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The CIA's Wall Street connections

Transcript of interview with Michael C. Ruppert on Guns and Butter: The Economy Watch, with Kellia Ramares and Bonnie Faulkner

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FAULKNER: On September 29, The San Francisco Chronicle reported that investors had yet to collect more than \$2.5 million in profits they made trading options in the stock of United Airlines before the Sept 11 terrorist attacks. The uncollected money raises suspicions that the unidentified investors had advance knowledge of the attacks. The securities and exchange commission is investigating high levels of short sales and purchases of “put” options, on the stocks of United Airlines and American Airlines in the three business days before the attacks. Short sales and put options are bets that a stock will fall in price.

Meanwhile, the Interdisciplinary Center, a counter-terrorism think tank headed by former Israeli intelligence officers, has issued a report on Osama bin Laden's finances, saying insiders profited by nearly \$16 million dollars on transactions involving the two airlines and the investment banking firm Morgan Stanley, which occupied 22 floors of the World Trade Center. And that report excluded other unusual trading activity involving insurance companies with significant exposure to damage claims resulting from the attacks.

Joining us by phone from Southern California is Michael C. Ruppert. Ruppert is a former Los Angeles Police Department field officer and narcotics investigator whom the CIA twice tried to recruit.

In the course of investigations in the mid 1970s, he came across information the CIA was trading drugs in order to fund covert operations. He was forced out of the LAPD in November 1978 after being shot at and threatened for speaking out about CIA drug activity.

At a Town Hall meeting on November 15, 1996, Ruppert publicly confronted then-CIA director John Deutch with information about three specific CIA drug operations. The confrontation led to an invitation to appear before the Senate Select Committee on Intelligence, where he spoke and presented written evidence concerning the CIA's infiltration of and illegal relationships with a number of police departments throughout the country.

Michael Ruppert publishes “From The Wilderness,” a magazine which deals with the effects of illegal covert operations on our society.

He's here today to discuss his latest article for that magazine...about the CIA's knowledge of, and connections to, the suspect trading that occurred in the days prior to the attacks on the World Trade Center and the Pentagon.

Michael Ruppert, welcome to "Guns and Butter: The Economy Watch."

RUPPERT: Good to be here.

FAULKNER: Good to have you. Do you think the CIA had advance knowledge of the attacks? Did they know a specific attack was coming?

RUPPERT: I am absolutely convinced that the Central Intelligence Agency had complete and perfect foreknowledge of the attacks, down to date, time place and location, yes.

FAULKNER: Tell us how the CIA monitors the stock market.

RUPPERT: Well, I have written several stories about this over the years. One of the primary functions of the Central Intelligence Agency by virtue of its long and very close history of relationships with Wall Street, I mean to the point where the current executive vice president of the New York Stock Exchange is a retired CIA general counsel, has had a mandate to track, monitor, all financial markets worldwide, to look for anomalous trades, indicative of either economic warfare, or insider currency trading or speculation which might affect the US Treasury, or , as in the case of the September 11 attacks, to look for trades which indicated foreknowledge of attacks like we saw.

One of the vehicles that they use to do this is a software called Promis software, which was developed in the 1980s, actually 1979, by Bill Hamilton and a firm called INSLAW, in [the] Washington D.C. area. And Promis is very unique for two reasons: first of all, it had the ability to integrate a wide range of databases using different computer languages and to make them all into one readable format. And secondly, in the years since, Promis has been mated with artificial intelligence to even predict moves in markets and to detect trades that are anomalous, as a result of those projections. So, as recently as last year, I met with members of the RCMP [Royal Canadian Mounted Police] national security staff, who came down to Los Angeles where I am, who are investigating stolen applications of Promis software and its applications, and we reconfirmed at that time that, not only the US, but Israel, Canada, and many other countries use Promis-like software to track real-time trades in the stock markets to warn them of these events.

RAMARES: Kellia Ramares here. Mike, is it possible that the terrorists could have gotten hold of this software?

