Constitution. The jig is up.

It's been over two years now; does anyone still seriously not understand why we are in this crisis? Our economy has been looted and burnt to the ground due to the strategic, deliberate decisions made by a small group of unelected global bankers at the Federal Reserve. Do people really not get the connection here? I mean, H.E.L.L.O. Our country is run

by an unelected Global Banking Cartel.

I am constantly haunted by a quote from Harry Overstreet, who wrote the following in his 1925 groundbreaking study [Influencing Human Behavior](#): “Giving people the facts as a strategy of influence” has been a failure, “an enterprise fraught with a surprising amount of disappointment.”

This crisis overwhelmingly proves Overstreet’s thesis to be true. Nonetheless, we soldier on...

Here’s a roundup of reports on this BernankeLeaks:

Prepare to enter the theater of the absurd...

I’ll start with Senator Bernie Sanders (I-Vermont). He was the senator who Bernanke blew off when he was asked for information on this heist during a congressional hearing. Sanders fought to get the amendment written into the financial “reform” bill that gave us this one-time peek into the Fed’s secret operations. (Remember, remember the 6th of May, HFT, flash crash and [terrorism](#). “Hey, David, Homeland Security is on the phone! They want to ask you questions about some [NYSE SLP program](#).”)

In an article entitled, “A Real Jaw-Dropper at the Federal Reserve,” Senator Sanders reveals some of the details:

At a Senate Budget Committee hearing in 2009, I asked Fed Chairman Ben Bernanke to tell the American people the names of the financial institutions that received an unprecedented backdoor bailout from the Federal Reserve, how much they received, and the exact terms of this assistance. He refused. A year and a half later... we have begun to lift the veil of secrecy at the Fed...

After years of stonewalling by the Fed, the American people are finally learning the incredible and jaw-dropping details of the Fed’s multi-trillion-dollar bailout of Wall Street and corporate America....

We have learned that the \$700 billion Wall Street bailout... turned out to be pocket change compared to the trillions and trillions of dollars in near-zero interest loans and other financial arrangements the Federal Reserve doled out to every major financial institution in this country....

Perhaps most surprising is the huge sum that went to bail out foreign private banks and corporations including two European megabanks — Deutsche Bank and Credit Suisse — which were the largest beneficiaries of the Fed’s purchase of mortgage-backed securities....

Has the Federal Reserve of the United States become the central bank of the world?... [read Global Banking Cartel]

What this disclosure tells us, among many other things, is that despite this huge taxpayer bailout, the Fed did not make the appropriate demands on these institutions necessary to rebuild our economy and protect the needs of ordinary Americans....

What we are seeing is the incredible power of a small number of people who have incredible conflicts of interest getting incredible help from the taxpayers of this country while ignoring the needs of the people. [[read more](#)]

In an article entitled, “The Fed Lied About Wall Street,” Zach Carter sums it up this way:

The Federal Reserve audit is full of frightening revelations about U.S. economic policy and those who implement it... By denying the solvency crisis, major bank executives who had run their companies into the ground were allowed to keep their jobs, and shareholders who had placed bad bets on their firms were allowed to collect government largesse, as bloated bonuses began paying out soon after.

But the banks themselves still faced a capital shortage, and were only kept above those critical capital thresholds because federal regulators were willing to look the other way, letting banks account for obvious losses as if they were profitable assets.

So based on the Fed audit data, it’s hard to conclude that Fed Chairman Ben Bernanke was telling the truth when he told Congress on March 3, 2009, that there were no zombie banks in the United States.

“I don’t think that any major U.S. bank is currently a zombie institution,” Bernanke said.

As Bernanke spoke those words banks had been pledging junk bonds as collateral under Fed facilities for several months...

This is the heart of today’s foreclosure fraud crisis. Banks are foreclosing on untold numbers of families who have never missed a payment, because rushing to foreclosure generates lucrative fees for the banks, whatever the costs to families and investors. This is, in fact, far worse than what Paul Krugman predicted. Not only are zombie banks failing to support the economy, they are actively sabotaging it with fraud in order to make up for their capital shortages. Meanwhile, regulators are aggressively looking the other way.

The Fed had to fix liquidity in 2008. That was its job. But as major banks went insolvent, the Fed and Treasury had a responsibility to fix that solvency issue—even though that meant requiring shareholders and executives to live up to losses. Instead, as the Fed audit tells us, policymakers knowingly ignored the real problem, pushing losses onto the American middle class in the process.” [\[read more\]](#)

Even the Financial Times is jumping ship:

#### Sunlight Shows Cracks in Fed’s Rescue Story

It took two years, a hard-fought lawsuit, and an act of Congress, but finally... the Federal Reserve disclosed the details of its financial crisis lending programs. The initial reactions were shock at the breadth of lending, particularly to foreign firms. But the details paint a bleaker, earlier, and even more disturbing picture.... An even more troubling conclusion from the data is that... it is now apparent that the Fed took on far more risk, on less favorable terms, than most people have realized. [\[read more\]](#)

In true Fed fashion, they didn’t even fully comply with Congress. In a report entitled, “Fed Withholds Collateral Data for \$885 Billion in Financial-Crisis Loans,” Bloomberg puts some icing on the cake:

For three of the Fed's six emergency facilities, the central bank released information on groups of collateral it accepted by asset type and rating, without specifying individual securities. Among them was the Primary Dealer Credit Facility, created in March 2008 to provide loans to brokers as Bear Stearns Cos. collapsed.

