



Written by [Alex Newman](#) on March 21, 2010

## Fed Loses Secrecy Suit, Considering Options

The Federal Reserve lost an appeal March 19 in a bid to keep hidden the details of its estimated \$2 trillion in bailouts to bankers around the world, prompting celebration among anti-Fed campaigners and promises of a continued fight from the banking cartel.



A lower court [ruled](#) in August last year that the central bank must release the information under a Freedom of Information Act request filed by the Bloomberg media empire. But the Fed refused. Bloomberg had argued that the public had a right to know what was going on since U.S. taxpayers were “involuntary investors.”

“When an unprecedented amount of taxpayer dollars were lent to financial institutions in unprecedented ways and the Federal Reserve refused to make public any of the details of its extraordinary lending, Bloomberg News asked the court why U.S. citizens don’t have the right to know,” said Bloomberg editor-in-chief Mathew Winkler after the lower court’s ruling. “We’re gratified the court is defending the public’s right to know what is being done in the public interest.”

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But the Fed fought back, demanding a stay of the lower-court order until an appeals court could take up the case. It argued that disclosing the documents could “damage” the rescued firms and that a FOIA exemption for “trade secrets” was applicable to the bailouts.

In a supplementary brief filed by the Fed Board of Governors, the cartel also argued that since the New York Federal Reserve Board was basically a private institution, it was not obligated to comply with FOIA requests. “The FRBNY is not an establishment of the executive branch because it is a corporation whose stock is privately held,” explained the brief, also noting that it “is overseen by a board of directors the majority of whom are privately appointed” and that “none of the stock of the FRBNY is government-owned.”

A group of banks including Bank of America, Citigroup, Deutsche Bank, and JPMorgan Chase also joined the Fed in battle through the Clearing House Association. None of the banks offered comments when requested by Bloomberg.

After losing again on appeal in the U.S. Court of Appeals for the Second Circuit, a Fed spokesman said the cartel was reviewing the decision and considering its options for reconsideration or yet another appeal. Some analysts have suggested that the central bank could be preparing to take the case all the way to the Supreme Court to maintain its secrets — and considering the fact that it has virtually unlimited financial resources, it does not have anything to lose by doing so.

But legislators have become increasingly frustrated with the Fed. “This money does not belong to the Federal Reserve. It belongs to the American people, and the American people have a right to know where more than \$2 trillion of their money has gone,” said Senator Bernie Sanders of Vermont in a [statement](#), adding that the appeals court’s decision was a “major victory” for American taxpayers.

A significant majority in Congress has also signed on to a wildly popular proposal by Representative Ron Paul to “[Audit the Fed.](#)” And though the effort is encountering fierce resistance from the central bank, it already passed as an amendment in the House of Representatives. It also has support from over



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three-fourths of Americans, according to [polls](#).

Lawyers in the FOIA appeal litigation against the Fed cheered the March 19 ruling. “We’re obviously pleased with the court’s decision, which is an important affirmation of the public’s right to know what its government is up to,” said Thomas Golden, an attorney for Bloomberg. “Bloomberg has been trying for almost two years to break down a brick wall of secrecy in order to vindicate the public’s right to learn basic information,” he wrote in a court filing.

Various media organizations also celebrated the court ruling, including Fox News, which unsuccessfully sought Fed documents in another case. The executive director of the Reporters Committee for Freedom of the Press told Bloomberg: “It’s gratifying that the court recognizes the considerable interest in knowing what is being done with our tax dollars.”

Mark Pittman, the Bloomberg reporter who originally inspired the suit against the Fed, [died](#) late last year at 52. But his legacy lives on. As reported previously by [The New American](#), the Fed has been waging an aggressive propaganda campaign to maintain its secrecy and power. But thanks to the tireless efforts of people like Pittman and Congressman Ron Paul, the days of Fed secrecy, bailouts, and unconstitutional monetary tyranny may soon be coming to an end.

The central bank simply must be held accountable. The amount of influence it wields over the American economy cannot be overstated. And the fact that it carries on its operations in secret is deeply unsettling. Congress should exercise its authority and find out what has been going on behind closed doors all these years, followed by completely abolishing the institution and restoring lawful, sound money. Using the American people’s resources in an illegitimate attempt to hold onto power and maintain secrecy is simply unacceptable. It must end. The Fed has no right no influence policy using the American people’s money. But fortunately, with public and congressional ire increasing every day, the time has never been better to bring down the monetary monster once and for all.



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