

Elon Musk Wants to Get Operational Control of the Treasury's Payment System. This Could Not Possibly Be More Dangerous

Notes on the Crises

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By Nathan Tankus



*If you are a **current or former career “civil service” Treasury or Federal Reserve System employee, including in the general counsel’s offices of either entity, and you have detailed knowledge of how the Bureau of the Fiscal Service operates at an operational level please contact me [over email](#) or over signal — [linked here](#).***

This is a free piece of Notes on the Crises. I will not be paywalling any coverage of this crisis for as long as it persists, so please [take out a paid subscription](#) to facilitate performing that public service. An abbreviated version of this article will soon [appear in Rolling Stone](#)

In [my last piece](#) I described the Trump administration’s spending freeze, even with the OMB memo rescinded, as a “five alarm fire” and as a burgeoning “constitutional crisis.” I claimed that it was the

“most dramatic event in the constitutional law of fiscal policy in the United States ever.” I said that “Ordinary Americans are now in danger of learning a lot more about the ‘legal plumbing’ of fiscal policy; far more than they could ever imagine wanting to know. Things aren’t going well.” I’m sure to some readers, these statements came off as “alarmist.”

As it turns out, I understated the extremity and danger of the situation we’re in even as a Judge on Friday issued a more comprehensive injunction against the executive orders which were designed to impound funds, OMB guidance or not, [across the federal government](#). I also understated all the things ordinary Americans are in “danger” of learning about. It's now not just the “legal plumbing,” it's the payments plumbing too. This is now also the closest thing we’ve ever had to a payment system constitutional crisis.

So what happened? According to reporting on Friday — first [at the Washington Post](#) and then in more detail [from CNN](#) as well as [the New York Times](#) — the Fiscal Assistant Secretary of the United States Treasury David Lebryk has been put on paid administrative leave and plans to resign after refusing to give Elon Musk’s “Department of Government Efficiency” (DOGE) access to the operational details of the Treasury’s payment system and the data it processes. In particular, Musk’s DOGE team has been asking for what the New York Times reporting refers to as “source code information” since December and has been rebuffed. The CNN reporting specifically states that they were inquiring about the technical ability to stop payments.

David Lebryk has been an employee at the United States Treasury since 1989 and has been [Fiscal Assistant Treasury Secretary since 2014](#), which is the highest position a civil service employee can reach; everyone above him is a political appointee. Donald Trump named Lebryk acting Treasury Secretary while his nominee Scott Bessent went through the nominations process; as of this writing Lebryk is still listed on the Treasury’s website as [the acting Deputy Secretary of the Treasury](#). His understanding of the operational systems that undergird the functioning of the United States Treasury is far and away unparalleled. In particular, he is [widely credited with being the person who is overwhelmingly responsible](#) for the undisrupted continuity of cash inflows and outflows at the Treasury during the recurrent debt ceiling crises of the past 15 years while concurrently ensuring the debt ceiling limit was not breached.

Lebryk being put on paid administrative leave reportedly happened after he requested and got a meeting with Treasury Secretary Scott Bessent, fresh from his confirmation by the Senate. Bessent’s full willingness to cooperate with DOGE’s desire to access the operational aspects of the Treasury’s payment system, even to the point of overruling Lebryk, is an extremely shocking development. It implies a level of willingness to serve Trump’s interests that has not previously been understood by Congress, Wall Street, or corporate America at-large.

However, this is consistent with internal conversations among those in the president's orbit. I can exclusively report here for the first time that Scott Bessent was advised that **what Donald Trump wanted in a Treasury Secretary was a person who would have the credibility Steve Mnuchin had with Wall Street but who would be loyal to Trump above all other considerations, according to two sources familiar with the situation.** This included, but was not limited to, unconditionally agreeing to work with whomever Trump sent over to the Treasury Department and helping go after Donald Trump's enemies. In the context of Bessent's actions this week, and what Elon Musk and DOGE want from the Bureau of the Fiscal Service, these commitments take on a dark new meaning.