"This is a half-step," said former Atlanta Fed research director Robert Eisenbeis, chief monetary economist at Cumberland Advisors Inc. in Sarasota, Florida. "If you were going to audit the facilities, then would this enable you to do an audit? The answer is 'No,' you would have to go in and look at the individual amounts of collateral and how it was broken down to do that. And that is the spirit of what the requirements were in Dodd-Frank." [[read more](#)]

See also:

1. [Fed Data Dump Reveals More Contradictions About its \\$1.25 Trillion MBS Purchase Program](#)
2. [Fed Created Conflicts in Improvising \\$3.3 Trillion Financial System Rescue](#)
3. [Meet The 35 Foreign Banks That Got Bailed Out By The Fed](#)
4. [Ben Bernanke's Secret Global Bank](#)

Here's the only person on US TV "news" who actually covers and understands any of this, enter Dylan Ratigan, with his guest Chris Whalen from Institutional Risk Analytics. This quote from Whalen sums it up well: "The folks at the Fed have become so corrupt, so captured by the banking industry... the Fed is there to support the speculators and they let the real economy go to hell."

The Progressive's [Matthew Rothschild](#) has a good quote: "The financial bailout was a giant boondoggle, undemocratic and kleptocratic to its core."

Matt Stoller on NewDeal 2.0:

End This Fed

The Fed, and specifically the people who run it, are responsible for declining wages, for de-industrialization, for bubbles, and for the systemic corruption of American capital markets. The new financial blogosphere destroyed the Fed's mythic stature.... With a loss of legitimacy comes a lack of public trust and a vulnerability to any form of critic. The Fed is now less respected than the IRS.... Liberals should stop their love affair with conservative technocratic myths of monetary independence, and cease seeing this Federal Reserve as a legitimate actor. At the very least, we need to begin noticing that these people do in fact run the country, and should not. [[read more](#)]

In case anyone is confused into believing that this is just another right vs. left partisan issue, enter Fox Business host Judge Andrew Napolitano with his guest Republican Congressman Ron Paul, who is, of course, a longtime leading Fed critic. Paul hopes to see some Wikileaks on the Federal Reserve:

The Sunlight Foundation shines a light on Bank of America and the Federal Reserve's brother money manager BlackRock:

## Federal Reserve Loan Program Allowed Bank of America to Benefit Twice

Bank of America was one of several banks that was able to play both sides of a Federal Reserve program launched during the 2008 financial crisis. While Bank of America was selling its assets to firms obtaining loans through the Fed program, the investment firm BlackRock—partially owned by Bank of America—was potentially turning a profit by using those loans to buy assets similar to those sold by Bank of America. [[read more](#)]

Gretchen Morgenson at the New York Times jumps into the act:

### So That's Where the Money Went

How the truth shines through when you shed a little light on a subject...

All of the emergency lending data released by the Fed are highly revealing, but why weren't they made public much earlier? That's a question that Walker F. Todd, a research fellow at the American Institute for Economic Research, is asking.

Mr. Todd, a former assistant general counsel and research officer at the Federal Reserve Bank of Cleveland, said details about the Fed's vast and various programs should have been available before the Dodd-Frank regulatory reform law was even written.

"The Fed's current set of powers and the shape of the Dodd-Frank bill over all might have looked quite different if this information had been made public during the debate on the bill," he said. "Had these tables been out there, I think Congress would have either said no to emergency lending authority or if you get it, it's going to be a much lower number — half a trillion dollars in the aggregate." [[read more](#)]

Welcome to the "global pawnshop:"

### The Fed Operates as a "global pawnshop:" \$9 trillion to 18 financial institutions

What the report shows is that the Fed operated as a global pawnshop taking in practically anything the banks had for collateral. What is even more disturbing is that the Federal Reserve did not enact any punitive charges to these borrowers so you had banks like Goldman Sachs utilizing the crisis to siphon off cheap collateral. The Fed is quick to point out that "taxpayers were fully protected" but mention little of the destruction they have caused to the US dollar. This is a hidden cost to Americans and it also didn't help that they were the fuel that set off the biggest global housing bubble ever witnessed by humanity. [[read more](#)]

"No strings attached." Financial reporter Barry Grey unleashes the truth:

### Fed report lifts lid on Great Bank Heist of 2008-2009

The banks and corporations that benefited were not even obliged to provide an account of what they did with the money. The entire purpose of the operation was to use public funds to cover the gambling losses of the American financial aristocracy, and create the conditions for the financiers and speculators to make even more money.

All of the 21,000 transactions cited in the Fed documents—released under a provision included, over the Fed’s objections, in this year’s financial regulatory overhaul bill—were carried out in secret. The unelected central bank operated without any congressional mandate or oversight.

The documents shed light on the greatest plundering of social resources in history. It was carried out under both the Republican Bush and Democratic Obama administrations. Those who organized the looting of the public treasury were long-time Wall Street insiders: men like Bush’s treasury secretary and former Goldman Sachs CEO Henry Paulson and the then-president of the New York Federal Reserve, Timothy Geithner....

The Fed documents show that the US central bank enabled banks and corporations to offload their bad debts onto the Fed’s balance sheet. Now, in order to prevent a collapse of the dollar and a default by the US government, the American people are being told they must sacrifice to reduce the national debt and budget deficit.

But as the vast sums make clear, the “sacrifice” being demanded of working people means their impoverishment—wage-cutting, mass unemployment, cuts in health care, Social Security, Medicare, Medicaid, etc.

The very scale of the Fed bailout points to the scale of the financial crash and the criminality that fostered it.... The entire US capitalist economy rested on a huge Ponzi scheme that was bound to collapse...

The banks were able to take the cheap cash from the Fed and lend it back to the government at double and quadruple the interest rates they were initially charged—pocketing many billions in the process....

The ongoing saga of the looting of the economy by the financial elite puts the lie to the endless claims that “there is no money” for jobs, housing, education or health care. The ruling class is awash in money. [[read more](#)]

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