



## U.S. Government Accounting Is Fraudulent

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*The Government Accountability Office (GAO) is the non-partisan auditor and investigator for Congress.*

*The GAO says that the U.S. government's records are so poorly kept that it can't really audit them.*

Specifically, the GAO provided a [report](#) to Congress yesterday stating:

The federal government was unable to demonstrate the reliability of significant portions of its accrual-based financial statements as of and for the fiscal years ended September 30, 2015, and 2014, principally resulting from limitations related to certain material weaknesses in internal control over financial reporting and other limitations affecting the reliability of these financial statements. For example, about 34 percent of the federal government's reported total assets as of September 30, 2015, and approximately 19 percent of the federal government's reported net cost for fiscal year 2015, relate to three CFO Act agencies—the Department of Defense (DOD), the Department of Housing and Urban Development, and the U.S. Department of Agriculture—that received disclaimers of opinion on their fiscal year 2015 financial statements. As a result, we were prevented from providing an opinion on the accrual-based financial statements.

The federal government did not maintain adequate systems or have sufficient appropriate evidence to support certain material information reported in its accrual-based financial statements. The underlying material weaknesses in internal control, which have existed for years, contributed to our disclaimer of opinion on the accrual-based financial statements as of and for the fiscal years ended September 30, 2015, and 2014. Specifically, these weaknesses concerned the federal government's inability to:

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- adequately account for and reconcile intragovernmental activity and balances between federal entities;
- reasonably assure that the government wide financial statements are (1) consistent with the underlying audited entities' financial statements, (2) properly balanced, and (3) in accordance with U.S. generally accepted accounting principles (U.S. GAAP); and
- reasonably assure that the information in the (1) Reconciliations of Net Operating Cost and Unified Budget Deficit and (2) Statements of Changes in Cash Balance from Unified Budget and Other Activities is complete and consistent with the underlying information in the audited entities' financial

statements and other financial data.

These material weaknesses continued to (1) hamper the federal government's ability to reliably report a significant portion of its assets, liabilities, costs, and other related information; (2) affect the federal government's ability to reliably measure the full cost as well as the financial and nonfinancial performance of certain programs and activities; (3) impair the federal government's ability to adequately safeguard significant assets and properly record various transactions; and (4) hinder the federal government from having reliable financial information to operate in an efficient and effective manner.



Moreover, the Pentagon hasn't even *attempted* to comply with government audits ... and "[\\$8.5 trillion in taxpayer money doled out by Congress to the Pentagon \[between\] 1996 \[and 2013\] has never been accounted for.](#)" The military [wastes and "loses"](#) trillions of dollars.

In addition:

- Nobel prize-winning economist Joe Stiglitz says the World Bank would view any country which had a banking structure like the Fed as being corrupt and untrustworthy. The former vice president at the Federal Reserve Bank of Dallas said he worried that the failure of the government to provide more information about its rescue spending could signal corruption. "[Nontransparency in government programs is always associated with corruption](#) in other countries, so I don't see why it wouldn't be here," he said
- We've [known for a long time](#) that the Bureau of Labor Statistics fudges the numbers to make unemployment look lower than it is really is. BLS itself has admitted that its "adjustments" [skew unemployment data during recessions](#). Indeed, the former *head* of the BLS recently said [BLS statistics are B.S. ... and that unemployment is much higher](#) than the government is letting on
- The Bureau of Economic Analysis is [revising 84 years of economic history](#) ... which will make the economy magically look better
- The [U.S.](#) (and [British](#)) governments encouraged interest rate manipulation. And central banks have been [directly manipulating interest rates](#) for hundreds of years

- The government has long [ignored energy and food prices](#) when reporting on inflation
- Paulson and Bernanke [falsely stated](#) that the big banks receiving Tarp money were healthy when they were not. The Treasury Secretary also [falsely told Congress](#) that the bailouts would be used to dispose of toxic assets ... but then used the money for something else entirely
- The Commodity Futures Trading Commission has [conspired with big banks to manipulate commodities prices for decades](#)
- The government-sponsored rating agencies committed [massive fraud](#) (and see [this](#))
- The Treasury department [allowed banks to “cook their books”](#)
- Regulators [knew of and allowed](#) the use of debt-hiding accounting tricks by the big banks
- The SEC has been [shredding Wall Street documents for decades](#) to help the big banks cover up their fraud
- The Secretary of Treasury (Tim Geithner) was complicit in [Lehman’s accounting fraud](#), (and see [this](#))
- The government knew about mortgage fraud a long time ago. For example, the FBI warned of an “epidemic” of mortgage fraud in 2004. However, the FBI, DOJ and other government agencies then stood down and did nothing. See [this](#) and [this](#). For example, the Federal Reserve turned its cheek and [allowed massive fraud](#), and the SEC has repeatedly [ignored accounting fraud](#) (a whistleblower also [“gift-wrapped and delivered”](#) the Madoff scandal to the SEC, but they refused to take action). Indeed, Alan Greenspan took the position that [fraud could never happen](#)
- The regulators pretend that they are being tough on the big banks. But - instead of [doing the right thing](#) - they’ve done everything they can to [help COVER UP THEIR SINS](#)
- The non-partisan [Government Accountability Office calls the Fed corrupt and riddled with conflicts of interest](#)
- Congress recently told the courts that [Congress can’t be investigated for insider trading](#)

Yesterday’s GAO report also predicted:

By 2089 ... debt held by the public as a share of GDP reaches 314 percent in

our baseline extended simulation or 568 percent in our alternative simulation

As the head of the GAO [put it](#), “We’re going to owe more than our entire economy is producing and by definition this is not sustainable.”

The Hill [reported](#) in November:

The former U.S. comptroller general says the real U.S. debt is closer to about \$65 trillion than the oft-cited figure of \$18 trillion.

Dave Walker, who headed the Government Accountability Office (GAO) under Presidents Bill Clinton and George W. Bush, said when you add up all of the nation’s unfunded liabilities, the national debt is more than three times the number generally advertised.

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“If you end up adding to that \$18.5 trillion the unfunded civilian and military pensions and retiree healthcare, the additional underfunding for Social Security, the additional underfunding for Medicare, various commitments and contingencies that the federal government has, the real number is about \$65 trillion rather than \$18 trillion, and it’s growing automatically absent reforms ....”

But former Senior Economist for the President’s Council of Economic Advisers and current Boston University economics professor Laurence Kotlikoff says that – when unfunded liabilities are taken into account – the fiscal gap for the U.S. is actually 3 times higher ... [\\$205 trillion](#) as of 2013 (and getting worse all the time).

We believe that an accurate would show that the government *already* owes more than the entire economy is producing ...Government Accounting Is Fraudulent

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