

Federal Reserve to be Subpoenaed by Congress Over Merrill Deal

By [Global Research](#)

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The Wall Street Journal [writes](#):

U.S. House lawmakers on Tuesday said they would file a subpoena to compel the Federal Reserve to turn over internal notes and emails detailing the central bank's role in encouraging Bank of America Corp. to complete its acquisition of Merrill Lynch & Co...

Lawmakers have been examining testimony given by [Bank of America CEO Ken] Lewis to New York Attorney General Andrew Cuomo in which he suggested top Fed and Treasury officials pressured him to complete the deal for Merrill Lynch despite ballooning losses at the securities firm.

[Here's background](#) on Lewis' allegations that the Fed forced B of A to buy Merill.

The most interesting part of this will be whether or not the Fed complies with the subpoena.

Previously, the Fed has refused to respond to requests for information from Congress.

For example, the following [exchange](#) occurred between Fed Chairman Ben Bernanke and Senator Bernie Senators:

Senator Sanders: "Will you tell the American people to whom you lent \$2.2 trillion of their dollars?"

Chairman Bernanke: "No"

Similarly, Fed Vice Chair Donald Kohn [refused](#) to answer congressman Alan Grayson's questions about where the trillions in bailout money are going.

And Congressman Grayson [wrote](#) in a letter co-signed by several prominent economists:

The Federal Reserve has refused multiple inquiries from both the House and the Senate to disclose who is receiving trillions of dollars from the central banking system. The Federal Reserve has redacted the central terms of the no-bid contracts it has issued to Wall Street firms like Blackrock and PIMCO, without disclosure required of the Treasury, and is participating in new and exotic programs like the trillion-dollar TALF to leverage the Treasury's balance sheet. With discussions of allocating even more power to the Federal Reserve as the 'systemic risk regulator' of the credit markets, more oversight over the

central bank's operations is clearly necessary.

The Fed has previously refused to respond to Freedom of Information Act requests by Bloomberg by [arguing](#) that:

While the Fed's Washington-based Board of Governors is a federal agency subject to the Freedom of Information Act and other government rules, the New York Fed and other regional banks maintain they are separate institutions, owned by their member banks, and not subject to federal restrictions.

It will be interesting to see whether the Fed complies with the subpoena, and if not, whether the refusal is based on the limited scope of the Federal Reserve Act or on some other creative argument.

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