

James Corbett: The Markets Are Rigged

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by [James Corbett](#), [The Corbett Report](#)

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At base, the markets are a con game where the rich and powerful employ a raft of confidence men to lure suckers into the latest mania. In this game, the suckers are the general public who are left holding the bag as the market bubble bursts while the smart money swoops in to buy up the leftover assets at pennies on the dollar. In this week's edition of The Corbett Report, James Corbett pulls back the curtain on the Wall Street casino and reveals how the house always wins the rigged games.

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TRANSCRIPT

In December of 2020, video game retailer GameStop [reported](#) an operating loss of \$63 million in the previous quarter on the back of an 11% reduction in the store base. The story—just one

of dozens of such reports flooding the financial newswires—meant little to the general public and went largely unnoticed.

Two groups did show an interest in the news, however: the Wall Street vultures who see every faltering company as an easy source of money in the futures markets and a small band of retail investors who saw the potential for the floundering gaming franchise to turn things around.

Within a matter of weeks, these two groups would clash in one of the most spectacular stock market face offs in recent memory. Even the White House got drawn into the saga.

REPORTER: I was concerned about the stock market activity we're seeing around GameStop and now with some other stocks as well, including the subsidiary or whatever—the company that was . . . Blockbuster?—and have there been any conversations with the SEC about how to proceed?

JEN PSAKI: Well, I'm also happy to repeat that we have the first female treasury secretary and a team that's surrounding her and often questions about market we'll send to them. But our team is of course—our economic team, including Secretary Yellen and others—are monitoring the situation.

SOURCE: [Biden Team Is 'Monitoring' the Surge in GameStop Shares, Psaki Says](#)

The human drama in the story made it easily recognizable as a David vs. Goliath narrative. Here was a ragtag band of mom-and-pop—or, in this case, millennial—investors going up against the hedge fund billionaires. And, just as it seemed they may actually have an effect, the full power of the financial and political system seemed to swoop in to suppress them.

But the “revelation” that retail investors are fighting a

rigged game against the Wall Street hedge fund behemoths is hardly a revelation at all. In fact, it is merely the latest example in a long series of events showing that the stock market was never meant to bring riches and fortune to the average investor.

Instead, when the story is told in its full context, there is only one obvious conclusion to be drawn:

The Markets Are Rigged.

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The stock market is often portrayed in the financial media as a magical crystal ball that can not only tell us about what is happening in the economy, but predict geopolitical events, forecast elections, or even reveal to us the inner workings of the minds of men.

BECKY QUICK: Alright, so polls are one way of trying to figure out who's going to win. Watching the markets are another. They're pretty good at predicting elections sometimes, too.

SOURCE: [Here's how markets may predict who will win the presidential election](#)

LESLIE PICKER: Valuations on a price-to-earnings basis are below post-crisis averages leading some to believe that decent fundamentals could—emphasis on could—jumpstart the shares higher.

DOMINIC CHU: You're telling me you don't have a crystal ball . . .

PICKER: I don't.

CHU: . . . And I don't blame you.

PICKER: I don't. But even I did I couldn't say it here.

CHU: Alright.

PICKER: (Laughs)

SOURCE: [Worldwide Exchange CNBC October 12, 2018 5:00am-6:00am EDT](#)

KRISTINA HOOPER: Well, we could very well see some gains, some pullbacks, more gains. Certainly animal spirits are alive and well, but I would argue it's a very different spirit animal than last year. Since the start of February our spirit animal is probably the chihuahua.

SOURCE: [Bloomberg Markets Americas Bloomberg February 16, 2018 10:00am-11:00am EST](#)

But this is a lie. In reality, the markets are driven not by underlying economic fundamentals, as the public is asked to believe, but by the actions of the central banks.

This is not even a controversial point.

In 2014, the Bank for International Settlements [warned](#) that central banks were causing “elevated” asset prices.

A [report](#) from the Official Monetary and Financial Institutions Forum that same year warned that “Central banks around the world, including in Europe, are buying increasing volumes of equities” and “The same authorities that are responsible for maintaining financial stability are often the owners of the large funds that have the potential to cause problems.”

And in 2016—in the midst of the historic bull run that has seen the Dow Jones and S&P indexes reach all-time record high after all-time record high—economist Brian Barnier published [a report](#) documenting that between the beginning of the Federal Reserve’s quantitative easing program in 2008 and the 1st quarter of 2015, the Fed was directly responsible for 93% of

equity value growth in the US.

This modern era of central bank-dominated markets, however, is only the latest version of a game that is as old as the markets themselves. At base it's a con game where the rich and powerful employ a raft of confidence men to lure suckers into the latest market mania. In this game, the "suckers" are the general public who are left holding the bag as the market bubble bursts while the "smart money" swoops in to buy up the leftover assets at pennies on the dollar.

