U.S. Prosecutors Did Not Question Goldman on Financial Crisis in 2010 Meeting.

Several people from the general counsel's office at Goldman attended the March 5, 2010, meeting, including David N. Lawrence, who at the time was global head of the company's business intelligence group.

Mr. Breuer arranged the meeting to sound out Mr. Lawrence's views on how best to combat terrorism financing, given his experience in working with Wall Street banks to develop systems to prevent money laundering, the person briefed on the matter said.

This requires some context. Prior to Breuer's meeting, Goldman had recently been bailed out - and saved many billions of dollars in losses by two acts of governmental intervention at AIG. Goldman, under the leadership of Hank Paulson, had purchased large amounts of toxic mortgage paper (primarily collateralized debt obligations (CDOs) "backed" largely by fraudulently originated loans. The CDO, therefore, would eventually suffer massive losses. Goldman's managers purchased these toxic CDOs for the usual reasons explained by the "recipe" for accounting control fraud by a lender or purchaser of bad mortgage paper. The fraud "recipe" makes it a "sure thing" that the senior managers will be made wealthy through the purchase of terrible loans with a high nominal yield. This creates enormous, but fictional reported profits.

Under Hank Paulson, Goldman's risk of loss on the toxic mortgage paper was supposedly eliminated by the purchase of credit default swaps (CDS) sold by AIG. This protection was illusory, however, because AIG's managers in charge of CDS were also following the fraud recipe. AIG's managers sold vast amounts of CDS "protection" cheaply - so much and so cheaply that AIG could not possibly pay the "protection" when, inevitably, the toxic CDOs that the CDS were supposedly protecting from loss inevitably imploded. Instead, AIG would be rendered insolvent.

As I will explain, after Paulson stepped down as head of Goldman his successors began an urgent effort to unload the toxic CDOs on Goldman's customers. Paulson's successor realized that the AIG CDS offered only illusory protection from loss.

The bailout of Goldman via AIG had two parts. The largely fraudulently-originated mortgages backing Goldman's CDOs suffered crushing defaults as the housing bubble burst and the bad loans could no longer be refinanced to delay the loss recognition. The credit rating agencies, whose managers became wealthy by selling enormously inflated ratings to toxic CDOs and mortgage-backed securities (MBS) finally began to recognize reality and engaged in, by far, the greatest and quickest rating downgrades in history. This should have triggered AIG's obligation to pay the CDS protection for vast amounts of toxic

CDOs and MBS - but that would have rendered AIG insolvent and the CDO and MBS holders would have had to recognize vast losses. Other entities that sold CDS protection were in a similar position to AIG and they began negotiating deals to pay roughly 15 cents on the dollar of their obligation. It is better to get 15 cents on the dollar now than risk getting close to zero 18 months from now after the firm that sold you illusory CDS protection is liquidated in a bankruptcy proceeding. This kind of commercial workout is the norm in big finance.

Goldman had already received the twin direct bailouts provided by the Fed and Treasury (through the TARP program). Absent similar bailouts every one of the largest banks in the U.S. and the EU would have failed as the financial markets froze and the economy went into freefall.

But Goldman was the primary indirect beneficiary of two federal bailouts through AIG. The first bailout of AIG was the U.S. purchase of most of most of AIG's equity at a price far above market value. Absent this bailout AIG would have had to declare bankruptcy in Fall 2008. This bailout was strongly pushed by what became the U.S. bailout troika - Ben Bernanke (the Fed Chairman), Timothy Geithner (President of N.Y. Fed), and Hank Paulson (Treasury Secretary). Yes, the same Hank Paulson who was made even wealthier by leading Goldman's purchase of huge amounts of toxic CDOs and MBS and illusory CDS "protection" from AIG.

Goldman is known as "Government Sachs" because of its incestuous relationship with government. Bob Rubin had run Goldman before becoming President Clinton's Treasury Secretary. The Bush and Obama administration were infested with Goldman alums in key positions. The Obama administration also had Rubin protégés like Geithner controlling most of the top financial positions. Indeed, for extensive periods every top Obama economics official has been a Rubin protégé.

While Geithner is famous for his faux indignation that people believed from his slavish devotion to furthering the interests of the wealthiest and most criminal banksters that he had worked at a Wall Street firm, everyone knows that the NY Fed is Wall Street. It functions for Wall Street's CEOs, not the American people, regardless of what administration is in power. Geithner, who has now, formally, joined Wall Street and been made even wealthier, is one of the three most infamous financial regulators in U.S. history. He shares that dishonor with Bernanke and the worst-of-the-worst, Alan Greenspan. The Financial Crisis Inquiry Commission (and even the Fed's own external report) confirm what we all knew - even among the embarrassment that was "Fed Lite" regulation globally, the NY Fed stood out as uniquely terrible because of its servile approach to the elite banksters.

The regional Fed banks were designed to be controlled by the banks rather than serve the essential role of a vigorous, independent regulator. They are structured to have a crippling institutional conflict of interest in that their boards of directors are controlled by the banks they are supposed to regulate. In the case of the NY Fed that meant that the board was controlled by the elite banksters leading the fraud epidemics that blew up the global financial system. The Federal Home Loan Banks had the same built-in conflict of interest, which Congress (correctly) decided was intolerable and ended in the 1989 FIRREA legislation.

The NY Fed's corrupt institutional design was designed by Wall Street bankers to ensure that they would control the bank. Unlike the FHLBs, the NY Fed was also designed to be the pig that was always more equal than its eleven sister pigs. Wall Street's control of the NY Fed does not simply give them greater influence over the Board of Governors of the Federal Reserve System (the federal agency) - it gives them decisive control over large aspects of the Fed's operations.

Under Geithner, however, this inherently corrupt institutional design of the NY Fed was judged by him to be insufficiently corrupt. I will quote the entire article by the leading apologist for the Wall Street banksters, DealBook, to demonstrate that even as presented by apologists, the NY Fed under Geithner was simply a more sophisticated version of FIFA under Sepp Blatter.