

## GAO Reveals Theft Of Taxpayer Money

July 26—Lyndon LaRouche today called for the immediate jailing of Federal Reserve Chairman Ben Bernanke, Treasury Secretary Timothy Geithner, and President Barack Obama, for their role in a massive theft of taxpayers' money, in the 2008 bailout of Wall Street and London, and the ongoing pledge to continue the bailout of the hopelessly bankrupt European Monetary Union and Wall Street banks.

LaRouche made the demand after reviewing the July 2011 Government Accountability Office (GAO) audit of the Federal Reserve, which is the first installment of a larger audit to be completed by October of this year.

The preliminary audit reveals a trail of criminal action on the part of Bernanke and Geithner. In March 2008, Bernanke fraudulently invoked an emergency clause in the Federal Reserve Act, claiming that, on the basis of "unusual and exigent circumstances," the Fed could issue emergency loans to nondepository institutions for the first time since the Great Depression. As a result, the Fed issued more than *\$16 trillion* to Wall Street and foreign banks. Furthermore, most of the fraudulent "emergency lending" was "outsourced" to private contractors, led by JP Morgan Chase, Morgan Stanley and Wells Fargo, in no-bid contracts that *totalled \$660 million in fees*.

Numerous officials of the Fed and the outside contractors were given blanket waivers allowing them to act, despite clear conflicts of interest. The audit cited the case of William Dudley, a former chief economist of Goldman Sachs, and now, chairman of the New York Fed, who was given a waiver to retain his AIG and GE stocks at a time when he was authorizing hundreds of billions of dollars in fraudulent "emergency" loans to these firms. In another example of the rampant conflict of interest, the CEO of JP Morgan Chase was allowed to remain on the board of the New York Fed, while his firm received \$390 billion in loans, and functioned as a clearinghouse for the Fed's emergency loan program.

The GAO audit was conducted under an amendment to the Dodd-Frank bill and was introduced by Sen.



*William Dudley: Why is this man smirking?*

Bernie Sanders (I-Vt.), over strenuous objections from the authors.

### LaRouche's Alternative

"There never was an emergency warranting \$16 trillion in bailout to Wall Street and foreign banks," LaRouche declared. "There was always an alternative, which I spelled out clearly in my 2007 Homeowners and Bank Protection Act (HBPA), an alternative thoroughly in keeping with the U.S. Constitution. I called for the immediate reinstatement of the Glass-Steagall Act and a freeze on all home foreclosures for the duration of the bankruptcy reorganization of the entire Federal Reserve System.

"It was a high crime to bail out Wall Street and London's gambling debts, and Bernanke's declaration of emergency, unleashing \$16 trillion in Fed funds to bail out gambling debts that can never be repaid was a criminal fraud. President Obama has furthered that criminal fraud, by pledging that the U.S. Federal Reserve and Treasury would be the lenders of last resort for the European Monetary Union...."

LaRouche concluded: "There is only one appropriate course of action. Send Bernanke, Geithner, and Obama to prison right now. The idea that the American people should be held responsible for bailing out tens of trillions of dollars in fraudulent, worthless, unpayable debt, is unforgivable, and must be punished by criminal prosecution and hard jail time. Public officials elected or appointed to high office in our Federal government must be held accountable for their crimes, or else our entire Constitutional system is worthless. I know the American people are with me, and that there can be no delay. The GAO is the official investigative arm of the U.S. Congress. They have provided their findings in a 239-page audit report. The facts speak for themselves."