The game was being played [as far back as 1814](#) when a uniformed man posing as the aide-de-camp of Lord Cathcart landed in Dover spreading the false rumour that Napoleon had been killed by a detachment of Cossacks. When the rumours reached London later that day, three men dressed up as French officers in white Bourbon cockades were parading across Blackfriars bridge proclaiming the end of the Napoleonic empire and the restoration of the Bourbon monarchy. By the time the British government officially dispelled the rumour later that afternoon, an elaborate fraud had already played out in the London stock markets. The rumour had kicked off a buying frenzy and the perpetrators of what is now known as [The Great Fraud of Cowley](#)—the ones who had started the rumours and hired the actors to help spread them—had already sold 1.1 million pounds worth of government stock into the market peak.

Another bit of market manipulation centering around Napoleon's military fortunes played out again the next year, in 1815. Nathan Rothschild of the infamous Rothschild banking dynasty used the smuggling network that he and his brothers had built to funnel gold and silver to Wellington's army to get news of Napoleon's defeat at Waterloo back to London 24 hours before the official word reached the British government. Although a fancified version of the story involving homing pigeons and Nathan's acting abilities at the stock exchange are easily dismissed as anti-Semitic slurs by the [mainstream press](#), even the official Rothschild Archive [treatment of the](#)

[incident](#) admits that Nathan Rothschild *did* receive early warning of Wellington's victory and he *did* profit from that foreknowledge in the stock market. Historian Niall Ferguson has [written on the subject](#) in detail in his authorized biography of the Rothschilds and even the BBC [published a story](#) in 1998 outlining how the conspiracy functioned and how the brothers communicated in secret by writing their letters in the *Judendeutsch* script they had learned in their childhood in the Frankfurt Jewish ghetto.

The stock market con game isn't just an historical relic, though. Those with advance knowledge of world events continue to profit from their insider information, sometimes in the most macabre way imaginable.

ANTONIO MORA: *What many Wall Street analysts believe is that the terrorists made bets that a number of stocks would see their prices fall. They did so by buying what they call 'puts.' If you bet right the rewards can be huge. The risks are also huge unless you know something bad is going to happen to the company you're betting against.*

DYLAN RATIGAN: *This could very well be insider trading at the worst, most horrific, most evil use you've ever seen in your entire life.*

SOURCE: [9/11 Wall Street Blames Put Option Inside Trading On Terrorists](#)

In the wake of 9/11, researchers began to uncover a money trail that proved those with advance knowledge of the attack had indeed used their insider information to profit from the events of that day.

In addition to the Securities and Exchange Commission in the United States, the governments of [Italy](#), [Germany](#), [Belgium](#) and other countries began their own investigations into a series of trades betting *against* companies that were hurt by

9/11–like Boeing, Merrill Lynch, United Airlines, Munich Re and others—and betting *on* companies that profited from the attacks—including a six-fold increase in call options on the stock of defense contractor Raytheon on September 10, 2001.

In subsequent years, not [one](#), not [two](#), but [three](#) separate, peer-reviewed papers concluded that the unusual trading in the weeks prior to 9/11 were “consistent with insiders anticipating the 9/11 attacks.” But incredibly, the SEC investigation into this money trail was abruptly terminated and the records of that investigation [were subsequently destroyed](#).

Why? Because, as researchers like [Kevin Ryan](#), [Michael Ruppert](#) and [others](#) later discovered, the trail led them to the doorstep not of Al Qaeda, but well-connected American businessmen and intelligence officials.

***MICHAEL C. RUPPERT:** So right after the attacks of 9/11 the name Buzzy Krongard surfaced. It was instant research that revealed that Buzzy Krongard had been allegedly recruited by CIA Director George Tenet to become the Executive Director at CIA, which is the number three position, right before the attacks.*

And Alex Brown was one of the many subsidiaries of Deutsche Bank, one of the primary vehicles or instruments that handled all of these criminal trades by people who obviously knew that the attacks were going to take place, where, how and involving specific airlines.

SOURCE: [Terror Trading 9/11](#)

***KEVIN RYAN:** I came across [this document](#) that had been released: a memorandum for the record of the 9/11 Commission. It was prepared by a staff member of the 9/11 Commission. His name is Douglas Greenberg and he reviewed simply the FBI’s meetings on their communications related to this. This*

document identified a couple of companies that were flagged by the SEC (Securities and Exchange Commission) and one of them—this was September 21st just ten days after the attacks—one of these companies that was flagged was called Stratesec. And this is a very interesting company because it's a security company that had contracts for the World Trade Center and Dulles Airport where one of the planes took off on 9/11, as well as United Airlines, which owned two of the other three planes. So this security company, Stratesec, was a very central player in the events of 9/11, you could say, because they ran security for these different areas in the years leading up to 9/11.

