Geithner Can Lie, But He Can't Hide His Crimes

by Nancy Spannaus

July 24—When Treasury Secretary Timothy Geithner steps before the House and Senate Banking Committees on July 25 and 26, to try to defend his record and that of the Obama Administration, he will be fighting for his political life.

For, with the breaking-open of the Libor-rigging scandal, in the midst of the accelerating collapse of the trans-Atlantic financial system, Geithner's sordid and criminal efforts on behalf of the murderous Wall Street and British system have become a major point of attack for those committed to saving the nation by Constitutionally removing President Obama from office, and creating a financial system that can bring the U.S. and the world out of what is otherwise a terminal crisis.

Leading the charge is the LaRouche Political Action Committee (LPAC), which is launching two weeks of action in Washington, D.C. around the theme, as stated in a mass leaflet (see below) titled, "Dump Obama and Geithner This Week." Dozens of LaRouche activists, backed up by supporters around the country, are "taking over" the Capitol this week, with the demand that sentient members of Congress and the government act now to implement LaRouche's three-point program of recovery, and remove Obama to prevent a threatened war against Syria and/or Iran, that could lead to thermonuclear confrontation with Russia.

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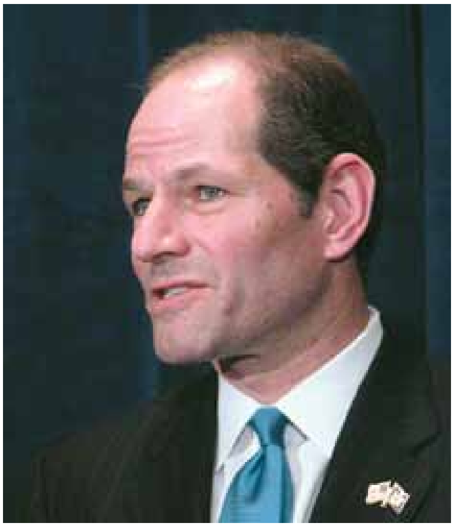
Treasury Secretary Tim Geithner may be feeling a bit off-balance these days, as he is called to account to explain his actions on behalf of the London and Wall Street banksters in the Libor scheme. He knows he could be facing many years behind bars.

Already, LPAC's activity has brought the support for a renewed Glass-Steagall law (the first step in the three-point plan), specifically H.R. 1489, to 77 sponsors, with the pressure continuing to heighten as localities and institutions around the country proclaim their support for Glass-Steagall, a new credit system, and the NAWAPA XXI great project. But, as the LPAC leaflet emphasizes, time is running short for implementing that program and removing Obama as President and candidate. As FDR put it in his Inaugural address, we need "action, and action now"—indeed, revolutionary action immediately.

There are clear signs that some leading Democratic circles recognize this as well—as the outspoken criticism of Geithner over the last weeks by former New York Governor and Attorney General Eliot Spitzer, and former Special Investigator General of TARP (SIGTARP) Neil Barofsky reflects.

Geithner's Crimes

Obama's choice of former New York Fed Chairman Geithner to head Treasury signalled fairly clearly that this President was going to go with Wall Street all the way. While not a banker per se, Geithner's career was almost entirely within the international banking community, including the Treasury Department and the IMF. At the Fed in New York, he hobnobbed with Hank Greenberg of AIG and John Whitehead of Goldman Sachs, both of whom got bailed out generously in the midst of the 2007-08 crash.


EIRNS/Stuart Lewis

Former Governor and Attorney General of New York, Eliot Spitzer.

While other nominees to Federal office might have been disqualified by the matter of failing to pay self-employment tax for several years, not so Wall Street club member Geithner. He was confirmed and jumped right in to support Obama's policy of using Hitler-like healthcare "reform" to cut costs, and ongoing bailouts of the desperately bankrupt international banks. He has continued that policy to this day, using his office to pressure Europe to adopt a suicidal policy of hyperinflation and austerity, and implementing the same policy here at home.

According to *EIR* sources on Capitol Hill, Geithner has also found time to visit Congressmen and Senators to pressure them against going for a Glass-Steagall banking separation. Nor was he above consorting with the rating agencies during the budget crisis of 2011, working with them to push a program of draconian budget cuts for the period ahead.

Now, with the recent exposé of the Libor interest-rate-fixing, it is clear that Geithner also played a hands-on role in that operation, although it's not known how extensive it was. Minimally, he covered up a crime which devastated hundreds, if not thousands, of cities and states worldwide, by the scam known as interest-rate swaps, which were immensely profitable to his real "constituency," the money-center banks.