The danger is also not in the near future, it is here. Follow up reporting from the [New York Times Saturday evening](#) in an article straightforwardly informed readers in its headline that "Elon Musk's Team Now Has Full Access to Treasury's Payments System." They could not initially confirm that any payments had yet been stopped but an updated version had further information that seemed intended by anonymous government officials to reassure people. Most notably, the New York Times took the word "full" out of the headline:

While their access was approved, the Musk representatives have **yet to gain operational capabilities and no government payments have been blocked**, the people said.

Mr. Musk's initiative is intended to be part of a broader review of the payments system to **allow improper payments to be scrutinized** and is **not an effort to arbitrarily block individual payments, the people familiar with the matter said.** Career Treasury Department attorneys signed off on granting the access, they added, and any changes to the system would go through a review process and testing.

For reasons I will go into below, I do believe that it is the case that Musk and his team are not yet near having "operational capabilities." The key word is "yet."

However, I find the Times reporters willingness to uncritically repeat Musk's stated rationale for operational access extremely troubling and certainly unconvincing. I do not think Musk's stated rationale has any additional credibility because it was repeated by anonymous Treasury officials. It's important to understand that "improper" is in the eye of the beholder, and the danger of operational access to the payments system is precisely that there are very little safeguards for its improper use or manipulation. It turns out that the greatest barrier was David Lebryk, and he was shunted aside at [the direct order of the White House](#). We also have no idea what circumstances, or even if it is true, that "Career Treasury Department attorneys signed off." It's also far-fetched they aren't pursuing using this to block payments since the impoundment constitutional crisis has not been resolved. They absolutely can shut down payments from a disfavored agency even if they can't [shut down "individual" payments operationally](#).

Subsequent reporting [from Politico](#) and the Wall Street Journal had more plausible details. The [Wall Street Journal states](#):

A person familiar with the arrangement said DOGE representatives won't have direct authority to stop individual payments or make other changes, describing their access as "read only." Bessent approved the arrangement on the condition that the DOGE representatives' activity be documented and monitored.

Tom Krause, a Musk ally and the chief executive at Cloud Software Group, led the discussions with Treasury over the arrangement, the person said. Krause, who is working with DOGE, is among those expected to gain access to the system.

Thus, the "comforting" narrative here is that Elon Musk's representative, who now is technically a [Treasury employee](#) as well, has allegedly not been granted unconditional access. However, the point of "read only" access is to make changes through understanding the code. There is no reason to think at this moment that DOGE's proposed modifications would be resisted by Scott Bessent. Until new information emerges the best sign of what's going on is LeBryk being forced out. It will take much more evidence of an ironclad legal review process before I am convinced otherwise (to say the least). The internal treasury payments systems must **function correctly**; it just also matters what purposes it is being **designed for**.

Musk and his cronies are clearly aiming to redesign the payments system to serve their agenda. The most chilling sentence is this one from [the Wall Street Journal](#):





It couldn't be determined what DOGE representatives intended to do with their access to the payment system. Musk and his team think the payment system **should be overseen by political appointees selected by President Trump**, the people said.

This is not the attitude of people who are trying to simply technocratically make the payment system more "efficient." They have a very clear and specific agenda, which involves unilaterally cutting spending, particularly spending they perceive to be going to their ideological foes. Is "Wokeness," the "Green New Deal," "Marxism," and "Gender Ideology" going to be the new definition of an "improper payment"?

Which brings me back to the Constitutional Crisis. [As I published on Friday Morning](#), this was already a constitutional crisis because the Trump administration was claiming sweeping powers to impound spending, pulling the purse-strings away from Congress and towards itself. The executive orders were shock-enforced with a sudden Office of Management Budget memo last Monday with the deadline for implementation being 24 hours later. The vagueness and sweeping nature of the order led to payment portals going down across the Federal Government. The backlash got the OMB memo rescinded, but not the executive orders. There are now multiple court injunctions.

