These Are the Banks that Own the New York Fed and Its Money Button that Has Reportedly Pumped $3 Trillion into Other Banks in Just 63 Days

written by GEG | November 21, 2019

According to this report, the New York Fed has now pumped out upwards of $3 trillion in a period of 63 days to unnamed trading houses on Wall Street to ease a liquidity crisis that has yet to be credibly explained. The largest shareowners of the New York Fed are the following five Wall Street banks: JPMorgan Chase, Citigroup, Goldman Sachs, Morgan Stanley, and Bank of New York Mellon. Those five banks represent two-thirds of the eight Global Systemically Important Banks in the US that are able to inflict systemic contagion on the entire global banking system (as happened in 2008) and thus must be monitored closely for financial stability.

JPMorgan Chase, Citigroup, Goldman Sachs, and Morgan Stanley are also four of the five largest holders of high-risk derivatives.

During the financial crisis (2007 – 2010), the New York Federal Reserve, one of 12 Federal Reserve regional offices, was reported to have been given unprecedented powers by the Federal Reserve Board of Governors in Washington, DC to create over $29 trillion in electronically-engineered money to bail out Wall Street.

The New York Fed has now pumped out upwards of $3 trillion in a period of 63 days to unnamed trading houses on Wall Street to ease a liquidity crisis that has yet to be credibly explained. In addition, it has launched a new asset purchase program, buying up $60 billion each month in U.S. Treasury bills. Based on the continuing escalation of its plans, it appears to be testing the limits of what the public will tolerate. We thought it was time to answer the question: who exactly owns the New York Fed and its magical money spigot that can pump trillions of dollars into Wall Street at the press of a button.

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Those five banks represent two-thirds of the eight Global Systemically Important Banks (G-SIBs) in the United States. The other three G-SIBs are Bank of America, a shareowner in the Richmond Fed; Wells Fargo, a shareowner of the San Francisco Fed; and State Street, a shareowner in the Boston Fed.

G-SIBs have the ability to inflict systemic contagion on the entire global banking system (as happened in 2008) and thus must be monitored closely for financial stability. JPMorgan Chase, Citigroup, Goldman Sachs, and Morgan Stanley are also four of the five largest holders of high-risk derivatives. (Bank of America is the fifth.)

The five mega banks that are the major shareowners of the New York Fed are also supervised by the New York Fed, despite participating in the election of two-thirds of its Board of Directors. James Gorman, Chairman and CEO of Morgan Stanley, currently sits on the New York Fed Board. Jamie Dimon, Chairman and CEO of JPMorgan Chase, previously served two three-year terms on the Board.

These same Wall Street banks also participate in various advisory groups with the New York Fed where they hash out “best practices” for their industry. Those “best practices” were not sufficient to prevent JPMorgan Chase from becoming a three-count felon, Citigroup a one-count felon, and four of the banks (all but Bank of New York Mellon) from actively engaging in creating and selling subprime investments that blew up the U.S. financial system, the nation’s economy and a good swath of Wall Street in 2008.

There are 12 regional Federal Reserve banks of which the New York Fed is only one. But during the financial crisis, the New York Fed was given unprecedented powers by the Federal Reserve Board of Governors in Washington, D.C. to create over $29 trillion in electronically-engineered money to bail out Wall Street. A significant portion of the $29 trillion went to loans that were collateralized by stocks and junk bonds – an unprecedented action for the Federal Reserve. In some instances, the Fed threw its rule book under the bus and didn’t make loans at all, opting instead to buy up toxic assets outright through Special Purpose Vehicles it created. And despite its mandate to make properly collateralized loans to only solvent banks, it made over $2.5 trillion in loans to Citigroup, much of that after the bank was clearly insolvent.

The $29 trillion created electronically by the New York Fed from 2007 to the middle of 2010 is astronomical compared to the loans made by the Federal Reserve following the 1929 financial crash and early years of the Great Depression. Those Fed loans aggregated to only $1.5 million or approximately $25.5 million in today’s dollars.

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