

## Phone records Infer Massive Corruption Between Washington and Wall St

by watson Thursday, Dec 8 2011, 8:51pm

international / injustice/law / commentary

*Information is valuable interpreted in the CONTEXT of known Wall St insider dealings, fraud and CRIMINALITY. While the JPMorgan \$2 million 'donation' to the clearly partial and CORRUPT NYPD at the outset of the Occupy movement says it all; that little corrupting influence is DWARFED by the criminal collusion between Goldman Sachs and Hank Paulson while he was serving in Washington.*



***G Sachs boys, Paulson and Blankfein***

*Bankers and Corporatist elites may have Washington sewn-up BUT they have a very angry population to deal with. Soon enough Bankers will be adorning the light poles of New York and other Capitals, a blind man can see it coming -- but the arrogance and greed of the criminals that control OUR government prevents them seeing clearly.*

Report from the New York Post follows:

### **The Fix was in -- market corrupt**

by John Crudele

So, now do you believe me? The stock market was rigged.

It has been a little lonely telling this story over the past few years.

But now that another news organization has finally gotten off its lazy butt, I'll tell it again: Under former Treasury Secretary Hank Paulson, confidential government information was regularly leaked to select people on Wall Street.

As I've explained many times before, The Post got hold of Paulson's telephone records back in 2009. And the phone logs show that Paulson, the former head of Goldman Sachs, regularly spoke with influential people on Wall Street with whom he shouldn't have been communicating. These phone calls could have been — let's use the word "enriching" — for the recipients.

Among his regular phone buds was Lloyd Blankfein, who, for example, spoke six times with Paulson on Sept. 18, 2008. That was a day of great market turmoil and — while

there is no way of knowing what the two men spoke about — the calls did coincide with a major turnaround in stock prices.

That was just one example.

There were many recipients of Paulson's calls. And the conversations went on for years and were especially frequent when Washington needed a friend on Wall Street.

All an investigator — not to mention a prosecutor — would have to do is check the trading records of the firms on the receiving end of Paulson's chats to determine if there was any suspicious activity.

And, guaranteed, they'd find it.

That's what I've been writing for the past two years. And it is the biggest story that'll ever be broken in the history of American financial journalism — the US markets are rigged, with the elite and connected getting a distinct unfair advantage over the rest of us schlumps.

Enter [Bloomberg Markets magazine](#) last week with a story headlined, "How Paulson Gave Hedge Funds Advance Word."

It addresses the morning of July 21, 2008 — a time when both Fannie Mae and Freddie Mac, government-sponsored organizations that buy most of the nation's residential mortgages, were in serious trouble.

Bloomberg says Paulson met with reporters and editors of The New York Times that morning and told them he expected an audit of Fannie's and Freddie's books to give the financial markets confidence.

But he told a different story when he met that same day with hedge-fund managers at the office of Eton Park Capital Management.

"Around the conference table were a dozen or so hedge-fund managers and other Wall Street executives — at least five of them alumni of Goldman Sachs Group Inc.," according to Bloomberg Market's January issue.

Quoting a fund manager at that Eton Park meeting, "After a perfunctory discussion of the market turmoil . . . the secretary [Paulson] went on to describe a possible scenario for placing Fannie and Freddie into 'conservatorship' — a government seizure designed to allow the firms to continue to operate despite heavy losses in the mortgage markets."

Paulson explained further how the publicly traded stock of both companies would be wiped out under the move.

Bloomberg Markets said the fund manager in attendance who gave the magazine this information "was shocked that Paulson would furnish such specific information — to his mind, leaving little doubt that the Treasury Department would carry out the plan."

The fund manager said he left the meeting, called his attorney and was advised not to trade any Fannie or Freddie stock, because Paulson had given him non-public

information.

What else is new?

By giving confidential information to a roomful of traders, Paulson had to understand he'd influence the price of Fannie and Freddie stock and, by extension, the whole market.

He'd also be giving the people receiving that information a chance to cheat — to rob public investors who weren't lucky enough to be invited to such meetings.

And that brings me to last week.

According to other journalists' reports, the Federal Reserve voted on Monday, Nov. 28, to approve a financial bailout for Europe using our dollars. That's the same day that the stock market staged a strong rally, which turned out to be only a preliminary event to the 400-plus point surge the Dow would have two days later — after the rest of us found out about the European bailout.

Was it just a coincidence that the stock market rallied nicely on the day of the Fed vote? Or was information from that Fed's Open Market Committee leaked by someone to friends on Wall Street?

Only a few people know what happened on Nov. 28.

But this much I do know: Whatever games are being played between Washington and Wall Street must stop, or the American capital markets will cease functioning. Nobody with any sense will participate in a market that's controlled by greedy people looking out only for themselves.

The second thing I know: Journalists need to start doing their job in rooting out corruption like this.

Bravo to Bloomberg Markets magazine. It's about time at least one publication woke up.

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