Title: Atlanta Fed President Bought Low and Sold High in 2020 as the Fed Bailed Out Wall Street; Then He Failed to Report those Trades
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In addition to the mega Wall Street banks owning the New York Fed as shareholders, the CEOs of the banks rotate on and off its Board of Directors. James Gorman, CEO of Morgan Stanley, which has so generously provided four accounts at its private bank to Atlanta Fed President Bostic, currently sits on the Board of Directors of the New York Fed. Jamie Dimon, Chairman and CEO of JPMorgan Chase, was previously a Board member, as was Sandy Weill, the former Chairman and CEO of Citigroup.

Bostic and Gorman may have bumped into each other at last year's annual meeting of the Securities Industry and Financial Markets Association (SIFMA). Both Bostic and Gorman were speakers on the opening day of the event on Monday, October 19.

SIFMA is a registered lobbyist for Wall Street interests. Over the past decade, SIFMA has spent more than $66 million lobbying members of Congress, according to the Center for Responsive Politics. Last year alone, SIFMA employed more than 58 lobbyists to press its agenda with members of Congress.

On October 4, Senator Elizabeth Warren sent a letter to SEC Chairman Gary Gensler, calling on the SEC to "investigate trading in securities by high-level Federal Reserve officials and determine if any of these ethically questionable transactions may have violated insider trading rules." That's an important first step. But the SEC has only civil powers, it can't bring criminal prosecutions. The U.S. Attorneys' offices in Dallas, Boston and in Atlanta need to open an investigation to determine the full scope of the financial relationships these regional Federal Reserve Bank Presidents had with the banks that are under Fed supervision.

Until the findings of a genuinely independent and comprehensive investigation are released to the American public, trust in the central bank of the United States will continue to erode.

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← Casino Banking: Wall Street Mega Banks Traded More in their Federally-Insured Bank than the Total for their Bank Holding Company

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By the time Bostic filed his 2020 financial disclosure form, his two accounts at Morgan Stanley's Private Bank had grown to four accounts: three accounts showing zero to $1,000 in assets and one account with $1,001 to $50,000 in assets. Why would Morgan Stanley's Private Bank have opened two additional accounts for Bostic with no assets in them, or less than $1,000?

Morgan Stanley's Private Bank describes itself as follows on its website: "An exclusive boutique leveraging the Firm's global financial resources and delivering bespoke [custom], comprehensive solutions to individuals and families of significant means." The web page adds that you can "expect a higher standard of care"; have access to "exclusive client events"; receive "personalized attention" and "exclusive offers from 60+ premium brands…."

How could any Federal Reserve official think it would pass the smell test to be receiving, or become eligible to receive, exclusive perks not available to the general public from a supervised entity of the Federal Reserve?

Under the section for "Assets" on Bostic's 2020 financial disclosure form, he also lists unspecified investments at Wells Fargo, Bank of America and Merrill Lynch. Wells Fargo and Bank of America are also supervised by the Federal Reserve. Merrill Lynch is a brokerage firm and investment bank owned by Bank of America. Each of the three entries indicates that the asset is earning "interest" but doesn't specify the nature of the investment. Bonds, certificates of deposit, money market funds, etc. all earn "interest."

Since Fed Bank Presidents are specifically barred from buying the common stock or debt instruments of supervised entities, we asked the Atlanta Fed to provide the precise name of the assets that Bostic held at Wells Fargo, Bank of America and Merrill Lynch. The Atlanta Fed spokesperson responded with this:

"I don't have any additional information than what's on the form, but the forms indicate these are interest bearing accounts, and the amount of interest earned on those three were 'None (or Less than ($201).' "

According to the Federal Deposit Insurance Corporation, as of June 30 of this year, there were 4,951 federally-insured banks and savings associations in the U.S. with whom Bostic, former Dallas Fed President Robert Kaplan, and former Boston Fed President Eric Rosengren could have established financial relationships. But instead, in each case, these Federal Reserve officials chose to establish financial relationships with mega banks supervised by the Federal Reserve.