It is crucial to understand that while this was already very bad, it is not **as bad** as it could have been. Online web-based payment portals went down because agencies either took them down themselves or directed the Bureau of the Fiscal Service to do so while they figured out how they were going to deal with the OMB guidance. The Bureau of the Fiscal Service's job is to keep the payments system functioning and they follow what agencies tell them to do, within the scope of the law as they

understand it. If someone commits fraud, it's law enforcement or the agencies themselves job to catch it before or after a payment is made.

Elon Musk  
@elonmusk Subscribe  


The @DOGE team discovered, among other things, that payment approval officers at Treasury were instructed always to approve payments, even to known fraudulent or terrorist groups.

They literally never denied a payment in their entire career.


Not even once.


Robby Starbuck  @robbystarbuck · Jan 31

The highest ranking Treasury official, David A Lebryk, is resigning rather than complying with a request by @DOGE for access to audit where they've spent trillions of dollars a year. Why would career bureaucrats fear an audit by @elonmusk and @doge to see where we can save money?







THE DEPARTMENT OF THE TREASURY
1789

 Who ordered always-approve? Why always approve? Risks of terrorist

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1:52 AM · Feb 1, 2025 · **23.4M** Views

 17K  81K  280K  17K 

Which brings me to this idea that operational access to the Treasury's payment system is about "improper payments." Musk took to Twitter at 1:52 AM on Saturday to frame David LeBryk's "resignation" around a supposed shock that the Bureau of the Fiscal Service fulfills all valid payment orders that it gets from administrative agencies. His exact [statement was](#):

The @DOGE team discovered, among other things, that payment approval officers at Treasury were instructed always to approve payments, even to known fraudulent or terrorist groups.

They literally never denied a payment in their entire career.

Not even once.

It is of course not the case that they approve payments to "known fraudulent or terrorist groups." It is true that greater matching between specific data across the federal government, as well as state and local governments, would reduce improper payments **before they become valid payment orders processed by the Treasury.**

The Bureau of the Fiscal Service has a "**payments integrity unit**" which works with agencies to reduce improper payments, and the BFS offered no less than [five legislative proposals in its fiscal year 2024 report](#) for improving the payments system and reducing improper payments. These proposals focus precisely on greater access to datasets across government (and credit reporting data) as well as giving the Treasury greater authority to require agencies to engage in bank-account matching in order to reduce improper payments. Note that they are **legislative proposals** because these require statutory authorization and cannot legally be done unilaterally. They would also cost money to enact, which requires appropriations. Conversely, if an agency is illegally not paying someone who should be paid, it is the responsibility of the Judiciary, Congress or oversight bodies in the executive branch to deal with this problem.

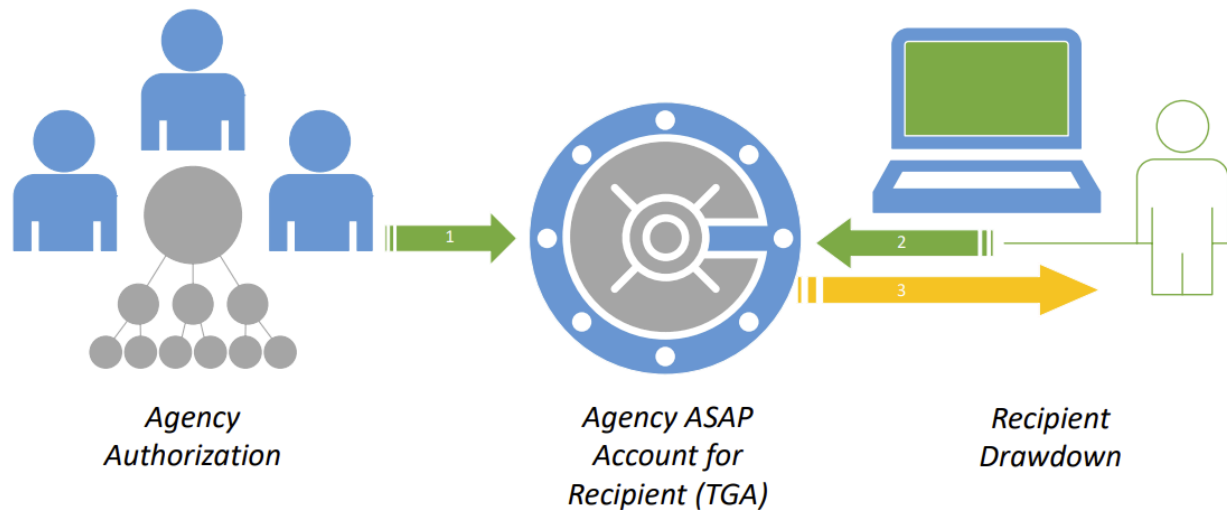
It's also important to understand that "**improper payment**" [does not simply mean "fraud."](#)

