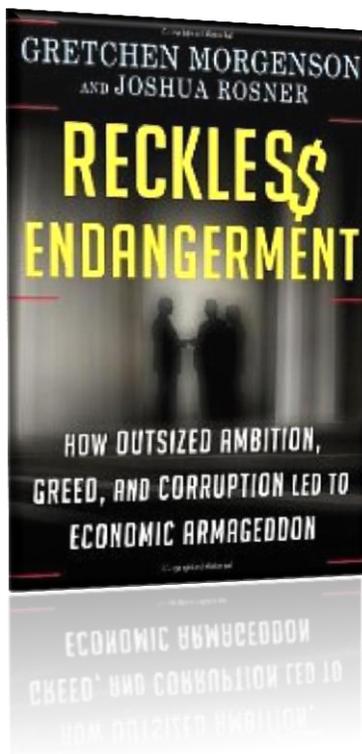


Washington and Wall Street's Incestuous Corruption and Forever Revolving Door

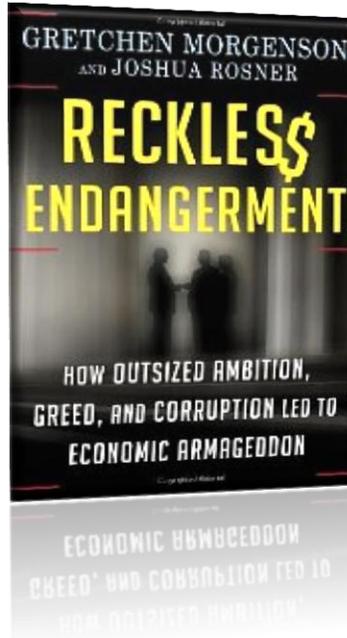


A Tale of How Corrupt
Things Really Are &

Why Nobody will EVER be
Prosecuted. Too many People
Are Involved Rigging the
Game destroying your future!

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GRETCHEN MORGENSON

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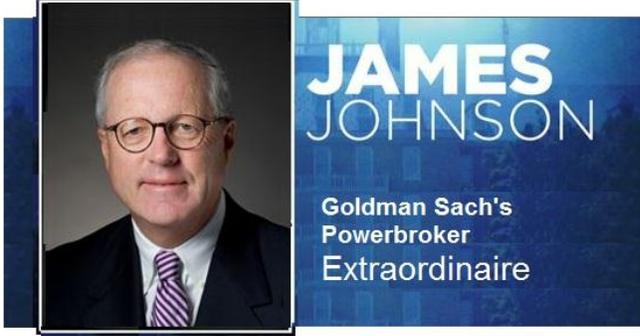
AMERICA'S PREMIER PULITZER PRIZE-WINNING BUSINESS JOURNALIST

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ONESTY is not the policy of Washington or the Investment Banks. In a spectacular account of investigative journalism rare in this day and age, Gretchen Morgenson reveals her talent to hunt down the truth. Unlike most books that have merely sensationalized the collapse, Gretchen has exposed the much deeper corruption that lays **BEHIND THE CURTAIN** linking Washington and Wall Street like you have only suspected before. Those who try to attack every negative account of the **Investment Bankers** as **Conspiracy Nuts** have been following the advice of Cicero. When you can't address the subject, attack the speaker. Anyone who has dared to discuss the links between the New York Investment Bankers and Washington have been cast aside as **Conspiracy Theories**. The question now is, **HOW MANY CO-INCIDENTS DOES IT TAKE TO MAKE A CONSPIRACY?** Gretchen has exposed not just the usual account of how many people from **Goldman Sachs** have infiltrated government around the world, but how **Goldman Sachs** has also provided employment for government kingpins. If you ever wondered why no **New York Investment Banker** is ever criminally prosecuted, this book exposes the political links that protect them. **J.P. Morgan** and **Goldman Sachs** can be civilly prosecuted and fined for the very same acts that companies like **ENRON**, **WORLDCOM**, **GALLEON**, **ARTHUR ANDERSON**, **DREXEL BURNHAM**, **REFCO**, and numerous other firms were utterly destroyed for claims of fraud all because the government has discretion as to who it will prosecute criminally and civilly, meaning there is no black and white **Rule of Law**.



