

Collateral Damage (Part 2): The Subprime Crisis and the Terrorist Attacks on September 11, 2001

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Abstract: The U.S. Subprime and global financial crises of 2008 was the direct result of a covert monetary policy implemented by the U.S. financial institutional caretakers of the World War II Black Eagle Gold Fund. Major growth in this fund occurred in 1986 when the Reagan/Bush administration ousted Ferdinand Marcos and confiscated the Philippines holdings of Japanese pre-WWII treasury, buried in the Philippines due to the U.S. Naval blockade of Japanese ports. Not being able to publicly acknowledge the illegal confiscation of multiple national treasuries, U.S. officials and their banker-agents have released major portions of this fund to the money market in excess of monetary demand, expanding the money supply by \$3.5 to \$7 trillion. The individuals responsible for releasing this gold were also responsible for deliberately opening the subprime mortgage market to national banks, thus creating inflationary demand in the high risk, subprime housing market. In addition to the 'coincidence' that virtually all of the troubled mortgages which are at the source of the 2008 economic crisis seem to come from a timeframe and monetary growth spurt linked to the '9/11 bond dump' this report will document that the primary source of funds for the liar's loans and troubled subprime loans comes from banks that are in lock-step with the covert funding operations. Given that these same individuals covertly financed the collapse of the ruble in 1991 using these same funds, and then orchestrated the buy-out of key Russian industries for pennies on the dollar, this analysis provides evidence that a similar gambit is being made for the takeover of key U.S. industries.

In the aftermath of World War II, President Truman, acting on the advice of bankers working in the War Department and OSS, created the undisclosed 'Black Eagle Fund' using gold confiscated from the defeated Nazis and Japanese. This fund was augmented in 1986 by confiscating subsequent findings of Japanese treasury gold from Ferdinand Marcos, whose gold holdings at the time were estimated to be 73,000 tonnes.¹ The total amount of treasure unearthed was in a magnitude estimated to be as much as 280,000 tonnes.² Under international law, the gold should have been returned to the citizenry from which it had been confiscated – but for reasons of expediency, greed or both, the gold was secreted away under the watchful eye of the OSS/CIA and used over the next half century to finance CIA covert operations. The gold accounts were set up to be managed by the Exchange Stabilization Fund (ESF), a Department of the U.S. Treasury over which there is no congressional oversight. ESF funds are released under the authority of the President and Secretary of the Treasury through the open market operations of the New York Federal Reserve Bank. Over time, these covert funds have been found to be involved with a number of major international banking scandals such as the BCCI, Nugan Hand, Castle Bank, and the International Bank of Washington scandals. The largest covert operation to-date has yet to be discussed by the mainstream media.

Two independent ‘insiders’ to the fund have provided with testimony and documentation contending that George H.W. Bush and Alan Greenspan funded a covert operation in 1991 in the range of \$240 billion dollars. One of those insiders was the wife of a minor covert fund manager (CIA operative Russell Hermann, of the Durham Trust) and the other was the long-term program manager of the covert fund (General Earle Cocke).^{3,4} Subsequent investigation into the funding and the history of that period suggests they used the gold to fund a covert economic war that caused the collapse of the Soviet Union.⁵ However implausible the claim may sound, “...it helps to realize that the entire cost of World War II, in current dollars and including service-connected veterans’ benefits, is about \$460 billion.... The cost of the Vietnam War, including benefits, was \$172 billion; Korea was \$70 billion; World War I was \$63 billion. The Civil War was \$7 billion.”⁶ For George H.W. Bush and his colleagues, the covert war was probably a bargain that was too hard to turn down regardless of the legality!

The corroborating evidence for these claims is extensive, and moreover suggests that securities from the \$240 Billion covert war were ‘settled’ in the aftermath of September 11th, 2001 tragedy. This meant that \$240 billion jumped from the off-balance sheet accounts to the balance sheets of their respective holding banks, and had a major impact on the money supply. Since that event, a chain reaction has contributed to an economic crisis that has stripped corporations and investment funds (read as retirement and saving plans) of trillions of dollars, and brought global economic growth to a standstill. Starting with a significant failure in the subprime equity market, a major contraction of the finance industry created a crisis with the following characteristics.

- A significant percentage of defaults on ‘subprime’ mortgages had reduced the cash flow and net value of the securities they were bundled into. In 2006 one report had 17% of the subprime loans 60 days in arrears⁷ predicting defaults in mortgages of \$100 Billion. Mixing the risky mortgages with the good mortgages in the securitization process extended the risk to between \$500 billion and \$1 trillion of financial assets.
- The businesses, investment funds and banks holding those securities, having either a reduced cash flow or net asset value, were unable to ‘invest’ earnings to buy stocks and bonds, and reduced the value of their portfolios. The banks holding those securities as capital became unable to meet capital requirements as defined under the Basel II, Agreement and made them targets for takeover.
- Without an active demand for stock and bonds, companies requiring new funding for growth and expansion found themselves at a standstill. As inflated PE values of corporate stocks were driven to realistic levels, corporate ability to raise cash using stock as collateral was reduced even more. Large corporations holding securities related to the debacle were seeing their capital base drain away. Companies using securities, or their own stock or property value as collateral for loans would be facing bankruptcy as happened in Japan when real estate values plunged in the 1980s.
- Demand for goods and services was being curtailed by the reduced value and dividends of retirement and savings portfolios, forcing many senior citizens to cut back on day-to-day expenditures, forcing overall contraction in employment, providing few and smaller paychecks, and the standstill in the housing market -

which was the economic engine for growth in the U.S. by spurring on building, home furnishings, appliances etc.

Common Rationale for the Crisis

The rationale for the financial crisis presented to the public by a news culture that all too often publishes (uncritically) government sponsored sound bites, suggested that the crisis was attributable to a set of conditions no one could be held accountable for because ‘everyone’ was responsible.

- 1) The alleged - but not illegal - ‘cronyism’ of the Bush administration prevented state governments from enforcing state banking law which would have curtailed national bank mortgage practices now recognized to be heavily laced with ‘fraud’⁸ and seen to be the primary enabler of toxic subprime loans. The failures at Fannie Mae were charged to Clinton administration ‘cronyism.’ Cronyism has been tolerated by the Congress, courts and the voting public for decades.
- 2) Lax monetary policy managed by Wall Street insiders at the Treasury and Federal Reserve continually and excessively fed a mortgage market with low interest rates with the ‘policy goal’ of providing all Americans with a home while fostering economic growth. Additionally, sale of subprime mortgages was unofficially encouraged by Alan Greenspan according to some:

Greenspan gave a wink and a nod in favor of adjustable rate mortgages precisely at the time subprime growth was growing rapidly. He denies now that he was indicating these instruments were appropriate for most borrowers, but Dean Baker of Beat the Press begs to differ: The [Washington Post] article cites Greenspan’s denial that he had encouraged people to take-out nontraditional mortgages. The immediate point at issue was that Greenspan had suggested in early 2004 that homebuyers often wasted money by taking out fixed rate mortgages.⁹

The truth is that Greenspan explicitly encouraged the expansion of the subprime market.

“With these advances in technology, lenders have taken advantage of credit-scoring models and other techniques for efficiently extending credit to a broader spectrum of consumers. The widespread adoption of these models has reduced the costs of evaluating the creditworthiness of borrowers, and in competitive markets cost reductions tend to be passed through to borrowers. Where once more-marginal applicants would simply have been denied credit, lenders are now able to quite efficiently judge the risk posed by individual applicants and to price that risk appropriately. These improvements have led to rapid growth in subprime mortgage lending...”¹⁰

- 3) Lax regulatory oversight of the retail mortgage companies, the agencies securitizing the mortgages, the insurance companies providing insurance for the hedges on interest rates, and the investment companies using these mortgaged backed securities for more sophisticated investment products, was the norm.

“Changes in the lending business and financial markets have moved large swaths of subprime lending from traditional banks to companies outside the jurisdiction of federal banking regulators. In 2005, 52% of subprime mortgages were originated by companies with no federal supervision, primarily mortgage brokers and stand-alone finance companies. Another 25% were made by

finance companies that are units of bank-holding companies and thus indirectly supervised by the Federal Reserve; and 23% by regulated banks and thrifts....¹¹

Regulation also failed to keep pace. At the Securities and Exchange Commission (“SEC”), the Office of Risk management had been reduced to an office of one by February of this year. From 2005, the number of SEC enforcement division personnel was cut by 146 from 1338 to 1192 in 2007. In 2004, the SEC reduced the capital requirements for the largest Wall Street investment banks. The SEC was given insufficient oversight authority over the credit rating agencies when Congress adopted the Credit Rating Agencies Reform Act of 2006. And as Chairman Cox has recently and correctly testified, Congress also failed to give the SEC adequate supervisory powers over Wall Street Investment Bank Holding companies with the passage of the Gramm Leach Bliley Act. Congress also has failed to regulate the credit and other derivative instruments which in some instances are “Toxic Waste” to the financial system.

Meanwhile, the Federal Reserve and banking regulators examinations failed to identify and rectify unsound lending and banking practices at institutions such as IndyMac, Washington Mutual (“WaMu”), Countrywide, and Citigroup. Often these practices developed as lenders sold loans they had originated, or were able to protect against credit risks through credit derivatives, thereby eliminating any “skin in the game.” As these unsound practices grew, the regulators also failed to ensure there was adequate capital in financial institutions that had taken on and retained excessive risks.¹²

In the medical industry, this laxness is referred to as malpractice.

- 4) The decline in national economic productivity starting in 2003-2004 resulted in homeowners not being able to increase personal earnings in a manner required by their debt obligations, thus requiring them to default.
- 5) Political contributions¹³ and sweetheart loans¹⁴ to federal agency administrators and Congressmen ‘may’ have resulted in a lack of oversight. Proposed legislation by Senate Banking Committee Chairman Richard Shelby (R-Ala.) in 2003 for regulation and control of Fannie Mae and Freddie Mac in the wake of their accounting scandals was defeated when Fannie Mae committed to Congress to invest heavily in subprime mortgages. The deal between Fannie Mae and Congress allowed regulators to turn a blind eye. In truth, the proposed reorganization was lacking any teeth to begin with: “I don’t see much other than a shell game going on here, moving something from one agency to another....”(Representative Melvin L. Watt, Democrat of North Carolina), and should have been viewed solely as an attempt to allow the President to control Fannie Mae and Freddie Mac rather than Congress.¹⁵
- 6) Greed and self interest, re-enforced by a culture that legitimizes and rewards the same, caused hundreds of thousands of home buyers, mortgage companies, bankers, investors, regulators and lawmakers to fib, lie, commit fraud and act irresponsibly. Punishment for misrepresentation and fraud over the years had never exceeded the benefits, and most executives responsible for the previous two decades of crises landed comfortably after all was said and done.¹⁶ Millions of investors benefited when their retirement and savings funds grew rapidly from the profits of the highly profitable, securitized subprime loans.¹⁷ (Rest assured these investors were required by the funds to identify the level of risk they were willing to take with their funds, and as a result have no ethical basis for crying ‘foul!’.) Everyone (in the top 10% of the economy) gained from this culture, and turned a blind eye.
- 7) A culture of excessive corporate risk taking was reinforced by setting precedents for a “too-big-to-fail” mentality. The history of Federal interventions and bailouts goes back to the Savings and Loan bailout (1989), the \$20 Billion Mexican bailout (1994-

95), the Long Term Capital Management Crisis (1998),¹⁸ the \$18.5 Billion for the Asian financial crisis of 1998¹⁹, the \$30 Billion Brazilian Bailout²⁰, a Plunge Protection Team to support intervention in the case of a national crisis,²¹ and the ‘implicit’ bailout of Fannie Mae and Freddie Mac if needed.

- 8) The behaviors that transformed the crisis from potential to acute (Bear Sterns and Lehman Brothers) may have been the Wall Street trader practice of practice of ‘naked short selling’ rather than the weakened security portfolios.

Most of these conditions and explanations seem fairly conventional, and casual observers concluded the ‘market, political and social forces and human nature’ were at the core of this crisis – and ‘no one person or group’ could conceivably be held responsible. All activities, however ethical or not, were viewed as legal in the eyes of the regulators and courts.

On the other hand, the subprime mortgage market had been around for decades, operating well within the controls of the financial system. The market had, to a certain degree, regulated fraud by exposing fraudulent operations and punishing those who took excessive risk. The appropriate questions should be: what was the root cause of the meltdown, what happened to allow the entire industry to spin out of control, and was it allowed to spin out of control on purpose?

Deeper Root Causes of the Subprime Crisis

‘Follow the money’ is a time tested adage which is all too often ignored, but in this case proves illustrative. The root causes of the ‘subprime financial crisis of 2008’ are found in the covert and possibly illegal expansion of the US dollar money supply and a coordinated effort by a few individuals to channel this excessive monetary supply into the high risk subprime market. The same group of individuals responsible for both aspects of that plan, were also responsible for a broad array of efforts which blocked actions that would have minimized the risk, or exposed the magnitude of risk earlier. Even more important, the group at the center of this crisis is the very same set of individuals that deliberately crashed the Soviet economy in 1991, and discretely bought up the infrastructure for ‘pennies on the dollar.’

Covert Expansion of the Monetary Supply

The U.S. monetary supply was expanded in two major ways:

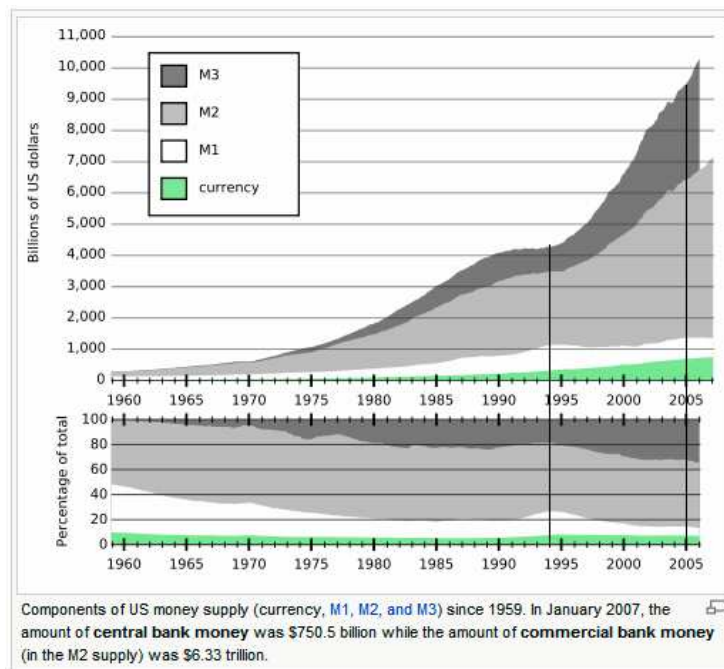
- 1) *Illegal long term expansion of the money supply* since 1994 which is correlated to covert movements of gold sourced in the Project Hammer, Golden Lily, Yamashita Treasure, Black Eagle Fund; and
- 2) *An unreported, covert burst of the money supply in the aftermath of September 11th 2001*, with the laundering of the illegal, covert bonds created in September 1991 from the Project Hammer, Golden Lily, Yamashita Treasure, Black Eagle Fund to bring about the collapse of the Soviet Union.

There was an ongoing and massive expansion of the money supply during the seven years prior to 9/11 that is attributable to the ‘officially denied’ sell-off of undeclared US government gold stocks.²² According to Reginald Howe in his 2000 law suit against the Bank for International Settlements, Alan Greenspan, William J. McDonough, J.P. Morgan & Co. Inc., Chase Manhattan Corp., Citigroup, Inc., Goldman Sachs Group, Inc., Deutsche Bank AG and Lawrence H. Summers, Secretary of the Treasury,²³ the covert sell-off of U.S. gold started in 1986 (coincidentally the same year Kissinger and Bush forced Ferdinand Marcos from office as President and confiscated his gold), and after 1994 added between 5,000 and 10,000 metric tons of gold to the monetary supply.

“...major banks sometimes borrow gold through their treasury departments for purposes of general funding....Most central banks do not disclose the amount of gold that they have on lease. Bullion banks are even more secretive about the amounts of gold that they have borrowed. Accordingly, the current size of the aggregate short physical position is a subject of considerable controversy. Informed estimates range from 5000 to well over 10,000 metric tonnes, or several years of annual production.”²⁴

The total U.S. dollar money supply more than doubled between 1994 and 2005. (See Figure 1) If monetary growth had been regulated by the Federal Reserve at the pre-1994 growth rates, the total money supply might have been in the range \$3 trillion (32%) less than the \$9.5 trillion it was at in 2005.

Figure 1



The covert gold released to the market in a series of sell-offs between 1994 and 2000 added between \$1 trillion and \$1.6 trillion in ‘covertly sourced’ money supply.²⁵ The September 11th bond dump of an estimated \$240 Billion expanded the money supply

between \$2.4 and \$4.6 Trillion.²⁶ *Together, these two large waves of money creation can be held solely responsible for an incremental \$3 trillion (32%) in the money supply created during the increased rate of monetary expansion since 1994.* Moreover, these waves do not include 400 tonnes of paper gold created by Barrick Gold prior to 2002²⁷, or another 300-400 tonnes provided to the markets by U.S. bullion banks to resolve the Long Term Capital Management crisis of 1998²⁸ which most likely originated from the same source.

More simply, the Federal Reserve – as intended under its charter –lost control of its ability to manage the money supply due to the significant covert injection of gold and gold backed bonds into the money supply for covert intelligence operations.²⁹ The expansion of the money supply is not so much attributable to the growth of unregulated financial products such as derivatives, swaps, and structured investments etc. – although they provide a good ‘cover story’ as to why classical monetary controls have failed.³⁰ The Fed’s inability to control interest rate movements can be attributed to the uncontrollable inflow of gold, gold bonds and gold backed securities. (Was anyone realistically expecting Presidents and bankers to ‘sit’ on between 73,000 and 280,000 tonnes of illegal Black Eagle/Yamashita/Marcos gold, without trying to use it?)

The critical observation is this:

The Federal Reserve “Board” and the Federal Open Market Committee (FOMC) cannot control the money supply if the Project Hammer/Golden Lily/Yamashita Treasure/Black Eagle Fund remains covert, is administered on a need-to-know basis, and is releasing gold to the market without public acknowledgment. Under those conditions, there are two authorities creating money, one of which has an inability to provide full disclosure. The Chairman of the Federal Reserve, Secretary of Treasury, President of the US, President of the New York Federal Reserve and Chairman of the Federal Open Market Committee would be totally responsible for the Project Hammer/Golden Lily/Yamashita Treasure/Black Eagle Fund. The entire Board of the Federal Reserve and FOMC owns the control of the Federal Reserves monetary policy decisions-not just the Chairmen. In this case, the Federal Reserve committee members could not be advised of the changes of which the Chairmen would be aware of, for reasons of National Security. Equally important, the administrator of the covert fund (formerly the CEO of Citibank³¹) is instructing some 30+ commercial accounts to deploy the ‘off balance sheet’ assets, which represents a monetary policy in itself.

One indicator of the impact of this covert monetary policy is that *the Federal Reserve Board admittedly lost the ability to manage monetary policy in 1994*, when the model it used to manage monetary growth failed.³² Prior to that, the Fed understood the relationship between long term and short term rates, but when the Fed raised short term rate in 1994, long term rates increased by triple what they anticipated.³³ This a-periodic problem which would befuddle analysts for years still remains the subject of research.³⁴ The current thinking is that the long term rates are ‘significantly’ influenced by international inflow and outflow of capital or unexplained savings.³⁵ The covert gold sales of the 1990s and the bond dump of September 11, 2001 (given the original Israeli

based participation in the financing arrangements of 1991) can both be seen as a form of international inflow and unexplained savings. The more important observation is that the interest rate phenomenon recognized in 1994 was again experienced in 1996 and 1999, demonstrating a perfect correlation to the periods of illegal sales of gold referenced by Howe in his lawsuit.³⁶

The Project Hammer/Golden Lily/Yamashita Treasure/Black Eagle Fund bank ‘administrators’ saw an opportunity to deploy these funds for reasons not sanctioned by Congress, and earn interest on these illicit gold holdings by securitizing them. (Those banks, as identified in the Sterlings’ impeccably documented book Gold Warriors³⁷, and traced through time in the prior report,³⁸ are shown in Figure 4. See page 32.) Barrick Gold was a primary conduit. Two Presidents (George H.W. Bush and William Clinton) saw an opportunity to either wage a covert economic war (Bush) or stimulate the economy (Clinton) with this fund after its enhancement with the Marcos gold confiscation.³⁹ The major bullion banks holding the gold were authorized to ‘loan’ gold to Barrick in exchange for Barrick future gold production. Barrick, in turn was refining and selling the ‘loaned’ gold. (Barrick should be recognized as only one of several outlets, with the Marcos gold refinery being taken over by the Keswick family, controlling Jardine Matheson Bank and HSBC.) Astute gold traders noticed gold appearing on the market with no clear sourcing, and this observation resulted in the Howe lawsuit, and an FBI investigation. The FBI investigation of this activity was unhinged with the attack on the World Trade Center in 2001, and the bombing of the FBI evidence repository on the 23rd floor of the North Tower which destroyed the files. The Howe lawsuit was dismissed for technical (jurisdictional) reasons, with the court implying the case still had merit. A subsequent lawsuit by Donald W. Doyle (CEO of Blanchard & Company) amended to address the courts instructions to Howe, focused on a company called Barrick Gold, and accused it of working with banks to ‘fix’ gold prices. This lawsuit was settled out of court in 2006 and the agreement sealed.

Specifically, the start of the financial crisis of 2008 can be traced to the events of September 11, 2001, when an estimated \$240 billion dollars was covertly added to the M2/M3 money supply with the settlement of off-balance sheet, illegal bonds created in 1991 by George H.W. Bush and Alan Greenspan, with the assistance of a number of individuals who subsequently controlled U.S. economic policy for the following 15 years. (See “Key Players” page 15 for names of these individuals.) In the four months after 9/11, the total money supply increased by \$650Billion, the single greatest burst of monetary increase in modern times. However, had the Federal Reserve increased money supply at the pre-9/11 rate, the total increase for the same period would have been about \$344 billion. The incremental \$306 billion can be largely attributed to an estimated pay-out of \$240 billion for illegal bonds, as well as about \$70 billion to address the liquidity needs of the system during the crisis. The figure of \$70 billion roughly compares to the \$80 billion the Fed reported as the ‘monetary’ input required to stabilize the economic system.⁴⁰

Figure 2

September through December 2001 (Billions)			
	Total Incremental Growth in Money Supply	Incremental Growth Due to 9/11	Incremental Growth Due to Average Growth in Money Supply
Incremental M3 Gains	\$446	\$208	\$238
Incremental M2 Gains	<u>\$204</u>	<u>\$98</u>	<u>\$106</u>
	\$650	\$306	\$344

Source: Money Stock Measures, Federal Reserve; not seasonally adjusted; <http://www.federalreserve.gov/releases/h6/>

The origin of the \$240 billion and the manner in which it was laundered into the money supply in the aftermath of 9/11 is dealt with in another report.⁴¹ What this report concludes is that the same few financial industry individuals and intelligence figureheads that need to be held accountable for the tragedy of September 11, are the same group that deliberately channeled the excess liquidity created on September 11 to fund the bulk of the troubled subprime market.