There are a multitude of reasons for why over or underpayments can happen. The main issue is improving internal controls at agencies, increasing agency funding so they can do a better job with this and delegate less administration to entities like state governments. Indeed among the "highest risk" programs for improper payments [are programs where individual benefits are administered at the state level](#). In the 2024 fiscal year the Treasury's internal payments system **processed 1.4 billion payments with an aggregate monetary value of \$5.4 trillion.** This is 88 percent of the total payments the federal government makes. The Bureau of the Fiscal Service is the pulsating payments heart of the entire federal government. The point is **not to pick and choose at this level**, just as you don't screen which apartment buildings are connected to sewer and water lines based on "suspicious activity reports" about their occupants.

It is not the job of the Bureau of the Fiscal Service to do the due diligence others were supposed to with a tiny staff that has an enormous task. Nor is discretionarily stopping payments at the

operational payments level remotely consistent with even the barest minimum standard of due process of law. What their job is is to serve as a [payments intermediary](#) between the rest of the Federal Government and the wider payments system by routing payments to recipients through the Federal Reserve and onto the banking system. This [BFS “user training” powerpoint](#) for the “Automated Standard Application for Payments,” for example, has a helpful guide to how this works with some useful diagrams.

The Automated Standard Application for Payments allows organizations receiving federal funds to draw monies securely from pre-authorized accounts established by the agency issuing the payment.



This is the absolutely **crucial part**. Without political control of the payment's heart, the Trump administration and Elon Musk must chase down every agency and bend it to their will. They are in the process of doing that, but bureaucrats can notionally continue to respect the law and resist their efforts. They are helped in this effort by court injunctions they can point to. This is bureaucratic trench warfare. But if Musk and Trump can reach into the choke point, the **Bureau of the Fiscal Service**, they could possibly **not need** agency cooperation. They can just **impound agency payments themselves**. They could also possibly **stop paying federal employees they have forced on paid administrative leave, coercing them to resign**. These possibilities are what every Treasury expert I've talked to instantly thought of the moment they read the Washington Post reporting and are incredibly alarmed about.

Which brings me to **why** legislative changes are needed to modify the data the Bureau of the Fiscal Service collects. The central reason is **privacy**. The data the Treasury collects could not possibly **be more sensitive**. We are talking about hundreds of millions of **Social Security numbers, as well as a raft of other specific identifying information**. In fact, the [Privacy Impact Statements \(PIAs\)](#) on the Bureau of the Fiscal Service's website are the best way an outsider can find out information about how the Treasury's internal payment system works in general. I have gotten into looking at Private Impact Statements over the past year in order to find information I could FOIA. Social Security payments, among many others, flow through [the “Secured Payment System” \(SPS\)](#).

Let's return to the “Automated Standard Application for Payments” (ASAP) for a second to [examine its Privacy Impact Statement](#). ASAP specifically allows agencies to send funds to “state and local governments, educational and financial institutions, vendors and contractors, profit and non-profit entities and Indian tribal organizations.” This system collects between “10,000 – 99,999” social security numbers along with identifying “business” information, including sensitive financial records and “business” bank accounts. Does anyone think that if Musk could get his hands on this information, whether directly or indirectly, he would not use it to go after, say, nonprofits he dislikes? At [3:14am Sunday, Musk pledged](#) to shut down "illegal payments" to [Global Refuge](#), a faith-based organization that exists to provide "safety and support to refugees, asylum seekers, and immigrants from across the world." Musk messing with ASAP is no hypothetical at all.

