

Bank Robbery on Wall Street: The Gangsters versus The Banksters

By [Danny Schechter](#)

Global Research, September 07, 2010

7 September 2010

Region: [USA](#)

Theme: [Global Economy](#)

Ben Affleck's next movie, the Town, is set in Charlestown Mass, known for the battle of Bunker Hill and dubbed in the past by tabloid TV as "hell's half acre" for all the crimes that take place there. The film, a cops and robbers tale, focuses on a gang that robs banks with extreme violence. Its ads refer to Charlestown as national capitol of bank robberies.

Actually the take by the gangsters there doesn't come close to the amount of money stolen BY "Banksters" and banks on Wall Street.

Movies like Oliver Stone's Wall Street2 delves into its well-mined culture of greed, with the Director, perhaps chastened by the criticisms of his recent political travelogue in South America, assuring the NY Times it's not a "Michael Moore movie" whatever that means. Presumably it's not explicitly political. (The Wall Street Journal called my film Plunder "the Anti-Wall Street Film That's Not Just for Michael Moore fans.")

A new studio backed documentary by Charles Ferguson about the financial crisis is titled Inside Jobs. It's more about the business collapse than the crimes that caused it.

At the same time in a land far away, in Afghanistan, a country being introduced at gun point and drone attack to the wonders of Western Capitalism, a run on a big bank in Kabul has created a financial crisis that the owners of the Kabul bank, looted by its owners, say could lead to a "revolution."

"If this goes on, we won't survive," says one of the men at the top. Reports say that some \$300 billion dollars is missing.

Like its American counterparts, the Kabul bank wants a Washington bailout. Reports the Wall Street Journal, "Its executives seemed to have followed the western play book for ruining their bank." They insiders gave themselves clandestine loans like many US lenders did. We have seen this movie before too: Does anyone remember Pakistan's BCCI (a.k.a."The Bank of Crooks And Criminals International.")?

Officially, Washington says no help, but many suspect money will be forthcoming less the illusion of Afghanistan's democracy to be crumbles.

In banking, justice has been redefined as "just-us" as Ben Bernanke of The Federal Reserve Bank tells the Financial Crisis Inquiry Commission, as the NY Crimes (my name, not theirs), reported, "and he said Americans were justifiably angry that bankers 'who drove their companies into a ditch with off with lots of money.'" He also admitted that he failed to see the flaws of the system.

Bernanke did allude to “innovations” that provided lenders with an “unfair advantage,” the closed he came to referencing the way borrowers were ripped off. He spoke about laws when it came to the Fed’s legal authority, but not to the way Wall Street and the mortgage people who he acknowledged worked for them flouted the law.

The Commission has its own “flaws,” failing to see or investigate this pervasive fraud at the heart of the crisis. Economist Michael Hudson notes, “I believe that the beneficiaries were fraudsters, and that the system cannot be saved. Trying to save it by keeping the debts in place – and letting Wall Street banks “work their way out of debt” at the U.S. economy’s expense – threatens to lock the economy in a chronic debt deflation and depression.”

In its hearings on the fall of Lehman, the Commission cited emails advising against helping the bank whose bankruptcy accelerated a major financial collapse. Jim Wilkinson, then chief of staff to ex-Goldman CEO and Treasury Secretary Hank Paulson wrote them. What the Commission did not reveal was Wilkinson’s personal history of fraud as the head of the GOP operatives whose “riot” stopped a vote recount in Miami Dade in 2000, and then, in 2003, as the head of the Coalition Media Center in Doha called an “information deprivation tank” by critic Michael Wolf for all the lies about the coming Iraq War that were disseminated there.

Talk about fraud! Here’s one operative who went from voter fraud to political fraud to financial fraud.

So even as popular culture and an angry public see the Wall Street as a den of thieves, the people who are supposed to prosecute financial and White Collar Crime do not.

They have been getting some of the perpetrators to fork over multi-million fines t get out of jail rather than toss their asses behind bars.

Last week, Moody’s, the rating agency partially owned by the “Oracle of Omaha,” billionaire Warren Buffet, and which dished out triple A ratings like candy for “asset backed securities,” (with no assets behind them) was told by the SEC it will not be prosecuted. The Securities and Exchange Commission cited “jurisdictional reasons.”

These agencies were not being regulated when they misrepresented the value or the derivatives and “structured investment products” they were selling so a Regulator claims to be powerless to hold them accountable

Many banks bought this junk based on Moody’s reputation. In the end, they lost billions. They were also conned and lied to. The consequences: NONE. (One of the Ratings Agencies, Fitch, disclosed that 80% of the packages of mortgages they examined were fraudulent.)

80%!

The ratings agencies were not alone among those forgiven for their crimes. None of the big brand name banks are being prosecuted including the insurance giant AIG that proudly and profitably wrote credit default swaps on this crap.

Henry Blodget who was excommunicated as a Wall Street trader for his own excesses and dishonesty justifies all this:

"No criminal charges will be filed against Joseph Cassano or anyone else at AIG, lawyers have announced.

At first blush, this sounds outrageous—yet more failure to punish those responsible for the financial crisis—but in at least one important respect, it's very good news.

Criminal charges against Cassano and other AIGers would have been greeted with near-unanimous applause, no matter how flimsy the case. Prosecutors who brought the charges would have been acclaimed for their toughness and heroism—and, even if the case eventually failed, would long since have moved on to the more lucrative side of the business (defense). Politicians would have cheered the toughness of the new regulatory regime. The public would have felt that in some small measure, justice would have been done. And so on.

So why is it good news that charges weren't filed?

Because, despite crawling all over AIG for two years, Federal prosecutors apparently didn't find enough evidence to hang criminal charges on...Being short-term greedy, betting the farm, and destroying your firm, it turns out, wasn't against the law."

Of course not, because the laws were rewritten with lobbying by the financial industry before this recent crime spree. Their security laws now have impossibly high standards for conviction. Yet the prosecutors didn't consider bringing a RICO action to prosecute the interconnected crimes of the Finance, Real Estate and Insurance companies.

I asked Aaron Krowne who edits the respected financial site ML-Implode about Blodgett's rationalization.

"My take is that RICO-style actions would be needed, as you say," he wrote me. "The crime was the pattern. In most cases, no specific black-letter statutes were violated at the high level (though they may have been violated at lower levels, i.e. with mortgage transfers and such.

Also, criminal prosecution should look inward to the regulators. AIG may have been regulated by the flimsy OTS (Office of Thrift Supervision) in the US, but that doesn't mean the OTS has no responsibilities.

That's the real rub. At the top of the pyramid, there is no enforcement, since it would require asking the enforcers to police themselves. (I've run into this in very literal terms in my HUD whistle-blowing/litigation)"

Like a fish, the rot starts at the head.

So the banks that robbed themselves, robbed each other, financed what the FBI calls a "mortgage fraud epidemic," while gouging their customers with excess fees, phony charges and inadequate monitoring of fraud in individual accounts, are getting off Scott-free.

Well not exactly free, after having been given bailouts and loans for almost nothing that they can then pass on loans at higher fees to you and me. Despite it all hundreds of banks are waiting to fail.

They remain a business that gives us the business with little accountability or transparency.

Ain't nothing free about this free market.

News Dissector Danny Schechter directed the film *Plunder The Crime Of Our Time*, and wrote a companion book. (www.Plunderthecrimeofourtime.com) Comments to dissector@mediachannel.org.

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