So for them this company stopped to be flagged by the SEC was very compelling and when I looked at this document—prepared by the 9/11 Commission which wasn't released until 2007—I noticed that the names had been redacted of the stock traders, but I could make out who they were. In particular, one of them was a director of the company Stratesec. He was also a director of a company in Oklahoma, an aviation company. He was also a director of a Washington, DC-based financial organization. With just that information you could tell very clearly that this man was Wirt Dexter Walker. He was the Chief Executive Officer of Stratesec and also a director there. His wife, Sally Walker, was also named in the flagging by the SEC. So I began looking into that.

SOURCE: [Terror Trading 9/11](#)

JEREMY ROTHE-KUSHEL: ...the last thing I want to leave you with is the National Reconnaissance Office was running a drill of a plane crashing into their building and you know they're staffed by DoD and CIA...

ROBERT BAER: I know the guy that went into his broker in San Diego and said "Cash me out, it's going down tomorrow."

JEREMY ROTHE KUSHEL: Really?

ROBERT BAER: Yeah.

STEWART HOWE: That tells us something.

ROBERT BAER: What?

STEWART HOWE: That tells us something.

ROBERT BAER: Well, his brother worked at the White House.

(SOURCE: [WeAreChangeLA debriefs CIA Case Officer Robert Baer about apparent Mossad and White House 9/11 foreknowledge](#))

Horrific as these instances of insider trading are, an even deeper layer of the story lies in the fact that *these* trades—unlike the high-profile show trials of Martha Stewart and other stories-of-the-week—never result in prosecutions. The protection afforded the 9/11 inside traders speaks to an even deeper layer of the problem: the use of the markets to line the pockets of insiders and their political cronies is not a *bug* in the system, but a *feature*. In fact, the entire system has been designed to be manipulable, ensuring that the little guys never have a chance against the billionaire bankers and hedge funds.

A clue to this story goes back to the most well-known event in stock market history: the Great Crash of 1929. Even there, in the midst of one of the most devastating financial collapses in human history, there was money to be made by insiders who knew what was coming.

One such insider was Albert Henry Wiggin, Chairman of the Chase National Bank and the man who had been instrumental in attracting the Rockefeller family to begin their century-long involvement in Chase. When the market began plummeting on Black Thursday 1929, Wiggin and his fellow banking associates were lauded as heroes for their actions to restore order to the market, which culminated in New York Stock Exchange Vice President Richard Whitney stepping out on the floor of the

Exchange and making a great commotion by yelling out orders for key stocks at above-market prices.

What the public did not know, but what emerged three years later during [congressional investigation](#), was that by the time chaos descended on Black Tuesday 1929, Wiggin had already positioned himself to profit handsomely from the financial havoc that he knew was coming. As Nomi Prins details in her book, [All the President's Bankers: The Hidden Alliances that Drive American Power](#):

Wiggin knew he was covered no matter what happened. Shortly before the Crash, he shorted shares in his own bank by borrowing shares from various brokers at prices he anticipated would fall, at which time he would buy the shares in the market at lower prices and return them to the brokers, making money on the difference. When the Dow stood at 359 on September 23, 1929 (the market had topped out twenty days earlier at 381), he placed what would be a hugely profitable bet that Chase's stock would fall.

[. . .]

Before shorting those shares, Wiggin executed another profitable and shady strategy, using his bank's funds to plump the shares up. He placed \$200 million of his depositors' money into trusts that speculated in Chase stock, thus participating in the very pool operations that artificially boosted its price during the run-up to the Crash. He pocketed \$10.4 million from these trades, including \$4 million from shorting the shares he drove up (after he drove them up) during the two-week period preceding the Crash. His justification for selling his own shares while Chase Securities was pushing customers to buy them was that the price was "ridiculously high." He had, in effect, bet against all the other Chase shareholders who had trusted in his hype about the firm.

Another person who profited greatly from the financial crash was Joseph P. Kennedy, father of future president John F. Kennedy. The famous story, likely apocryphal but parroted by [NPR](#), [The Washington Post](#), [PBS](#) and any number of mainstream outlets, is that Kennedy, a savvy stock trader, knew the market was overheated when a random shoeshine boy gave him stock tips.

If this story is to be believed, Joe's random interaction with a shoeshine boy in 1929 was one of the most profitable conversations of his life. Not only did Kennedy sell off most of his stock holdings shortly before the crash, he aggressively shorted the markets, meaning that while most of America—and much of the world—was plunged into one of the deepest and most prolonged financial crises in the history of the country, the Kennedy family flourished. In 1977, eight years after Joe's death, the *New York Times* [estimated](#) the family fortune to be somewhere between \$300 and \$500 million.

There are more than enough reasons to doubt that it was actually a brief chat with a shoeshine boy that led to Kennedy's remarkable good fortune, however. The patriarch of the Kennedy dynasty had a reputation as an unscrupulous businessman, including the persistent [allegations](#) that he made his fortune in bootlegging during the Prohibition era. And so it was a shock to the nation when President Franklin Delano Roosevelt appointed Kennedy to head the newly created Securities and Exchange Commission in 1934.