Crucially, the PIA form asks this question:

Is it possible that Treasury will share information maintained in the system or by the project **with a third party external to the Department that will use the information** to make an adverse determination about an individual’s rights, benefits, and privileges under federal programs? [Emphasis added]

The form documenting ASAP marks “no.” In many ways, the United States functions — to the extent it functions — because across hundreds, perhaps thousands, of Privacy Impact Statements agencies answer this question “no” and then follow through — for the most part — on this answer. If people come to believe that any information they provide the Federal Government will be a token granting Donald Trump and Elon Musk greater power over them, a multitude of essential functions will fall apart.

To someone like Musk, I think the idea that there is information held on Treasury or other governmental servers which could theoretically be used to uncover “improper payments” or other such alleged irregularities and this information cannot be used because of legal privacy protections will make no sense. He will rail on about how he’s trying to stop “fraud” but the “deep state” won’t let him. The best of the Federal Government comes when civil service employees maintain and defend privacy against the parts of the government which wants to abuse this information against our interests. The Civil Service does not always live up to that, especially when congress passes laws that encroach on privacy and mandate or allow the use of governmental data against us. But it remains heroic when people like David Lebryk get in the way of that, especially when it means being pushed out of government.

In some ways, as enormously alarming at this all is, it’s somehow not the biggest concern that I have been thinking about. For the past 36 hours (writing these words at Midnight on Saturday) my mind has returned over and over to the idea that they have been asking for [“source code information”](#) to the Treasury’s internal payments system. The concept of Elon Musk asking for the Treasury payments system’s “source code” would make any veteran of legacy mission critical IT laugh hysterically, and then perhaps weep.

Anyone who knows or has known computer programmers of mission critical legacy IT systems can tell you about the stories of rafts of consultants who have come and gone attempting to understand how the system works so they can “modernize” it on the cheap. The vast majority of the time these consultants are either not able to do what they promise or are honest about the cost of updating the system without a mission critical system “going down,” leading management to balk. The modernization of the United States Treasury’s legacy IT systems was started almost 20 years ago with [Payment Application Modernization \(PAM\)](#). The scale and difficulty of this can be judged by reading the description of the... [Post Payment Modernization Initiative \(PPMI\)](#):

The purpose of the Post Payment Modernization Initiative (PPMI) application is to consolidate all post-payment processing into one comprehensive application by **merging processing currently performed by multiple legacy systems**. The consolidation of post payment systems will reduce costs associated with **operations & maintenance of legacy systems, reduce duplicative functionality, eliminate redundancy of data across systems & provide a single source for post payment processing** for Treasury Disbursed Federal agencies. Initial Production Deployment of the PPMI application will be used to run in parallel with the legacy systems PPMI will be consolidating. [Emphasis added]

In other words, they are doing the payments modernization after the payments modernization and this second phase is still ongoing. And who knows if there would be a third phase.

It’s hard to get good information on the exact state of play of the treasury payments system’s IT modernization. The clearest indication actually comes from a [September 2024 press release](#) about the IRS:

For 65 years, the IRS has relied on the same foundational technology for many of its critical systems, including the Individual Master File (IMF), which houses taxpayer data and feeds into key systems. The core technology, **based on ALC and COBOL coding**, has become a liability due to the **diminishing pool of experts proficient in this legacy language**.

The IRS has reached a critical milestone in modernizing a core technology component of the Individual Master File, by **porting the outdated Assembly-based codebase to Java**, a more modern, more sustainable language. Reflecting the agency’s focus on technology best practices, this new system, Integrated Tax Processing Engine (ITPE), is now running simultaneously with IMF to verify accuracy of its data processing. The system's data will be hosted in the Enterprise Data Platform, a modern, cloud-based system for managing data.

To translate, this is a press release celebrating moving **some** of the IRS’ systems off **Assembly**, a computer [coding language invented in 1947](#).