Spitzer Takes the Point

"Eliot Spitzer Is Willing To Suspend Judgment Before Determining Whether or Not the New York Fed Let Barclays Molest Young Boys," read the headline of CNBC's July 13 interview with former New York AG Spitzer about the conduct of Treasury Secretary Geithner on the Libor interest-rigging crime. That was one of Spitzer's opening shots in what has been an aggressive campaign against Geithner, the defender of Wall Street.

Asked by interviewer Maria Bartiromo whether Geithner had done enough by flagging the Barclays Libor-rigging revelations to the Bank of England, Spitzer replied, "This is something that needs an awful lot of examination. I think the fact that he knew in '07, sent a memo in '08, is only the first layer of inquiry. Did he follow up on it? Libor, as everyone who watches CNBC knows, is the heart and soul, it is the bloodstream of the financial system. If anyone is rigging it or playing games with it, then you must follow up. Anybody who is in the regulatory position that Tim Geithner was in, in my view the most important bank regulatory position in the world, how do you not follow up and say, wait a minute guys; what have you done? So it's unclear, and I hate to use this metaphor perhaps, but was this the sort of memo that was being sent at Penn State where you just kind of brush it aside, or was it really an effort to do something?"

Geithner, of course, did not come clean, but instead insisted that he had alerted all the relevant people, including at the Bank of England, on his concerns. It later came out that the memo he sent to them, however, was almost a direct "supercopy" of what his buddies in the New York banking community had recommended to him.

Spitzer, who as Attorney General, was known as the "Sheriff of Wall Street," has not let the matter drop. Not only has he continued to mention the analogy to the coverup of the Penn State pederasty scandal, but he has demanded a full investigation of the New York Fed and its board by an untainted authority. As he put it in a July 16 column published in Slate:

"We need an investigation of the New York Fed and its board by someone we can trust. And so far that doesn't seem to be any of the existing government agencies. Let's get a special prosecutor, maybe Louis Freeh, to find out what happened, who spoke to whom, and why the Fed once again did nothing." (It should be noted again, that Freeh was the outside investigator who wrote the definitive report on what happened in the Penn State scandal.)

In his ongoing campaign against Geithner's role in the Libor fraud, Spitzer has frequently pointed out the irony that Geithner, in his confirmation hearing to be Treasury Secretary, insisted that he had never been a regulator. Yet, Spitzer argues, "as president of the N.Y. Fed, he was the most important regulator out there, and he didn't even know it?"


YouTube/bloomberglaw

Neil Barofsky, former Inspector General of the TARP program.

Of course, Geithner didn't act like a regulator, as Spitzer points out. He rather acted to bail out his buddies in the New York banking community. The way Spitzer put it is: "And maybe the prosecutor can find out one other thing. If Tim Geithner wasn't a regulator, what was he?"

Barofsky Spills the Beans

Neil Barofsky, former Inspector General of the TARP program, launched his media offensive against Geithner on July 13. In an interview with Bloomberg TV, he called for criminal prosecutions of both the bankers who rigged the Libor rates and the regulators who covered up the crimes. Barofsky zeroed in on Geithner's Fed presidency, pointing out that, based on the memos that Geithner sent to the Bank of England in June 2008, it was clear that he knew, in detail, what the Libor-rigging was all about. If all he did was to send an e-mail, Barofsky continued, then this is equally a scandal for the regulators. The regulators are complicit, as has already been alleged in England.

Clearly referencing Geithner's lack of action, Barofsky emphasized that the regulators allowed criminal activities to continue. "It is a significant act of deception if the regulators were aware and did nothing." Barofsky ran down a string of serious crimes that have been committed in the Libor rigging, including cheating counterparties, and securities fraud.

"I want to see indictments," he declared. He warned that banks like JPMorgan Chase and Citigroup, who were both on the Libor rate-setting committee, committed outright criminal acts. But the government lacks leverage over these "too big to fail" institutions, because criminal prosecutions of these banks would bring down the whole system. He warned that this will happen over and over again, until we break up the big banks and put people in handcuffs. "This was a scheme to defraud. This is textbook securities fraud," he concluded.

Barofsky has escalated his campaign in the week since, in appearances generally centered on the July 24 release of his book *Bailout: An Insider Account of How Washington Abandoned Main Street While Rescuing Wall Street.* In each interview, he has emphasized that it is indeed true that the Treasury is serving the Wall Street banks, not the population, and that he was in constant battles, including shouting matches, with Geithner over how to treat the banks.

Barofsky has hit home. After he appeared on Bloomberg TV, Geithner, on the July 23 Charlie Rose PBS-TV Show, claimed to be "deeply offended" by the Barofsky charge that he was cozy with the banks, and protested that such charges were "damaging" to Obama as well.

As well they should be, but that's not enough. To shift to a sane economic policy, both Geithner and Obama have got to go.