Even the Securities and Exchange Commission's Historical Society struggles to explain the choice. "Kennedy had profited handsomely from financial manipulation," their website [frankly admits](#), "but he understood keenly the need to balance the interests of the people with the imperatives of the financial markets." For his part, when asked why he had tapped a well-known scoundrel like Kennedy to head such an agency, President Roosevelt is [said to have replied](#): "Takes one to catch one."

That the SEC, the “independent federal agency” tasked with regulating the markets, should have an admitted market manipulator as its first chair should not be surprising when the agency’s track record is examined. Time and again, the SEC has not just allowed market manipulation to take place, but actively facilitated it.

When the largest Ponzi scheme in market history, Bernie Madoff’s unbelievable \$64.8 billion investment fraud scam, came to a crashing halt with his arrest in December of 2008, attention turned to the SEC. How could the agency, which had investigated Madoff’s investment firm multiple times, not have halted the scam earlier?

A subsequent [Inspector General report](#) made the scope of this “failure” even more unbelievable, finding that “between June 1992 and December 2008 when Madoff confessed, the SEC received six substantive complaints that raised significant red flags concerning Madoff’s hedge fund operations and should have led to questions about whether Madoff was actually engaged in trading.” After excoriating the agency for its incompetence time and again over the course of two decades of failed opportunities, the report concludes:

As the foregoing demonstrates, despite numerous credible and detailed complaints, the SEC never properly examined or investigated Madoff’s trading and never took the necessary, but basic, steps to determine if Madoff was operating a Ponzi scheme. Had these efforts been made with appropriate follow-up at any time beginning in June of 1992 until December 2008, the SEC could have uncovered the Ponzi scheme well before Madoff confessed.

HARRY MARKOPOLOS: *I gift wrapped and delivered the largest Ponzi scheme in history to them and somehow they couldn’t be bothered to conduct a thorough and proper investigation because they were too busy on matters of higher priority. If a \$50 billion Ponzi scheme doesn’t make the SEC’s priority*

list, then I want to know who sets their priorities.

SOURCE: [Madoff tipster Markopolos calls SEC captive to Wall Street](#)

Similarly, when Enron shook the markets in 2001 by declaring the then-largest bankruptcy in history after its systemic accounting fraud was exposed, the question of the SEC's role in the scandal arose. Why had the agency not caught on to the scam? A subsequent [Senate Committee report](#) excoriated the commission, noting that the "watchdog" had only opened one (unrelated) investigation into Enron in the past decade, that it repeatedly missed warning signs of corporate misconduct, that it granted the company unusual leeway in using mark-to-market accounting for its transactions and did not even seek to validate the models employed by the energy giant. In the end, the committee concluded that the entire affair represented a "[systemic and catastrophic failure](#)" of the SEC.

But the SEC did not use the lessons learned in these "systemic and catastrophic failures" to stop such fraud from taking place in the future. In fact, the Commission responded to these "failures" not by stringently cracking down on these scams, but by helping to facilitate new kinds of untraceable accounting trickery.

In the wake of the signal "failures" of SEC and other regulators to prevent the scandalous accounting fraud and subsequent catastrophic failures of Enron, Worldcom and Tyco, the US Congress passed the [Sarbanes-Oxley Act](#), a federal law intended to "protect investors by improving the accuracy and reliability of corporate disclosures made pursuant to the securities laws, and for other purposes." The nature of those "other purposes" soon became apparent as the devil emerged from the details of the software that promised to streamline the Sarbanes-Oxley compliance process for companies operating in the new regulatory environment.

One of these software solutions was EmailXtender, an email archiving program designed to help companies comply with Sarbanes-Oxley reporting requirements. The program was supposed to create a permanent record of emails so that auditors would be able to access all communications in the future, but, according to Richard Grove, who was working as a software salesman selling the program to prospective corporate clients, the program actually provided companies with a way to permanently and untraceably delete those records.

RICHARD GROVE: *So a few weeks later in August of 2003 I was at a client called the NASD— which later changed its name so it's now called the Financial Industry Regulatory Authority—and the NASD was looking at our product and they wanted to use it internally. And one of the guys across the table says to me, "Hey, wait a minute. This product has a back door! Because right here where you're supposed to take this information and put it on the write-once-read-many storage, which is a type of permanent storage," he said, "There's this jar file and you can delete the jar file and then there's no evidence of that transaction whatsoever."*

So he was showing me across a table that there's a loophole, there's a back door in a software that allows nefarious transactions to go on and subsequently they didn't buy the software they're like, "This is bullshit, this isn't worth the money. This is not what it's supposed to be and you should do something about that." Now, I had management from my side in the meeting so I went to my managers afterwards and I'm like, "What's this all about and why what's going on with this?" and I was told not to talk about it.

SOURCE: [The Economy Lie – Part 2 – Richard Grove](#)

Concerned with the possibility for mass financial fraud that was being enabled by this software, Grove took his concerns to the SEC. But instead of acting on this information to launch

an investigation into the company and the software, the SEC not only dismissed Grove's warning, but went out and [bought that very software](#) for their own use.

