Title: Gee, I wonder why…■
Author: disoriented_llama
Created 2021-09-18 19:19:19 UTC
Permalink: /r/TheGloryHodl/comments/pqsne4/gee_i_wonder_why/
Url: https://www.reddit.com/gallery/pqsne4

3:18
◀ Gmail
LTE

January 1, 2020 through April 30, 2020, based in no small part on these Fed announcements, the S&P 500 Index gyrated from down 30 percent in late March to up 10 percent by the end of April. It was a nimble S&P 500 day trader's dream market.

Throughout 2020, Kaplan was a voting member of the Fed's Federal Open Market Committee (FOMC) and had access to non-public information.

At 1:29 p.m. (EDT) yesterday, we sent an email to two members of the communications team at the Dallas Fed. We asked the following:

> "Can you let me know if Dallas Fed President Robert Kaplan had any short positions in any stocks or other equity positions in 2020.
>
> "By short position, I mean any of the following:
>
> (1) sold the stock short;
>
> (2) bought puts on the stock;
>
> (3) shorted single stock futures;
>
> (4) held a short position via a derivative position at a bank;
>
> (5) shorted S&P 500 futures or any other derivative contract.
>
> "My deadline is 7 p.m. (EDT) this eve."

At 4:07 p.m. (EDT) we received a response via email from one member of the communications team (with a cc to the other member of the team), indicating that they were declining to answer my question.

At 4:13 p.m. (EDT) we responded as follows:

> "Are you saying that the President of the Dallas Fed will not explicitly state that he was not shorting stocks as the market melted down last year?
>
> "I would think he would welcome the opportunity to eliminate any speculation about that, given his more than two decades at Goldman Sachs, which has a notorious history with shorting the market during a crisis."

I received no response to the last email.

As previously reported, Kaplan was also making wagers of more than

3:18

◂ Gmail

LTE

I received no response to the last email.

As previously reported, Kaplan was also making wagers of more than $1 million in individual big tech stocks, fossil fuel companies and others.

The response to this trading scandal (which to a lesser degree also involves Boston Fed President Eric Rosengren, who was trading individual Real Estate Investment Trusts (REITS) in 2020), was for Fed Chairman Jerome Powell to direct his "staff" to take a "fresh and comprehensive" examination of the central bank's ethics rules around permissible financial holdings and activities by senior Fed officials.

Asking subordinates to conduct this review of higher ups is not an appropriate response, by any means. The Revolving Door Project, a nonprofit watchdog, appears to agree. It has sent a letter to Fed Chairman Powell calling for the following:

> "Direct the Federal Reserve Board's Inspector General to cooperate with other federal government agencies in investigating whether these trading activities violated criminal statutes on insider trading or improper use of confidential information, e.g., 18 USC 641 ('Whoever…knowingly converts to his use or the use of another, or without authority sells, conveys, or disposes of any record…of the United States or of any department or agency thereof…shall be fined under this title, or imprisoned not more than ten years, or both.')."

The Revolving Door Project is also calling for the Fed to place Kaplan and Rosengren "on administrative leave, pending the results of detailed investigations into their trading activities." We concur with that recommendation.

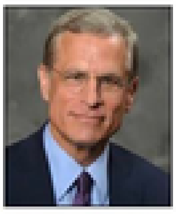
According to a report in the Wall Street Journal, the General Counsel at the Dallas Fed gave the okay for Kaplan's trading. The General Counsel is Sharon A. Sweeney. We sent another email to the Dallas Fed yesterday, inquiring as follows:

> "One more question. The Wall Street Journal article indicates that the General Counsel (Sharon Sweeney) gave the green light to the individual stock trades by Kaplan. Can you provide me with Ms. Sweeney's financial disclosure/stock transactions for 2020. That is, if she thought individual stock trades were okay for the President of the Dallas Fed, it follows that she might have made such trades herself."

That request for information was declined as well.

Dallas Fed President Traded S&P 500 Futures. Dallas Fed Will Not Say If He Shorted the Market During Pandemic Crisis in 2020.

By Pam Martens and Russ Martens: September 18, 2021 ~



Robert Kaplan, President of the Dallas Fed

A transaction that has been missed by major news outlets on the financial disclosure form for Dallas Fed President, Robert Kaplan, is a line item showing that Kaplan made "multiple" trades of more than $1 million in S&P 500 futures.

This is a stunning revelation for a multitude of reasons. First, Kaplan's financial disclosure form shows that he already had exposure to the S&P 500 through more than $1 million in an S&P 500 Exchange Traded Fund (ETF), which trades during regular stock market hours.

Using S&P 500 futures gave Kaplan access to making directional bets on where the market would go *after* the stock market closed, which is typically when the Fed makes market-moving announcements.

The most popular and liquid S&P 500 futures contract is the E-mini S&P 500. A person can get as much as 95 percent leverage on this contract – far more than the 50 percent leverage that is available for stock trades.

The S&P 500 E-mini trades *continuously* from 6 p.m. Sunday night through 5 p.m. on Friday evening (EDT). The stock market is open only from 9:30 a.m. to 4 p.m. daily (EDT).

A speculator who comes by market moving information after the stock market has closed, can trade on that information using the E-mini S&P 500 futures contract around the clock. If the market speculator thinks the market is going to rise, they go "long" the contract. If they think the market is going to decline, they can "short" the contract. (A short position is a bearish bet that the financial instrument or security will decline in value.)

The financial disclosure form provided by Kaplan is for the calendar year 2020. That was an unprecedented year in terms of market volatility and the ability to make huge gains (or losses) in the stock market from short-term trading. As a result of the lockdowns from the pandemic, GDP fell by 31.7 percent in the second quarter – the largest decline on record. At numerous times during 2020, the Fed was making dramatic market-moving announcements of interest rate cuts and the creation of a p[redacted]g facilities. From