Directing Excess Monetary Supply to the Subprime Market

After pumping a quarter of a trillion dollars of excess liquidity into the economy, the financial managers of this operation had to create comparable monetary ‘demand’ or risk collapsing interest rates. The incremental subprime market jumped \$294 Billion in the aftermath of September 11 (2001-2004)⁴². There had been a subprime market for decades, but in the aftermath of 9/11, that market was \$294Billion larger than explained by normal growth. The group that brought the money to the market undertook a series of actions that that directed this funding into high risk subprime mortgages, and made it legal for them to directly invest in it. The incremental ‘liar’s loan’ volume jumped \$230Billion in the aftermath of September 11 (2001-2006).⁴³ There have been ‘liar’s loans’ for decades, but in the aftermath of 9/11, that volume was \$230Billion larger than explained by normal growth. Suspicious activity reports pertaining to mortgage fraud increased 14-fold from 1997 to 2005.⁴⁴ The subprime foreclosures began to increase two years after 2001, suggesting that the increase in high risk subprimes started in 2001. This was clearly due to the Greenspan endorsed Adjustable Rate Mortgages (ARMs) being activated after two years.⁴⁵ During the same period, *foreclosures on prime mortgages declined*, suggesting the cause of the subprime meltdown was not the ‘economy’.⁴⁶ With the increased growth in subprime originations starting in the mid 90s through 1999, one might have expected comparable foreclosure rates to begin earlier, in the late 1990s, but that did not happen- suggesting the second wave of subprimes in the post 9/11 world was structurally different.⁴⁷

The following actions were responsible for creating the structural difference:

1. Rates for the Federal Reserve's Open Market Operations (OMO) were artificially held at near zero in the four months after 9/11, so that the \$240 billion dump of ten year securities could be transitioned into long term (10 to 30 year) debt.
2. The Federal Reserve quickly blocked any independent inquiries into events that may shed light onto activities surrounding Fed actions before and after 9/11.⁴⁸
3. In October 2001, the Treasury (Pete Fisher) eliminated 30 year bonds, once a popular benchmark for the fixed-income market.⁴⁹ This had the effect of forcing market liquidity into ten year notes, which had flooded the market as a result of the 9/11 bond dump, and kept the settlement 'fails' at an all time high. It also would have motivated more investors to buy Fannie Mae notes, seen as a substitute for Treasury notes.⁵⁰ The yield on the remaining 30-year notes actually then dropped below the yield of the 10-year.⁵¹ The argument made by Fisher in 2001 was that the action reduced costs to taxpayer, but there is no evidence that happened.⁵² The 30 year note was brought back in February 2006, conveniently after the ten notes had saturated the market and the 10 year rates started increasing. Two years later, Fisher would resign his position with the Treasury and join Blackrock Group, recently controlled by PNC – the same Group that took over Riggs Bank. Both Riggs and Blackrock were significantly involved in the 1991 efforts to takeover of the Russian economy.⁵³
4. Prior to changes in national banking regulations that prevented national banks from competing in the profitable but risky subprime market, all of the large banks that were repositories of 'off balance sheet' gold accounts set up financial pipelines to established subprime retailers (see Figure 3). This is significant. With thousands of banks in the world, the only 'major' banks investing 'directly' in the subprime market-makers were the covert fund bullion banks and the investment banks affiliated with the 1991 financing of the covert cold war. Other banks may have picked up mortgage backed securities as a secondary investment, but they did not 'prime the pump.' The 'other' banks lent funds to investment houses such as Bear Stearns, Lehman, or Goldman Sachs, who also made deals with subprime retailers. As the market heated up, a few other large banks followed the lead of the bullion banks.
5. Using an 'announcement' in the Federal Register rather than Congressional act, national banking regulations were modified to allow national banks into the mortgage market⁵⁴. This decision was the responsibility of John D. Hawke (Treasury Comptroller of the Currency), who resigned as Chairman of the prestigious Arnold & Porter law firm to go to work at the Department of the Treasury. Hawke earned his very significant covert operations credentials at Arnold & Porter. Under Hawke's guidance, Arnold & Porter defended BCCI, represented Kissinger Associates⁵⁵, and defended Peruvian President Alan Garcia who looted his country with the aid of BCCI⁵⁶. Later, Arnold & Porter would represent Marc Rich,⁵⁷ defend the Saudi Economic & Development Company, International Development Foundation, and Sheikh Mohammed Salim bin Mahfouz against accusations they financed the 9/11 terrorists. Arnold & Porter's roster includes a former Chief Counsel for the CIA and a General Counsel for the National Security Agency.⁵⁸ Its headquarters in Washington DC on 12th Street served as the office for In-Q-Tel, a CIA financed venture capital fund.⁵⁹ John Hawke's credentials should qualify him as a major CIA asset.
6. Attempts by all 50 State regulators to prevent those changes were stopped by President Bush, who directed the Department of Justice to intercede on behalf of the

large national banks and help them gain access to those mortgage markets. This legal action was again spearheaded by John D. Hawke, who invoked “a clause from the 1863 National Bank Act to issue formal opinions preempting all state predatory lending laws, thereby rendering them inoperative.”⁶⁰

“The response was shocking, and not nearly well publicized enough: the Bush administration employed a little-used 1863 law to annul all state antipredatory-lending laws and, if that wasn't enough, to block states from enforcing their own consumer protection laws in suits against national banks. Thus, when Spitzer tried to open an investigation into discriminatory mortgage lending in New York, the administration actually filed a federal lawsuit to block it. These interventions were so extreme and so unprecedented that the attorneys general and the banking superintendents of all fifty states came together to oppose the rulings unanimously. But to no avail.”⁶¹

“...federal regulators fostered an environment in which Wall Street and other secondary market players were permitted to fund loans made without regard for a borrower's ability to repay. Both OTS [Office of Thrift Supervision] and OCC said banks they regulate don't have to comply with state lending laws, which were frequently tougher on lending standards than federal statutes, a policy called “pre-emption. The OCC's pre-emption policy really neutered the states' ability to really aggressively address predatory lending issues,” says John Ryan, executive vice president of the Conference of State Bank Supervisors.”⁶²

7. The Federal bank regulators also made a supporting array of changes that facilitated the national banks move into the subprime market. In June 2003, they announced they were “launching a concerted effort to cut red tape (and) reduce regulatory burden”⁶³ and gave notice that as regulators, they had determined the “Government in Sunshine Act” to be inapplicable to their regulatory and enforcement meetings⁶⁴. Review meetings were subsequently held behind closed doors, with minutes inaccessible to the public. Regulatory authority over the national banks was entrusted to the Comptroller of the Currency: Eugene (Gene) Ludwig (1998-2005) and John C. Dugan (2005-2010). Dugan came to position from private practice (Covington & Burling) but prior to that served in the Department of the Treasury from 1989 to 1993, where he was responsible for the Savings and Loan clean-up.⁶⁵ Similarly, Eugene Ludwig was the head of the Resolution Trust Corporation, which “handled 747 failed savings banks and disposed of more than \$450 billion in assets.”⁶⁶ The S&L clean-up involved protection and ‘financial forgiveness’ for a number of lower level intelligence operatives and up to 22 S&L’s associated with the CIA.⁶⁷ While working at RTC, both Ludwig and Dugan would have worked under the direction of Roger Altman, who resigned from the Treasury Department for his role in the BCCI scandal, even though the courts found him innocent of fraud. Ludwig later moved to Banker’s Trust as vice chairman⁶⁸ (Banker’s Trust played a key role in the management of Marcos gold.⁶⁹) Ludwig and Dugan’s track records should show them to be trustworthy CIA assets who can help manage covert funding issues discretely. Ludwig was also a ‘person-of-interest’ in the investigation RTC cover-up of the Arkansas Finance Development Authority matters (discussed later).⁷⁰
8. Reserve ratios were reduced rather than increased, thus increasing risk of bank failure. Bank regulators reduced the capital reserve ratio for Investment banks^{71, 72} and moreover, did so in a manner against the recommendation of their risk consultants⁷³. The FDIC employed McKinnsey consultants to assess its risk modeling and forecasting. Like most statistical models used by business, there is an option to

ignore the model and allow the business user to have personal information over-ride the model. The McKinsey report suggested the practice of over-riding the models in the FDIC resulted in increased errors. Nevertheless, the FDIC announced it would not be bound by statistical models in setting reserve ratios.

9. Other regulatory failures prevented oversight of conditions which contributed to the crises
 - a. Audit failure at PNC Bank and AIG⁷⁴. (While PNC is not key player in the ‘crisis,’ it had been provided security clearances to acquire Riggs Bank, which – with AIG – was a key player in the September 1991 economic war. PNC has announced it will use its bailout funding to acquire additional banks.)
 - b. Multiple oversight failures at the SEC from 2001 through 2004.^{75,76} The SEC oversight failures particular to AIG go back into the 1990s, when state regulators were bringing proof of AIG wrong-doings, and AIG’s management remained ‘untouched.’⁷⁷
 - c. Staff reduction of oversight groups at the SEC.⁷⁸
 - d. Refusal by the Bush administration for 7 years to allow the IMF to assess the U.S. banking system.⁷⁹
 - e. Office of Thrift Supervision failure at AIG.⁸⁰
10. Attempts by Congress to more tightly control Fannie Mae’s and Freddie Mac’s creation of financial derivatives without full disclosure were halted by a targeted lobbyist campaign authorized by Bush appointees to Freddie Mac⁸¹. The individual responsible for that campaign - David Moffett - was the International Treasury VP at Security Pacific Bank in 1991, when George H.W. Bush and Alan Greenspan used that bank (San Diego and Washington offices) for its 1991 bond operation. He would move on to the Carlyle Group once his public career was ended by the ensuing scandal at Freddie Mac.
11. With national banks given rights to compete in the mortgage market, and Fannie Mae and Freddie Mac allowed to absorb the large majority of the risk, the few banks that were repositories of off-balance sheet gold accounts purchased national mortgage retail outlets and funded billion in subprime mortgages, took the exceedingly lucrative up front transactional profits at the retail level and dumped the risk on Fannie and Freddie. Fannie and Freddie, which were not under any regulatory control for their accounting practices, hid the risk in poor documentation of securities. The audit failures discovered in 2004 were widely publicized for illegally spreading reported income over time to maximize executive bonuses, but buried in the findings was the more significant but de-emphasized conclusion that the value of financial assets were incorrectly reported in terms of risk. A large number of executives within Freddie and Fannie had significant U.S. intelligence backgrounds, or were directly connected to the 1991 bond deals.⁸² In the simplest terms, these were the Presidential appointments that were required to endorse the growth of the subprime holdings
 - The top compliance officer of Fannie Mae prior to the exposure of the accounting irregularities was none other than Jamie Gorelick – the very same lawyer who defended U.S. officials in the BCCI scandal, who created the evidentiary “wall” between the CIA and FBI that hampered FBI investigation of “Al Qaeda,” and who got a key witness (who could have exposed the ‘terrorist’ operations as a U.S. owned false flag operation) deported and released from custody. (It almost

- begs the question – why does someone with such strong and lasting involvement with U.S. intelligence, and absolutely no financial background - take on a major regulatory role at Fannie Mae?)
- Upon her departure, she was replaced by Beth A. Wilkinson, former general counsel for Army Intelligence & Special Operations 1987 to 1991; and prosecutor and special counsel in the prosecution of Timothy McVeigh and Terry Nichols – the Oklahoma City bombers.⁸³ (The Alfred B. Murrah Federal Building was – coincidentally -where the investigation records into the CIA/Mena drug operations were being stored.)
 - H. Patrick Swygert - also on the Board of Fannie Mae - was a long standing member of the CIA External Advisory Council;
 - Karen N Horn came to the Board of Fannie Mae from Banker's Trust and was vice chairman of US-Russia Investment Fund by Presidential appointment;
 - Fred Malek, who has been linked to the Russian money laundry scandal through Alexander Konanykhine/ Mikhail Khordokovsky 'European Union Bank (an offshore money laundering operation) via Malek's Thayer Equity. Mikhail Khordokovsky was a key player in the Russian banking operations that were created by Riggs Bank to execute the September 1991 economic attack.⁸⁴ Malek was also a Carlyle Group member.
 - Tom Donilon⁸⁵ former Assistant Secretary of State for Public Affairs and Chief of Staff at the U.S. Department of State during the Clinton Administration.
 - James A. Johnson, former CEO (1991-1998) and General Counsel of Fannie Mae was a former executive at Goldman Sachs, a key player in the 1991 bond deal.⁸⁶
12. With Fannie and Freddie deliberately absorbing bad paper and hiding risk, the debt insurers (AIG) also deliberately hid risk, distorting reports to the SEC over three years from 2005 to 2007.⁸⁷ It is important to understand that AIG has significant 'protection' from oversight because of its key role in U.S. intelligence operations – so when one asks how a company can avoid regulatory reaction over a period of three years, the answer flashes by in a 'nod and a wink.'⁸⁸

The critical observation at this point:

There are handful key financial institution executives that understood that their futures (personal and the bank's) were inextricably entwined with managing the largest stockpile of wealth in the world: the covert gold holdings of the Yamashita/Marcos/Black Eagle fund. They could not admit its existence, because it is not the legal property of the US. Nevertheless, they were forced to produce earnings on this wealth. It appears that over time, these bankers have transferred the ownership of this wealth to off-shore Holding Companies to prevent disclosure of the beneficial owners – the people who live illegally on the proceeds of this wealth.⁸⁹ By knowingly contributing to an excessive money supply through illegal use of the funds, they had to create a 'demand' for this excess liquidity. With relatively savvy investors and homeowners managing their debt at appropriate ceilings, with state regulator controlling the subprime market, and a Sarbanes-Oxley Act regulating corporate treasuries-the only 'unregulated' place this excessive money supply could find a home was with the financially uneducated or criminally inclined.⁹⁰ The

currency devaluations in major foreign growth markets during the late 1990s forced them to create opportunity in the U.S. markets.

On September 11, 2001, the New York Federal Reserve Bank, and the Bank of New York, allowed the release of 10 year gold backed securities held by Cantor-Fitzgerald, and they were cleared by the Bank of New York.⁹¹ The release of these notes created the liquidity which resulted in the rapid expansion of the subprime market. The gold providing the backing for those bonds was distributed amongst the bullion banks which were the beneficiaries of the initial dispersal of the Yamashita/Marcos/Black Eagle gold, and it would be appropriate to speculate that the proceeds from settling the 9/11 notes were added to their respective capital reserves through a daisy chain of paper running through Goldman Sachs. (See Figure 4) The institutional beneficiary recipients of those proceeds would have been:

- Bank of New York
- Household Bank
- Chase Manhattan
- Citibank
- Jardine Matheson
- HSBC
- Credit Suisse First Boston
- Deutschebank
- UBS

Their connection to the subprime market is show in Figure 3.

Figure 3

Mortgage Company	Intermediary	Funding Source
Household Financial	Household Bank	Household Bank; HSBC ⁹²
American Freedom Mortgage	HSBC Mortgage Corp. - Wholesale	HSBC
Walsh Holding/Resource Bancshares.	Royal Bank of Scotland	Carlyle Group ⁹³
Associated First Capital		CitiGroup ⁹⁴
Advanta Mortgage		CitiGroup
Countrywide Financial	IndyMac Bancorp(Angelo Mozilo & David Loeb)	Bank of America ⁹⁵
Ameriquet Mortgage	ACC Capital Holding (Roland Arnall)	Citigroup
Argent Mortgage		
AMC Mortgage Services		
Long Beach Mortgage	Washington Mutual (purchased 1999 from Roland Arnall)	Citigroup/Chase Manhattan
Nationstar	Fortress Investment Group LLC	UBS, Goldman Sachs ⁹⁶
Sunset Direct Lending		Credit Suisse First Boston, Triad Guaranty Insurance Corporation, and the Bank of New York ⁹⁷
American Home Mortgage	UBS Home Finance	UBS ⁹⁸
MortgageIT Holdings Inc.	Deutsche Bank National Trust Company	Deutsche Bank ⁹⁹

Key Players

There were three major official participants identified in the paperwork authorizing the September 1991 release of ESF funding (read as Yamashita/Marcos/Black Eagle Fund) for Bush's 'Russian program', (See Exhibit A) and several others who should have had supportive roles. In the primary roles, with (George H.W. Bush) were:

- Alan Greenspan- who authorized the \$240 billion in funding and mailed authorization documents via carrier to John D'Aquisto (a former ball player for George W. Bush's Texas Rangers, turned financier).
- Robert Rubin – who, with Stephen Friedman, was identified by D'Aquisto as the Goldman Sachs overseers of the bond deal, and to whom D'Aquisto appealed when Goldman Sachs apparently shorted him on his commission. Rubin would move on to become National Economic Policy Advisor, Treasury Secretary and Chairman of Citigroup – with the latter two roles being key to managing the Yamashita/Marcos/Black Eagle Fund. Rubin was the key architect of the deregulation of financial services in 1998 that paved the way for the 2008 crisis.¹⁰⁰
- Stephen Friedman- who, with Mark Rubin, was identified by D'Aquisto as the Goldman Sachs overseers of the deal, and to whom he appealed when Goldman Sachs apparently shorted D'Aquisto; Friedman would leave his lucrative position as Chairman at Goldman Sachs in 1994 to become a public servant on the Board of Fannie Mae from 1996-2002, and under George W. Bush would become Chairman of the United States President's Foreign Intelligence Advisory Board and would take on “a major role in shaping the chief executive's future economic strategy and policy.”¹⁰¹ In January, 2008 he moved on to be Chairman of the Federal Reserve Bank of New York, with the latter role being key to managing the Yamashita/Marcos/Black Eagle Fund.

Those who -due to their positions - probably played a supportive role in the September 1991 bond deal would include¹⁰²:

- Peter Fisher – who as Exchange Desk Manager at the New York Federal Reserve Bank, would have managed the flow of funds through the international banking system. Sworn in on August 9, 2001 as Under Secretary of the U.S. Treasury for Domestic Finance by Treasury Secretary Paul O'Neill, he was the senior advisor to the Treasury Secretary. Fisher would end his government service by working for the Blackrock Group, an investment company controlled by PNC, which acquired Riggs Bank after numerous money laundering scandals at Riggs made its name anathema to foreign government officials requiring discretion for their personal banking.¹⁰³ Fisher, who has no reported covert operations experience, was a bit of an anomaly, in that he had no obvious connection to the intelligence world. Fisher was 'fast tracked' for his job out of college by the NY Federal Reserve Bank through training in Basel, and the question became: 'how did he get slotted for the role?' His father – Roger D. Fisher -has a long and deep connection

to intelligence and neo-conservatism going back to World War II.¹⁰⁴ In the most fascinating of coincidences, Roger Fisher wrote ‘reports’ about the activities of Russell Nixon, who in the aftermath of World War II was director of the Division of Cartel and External Assets – the group chartered with hunting down Nazi gold and other assets.¹⁰⁵ Nixon and his team were quietly dismantled by bureaucrats who wanted to secure the assets for use by the U.S. government, and later hounded during the McCarthy purge as ‘leftists.’ Russell Nixon was later acknowledged to be an associate by General Earle Cocks, (in what is viewed as his deathbed statement) the fund administrator under multiple Presidents until his death in 2000. Also, amazingly coincidental, Roger Fisher is a noted national security advisor who provided guidance to Secretary of Defense Clark Clifford during the Vietnam War. Clark Clifford, in turn, was the National Security Advisor that advised President Truman of Lansdale’s gold discovery in the Philippines.¹⁰⁶ He was also the senior U.S. official in the First American Bank, at the core of the BCCI investigation in the United States.

