

Unusual Trading in Stock Options Prior to 9/11: Government Destroyed Documents Regarding Pre-9/11 Put Options

By [Washington's Blog](#)

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On September 19, 2001, CBS [reported](#):

Sources tell CBS News that the afternoon before the attack, alarm bells were sounding over unusual trading in the U.S. stock options market.

An extraordinary number of trades were betting that American Airlines stock price would fall.

The trades are called “puts” and they involved at least 450,000 shares of American. But what raised the red flag is more than 80 percent of the orders were “puts”, far outnumbering “call” options, those betting the stock would rise.

Sources say they have never seen that kind of imbalance before, reports CBS News Correspondent Sharyl Attkisson. Normally the numbers are fairly even.

After the terrorist attacks, American Airline stock price did fall obviously by 39 percent, and according to sources, that translated into well over \$5 million total profit for the person or persons who bet the stock would fall.

At least one Wall Street firm reported their suspicions about this activity to the SEC shortly after the attack.

The same thing happened with United Airlines on the Chicago Board Options Exchange four days before the attack. An extremely unbalanced number of trades betting United’s stock price would fall — also transformed into huge profits when it did after the hijackings.

“We can directly work backwards from a trade on the floor of the Chicago Board Options Exchange. The trader is linked to a brokerage firm. The brokerage firm received the order to buy that ‘put’ option from either someone within a brokerage firm speculating, or from one of the customers,” said Randall Dodd of the Economic Strategy Institute.

U.S. investigators want to know whether Osama bin Laden was the ultimate “inside trader” — profiting from a tragedy he’s suspected of masterminding to finance his operation. Authorities are also investigating possibly suspicious trading in Germany, Switzerland, Italy and Japan.

On September 29, 2001, the San Francisco Chronicle [pointed out](#):

“Usually, if someone has a windfall like that, you take the money and run,” said the source, who spoke on condition of anonymity. “Whoever did this thought the exchange would not be closed for four days.

“This smells real bad.”

There was an unusually large jump in purchases of put options on the stocks of UAL Corp. and AMR Corp. in the three business days before the attack on major options exchanges in the United States. On one day, UAL put option purchases were 25 times greater than the year-to-date average. In the month before the attacks, short sales jumped by 40 percent for UAL and 20 percent for American.

Spokesmen for British securities regulators and the AXA Group also confirmed yesterday that investigations are continuing.

The source familiar with the United trades identified Deutsche Banc Alex. Brown, the American investment banking arm of German giant Deutsche Bank, as the investment bank used to purchase at least some of the options.

Last weekend, German central bank president Ernst Welteke said a study pointed to “terrorism insider trading” in those stocks.

On October 19, 2001, the Chronicle [wrote](#):

On Oct. 2, Canadian securities officials confirmed that the SEC privately had asked North American investment firms to review their records for evidence of trading activity in the shares of 38 companies, suggesting that some buyers and sellers might have had advance knowledge of the attacks.

FMR Corp. spokeswoman Anne Crowley, said her firm — which owns the giant Fidelity family of mutual funds in Boston — has already provided “account and transaction” information to investigators, and had no objection to the new procedures announced yesterday. Crowley declined to describe the nature of the information previously shared with the government.

So the effort to track down the source of the puts was certainly quite substantial.

What were the results of the investigation?

Apparently, we’ll never know.

Specifically, David Callahan – executive editor of SmartCEO – submitted a Freedom of Information Act request to the SEC regarding the pre-9/11 put options.

The SEC [responded](#):

We have been advised that the potentially responsive records have been destroyed.

If the SEC had responded by producing documents showing that the pre-9/11 put options had an innocent explanation (such as a hedge made by a smaller airline), that would be understandable.

If the SEC had responded by saying that the documents were classified as somehow protecting proprietary financial information, I wouldn't like it, but I would at least understand the argument.

But destroyed? Why?

Not the First Time

This is not the first destruction of documentary evidence related to 9/11.

I [wrote](#) in March:

As I pointed out in 2007:

The 9/11 Commission Report was largely based on a third-hand account of what tortured detainees said, with two of the three parties in the communication being government employees.

The official 9/11 Commission Report [states](#):

Chapters 5 and 7 rely heavily on information obtained from captured al Qaeda members. A number of these "detainees" have firsthand knowledge of the 9/11 plot. Assessing the truth of statements by these witnesses-sworn enemies of the United States-is challenging. Our access to them has been limited to the review of intelligence reports based on communications received from the locations where the actual interrogations take place. We submitted questions for use in the interrogations, but had no control over whether, when, or how questions of particular interest would be asked. Nor were we allowed to talk to the interrogators so that we could better judge the credibility of the detainees and clarify ambiguities in the reporting.