Whenever an economic crisis develops, everyone looks for the obvious culprit to blame and it is always just about the money. Consequently, with hindsight, any near meltdown of America's financial system can be argued to have

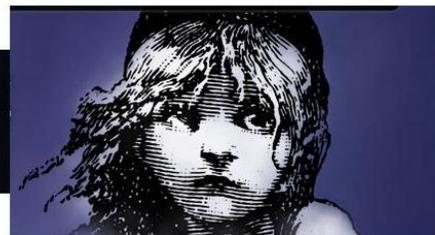
enriched a few at the expense of the rest of the people. Who's responsible? Congress holds its hearings but the vast majority are lawyers. The **ONE CARDINAL RULE** of any good lawyer is **NEVER ASK A QUESTION YOU DO NOT KNOW WHAT THE ANSWER WILL BE!** SO if you think that a hearing is really a high profile investigation, go back to watching the heavy weight wrestling matches where reality is in the eye of the beholder. She exposes **James Johnson** who was the head of **Fannie Mae**, set up the whole mortgage bubble, and then quit in 1998 to become a board member of **Goldman Sachs**. And



guess what! **Barney Frank**, author of the financial reform that will hurt everyone BUT the main culprits, asked **Johnson** to hire his family members as a favor. Oh ya! Let us not forget that it was James Johnson who helped Obama raise money for his campaign. And you thought there could be anything done without an undisclosed conflict of interest? Right!

The recent report of the **Financial Crisis Inquiry Commission** blamed of course all the usual suspects — Wall Street banks, the mortgage giants **Fannie Mae** and **Freddie Mac**, subprime lenders, and financial regulators. Nobody will ever have to answer for anything. Naturally, they put on a good show as if it were the latest cast of characters in a new version of that times play:

Les Misérables



Gretchen has done what a real investigation should have done. She focused in her “**Reckless Endangerment**” concentrating on particular individuals who played key roles who Congress never once mentioned. The reason why becomes all too obvious. For Congress understands the American people. **YOU CAN FOOL MOST OF THE PEOPLE MOST OF THE TIME** proving Abraham Lincoln was dead wrong. Congress, brought to you by the friendly **New York Investment Banker**, knows that there will be a fuss. But within days it will blow over and by election time, everyone will have forgotten. Prosecute the fringe and make noise sentencing them to prison for decades and you won’t have to prosecute the real culprits. To satisfy the outcry, they will just charge them civilly and fine them less than 1% of the transactions claimed to have been the fraud. As reported by the **Wall Street Journal** on June 22, 2011, **J.P. Morgan** agreed to be fined \$153.6 million for fraud.

This month alone, on June 17th, 2011, it was reported that the usual culprits **Goldman Sachs** and **J.P. Morgan** were the subject of an investigation in London for rigging the warehouses there to store metal. On June 14th, 2011, the front page of the **London Financial Times** reported that **Goldman Sachs** paid an internship of the brother of an official at a Libyan fund. Bribes of this nature are a criminal act for everyone else. Let’s face it. The New York crowd can do whatever they like, for beside Death and Taxes, they can be certain that no matter what, they will **NEVER** be criminally prosecuted for anything at any time. They can’t even be really sued in New York for they own the courts.

Gretchen Morgenson co-authored the book with Joshua Rosner, an expert on housing finance. They keenly trace the beginnings of the collapse to the mid-1990s, when it was the Clinton administration calling for a partnership between the private sector and **Fannie** and **Freddie** to encourage home buying. The mortgage agencies’ government backing was critical providing the implied AAA subsidy, which was used by **Fannie’s** head James A. Johnson to expand the business to accomplish the political increase in home ownership. A 1996 study by the **Congressional Budget Office** found that **Fannie** kept nearly a third of the subsidy rather than passing it on to homeowners. Throughout **Johnson’s** more than nine years running **Fannie**, he personally took home roughly \$100 million. His successor, **Franklin D. Raines**, has kept up the tradition.

Gretchen points out that under **Johnson** and **Raines**, **Fannie** clearly maintained its distinguished and privileged position by handing out a portion of its profits directly to members of Congress through campaign contributions. Additionally, they provided employment positions for relatives and former staff members. The name of the game in Washington is to do fake studies where you are told in advance what the outcome is supposed to be. **Fannie** also paid academics for the same scheme doing research that concluded the benefits of its activities while never addressing the risks. **Fannie** also organized a host of groups to lobby on its behalf. Gretchen and Rosner offered detailed accounts of how **Lawrence Summers**, then **Deputy Treasury Secretary**, buried a department report recommending that **Fannie** and **Freddie** should be privatized. A few years later, **Fannie** hired **Kenneth Starr** who was the special prosecutor in the

Whitewater affair, who then intimidated a member of Congress who was asking how much the company was paying its top executives.

