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Now What's Going On

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THERE IS ALWAYS AN EXCEPTION TO GENERALIZATIONS ONE JUDGE STANDS ALONE AGAINST THE SEC

The Southern District of New York Federal Court is perhaps the most corrupt in the world. There is simply no rule of law whatsoever. When Dorothy Heyl of the SEC filed the action against Princeton Economics, she had the audacity to stand up and say she did not want the company to have any lawyers whatsoever.

MS HEYL [SEC COUNSEL]: We want the assets to be frozen with....no money for attorney's fees.
(SDNY; 99-Civ-9667) (Tr: 9/13/99, p24-25)

There is one Judge who is standing alone in New York trying to fight the corruption of the government – especially the SEC and how it protects the New York banks at all costs. In **SEC v Citigroup**, Judge Rakoff rejected a settlement where the SEC practice of allowing companies to settle cases without admitting that they had done anything wrong. Rakoff rejected a \$285 million settlement between Citigroup and the SEC. In another SEC case, Judge Rakoff slammed the SEC again writing *"the S.E.C. gets to claim that it is exposing wrongdoing on the part of the Bank of America in a high-profile merger; the Bank's management gets to claim that they have been coerced into an onerous settlement by overzealous regulators. And all this is done at the expense, not only of the shareholders, but also of the truth."* **SEC v Bank of America (09-Civ 6829)**. It is indeed at the expense of the truth. In the case of Princeton Economics, they would not even allow lawyers, had Goldman Sachs stand up via its Head of Global Compliance and board member, consent to the same type of judgment on behalf of Princeton Economics where there is no admitting or denying anything. The SEC claims it wins. There is never any substance. And they pocket fines and pretend they did some wonderful job that always ends up screwing the marketplace.



Federal Judge Jed S. Rakoff

Judge Rakoff is at least a man with some integrity – and that is saying a lot for a federal judge, most of which have long abandoned the Constitution. There is a very high stakes game going on in New York City at the most notorious federal court – the Southern District of New York. The drama that is playing out in New York should be followed by the world press because it is that important and illustrates above all why you should not have any money in New York City firms – i.e. MF Global.

The SEC and Judge Rakoff are squaring off in what can only be viewed as a very high stakes game of poker that could boil down to winner take all. At the center of the battle is the question of whether Judge Rakoff acted within his discretion in refusing to enter the settlement the SEC negotiated with Citigroup Global Markets, Inc., to resolve a key market crisis case. **SEC v. Citigroup Global markets Inc., Case No. 11 Civ 7387 (S.D.N.Y.)**

The SEC is trying to get the Second Circuit Appeals Court to slap down Judge Rakoff once and for all by ruling he cannot refuse to allow the SEC to enter settlements pretending they did something when there is no admitting or denying anything. At this time, a hearing has been set before a motion panel on January 17th, 2012. After refusing to enter the settlement, Judge Rakoff set the SEC's case for trial with the companion action against Brian Stoker. The SEC however requested a stay of that order. As always, there do not want any kind of a public trial.

Judge Rakoff denied the SEC's request for a stay. On December 15th, 2011 the SEC filed its appeal of Rakoff's decision. They have clearly had enough of Judge Rakoff and you can bet your ass the SEC controls the clerks at the court and this will be the last SEC case Rakoff will ever get. The SEC does not want any public hearings or trials to ensure that the public never learn of what is really going on in New York City. Judge Rakoff entered an order instructing the SEC to provide the court with a factual basis for the settlement and an explanation for the facial mismatch between the allegations of intentional wrong doing and the negligence based charges and settlement. The SEC Has simply refused to respond. This is an international disgrace! Here you have the SEC pretending to be a regulator who refuses to provide the court with a factual statement as to why it should accept the settlement and avoid a public trial. The SEC has effectively abandoned every fundamental principle of a democracy. It will **NOT** allow the people to see what the hell it is doing, refuses to even explain why the court should accept a settlement, and in effect, this illustrates the problem with the federal courts. The SEC is challenging the only judge who has stood up to this corrupt agency and told them it is time to explain its actions. They are used to judges just doing whatever the SEC tells them to do, so when they actually have to do something that should be normal, they refuse to provide any explanation.

Worse still, is the deplorable behavior of Congress. No committee will ever really investigate the SEC. Nobody is ever intending to reform the process. In the end, Congress has abandoned its constitutional duty and has surrendered to the backroom dictatorship that is **UNELECTED**, like these SEC attorneys, who have sold the public down the river. This is why everything is falling apart. There is just far too much corruption and this is precisely what destroys civilization.

There is nothing worse than the collapse of the Rule of Law. Once that takes place and judges only rule in favor of government, all rights cease to exist and not even property is safe. This is the point to which we have reached. Investment is just no longer safe at least in New York. Congress refuses to investigate the Judiciary because it has been too interested in stacking the courts with pro-government judges to ensure they always win. Edward Gibbon wrote in the Decline and Fall of the Roman Empire:

“unable to protect their subjects against the public enemy, unwilling to trust them with arms for their own defence; the intolerable weight of taxes, rendered still more oppressive by the intricate or arbitrary modes of collection; the obscurity of numerous and contradictory laws; the tedious and expensive forms of judicial proceedings; the partial administration of justice; and the universal corruption, which increased the influence of the rich, and aggravated the misfortunes of the poor. A sentiment of patriotic sympathy was at length revived in the breast of the fortunate exile; and he lamented, with a flood of tears, the guilt or weakness of those magistrates who had perverted the wisest and most salutary institutions. “

Book III, Chapter 34

We are indeed collapsing. The United States is losing that status of the Financial Capital of the World because it refuses to honor the right to property. Without an honest judiciary, all is simply lost. Hedge funds are starting to abandon not just the United States, but also London. They are headed for non-EU and non-US jurisdictions.