RICHARD GROVE: Right now the SEC reports to the President. So at the end of the day when the SEC was telling me they're not interested, they're telling me they're not interested because I'm tying the Bush administration in with billionaire Richard Egan and his company that's helping these companies do this. Of course they don't want to sponsor that getting out to the public.

I filed a lawsuit, I represented myself in court against a multi-billion dollar international corporation and after three years—and after proving my case in court, including the fact that the SEC acted with complicity to protect the perpetrators—my case was dismissed on a technicality. Recognizing that the events I proved in court actually happened but were conveniently “outside the statute of limitations for the Sarbanes-Oxley Act.”

And once I understood the purpose of Sarbanes-Oxley regulations was to keep these companies from deleting files and that the back door in the software allow these companies to delete files— and more importantly the fact that someone outside of the company that's not even associated with the company but has access to that software could launder money or steal money or just delete money from corporations and switch financial records all around without anyone, any investigator, any auditor being able to audit that—those things I thought were interesting. But when the SEC, after I told them, bought the software with the back door in it and started to use it for itself then I knew that the SEC was not there to regulate like I thought it was. They were also, “Hey, we can find a benefit from this back door in a software. We can delete files now. Now we're above the law!”

SOURCE: [The Economy Lie – Part 2 – Richard Grove](#)

But of all the various schemes for manipulating the markets, none have been quite so brazen as the Plunge Protection Team.

Formally known as the “Working Group on Financial Markets,” the Plunge Protection Team, or PPT, was born in the wake of another stock market crash: Black Monday of October 1987. Far from a “conspiracy theory” or “internet rumour,” the formation of the group was announced in the pages of the Federal Register on [March 22, 1988](#), which contained, on page 9421, the text of [Executive Order 12631](#), a seemingly mundane announcement signed by President Reagan on March 18, 1988.

The order, citing “the major issues raised by the numerous studies on the events in the financial markets surrounding October 19, 1987,” goes on to establish a working group of the treasury secretary, the Fed chair, the chair of the Securities and Exchange Commission (SEC) and the chair of the Commodity Futures Trading Commission (CFTC). It empowers the group to “consult, as appropriate, with representatives of the various exchanges, clearinghouses, self-regulatory bodies, and with major market participants to determine private sector solutions wherever possible” and to report back to the president.

Hidden behind this innocuous-sounding rhetoric is an organization that has been at work for the last three decades, quietly but documentably intervening to prop up the markets whenever they start plunging—or even sagging.

The name “Plunge Protection Team” comes from a [Washington Post article](#) that ran under that headline in February 1997. In that piece, staff writer Brett D. Fromson revealed how the Working Group on Financial Markets (like “defense planners in the Cold War period”) war-game various market cataclysms and their response to them. One scenario Fromson described involves a large sell-off on a Monday morning after a week of tanking markets.

“The chairman of the New York Stock Exchange has called the White House chief of staff and asked permission to close the world’s most important stock market. [. . .] In the Oval Office, the president confers with the members of his Working Group on Financial Markets—the secretary of the treasury and the chairmen of the Federal Reserve Board, the Securities and Exchange Commission and the Commodity Futures Trading Commission. The officials conclude that a presidential order to close the NYSE would only add to the market’s panic, so they decide to ride out the storm. The Working Group struggles to keep financial markets open so that trading can continue. By the closing bell, a modest rally is underway.”

The article acknowledged that each of the Plunge Protection Team’s constituent agencies (the treasury, the Fed, the SEC and the CFTC) have a “confidential plan” on file to deal with a market meltdown. But aside from trivial details (the SEC’s plan is called the “red book,” for example, after the color of the document’s cover) nothing of substance is revealed. How, exactly, do the agencies plan to “keep financial markets open so that trading can continue”?

A major clue to the PPT manipulation puzzle came in the form of a 1989 *Wall Street Journal* op-ed by Robert Heller, who was at the time exiting a three-year stint as Federal Reserve System governor. Entitled “[Have Fed Support Stock Market, Too](#),” Heller’s op-ed argued that the so-called “[circuit breakers](#)” set up after the Black Monday 1987 scare were not sufficient to prevent another recurrence of panic. “Instead,” he opined, “an appropriate institution should be charged with the job of preventing chaos in the market: the Federal Reserve.” In Heller’s vision, the Fed could prevent a market rout by stepping in to purchase stock futures contracts during sell-offs.

Rather than regarding Heller’s piece as a mere op-ed offering a proposal for something the Fed *could* do in the future,

however, some reporters—like John Crudele, the man who [drew attention](#) to Heller’s “proposal” in the first place—have suggested that the *Wall Street Journal* piece was in fact a trial balloon, preparing the public for the eventual revelation that the Fed was already intervening in the markets.