In other words, the 9/11 Commissioners were not allowed to speak with the detainees, or even their interrogators. Instead, they got their information third-hand.

The Commission didn't really trust the interrogation testimony. For example, one of the primary architects of the 9/11 Commission Report, Ernest May, [said](#) in May 2005:

We never had full confidence in the interrogation reports as

historical sources.

As I [noted](#) last May:

Newsweek is running an [essay](#) by [New York Times investigative reporter] Philip Shenon saying [that the 9/11 Commission Report was unreliable because most of the information was based on the statements of tortured detainees]:

The commission appears to have ignored obvious clues throughout 2003 and 2004 that its account of the 9/11 plot and Al Qaeda's history relied heavily on information obtained from detainees who had been subjected to torture, or something not far from it.

The panel raised no public protest over the CIA's interrogation methods, even though news reports at the time suggested how brutal those methods were. In fact, the commission demanded that the CIA carry out new rounds of interrogations in 2004 to get answers to its questions.

That has troubling implications for the credibility of the commission's final report. In intelligence circles, testimony obtained through torture is typically discredited; research shows that people will say anything under threat of intense physical pain.

And yet it is a distinct possibility that Al Qaeda suspects who were the exclusive source of information for long passages of the commission's report may have been subjected to "enhanced" interrogation techniques, or at least threatened with them, because of the 9/11 Commission....

Information from CIA interrogations of two of the three—KSM and Abu Zubaydah—is cited throughout two key chapters of the panel's report focusing on the planning and execution of the attacks and on the history of Al Qaeda.

Footnotes in the panel's report indicate when information was obtained from detainees interrogated by the CIA. An analysis by NBC News found that more than a quarter of the report's footnotes—441 of some 1,700—referred to detainees who were subjected to the CIA's "enhanced" interrogation program, including the trio who were waterboarded.

Commission members note that they repeatedly pressed the Bush White House and CIA for direct access to the detainees, but the administration refused. So the commission forwarded questions to the CIA, whose interrogators posed them on the panel's behalf.

The commission's report gave no hint that harsh interrogation methods were used in gathering information, stating that the panel had "no control" over how the CIA did its job; the authors also said they had attempted to corroborate the information "with documents and statements of others."

But how could the commission corroborate information known only to a handful of people in a shadowy terrorist network, most of whom were either dead or still at large?

Former senator Bob Kerrey of Nebraska, a Democrat on the commission, told me last year he had long feared that the investigation depended too heavily on the accounts of Al Qaeda detainees who were physically coerced into talking

Kerrey said it might take "a permanent 9/11 commission" to end the remaining mysteries of September 11.

Abu Zubaida was well-known to the FBI as being literally crazy. The [Washington Post](#) quotes "FBI officials, including agents who questioned [alleged Al-Qaeda member Abu Zubaida] after his capture or reviewed documents seized from his home" as concluding that he was:

[L]argely a loudmouthed and mentally troubled hotelier whose credibility dropped as the CIA subjected him to a simulated drowning technique known as waterboarding and to other "enhanced interrogation" measures.

For example:

Retired FBI agent Daniel Coleman, who led an examination of documents after Abu Zubaida's capture in early 2002 and worked on the case, said the CIA's harsh tactics cast doubt on the credibility of Abu Zubaida's information.

"I don't have confidence in anything he says, because once you go down that road, everything you say is tainted," Coleman said, referring to the harsh measures. "He was talking before they did that to him, but they didn't believe him. The problem is they didn't realize he didn't know all that much."

"They said, 'You've got to be kidding me,' " said Coleman, recalling accounts from FBI employees who were there. " 'This guy's a Muslim. That's not going to win his confidence. Are you trying to get information out of him or just belittle him?'" Coleman helped lead the bureau's efforts against Osama bin Laden for a decade, ending in 2004.

Coleman goes on to say:

Abu Zubaida ... was a “safehouse keeper” with mental problems who claimed to know more about al-Qaeda and its inner workings than he really did.

Looking at other evidence, including a serious head injury that Abu Zubaida had suffered years earlier, Coleman and others at the FBI believed that he had severe mental problems that called his credibility into question. “They all knew he was crazy, and they knew he was always on the damn phone,” Coleman said, referring to al-Qaeda operatives. “You think they’re going to tell him anything?”

[ACLU](#), [FireDogLake’s Marcy Wheeler](#) and [RawStory](#) broke the story yesterday that (quoting RawStory):

Senior Bush administration officials sternly cautioned the 9/11 Commission against probing too deeply into the terrorist attacks of September 11, 2001, according to a document recently obtained by the ACLU.

The notification came in [a letter dated January 6, 2004](#), addressed by Attorney General John Ashcroft, Defense Secretary Donald H. Rumsfeld and CIA Director George J. Tenet. The ACLU described it as a fax sent by David Addington, then-counsel to former vice president Dick Cheney.

