

# Accountability and Transparency in the World of Big Money: Banks too Big to Fail and too Big to Jail

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AS BANKS SETTLE FRAUD COMPLAINTS, WHAT HAS REALLY BEEN SETTLED IN THE CONFLICT WITH THE BANKSTERS?

Another day, another bank in the news — with the settlement blues.

Now, Barclays is coughing up \$298 million for violating a US Trade law. A Judge is still deliberating on a settlement that may cost Citi \$70-\$100 million for misleading investors about \$40 billion in sleazy subprime holdings.

Last week, It was Wells Fargo settling for \$200 million after being caught gouging their own customers. This follows in the wake of a \$550 million dollar settlement on the part of Goldman Sachs and then a \$600 million deal involving Countrywide and Bank Of America.

If this keeps going, we will soon be talking about real money—but for what? What have these settlements settled other than payoffs substituting for criminal prosecutions?

Bear in mind that very little, if any, of this money wrested from the banksters by the SEC and other agencies goes back to the people who were ripped off in the first place.

Some of the bankers consider this extortion, but it certainly isn't justice.

The avaricious banks remain too big to fail and, unfortunately, too big to jail. While I don't think filling our prisons with white-collar criminals will fix the economy, it might lead to overdue improvements in shameful prison practices. It also might send an overdue signal.

This issue is still off the media agenda. If the bankers were Moslems, who wanted a mosque in the lobby of JP Morgan Chase, this might change. For now, the problem of accountability and transparency in the world of big money doesn't interest the networks who are making money head over fist by pandering and inciting racial and religious prejudice. They are also tied into to many of these institutions.

Their "logic:" 'Better to keep the anger focused on distractions rather than our practices.'

Meanwhile, banking costs go up. They are charging for checking accounts they didn't before. Mortgage closing costs are up as high as 40%. And finally, after the horses are gone, the Federal Reserve is finally closing the barn doors on Yield Spread premiums that ripped off consumers.

How very vigilant of them. Reports [TheTruthAboutMortgages.com](#), "The Federal Reserve

issued a final rule that effectively bans yield spread premiums paid to mortgage brokers, along with loan officers employed by depository institutions. These loan originators will no longer be able to bump interest rates higher or steer consumers toward certain loan products in exchange for a higher commission.”

Fraud is still pervasive says Go.com, “”It may not make the blood boil like murder or rape, but mortgage fraud is a crime that cost an estimated \$14 billion in 2009 and could be hampering an already fragile recovery in the housing market.”

At the same time, the media outlets running all those ads for General Motors, the car company saved by the taxpayers, and in which “we” have a 61% stake, have played down GM’s recent \$3.5 billion dollar investment in AmeriCredit, a subprime lender made the day after financial reforms passed.

Economist Max Wolf tells us about this scheme:

“AmeriCredit works through auto dealers to make loans to car buyers. AmeriCredit has concentrated on used car loans and loans to low and moderate income subprime borrowers, FICO scores less than 620. Consumer complaint websites are packed with stories of angry consumers and allegations of unfair fees and repossessions. This is true of most subprime lenders. At \$3.5B, or about \$24.50 per share, GM is paying a high premium for the shares. This is an attempt to generate more business with and profit from the millions of Americans who can’t qualify for prime borrowing terms. As you read this more than 1 in 3 Americans has a subprime credit score.”

No wonder, Reuters reported recently: “The American public wants to see bankers’ heads on spikes for triggering a global financial crisis, but so far prosecutors and regulators have come up empty.”

The Rasmussen poll reports a growing disconnect between the political and economic elite and the public: The former say things are getting better while the public says their lives are getting worse.

In addition to growing disappointment with the way the government is “handling” the economy, there is a sense that economic justice is disappearing with the people who caused the crisis still being rewarded and the rest of America loosing jobs, homes and hope.

Curiously, this is NOT a story that most media outlets explore or follow up on. I made the film PLUNDER The Crime Of Our Time to investigate the crisis as crime story, not just a business problem. This is an argument made by many including Delaware Senator Ted Kauffman, former bank regulator Bill Black, billionaire investor Jim Chanos and others.

We all wonder why there have been so few prosecutions and convictions of Wall Street higher ups.

The while world blames the United States for plunging the world economy into crisis but executives here are able to maneuver around findings of pervasive fraud in real estate, sleazy practices of securitization and devious insurance policies by “settling” complaints written off as a cost of doing business and passed on to shareholders. Meanwhile we pass financial “reforms” that will take years to implement and are much softer than the rules in most other countries. Britain, for one, has made fighting financial fraud a priority.

Corruption in our country is still seen more as personal transgressions, not institutional practices. Charlie Rangel's apartments get more people upset than the trillions that have vanished in the crisis. Remember Bernie Madoff only went down after confessing to his crime. He was not jailed as a result of any enforcement investigation.

The watchdogs have been asleep at the switch and so has most of the media which still treats this crisis as the result of faulty business decisions (by some of the "smartest people in the room.")

This is an important subject filled with emotion and acrimony. My own investigation found that the notion that all was legal misses some key facts and too narrowly looks at the problem.

We had three industries collaborating in crimes of industrial proportions—real estate, finance (with the collusion of ratings agencies) and insurance giants like AIG. They worked together in pedaling mortgages designed to fail, securitizing them for resale as "structured financial products" with misrepresented values, and then insured themselves against defaults that they knew would occur.

They then leveraged all of this from billions into trillions that they reinvested and pocketed fueling the growing transfer of wealth from the middle class to the richest. Many of these mortgages were designed to fail. Now the arrears on them threaten the economy itself.

Unraveling this can't be handled as individual cases under laws set up to protect investors, not homeowners or workers. The securities laws require showing "intent" which is hard to prove and easy to deny. The well organized and collusive practices between these businesses that have harmed so many can only be prosecuted under RICO laws used against the mafia.

To use them, we first need a full-fledged investigation that shows the criminal enterprise. It must subpoena documents and compel testimony. That's how real cases are built.

Instead of working to cultivate insider informants and whistle blowers the US Government has imprisoned one, as the National Whistleblowers Center reminds us. They report, "As 60 Minutes re-airs its piece on UBS whistleblower Bradley Birkenfeld, who unmasked the role of a powerful Swiss bank (in attracting US tax evaders,) most important international whistleblower in history has now served 7 months (and counting) in federal prison."

Once you do the crime, you seem to get airtime. My own research and warnings on the issue have been ignored. I have made two films and written three books and countless blogs and commentaries on this subject. I am articulate and can present the case for a crime narrative with clips from my film and arguments from my book. Yet, I am not getting on TV outlets to discuss it much less debate it.

Is it my credentials? I am a graduate of the London School of Economics and Cornell's ILR program. I was a Nieman Fellow at Harvard, and produced the first network prime-time investigation on the S&L crisis for ABC's 20/20.

Now, I seem to be getting on the air only overseas, not on the networks I once worked for. It's not that the subject is irrelevant or not newsy. Perhaps, it is just verboten.

**Danny Schechter** made the DVD *Plunder The Crime of our Time* and wrote a companion

book. ([Plunderthecrimeofourtime.com](http://www.plunderthecrimeofourtime.com)) He spells out his views in a recent interview on OpEd News. ( )

<http://www.opednews.com/articles/3/Danny-Schechter-Dissects-W-by-Joan-Brunwasser-100813-154.html> Comments to [dissector@mediachannel.org](mailto:dissector@mediachannel.org)

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