If Heller’s op-ed was a trial balloon, the full truth was finally revealed to the public in the wake of “the day that changed everything.” After all, if the PPT was ever going to intervene to prop up the markets, the pandemonium of 9/11 and the ensuing market sell-off presented them with the perfect opportunity to do so.

And so it was that George Stephanopolous appeared on ABC’s Good Morning America on [September 17, 2001](#), to blithely announce to the American public that their markets were a sham:

GEORGE STEPHANOPOLOUS: *What I wanted to talk about for a few minutes is the various efforts that are going on in public and behind the scenes by the Fed and other government officials to guard against a free-fall in the markets. [. . .] The Fed in 1989 created what is called the ‘Plunge Protection Team’—which is the Federal Reserve, big major banks, representatives of the New York Stock Exchange and the other exchanges—and they have been meeting informally so far. And they have a kind of an informal agreement among major banks to come in and start to buy stock if there appears to be a problem. They have in the past acted more formally . . . I don’t know if you remember, but in 1998, there was a crisis called the Long-Term Capital Crisis. It was a major currency trader, and there was a global currency crisis. And they, with the guidance of the Fed, all of the banks got together when it started to collapse and propped up the currency markets. And they have plans in place to consider [doing] that [again] if the markets start to fall.*

SOURCE: [Good Morning America, September 17, 2001](#)

And, just like when it was calmly admitted in 2016 that the “record bull run” since 2008 had been a [Federal Reserve-created mirage](#), the public was flat-out told in 2001 that the Fed would coordinate with the banks to interfere in the markets as needed. And in both cases, these revelations were promptly memory-holed and ignored in all future reporting of the market’s gyrations.

So what do the manipulations of the Plunge Protection Team actually look like?

On Monday, February 5, 2018, things were playing out on the floor of the New York Stock Exchange much like the “nightmare scenario” painted in the 1997 *Washington Post* article by Fromson. After a 666-point decline the previous Friday, the Dow Jones was down a further 1,600 points on the day, as big a decline as the index had ever seen. . . . And then, miraculously, [late in the afternoon](#) “[s]omeone arbitrarily and aggressively started buying stocks and halved the loss.”

As John Crudele, the journalist that has been covering the PPT and its machinations for decades now, [observed at the time](#):

Nobody has ever proven that the Fed and its friends actually protect Wall Street against plunges. It is, you might say, the Loch Ness monster of the financial world – people get glimpses of something but never see a clear picture.

That’s what happened during the financial crisis of 2007 and 2008. Telephone records I obtained showed numerous calls between then-Treasury Secretary Hank Paulson and contacts on Wall Street on days when the stock market was tanking and the decline needed to be stopped.

The action in stocks on those days looked a lot like what happened on Monday, when the Dow was down nearly 1,600 points

and was suddenly jerked back to a smaller loss.

For decades now, a similar scene has played out on days of dramatic market plunges. After an initial sell off, a late afternoon rally by a mystery buyer would reassure the markets and claw back the loss. Sometimes, the manipulation was so obvious it left [literal straight lines](#) in the charts. But still, no official word ever came from the Plunge Protection Team itself.

. . . until December 2018, that is. Ten months after Crudele called out the PPT's actions to prop up the Dow Jones after its 1600 point plunge, then-Treasury Secretary Steve Mnuchin [openly announced](#) that he was calling on the Plunge Protection Team to "assure normal market operations" during a December stock slide that was on track to be the worst December in the US markets since 1930. As *Forbes* put it in their headline about the move: "[Mnuchin Calls Plunge Protection Team; Stocks Soar One Day Later](#)." In the article, *Forbes* writer Adam Sarhan noted of the events following Mnuchin's open call to the PPT:

"The market was closed on Tuesday for Christmas but stocks soared 1,000 points (the largest gain since the last bear market during the financial crisis) on Wednesday. Literally, the first day after that call was made. I can't make this up."

With a gift for understatement, Sarhan concludes that: "One important lesson investors can learn from the market action over the past decade is that the government plays a very important role."

From crooked regulators to outright manipulation, from "failed" investigations to insider trading windfalls, the markets have been one big con job on the American public, and the people of the world, since their inception. In fact, there

are many more examples of fraud, deception and manipulation that could be documented.

There is, for example, the [testimony](#) of Bill Murphy to the Commodity Futures Trading Commission during a hearing on suppression of precious metal prices.

BART CHILTON: *But can you give the Commission some specific evidence, some specific examples of how you think that's occurring, when you think that's occurring?*

BILL MURPHY: *Yes I can and I had 11 years worth of evidence that all hangs together here. But somebody came to my attention two days ago of a whistleblower nature that we're going to handle hand to the press afterwards and we think it's very important for the American public and this hearing to have this information.*

On March 23rd, 2010, GATA Director Adrian Douglas was contacted by a whistleblower by the name of Andrew Maguire. Mr. McGuire, formerly of Goldman Sachs, is a metal trader in London. He has been told first hand by traders working for JPMorgan Chase, that JPM manipulates the precious metals markets and they brag how they make money doing so.