In the message, the officials denied the bipartisan commission’s request to question terrorist detainees, informing its two senior-most members that doing so would “cross” a “line” and obstruct the administration’s ability to protect the nation.

“In response to the Commission’s expansive requests for access to secrets, the executive branch has provided such access in full cooperation,” the letter read. “There is, however, a line that the Commission should not cross — the line separating the Commission’s proper inquiry into the September 11, 2001 attacks from interference with the Government’s ability to safeguard the national security, including protection of Americans from future terrorist attacks.”

“The Commission staff’s proposed participation in questioning of detainees would cross that line,” the letter continued. “As the officers of the United States responsible for the law enforcement, defense and intelligence functions of the Government, we urge your Commission not to further pursue the proposed request to participate in the questioning of detainees.”

Destruction of Evidence

The interrogators made videotapes of the interrogations. The 9/11 Commission asked for all tapes, but the CIA lied and said there weren’t any.

The CIA then destroyed the tapes.

Specifically, the [New York Times](#) confirms that the government swore that it had turned over all of the relevant material regarding the statements of the people being interrogated:

“The commission did formally request material of this kind from all relevant agencies, and the commission was assured that we had received all the material responsive to our request,” said Philip D. Zelikow, who served as executive director of the Sept. 11 commission

“No tapes were acknowledged or turned over, nor was the commission provided with any transcript prepared from recordings,” he said.

But is the destruction of the tapes — and hiding from the 9/11 Commission the fact that the tapes existed — a big deal? Yes, actually. As the Times goes on to state:

Daniel Marcus, a law professor at American University who served as general counsel for the Sept. 11 commission and was involved in the discussions about interviews with Al Qaeda leaders, said he had heard nothing about any tapes being destroyed.

If tapes were destroyed, he said, “it’s a big deal, it’s a very big deal,” because it could amount to obstruction of justice to withhold evidence being sought in criminal or fact-finding investigations.

Indeed, 9/11 Commission co-chairs Thomas Keane and Lee Hamilton [wrote](#):

Those who knew about those videotapes — and did not tell us about them — obstructed our investigation.

The CIA also is refusing to release any transcripts from the interrogation sessions. As I [wrote](#) a year ago:

What does the fact that the CIA destroyed numerous videotapes of Guantanamo interrogations, but has [3,000 pages of transcripts](#) from those tapes really mean?

Initially, it means that CIA’s claim that it destroyed the video tapes to protect the interrogators’ identity is false. Why? Well, the transcripts contain the identity of the interrogator. And the CIA is refusing to produce the transcripts.

Obviously, the CIA could have “blurred” the face of the interrogator and shifted his voice (like you’ve seen on investigative tv shows like 60 Minutes) to protect the interrogator’s identity. And since the CIA is not releasing the transcripts, it similarly could have refused to release the videos.

The fact that the CIA instead destroyed the videos shows that it has something to hide.

Trying to Create a False Linkage?

I have repeatedly pointed out that the top interrogation experts say that [torture doesn't work](#).

As I [wrote](#) last May:

The fact that [people were tortured in order to justify the Iraq war by making a false linkage between Iraq and 9/11](#) is gaining attention.

Many people are starting to understand that top Bush administration officials not only knowingly lied about a non-existent connection between Al Qaida and Iraq, but they pushed and insisted that interrogators use special torture methods aimed at extracting false confessions to attempt to create such a false linkage.

Indeed, the Senate Armed Services Committee found that [the U.S. used torture techniques specifically aimed at extracting false confessions](#) (and see [this](#)).

And as Paul Krugman [wrote](#) in the New York Times:

Let's say this slowly: the Bush administration wanted to use 9/11 as a pretext to invade Iraq, even though Iraq had nothing to do with 9/11. So it tortured people to make them confess to the nonexistent link.

[A]ccording to [NBC news](#):

- Much of the 9/11 Commission Report was based upon the testimony of people who were tortured
- At least four of the people whose interrogation figured in the 9/11 Commission Report have claimed that they told interrogators information as a way to stop being "tortured."
- One of the Commission's main sources of information was tortured until he agreed to sign a confession that he was NOT EVEN ALLOWED TO READ
- The 9/11 Commission itself doubted the accuracy of the torture confessions, and yet kept their doubts to themselves

In fact, the self-confessed "mastermind" of 9/11 also confessed to crimes which [he could not have committed](#). He later said that he gave the interrogators a lot of [false information - telling them what he thought they wanted to hear - in an attempt to stop the torture](#). We also know that he was heavily tortured [specifically for the purpose of trying to obtain false information about 9/11](#) - specifically, that Iraq had something to do with it.

