# Fed Vice Chair Clarida resigns amid revelations of how he cashed in on the pandemic

**Kevin Reed**
**12 January 2022**

Following the emergence of details about lucrative stock trades at the beginning of the pandemic, Vice Chairman of the US Federal Reserve Bank Richard Clarida announced on Monday that he is resigning early from his position.

In a letter to President Biden, without acknowledging the real reasons for his departure, Clarida wrote that he intends to resign on January 14, 2022, more than two weeks before his term at the Fed is set to expire.

In his letter, Clarida ignores how he used privileged information for personal financial gain in February 2020 just before the Fed publicly announced plans for massive economic stimulus. Instead, the central bank officer takes the opportunity to boast about his role at the Fed during the pandemic which “triggered a catastrophic collapse in economic activity and a surge in unemployment.”

Clarida boasts that he and his colleagues, “in a matter of weeks,” took “historic policy measures that, in conjunction with fiscal policy, steered the economy away from depression and that have supported a robust recovery in economic activity and employment since.”

If he were capable of honesty, Clarida would admit that he—and many others within the US government—was busy improving his stock portfolio with a series of strategic online trades while millions of Americans were losing their jobs, falling into poverty, hunger and homelessness and getting sick with COVID-19.

Meanwhile, the Fed policy that Clarida helped enact did not change this reality facing the majority of the population, but rather, enabled both a historic rise in the Wall Street markets and an increase in the personal wealth of the financial elite.

An official press release from the Fed Board of Governors on Monday announcing Clarida’s resignation similarly does not refer to his insider stock purchases at a time when the financial markets were in free fall in anticipation of the impact of the coronavirus on Wall Street.

The press statement includes glowing praise from Fed Chairman Jerome Powell of Clarida’s “contributions to our monetary deliberations” and “his leadership of the Fed’s first-ever public review of our monetary policy framework.” Powell continues, “I will miss his wise counsel and vital insights.”

The fact is that Clarida is departing after he publicly acknowledged that he had concealed the full extent of his financial transactions in February 2020. Last October, Bloomberg News reported that Clarida’s financial disclosures showed five transactions worth “between $1 million and $5 million out of a bond fund into stock funds” on February 27, one day before Chairman Powell announced the Fed’s plan to intervene in the deepening financial crisis stemming from the pandemic.

At the time Clarida filed his disclosures in May 2020, a statement from the Fed itself waved away any concerns about the suspicious timing of these transactions as “a pre-planned rebalancing to his accounts” and that they were “executed prior to his involvement in deliberations on Federal Reserve actions to respond to the emergence of the coronavirus and not during a blackout period. The selected funds were chosen with the prior approval of the Board’s ethics official.”

However, these verbose explanations were exposed as bogus when the *New York Times* reported on January

6 that Clarida had amended his 2020 financial disclosures on December 16 showing that he moved money out of the same stock funds three days earlier on February 24, "at a moment when financial markets were plunging amid fears of the virus."

In his December amendment, Clarida says that the new information was being provided to correct "inadvertent errors" in the disclosures that he signed seven months earlier. In a cover letter to the director of the US Office of Government Ethics, Carry Williams wrote on behalf of the Fed Board of Directors that Clarida's previously unreported sale of shares worth between $1.35 million and $5.75 million show that the Vice Chair was still "in compliance with applicable laws and regulations governing conflicts of interest."

This short review provides a window into the blatant manipulation of market information by government officials and others within the establishment who were in a position to know how the Federal Reserve and the US Treasury were going to be used to prop up the financial system and how the spigot was going to be opened up for enormous sums of money to be transferred into pockets of the financial elite.

Clarida is the third top Fed official to resign over stock trades made during the pandemic. Boston Federal Reserve Bank President Eric Rosengren and Dallas Fed President Robert Kaplan both retired last September after media reports that they had engaged in stock trading and other investments while they were involved in setting monetary policy and working on the central bank response to the coronavirus pandemic.

Kaplan had traded 27 individual stocks, funds or alternative asset holdings, each worth more than $1 million, while Rosengren's investments were between tens of thousands and hundreds of thousands of dollars in assets valued at $250,000 or less.

Similarly, following a closed-door briefing with Centers for Disease Control and Prevention Director Robert Redfield and National Institute of Allergies and Infectious Diseases Director Anthony Fauci about the pandemic on January 24, 2020, two Republican senators, Richard Burr of North Carolina and Kelly Loeffler of Georgia, sold a combined $2 million to $4 million in stock. They did this even though they publicly endorsed the official line of the Trump White House that the pandemic posed no threat to public health or the economy.

Richard Clarida is a professor of economics and international affairs at Columbia University and—prior to his nomination by Donald Trump and confirmation by the US Senate as Vice Chairman of the Fed on September 17, 2018—he was the Global Strategic Advisor for the investment firm PIMCO, which has $2.21 trillion under management. Clarida's personal net worth is estimated at between $20 million and $50 million.