- David Moffett, at Security Pacific Bank, was Senior Vice President responsible for the international treasury group. Security Pacific is identified as one of the banks in the September 1991 transactions, using both the San Diego and Washington branches.(See Exhibit B) Security Pacific under Moffett’ tenure was also one of five U.S. bank used by BCCI to manage CIA funds.¹⁰⁷ Moffet would ultimately move on to be CEO of Freddie Mac and be responsible for funding a lobbyist program that scuttled Congressional efforts to tighten financial controls at Freddie Mac¹⁰⁸ After his term with Freddie Mac, he would move to the Carlyle Group.
- Hollis McLoughlin, assistant secretary of the Treasury under President George Bush from 1989 to 1992, would report to David Moffet at Freddie Mac and be responsible for directing the lobbyist effort to scuttle accountability¹⁰⁹
- James Gilleran, in 1991 was the chief of the California Department of Financial Institutions, responsible for examination and regulation of California state-licensed banks, state-licensed credit unions, state-licensed trust companies, state-licensed industrial loan companies, state-licensed offices of foreign banks, issuers of travelers checks and payment instruments (money orders) and money transmitters. DFG Inc, the 1991 firm responsible for moving the illegal funding appears to have been a state regulated trust. He would later be appointed Director, Office of Thrift Supervision and play a role in ensuring lax regulation during the subprime debacle.
- William H Webster, who in 1991 was Director of the CIA, returned to public service in 2002 as the SEC’s chief enforcement agent over public accountants¹¹⁰ Webster would also serve on the Boards of New Bridge and Diligence, mercenary organizations supporting covert operations in the Middle East and Russia.¹¹¹ While Webster did not have the time in office to exert any influence over policy before he was pressured into resigning for his own accounting scandal, it demonstrates the ongoing effort of the President to insert intelligence collaborators into the financial control of the economy.
- Timothy F. Geithner joined Treasury in 1988 in the International Affairs division, after spending three years with Kissinger Associates, where he earned his covert

- operations credentials. Kissinger was the individual who wrote the letter to Ferdinand Marcos demanding he relinquish his gold to the U.S.¹¹² While Geithner was at Kissinger Associates, that firm was involved in Brazilian Ambassador Sergio da Costa's BCCI scandal, the Banca Nazionale Del Lavoro (BNL), scandal, and helping arm Saddam Hussein by getting bank credits for grain for Iraq, and then swapping those credits and grain for arms.¹¹³ (BNL would ultimately be taken over by HSBC in 2006.) After joining Treasury, Geithner became deputy assistant secretary for international monetary and financial policy under Treasury Secretaries Robert Rubin and Lawrence Summers. In October 2003, he became president of the Federal Reserve Bank of New York, where he became Vice Chairman of the Federal Open Market Committee. There, he would be accused of supporting a cover-up of "Al Qaeda" money flows from the UAE, Pakistan, and Saudi Arabia for possible terrorist-related purposes prior to 9/11."¹¹⁴
- Gerald Corrigan, in 1991 was President of the Federal Reserve Bank of New York and Vice-Chairman of the Federal Open Market Committee. In 1996 he became a partner and managing director in the Office of the Chairman at Goldman Sachs, and in 2008 became chairman of Goldman Sachs Bank USA, the bank holding company of Goldman Sachs. Corrigan has been a collaborator with his successor Timothy Geithner on numerous occasions.¹¹⁵ Corrigan developed a 'personal' relationship with Boris Yeltsin (Russian President) prior to the 1991 August coup which was a key step of the 1991 deal.
 - John Reed was brought into Citibank for one purpose according to General Earl Cocks - running the "Hammer (Yamashita/Marcos/Black Eagle) Fund." In 1991, he would have been responsible for coordinating release of the funds with Greenspan.¹¹⁶ Reed was indeed 'fast tracked' through First National City Bank coming out of college. His college experience consisted of an undergraduate degree in literature, a graduate degree in metallurgy, and a Masters of Business degree from Sloan. He was hired into the international division and made the protégé of Walter B. Wriston, who became his predecessor as CEO. Within three years, Reed was heading the bank's entire foreign operations. His mentor - Wriston - was a foreign service officer at the beginning of the World War II, and then went into the Army and spent the year 1942 to 1946 in.....the Philippines! He was stationed on Cebu, a major Yamashita treasure site.¹¹⁷ While in the Philippines, he met Ferdinand Marcos and George Moore (soon-to-be CEO of National City Bank).¹¹⁸ After the war, Wriston joined First National City Bank, where he was groomed to be CEO by George S. Moore (ex OSS). In June 2004 Wriston was awarded the Presidential Medal of Freedom, the nation's highest civil honor, by President George W. Bush, presumably for his role in ending the Cold War by organizing the funding the 1991 operation. It is worth noting that Leo Wanta -who hales from Appleton, Wisconsin as did Walter Wriston - also used Citibank for his Russian ruble scam operation.¹¹⁹

Those who would subsequently take up roles in the key control points (although not participating in the original bond deal) would be:

- Lawrence Summers who left academia (Harvard) in 1991 and served as Chief Economist for the World Bank (1991-1993) and from 1993 to 2001 in various

posts in the United States Department of the Treasury under the Clinton administration. There he became a protégé of Robert Rubin, serving as deputy secretary under Rubin from 1995 until 1999, and then succeeding Rubin as secretary (1999-2001). Unlike the previous four Secretaries of the U.S. Treasury (James Baker III, Nicholas Brady, Lloyd Bentson and Robert Rubin) but like the next three who followed him in that position, Summers apparently is not connected with any covert funding programs. *This very significant departure could be interpreted as an indication that the illegal gold in the fund had been laundered by the end of 1998, and that control of the ESF could be returned to the academics and uninitiated. This observation, combined with the revolving door between Goldman Sachs and the Presidential advisory staff, and the forceful ousting of John Reed at Citibank in 2000 all suggest the fund was in the process of being stolen yet again – this time being stolen from the American government by its bankers!*

- William J. McDonough, who served as president and chief executive officer of the Federal Reserve Bank of New York from July 1993 to July 2003. He would have needed to play a key role in the September 11th bond dump. While president, he also served as vice chairman and permanent member of the Federal Open Market Committee (FOMC), on the board of directors of the Bank for International Settlements, and chairman of the Basel Committee on Banking Supervision. He joined the New York Fed in 1992 as executive vice president, head of the bank's markets group, and manager of the FOMC's open market operations. McDonough earned his covert operations credentials while spending 22 years at First Chicago Corporation and its bank, First National Bank of Chicago, and prior to that at the State Department. There, he was vice chairman of the board and a director of the bank holding company. McDonough left First National Bank of Chicago very shortly after the departure A. Robert Abboud, Vice Chairman, First National Bank of Chicago. Abboud was the Chairman of the US-Iraq Business Forum, and under the joint tenure of Abboud and McDonough, the First National Bank of Chicago was responsible for major financing to Saddam Hussein's covert weapons program (the same program Kissinger Associates managed while Timothy F. Geithner was with Kissinger).¹²⁰ First National Bank of Chicago also bailed out George Bush's Harken Energy when it's loans were called in August 1990.¹²¹ The Chief Economist at First National Bank of Chicago – Alan Stoga -went to work for Kissinger Associates, and was a key player in the BNL scandal.¹²² Stoga and McDonough continue to work together. While McDonough was First Chicago, it also served as a BCCI conduit, being one of five U.S. banks used by BCCI.¹²³ First Chicago also was a recipient of Marcos gold.¹²⁴ Prior to his career with First Chicago, McDonough was with the U.S. State Department from 1961 to 1967 and the U.S. Navy from 1956 to 1961. What McDonough did from 1989 to January 1992 (while Bush and Greenspan were organizing their covert war) is completely off the record, as is any detail about his service in the Navy and State Department prior to that.
- Henry Paulson, Secretary of Treasury since May of 2006, had been at Goldman Sachs from 1974 to 1998 and followed in the footsteps of Rubin and Friedman, a Chairman/CEO of Goldman Sachs, but was co head of Investment Banking of

Goldman's in September 1991. Prior to Goldman Sachs, Paulson served as Staff Assistant to the Assistant Secretary of Defense at the Pentagon (1970 to 1972) and then worked John Ehrlichman from 1972 to 1973 on President Richard Nixon's staff, where he earned his covert operations credentials, and got connected to the Kissinger crowd. He was a major player in 2004 in getting the reserve ratios of the investment banks reduced.¹²⁵

Over the next fifteen years, these same individuals would graduate from being Bush's and Clinton's personal foreign policy enablers to being the most powerful financial advisors and regulators in the U.S., and the world.

There needs to be a clear understanding that there is a major undercurrent of illegal financing that runs through the American economy that is conducted by country's top bankers. These bankers control deposits of over 100,000 tonnes of gold no one can admit exists because it makes them vulnerable to innumerable criminal and civil charges. They have committed these crimes at the behest of the country's top officials, with the probable promise of immunity. While the statute of limitations on the gold theft is 40 years, the gold was continually stolen starting in 1945, and most recently in 1986 – making them vulnerable through 2026. Those involved in its theft, including bankers, are subject to charges of tax evasion, money laundering, fraud, theft, racketeering etc., and then the list of violent crimes gets appended: crimes like murder and treason- for which there is no statute of limitations. It creates an interesting dilemma: admitting to the crimes will get them killed by either the public, or by those fearing exposure. Exposure of even a single thread of illicit financing begins to expose the whole fabric! That is why buildings 6 & 7 of the World Trade Center were brought down.¹²⁶ The two private sector institutions most closely aligned with this control of the underground economy based on this illegal gold are Goldman Sachs and the Carlyle Group. These were the two major privateer bankers associated with what Anne Williamson described to Congress as the "Rape of Russia."

Goldman Sachs

When a company's largest patron has a purse of \$240 billion, that patron has the attention of the corporate chieftains. Goldman Sachs was no different. History suggests that at least four key senior executives at Goldman Sachs were involved in the 1991 covert assault on the Soviet economy using the Marcos gold.

- Robert Hormats earned his credentials for covert operations on the staff of the National Security Council from 1969 to 1977, where he worked for Henry Kissinger. From there, he moved into a number of key State Department roles. During the late 1980s's he was a key advisor to George H.W. Bush. From 1982 to 1987 he was vice president of international corporate finance at Goldman Sachs, and after that became co-chair of Goldman Sachs International, a position he continue to hold. Subsequent to the September 1991 bond issuance, it would be Robert Hormats who would be Yeltsin's choice to head up the 'privatization' of the Soviet economy.¹²⁷ Hormats

presided over the opening ceremony for the Russian privatization group, and left the work to his staff.

- Robert Rubin – who, with Stephen Friedman, was identified by D’Aquisito as the Goldman Sachs overseers of the bonds deal, and to whom he appealed when Goldman Sachs apparently shorted D’Aquisito on his commission. Rubin was co-chairman of Goldman Sachs at the time, and head of the Russia Department.¹²⁸ Rubin would shortly thereafter move on to become National Economic Policy Advisor, Treasury Secretary and Chairman of Citigroup – with the latter two roles being key to managing the Yamashita/Marcos/Black Eagle Fund. While National Economic Policy Advisor and Treasury Secretary, Rubin was the key architect of the deregulation of financial services in 1998 that paved the way for the 2008 crisis. He was also named by the Marketing Director of the Arkansas Development Finance Authority (ADFA) as the key Goldman Sachs player in a money laundering deal involving Sanwa Bank, AIG, Coral Reinsurance and ADFA.(More on this further down.)
- Stephen Friedman- was identified by D’Aquisito as one of the Goldman Sachs overseers of the deal, and to whom he appealed when Goldman Sachs apparently shorted D’Aquisito; Friedman would leave his lucrative position as Chairman at Goldman Sachs in 1994 to become a public servant on the Board of Fannie Mae from 1996-2002, and under George W Bush would become Chairman of the United States President's Foreign Intelligence Advisory Board and would take on “a major role in shaping the chief executive's future economic strategy and policy.” In January, 2008 he moved on to be Chairman of the Federal Reserve Bank of New York, with the latter role being key to managing the Yamashita/Marcos/Black Eagle Fund.
- Robert Zoellick was Undersecretary of State in 1991, and helped pave the way for the financial collapse of Gorbachev by providing conditions to encourage his ouster. Zoellick did so by killing the proposal for a \$60 billion food aid package to the Soviets while serving as the President's personal representative for the G7 Economic Summits in 1991 and 1992.¹²⁹ Zoellick was also a cosigner of documents for the Project for the New American Century, urging war with Iraq. During George H. W. Bush's presidency, Zoellick served with Secretary of State James Baker as Under Secretary of State for Economic and Agricultural Affairs, as well as Counselor to the Department. In August 1992, Ambassador Zoellick was appointed White House Deputy Chief of Staff and Assistant to the President. Zoellick also served as the John M. Olin Professor of National Security at the U.S. Naval Academy.¹³⁰ Zoellick had been a managing director at Goldman Sachs.

These four men would lead Goldman Sachs into two decades of control over U.S. economic policy and financial regulatory power. They would bring with them at least 13 major players from Goldman Sachs, (not to mention a host of up to 27 minor Treasury officials) and mentor a host of collaborators. However, it was not just the 1991 bond deal that allowed them to grab hold of the reins of American power. Goldman Sachs’ path to power in the Whitehouse was in fact a dual path, which needs to be clarified. In addition to the 1991 bond deal with George H.W. Bush as the sponsor, Goldman Sachs was also laying a foundation to help bring Governor Bill Clinton to power. It did so in three ways.

1. Goldman helped Clinton by arranging financing for the Arkansas Finance Development Authority. In a rather odd scheme, Goldman Sachs provided Clinton with \$400 million of financing for his Arkansas Development Finance Authority, which then handed out \$90 million in loans.¹³¹ For a number of years, AFDA bond financing was managed through two of Clinton's close personal associates. When an investigation into AFDA's finances was threatened, Clinton sought to have the AFDA sell its bonds through more traditional channels, such as Goldman Sachs.¹³²
2. Second, by involving the AFDA in a rather fraudulent stock deal. Between 1987 and 1992, Goldman Sachs proposed and arranged a suspicious \$5 million gift for the Arkansas Finance Development Authority (AFDA), in a transaction which later was exposed as either a major money-laundering operation or Enron type arrangement for AIG, which allowed AIG to set up one of its many re-insurance fronts. These re-insurance shells allowed U.S. corporate owners to avoid taxes and hide revenue off-shore.¹³³ It is suggested that the \$5 million brought the 'street credibility' of Clinton and the AFDA to the deal and attracted other major investors to a deal which was valued well over \$60 million. AIG, in its turn, would end up holding over \$1 Billion in AFDA bonds.¹³⁴
3. Third, by providing significant campaign contributions to his run at the Presidency.¹³⁵

What is critical to understanding these seemingly side-line bits of news is that the ADFA was used to launder both CIA drug money and Black Eagle fund assets, and that Goldman Sachs (and AIG) was a facilitator in both cases

- The AFDA was the creation of Governor Clinton, with the legal guidance of Webster Hubbell. (Hubbell and his father got one of the first loans for \$2.85 Million, which apparently was never repaid.¹³⁶) The AFDA had unilateral authority to create and sell bonds backed by the taxpayers of Arkansas, and there was absolutely no regulatory authority by any state or federal agency to watch its books. Not even the State auditor was allowed to look at their books. Clinton would appoint the Board Directors at his leisure. The AFDA had the absolute ability to sell bonds, make loans on the basis of any criteria chosen, and allow the recipients of those loans to default. It is contended that many of the recipients of those loans made significant contributions to the Clinton campaigns. It is also contended that a tens of millions of dollars of the bonds were purchased with drug money from the CIA-Mena drug operation that supported the Nicaraguan Contras, in violation of law.¹³⁷ Accordingly, it has long been speculated that Clinton, AIG, the CIA and Goldman Sachs were using the ADFA to launder CIA drug money, and the pay-off for the Clintons was an ability to finance their political campaigns.
- The bank that provided the funding for the deal proposed by Goldman Sachs was the Chicago Branch of the Sanwa Bank. The Sanwa Bank is the repository of the Showa Trust, created with Yamashita gold in the aftermath of World War II by Robert B. Anderson. It was Secretary of the Navy Robert B. Anderson, Secretary of War Henry L. Stimson, and Secretary of War John J. McCloy who created the Black Eagle Trust.¹³⁸ Robert Anderson would go on to be a post-War U.S. intelligence asset, operate the Commercial Exchange Bank in the British West Indies, be

convicted of running illegal banking operations and tax evasion, and be sentenced to prison.¹³⁹ By the mid 1980s' the Showa Trust he created was generating over a billion dollars a year in interest.¹⁴⁰

- It was only after several state insurance agencies investigated AIG's wholly owned re-insurance operation in Barbados that AIG's holding of over \$1 Billion in ADFAs came to light. Larry Nichols, the Sales and Marketing Director for ADFAs has repeatedly stated he could never locate a single owner of ADFAs bonds, and that during this period, the bonds were a vehicle for laundering CIA drug earnings in support of the Contras.¹⁴¹ This leads to the conclusion that AIG was picking up these ADFAs bonds as part of the money laundering operation. In the early days, ADFAs' bond writers were Dan Lasater (indicted in 1986 for drug trafficking) and Jackson Stephens, the banker that arranged for BCCI to set up operations in the U.S.¹⁴² The actual cash exchanged for the bonds ended up in the Garfield Ridge Trust – a Chicago Savings and Loan bank.¹⁴³
- The Garfield Ridge Trust went bankrupt as a result of its bond deals with Lasater. The U.S. Resolution Trust Corporation (RTC) took over the clean-up, but in this case, RTC's attorney's 'subcontracted' the clean-up to Rose Law Firm, where the case was handled by Hillary Clinton and Vince Foster.

“For several years, RTC's major outside attorneys were the Chicago-based firm of Hopkins & Sutter. So important was the law firm, RTC's offices were actually 'inside' Hopkin's Chicago office. Hopkins & Sutter, for RTC, arranged for two members of a distant law firm, namely Hillary Rodham Clinton and Vincent Foster, Jr., of the Rose Law Firm of Little Rock, to work the clean-up details of a defunct savings and loan of a west suburb of Chicago. The S&L, owned by former Illinois Governor Dan Walker, Sr., went under in part because of corrupt bond deals done with the Clinton business crony, Dan Lasater.”¹⁴⁴

- Bill Clinton's Presidential campaign was funded in a major way by the ADFAs, Jackson Stevens (BCCI front man) and Goldman Sachs.¹⁴⁵ In an eerie parallel, just like Russian oligarch Alexndre Konaykhine and KGB Generals Kondaurov and Bobkov used funding from the 1991 bond deal to finance Yeltsin's successful campaign, Clinton too came out from the hinterlands and political backwaters (as did Yeltsin) with illegal CIA funding, facilitated by Goldman Sachs.¹⁴⁶ Clinton himself would be on the verge of declaring personal bankruptcy in 1996 (due to legal fees) and ten years later somehow be worth over \$100 million, without really 'working.'

When the 1991 covert war funded by the September 1991 bond deal is compared to the political developments in Arkansas in the late 1980s, there are remarkable similarities:

- The use of covert operations funds channeled through bankers to bring relative political unknowns (to the national political scene) to the Presidency of a global power;
- The use of Goldman Sachs to lend respectability and credibility to the illegal money movements;
- The willingness of Goldman Sachs to arrange financing for bonds to support illegal covert operations;
- The multiple suicides and violent deaths of participants and investigators of those illegal operations; and

- The massive loan defaults (on payoffs and bribes masquerading as loans or nontaxable income) forcing the closing of banks and losses to legitimate bank investors.

It is no wonder that Anne Williamson, in testifying before Congress summarized the Russian situation with the following words: *“In short, the Russian bond market was the Arkansas Development Finance Authority gone international.”*¹⁴⁷

In the aftermath of Arkansas and Russian bond deals, Goldman Sachs bankers, in what is described as a ‘revolving door with the Whitehouse’ began to accumulate power by managing the international financial bailouts.¹⁴⁸ Many of them had their careers founded in U.S. intelligence operations, and virtually all of them would play a key role in leading the world economy to crisis in 2008. Additional privateers with Goldman Sachs include:

- Hans Reich was also directly involved in the 1991 bond deal, being the person to whom D’Acquisto addressed his appeal on the theft of his commission. Reich had joined Goldman Sachs in the Compliance Department three years earlier, and left in 2004 after serving as Vice President in Global Compliance. In leaving Goldman Sachs, he became head of eastern region National Association of Securities Dealers, Inc (NASD), now called Financial Industry Regulatory Authority (FINRA) – a quasi government agency controlled by the SEC with regulations subject to the Federal Register announcement process.

“NASD is the leading private-sector provider of financial regulatory services, dedicated to investor protection and market integrity through effective and efficient regulation and complementary compliance and technology-based services”¹⁴⁹

Under his leadership, FINRA has been the subject of criticism, suggesting it has reduced regulatory actions and turned a blind eye to abuses by big investment houses. One report summarized the criticism by noting “data suggest that securities regulators may have retrenched their efforts to regulate through the use of novel theories” rather than penalties.”¹⁵⁰

- Kenneth D. Brody, member of Goldman, Sachs & Co. from 1971 to 1991, where he was elected partner in 1978 and member of the management committee in 1990. He became head of Export-Import bank under Clinton. While in charge of the Export-Import Bank, supported nearly \$4 billion of Enron deals in India, Philippines, Turkey and China..¹⁵¹
- Gary Gensler, former Goldman partner who became undersecretary of the Treasury for Clinton, argued in 2000 that Congress should rein in Freddie and Fannie.¹⁵²

“Gensler was a top negotiator for the White House in discussions with Congress in support of the now-controversial Commodity Modernization Futures Act of 2000. The law largely prevented the SEC and the CFTC from regulating credit default swaps and other complex instruments that would later wreak havoc with financial markets. Gensler also played a prominent role in batting down an effort by the CFTC to regulate these derivatives. .”¹⁵³

- CIA Inspector General Frederick P. Hitz, who retired from the CIA and assumed the Goldman Sachs chair on International Intelligence at Princeton University in May of 1998.¹⁵⁴
- Henry Paulson, Secretary of Treasury since May of 2006, had been at Goldman Sachs from 1974 to 1998 and followed in the footsteps of Rubin and Friedman, a Chairman/CEO of Goldman Sachs, but was co head of Investment Banking of Goldman's in September 1991. Prior to Goldman Sachs, Paulson served as Staff Assistant to the Assistant Secretary of Defense at the Pentagon (1970 to 1972) and then worked John Ehrlichman from 1972 to 1973 on President Richard Nixon's staff, where he earned his covert operations credentials, and got connected to the Kissinger crowd. He was a major player in 2004 in getting the reserve ratios of the investment banks reduced.
- Neel Kashkari, a Vice President at Goldman Sachs before he signed on at the Treasury Department in July of 2006.
- Faryar Shirzad, former White House Deputy Assistant for International Economic Affairs to President George W. Bush and the Deputy National Security Advisor for International Economic Affairs, serving in this role from 2004 to 2006.
- E. Gerald Corrigan, head of the Federal Reserve Bank of New York during the 1991 bond deal.
- William Dudley, Chief Economist, partner and managing director at Goldman Sachs left to head the Federal Reserve Bank of New York where he became executive vice president of the Markets Group at the Federal Reserve Bank of New York and manager of the System Open Market Account for the Federal Open Market Committee. The Markets Group oversees domestic open market and foreign exchange trading operations and the provisions of account services to foreign central banks, and is a key step ion processing ESF funds.
- Reuben Jeffery, the chairman of the Commodity Futures Trading Commission formerly Under Secretary for Economic, Energy and Agricultural Affairs, serving previously as the senior economic official at the State Department, and as the Special Assistant to the President and Senior Director for International Economic Affairs at the National Security Council. Jeffery also acted as the Representative and Executive Director of the Coalition Provisional Authority Office (CPA) at the Pentagon, after having served as an advisor to Ambassador Bremer in Iraq. Prior to his 'public' service, Jeffery spent eighteen years working for Goldman, Sachs & Co., where he was managing partner of Goldman Sachs in Paris (1997-2001) and of the firm's European Financial Institutions Group (1992-1997)
- Josh Bolten, whose father (Seymour Bolten) worked in 'espionage' at the CIA, served as Executive Director for Legal and Government Affairs at Goldman Sachs in London from 1994 to 1999. In the 1990s. Other roles of note played by Bolten include working with the Project for the New American Century (PNAC)¹⁵⁵ and early in his career, earning his covert operations credentials under Henry Kissinger as Executive Assistant to the Director of the Kissinger Commission on Central America.¹⁵⁶
- Robert Steel, the former Goldman vice-chairman, started with Goldman Sachs in 1977, and was responsible for their European "privatization" projects between 1986 and 1994. Steel was appointed Under Secretary for Domestic Finance in the Department of the Treasury in 2006, and served until July 9, 2008. As

undersecretary, he and Henry Paulson -another Goldman Sachs executive “tried to arrange a \$100 Billion “bailout” for Goldman Sachs.¹⁵⁷ He was also a spokesperson for Goldman Sachs on hedge fund regulatory issues.¹⁵⁸

- Randall Fort, is an ex-Goldman director of global security who advises Condoleezza Rice, the secretary of state. At Goldman Sachs from 1996-2006, he served in several capacities, including as Director of Global Security, where he managed all physical and personnel security measures, and also as chief of staff to the President and co-Chief Operating Officer of the firm. Fort had extensive intelligence background prior to his role at Goldman-Sachs, including Deputy Assistant Secretary for Functional Analysis and Research in the Bureau of Intelligence and Research at the Department of State(1989-93), Special Assistant to the Secretary for National Security and Director of the Office of Intelligence Support at the Department of the Treasury (1987-89), Deputy Executive Director, of the President’s Foreign Intelligence Advisory Board (PFIAB) at the White House (1982-87).
- James Johnson served as president and CEO of quasi-government housing lender Fannie Mae from 1991 to 1998, prior to which he was a managing director of Lehman Brothers (1985-1990.) While at Fannie Mae, he was accused of accounting irregularities that underreported his own income by \$14 million. (Report of the Special Examination of Fannie Mae, May 2006) In a most interesting transition, he then joined Goldman-Sachs to become a director of their compensation committee.

