

# Trump administration tipped off wealthy investors about coronavirus while it downplayed threat in public

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A memorandum leaked by a hedge fund consultant to the *New York Times* reveals that in February, while President Trump was declaring there was no danger to the public from the coronavirus, White House officials were informing wealthy supporters of the administration that the pandemic represented a significant threat of uncertain dimensions—triggering decisions by numerous investors to short-sell stocks and profit from the ensuing plunge in the stock market.

The release of the memo follows earlier US Justice Department investigations into insider trading conducted by multiple US senators, including Republicans Kelly Loeffler (Georgia) James Inhofe (Oklahoma) Richard Burr (North Carolina) and Democrat Dianne Feinstein (California). While investigations have closed on Loeffler, Inhofe, and Feinstein with no charges filed, Burr remains under investigation after being forced to step down as chairman of the Senate Intelligence Committee in May.

The new revelations have yet to spark the announcement of new investigations into potential insider trading abuses among White House officials or those they were in touch with, both at the Hoover Institution, a prominent right-wing think tank located at Stanford University in California, and on Wall Street.

In both instances, it's clear that officials within the US government tipped off their donors allowing them to divest themselves of millions of dollars in stock before prices plunged. As has been the case since the beginning of the crisis, the primary concern of the US ruling class has not been to safeguard the population from a deadly contagion, but to protect their privileged class position and wealth above all else.

Prior to the pandemic, the stock market had been

hovering near 30,000 on the Dow Jones Industrial Average. But in mid-February the Dow began a nearly 10,000-point drop which continued through March in response to the growing international pandemic crisis.

The *Times* report establishes that while officials with the US government, including President Donald Trump and director of the National Economic Council, Larry Kudlow, were publicly downplaying the emerging threat of the pandemic, in closed-door meetings starting on February 24 with board members of the Hoover Institution, administration officials, including Kudlow and Secretary of State Mike Pompeo, privately warned that the virus was not contained and its effects on the markets, their chief concern, were uncertain.

In a tweet posted on the afternoon of February 24 Trump declared that the virus was “under control” in the US and that the “Stock market [is] starting to look very good to me!” Hours earlier however, Tomas Philipson, acting chief of the White House Council of Economic Advisers, told the conservative board members of the Hoover Institution that they couldn't yet estimate the effects the virus would have on the stock market and the economy in general, a stark contrast from the rosy picture portrayed by the president.

The next day, February 25, Kudlow gloated publicly on CNBC that the virus remained “pretty close to airtight” in the US. Hours later, speaking in front of the Hoover Board of Overseers, Kudlow warned that the virus was “contained in the US, to date, but now we just don't know,” according to the leaked document.

The memo was written by William Callanan, a member of the Overseers, located at Stanford University, and then relayed to billionaire David

Tepper, founder of Appaloosa Management and owner of the Carolina Panthers of the National Football League, on February 26. Tepper has an estimated net worth of over \$12 billion.

Before founding Appaloosa Management in 1993, Tepper made millions at Goldman Sachs working the “junk bond” desk. He has given to Republican and Democratic politicians including to Democratic New York Senator Chuck Schumer and then-US House Speaker, Republican John Boehner. In 2016 he funneled \$1 million to political action committees that supported the presidential bids of Jeb Bush and John Kasich.

The contents of the memo were quickly disseminated within Appaloosa and then to two unnamed outside investors. Within 24 hours the memo was delivered to at least seven investors in at least four separate money-management and trading firms, prompting a drop of nearly 300 points in the stock market compared to the previous week’s high.

The *Times* account noted, “the memo’s overarching message—that a devastating virus outbreak in the United States was increasingly likely to occur, and that government officials were more aware of the threat than they were letting on publicly—proved accurate.”

In describing the private meetings compared to public declarations to Tepper, Callanan noted that he was “struck” that nearly every administration official he heard from raised concerns about the virus, “totally unprovoked.” He also noted that Kudlow was much more forthright in private and expressed more fear, stating that “we just don’t know” the effects it could have in the US. Callanan wrote to Tepper that Kudlow, “revised his statement about the virus being contained.”

Investors who spoke with the *Times* anonymously confirmed that the privileged information they were given informed their trading decisions that week and prompted many to “short” stocks, reaping a hefty profit from the eventual plunge. Others used the information to corner large supplies of commodities such as toilet paper, leading to eventual shortages.

Speaking to the *Times* regarding the memo, Kudlow confirmed that he had made the remarks quoted in the email but that he didn’t see his public statements as that different. “There was never any intent on my part to misinform,” Kudlow claimed.

One of those who participated in the White House

meeting, according to the *Times*, was Dr. Scott W. Atlas, a right-wing quack doctor who has become the principal advocate of “herd immunity” as a coronavirus policy.



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