Judge Rakoff is a lone warrior – perhaps the only man standing in the New York court system. There are other judges who are not entirely corrupt, but fear ruling against government. Judge Rakoff also handled the case of the purported terrorist who confessed according to prosecutors Mr. Abdallah Higazy, until the American Airline pilot showed up to claim his radio the government claimed this Egyptian graduate



Abdallah Higazy

student used to guide the planes into the towers on 911. Higazy had recently received a scholarship to study in the United States, but became a suspect in the 911 terror investigation when an employee of the Millennium Hilton Hotel in lower Manhattan, in which Higazy was staying at the time of the World Trade Center attack, claimed to have found an aviation radio inside Higazy's room safe. Higazy denied any knowledge of the radio.

The government coerced Higazy and compelled him to confess to owning the radio. Higazy was then charged with lying to the FBI and was thrown into solitary confinement where many have committed suicide. The government told Judge Rakoff that Higazy had confessed so once again there would be no need for a public trial. Then the radio's real owner, an American pilot, came forward to claim it. Having

been completely exonerated, Judge Rakoff ordered Higazy to be released from custody and all charges against him were dropped. The hotel employee who claimed to have found the radio in Higazy's room no said he fabricated the story, but was not charged. One must question the government's involvement in that one as well. Higazy explained that he had falsely confessed because the polygrapher had threatened his family. Federal Judge Jed S. Rakoff ordered the U.S. Attorney's Office to investigate how the FBI came to extract a false confession from Mr. Higazy. The government's first response was to tell Judge Rakoff to take a hike. They bluntly told him he had no authority to order the government to investigate how it extracted an obvious false confession from an innocent kid.

The Office of Inspector General (“OIG”) was forced to investigate, but the report's main conclusion, that "there is insufficient evidence to corroborate Higazy's allegations that the polygrapher threatened him" was foreordained by the FBI's deliberate policy of not to ever audio- or video-record such polygraph examinations. This is a policy that ensures there will be no record of any such misconduct by a polygrapher Michael Templeton and the government will never get caught threatening people’s families which is standard operating procedure. Michael Milken was forced to plead after they charged his brother and threatened to charge his 90 year old grandfather. In the case of Securities and Exchange Commission v. Steven H. Schiffer, Joann R. Schulz, Gary S. Kramer, Jonathan Solow, Frank J. Cannata, and Peter G. Mintz, 97 Civ. 5853 (RO) (S.D.N.Y.), the SEC stripped Schiffer of all counsel, tormented him and caused his suicide. Then they disgorged his estate of \$4.2 million and extracted \$2,996,980 in interest. They always threaten you family. They are ruthless thugs who know are no restraints.

Higazy's lawyer, Robert S. Dunn, characterized the OIG report as a whitewash. This view is supported by the fact that the OIG failed to even review Higazy's polygraph charts before filing its report. That the OIG was clearly supporting the government and offer no plausible explanation why such a person would confess to something he did not do if he was not threatened. The OIG report was in favor of the polygrapher and a whitewash as demonstrated by the fact that in reporting on its interview of Higazy, almost everything Higazy said is caveated with prefatory words such as "Higazy stated," "Higazy said," "According to Higazy," and "According to Higazy's account," whereas in reporting on the polygrapher's interview, such prefatory remarks appear relatively infrequently, and much of the polygrapher's account is presented as if it were undisputed fact.

Judge Rakoff is a rare exception. We need more judges like him. He has seen the corruption on the part of government and clearly no longer trusts what they say or do. He was factual evidence. The Higazy case is a prime example why there has to be real judges and real courts.

The mainstream media is hopeless. Even the New York Times, reportedly a “liberal” newspaper, refuses to report that the Southern District of New York judges routinely alter the transcripts changing the words that are said in a federal courtroom. How in anyone’s name can you trust a court that rules in favor of government and changes the public record, which is in itself a 5 year felony?

Unfortunately, you are far better off placing your deposits in firms not based in New York. Better still, go to Canada. Until the House Financial Services Committee gets off its ass and starts defending the people and the Senate Judiciary Committee actually does what Newt Gingrich said in debates, call every judge before it that refuses to comply with the Constitution and throw them out of office, America is just no longer a safe place to keep your money.

Enough is enough! It is time to clean up this garbage. Get rid of all these regulatory agencies and replace them with a single entity that actually regulates. We will see how the Second Circuit Court of Appeals will deal with this contest. Will they do what is right and uphold Judge Rakoff? Or will they as usual bow to the dictatorial unelected desires of the SEC and the backroom corruption? Obviously, nobody is looking at MF Global and why after this mess should **ANYONE** trust the US courts and New York ever again?