Goldman Sachs: Corporate Citizen or Privateer

The assignment of responsibility for the privatization of Russian industry to Goldman Sachs provides an interesting study in deal making. In comparison, the negotiation and bidding associated with the privatization of Soviet oil reserves in the Caspian basin took multiple years. The Soviet – followed by the Russian - bureaucracies haggled with multiple international corporations over a seven or eight-year period to determine which western corporations would have the opportunity to control the Soviet portion of the Caspian oil reserve.¹⁵⁹ In comparison, the privatization of the ‘entire’ Soviet economy was not open for bid, was decided without public scrutiny, and was done in a very short time. The deal was made in 1991 according to *LeMonde*, although no announcement of it can be found in the 1991 press, suggesting its timing was linked to the September 1991 financing arranged by Goldman.¹⁶⁰ By then, Hormats and Zoellick had already been engaged with the CIA in scouting out Soviet industry.¹⁶¹ Years later, when Goldman Sachs opened an office in Moscow, they flew in George H.W. Bush for the opening.¹⁶² By that time, they had already managed deals worth over a hundred billion – the exact amount is unreported – earning from 1.5% to 7% of gross revenue on every deal.¹⁶³ During the privatization, Goldman Sachs was a key player in managing the finances of oligarchs Mikhail Khodorkovsky and Boris Berezovsky¹⁶⁴ created by a collusion of the KGB and Riggs Bank.¹⁶⁵

Goldman Sachs was designated as the key deal maker to transform the Soviet system and rescue the Russian economy, just as their ‘revolving door’ with the U.S. Executive branch gives them similar responsibility in the United States. The same individuals who

headed the ‘rape of Russia’ under the banner of rescue – Hormats, Rubin, Friedman, Zoellick and Corrigan -are now part of - and mentors to - the group in charge of rescuing the American economy. The world is all too familiar with their success in Russia:

“In a nutshell, says economist and former government official Yuri Marenvich, ‘Not only is the people's property being given away free of charge, but it is being appropriated by the very individuals entrusted to manage their property... [through setting up] private companies that they themselves headed.’ Through their contacts, insider knowledge, and resources, Russian banks have been major beneficiaries of privatization.”¹⁶⁶

Knowing how well the executives of Goldman Sachs aided in the rescue of the Russian economy, the next question becomes: how well did executives of Goldman Sachs serve the American public in the financial crisis of 2008:

- Goldman Sachs was one of the most active dealers in the subprime mortgage market (one of the top ten) after they warned Congress that market growth in subprime mortgages was creating risk to America’s financial institutions;¹⁶⁷
- Goldman Sachs was responsible for the single largest failure of mortgage backed securities, with 100% of their mortgage backed securities failing;¹⁶⁸
- Goldman Sachs was one the few firms to ‘profit’ from the subprime crisis by selling subprime mortgage-backed securities short;¹⁶⁹
- Goldman Sachs provided the same investment options to the U.S. Treasury as part of the bailout as it did to Warren Buffet, but at twice the price, earning a quick profit of \$5 Billion at taxpayer expense;
- Goldman Sachs received a ‘rescue’ package from the U.S. Treasury and proceeded to increase multi-million dollar compensation to their executives by an additional 27%.¹⁷⁰

In the meantime, executives involved in the revolving door between the Whitehouse and Goldman Sachs:

- were responsible for determining the direction of national economic policy for the last sixteen years;
- were responsible for lobbying against laws that would have provide the regulatory oversight that may have prevented the crisis;
- were responsible for managing agencies that have failed in their oversight responsibilities, allowing financial dealings to accumulate into the 2008 crisis;
- were responsible for reduced reserve ratios which enhanced the possibility of a crisis;
- were responsible for enabling the largest insurer in the U.S. (AIG) to hide accounting errors and fail in it’s re-insurance responsibilities, thus precipitating a taxpayer bailout of the insurance giant.

In the realm of criminal conviction criteria – Motive, Means and Opportunity –Goldman Sachs and its executives are guilty of creating this crisis.

Carlyle Group

Very little will ever be known about the Carlyle Group, a privately held partnership with offices in both Luxembourg and Guernsey, where financials records need never be

divulged. Most of the time, even the Carlyle investors do not have a track on what their investment is.¹⁷¹ Snippets of news of the company are seldom released to the press, and the lack of transparency only fuels speculation. What is commonly understood is that the Carlyle Group has a reputation as a group of private equity bankers with the “inside track.”

“Carlyle was named by The New York Times in 2002 as the biggest defence company in the US, and the largest private defence company in the world, based on its controlling share of ownership in a vast range of defense, intelligence, and communications companies. The Wall Street Journal simply calls it the biggest private investment firm on the planet, bar none. Because of Carlyle’s unusually close connections to defense and intelligence figures, questions about the role of Carlyle in world affairs go deep. So entwined is the Carlyle Group with the Pentagon and other US defense and intelligence agencies and companies, it is widely regarded as an extension of the US government, or at least the National Security Agency, the CIA, and the Pentagon.”¹⁷²

The Carlyle Group was created by in 1987, but is widely recognized as starting on the path to becoming the \$89 Billion financial juggernaut it is today when Frank Carlucci left the Bush administration, with coterie officials from the CIA, the State Department and Defense Department.¹⁷³ Frank Carlucci had been Assistant Director of the CIA, National Security Advisor, and then Ronald Reagan's Defense Secretary. He had the mission of cleaning up after the Iran-Contra affair in the Reagan administration, and according to those involved, allowed four of the five supply operations to continue while declaring the matter closed.¹⁷⁴ This was in January of 1989, the same year when George H.W. Bush was placing key National Security assets in Riggs Bank, and starting the Riggs-Valmet financial penetration of the Soviet Union. In a world where it is common for departing senior officials to enter the revolving door between government and the private sector, the practice of being accompanied by a “phalanx of CIA and Pentagon staffers” is not common, especially when joining a company that has not been financially successful in the prior years. This should have been even more so suspicious in Carlyle, where co-founder Bill Conway had a notorious reputation of being extremely harsh on ‘unnecessary expense.’¹⁷⁵ If anyone suspected a ‘covert ops program’ was under way, no one reported their suspicion. In retrospect, that seems to have been the case.

Under Carlucci, Carlyle’s first Defense industry acquisition was a defense consulting company known as BDM, in September 1990. BDM was the company used by the Iran Contra CIA operation to move illegal weapons between the Israelis and Nicaraguan Contras. It was also a major contractor in the world of “Black Projects” whose budgets remain secret for the benefit of National Security.^{176,177} The world was witnessing the end of the Cold War at that time, and the stock values of Defense firms were dropping across the board. However, the Carlyle Group chose as its first acquisition, a trusted firm with the capability of discretely conducting illegal activity. By 1994, the Washington Post was reporting that BDM was procuring ex-Soviet/Russian military technology, suggesting that the very discrete privatization of key Soviet Defense assets was already well under way. This of course is speculation, and the unknown ownership of those ex-Soviet defense industries is now protected in the off-shore offices of the Carlyle Group and Group Menatep, which became the major financial power in the Soviet Union after the collapse of Gorbachev. It might only be coincidental that two members on Carlyle’s Advisory Board are Planton Lebedev, the Chairman of Group Menatep and Mikhail

Khodorkovsky, the primary Russian front man for the Riggs-Valmet operation and Russian founder –in name – of Menatep. It might also be ‘only coincidental’ that seven of the key players in the execution of the 1991 covert economic war were also members of Carlyle: Fred Malek, George Soros, George H.W. Bush, Robert Gates, Bruce Rappaport, James Baker, and Robert Zoellick.¹⁷⁸ The speculation of this report is that in releasing \$240 Billion in covert bonds to finance the collapse of the Soviet Union, this small group of politicians and bankers created a U.S. based, private sector vehicle for controlling and profiting from those funds. That vehicle was the Carlyle Group. Moreover, in managing the laundering of the Black Eagle Fund/Yamashita/Golden Lily/Marcos gold, Carlyle became the focal organization for doing that as well. At least six members of Carlyle that were either familiar with the creation of the gold trusts, or were advisors to Barrick Gold included: George H.W. Bush, Richard Helms, Vernon Jordan, Fidel Ramos, Paul Desmarais Sr. and Karl Otto Pohl.

It should seem no less coincidental that “on September 11, 2001... the group had organized a meeting at Washington's Ritz Carlton Hotel with five hundred of its largest investors”.¹⁷⁹ George H.W. Bush was in attendance, sitting with Osama Bin Ladin’s brother as the 9/11 terrorists executed the carnage that was to be the cover-up for the laundering of the \$240 Billion in covert bonds that seem to have fed the success of the Carlyle Group. In the aftermath of 9/11, there would be a plethora of criticism of Carlyle and its ability to channel the profits from the Iraq War and the Homeland Security Act to individuals with the ‘inside track’.

Little noticed in the aftermath of 9/11 was the beginning of Carlyle’s Asset Management Group ‘second’ private equity fund, managed by David Kupperman who was brought in from Goldman Sachs for this task. This fund would seek opportunities in new “areas of alternative asset management” also known as the “secondary, or resale, private equity market.”¹⁸⁰ The main customers (buyers) would be “banks and pension funds.”¹⁸¹ The original fund was begun in 2001. By 2003, the ‘Asset Management Group’ was being spun-off in an employee buyout, with Carlyle maintaining a 40% interest.¹⁸² While the investments of the fund were not publicized, their direction should have been clear.¹⁸³ The Carlyle fund was renamed Rock Creek Potomac. One of the General Partners of Rock Creek, John Sites (who previously created the mortgage department at Bears Stearns), was named to the Fannie Mae Board of Directors.

Carlyle Capital Corporation (CCC) was Carlyle’s second effort to facilitate the sub prime mortgage market. This effort was unique in the history of the firm, and was created as a publicly owned corporation. Its specialty was mortgage financing. CCC was well positioned with relationships with Fannie Mae and Freddie Mac. A long time Carlyle advisor – Robert Zoellick had been Executive Vice President at Fannie Mae between 1993 and 1997. David Moffet, who had been CEO at Freddie Mac joined Carlyle as well. The Carlyle Group’s total exposure when CCC declared bankruptcy in 2007 was \$150 million, although the Carlyle Group loaned the company an additional \$200 million in efforts to save it (or the reputation of the Group)– for naught. In this situation “The naughty Capital Corporation told shareholders it had no subprime exposure. But it did. It

said all the exposure was Triple A rated. But it wasn't. It said liquidity was ample. But it isn't.”¹⁸⁴

In the aftermath of September 11th, the Carlyle Group made two quiet efforts to facilitate the subprime mortgage market. In both cases they limited in unprecedented ways their exposure to the risk. Their company misrepresented the investments. These types of actions suggest that those in control of Carlyle had the inside track on the future of the subprime market, and did not want their personal fortunes tied up with the subprime market. Once again, individuals close to the original September 1991 bond deal seem to be immune to the meltdown of 2008.

Motive: Profit, Economic Growth or Treason

There are several possible interpretations of the post 9/11 economic events:

1. One possible scenario is that these bankers have been burdened with requests from multiple Presidents to manage these illegal funds in the most patriotic manner. George H.W. Bush may have seen the funds as being best used to end the Cold War; Clinton may have seen them as best used to resolve multiple financial crises; George W. Bush may have seen them as best used to build a bigger tax base for supporting his war and energy policies, and thus forced the funds into housing sector of the economy in a failed effort to grow the economy. In all three cases, the President could view it as his own little slush fund for initiatives he could not get Congress to support. Naturally, key Congressmen were appraised, but for reasons “of National Security” it all needed to be done without ‘transparency.’
2. A second scenario suggests that after 1991 and the bailouts of the 1990s; the President and Secretary of Treasury lost whatever control over the funds they might have had. Most of the funds were now laundered into securities managed by Goldman Sachs – who has created a revolving door between itself, the Treasury and the Federal Reserve.¹⁸⁵ John Reed, the fund ‘caretaker’ had served his useful role, and was allowed to be removed from Citibank without having a groomed protégé take over, as had his predecessors Moore and Wriston. In this scenario, the investment bankers – and not the bullion bankers - would now be the chief decision-makers, and attempting to maximize their profits on money and accounts that technically should not exist. Rather than being ‘good citizen’ efforts by a President to support allies, the bailouts of Mexico, Brazil, Asia and LTCM should be seen as serving only to save the earnings of the very banks that have failed to manage their risks.¹⁸⁶ There is no doubt that the bankers across the world that have been holding this contraband gold have denied any and every request by the various depositors’ relatives to claim the gold.¹⁸⁷ The bankers view the illicit treasure as “theirs.” As the nominal account holders died, the banks transferred the accounts to offshore banks, where the original account owners descendents could not trace them, and there was no mandatory requirement for banks to hand over unclaimed funds to the state. It is important to understand that the initial decisions to keep this gold, knowing it was illegal, was made by bankers that temporarily ‘volunteered’ to public service. The second round of decisions to augment the fund with the stolen Marcos gold was made by men who have over and

over again shown their disdain for the Constitution of the United States, and now wanted to enrich themselves just as the old school, mainstream bankers had, and have become bankers themselves (Carlyle Group, Blackrock, Thayer Equity, Holt, Menatep Group, Riggs/PNC)

3. A third scenario seems more likely. Under this scenario, the bankers fall into two categories -old money bankers (industrial banking families) and new money bankers (Privateer bankers) - splitting the illegal profits and assets that the U.S. Government supposedly cannot rightfully claim. This partnership condoned the murder of 3,000 people on September 11, 2001 to keep their secret and past crimes hidden. Being the very same group of individuals that orchestrated the collapse of the Soviet Union in 1991, this group has planned and executed the collapse of U.S. Treasury, in a manner not unlike the way they dismantled the Soviet Treasury. They have crashed the stock market so they can discretely buy up for a mere fraction of the value, key American industries, just as they did in the Soviet Union. This partnership of old and new money deliberately crashed the American economy with the following conscious decisions.
 - This partnership of old and new money opened the way for petty criminals and thieves to sell hundreds of billions of dollars of high risk mortgages, so that white collar criminals could peddle them to unsuspecting fund managers as triple A rated securities. This left the pension funds holding the bulk of the ‘toxic waste’ while bankers took the cream.
 - This partnership deliberately prevented regulatory oversight of those activities through court action, illegal lobbying, and sweetheart loans to regulators;
 - This partnership regularly misled the public about the risk they were allowing to be created and absorbed under their watch;
 - This partnership deliberately ‘hid’ the risk in major government sponsored enterprises (GSEs) such as (Fannie Mae, Freddie Mac, AIG) through ongoing accounting misrepresentation over multiple years;
 - This partnership protected their own financial assets from risk before letting the public understand what was happening;¹⁸⁸
 - This partnership is currently engaged in ensuring the future failure of the Treasury by convincing the U.S. Congress to committing \$700 billion as a first installment to prevent a credit crisis – without any hard evidence. It was an argument paralleled only by the ‘weapons of mass destruction’ stories the Bush administration used to convince Americans to fund a trillion dollars in revenues to the Defense and Energy Industries. Major news periodicals and analysts at the Minneapolis Federal Reserve Bank said there was no evidence of a credit crisis.¹⁸⁹
 - This partnership is using the Treasury injections for personal and corporate profit rather than crisis mitigation. Several banks are using the injections to fund mergers and acquisitions (PNC, Chase)^{190, 191}; some are spreading the story ‘we did not want the money, but took it anyway’(USB)¹⁹²; Goldman Sachs received a 50% ‘gift’ in it’s \$10 billion injection¹⁹³-putting \$5 Billion to profit; and others have used the bailout funds to award themselves \$70 billion in personal compensation bonuses.¹⁹⁴
 - This partnership’s new membership has been groomed and directed by the very same individuals who crashed the Soviet economy and now hold a large portion

- of former Soviet wealth in discrete, off-shore, non-transparent holding companies. Russian President Putin has spent the last decade trying to reclaim Russia's national wealth under various laws, and found that the only successful way was through the tax evasion laws – the same strategy selected by the FBI when it needed to close down the John Dillinger crime operation.
- This partnership represents a socio-economic class who view themselves as elite, special, above-the-law and outside of the law. In this respect, they are true, clinical sociopaths, not unlike the individuals who created the Third Reich and Stalin's authoritarian regime.¹⁹⁵

The group responsible for this crisis is a tight knit association of bankers and government “intelligence” officials who have formed a common bond around defending their personal definition of American democracy abroad. They claim to defend the ideals of democracy, capitalism and the American way of life while simultaneously murdering and financially raping their fellow citizens in the name of National Security and profit. Somehow, these crimes are rationalized as collateral damage, and being for the ‘greater good of America,’ which now seems exposed as the empty promise it has always been.¹⁹⁶ The argument that needs to now be made is: rather than being ‘over zealous patriots,’ have these men committed treason? Have they violated international treaty law? If the actions taken against the Soviet Union in 1991 can be justified as part of an ongoing Cold War, with economic acts being a legally sanctioned method of war by Executive Order, is not turning those same economic acts on the U.S. economy then an act of war against the U.S., hence treason? If treason is considered too radical of a conclusion, then consider this insider recollection about Frank Carlucci, the executive who headed up the dark side of the Carlyle Group.

“In the late 1980s Iran-Contra whistleblower Gene Wheaton expanded on what General Walters and his associates had been doing since the 1960s. Wheaton had been a former police officer, military criminal investigator, and security contractor. He also used to be a counter-terrorism consultant for the Rockwell Corporation, the Saudi Royal Family, and the Shah of Iran, among other things. All this was before he was brought into the “inner circle”, which turned out to consist of people he didn't want anything to do with. In 2002 Wheaton recalled: In the late 70s, in fact, after Gerry Ford lost the election in '76 to Jimmy Carter, and then these guys became exposed by Stansfield Turner and crowd for whatever reason ... there were different factions involved in all this stuff, and power plays ... Ted Shackley and Vernon Walters and Frank Carlucci and Ving West and a group of these guys used to have park-bench meetings in the late 70s in McClean, Virginia so nobody could overhear their conversations. They basically said, “With our expertise at placing dictators in power,” I'm almost quoting verbatim one of their comments, “why don't we treat the United States like the world's biggest banana republic and take it over?” And the first thing they had to do was to get their man in the White House, and that was George Bush...”¹⁹⁷

It seems as though a plan was born.

Figure 4

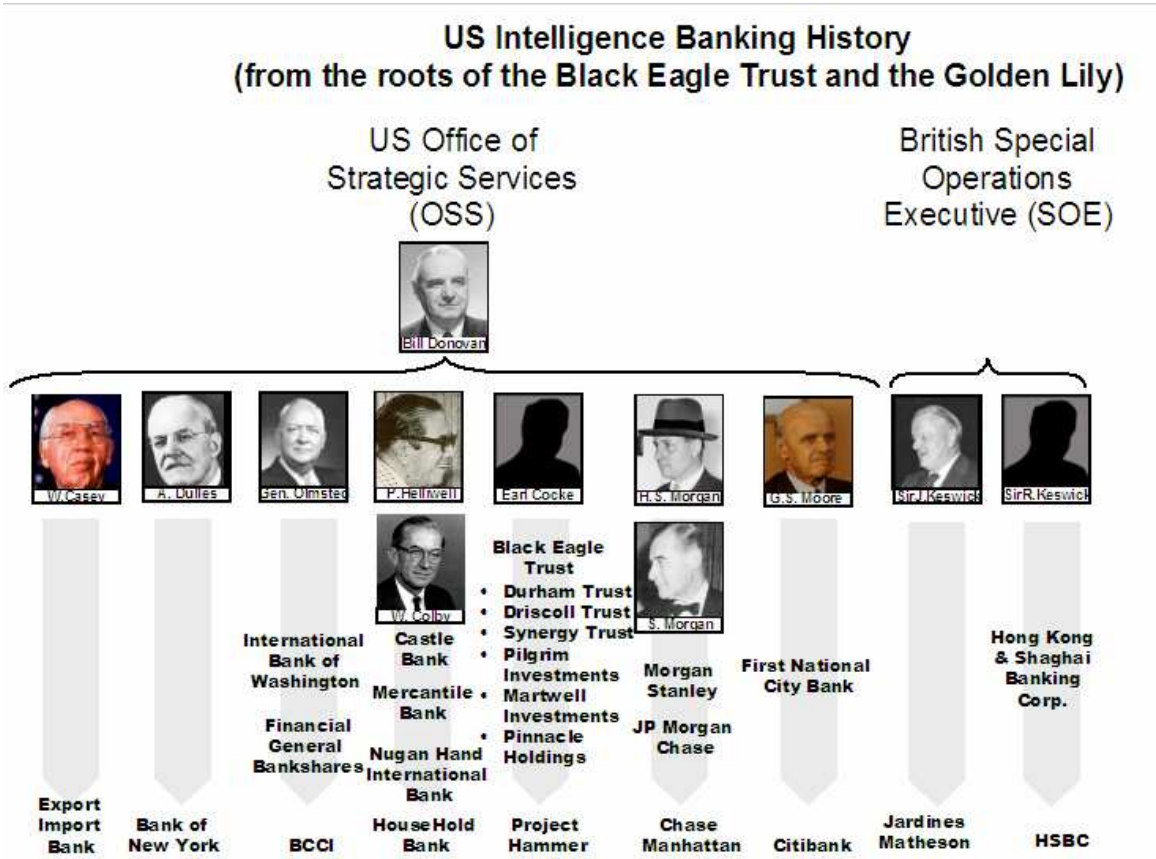


Exhibit A: September 12th 1991 letter from D'Acquisto to Robert Rubin and Steven Friedman

DFG, Inc.
1199 Prospect Street, Suite 101
La Jolla, CA 92037

September 12, 1991

Mr. ~~Robert Rubin~~
Goldman Sachs & Co.
Compliance Department
85 Broad Street
New York, NY 10004

Re: Missing funds from our Goldman Sachs Account

Dear Mr. Reich:

I write you in regards to a matter of great urgency. I have enclosed copies of the following documents that should explain the situation of my concern: DFG, Inc.'s August statement, a letter to the Department of the Treasury, a letter to Mr. Karl Ehm, Director of our bank in Germany, and a letter from Mr. Bob Hammond from your Los Angeles office. I believe if you read this documentation you will understand what is going on.