In November 2009, he contacted the CFTC Enforcement Division to report this criminal activity. He described in detail the way JPM signals to the markets its intentions to take down the precious metals. Traders recognize these signals and make money shorting the metals alongside JPM. Maguire explained how there are routine market manipulations at the time of option expiry, non-farm payroll data releases, and COMEX contract rollover, as well as ad-hoc events.

On February 3 he gave two days' advance warning by email to Eliud Ramirez, a senior investigator for the CFTC's Enforcement Division, that the precious metals would be attacked upon the release of the non-farm payroll data on February 5. Then on February 5, as it played out exactly as

predicted, further e-mails were sent to Ramirez while the manipulation was in progress.

It would not be possible to predict such a market move unless the market was manipulated.

In an email on that day, Mr. Maguire wrote: "It is common knowledge here in London amongst the metals traders that it is JPM's intent to flush out and cover as many shorts as possible prior to any discussion in March about position limits. I feel sorry for all those not in the loop. A serious amount of money was made and lost today and in my opinion as a result of the CFTC [allowing] by your own definition an illegal concentrated and manipulative position to continue."

SOURCE: Bill Murphy of GATA Reveals Whistle-Blower in Gold Price Suppression

Or there was the 2010 Flash Crash, the harrowing 35-minute window from 2:32 PM to 3:07 PM on May 6, 2010, when the Dow plunged nearly 1,000 points . . . and then gained most of it back. The incredible and unprecedented swing left traders and financial talking heads completely stymied, but after five years of relentless investigation, the Department of Justice presented [the man that they framed as the arch-mastermind](#) that set off the most alarming collapse-and-recovery in the history of the markets: a day trader living in his parent's house in Hounslow.

NARRATOR: *15 minutes of chaos that shook the world's biggest markets.*

NEWS ANCHOR: *What the heck is going on down there?*

REPORTER: *I don't know. There is fear. This is capitulation, really.*

LIAM VAUGHN: *On May 6th, 2010, without warning, the U.S.*

stock market and futures markets just crashed.

REPORTER: *It can't be there. That is not a real price.*

ANCHOR: *The flash crash, which wiped a trillion dollars off the value of American companies in five minutes. . . .*

LIAM VAUGHN: *To look at a price chart, it looked like a kind of runaway elephant.*

ANCHOR: *It took authorities five years, guys, to track down this lone British trader, allegedly involved in a 2010 flash crash.*

REPORTER: *Navinder Singh Sarao, dubbed the hound of Hounslow, has been accused of manipulating the market.*

REPORTER: *U.S. regulators claim he made about \$40 Million*

SOURCE: [**The Wild \\$50M Ride of the Flash Crash Trader**](#)

Despite the fact that [multiple professors](#), [mainstream newspapers](#) and even a [former rogue trader](#) himself all testified to the impossibility that the incredible rollercoaster of the Flash Crash was really caused by the “spoofing” antics of a lone trader, the story was effectively shelved and the underlying issue of the algorithmically-driven [High Frequency Trading](#)—which involves bots performing large numbers of orders in fractions of a second and requires traders to [pay millions of dollars](#) to co-locate their servers with the exchanges’ computers to give them a head start on their competitors that is measured in milliseconds—was never addressed.

Or there was the insider trading scandal of 2020, when multiple senators were probed for insider trading after being briefed by the senate’s health and foreign affairs committees about the likely effects of the coronavirus scare in the US.

JESSICA SMITH: Yeah, Adam, several senators are facing criticism this morning after reports that they sold stock after being briefed about the coronavirus. But before the market started tanking, four senators are said to have made trades. But two in particular are facing a lot of criticism.

The first is Senator Richard Burr. ProPublica reports on February 13th he sold between \$628,000 to \$1.7 million dollars worth of stock in 33 separate transactions. He is the chairman of the Senate Intel committee and he was getting daily briefings about the coronavirus at that time according to Reuters. So there are a lot of questions about why he made those trades.

SOURCE: [4 US senators under scrutiny after dumping millions in stocks](#)

The probe into Senator Burr—who was one of the only senators to vote against the [legislation that made such insider trading illegal](#)—and the other accused senators was [later dropped](#) with no charges filed.

In fact, there are many, many such examples of market rigging, insider trading and manipulation of stock and commodity prices for the benefit of the bankers and their political allies that could be detailed, not just in the US markets, but in markets around the world. But such an exhaustive list would be, by this point, unnecessary. The markets are rigged, and that rigging is pervasive and systemic.

So it should come as no surprise that the GameStop pandemonium began when it was observed that another common method of market manipulation was taking place on GameStop's stock: naked shorting.

