

LaRouche Demands a Thorough Investigation into Freddie Mac

by John Hoefle

April 24—Lyndon LaRouche has called for a thorough investigation into the April 22 death of the acting chief financial officer of mortgage giant Freddie Mac. “Any attempt to cover up the implications of this case would attract great suspicion,” LaRouche warned. “There must be a clean and accurate account of this to the general public, particularly because of the frauds in this area by former U.S. Secretary of the Treasury Hank Paulson and others. Nothing can be covered up. There must be full disclosure. We have the possible suicide of a key official and any such thing demands an investigation. He was in a sensitive position which was under investigation. His death may now be a significant block to getting relevant information.”

Freddie Mac’s acting CFO, David B. Kellermann, 41, was found dead in his home on April 22. His body was discovered by his wife in the basement of his home in Vienna, Va. According to unknown sources cited by the *Washington Post*, Kellermann was found hanging from a piece of exercise equipment, in what has been termed an “apparent suicide,” pending a determination by the medical examiner.

Freddie Mac has been hemorrhaging money since the financial crisis began, reporting losses of \$3 billion in 2007, and \$50 billion in 2008. It ended 2008 completely bankrupt, with a negative stockholders’ equity of \$30.7 billion.

The company has been rescued by the Federal government twice, receiving \$14 billion last November,

and a \$30.8 billion injection in the first quarter. That gives it a tiny sliver of equity capital, at least until it reports its first quarter results.

Both Freddie Mac and its sibling Fannie Mae—which has also been losing money at a ferocious rate, and has received Federal funds—are integral parts of the Bush/Obama bailout scam. The firms were effectively taken over by the Federal government last September, and have been turned into dumping grounds for the toxic waste of the banking sector. Far from being “rescued,” as their so-called bailout was termed, they have been thrown to the wolves, as their deteriorating financial condition shows.

Kellermann had been at odds with the Obama Administration over the effects that the bailout scheme would have on the company. He had argued with officials at Freddie Mac’s regulator, the Federal Housing Finance Agency, protesting that the company was required to disclose the losses the bailout scheme would cause. Despite the regulator’s objections, Freddie Mac did state, in an SEC filing in March, that the bailout would have a “significant adverse effect” on its financial condition.

Freddie Mac is currently under investigation by the Department of Justice and the Securities and Exchange Commission, and government officials have been overseeing its operations. While Kellermann, who has been at Freddie Mac for 16 years, was said not to be a subject of these investigations, he undoubtedly knew a great

deal about the firm's operations that would have been of great interest to investigators.

"The fact that he reportedly was not a target of the probe but knew things that investigators wanted to know, and also, the fact that he had hired a private security service for protection at his home should be part of the investigation," LaRouche said.

We should not be quick to believe Kellermann's death was a suicide, LaRouche said, noting the frequency with which such convenient suicides have turned out to be murder, and the expertise of some groups in arranging such deaths.

"It's suspicious; it smells like murder," LaRouche said.

Massive Cover-Up

Kellermann's suspicious death occurs at a time when the banks and the Obama Administration are engaged in a massive conspiracy to cover up the disastrous conditions at the nation's banks, insurance companies, pension funds, hedge funds, and other financial institutions. The lies are flowing fast and furious.

One element of this campaign is the ridiculous level of profits being reported by the banks for the first quarter of 2009. Goldman Sachs used a change in its fiscal year to match the calendar, as the opportunity to dump \$1.5 billion in losses into an orphan month, making its first quarter results look better than they would have been. Bank of America reported a profit by marking up the values of assets it acquired from Merrill Lynch. JP Morgan Chase and Citigroup used accounting tricks to turn declines in the market value of their debts into profits. With such tricks and the systematic hiding of losses on the loans and securities on their books, these zombies are perpetrating a fraud upon the public.

The highly touted stress tests are a similar fraud, a way to pretend that institutions that would have to be closed immediately, were the truth revealed, are healthy, with maybe a handful slightly ill. It is a public relations exercise, designed to pacify the public with lies.

Then, there's the case of the takeover of Merrill Lynch by Bank of America. This deal was hastily arranged last September, on the same weekend that Lehman Brothers failed and AIG blew out. According to Bank of America CEO Ken Lewis, when he later discovered how big the losses were at Merrill, he was ordered by then-Treasury Secretary Henry Paulson not to disclose the information to his shareholders. Such "material disclosures" are required by law, so if Lewis is correct, then the

government was engaged in a criminal conspiracy.

On the other hand, the idea that Bank of America's shareholders were victimized is also a fraud, since the bank was bankrupt at the time, and thus, had no shareholder values to protect. Lewis likes to paint himself as a victim in the scheme, but that is disingenuous. He must have known that Merrill Lynch was mortally wounded when he agreed to buy it; if he didn't, he's not only incompetent, but clueless. Everybody's spinning, to cover their bare sterns.

Virtually nothing said by the bankers, their alleged regulators, or their pet poodles in the media is true. Any honest and thorough investigation would blow the top off of both Wall Street and Washington.

The Ugly Truth

The whole bailout scheme is nothing but layer upon layer of fraud and lies. The real intent, even though most of the fools involved do not know it, is to bankrupt the nation and remove the United States as an obstacle to the British Empire's corporatist, global financial dictatorship. The U.S. is pouring trillions of dollars down the rathole in a vain attempt to salvage fictitious values and prop up hopelessly bankrupt institutions. We are bankrupting our nation, and with it any hope of an economic recovery.

As the size of the bailout rapidly expands, the danger of a Weimar-style hyperinflationary collapse of the dollar moves from possibility to certainty. Such a collapse will take down not only the U.S. but the world, and further the British Empire's genocidal goal of reducing world population by two-thirds. The end result of this bailout will not merely be a financial collapse, but a breakdown of civilization itself.

In such a horrific world, there will be no need for investment bankers, or derivatives, or any of the other institutions the bailout is supposedly designed to save. This system is finished, no matter what the fools may believe or desire, and anyone who supports the bailout is actually supporting genocide, knowingly or not.

The real fight is over what comes next. The British Empire has dreams of ruling over whatever pile of rubble survives the cataclysm, but it, too, will be destroyed by the evil it has set into motion. All of its financial maneuvering and social engineering—that is, brainwashing—will be for naught. The only alternative to a new Dark Age is the policy framework put forward by LaRouche. It is, literally, LaRouche or bust.

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