

THE JEROME POWELL CLUSTERFUCK IS A CLUSTERFUCK OF PAM BONDI'S OWN MAKING

On Sunday, the politically astute Fed Chair Jerome Powell posted a video describing subpoenas he received on Friday, which he claimed (credibly) were part of an effort to attack the independence of the Fed.

This new threat is not about my testimony last June or about the renovation of the Federal Reserve buildings. It is not about Congress's oversight role; the Fed through testimony and other public disclosures made every effort to keep Congress informed about the renovation project. Those are pretexts. The threat of criminal charges is a consequence of the Federal Reserve setting interest rates based on our best assessment of what will serve the public, rather than following the preferences of the President.

This is about whether the Fed will be able to continue to set interest rates based on evidence and economic conditions—or whether instead monetary policy will be directed by political pressure or intimidation.

The statement (and what has since been reported as a good deal of political maneuvering) set off a number of counterreactions that could prove really costly to Trump – and the United States as a whole.

While financial markets recovered from their initial shock by the end of the day (but not before gold hit a new record price), that may

only continue as the political pushback continues.

Not all the markets were impervious to Powell's harassment by DOJ goons. The dollar, which is down 8.3 percent over the past year—that is, more or less since Trump took office—dropped steeply Monday morning before rising a bit in the afternoon. The yield on 30-year Treasury bonds, which has been rising since October, spiked Monday morning. That's a sign that fewer people wish to buy them. Why purchase dollars or Treasury bonds when the president is so determined to lower their value that he's willing to throw the Fed chair, who's been lowering interest rates lately but not fast enough to suit Trump, in jail? Over the course of the afternoon, however, bond yields fell, leaving them about where they closed Friday.

Gold, meanwhile, jumped nearly 3 percent. As I've explained previously, the rising price of gold is the surest sign that the United States economy is headed in a terrible direction. It's a vote of no-confidence in the dollar. As I explained in October, investors call rising gold prices "debasement trade," which means money is fleeing from assets in which the market is losing faith—in this case, the dollar and Treasury bonds. The higher the price of gold rises, the more debased our currency and our nation's debt become.

More problematic for Trump, a number of Republican members of Congress – starting with some of the usual rebels, like Thom Tillis and Lisa Murkowski (who described in a Tweet that she had spoken with Powell)...

Sen. Thom Tillis, R-N.C., said Sunday he will block any Trump appointees to the

central bank, including for the new chair, in light of revelations over the weekend that the Justice Department is investigating Powell for potential perjury charges.

“If there were any remaining doubt whether advisers within the Trump Administration are actively pushing to end the independence of the Federal Reserve, there should now be none. It is now the independence and credibility of the Department of Justice that are in question,” Tillis said in a statement.

“I will oppose the confirmation of any nominee for the Fed – including the upcoming Fed Chair vacancy – until this legal matter is fully resolved,” he added.

... But extending to loyalists like French Hill, John Thune, and John Kennedy – complained about the disruption caused by the news, including to a crypto bill Congress has long been chasing.

Financial Services Chair French Hill, who called Powell a “man of integrity” and said the investigation threatened “sound monetary policy decisions.” Senate Majority Leader John Thune, meanwhile, called for the probe to be “resolved quickly.”

“I want to see [the Fed] operate in an independent way free of politics,” he added.

[snip]

While Sen. Kevin Cramer (R-N.D.) called Powell a “bad” Fed chair, he added, “I do not believe, however, that he is a criminal.”

Sen. John Kennedy (R-La.), a Banking Committee member, said if administration officials thought Powell had committed perjury, then they needed to back up the

accusations. He added, “I would be stunned if he had done anything wrong.”

“We need this like we need a hole to the head,” Kennedy said, warning of a possible spike in interest rates as markets lose faith in Fed independence.

Meanwhile, Scott Bessent – who has managed to stave off a great deal of stupidity worse than his own in the last year – worried not just about the effect this would have on the markets, but on his ability to stack the Fed with people who wouldn’t be independent.

A perturbed Treasury Secretary Scott Bessent told President Trump late Sunday that the federal investigation into the Federal Reserve chair “made a mess” and could be bad for financial markets, two sources familiar with the call told Axios.

Why it matters: Bessent’s worries about the financial fallout were somewhat realized Monday, when the dollar dropped as bond yields and the price of gold rose amid worries about political interference in the Fed.

“The secretary isn’t happy, and he let the president know,” one source familiar with Bessent’s call to Trump told Axios.

That is, Pirro’s investigation of Powell may threaten precisely the purpose that she – or whoever’s brilliant idea all this was – thought she’d serve, giving Trump more power over the Fed.

Meanwhile, bankers the world over are backing Powell.

As I keep saying, Donald J. Trump has done a piss-poor job in choosing his political martyrs this term.

And all that’s before you consider how Powell’s

statement will add to Lisa Cook's credibility before the Supreme Court next week, when she claims her purported firing was an attempt to destroy the independence of the Fed. The entire exception for the Fed SCOTUS created served to protect Powell, and now he's under the same threat Cook is.

So everyone is denying all responsibility.

Privately, some White House officials see the episode as radioactive, with aides and allies eager to distance themselves from a probe they believe could do more damage to the White House than to Powell. One of the five people familiar said some inside and close to the White House are "freaked out" that a further threat to the Fed chief's job security could spook the bond market.

How this happened deserves closer attention.