My concern are these: Where did the \$5,117,380.00 disappear to, and why was our Tax ID # on the statement stated as 88-8888888 instead of what our Tax ID # really is, 33-045726671

As you can see, we are prepared to take serious measures in remedying this matter. I would appreciate some sort of reply from your office as soon as possible.

If you have any questions, I can be reached at (619)459-7010.

Sincerely,



John D'Acquisto
President, CEO - DFG, INC.
Trustee - COSMOS SEAFOOD ENERGY MARKETING LTD.

cc: Stephen Friedman
Robert E. Rubin

JD/mc
encl.

Phone (619) 459-7000

Fax (619) 459-0300

Exhibit B: Funding documents identifying Security Pacific Bank

■ 414 535 5889

03/04/91 12:34 P.02

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ADDENDUM I TO JOINT VENTURE AGREEMENT

This ADDENDUM I to the joint venture agreement executed on September 3, 1991 is made to update transactions applicable to clause 2.02, banking arrangements, financial records clauses from 3.01 to 3.04 as well as communication 9.01

ADDENDUM I-2.02 Addition of Joint Venture Transactions is follow:

02/H/D Standby Letter of Credit from Tony Duddy, Gweobarra, Donegal, RI
Mr. T. J. Cawley of Barclford Limited,
17-18 Nassau Street, Dublin 1.
Tel: 44895 639-912 Fax: 44895 622-170
Buyer's Transaction Code: -PIVB/K/BLC/1-

03/H/M Bullion Transaction from Mr. le Dr. S. Errouane of JOVINCO, S.A.
5 Chemin Malombre, CH-1206 Geneva, Swiss
RWA Mandataire des acheteurs dated September 4, 1991 through
Mlle. Chantal Muller, Lausanne, Swiss

for sharing of trading profit as indicated in Clause 2.02 at 50/50 basis.

ADDENDUM I-3.01/04 The entire section 3 shall be replaced with the following clauses as follow:

BANKING ARRANGEMENTS AND FINANCIAL RECORDS

3.01 The Partnership shall maintain a Client Trust Account of Joint Venture by Campbell and Campbell, Attorneys at Law, 1030 Prospect Street, Suite 300, La Jolla, California 920347-4192 (Tel: 619- 450-4064, Fax: 619-459-4316) who has been duly retained by the Joint Venture. Campbell and Campbell has a Client Trust Account solely for the purpose of this Joint Venture transactions at

Security Pacific National Bank
3813 Governor Drive
San Diego, CA 92122, U.S.A.
Tel: (619) 458-2391 Fax: (619) 546-1537

Initialed by:

 PYTH JH ID WMP RFL CC

10. BONUS: FEES: 18.5% - Responsible
 INCENTIVE BONUS: 18
 1) 18 Fees and Incentive Bonus to be split as follows:
 20% Being FEES - Payable to: Trans Tech International
 20% Being an INCENTIVE BONUS - Payable to: Trans Tech International
 25% Being an INCENTIVE BONUS - Payable to: Cosmos Seafood Export
Marketing, Ltd.
 15% Being an INCENTIVE BONUS - Payable to: Karl Ehn
 20% Being an INCENTIVE BONUS - Payable to: SEU, Inc.

Fees/Incentive Bonus to be sent simultaneously as each tranche of transaction is executed, to the bonus bank as designated by the Dollar account holder.

Above listed percentages are of the total non-discounted U.S. Dollar face value per each and every tranche.

11. BONUS BANKING:

SECURITY PACIFIC
 BANK NAME :
 ADDRESS : 25929 102 NW
 STANWOOD, WASHINGTON 98298
 S.W.I.F.T. CODE :
 ROUTING ABA # : 125000037
 TELEX # :
 ACCOUNT # : 1530113241
 BANK OFFICER : DOB SWANSON
 FAX # :
 PHONE # : 206- 629-2141

12. PAYMENT OF BONUS: Gross bonus to be paid by Japanese Provider's to U.S. Dollars provider's bonus bank account in U.S. Dollars.

13. PAYMENT: By irrevocable transfer of funds into the Japanese Provider's account after receipt of Swift Wire transfer of Japanese Provider into the U.S. Dollar Provider's account Shearson Lehman. The U.S. DOLLARS will be transferred to the Japanese Provider's account via Fed Wire Service a U.S. dollar backed wire service.

14. BANKING: After execution of this agreement, the Japanese Provider and the U.S. Dollar Provider or their authorized representative will announce to each other their full banking.

BANK NAME : CHASE MANHATTAN Bank, NYC, New York
 BANK ADDRESS : Main office
 ACCOUNT NAME : DFC, INC. Palm Springs STARS Baseball Club, Inc.
 ACCOUNT NUMBER : 801 - 0210 - 0001 P.M. PALM SPRINGS with 926-1-01-413
 TELEX # : PAC to DFC, INC. Acct # 027-020852 - 027
 FACSIMILE # : Federal Tax ID# 33-0457246
 BANK ROUTING # : 0210 - 0001
 TRANSACTION CODE : 09/29/97/USD/700 002
 SECURITY CODE : CGEM LTD RH WRD JFD

Exhibit C: Excerpts from General Earle Cocke's Deposition

From David Guyatt's, The Project Hammer File: An Investigation into the secretive, multi-million-dollar world of parallel banking and finance

1

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

-----x
:

STEVEN A. CURTIS, DAVID LEE MAUDLIN, :

DAVID WAYNE OSTER, :

:

Plaintiffs :

:

-against- :

:

ADRIAAN BAREND STANDER, ROELF :

IGNATIUS JOHANNES VAN ROOYEN, :

INTERCOL (PTY) LTD., OCEANTEC :

GROUP/SYNDICATE, :

:

Defendants :

-----x

Chevy Chase, Maryland

Thursday, April 13, 2000

Deposition of

ERLE COCKE, JR.

a witness, called for examination by counsel for the
 plaintiffs, pursuant to notice, taken at 5610 Wisconsin
 Avenue, Building 2, Apartment 403, beginning at 1:50 o'clock
 p.m., before Thomas C. Melo, a Notary Public in and for the
 State of Maryland, when were present on behalf of the
 respective parties:

Excerpts from David Guyatt's, The Project Hammer File: An Investigation into the secretive, multi-million dollar world of parallel banking and finance

2 Q Do you know whether or not he had the government's
3 interest in closing this whole problem, have you ever had
4 a discussion.

5 A Many hours just trying to find out whether any
6 agency, any group, Federal Reserve, Treasury, CIA, FBI,
7 security agencies, and so forth, all of them put together
8 whether any of which would really like to finish. And,
9 quite frankly, nobody stepped up to the plate.

10 Q But they would like to finish it?

11 A I think they would like to finish it, but they
12 all back away. It is not my cup of tea, or they have
13 spent enough time with it and are not going to realize
14 anything, and therefore they just quit. They don't confirm,
15 they don't deny, they just stop.

18 A This number, and I am going to read it properly,
19 \$223,104,000,008.03.

20 Q And that purports to be the balance in account,
21 \$223,104,000.008.03.

22 A That is correct.

Notes

- ¹ see Gold Warriors: America's Secret Recovery of Yamashita's Gold, Sterling and Peggy Seagrave, Verso, 2005, p.196
- ² see Gold Warriors: America's Secret Recovery of Yamashita's Gold, Sterling and Peggy Seagrave, Verso, 2005, p. 358. Most cursory reviews of this amount forget that 280,000 tonnes is less than 140 years of annual production. When one considers that treasuries and personal fortunes of South East Asia and China were plundered over 50 years by the Japanese army, this number should not be inconceivable.
- ³ V.K. Durham presents substantial photographic evidence of these crimes on her website, and it can also be located at Tom Flocco's website as well. see <http://www.theantechamber.net/>; also conduct a search engine query on "VK Durham"
- ⁴ Brigadier General Erle Cocke's deposition in US District Court, Southern District of New York, April 13, 2000, April 13, 2000, (as provided in photostat version in Guyatt's Project Hammer Files)
- ⁵ see Collateral Damage: U.S. Covert Operations and the Terrorist Attacks on September 11, 2001, E.P. Heidner, 2008.
- ⁶ The S&L Crisis: The Solution is Worse than the Crime, by christic , cdp:christic.news, February 25, 1991.
- ⁷ Subprime: Let the finger-pointing begin!, Peter Eavis, Fortune , http://money.cnn.com/galleries/2007/fortune/0709/gallery.subprime_blame.fortune/index.html
- ⁸ Was Spitzer scandal and bailout of rich Wall Street bank linked? Greg Palast, Reporting for Air America Radio's Clout, March 14th, 2008
- ⁹ Is the Fed Culpable in the Subprime Meltdown?, March 24, 2007, <http://www.nakedcapitalism.com/2007/03/is-fed-culpable-in-subprime-meltdown.htm>
- ¹⁰ Remarks by Chairman Alan Greenspan, At the Federal Reserve System's Fourth Annual Community Affairs Research Conference, Washington, D.C., April 8, 2005
- ¹¹ Is the Fed Culpable in the Subprime Meltdown?, March 24, 2007, <http://www.nakedcapitalism.com/2007/03/is-fed-culpable-in-subprime-meltdown.html>
- ¹² Testimony of Lynn E Turner, United States Congress House of Representatives Committee on Oversight and Government Reform, 2154 Rayburn House Office Building, October 7, 2008
- ¹³ "Subprime giant Ameriquest spent more than \$20 million on political donations from 2002 to 2006 to successfully lobby against lending restrictions meant to protect borrowers, reports the Wall Street Journal. Though the company spent millions at the national level, its focus was local, where regulators were cracking down on predatory lending. Countrywide, Citigroup, and Wells Fargo also joined the quest for softer rules." See Subprime Lender Lobbying Foiled Safeguards, Dec 31, 2007, <http://www.newser.com/story/15293/subprime-lender-lobbying-foiled-safeguards.html>
- ¹⁴ "Two U.S. senators, two former Cabinet members, and a former ambassador to the United Nations received loans from Countrywide Financial through a little-known program that waived points, lender fees, and company borrowing rules for prominent people." From Countrywide's Many 'Friends', Daniel Golden, June 12, 2008, <http://www.portfolio.com/news-markets/top-5/2008/06/12/Countrywide-Loan-Scandal>
- ¹⁵ This would have allowed the Goldman Sachs team in Treasury to exploit these institutions for their own ends.
- ¹⁶ see Infectious Greed: How Deceit and Risk Corrupted the Financial Markets, Frank Partnoy, Times Books, April 14, 2003.
- ¹⁷ "The riskier mortgages generally command higher broker commissions. ...one subprime mortgage, which typically costs 2 to 3 percentage points more than a standard loan because it goes to borrowers with bad or limited credit, pays him the same as five mortgages for borrowers with good credit." Subprime 'Liar Loans' Fuel Housing Bust With \$1 Billion Fraud , Bob Ivry, April 25, 2007, Bloomberg, <https://www.nachi.org/forum/f13/subprime-liar-loans-fuel-housing-bust-1-billion-fraud-16287/>
- ¹⁸ "Speaking in 2001 as a correspondent for ABC's "Good Morning America," Stephanopoulos also revealed that at the time of the Long Term Capital Management crisis in 1998, the Federal Reserve directed large banks to prop up the currency markets. This was apparently done to diffuse a global

currency crisis." See Move Over Adam Smith: The Visible Hand of Uncle Sam, by John Embry and Andrew Hepburn, August 2005.

¹⁹ Rubin Defends Asian Bailout and Asks Funds for I.M.F., Richard W. Stevenson, New York Times, January 22, 1998

²⁰ "Then came a \$30 billion dollar IMF bailout of Brazil. Now, the World Bank and Inter-American Development Bank are offering Brazil another \$7 billion. "American banks have about \$25.6 billion in outstanding loans to Brazilian borrowers. Citigroup, the biggest lender to Brazil, has \$9.7 billion in Brazilian loans." That's right. Forty percent of the U.S. bank exposure in Brazil is the fault of America's biggest and dumbest bank. And who is the resident financial wizard at Citigroup? "Robert H. Rubin" <http://www.theamericancause.org/patbailout.htm>

²¹ "We believe the stability of domestic stock markets is considered by the U.S. government to be a matter of national security. Interventions are likely justified on the grounds that the health of the U.S. financial markets is integral to American preeminence and world stability. This conclusion flows from an extraordinary financial war game exercise conducted by the Council on Foreign Relations in 2000 and attended by key policy-makers. In this vein, an article in Euromoney magazine disclosed that simulation participants displayed a willingness to consider government intervention in the stock market in the event of a financial crisis." Move Over Adam Smith: The Visible Hand of Uncle Sam, by John Embry and Andrew Hepburn, August 2005.

²² Swapping Lies: Fed and Treasury Officials Hanging Themselves," GATA's Howe Says". Business Wire. . 04 Oct. 2008. http://findarticles.com/p/articles/mi_m0EIN/is_2001_August_1/ai_76894527

²³ UNITED STATES DISTRICT COURT, District of Massachusetts, Civil Action No.00-CV-12485-RCL, Reginald H. Howe, Plaintiff, v. Bank for International Settlements,, Alan Greenspan, William J. McDonough, J.P. Morgan & Co. Inc., Chase Manhattan Corp., Citigroup, Inc., Goldman Sachs Group, Inc., Deutsche Bank AG and Lawrence H. Summers, Secretary of the Treasury, Defendants.

²⁴ UNITED STATES DISTRICT COURT, District of Massachusetts, Civil Action No.00-CV-12485-RCL, Reginald H. Howe, Plaintiff, v. Bank for International Settlements,, Alan Greenspan, William J. McDonough, J.P. Morgan & Co. Inc., Chase Manhattan Corp., Citigroup, Inc., Goldman Sachs Group, Inc., Deutsche Bank AG and Lawrence H. Summers, Secretary of the Treasury, Defendants.

²⁵

High Range (10,000 tonnes) Rough Order of Magnitude Estimate of Value of Covert Gold Introduced to Market (\$ Billions)												
interest =	0.07	0.075	0.065	0.068	0.058	0.05	0.06	0.055	0.055	0.05	0.05	
	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	
1994	\$14.3	\$15.4	\$16.4	\$17.5	\$18.5	\$19.4	\$20.6	\$21.7	\$22.9	\$24.0	\$25.2	
1995		\$14.3	\$15.2	\$16.2	\$17.2	\$18.1	\$19.1	\$20.2	\$21.3	\$22.4	\$23.5	
1996			\$14.3	\$15.3	\$16.1	\$16.9	\$18.0	\$19.0	\$20.0	\$21.0	\$22.0	
1997				\$14.3	\$15.1	\$15.9	\$16.8	\$17.7	\$18.7	\$19.7	\$20.6	
1998					\$14.3	\$15.0	\$15.9	\$16.8	\$17.7	\$18.6	\$19.5	
1999						\$14.3	\$15.1	\$16.0	\$16.9	\$17.7	\$18.6	
2000							\$14.3	\$15.1	\$15.9	\$16.7	\$17.5	
								Total Value of Covert Gold introduced to market	\$126.4	\$133.4	\$140.0	\$147.0
								Money created with 10% reserve ratio	\$1,264.1	\$1,333.6	\$1,400.3	\$1,470.3
								Money created with 6% reserve ratio	\$2,107.3	\$2,223.2	\$2,334.3	\$2,451.0

Low Range (7000 tonnes) Rough Order of Magnitude Estimate of Value of Covert Gold Introduced to Market (\$ Billions)												
interest =	0.07	0.075	0.065	0.068	0.058	0.05	0.06	0.055	0.055	0.05	0.05	
	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	
1994	\$9.3	\$10.0	\$10.6	\$11.4	\$12.0	\$12.6	\$13.4	\$14.1	\$14.9	\$15.6	\$16.4	
1995		\$9.3	\$9.9	\$10.6	\$11.2	\$11.7	\$12.4	\$13.1	\$13.8	\$14.5	\$15.3	
1996			\$9.3	\$9.9	\$10.5	\$11.0	\$11.7	\$12.3	\$13.0	\$13.6	\$14.3	
1997				\$9.3	\$9.8	\$10.3	\$10.9	\$11.5	\$12.2	\$12.8	\$13.4	
1998					\$9.3	\$9.8	\$10.3	\$10.9	\$11.5	\$12.1	\$12.7	
1999						\$9.3	\$9.8	\$10.4	\$11.0	\$11.5	\$12.1	
2000							\$9.3	\$9.8	\$10.3	\$10.9	\$11.4	
								Total Value of Covert Gold introduced to market	\$82.2	\$86.7	\$91.0	\$95.6
								Money created with 10% reserve ratio	\$821.7	\$866.9	\$910.2	\$955.7
								Money created with 6% reserve ratio	\$1,369.7	\$1,445.0	\$1,517.3	\$1,593.2

26

Rough Order of Magnitude Estimate of Value of 1991 Bonds Introduced to Market (\$ Billions)				
<i>interest =</i>	<i>0.055</i>	<i>0.055</i>	<i>0.05</i>	<i>0.05</i>
	2001	2002	2003	2004
1991 Bonds 2001	\$240.0	\$253.2	\$265.9	\$279.2
Total Value of Covert Gold introduced to market	\$240.0	\$253.2	\$265.9	\$279.2
Money created with 10% reserve ratio	\$2,400.0	\$2,532.0	\$2,658.6	\$2,791.5
Money created with 6% reserve ratio	\$4,000.8	\$4,220.8	\$4,431.9	\$4,653.5

27 “Barrick also announced plans to reduce its forward sales position to a target of 12 million ounces by the end of 2003, primarily through scheduled deliveries from production.” FORM 6-K, Barrick Gold Corporation, September 23, 2002.

28 LTCM & BOE Fiascoes Revisited, Bill Murphy, Chairman Gold Anti-Trust Action Committee, Le Patron, www.LeMetropoleCafe.com, September 7, 1999

29 While the known evidence points to use of these funds for covert operations, it could very well be that since 1994, Clinton tried to use these funds – covertly – for economic policy. The Mexican bailout serves as an example. However, the funds are still illegal, and thus their use remains covert.

30 Banks are not allowed to hold these financial products as deposits against which loans can be created, (although their affiliates can hold structured paper as an investment). Some banks found themselves in financial difficulty because of bad mortgages and, and holding mortgage backed securities, and because they made loans to companies that used high risk paper for collateral, but not because of any holding of sophisticated paper. Bank affiliates and their holding companies would find themselves troubled, and imply to the public that the banks were troubled a well.

31 Brigadier General Erle Cocke’s deposition in US District Court, Southern District of New York, April 13, 2000, April 13, 2000, (as provided in photostat version in Guyatt’s Project Hammer Files), is a critical starting point for understanding the fund. In page 10 of the deposition, Cocke testifies he has reported to every President since Truman.

32 Infectious Greed: How Deceit and Risk Corrupted the Financial Markets, by Frank Partnoy, MacMillan, 2003, p207.

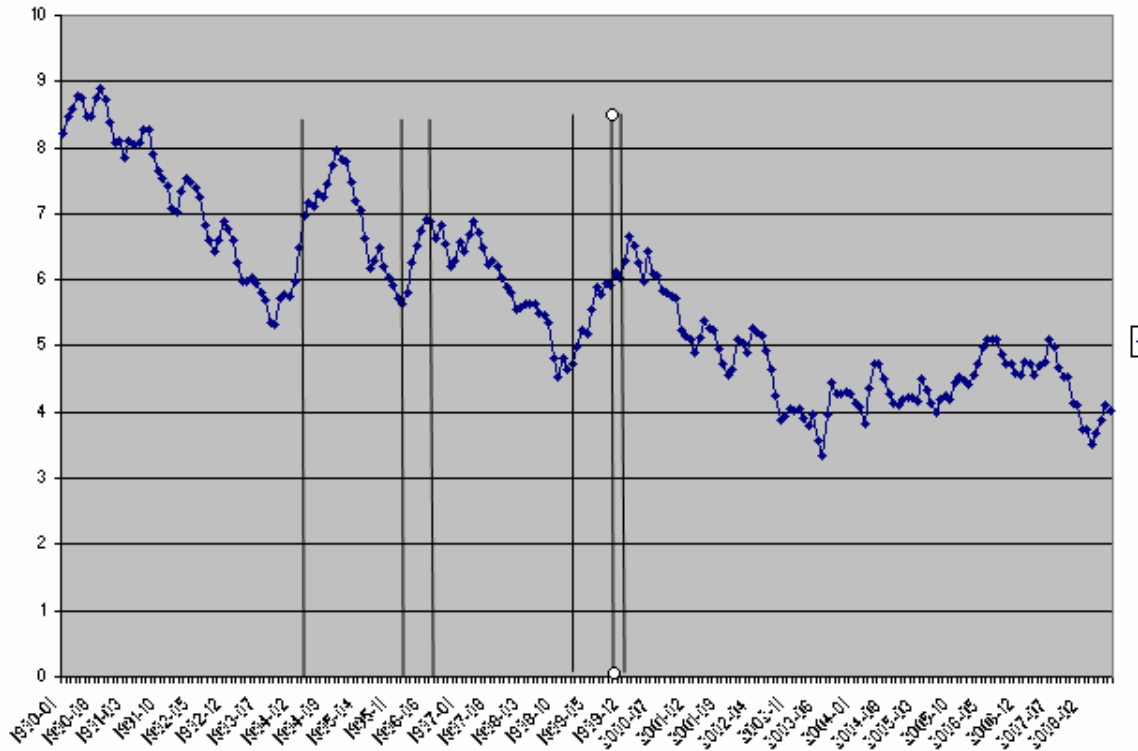
33 Infectious Greed: How Deceit and Risk Corrupted the Financial Markets, by Frank Partnoy, MacMillan, 2004, p161.

34 International Capital Flows and U.S. Interest Rates, by Francis E. Warnock and Veronica Cacdac Warnock, Board of Governors of the Federal Reserve System, International Finance Discussion Papers, Number 840, September 2005.