COBOL is the lingua franca of mission critical legacy IT in use since the 1960s and too many systems have been too important to abandon it. “Modernization” has instead been built around making COBOL function somewhere besides a mainframe. The “modernization” of the Treasury’s IT payments infrastructure seems to have constituted a combination of rooting out Assembly code

and a basically completed transition of “mainframe” COBOL to an [“internally-developed RM COBOL”](#) running on Linux servers. [RM COBOL is an update](#) on mainframe COBOL “designed for optimum performance and wide portability across a broad diversity of computers and operating systems.” Most notably, the Treasury’s transition to RM COBOL seems to have involved harmonizing more than 30 different COBOL systems [which had evolved separately](#). It was 30 “dialects” they managed to get to speak one standardized language.

Does Elon Musk understand any of this? Does he have any grasp of the scale and complexity he is trying to reach into and exercise “influence”? Currently the most urgent and profound danger is not what he intends to make this sprawling apparatus do. The most immediate danger is what might break in the process of **trying** to get [this apparatus to do what he wants](#).

At every step of modernizing this system they have run systems concurrently to make sure the “new” functions as well as the old. Redundant systems are only phased out over long time periods after they have enough data on system functioning to feel confident in the “modernized” infrastructure. This is expensive, time consuming and absolutely necessary to make sure this system functions 100% of the time. Elon Musk, however, has never shown respect or understanding of the concept of a mission critical IT system. All he sees is “inefficiency” because he doesn’t understand that there are some things in this world that need to function no matter what and you spend the additional money to make sure it runs, including when it's being updated.

This is ultimately not that big a deal when it comes to Twitter — Twitter can go down for a few hours, even a few days. Its function can degrade over time and the website can become less and less usable on a gradual — and then maybe eventually sudden — way down. A worse disruption would be more painful, but ultimately not a crisis for the world. The same cannot be said about the complex and sprawling legacy IT systems and administrative apparatus which make sure that Treasury payments go out, are on time and never fail. To put that another way, the same cannot be said about the system that makes sure the federal government is able to make payments reliably and on time.

It's also important to state that the number of people who comprehensively understand these legacy IT systems can likely be counted on two hands — and that may be optimistic. It is already a threat to their Mission Critical nature for David Lebryk to be forced out of the Federal Government by Elon Musk. Lebryk, who first joined the Treasury Department in 1989 and slowly worked his way up until he was its highest ranking non-political appointee, is clearly the person on earth who understands this IT apparatus the best. Having known his equivalents on far smaller and less important scales in other legacy IT systems, I can tell you that there are certainly things about this IT system that he knows and no one else does.

Furthermore, it's possible that he is the only person on earth that fully understands how all the many components of these sprawling legacy IT systems — really a legacy IT “network” — fits together

and interacts. I'm sure the knowledge of the remaining career service professionals at the Treasury can combine their understanding to approximate most of Lebryk's knowledge, but there is a reason you have and value someone like Lebryk in the first place. Companies have spent millions of dollars hiring back such people to fix mission critical IT systems of far, far less importance.

I try to keep emotion out of this newsletter. I have always tried to write *Notes on the Crises* in a calm, detached tone so that the information I highlight shines through. However, I must be honest with readers: I'm absolutely terrified. When I first read the Washington Post's reporting I subsequently had a panic attack. I am not subject to those. I didn't have one during the start of Covid-19 when I started writing about the full health, economic, and political consequences in March 2020 and knew before many, many people that millions would die. Nor at any time subsequently did I have one. Even as someone who has spent an unusual amount of time thinking about the Treasury's internal payments system for a person who has never been in government, I find grasping the full implications of Elon Musk and his apparatchiks reaching into and trying to exert full control over the Treasury's payment system mind-boggling.

There is **nothing more important on the entire planet than getting Elon Musk and DOGE out of the Bureau of the Fiscal Service** and allowing career civil service employees to run the Treasury's internal payments system without capricious and self-serving interference from billionaires and their allies. This effort must fail if we are to safeguard any semblance of due process and lawfulness in the executive branch. A vague anonymous promise that DOGE only has "read only" access is not enough. They need to be rooted out so that we can return to the slower moving, less dangerous, ["five alarm fire" constitutional crisis](#) we were having as of Friday morning.