WaPo describes that Bill Pulte – who has had it in for Powell for months (in part because Pulte is not very good at his own job running FHFA, and so imagines low interest rates will make his own failures less acute) – *wanted* to precipitate such an investigation, but did not.

Housing finance regulator Bill Pulte met recently with President Donald Trump at Mar-a-Lago and shared a prop resembling a "wanted poster" he had made up featuring Federal Reserve Chair Jerome H. Powell, according to a person with knowledge of the meeting.

Pulte laid out scenarios that included investigating Powell and Trump liked the idea, the person said.

It's not clear how the inquiry into Powell was approved, but an official with the Justice Department said it launched a criminal probe into Powell in November and Pulte was not a factor in the inquiry. The extraordinary

investigation of a sitting Fed chairman was disclosed by Powell himself late Sunday.

[snip]

By the time Pulte met with Trump, the U.S. attorney's office in D.C. had already launched an investigation, according to a person briefed on the situation.

Meanwhile, Anna Paulina Luna, who has been cozying up to one and another Russian handler of late, is claiming credit.



Rep. Anna Paulina Luna   @RepLuna · 20h

🔗 ...

In July, I referred Jerome Powell to the DOJ.

Today, he is officially under criminal investigation.

This is the way.



Rep. Anna Paulina Luna   @RepLuna · Jul 21, 2025

I am calling on the DOJ to open a formal investigation into whether Chairman Powell's actions meet the statutory thresholds for criminal prosecution.

American people deserve transparency—not deception—especially ...

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Jeanine Pirro posted a defensive tweet yesterday, attacking Powell because he didn't respond to prosecutors' bullshit questions without a subpoena, which is within his right.



US Attorney Pirro @USAttyPirro

...

The United States Attorney's Office contacted the Federal Reserve on multiple occasions to discuss cost overruns and the chairman's congressional testimony, but were ignored, necessitating the use of legal process—which is not a threat.

The word “indictment” has come out of Mr. Powell’s mouth, no one else’s. None of this would have happened if they had just responded to our outreach.

This office makes decisions based on the merits, nothing more and nothing less. We agree with the chairman of the Federal Reserve that no one is above the law, and that is why we expect his full cooperation.

1:29 AM · Jan 13, 2026 · 1.1M Views

Someone at DOJ threw Pirro under the bus to Marc Caputo.

U.S. Attorney Jeanine Pirro’s office in D.C. launched the probe without giving a heads-up to Treasury, top White House officials or the main Justice Department, sources told Axios.

[snip]

A DOJ spokesperson said the department doesn’t comment on investigations, but an administration source said Pirro “went rogue.”

The effort to blame Pirro for this tremendous own goal comes in the wake of a WSJ article describing that Trump is bitching about his Attorney General, though his complaints suggest he might well support the criminal investigation of Powell, especially given that he doubled down on his complaints against the Fed Chair yesterday.

President Trump has complained to aides repeatedly in recent weeks about Attorney General Pam Bondi, describing her as weak and an ineffective enforcer of his agenda, administration officials and other people familiar with his complaints said.

The criticisms appear to be part of an intense campaign by Trump to pressure

the Justice Department to more aggressively pursue his priorities, some of the officials said. Trump has previously criticized Bondi at times but his vocal concerns about his attorney general have grown more frequent in recent months, officials said.

A clusterfuck, the White House needs someone to blame, and they're pointing to DOJ.

And yet, this clusterfuck is a clusterfuck of Pam Bondi's own making.

In a normal DOJ, there's an established non-political body that would vet an investigation like this one, Public Integrity. At the very least they would ensure the integrity of the inquiry and flag the investigation for necessary approvals. If we can believe those accusing Pirro of free-lancing, that didn't happen.

But Pam Bondi destroyed that function last May.

To protect against politically motivated abuses, the DOJ's Justice Manual has long required prosecutors in local U.S. attorneys' offices to consult with the Public Integrity Section on any "federal criminal matter that involves alleged or suspected violations of federal or state campaign financing laws, federal patronage crimes, or corruption of the election process."

But Trump's DOJ reversed that policy in June. "Department leadership is currently revising this section," this part of the Justice Manual now says. "The consultation requirement is suspended while revisions are ongoing."

Several former Justice Department employees expressed extreme concern that the change in the Justice Manual, coupled with the flattening of the Public Integrity Section, opens the door for the Trump administration to engage

in partisan prosecutions of Democrats by assigning the job to prosecutors working for U.S. attorneys – political appointees nominated by the president.

[snip]

But with so few lawyers left to consult, former members of the team say those consultation requirements are essentially meaningless.

“In a stripped-down office, the consulting function becomes nominal, if it exists at all. It sort of exists on paper so the government can say it exists and claim to be complying with the law,” said Michael Romano, a former prosecutor on the team. “But if you want people to provide legitimate oversight, guidance and expertise, you can’t do that with a team of two. In reality, the advising function becomes a box-checking exercise.”

Sure, they destroyed PIN precisely so they could predicate investigations into Trump’s enemies more easily.

This was entirely the point.

And now the entire Trump Administration is panicking about the results.

Update: More Pirro underbussing from the NYT.

Ms. Pirro also did not share information with her bosses at the main headquarters of the Justice Department – including Attorney General Pam Bondi and her top deputy, Todd Blanche – citing the discretion granted local U.S. attorneys’ offices to investigate the head of the most powerful monetary policy body on earth, according to several officials with knowledge of her actions.

Senior officials at the department were stunned, and annoyed, that Ms. Pirro did

not consult them on an investigation of such international importance, the officials with knowledge of her actions said.