35 International Capital Flows and U.S. Interest Rates, by Francis E. Warnock and Veronica Cacdac Warnock, Board of Governors of the Federal Reserve System, International Finance Discussion Papers, Number 840, September 2005. Page 20.

36 Howes lawsuit references gold sales Jul-94; Jan-96; Jul-96; Jan-99; Sep-99; Jan-00. These periods are marked by lines on the following chart, showing rate increases following gold sales.

10 Yr Yields-Treasury Notes



³⁷ see Gold Warriors: America's Secret Recovery of Yamashita's Gold, Sterling and Peggy Seagrave, Verso, 2005,

³⁸ Collateral Damage: U.S. Covert Operations and the Terrorist Attacks on September 11, 2001, E.P. Heidner, 2008

³⁹ This report concludes that Clinton was advised of the 1991 actions of Bush to fund activities in the cold war with this covert fund, and got his first taste of the power of the ESF (Exchange Stabilization Fund – which has sourced covert ops for decades because it' books fall outside of Congressional oversight) during his use of those funds to “bail out” the Mexican economy. There are rumors that Hillary Clinton withdrew \$250million from the fund, a withdrawal linked to the reported murder of Vince Foster. See: Following the money backwards leads to President Reagan, Russian rubles and Ambassador Leo Wanta, by Don Nicoloff, Idaho Observer, January 2007, <http://www.proliberty.com/observer/20070119.htm>.

⁴⁰ “[George Stephanopoulos] Well, what I just want to talk about for a few minutes is the various efforts that are going on in public and behind the scenes by the Fed and other government officials to guard against a free-fall in the markets. You reported just a while ago that the Fed has lowered the overnight interest rates, will put about \$80 billion into the market. In addition, the SEC, the Securities and Exchange Commission, has relaxed the rules for companies on whether or not they can buy back their stock in case they start to fall.” see Transcript of ABC News “Good Morning America.” “Newscast: SEC relaxing rules to help stock exchanges; Banks agreeing to help if market gets in trouble.” September 17, 2001.

⁴¹ Collateral Damage: U.S. Covert Operations and the Terrorist Attacks on September 11, 2001, E.P. Heidner,

⁴² Information taken from HUD and the Mortgage Bankers Association, attributed to <http://www.brokerfundingsource.com/pdf/SFSG%20Investor%20Report.pdf> is shown in the following chart.

	Actual Subprime Loans	Yearly Increase	Incremental post 9/11 increase
1993	20		
1994	40	20	
1995	65	25	
1996	90	25	
1997	125	35	
1998	150	25	
1999	160	10	
2000	138	-22	
2001	173	35	18
2002	241	68	69
2003	290	49	101
2004	190	-100	<u>106</u>
			294

7 year average increase of \$17 Billion from 1993-2000.
Incremental post 9/11 increase is estimated by using average annual growth in the market of \$17 Billion/year (7 previous years) to determine a 'normal' 2001 (138+17); 2002 (138+(2x17)); 2003 (138+(3x17)); 2004 (138+(4x17)-100)

- ⁴³ “Loans that require little or no documentation of income soared to \$276 billion, or 46 percent, of all subprime mortgages last year from \$30 billion in 2001, according to estimates from New York-based analysts at Credit Suisse Group.” [Subprime ‘Liar Loans’ Fuel Housing Bust With \$1 Billion Fraud , Bob Ivry, April 25, 2007, Bloomberg, <https://www.nachi.org/forum/f13/subprime-liar-loans-fuel-housing-bust-1-billion-fraud-16287/>]
- ⁴⁴ “Suspicious activity reports pertaining to mortgage fraud increased 14-fold from 1997 to 2005, according to the organization.” Ibid.,
- ⁴⁵ “Mortgage companies, with Alan Greenspan's endorsement, began to offer more Adjustable Rate Mortgages (ARMs), loans that would reset at much higher rates in future years.” U.S. Housing Market Boom and Crash Engineered by the Government, Richard_C_Cook, October 23, 2008, <http://www.marketoracle.co.uk/Article6936.html>
- ⁴⁶ “The figure shows that foreclosures on prime loans declined slightly from 1998 through the third quarter of 2004. In contrast, both measures of subprime loan performance showed substantial increases. ...after the 2001 recession it took nearly two years for foreclosure rates to start declining in the subprime market.” See Evolution of the subprime mortgage market, Chomsisengphet, Souphala, Review - Federal Reserve Bank of St. Louis, January 1, 2006
- ⁴⁷ “As the subprime market has evolved over the past decade, it has experienced two distinct periods. The first period, from the mid-1990s through 1998-99, is characterized by rapid growth, with much of the growth in the most-risky segments of the market (B and lower grades). In the second period, 2000 through 2004, volume again grew rapidly as the market became increasingly dominated by the least-risky loan classification (A- grade loans)” See Evolution of the subprime mortgage market, Chomsisengphet, Souphala, Review - Federal Reserve Bank of St. Louis, January 1, 2006

- 48 Former Fed analyst questions M1 currency component spike prior to 9/11, Ed Haas, March 22, 2007, <http://www.muckrakerreport.com/id427.html>
- 49 “October 31, 2001, the undersecretary of the Treasury Peter Fisher announced a scheme that would involve suspending the issuance of the 30-year government long bond.” Ed Bugos, The GoldenBar Report, March 18, 2002, www.goldenbar.com; “Treasury officials said that their decision to halt the issuance of 30-year bonds was intended to save the government money. But traders scoffed at that explanation, viewing the move as an almost desperate effort to push down long-term interest rates, which had remained stubbornly high, and prod both corporate and individual borrowers to spend again.” See Gretchen Morgenson, November 1, 2001, The New York Times
- 50 Many investors have bought Fannie Mae Benchmark NotesSM as replacements of core U.S. Treasury holdings, achieving a significant yield pickup with a minimal sacrifice of credit quality. From: Fannie Mae Funding Note, May 1998, Vol.3, Issue 5.
- 51 “...the yield on 30-year Treasury bonds was lower than on its 10-year notes. (The yield is a security's interest payment divided by its market price.) Thirties yielding less than 10s? Not supposed to happen. Longer-term securities generally yield more than shorter ones because the more years a bond is outstanding, the more damage inflation does to the value of the security holders' original investment. In fact, the reason offered by the Treasury for killing the 30-year bond was that the interest on 10-year notes was significantly lower.” From ‘A (Very) Long Bond,’ Allan Sloan, Newsweek, March 20, 2006.
- 52 “Plenty of bond mavens disagree with the Treasury's approach. “This is a very good time for the government to be issuing 50-year bonds,” said Joseph Rosenberg, one of the nation's premier bond investors. Rosenberg, chief investment strategist for Loews Corp., is a former member of the Treasury Borrowing Advisory Committee. He said there's no evidence that the Treasury's bond-selling approach has saved any money.” From: Treasury Shouldn't Duck Longer Bonds, Allan Sloan, March 14, 2006, http://www.washingtonpost.com/wp-dyn/content/article/2006/03/13/AR2006031301772_pf.html
- 53 Collateral Damage: U.S. Covert Operations and the Terrorist Attacks on September 11, 2001, EP Heidner, June 28, 2008, pp. 20-21.
- 54 Federal Register, Vol. 68, No. 150, August 5, 2003, p46119, DEPARTMENT OF THE TREASURY, Office of the Comptroller of the Currency
- 55 BCCI AND Kissinger Associates, http://www.fas.org/irp/congress/1992_rpt/bcci/20kiss.htm
- 56 Peru's Ex-Leader Enmeshed In Scandal Over Failed Bank, Nathaniel C. Nash, New York Times, July 25, 1991.
- 57 “In a July 21, 1999, letter from Behan to Rich and Fink, Quinn and Arnold & Porter are formally retained. The firm's fees are big, and it reserves the right to work against Rich in other matters. PRIVILEGED & CONFIDENTIAL
July 21, 1999
...Dear Mr. Rich:
We are very pleased that Marc Rich has engaged Arnold & Porter (the "Firm") to provide legal services and in connection with Mr. Rich's potential negotiations and/or communications with the Department of Justice...” <http://archive.salon.com/politics/feature/2001/02/13/email/index1.html>
- 58 “The Government Contracts group is headed by Mr. Smith, who served as General Counsel of the Senate Armed Services Committee and as the General Counsel of the CIA.” http://www.arnoldporter.com/press_releases.cfm?u=ArnoldPorterLLPExpandsItsGovernmentContractsGroup&action=view&id=8; “In addition to serving as CIA chief of staff, (Ron) Lee is a former associate deputy U.S. attorney general and a former general counsel to the National Security Agency. He is currently a partner at the law firm Arnold & Porter LLP in Washington, D.C., which he joined in 1987.” Former CIA administrator talks technology, Paolo Esquivel, September 19th, 2008, <http://www.dailyprincetonian.com/2008/09/19/21452/>
- 59 “Approaching the headquarters of In-Q-Tel on 12th Street downtown, there's no sense that you're entering the shadowy netherworld of spies and soldiers. The building has a shiny, brand-new feel, and houses one of Washington's most prestigious law firms: Arnold & Porter. But one floor above the firm's law library is a paper sign taped to the wall leading visitors to In-Q-Tel, a new Washington venture capital fund. It's an office like any other, but with one difference: this fund is backed by the Central Intelligence Agency and financed by the United States Congress.” From Spy Tech Gilman Louie is Recruiting Local Companies to Build Technology with the Cloak-and-Dagger Set at the CIA, Eamon Javers, <http://www.bizforward.com/archives/2000-06/bestpractices/>.

- ⁶⁰ Predatory Lenders' Partner in Crime: How the Bush Administration Stopped the States From Stepping In to Help Consumers, Eliot Spitzer, February 14, 2008; Also: "State attorneys-general moved to investigate mortgage fraud but were blocked from doing so by orders of the Treasury Department's Comptroller of the Currency. There was no federal agency that was charged with regulating mortgage fraud." U.S. Housing Market Boom and Crash Engineered by the Government, Richard_C_Cook, October 23, 2008, <http://www.marketoracle.co.uk/Article6936.html>
- ⁶¹ Predatory Scapegoating Diary of a Mad Law Professor, Patricia J. Williams, The Nation, November 3, 2008.
- ⁶² Is the Fed Culpable in the Subprime Meltdown?, March 24, 2007, <http://www.nakedcapitalism.com/2007/03/is-fed-culpable-in-subprime-meltdown.html>
- ⁶³ Remarks by FDIC Vice Chairman Reich - June 3, 2003 , <http://www.egrpra.gov/Speech-Reich-20030603.html>
- ⁶⁴ FEDERAL DEPOSIT INSURANCE; CORPORATION; Notice of Agency Meeting; Pursuant to the provisions of the "Government in the Sunshine Act" (5U.S.C. 552b), notice is hereby given that at 9:35 a.m. on Tuesday, June 3, 2003, the Board of Directors of the Federal Deposit Insurance Corporation met in closed session to consider matters relating to the Corporation's corporate and enforcement activities. In calling the meeting, the Board determined, on motion of Director James E. Gilleran (Director, Office of Thrift Supervision), seconded by Vice Chairman John M. Reich, concurred in by John M. Hawke, Jr. (Comptroller of the Currency), and Chairman Donald E. Powell, that Corporation business required its consideration of the matters on less than seven days' notice to the public; that no notice earlier than May 29, 2003, of the meeting was practicable; that the public interest did not require consideration of the matters in a meeting open to public observation; and that the matters could be considered in a closed ..." 33950 Federal Register / Vol. 68, No. 109 / Friday, June 6, 2003 / Notices
- ⁶⁵ "Dugan served at the Department of the Treasury from 1989 to 1993 and was appointed Assistant Secretary for Domestic Finance in 1992. While at Treasury, Mr. Dugan had extensive responsibility for policy initiatives involving banks and financial institutions, including the savings and loan cleanup, Glass-Seagall and banking reform, and regulation of government-sponsored enterprises. In 1991, he oversaw a comprehensive study of the banking industry that formed the basis for the financial modernization legislation proposed by the administration of the first President Bush" <http://www.occ.treas.gov/dugan.htm>
- ⁶⁶ Looking for Lessons From Agency That Mopped Up 1980s Thrift Mess, John M. Broder, New York Times, September 19, 2008. "Mr. Ludwig, who served on the board of the Federal Deposit Insurance Corporation, ...oversaw the operation of the R.T.C...."
- ⁶⁷ See Sherman Skolnick, Conspiracy Nation, Vol. 4 Num. 73, regarding the CIA use of Clyde Savings & Loan, <http://www.theconspiracy.us/9504/0026.html>. See also "On February 4, 1990, Brewton wrote "During an eight-month investigation into the role of fraud in the nation's savings and loan crisis, The Post has found evidence suggesting a possible link between the Central Intelligence Agency and organized crime in the failure of at least 22 thrifts, including 16 in Texas." From THE CIA ROLE IN THE SAVINGS AND LOAN CRISIS, Feb 25, 1991 by christic.
- ⁶⁸ "Ludwig's move to BT," Article from: US Banker, May 1, 1998, Gale Group, Farmington Hills, Michigan. "Former Comptroller of the Currency Eugene A. Ludwig's decision to join Bankers Trust New York Corp. was surprising in several ways, including the timing-it was announced just two weeks after his five-year term officially ended in early April. Some might see that haste as a bit unseemly, and yet one more example of the revolving door between regulators and the regulated, though Ludwig told The Wall Street Journal that he saw "no reason to be defensive about this."
- ⁶⁹ Collateral Damage: U.S. Covert Operations and the Terrorist Attacks on September 11, 2001, EP Heidner, June 2008, p17.
- ⁷⁰ The Department of Justice's Handling of the RTC Criminal Referrals and the Contacts Between the White House and the Department of the Treasury Chapter 1: DOJ Handling of the RTC Referrals, p 156.
- ⁷¹ "Meanwhile, in the world of investment securities, the Securities and Exchange Commission greatly reduced the amount of their own capital investors were required to bring to the table, resulting in a huge increase in bank leveraging of speculative trading." U.S. Housing Market Boom and Crash

Engineered by the Government, Richard_C_Cook, October 23, 2008,
<http://www.marketoracle.co.uk/Article6936.html>

“In 2004, the SEC reduced the capital requirements for the largest Wall Street investment banks.”
 From Testimony of Lynn E Turner, United States Congress House of Representatives Committee on
 Oversight and Government Reform, 2154 Rayburn House Office Building, October 7, 2008.

- 72 “In another regulatory failure, the Securities and Exchange Commission in 2004 allowed exactly five
 firms – Lehman Brothers, Bear Stearns, Merrill Lynch, Goldman Sachs and Morgan Stanley – to take
 on excessive debt relative to their total assets. The Wall Street Journal reports that the ratio of debt to
 assets for these companies was an astounding 30-40:1. Not surprisingly, two out of the five – Lehman
 and Bear – recently failed, and Bank of America recently acquired a faltering Merrill Lynch.” Not a
 Market Failure, Zach Dexter, Carolina Review, October 2008,
http://www.unc.edu/cr/archive/2008_10.pdf

see also: “Meanwhile, in the world of investment securities, the Securities and Exchange Commission
 greatly reduced the amount of their own capital investors were required to bring to the table, resulting
 in a huge increase in bank leveraging of speculative trading.” from U.S. Housing Market Boom and
 Crash Engineered by the Government, Richard_C_Cook, October 23, 2008,
<http://www.marketoracle.co.uk/Article6936.html>

- 73 “the FRC participants as a group are in a better position than anyone else to know whether the
 historical failure and loss rates may be inappropriate for the coming year. However, as described
 above, the robustness derived from this discretion comes at the expense of accuracy, since subjective
 deviations from historical failure and loss rates have usually enlarged CLR errors.” From
 Strengthening Financial Risk Management at the FDIC FEDERAL INSURANCE DEPOSIT
 CORPORATION, Final report, July 16, 2003, p.15

“the FDIC published a study suggesting that over time and on average, risk-based capital requirements
 under the new Accord would probably decline substantially relative to the 1988 Accord. In 2004, the
 FDIC will seek to ensure that any reductions in capital requirements reflect bank risk profiles rather
 than specific statistical modeling assumptions.” From FDIC 2003 Annual Report

- 74 “Yet time and time again AIG has failed to provide the requisite transparency to its investors.” From
 Testimony of Lynn E Turner, United States Congress House of Representatives Committee on
 Oversight and Government Reform, 2154 Rayburn House Office Building, October 7, 2008; “The
 restatement was in the wake of settlements with the SEC regarding Brightpoint, inc. and PNC
 Financial Services (“PNC”) and investigations by the SEC, Department of Justice (“DOJ”), and New
 York Attorney General. The SEC alleged that AIG had failed to produce large quantities of requested
 documents and failed to provide key documents when requested. AIG also was charged by the SEC
 and DOJ for its part in assisting PNC allegedly improper shift of \$762 million of under-performing
 loans and volatile venture capital investments to three off-balance sheet structures that had been
 arranged with the help of AIG Financial Products Group (“AIGFP”).... AIG’s 2005 Form 10-K was
 troubling for investors, as it disclosed “In many cases these transactions or entries appear to have had
 the purpose of achieving an accounting result that would enhance measures believed to be important to
 the financial community and may have involved documentation that did not accurately reflect the true
 nature of the arrangements.” This is hardly a situation or disclosure that instills confidence or trust.
 Subsequent to such serious shortcomings in financial reporting, one would expect the company to
 “clean up” its act and become more transparent. But in 2006 and 2007, the company continued to
 report “out of period adjustments” – another way of saying it continued to have errors in its financial
 statements. It also reported a material weakness in its internal controls in 2006. Then in its 2007 annual
 report on Form 10-K, AIG reported that internal “...controls over the AIGFP super senior credit
 default swap portfolio valuation process and oversight thereof were not effective. AIG had dedicated
 insufficient resources to design and carry out effective controls to prevent or detect errors and to
 determine appropriate disclosures on a timely basis with respect to the processes and models
 introduced in the fourth quarter of 2007.” From Testimony of Lynn E Turner, United States Congress
 House of Representatives Committee on Oversight and Government Reform, 2154 Rayburn House
 Office Building, October 7, 2008.

- 75 “The SEC’s chief administrative law judge, Brenda Murray, also declined to order the disciplining of
 the agency’s enforcement director and another official in the handling of a separate insider-trading
 probe touching on a big hedge fund and a prominent Wall Street executive. In both cases, Murray

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- turned aside recent recommendations by SEC Inspector General H. David Kotz for action against the employees based on his findings in the Bear Stearns and Pequot investigation cases. Murray's decisions are final. Kotz's report last month found that David Nelson, the head of the SEC's Miami office, failed to properly enforce securities laws in the investigation of Bear Stearns' pricing of about \$63 million in collateralized debt obligations it sold, and that he should not have closed the inquiry in the summer of 2007 without enforcement action.” Judge won't take action against SEC officials, Marcy Gordon, November 8, 2007, Associated Press
- 76 “An unpublished SEC staff report stemming from a recent examination accuses Big Board regulators of inadequately monitoring their member specialist firms and punishing significant trading-rule violations with a slap on the wrist. How Grasso's Rule Kept NYSE On Top but Hid Deep Troubles , GREG IP, KATE KELLY, SUSANNE CRAIG and IANTHE JEANNE DUGAN, Wall Street Journal December 30, 2003
- 77 Cooking the Insurance Books: A Decade of Lax Regulation Lays Groundwork for Scandal, Lucy Komisar, CorpWatch, Nov 17, 2004
- 78 “Mr Lynn Turner, Chief Accountant of the Securities & Exchange Commission (SEC) testified that the SEC Office of Risk Management which had oversight responsibility for the Credit Default Swap market, an exotic market worth nominally some \$62 trillions, was cut in Administration ‘budget cuts’ from a staff of one hundred down to one person.” Behind the Panic: Financial Warfare and the Future of Global Bank Power , F. William Engdahl, Global Research, October 9, 2008
- 79 “For seven years, US President George W. Bush refused to allow the IMF to conduct its assessment. Even now, he has only given the IMF board his consent under one important condition. The review can begin in Bush's last year in office, but it may not be completed until he has left the White House.” Fed facing IMF investigation, Gabor Steingart, 06/26/2008, <http://goldismoney.info/forums/showthread.php?t=277983>
- 80 “U.S. regulators responsible for supervising American International Group now acknowledge that they failed to grasp the impact of provisions in the complex derivative contracts that pushed the world's largest insurance company to the brink of collapse.... Because AIG bought a small savings and loan nine years ago, the Office of Thrift Supervision (OTS) became responsible for supervising AIG's parent company.” Was AIG Watchdog Not Up To The Job? Jeff Gerth, MSN Money. November 10, 2008
- 81 “Freddie Mac secretly paid a Republican consulting firm \$2 million to kill legislation that would have regulated and trimmed the mortgage finance giant and its sister company, Fannie Mae, three years before the government took control to prevent their collapse.... DCI was undermining support for the bill in a campaign targeting 17 Republican senators in 13 states, according to documents obtained by The Associated Press.... Freddie Mac executive Hollis McLoughlin oversaw DCI's drive, according to the three people.” Mortgage firm arranged stealth campaign, Pete Yost, Associated Press, Oct 19, 2008“. “(Hollis)McLoughlin is a member of Freddie Mac's leadership team and reports directly to CEO David M. Moffett. McLoughlin served from 1989 through 1992 as assistant secretary of the Treasury under President George Bush, where he was responsible for the coordination of all policy and management of several key internal functions. He served as chief of staff to Sen. Nicholas Brady, R-N.J., in 1982” <http://www.freddiemac.com/bios/exec/mcloughlin.html>
- 82 Much is made of the ‘revolving door’ at Fannie and Freddie, and columnists often note the political patronage linked to hiring at Fannie and Freddie. If one scrutinizes these appointments, one finds a very heavy influence of intelligence and foreign policy backgrounds, and very little ‘patronage’ for other backgrounds such a Health, Housing, Transportation, Justice and other government officials. It would be inappropriate to write these appointments off as pure patronage, as there is a deeper pattern in their backgrounds.
- 83 There is plenty of ad hoc information and testimony on the internet to suggest that the Oklahoma City Bombing was a cover-up operation, not unlike the destruction of the World Trade Center. This report does not seek to demonstrate the connection, and encourages readers to explore this matter on their own. “About three weeks after the bombing I received a telephone call at the Tulsa Police Department from a man who stated that he would not give me his name, but that he worked for a federal investigative agency and was based in Little Rock. He said that the key to the bombing was the records that had been taken out of the building on Day One by the mysterious team who removed them from the basement. He said that they were the investigative records from his agency (who he would not