The picture painted by Gretchen calls to mind Organized Crime. **Fannie's** top executives were above the law and underwrote as many loans as possible enriching themselves and their co-conspirators. They effectively made **Countrywide Financial** as big as it was since it was the single largest provider of home loans for **Fannie** and the nation's largest mortgage lender! Of course, **Countrywide** abandoned all lending standards and wrote as much junk as possible knowing they would be bundled. This was all linked hand-in-hand with the New York Investment Bankers who were slicing and dicing everything into packages of securities and then convinced **AIG** to insure their mess.

Gretchen and Rosen have demonstrated how the revolving door between Wall Street and Washington has created an incestuous relationship of absolute immunity. They are in bed with the decision makers as to who gets prosecuted or not. Former Chairman of **Goldman Sachs** became the **Treasury secretary, Robert Rubin**, who pushed for repeal of the **Glass-Steagall Act** that had separated commercial banking from investment banking as well as insurance. **Rubin** eliminated all the Great Depression reforms and enabled the crisis to take place. After accomplishing his goal to get rid of the restraints, he then became Citigroup's vice chairman, and Gretchen wrote "*over the following decade pocketed more than \$100,000,000 as the bank sank deeper and deeper into a risky morass of its own design.*"

The incestuous relationships forming a tight web of personal relationships as well, have tied **Goldman Sachs, Citigroup, the New York Fed, the Federal Reserve, Fannie, and the Treasury** making fools out of the press and the people of the United States. Of course, just in time for the Crash of 2007-2009, **Hank Paulson**, former Chairman of **Goldman Sachs**, assumed the role at **Treasury** ensuring no one would be prosecuted. In 1996, **Fannie** had even hired **Stephen Friedman**, another former chairman of **Goldman Sachs**, to its own board. Then, in 1999, **Jim Johnson** left **Fannie** and joined **Goldman's** board. It would of course be **Hank Paulson** who as Treasury Secretary under Bush not only protected **Goldman Sachs** by bailing out **AIG** letting **Goldman's** hated rivals collapse increasing the market-share for **Goldman Sachs**, but then orchestrated the taxpayer bailout of **Fannie Mae** and **Freddie Mac**. Naturally, he created **TARP** to bailout **Goldman, Citigroup, and AIG**.

Gretchen makes it clear that these key players simply got away with it. The American taxpayers have not just picked up the bill; these guys have sent the nation into massive inflation that is being masked by the collapse. This inflation is the depreciation of the purchasing power of the dollar wiping out the savings of the elderly and destroying the pension funds of the Baby-Boomers. These people are effectively loading up the submarines with cash and are headed overseas just like the Nazi's did when they knew the end was near.

Not only is there no Rule of Law, one would have to be insane to even have accounts in New York after this type of conduct. They own Congress, the White House, the Courts, the Justice Department, everything. They pulled off the greatest takeover of government in the entire history of civilization. As Gretchen wrote: ***“The failure to hold central figures accountable for their actions sets a dangerous precedent.”*** Why would anyone do business in the United States? This is becoming like some corrupt third world country. Gretchen has got it right: ***“A system where perpetrators of such a crime are allowed to slip quietly from the scene is just plain wrong.”***

This entire affair has made fools out of the press that only regurgitate whatever the government says, offer little to no independent verification of anything they say, and in the end, have become merely a propaganda machine for the real criminals. This clearly shows that those who constantly criticize anyone who dares to point out this incestuous relationship as **CONSPIRACY NUTS**, are either sublime fools, or more likely shills who are paid one way or another to create disinformation.

The worst is yet to come. Now, they are slashing all the benefits you paid for your entire life. Like a bait-and-switch conman, they took taxes on the pretense you would get something in return, and now when you get close, they just pass laws and revoke everything you paid for all these years. They call it socialism when it comes to the people. When it comes to paying the good-old boys, it is not even discussed and when it is, the picture is painted that if they do NOT bail them out again, the world will end. Perhaps it's just the political world of easy flowing money.

One day the American people will stop being fools. But for now, not only is a fool easily parted from his money, but they have proven you can fool most of the people most of the time.