Remember, as discussed above, the torture techniques used by the Bush administration to try to link Iraq and 9/11 were specifically geared towards creating false confessions (they were techniques created by the communists to be used in show trials).

The above-linked NBC news report quotes a couple of legal experts to this effect:

Michael Ratner, president of the Center for Constitutional Rights, says he is “shocked” that the Commission never asked about extreme interrogation measures.

“If you’re sitting at the 9/11 Commission, with all the high-powered lawyers on the Commission and on the staff, first you ask what happened rather than guess,” said Ratner, whose center represents detainees at Guantanamo. “Most people look at the 9/11 Commission Report as a trusted historical document. If their conclusions were supported by information gained from torture, therefore their conclusions are suspect.”...

Karen Greenberg, director of the Center for Law and Security at New York University’s School of Law, put it this way: “[I]t should have relied on sources not tainted. It calls into question how we were willing to use these interrogations to construct the narrative.”

The interrogations were “used” to “construct the narrative” which the 9/11 Commission decided to use.

Remember (as explored in the book [The Commission](#) by respected journalist Philip Shenon), that the Executive Director of the 9/11 Commission was [an administration insider whose area of expertise is the creation and maintenance of “public myths” thought to be true, even if not actually true](#). He [wrote an outline of what he wanted the report to say very early in the process](#), controlled what the Commission did and did not analyze, then limited the scope of the Commission’s inquiry so that the overwhelming majority of questions about 9/11 remained unasked (see [this article](#) and [this article](#)).

As constitutional law expert Jonathan Turley [stated](#):

[The 9/11 Commission] was a commission that was really made for Washington – a commission composed of political appointees of both parties that ran interference for those parties – a commission that insisted at the beginning it would not impose blame on individuals.

Other Obstructions of Justice

[Other examples of obstructions of justice include the following:]

- The chairs of both the 9/11 Commission and the Joint Inquiry of the House and Senate Intelligence Committees into 9/11 [said](#) that government “minders” obstructed the investigation into 9/11 by intimidating witnesses
- The 9/11 Commissioners [concluded](#) that officials from the Pentagon lied to the Commission, and considered recommending criminal charges for such false statements
- The tape of interviews of air traffic controllers on-duty on 9/11 was intentionally destroyed by crushing the cassette by hand, cutting

the tape into little pieces, and then dropping the pieces in different trash cans around the building [as shown by this NY Times article \(summary version is free; full version is pay-per-view\)](#) and by [this article from the Chicago Sun-Times](#)

- Investigators for the Congressional Joint Inquiry [discovered](#) that an FBI informant had hosted and even rented a room to two hijackers in 2000 and that, when the Inquiry sought to interview the informant, the FBI refused outright, and then hid him in an unknown location, and that a high-level FBI official stated these blocking maneuvers were undertaken under orders from the White House. As the New York Times [notes](#):

Senator Bob Graham, the Florida Democrat who is a former chairman of the Senate Intelligence Committee, accused the White House on Tuesday of covering up evidence . . .

* * *

The accusation stems from the Federal Bureau of Investigation's refusal to allow investigators for a Congressional inquiry and the independent Sept. 11 commission to interview an informant, Abdussattar Shaikh, who had been the landlord in San Diego of two Sept. 11 hijackers.

In his book "Intelligence Matters," Mr. Graham, the co-chairman of the Congressional inquiry with Representative Porter J. Goss, Republican of Florida, said an F.B.I. official wrote them in November 2002 and said "the administration would not sanction a staff interview with the source." On Tuesday, **Mr. Graham called the letter "a smoking gun" and said, "The reason for this cover-up goes right to the White House."**

We don't need to even discuss conspiracy theories about what happened on 9/11 to be incredibly disturbed about what happened after: the government's obstructions of justice.

Indeed, the 9/11 Commissioners themselves are disturbed:

- The Commission's co-chairs [said](#) that the CIA (and likely the White House) "obstructed our investigation"
- 9/11 Commissioner Bob Kerrey said that ["There are ample reasons to suspect that there may be some alternative to what we outlined in our version . . . We didn't have access . . ."](#)
- 9/11 Commissioner Timothy Roemer said ["We were extremely frustrated with the false statements we were getting"](#)
- 9/11 Commissioner Max Cleland resigned from the Commission, stating: ["It is a](#)

[national scandal](#)"; ["This investigation is now compromised"](#); and ["One of these days we will have to get the full story because the 9-11 issue is so important to America. But this White House wants to cover it up"](#)

- The Senior Counsel to the 9/11 Commission (John Farmer) – who led the 9/11 staff's inquiry – [said](#) "At some level of the government, at some point in time...there was an agreement not to tell the truth about what happened". He also [said](#) "I was shocked at how different the truth was from the way it was described The tapes told a radically different story from what had been told to us and the public for two years.... This is not spin. This is not true."

9/11

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