RUPPERT: Uh, no, it's, well, it is and it isn't. The key piece of evidence around September 11 is not that the software would have had any impact. The key evidence, as I heard you describing, was the trades themselves, the so-called put options and the short selling of American Airlines, United Airlines, Merrill Lynch, Morgan Stanley, and a couple of reinsurance companies in Europe, which are just really off the maps. You wouldn't need software to look at these trades and say, "Oh my God, this is directly connected to World Trade Center."

RAMARES: OK, but hindsight is 20-20. United Airlines had a lot of trouble last year: labor disputes, lots of cancellations. We were on a verge of a recession going into the attacks and Morgan Stanley's an investment banking firm. Some day traders could have seen some activity and joined the party entirely innocently. How can you make a prediction of an attack?

RUPPERT: Herzliyah, International Policy Institute in Israel which tracks counter-terrorism, also tracks financial trading. That's a clear cut sign about how closely the two are related. And their reports are very clear that between September 6 and 7 the Chicago Board Options Exchange, CBOE, saw purchases of 4,744 put options on UAL, but only 396 call options. On September 10, the day before the attacks, 4,516 put options were placed on American Airlines, against only 748 calls, calls being bets that the stock will go up, puts being that the stock will go down. No similar trading in any other airlines occurred on the Chicago Exchange in the days immediately preceding Black Tuesday. That means that someone had advance knowledge that only the stocks of these two airlines would be adversely impacted. Had it just been an industry-wide slump, then you would have seen the same kind of activity on every airline, not just these two. But what is also very anomalous, very out of whack here, is the fact that the number of put options placed, that the level of these trades was up by 1,200 percent in the three days prior to the World Trade Center attacks.

RAMARES: Give us a brief overview, really, of the connections between the CIA and the banking and investment community. Your article suggests there is a revolving door between Wall Street and the CIA.

RUPPERT: Oh, indeed there is. First of all, it's very important to note right up front that European investigators, who are tracking trades in the insurance companies, as well as the Israeli institute, have disclosed that the UAL put options were primarily held by Deutsche Bank-A.B. Brown. And it's very important to note that the current Number Three at CIA, the Executive Director, a man by the name of A.B. "Buzzy" Krongard, was, until 1998, the chairman of A.B. Brown. The company went from being owned by Banker's Trust to being owned by Deutsche Bank. But this is a man effectively running CIA, who came from the bank that handled the trades.

Historically speaking, we go back to 1947, we look at Clark Clifford, who wrote the National Security Act, in 1947. He was a Wall Street banker, and a lawyer from Wall Street. He was the chairman of First American Bancshares that brought BCCI onto US shores in the late 1980s. He was given the design for the CIA by John Foster and Allen Dulles, two brothers: John Foster becoming Secretary of State, Allen becoming director of Central Intelligence, who was fired by John Kennedy. They were partners in what is until this day the most powerful law firm on Wall Street: Sullivan Cromwell. Bill Casey, the legendary CIA director from the Reagan/Iran Contra years, had been chairman of the Securities and Exchange commission under Ronald Reagan. He, in fact, was a Wall Street lawyer and a stockbroker. I've already mentioned Dave Doherty, the Vice President of NYSE [New York Stock Exchange] who is the retired CIA general counsel. George Herbert Walker Bush is now a paid consultant to the Carlyle Group, the 11th largest defense contractor in the nation, very influential on Wall Street. "Buzzy" Krongard is there. John Deutsch, the former CIA director, who retired a couple of years ago, a few years ago, is

now on the board of Citibanc or Citigroup. And his number three, Nora Slatkin, the Executive Director at CIA is also at Citigroup. And Maurice “Hank” Greenburg, who is the chairman of AIG insurance, which is the third largest investment pool of capital in the world, was up to be the CIA director in 1995 and Bill Clinton declined to nominate him. So there is an inextricable and unavoidable relationship between CIA and Wall Street.

FAULKNER: Michael Ruppert, this is Bonnie Faulkner. Does the CIA itself invest in the stock market?