[Naked shorting](#) involves traders taking advantages of loopholes and discrepancies in paper and electronic trading systems to short shares that don't even exist. In this case, hedge funds,

convinced that the flailing gaming retailer was going to go the way of BlockBuster Video and seeing the December 2020 reports of operating losses, began aggressively shorting the stock. By the time the “wallstreetbets” community on reddit discovered the naked shorting operation, the hedge funds were already [140% short](#) on shares of GameStop, meaning that 40% more stock was being sold short than even existed.

This led to the massive short squeeze in January, with redditors and other retail investors buying up shares in GameStop and running up the stock price, forcing the hedge funds to buy up stock to cover their shorts and exposing them to [billions of dollars in losses](#).

But that was only the beginning of the revelations of market rigging in the GameStop saga. The remarkable squeeze was brought to an abrupt halt when Robinhood—the electronic trading platform that burst on the scene in 2014 promising to “[democratize the stock market](#)” with its zero-commission trading app—stopped trading on GameStop and other wallstreetbets-driven trades like AMC Entertainment, BlackBerry and Nokia. The official explanation for the trading halt—that Robinhood had to suspend trading in the stocks [until it could increase its collateral with the Depository Trust & Clearing Corporation](#)—merely underlines the point that the average mom-and-pop investor will continue to be thwarted from trading while the massive hedge funds and market makers with direct access to the markets will always be able to cover their positions in the event of any popular, “democratic” market activity.

This point was further underlined when yet another aspect of the retail investing scam was revealed: [payment for order flow](#), or PFOF, in which hedge funds pay retail brokerages for access to their customers’ trades. With this information, hedge funds can not only buy orders before they are processed and flip the trade back to the market, pocketing the spread between the buy and sell price, but they can front run orders,

effectively cutting in front of the brokerages' clients to buy hot stocks before the retail investors. As it turns out, [Robinhood made nearly \\$700 million](#) selling their clients' trade data to the big hedge funds in 2020 alone.

Nor was it a surprise when it was learned that Biden's Treasury Secretary, Janet Yellen, was [paid over \\$800,000 in speaking fees by Citadel LLC](#) which operates both Citadel—a hedge fund that provided a [\\$2 billion emergency backstop](#) for GameStop short seller Melvin Capital—and [Citadel Securities](#)—“a market maker that handles about 40% of U.S. retail stock order flow, including from brokerages like free-trading app Robinhood.” When asked whether Yellen would recuse herself from advising the president on the GameStop situation, White House press secretary Jen Psaki responded that she wouldn't, saying that Yellen was an expert and that she deserved the money.

REPORTER: . . . And I had a follow-up on the markets and everything that's happening with GameStop. You did mention, I believe yesterday, that the treasury secretary is monitoring the situation and she's, kind of, on top of it. There have been some kind of concerns about her previous engagements with Citadel and speaking fees that she has received from Citadel. Are there any plans to have her recuse herself from advising the President on GameStop and the whole Robinhood situation?

PSAKI: Well, just to be clear, what I said was that we have—the treasury secretary is now confirmed. Obviously, we have a broad economic team. The SEC put out a statement yesterday that I referred to. But I don't think I have anything more for you on it, other than to say, separate from the GameStop issue, the secretary of treasury is one of the world-renowned experts on markets, on the economy. It shouldn't be a surprise to anyone she was paid to give her perspective and advice before she came into office.

SOURCE: [Press Briefing by Press Secretary Jen Psaki \(January 28, 2021\)](#)

The entire affair grew even more absurd when internet researchers discovered that Jen Psaki's relative, Jeff Psaki, himself [worked for Citadel](#). The "[fact checkers](#)" at Newsweek were quick to [rule the story as false](#), however, not because Psaki's relative did not in fact work for Citadel, but because "a source close to Jeff" told Newsweek that "Jen and Jeff Psaki are distant second cousins but have no relationship."

Whatever further twists and turns the GameStop saga takes, the conclusion is foregone: the "little people" may be able to get one past the goalkeepers of the manipulated markets here and there, but those deviations from the standard will always return to the status quo. In the end, the hedge funds and their billions will be protected while the little guy will be misinformed, steered down blind alleys, panicked, tricked into investing in bubbles, and, ultimately, fleeced for the benefit of the financial vultures and their bought-and-paid-for politicians and regulatory friends.

At last the David and Goliath story that has been woven around the GameStop insurrection is revealed for what it is: a story, a fable, a convenient narrative to trick the public back into the phoney, manipulated markets to once again take their place at the casino table. It is designed to trick people into thinking that *this* time they'll be able to win against the house. But that is not how a casino works. In the central-bank inflated, derivatives-laden mystery markets of Wall Street, the games are rigged, the dice is loaded, and the house always wins in the end.

None of this is surprising to those who have known for decades that the markets are rigged. But every generation needs to see the deception play out in real time to understand just how deep and pervasive the systemic rot is. From this point on,

those who have experienced the effects of this deception only have to answer one question: Are you going to continue to play Wall Street's rigged game, or are you going to take your chips off the table and invest in local businesses and projects with the people on Main Street?

The choice is yours. It always has been.

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