We're starting to see a deeply troubling pattern emerge: Bostic

Of particular note on the revised financial disclosure forms filed by Bostic are seven purchases made on March 19, 2020 and twelve purchases made between March 24-25, 2020. (See Schedule B, Transactions, on the financial disclosure form.) The purchases were made in various stock mutual funds just as stocks were putting in a bottom after the Dow Jones Industrial Average had lost more than 6,000 points. The trades were almost perfectly timed as the stock market took off like a rocket thereafter as the Fed announced one bailout program after another.

Making Bostic's excuses for failing to report these transactions look even weaker, in October of last year New York Times reporter Jeanna Smialek broke the news that the Fed's ethics officer had issued a warning to Fed officials on March 23, 2020. The warning specifically told Fed officials to avoid unnecessary trading for a few months as the Fed delved deeper into establishing emergency programs to support the market. The memo went to the presidents of the 12 regional Fed banks and their ethics officers. And yet, Bostic's account shows 12 stock mutual fund purchases made just one and two days after that memo was issued.

Senator Elizabeth Warren has called on the Securities and Exchange Commission to open an insider trading investigation into the Fed's trading scandal. Watchdog groups have called on the Department of Justice to open a criminal investigation. *Wall Street On Parade* has repeatedly called for the same. Until those investigations are made public, confidence in the U.S. central bank will continue to erode.

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**Another Fed Bank President's Financial Disclosures Fail the Smell Test**

Pam Martens and Russ Martens: **October 18, 2021 ~**

Private Banks operated by the mega Wall Street banks have an unseemly reputation. So when we opened Atlanta Fed President Raphael Bostic's financial disclosure forms and saw that he had a financial relationship with Morgan Stanley's Private Bank, a red flag went up immediately.

Citibank's Private Bank was previously the subject of an investigation by the U.S. Senate's Permanent Subcommittee on Investigations. At a hearing on November 9, 1999, the Chair of the Subcommittee, the late Senator Carl Levin, explained how private banks work. Levin stated:

> "Once a person becomes a client of a private bank, the bank's
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We're starting to see a deeply troubling pattern emerge: Bostic somehow managed to be accepted into the rarefied ranks of Morgan Stanley's Private Bank, thus becoming eligible for its "exclusive" perks. Dallas Fed President Robert Kaplan owned four proprietary investments from Goldman Sachs, two of which were not available to the general public. Despite that reality, documented on his own financial disclosure forms, the Dallas Fed Board released a false statement to the public, saying Kaplan had "systematically sold all of his personal holdings related to financial institutions over which the Federal Reserve had regulatory oversight or were otherwise restricted" at the time he joined the Dallas Fed in 2015. Goldman Sachs has been supervised by the Federal Reserve since September 21, 2008.

In addition, Kaplan was trading in and out of S&P 500 futures contracts, an instrument typically used by hedge funds or day traders to make leveraged, market-timing bets. Goldman Sachs' media relations team has refused to say if Kaplan was placing his stock and futures trades at their firm. That's a highly relevant detail because the compliance department of Goldman Sachs should have been aware that Kaplan possessed sensitive, market-moving information and declined this type of trading from a Federal Reserve official.

Equally troublesome, Citigroup, another Fed-supervised mega bank holding company, is the parent of the federally-insured Citibank. Boston Fed President Eric Rosengren and his wife traded in and out of stocks and Real Estate Investment Trusts (REITS) in a joint account. Rosengren's financial disclosure form for 2020 shows his wife held a "secured loan for investment" at Citibank. That sounds very much like a margin loan for trading in stocks. The Boston Fed will not say if Rosengren was using Citigroup's money to make his stock trades. (See New Documents Show the Fed's Trading Scandal Includes Two of the Wall Street Banks It Supervises: Goldman Sachs and Citigroup.)

Morgan Stanley, Goldman Sachs, and Citigroup are not just mega banks supervised by the Federal Reserve. The three banks are among the handful of Wall Street megabanks that, literally, own the Federal Reserve Bank of New York. The New York Fed has the power to create unlimited sums of electronic money to bail out these mega banks, something it has done twice since 2008 to the tune of trillions of dollars in cumulative, below-market-rate loans.

The New York Fed has another incestuous relationship with these mega banks: they are its trading partners. Yes, you read that correctly. The New York Fed has its own trading floor and speed dials to the trading units of Morgan Stanley, Goldman Sachs, Citigroup, JPMorgan Chase and 20 other Wall Street trading houses that it calls its "Primary Dealers."