- identify) during the Iran/Contra affair on the drug connections revolving around Rich Mountain Aviation at the Mena Airport, and of the involvement of the Clintons and others in the affair, which included the lack of investigation from the Arkansas law enforcement agencies. He stated that the investigatory records were removed from Little Rock and moved to Oklahoma City (Murrah Building) for safe keeping while Clinton was president (Obviously there was fear they would disappear or be destroyed). THE BOMBING OF THE ALFRED P. MURRAH FEDERAL BUILDING, Oklahoma City, April 19th, 1995, By Craig Roberts, Tulsa Police Department (Ret.), September 4th, 1996
- 84 Collateral Damage: U.S. Covert Operations and the Terrorist Attacks on September 11, 2001, EP Heidner, pp 24-26.
- 85 “Tom Donilon is a partner at the law firm of O’Melveny & Myers and serves on the firm’s global governing committee. Tom served as Assistant Secretary of State for Public Affairs and Chief of Staff at the U.S. Department of State during the Clinton Administration. Since leaving the Department he *has remained deeply involved in the national security arena*. He is a member of the Council on Foreign Relations, the Aspen Strategy Group, the National Security Advisory Group to the Congressional Leadership, the Brookings Institution Board of Trustees, the Miller Center of Public Affairs Governing Council, and the Trilateral Commission.” http://change.gov/learn/national_security_team_leads
- 86 “Jim Johnson: A former aid to Walter Mondale, a former executive at Goldman Sachs and Lehman Brothers and who was later forced from his position as Fannie Mae CEO, was hired as a Senior Obama Finance Advisor. Johnson is so senior that he was selected to run Obama’s Vice Presidential Search Committee, the Committee that selected Joe Biden.”
- 87 http://www.associatedcontent.com/article/781141/barack_obama_taps_former_fannie
- 87 “Yet time and time again AIG has failed to provide the requisite transparency to its investors....AIG’s 2005 Form 10-K was troubling for investors, as it disclosed “In many cases these transactions or entries appear to have had the purpose of achieving an accounting result that would enhance measures believed to be important to the financial community and may have involved documentation that did not accurately reflect the true nature of the arrangements.” This is hardly a situation or disclosure that instills confidence or trust. Subsequent to such serious shortcomings in financial reporting, one would expect the company to “clean up” its act and become more transparent. But in 2006 and 2007, the company continued to report “out of period adjustments” – another way of saying it continued to have errors in its financial statements. It also reported a material weakness in its internal controls in 2006. Then in its 2007 annual report on Form 10-K, AIG reported that internal “...controls over the AIGFP super senior credit default swap portfolio valuation process and oversight thereof were not effective.” From Testimony of Lynn E Turner, United States Congress House of Representatives Committee on Oversight and Government Reform, 2154 Rayburn House Office Building, October 7, 2008.
- 88 AIG has been, since WWII, a major CIA intelligence operation. History records that the OSS learned that in the 1940’s that the Nazis owned 45% of the world’s insurance companies, and used the background files from these companies to plan their espionage and bombing raids. With this lesson, when William ‘Wild Bill’ Donovan created the CIA, part of his legacy was an extensive partnership with AIG. [see “The Secret (Insurance) Agent Men,” Mark Fritz. The Los Angeles Times 2000 September 22, 200] Frank G Wisner was head of Office of Strategic Services operations in southeastern Europe at the end of World War II, and the head of the Directorate of Plans of the Central Intelligence Agency during the 1950s. Wisner later became US Ambassador to a number of countries, including the Philippines from 1991-1992, and later Vice Chairman of American International Group. The prior Chairman of AIG was Maurice ‘Hank’ Greenberg. He is a past Chairman (1994-1995), Deputy Chairman (1992-1993) and Director of the Federal Reserve Bank of New York (1988-1995), and was offered the position of Director of the CIA by the Reagan administration. See Target: AIG Fraud probe of Maurice “Hank” Greenberg intensifies, Larry Chin, From the Wilderness, July 1, 2005.
- 89 Generally referred to as the ‘New World Order,’ this group represents the political core of the NWO. Other groups with high concentrations of NWO participants on their membership rolls include the Bilderburg Group, Trilateral Commission, Council on Foreign Relations, Aspen Institute; but these latter serve as little more than social clubs.
- 90 “The value of a banks loan and investment portfolio changes quarterly based upon a variety of factors, including credit risk and the maturity of the loans and deposits. These changes in value must be recognized quarterly per FASB 115 guidelines, guidelines put forth by George Bush Sr. to restore confidence during the S&L crisis, and therein lies the crux for Citigroup. What they had done is an

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- Enron like shell game by creating derivatives and pushing them off their balance sheet, similar to how Enron did the same thing with debt and related interest payments. Now Citigroup is trying to create a market for these derivatives via a special SIV fund when to any honest banker this is nothing but a joke.” See Citigroup Bankruptcy Implications: SEC, Fannie Mae, Freddie Mac, Etrade November 28, 2007, Bill Parish, <http://billparish.wordpress.com/2007/11/28/citigroup-bankruptcy-implications-secfannie-mae-freddie-mac-etrade/>
- ⁹¹ Explained in *Collateral Damage: U.S. Covert Operations and the Terrorist Attacks on September 11, 2001*, E.P. Heidner, 2008.
- ⁹² Household Bank is linked to the CIA via the ex-Nugan Hand Bank crowd, and then absorbed by the British HSBC in 2003. HSBC is controlled by the Keswick family which was closely involved in the OSS covert activities in the Asian theatre during WWII and in the post-WWII era.
- ⁹³ This operation received most of its funding from Greenwich Capital Markets, in turn an outlet for the Royal Bank of Scotland, in turn a pass-through bank for Carlyle Investments. Carlyle had many primary Directors who engaged in covert gold dealings. It is noteworthy that the only affiliate to suffer was Carlyle Capital Corp. – the publicly held affiliate. The partners and private equity affiliates seemed to be held harmless. See Lou Gerstner-Led Carlyle Capital on Brink of Collapse, Michele Masterson, ChannelWeb, March 13, 2008.
- ⁹⁴ “A retail operation acquired by CitiGroup in 2000. Citigroup also paid \$240 million to settle predatory lending practices suit filed by the Federal Trade Commission against Associated First Capital Corp., a subsidiary. “Citigroup purchased Associated First Capital, what was known as the “icon of predatory lending” and then proceeded to slice and dice these portfolios of predatory loans into derivatives. Clearly, it just got too aggressive and fleeced many of these vulnerable consumers right into default on their mortgages. This is the same problem HSBC has, resulting from its purchase of another leading predatory lending firm, Household Finance.” See Citigroup Bankruptcy Implications: SEC, Fannie Mae, Freddie Mac, Etrade, November 28, 2007 by Bill Parish, <http://billparish.wordpress.com/2007/11/28/citigroup-bankruptcy-implications-secfannie-mae-freddie-mac-etrade/>
- ⁹⁵ Was Spitzer scandal and bailout of rich Wall Street bank linked? Greg Palast, Reporting for Air America Radio’s Clout, March 14th, 2008
- ⁹⁶ Fortress Investment Group LLC was founded as a private equity firm in 1998 by Wesley R. Edens, a former partner at BlackRock Financial Management, Inc.; Robert Kauffman, a managing director of UBS; and Randal A. Nardone, also a managing director of UBS. Fortress quickly expanded into hedge funds, real estate-related investments and debt securities, run by Michael Novogratz and Pete Briger, both former partners at Goldman Sachs. Fortress Investment Group, From Wikipedia, the free encyclopedia
- ⁹⁷ “ Credit Suisse First Boston(which served as underwriter and sold and serviced the loans), Triad Guaranty Insurance Corporation (which issued the mortgage guaranty insurance policy), and the Bank of New York (which served as trustee for the bondholders)’from http://www.hugheshubbard.com/files/tbl_s20NewsPring%5CPDFUpload103%5C1726%5Cswerdloff_will_the_subprime_affect_may2007.pdf
- ⁹⁸ UBS restricts its purchases of home mortgage loans, Jed Horowitz, Dow Jones Newswires, August 7, 2007
- ⁹⁹ The Financial Tsunami: Sub-Prime Mortgage Debt is but the Tip of the Iceberg, F. William Engdahl, Global Research, November 23, 2007; Sub-prime losses at Deutsche Bank - It plans to write off about \$3.1 billion in the third quarter, but it still expects to post a profit, Los Angeles Times, October 04, 2007
- ¹⁰⁰ “Rubin was also the primary architect of the deregulation of financial services in 1998, of which Citigroup was the biggest beneficiary.” Citigroup Bankruptcy Implications: SEC, Fannie Mae, Freddie Mac, Etrade,. Bill Parish, November 28, 2007 <http://billparish.wordpress.com/2007/11/28/citigroup-bankruptcy-implications-secfannie-mae-freddie-mac-etrade/>
- ¹⁰¹ Stephen Friedman '59 named Bush's chief economic adviser, Linda Myers, <http://www.news.cornell.edu/Chronicle/03/1.16.03/Friedman.html>
- ¹⁰² George W. Bush is not listed as ‘involved.’ As President, he was clearly accountable, but the research suggests he did not have financial ability to understand the operation, much less manage it. Like David Rubenstein, co-founder of the Carlyle Group, this report finds that he did not bring value to the

- operation. “We put him on the board and [he] spent three years. Came to all the meetings. Told a lot of jokes. Not that many clean ones. And after a while I kind of said to him, after about three years - you know, I'm not sure this is really for you. Maybe you should do something else. Because I don't think you're adding that much value to the board. You don't know that much about the company.” How Bush Got Bounced from Carlyle Board, Suzan Mazur, <http://www.prorev.com/bushcarlyle.htm>
- ¹⁰³ “Peter Fisher, former under secretary of the U.S. Treasury, was also named to BlackRock's management committee, the firm said. BlackRock, which has \$294 billion in assets under management, is majority owned by The PNC Financial Services Group Inc., of Pittsburgh. “
Former Treasury official joins BlackRock, Pittsburgh Business Times, January 7, 2004, <http://www.bizjournals.com/pittsburgh/stories/2004/01/05/daily23.html>
- ¹⁰⁴ The CIA and the Marshall Plan, Sallie Pisani, the University Press of Kansas, 1991, pp 72, 134-35, and 168. Roger Fisher testified before the The Pike Committee Investigations of the CIA's covert activities: Looking for a Rogue Elephant, Gerald K. Haines, https://www.cia.gov/library/center-for-the-study-of-intelligence/csi-publications/csi-studies/studies/winter98_99/art07.html
- ¹⁰⁵ Drawing the Line: The American Decision to Divide Germany, 1944-1949, Carolyn Woods Eisenberg, Cambridge University Press, 1998, p 121.
- ¹⁰⁶ see Gold Warriors: America's Secret Recovery of Yamashita's Gold, Sterling and Peggy Seagrave, Verso, 2005, p96.
- ¹⁰⁷ BCCI THE BIG PICTURE: A system out of control, not just one bank, George Winslow: “BCCI was quick to establish a relationship with many of the U.S. banks that had expanded overseas in the '70s. A confidential internal BCCI study, obtained by "In These Times," illustrates just how many U.S. banks had close financial relationships with BCCI. The 1985 study notes that for all of 1984, BCCI transferred foreign currencies worth \$37.5 billion through American banks. Most of these foreign currency transfers, \$19 billion, involved five major American banks: Bank of America, Security Pacific, American Express Bank Ltd., the Bank of New York and First Chicago.”
- ¹⁰⁸ “Mr. Moffett, age 56, was a Senior Advisor at The Carlyle Group since August 2007 until his resignation on September 7, 2008. From February 2001 until February 2007, Mr. Moffett was Vice Chairman and Chief Financial Officer of U.S. Bancorp. ... On September 7, 2008, the Director of FHFA, acting as conservator for Freddie Mac, appointed David M. Moffett as Chief Executive Officer of Freddie Mac, effective immediately.”<http://people.forbes.com/profile/david-m-moffett/14116>
“(David Moffett) joined Security Pacific National Bank in 1989 as a Senior Vice President responsible for the lead bank's domestic and international treasury group.”
<http://www.carlyle.com/Team/item9812.html>
- ¹⁰⁹ “Freddie Mac secretly paid a Republican consulting firm \$2 million to kill legislation that would have regulated and trimmed the mortgage finance giant and its sister company, Fannie Mae, three years before the government took control to prevent their collapse.... DCI was undermining support for the bill in a campaign targeting 17 Republican senators in 13 states, according to documents obtained by The Associated Press.... Freddie Mac executive Hollis McLoughlin oversaw DCI's drive, according to the three people.” Mortgage firm arranged stealth campaign, Pete Yost, Associated Press, Oct 19, 2008
“(Hollis)McLoughlin is a member of Freddie Mac's leadership team and reports directly to CEO David M. Moffett. McLoughlin served from 1989 through 1992 as assistant secretary of the Treasury under President George Bush, where he was responsible for the coordination of all policy and management of several key internal functions. He served as chief of staff to Sen. Nicholas Brady, R-N.J., in 1982”
<http://www.freddiemac.com/bios/exec/mcloughlin.html>
- ¹¹⁰ “The accounting board, which is to become the principal regulator of the accounting industry, was created by the Sarbanes-Oxley bill passed by Congress after the Enron and WorldCom accounting scandals last year. Its job is not to set accounting rules, which are determined by the Financial Accounting Standards Board, but to set auditing standards and to discipline accountants. The board got off to a rocky start when the S.E.C., then under the leadership of Harvey L. Pitt, selected as its head William H. Webster, a former head of the Federal Bureau of Investigation and of the Central Intelligence Agency. Mr. Webster was chosen even though he had served as chairman of the audit committee of a company that faced questions about the accuracy of its accounts.” S.E.C. Picks A Fed Banker To Lead Panel, Floyd Norris, New York Times, April 16, 2003.
- ¹¹¹ Collateral Damage: U.S. Covert Operations and the Terrorist Attacks on September 11, 2001, EP Heidner, p. 31.

- ¹¹² The Secrete Gold Treaty, Part 2.4, The Bormann–Peron-Krupp-Marcos Connection, David Guyart. “(Bob Curtis)Curtis told me, regards a letter (in the possession of Curtis) that was sent to President Marcos on Trilateral notepaper – on the authority of Dr. Henry Kissinger – demanding that Marcos sell “63, 321 tons of gold to 2000 US and European banks admittedly controlled by the Trilateral.” This letter was dated 21 February 1986. Curtis adds that the last sentence of the 12 page letter states: “Release the 62,321 metric tons of gold now, while your are in a solid possession and right and you alone can do it and alone can claim immortal glory as the greatest man in Asia.”
- ¹¹³ The Blood Bankers: Tales from the Global Underground Economy, James S Henry, Four Walls Eight Windows, 2003, pp.348-352. To verify the CIA ownership of this operation, see Judge Marvin Shoob, “Judicial Order in the BNL Case,” October 5, 1992, U.S. District Court, Northern District of Georgia, US v. Christopher P. Drogoul. Criminal Action 1:91-CR-078-MHS..
- ¹¹⁴ Kissinger Fingerprints All Over Suspicious Pre-911 Money Movements, Wayne Madsen Report, December 15, 2006
- ¹¹⁵ “Counterparty Risk Management Policy Group, headed by former New York Fed president E. Gerald Corrigan, whose studies were instrumental in raising awareness of CDS risks and prompting action in the private sector, held a symposium on the subject March 1. On Feb. 28, the current New York Fed chief, Timothy F. Geithner, put all these efforts in perspective in remarks, excerpted here, to the Global Association of Risk Professionals' seventh annual convention and exhibition in New York.” The Risk Beat Goes On, Charles Marston, Securities Industry News, March 15, 2006 Financial Times Ltd
- ¹¹⁶ David Guyatt, in his Hammer Files note that tranactions at Citibank are starting in 1989. This writer contends that Reed started consolidating CIA accounts in various national and international banks in 1989 a preparatory tep in the 1991 war.
- ¹¹⁷ SunStar Cebu, Wednesday, May 2, 2007, p A13.
http://www.sunstar.com.ph/specials/anniversary/PDF/special_3.a6.pdf
- ¹¹⁸ The Blood Bankers, James S. Henry, p77
- ¹¹⁹ Leo Wanta used Citibank (New York, Los Angeles, and Milan) for his Russian ruble destabilization program. Thieves World: the Threat of the New Global Network of Organized Crime; Claire Sterling, Simon and Schuster, 1994, pp. 190-191.
- ¹²⁰ The Blood Bankers, James S Henry, Four Walls Eight Windows, 2003, p334.
- ¹²¹ The Blood Bankers, James S Henry, Four Walls Eight Windows, 2003, p335.
- ¹²² The Blood Bankers, James S Henry, Four Walls Eight Windows, 2003, p348.
- ¹²³ “BCCI was quick to establish a relationship with many of the U.S. banks that had expanded overseas in the '70s. A confidential internal BCCI study, obtained by "In These Times," illustrates just how many U.S. banks had close financial relationships with BCCI. The 1985 study notes that for all of 1984, BCCI transferred foreign currencies worth \$37.5 billion through American banks. Most of these foreign currency transfers, \$19 billion, involved five major American banks: Bank of America, Security Pacific, American Express Bank Ltd., the Bank of New York and First Chicago.” BCCI THE BIG PICTURE: A system out of control, not just one bank, George Winslow ; see also Allegations Regarding Vince Foster, the NSA, and Banking Transactions Spying, Part X, J. Orlin Grabbe, <http://web.textfiles.com/politics/og010.txt>;
- ¹²⁴ The Blood Bankers, James S Henry, Four Walls Eight Windows, 2003, p72.
- ¹²⁵ “In 2004, at the request of the major Wall Street investment houses, including Goldman Sachs, then headed by Paulson, the U.S. Securities and Exchange Commission agreed unanimously to release the major investment houses from the net capital rule, the requirement that their brokerages hold reserve capital that limited their leverage and risk exposure.” http://en.wikipedia.org/wiki/Henry_Paulson see Collateral Damage: U.S. Covert Operations and the Terrorist Attacks on September 11, 2001, E.P. Heidner, 2008.
- ¹²⁷ “At this point Yeltsin hired Goldman Sachs to bring in new investment from outside and establish a system that would ensure reasonable returns for foreign investors. The Russian assignment was considered a plum in investment banking circles according to a 1992 article in the New York Times.” From The hawk, Garth Turner , <http://www.garth.ca/weblog/2007/10/07/the-hawk/>
- ¹²⁸ “Robert Rubin, US Treasury Secretary from 1996 to early 1999, had previously been head of the Russian department at Goldman Sachs, the bank that played a major role in opening up Russia’s finance markets .” West’s autistic view of Russia, By Jacques Sapir, Le Monde Diplomatique, December 1999, <http://mondediplo.com/1999/12/07sapir>

- ¹²⁹ American Foreign Policy Since the Vietnam War: The Search for Consensus from Nixon to Clinton, Richard A. Melanson, M.E. Sharpe, 2000 p.208
- ¹³⁰ Robert Zoellick, Bush's State Department & the German Marshall Fund, a Nazi Industrial Front, Alex Constantine, Alex Constantine's Blacklist, June 11, 2008, <http://aconstantineblacklist.blogspot.com/2008/06/path-to-911-parts-9-16.html>
- ¹³¹ The Fate of the Union: America's Rocky Road to Political Stalemate , Robert Shogan, Westview Press, 2004 , p 135.
- ¹³² "In '89, when I left, they had a 'rash' [of bond issues]. I mean they'd only made 5 bond issues from '85 to '88 when I was there and up until after I left. Then in '89 they made a whole bunch of legitimate bond issues. Because they knew it [an investigation(?)] was coming." From Transcript of the Larry Nichols Interview, which took place on the May 5, 1994 "America's Town Forum" radio show, hosted by Tom Donahue.
- ¹³³ Cooking the Insurance Books: A Decade of Lax Regulation Lays Groundwork for Scandal, Lucy Komisar, Special to CorpWatch, November 17, 2004; Dirty Gold in Goldman Sachs?, Kris Millegan, May 15, 2001 From The Washington Weekly, Mar. 17, 1997.' AIG's Offshore Strategies Hide a Scam, Lucy Komisar
- ¹³⁴ "The link between the Arkansas Development Finance Authority (ADFA) and AIG goes beyond \$5 million. An AIG affiliate has managed over one billion dollars worth of ADFA's bonds, according to the Arkansas Democrat Gazette. An allegation that ADFA launders money for U.S. intelligence has repeatedly surfaced but without any direct documentary evidence to date ." American International Group - From The Washington Weekly, Mar. 17, 1997.
- ¹³⁵ "To return to Goldman Sachs, the company's officers earlier helped pay for Clinton's presidential campaign. In the 1992 race, the firm's officers contributed more than \$100,000 in so-called "bundled" money and raised millions more. According to Federal Election Commission records, Robert Rubin, who is now assistant to the president for economic policy and then was cochairman of Goldman Sachs, made a \$275,000 contribution along with his wife from their personal foundation to the New York Host Committee of the Democratic National Convention." From Cascading cast of Whitewater characters... - Whitewater Development Co , by Rebecca Borders and Alejandro Benes, Column Insight on the News, November 28, 1994.
- ¹³⁶ Transcript of the Larry Nichols Interview, which took place on the May 5, 1994 "America's Town Forum" radio show, hosted by Tom Donahue.
- ¹³⁷ The Crimes of Mena: Gray Money, Staff of the OZARK GAZETTE, 1995 .
- ¹³⁸ See Gold Warriors: America's Secret Recovery of Yamashita's Gold, Sterling and Peggy Seagrave, Verso, 2005, pp. 96-97. It is important to note the original 'argument' for keeping the gold 'secret' was to prevent a collapse of the world's currencies, which at that time were tied to gold. It was argued that if the amount of gold discovered became public, currency values would drop. See Seagraves, p4.
- ¹³⁹ For Robert Anderson's association with intelligence operations, see All is Clouded by Desire: Global Banking, Money Laundering, and International Organized Crime, Alan A. Block and Constance Weaver, Praeger, 2004 p.28-32; Ex-Treasury Chief Gets 1-Month Term in Bank Fraud Case, Frank J. Priol, New York Times, June 26, 1987.
- ¹⁴⁰ Nazi Gold: Part 10-A:The Black Eagle Trust, David Guyatt; see also Gold Warriors, p. 194.
- ¹⁴¹ "So what they did is, you had borrowed \$1 million, ADFA would give you the \$1 million, they would give the bonds to Lasater to sell. When he sold 'em, he would give the money back to ADFA. But you can't find one person, one individual, that ever bought the bonds. I mean, you would think with all the bond issues, millions of people, for hundreds of millions of dollars, would've had to of bought 'a bond'. One of 'em. DONAHUE: Uh, you would think so. NICHOLS: But you can't find it. Anywhere."
- ¹⁴² "Dan Lasater, Bill Clinton's best friend, who went to jail with Roger Clinton for cocaine -- not selling it, but giving it away -- had a bonding, a bonding house. And guess what? He did the bond underwriting for ADFA. We found out 2 weeks ago from a high-ranking, ex-CIA official, a person who is authentic and he is on the record, that Dan Lasater was indeed the man that [Barry] Seal used to launder the money. For Mena. Some of that laundered money went into the Arkansas Development Finance Authority.... And the other underwriter of bonds at ADFA at the time was none other than Stephens' investment firm. And the man that brought BCCI to America was Jackson Stephens." From Transcript of the Larry Nichols Interview, which took place on the May 5, 1994 "America's Town Forum" radio show, hosted by Tom Donahue.