RUPPERT: That’s unknown. What is known, and what was disclosed by hearings chaired by Senator Frank Church in 1976, is that the CIA was known and proven in the Congressional Record to operate proprietary companies, some of which do trade their stock on Wall Street. One of these, Southern Air Transport, excuse me, was at it during the Iran Contra years. There are others: Evergreen Air, which may or may not be a proprietary, but has strong CIA connections; there are tons of these companies out there. It’s not known if CIA manipulates markets, although I really believe that they do.

FAULKNER: Is the CIA’s budget public knowledge?

RUPPERT: No. By law. Under the National Security Act of 1947 the CIA’s budget is hidden in the budgets of all the other departments of government. We’ve never been able to pin down, because it’s a secret, exactly how much money CIA gets. But the best estimates available—and these are from very good sources—are that it’s around 30 billion dollars a year.

FAULKNER: So I’m assuming then that no one knows where they keep their budget. I mean, do they keep it in the bank drawing interest? I guess we don’t know.

RUPPERT: Well, no, the way it would work under the NSA—National Security Act—is that if the budget is \$30 billion, \$10 billion may be in the Department of Defense, five in the Department of Justice, three in US Treasury. That’s how they hide the funds.

RAMARES: Michael, Kellia Ramares again. You’ve laid out a scenario which would suggest that the CIA is so involved in Wall Street, they knew these trades were happening; they knew why. Why would the CIA let such a horrendous thing happen if they knew about it? All the loss of life, all the economic damage that we led off our show with that’s going to happen to everyday people, state and local governments, small investors, businesses. Why did they let it happen if they knew?

RUPPERT: Well, first of all, let’s look at history. I’m a great addict of the History Channel and all this year on “The Secrets of World War II,” one of their series, they have run maybe three, four, five times, a documentary showing clearly that Franklin Roosevelt had absolute knowledge that the Japanese were going to attack Pearl Harbor on December the seventh. Navy had broken the codes. That information was made Top Secret. And Roosevelt allowed the attacks to happen with the express purpose of bringing the US into World War II. So there is historical precedent for this. What I have been writing in “From the Wilderness” for more than two years, and we’ve

been publishing four years now, was of huge economic inconsistencies, bubbles that were about to burst, about a pending collapse of the US economy that was going to happen anyway.

Just two days before the attacks, I sent a bulletin to my subscribers saying there's a monstrous derivatives bubble, to the tune of about 20 trillion dollars that's about to burst. The price of gold has been manipulated, and the stock market's ready to crash. And in fact, we had seen the Dow drop by almost 900 points in the three weeks prior to the attack. So, in point of fact, the economic crash was going to happen anyway. As a result of the attacks, now there are two benefits for the government: Number One, there is a convenient enemy upon whom to place the blame for the economic crash. And second, the legislation passed by Congress has unleashed a torrent of short term, and what are going to be extremely expensive, solutions which are keeping the US economic bubble inflated. This incentive: now it's about 100 billion dollars so far I believe, between 40 for the military and another 60 in tax cuts, is robbing Peter to pay Paul. And I am absolutely convinced that Social Security is toast and this was their way to get their foot in the door on that.

RAMARES: Yes, but what about their plans to privatize Social Security? I don't want my retirement in the stock market after what you've said and even what I saw before.

RUPPERT: I sure don't either. You have to remember that the current Bush administration is a reincarnation of the administration we saw during Iran-Contra, and during the years of President Bush's presidency from '89 to '93. These are the people who brought us the savings and loan crisis, which took \$500 billion dollars out of US taxpayer pockets. These guys know how to loot an economy. There are very credible, well-documented stories from GAO [General Accounting Office] that have been written even in the Washington Times [a very conservative newspaper] showing that the Department of Defense has, and this is the right word, has lost more than three trillion dollars in the last two years. That money is not lost; it's been stolen.

More than 59 billion dollars has been taken out of HUD [US Department of Housing and Urban Development]. There are monstrous economic costs which are going to fall on the American taxpayer. But they will not fall on the administration or its allies on Wall Street.