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## Atlanta Fed President Bought Low and Sold High in 2020 as the Fed Bailed Out Wall Street; Then He Failed to Report those Trades

By Pam Martens and Russ Martens: October 17, 2022 ~

*Atlanta Fed President, Raphael Bostic*

It was one year ago that *Wall Street On Parade* raised a multitude of red flags about Raphael Bostic, the President of the Atlanta Fed. We have published the entirety of that article below so that our readers can see just how long it took both Bostic and the Atlanta Fed to come clean with the American people about his trading on Wall Street.

On Friday, Bostic released a seven-page statement in which he owned up to the following: failing to list a multitude of trades that were conducted on his behalf by trading firms on Wall Street over a period of five years; failing to properly report income on his assets on his financial disclosure forms; trading during blackout periods when trading was barred by the Federal Reserve; providing inaccurate values on his financial disclosure forms. The upshot was that Bostic had to restate his financial disclosure forms for the entire five-year period he has filed them at the Atlanta Fed , i.e., 2017 through 2021.

If a publicly-traded company had to restate its earnings and admit that it had lied to the American people for five straight years, you can bet that the CEO and CFO would be fired in short order by the Board of Directors. But the Board of the Atlanta Fed is sticking with Bostic – at least for now.

The Chairman of the Federal Reserve, Jerome Powell, has referred the matter to the Fed's Inspector General for an investigation. Unfortunately, that's not a genuinely arms-length investigation since the Fed's Inspector General reports to the Federal Reserve Board of Governors. The Fed's Inspector General is already investigating the trading conduct of at least two Fed officials: the former President of the Dallas Fed, Robert Kaplan, who traded in and out of S&P 500 futures contracts in lots of more than $1 million during the pandemic year of 2020;  and the former President of the Boston Fed, Eric Rosengren, who traded Real Estate Investment Trusts and whose wife had a margin account with Citigroup, a mega bank supervised by the Fed. Both men resigned their posts when their improper trading conduct came to light. (See our in-depth archive on the Fed's trading scandal here.)

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> "Once a person becomes a client of a private bank, the bank's primary goal generally has been to service that client, and servicing a private bank client almost always means using services that are also the tools of money laundering: secret trusts, offshore accounts, secret name accounts, and shell companies called private investment corporations. These private investment corporations, or PICs, are designed for the purpose of holding and hiding a person's assets. The assets could be real property, money, stock, art, or other valuables. The nominal officers, trustees, and shareholders of these shell corporations are often themselves shell corporations controlled by the private bank. The PIC then becomes the holder of the various bank and investment accounts, and the ownership of the private bank's client is buried in the records of so-called secrecy jurisdictions, such as the Cayman Islands."

In 2019, the New York Times revealed how higher ups at JPMorgan Chase's Private Bank continued to retain sexual predator Jeffrey Epstein as a client, even after he pled guilty to soliciting sex from a minor and was jailed.

McClatchy newspapers noted in 2016 that "the Panama Papers are full of examples of the wealth-management and 'private banking' divisions of U.S. and global banks working with customers to hide their assets elsewhere. Banks listed in the documents – including Citigroup, Morgan Stanley, Wells Fargo, Merrill Lynch and SunTrust – declined to comment."

Morgan Stanley is a bank holding company that is supervised by the Federal Reserve. Officials in the Federal Reserve System should be keeping an arms-length relationship with any supervised entity to avoid the appearance of conflicts-of-interest, or worse.

Atlanta Fed President Raphael Bostic spent the bulk of his professional career as a professor and administrator at the University of Southern California prior to joining the Atlanta Fed on June 5, 2017. That's not the career profile one would expect to find at Morgan Stanley's Private Bank – which caters to the rich and imposes commission penalties on its private bank wealth advisors if they accept client households having less than $5 million in assets under management with Morgan Stanley, according to reporting at AdvisorHub.

Despite the high asset hurdle to get in the door at Morgan Stanley's Private Bank, Bostic's 2017 financial disclosure form listed two accounts at the selective bank – one with zero to $1,000 in assets and another with $1,001 to $50,000 in assets. This raises the obvious question: why did Morgan Stanley bend its asset requirement so dramatically for Bostic?