- ¹⁴³ “The hundreds of millions of dollars per month from cocaine and such was reportedly funneled through Garfield Ridge Trust and Savings Bank of Chicago . The bank has been owned and operated by congressman Rostenkowski and his cronies, who have commented on the bank’s reported criminality for some 20 years now.” Transcript of the Larry Nichols Interview, which took place on the May 5, 1994 "America's Town Forum" radio show, hosted by Tom Donahue.
- ¹⁴⁴ What is Whitewater Really All About Sherman H. Skolnick, Conspiracy Nation, Vol. 5 Num. 10.
- ¹⁴⁵ “Bill Clinton got \$1.78 million of his campaign money from tentacles that are from ADFA. He got the balance of his money from tentacles that are the Stephens investment firm.”(Transcript of the Larry Nichols Interview, which took place on the May 5, 1994 "America's Town Forum" radio show, hosted by Tom Donahue.
- ¹⁴⁶ “These soon to be Russian oligarchs had been set-up as front men by KGB Generals Aleksey (a.k.a. Alexei) Kondaurov; and Fillipp (a.k.a. Phillip) Bobkov, who would also sponsor Anton Surikov, also reported as an agent for Western Intelligence. Both Kondaurov and Bobkov previously reported to Victor Cherbrikov, who worked with Robert Maxwell. Both Bobkov and Kruchkov (the August coup leader) were ideologically aligned, and worked together on structuring the Communist Parties economic activities starting in October 1990. Cherbrikov and Bobkov would later work for Most. Later, Bobkov would be targeted for assassination as a “lackey of Western interests”, after he admitted in his memoirs that the KGB was riddled with CIA agents. Kondaurov and Alexandre Konanykhine would bring a here-to-fore unknown politician and construction foreman named Boris Yeltsin from the hinterlands of Russia to the forefront of Russian politics through generous campaign financing, providing 50% of Yeltsin’s campaign funding. From E.P Heidner, Collateral Damage: U.S. Covert Operations and the Terrorist Attacks on September 11, 2001, p.28.
- ¹⁴⁷ Anne Williamson's testimony before the Committee on Banking and Financial Services of the U.S. House of Representatives, presented Sept. 21, 1999.
- ¹⁴⁸ “...only around 24 percent of the issue went to Mexican banks. ...this exchange ... was managed by Goldman Sachs.... The deal represented a real coup for Goldman Sachs, never before a noted emerging markets house.” The Brazilian bailout three years later was similarly managed by Goldman Sachs. From University of New South Wales, University of New South Wales Faculty of Law Research Series, Year 2007 Paper 17, A Force for Globalisation: Emerging Markets Debt Trading from 1994 to 1999, Ross P. Buckley.
- ¹⁴⁹ from www.nasdaq.com.
- ¹⁵⁰ 'Supersized' fines on the wane, study says – Oct. 3, 2007, issue of “Investment News”]
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- ¹⁵² How Washington Failed to Rein In Fannie, Freddie: As Profits Grew, Firms Used Their Power to Mask Peril,Binyamin Appelbaum, Carol D. Leonnig and David S. Hilzenrath,Washington Post, September 14, 2008)
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- ¹⁵⁴ Working Papers –CHRONOLOGY of Dillon Read & the Aristocracy of Stock Profits, http://dunwalke.com/resources/documents/Chronology/DUNWALKE_Chronology_Fin_June2007.pdf
- ¹⁵⁵ Leo Strauss: Philosophical captain of sinking USS America, Hank Joerger, October 2008 Idaho Observer),
- ¹⁵⁶ <http://www.whitehouse.gov/government/bolten-bio.html>.
- ¹⁵⁷ Oct. 13 (EIRNS)—Treasury Secretary Henry Paulson, formerly of Goldman Sachs, and his sidekick, Treasury Undersecretary for Domestic Finance (“Plunge Protection”), Robert Steel, also from Goldman Sachs, are trying to orchestrate a crazy \$100 billion bailout scheme for their former firm, .. according to today's Wall Street Journal.” From EIR Online, Online Almanac,Volume 6, Issue 42, October 16, 2007.
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- ¹⁶⁰ West's autistic view of Russia, By Jacques Sapir, *Le Monde Diplomatique*, December 1999, <http://mondediplo.com/1999/12/07sapir>.
- ¹⁶¹ By that time, Zoellick was testifying to Congress about what he and Hormats knew of Soviet industry: "Soviet industrialists told (Robert Hormats) that single factory monopolies tend to be the rule, not the exception, and that they account for an estimated 30-40 percent of industrial output. The CIA has pointed out that "the Soviet Union's entire output of potato, corn and cotton harvesting equipment comes from single factories--all in different republics." Robert B. Zoellick, Under Secretary of State for Economic and Agricultural Affairs and Counselor, Statement before the Subcommittee on Europe and the Middle East of the House Foreign Affairs Committee, Washington, DC, Oct 2, 1991, 10/2/91
- ¹⁶² "A note on George Bush's cameo: You may wish to get footage of Bush's speech at the Goldman Sachs' gala in early June (1997). ... Goldman flew him in to open up their Moscow office." <http://www.pbs.org/wgbh/pages/frontline/shows/crash/etc/russia.html>
- ¹⁶³ "Banker fees in privatization sales have ranged from 1.5% to 7% of gross revenue. Goldman Sachs received 4.5% for selling shares of the Mexican telephone company Telmex in 1991, and 3% in its underwriting of a further Telmex offering in 1992." *Privatization: The Global Attack on Democracy, Labor, and Public Values*, Edward Herman, Z magazine, September 1997
- ¹⁶⁴ See two sources: Russian Honey Laundering, Serial No. 106-38, September 21, 22, 1999 Hearings BEFORE THE COMMITTEE ON BANKING AND FINANCIAL SERVICES, U.S. HOUSE OF REPRESENTATIVES, ONE HUNDRED SIXTH CONGRESS, FIRST SESSION, Serial No. 106-38. See also "The author clearly intends us to appreciate the characters she portrays as dynamic and progressive entrepreneurs. But she actually gives us a picture of a bunch of greedy criminals who have shamelessly looted and wrecked their country. The government sold off several huge oil companies including LUKoil, Russia's largest company, Yukos, Russia's second biggest oil company, and Sidanco. Mikhail Khodorovsky loaned the government \$159 million for a 45% stake in Yukos in 1995. He sold it to himself in 1996, using a shell company, for \$160 million. The state got \$1 million profit; Khodorovsky got the company, valued at \$15 billion in 2002. He bought oil cheap from the extractor companies, and pledged it, at high export prices, to secure the loans. This transfer pricing stripped the assets and values from the producers, who got only the debts and expenses. Goldman Sachs profited from the looting: they underwrote Khodorovsky's \$500 million loan against future oil sales." *Review of Sale of the Century: Russia's Wild Ride from Communism to Capitalism, Crime of the century!*, November 22, 2004, William Podmore (London United Kingdom) <http://www.amazon.com/review/product/0812932153?filterBy=addThreeStar>
- ¹⁶⁵ see E.P Heidner, *Collateral Damage: U.S. Covert Operations and the Terrorist Attacks on September 11, 2001*.
- ¹⁶⁶ *Privatization: The Global Attack on Democracy, Labor, and Public Values*, Edward Herman, Z magazine, September 1997
- ¹⁶⁷ "According to Inside Mortgage Finance, that made GSAMP the 15th biggest issuer of subprime-backed bonds in 2006. According to the website ABAlert.com (Asset-backed Alert), Goldman Sachs was one of the top 10 sellers of Collateralized Mortgage Obligations (CMO's) and may have sold about \$100 billion in CMO's over the last two and a half years." [Finfacts Ireland, 'How Goldman Sachs made money from US subprime mortgages on the way up and down', December 4, 2007]
- ¹⁶⁸ "... the start of the third quarter (2007), those securities were being downgraded by the credit ratings agencies faster than any other subprime lender. According to a Reuters report, Citigroup's research (June 22, 2007), stated "portions of Goldman's GSAMP-issued bonds, which include subprime loans from a variety of lenders, have been downgraded a combined 69 times by Standard & Poor's and Moody's Investors Service in the year through June 15. Sixty of the GSAMP downgrades refer to classes from 2006 bonds," Citigroup added, and Allan Sloane in *The Washington Post* stated that one of Goldman's 2006 crop - the GSAMP Trust 2006- S3 - may actually be "the worst deal...floated by a top-tier firm." One in every six of the 8,274 mortgages bundled together in GSAMP Trust 2006-S3 was already in default 18 months later. Whoever bought the S3 bonds will have either taken a 100% loss, or are waiting to sell it on at a heavy discount." [*The Washington Post, An Unsavory Slice of Subprime*, October 16, 2007]

- ¹⁶⁹ “Despite the 2007 subprime mortgage crisis, Goldman was able to profit from the collapse in subprime mortgage bonds in the summer of 2007 by selling subprime mortgage-backed securities short.” Time Online, December 19, 2007.
- ¹⁷⁰ “Goldman Sachs Group, the most profitable securities firm in Wall Street history, has awarded \$US67.5 million (\$A72.7 million) each to co-presidents Gary Cohen and John Winkelried, boosting their pay 27% from the previous year as the company evades the mortgage losses spreading through the US economy. Mr Cohen, 47, and Mr Winkelried, 48, received 40% of their compensation in cash and 60% in restricted stock and options. The payout amounts to \$US185,000 a day, including weekends. The median annual income of US households was \$48,200 in 2006. The awards “are doing anything to take the focus off executive compensation,” Laura Thatcher, head of the executive pay practice at the Alston & Bird law firm. “Those numbers innately are high.” Goldman set a record for Wall Street in December when it granted chairman and chief executive Lloyd Blankfein \$US68.5 million in salary and bonuses for 2007, topping the prior year’s \$US54 million. Goldman’s 22% jump in profit and 7.9% share-price gain last year outpaced Citigroup and Merrill Lynch & Co, which ousted their chief executives after posting losses from the collapse of the subprime mortgage market. Former Citigroup chief Chuck Prince, and Stan O’Neal, who lost the top post at Merrill, testified in Washington last week at a congressional hearing on executive pay. Law makers criticised the two executives for reaping hundreds of millions of dollars while shareholders bore the brunt of writedowns on mortgage assets and credit losses. “There seem to be two different economic realities,” said Henry Waxman, a California Democrat and chairman of the House Oversight and Government Reform Committee. “Most Americans live in a world where economic security is precarious. But our nation’s top executives seem to live by a separate set of rules.” Bloomberg, The Sunday Age, March 9, 2008 – www.theage.com.au
- ¹⁷¹ “At the time they make their commitments, the investors don’t know exactly where their money will go beyond broad categories” Big Deals, James K. Glassman, Washingtonian, June 2006, <http://www.carlyle.com/Media%20Room/Fact%20Sheet%20Files/item9959.pdf>
- ¹⁷² BC Gas may go to shadowy Carlyle Group, Kevin Potvin, The Republic, East Vancouver, June 8 to June 21, 2006, No 140.
- ¹⁷³ “Six days after officially quitting the Pentagon, January 6, 1989, Frank Carlucci became Carlyle’s Director General. He brought trusted lieutenants from the CIA, the State Department, and the Defense Department with him.” Carlyle Empire, Eric Leser, Le Monde, April 29, 2004; “When Carlucci arrived there in 1989, he brought with him a phalanx of former subordinates from the CIA and the Pentagon” The ex-presidents’ club, Oliver Burkeman and Julian Borger, The Guardian, October 31, 2001
- ¹⁷⁴ Ari Ben-Menashe. Profits of War, Inside the Secret U.S.-Israeli Arms Network, Sheridan Square Press, 1992, p191.
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- ¹⁷⁶ The Iron Triangle, p.35.
- ¹⁷⁷ A very key player in the success of BDM was Paisley, who managed Black Ops procurement with the Navy. She went to BDM from CSC pp60-62
- ¹⁷⁸ See Collateral Damage: EP Heidner
- ¹⁷⁹ Carlyle Empire, Eric Leser, Le Monde, April 29, 2004
- ¹⁸⁰ Carlyle To Launch Hedge Funds, Carla Johnson, Investors Offshore, London, 13 March 2002, http://www.tax-news.com/archive/story/Carlyle_To_Launch_Hedge_Funds_xxxx7586.html.
- ¹⁸¹ US private equity firm Carlyle launches \$400m secondaries fund, May 15, /2002, <http://www.altassets.com/news/arc/2002/nz867.php>.
- ¹⁸² Carlyle Group sells controlling stake to hedge funds management, June 23, 2003, http://www.hedgeweek.com/articles/detail.jsp?content_id=9438
- ¹⁸³ “At the time they make their commitments, the investors don’t know exactly where their money will go beyond broad categories” Big Deals, James K. Glassman, Washingtonian, June 2006, <http://www.carlyle.com/Media%20Room/Fact%20Sheet%20Files/item9959.pdf>
- ¹⁸⁴ Carlyle Group Underestimates Credit Crisis, Dan Denning • August 30th, 2007, <http://www.dailyreckoning.com.au/carlyle-group/2007/08/30/>
- ¹⁸⁵ That group consists of at least 11 individuals: Robert Edward Rubin, Stephen Friedman, Benjamin S. Bernanke, Henry Merritt Paulson, Neel Kashkari, Faryar Shirzad, E. Gerald Corrigan, Jeffery Reuben, Josh Bolten, Robert Zoellick and Bush family member George Herbert Walker IV . It should also

include Kissinger Group, which was started with a loan from Goldman-Sachs. "George Herbert Walker IV (born April 1969) is a Managing Director at Lehman Brothers and is a second cousin to U.S. President George W. Bush. Walker began his career on Wall Street when he joined Goldman Sachs in the Merger Department in 1992 and six years later, in 1998, became one of the firm's youngest partners ever. He held several senior positions at Goldman, including co-head of the firm's Wealth Management business, and head of Alternative Investment strategies. In May 2006, Walker announced that he was resigning from Goldman Sachs to become global head of rival Lehman Brothers' Investment Management division." http://en.wikipedia.org/wiki/George_Herbert_Walker_IV According to the book *Kissinger*, by Walter Isaacson, published in 1992 by Simon & Schuster, Kissinger started his consultancy in July 1982 with "\$350,000 lent to him by Goldman Sachs and a consortium of three other banks."

¹⁸⁶ "As lead pony at Goldman Sachs, he (Rubin) led that investment bank into plunging billions into Mexican bonds. As head of the White House Economic Security Council, he failed to see the Mexican default barreling up the tracks. But as treasury secretary, he was able to shovel billions of U.S. dollars down Mexico way, thus saving the Goldman Sachs investments" *Bailing Out Brazil -- Or Robert Rubin?* Patrick J. Buchanan, August 14 2002. See also "Then came a \$30 billion dollar IMF bailout of Brazil. Now, the World Bank and Inter-American Development Bank are offering Brazil another \$7 billion. "American banks have about \$25.6 billion in outstanding loans to Brazilian borrowers. Citigroup, the biggest lender to Brazil, has \$9.7 billion in Brazilian loans." That's right. Forty percent of the U.S. bank exposure in Brazil is the fault of America's biggest and dumbest bank. And who is the resident financial wizard at Citigroup?" Robert H. Rubin."
<http://www.theamericancause.org/patbailingout.htm>

¹⁸⁷ There are multiple sources for this, starting with Chapter 15 of *Gold Warriors*. Separately, one can check the story of Jim Curtis. "We had been told in the early 1990's of an agreement signed in the early 1980's between Marcos, President Ronald Reagan, James Baker on behalf of the U.S. Treasury, John Reed of Citibank, and even Margaret Thatcher for Great Britain, whereby they agreed to take and use the late Sta. Romana/ Diaz's assets for their unauthorized clandestine activities around the world." C.E. "Jim" Brown, <http://www.rense.com/political/PRESSREL.htm>

¹⁸⁸ CEOs "cashed out" prior to economic crisis, Tom Eley, Global Research, December 1, 2008, World Socialist Web Site

¹⁸⁹ "Alan Reynolds of the libertarian Cato Institute, writing for Forbes.com, says the ringing of alarm bells about a credit crisis has been unwarranted. Mr. Reynolds cites some of the warnings I mentioned above, such as the one from Congressional Budget Office Director Peter Orszag, who said "short-term lending was virtually shut down." And a Washington Post report that said "tightening [bank] credit conditions are already affecting some consumers and business," or the Fox News report saying that "McDonald's can't even get a loan." Then there's House Majority Leader Democrat Steny Hoyer, who said the bailout plan was designed to "unlock the credit," and a Wall Street Journal writer saying "Until we get the banks lending again, the economy will continue to contract." So why does Reynolds say the alarms are unwarranted. Because, he says, "Such alarming comments never mention any facts." Those facts, Reynolds says, are that data for August reveal "...bank loans to consumers were 9.5 percent higher than they were a year earlier - the fastest increase since 2004." And, he says, "Real estate loans were up 4.1 percent for the 12-month period ending this August...." from *What Credit Crisis?*, AC Writer, October 06, 2008,

http://www.associatedcontent.com/article/1087179/what_credit_crisis.html?page=2&cat=9; see also

"The financial press and policymakers have made the following four claims...

1. Bank lending to nonfinancial corporations and individuals has declined sharply.

2. Interbank lending is essentially nonexistent.

3. Commercial paper issuance by nonfinancial corporations has declined sharply, and rates have risen to unprecedented levels.

4. Banks play a large role in channeling funds from savers to borrowers.

Here we examine these claims using data from the Federal Reserve Board and Bloomberg, Our argument that all four claims are false is based on data up until October 15, 2008." From

Facts and Myths about the Financial Crisis of 2008, V.V. Chari, Lawrence Christiano, Patrick J. Kehoe, Working Paper 666, October 2008, Federal Reserve Bank of Minnesota, Research Department

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- ¹⁹⁰ “By taking advantage of the Treasury’s capital injection program to help pay for its acquisition of National City, PNC averted the risk of securing financing from fickle private investors. PNC exploited a recent change to the tax code, made at the behest of Treasury this month, that will give it an estimated \$6 billion tax benefit — possibly enough to cover the entire transaction, according to analysts.” *Insurers Are Getting in Line for Piece of Federal Bailout*, Edmund L. Andrews and Eric Dash, October 25, 2008
- ¹⁹¹ “At one point in the conference one participant asked whether the \$25 billion (loan to JPMorgan Chase) will “change our strategic lending policy.” The executive then proceeded to spill the beans: “What we do think, it will help us to be a little bit more active on the acquisition side or opportunistic side for some banks who are still struggling.” *The Bailout Lie Exposed: Financial "Big Boys" Never Intended To Lend Out Their Windfall*, Prof. Alan Nasser, Global Research, October 28, 2008
- ¹⁹² “USB did not want this money. The US Treasury strong armed well capitalized banks into taking the money so that the poorly run banks who took it would not be stigmatized by accepting the money.” *From U.S. Bancorp will receive \$6.6 billion and TCF \$361 million from the Treasury Department's capital investment program*, Steve Alexander, *Star Tribune*, November 3, 2008
- ¹⁹³ “the analysis concludes that the \$10-billion bailout Treasury cut for Goldman Sachs with taxpayers' money is only half as good as the one Goldman gave Buffett - effectively a \$5 billion "gift from the taxpayers of the United States to the shareholders of Goldman Sachs" in Gerard's words.” *From: Paulson Cuts Goldman Sachs a Sweetheart Deal*, Marco Trbovich, October 29, 2008, http://www.huffingtonpost.com/marco-trbovich/paulson-cuts-goldman-sach_b_138862.html
- ¹⁹⁴ “Financial workers at Wall Street's top banks are to receive pay deals worth more than \$70bn (£40bn), a substantial proportion of which is expected to be paid in discretionary bonuses, for their work so far this year - despite plunging the global financial system into its worst crisis since the 1929 stock market crash, the Guardian has learned Staff at six banks including Goldman Sachs and Citigroup are in line to pick up the payouts despite being the beneficiaries of a \$700bn bail-out from the US government that has already prompted criticism. The government's cash has been poured in on the condition that excessive executive pay would be curbed.” *Wall Street banks in \$70bn staff payout Pay and bonus deals equivalent to 10% of US government bail-out package*, Simon Bowers *The Guardian*, Saturday October 18 2008 .
- ¹⁹⁵ The historical and psychological basis for this comparison is best found in the classics “*The Origins of Totalitarianism*,” by Hannah Arendt, see especially Chapters 11 and 12. See also “*Political Ponerology*” by Andrew M. Lobaczewski, Red Pill Press, Canada, originally published in 1984 as *Ponerologia Polityczna*.
- ¹⁹⁶ By example when Larry Nichols made public his case against the Arkansas Development Finance Authority and Bill Clinton, he notes receiving enormous pressure to drop the charges in the benefit of “the national interest.” “*NICHOLS: The incredible thing last week was, I got 5 calls from Wall Street, whatever you call 'em, brokerage firm people... They said, "Well you can't do that, basically, because the dollar versus the yen," (whatever that means), "is like at 100 and, one more scandal is going to destroy the dollar- ... Yeah. I mean they didn't threaten *me*, but they said, you know, "You're destroying the economy."* Transcript of the Larry Nichols Interview, which took place on the May 5, 1994 “*America's Town Forum*” radio show, hosted by Tom Donahue.
- ¹⁹⁷ (January 2002, interview by Matt Ehlingfor for *Declassified Radio* (which doesn't exist anymore). <http://sf.indymedia.org/print.php?id=113300>.) [*Le Cercle and the struggle for the European continent: Private bridge between Vatican-Pan-European- and Anglo-American intelligence*, Joël van der Reijden, November 18, 2006; See also *Prelude to Terror: The Rogue CIA and the Legacy of America's Private Intelligence Network*, Joseph J. Trento, Carroll & Graf Publishers, 2006 p. 124, for insight that corroborates Carlucci’s involvement with these rogue CIA agents.
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