RAMARES: Speaking of Wall Street, it doesn't feel like it's a level playing field for the small investor, the person who has their kid's college fund in something in Wall Street to try to make it grow.

RUPPERT: No. It absolutely is not. In 1929, some 15 percent of all the stock in circulation was owned by households. In 2001, 75 percent of the stock in circulation was owned by households. That tells you who's carrying the burden.

If you look at some of the market activity in recent years, for example, two years ago, Goldman Sachs went public. And that means that households bought their stock but Goldman Sachs took the money and cashed out. There has been a strong trend in the movement of money by the very rich offshore, out of the country, into safe havens, so that when the bubble does break, it'll be the taxpayer holding the bag.

RAMARES: Is Congress knocking on your door to look more into this? Are we going to see congressional hearings into possible knowledge of the CIA of the attacks? I mean we're talking about they let mass murder happen.

RUPPERT: Yes...I have spoken confidentially to two members of the House of Representatives. And I have to tell you that my take on their view, and these are members who I consider to be allies and very progressive and awake: they're basically frightened. The climate is one of near hysteria. There is an overwhelming attitude in the general public of wave the flag and kill the bad guys. And it's not politically wise, I guess, in their viewpoint, to risk their careers by raising questions. But some of them have to and some of them must.

Everyday, there are more and more holes in all of the stories surrounding September 11, and this avoids people from looking at a broader agenda in Central Asia, which has to do with the drug trade and the oil. Bear in mind that Senator Carl Levin (D-Mich.) has documented that 300 billion dollars a year in drug money moves through the US banking system. And that was in a minority report to the Senate Banking Committee released this February, I believe it was. But that money is now an integral component to sustaining the bubble. And that's why we're seeing CIA operatives moving willy-nilly into Uzbekistan, to give us immediately another Laos, just like we had in the Vietnam era with Air America planes flying with tons of heroin to markets in the US and Western Europe. And that's what's coming out of this. Also, there's a huge grab for oil and a major pipeline to run from Uzbekistan down to the Pakistani coast, which will weaken Russia's grip on the region. And I believe, long term, the economic motive is to Balkanize Russia. But members of Congress now faced with this are kind of overwhelmed. There have been a few voices speaking up here and there to oppose civil rights legislation that was punitive, to address issues of the war-making powers. But Congress needs to find its legs and its lungs real quickly.

FAULKNER: Michael Ruppert, this is Bonnie Faulkner. We have one minute left. You've mentioned when the bubble is going to burst. A lot of people think that the bubble has already burst...

RUPPERT: Oh no.

FAULKNER: What do you expect to see?

RUPPERT: I was already predicting that the Dow would be at 8,000 or below by the end of October. Now the...who knows what the short-term impacts of all of the money that's being poured out of the Treasury are going to have. But bear in mind there is still a huge bubble. According to Russian economists—I was in Russia in March—there's 300 trillion dollars in derivatives waiting to pop. Now what that means is one more good terrorist attack and we could really understand what a bubble is.

RAMARES: And the FBI has said watch out for terrorist attacks in the next few days and the CIA says that we're at 100 percent risk of terrorist attacks. Give us your web site and little bit about your magazine for those who might be interested in learning more.

RUPPERT: OK, the web site is [www dot cop v like in Victor CIA dot com](http://www.copv.com). Copvcia.com. "From the Wilderness" is a newsletter we publish 11 times a year. We're read in 17 countries, by 16 members of the US Congress, including the Intelligence Committees of both houses, as well as by professors at 11 universities in the US and Canada. It's a monthly subscriber. The web site is free; the subscribers get a little more information and a little newer. But we take great pride in the fact that we document everything that we publish so we don't ask anybody to take anything on faith.

RAMARES: OK, Thank you very much for joining us. You have been listening to Michael C. Ruppert, publisher of "From the Wilderness" magazine and author of an article on the CIA, the stock market and the terrorist attacks. Again his web site is www.copvcia.com. Again, thank you for joining us.

RUPPERT: My pleasure.

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