

Fraud Charges on Wall Street: Goldman Sacked?

By [Washington's Blog](#)

Region: [USA](#)

Global Research, April 18, 2010

Theme: [Global Economy](#), [Law and Justice](#)

[Washington's Blog](#) 16 April 2010

The Goldman fraud charge is obviously huge news.

The Connecticut Attorney general wants to file criminal charges:

And New York [might not be far behind](#).

[Germany](#) and other European nations and [companies](#) might also sue.

ProPublica [points out](#) that other major banks did the same thing as Goldman. Yves Smith points to one example:

The Wall Street Journal reports that Dutch bank Rabobank has filed a suit alleging that Merrill Lynch engaged in the same type of behavior as Goldman did with John Paulson, namely, devising a CDO on behalf of a hedge fund who was using it to take a short position, and not disclosing that fact to investors in the deal.

Shahien Nasiripour [writes](#):

Securities fraud charges against Goldman Sachs are just the beginning as federal regulators and investigators comb through the wreckage of a fraud-induced recession, caused by a pervasive and systemic culture of deceit at Wall Street's biggest firms, say Wall Street analysts.

Simon Johnson [thinks](#) "our Pecora moment" - where the powers-that-be are finally confronted, and the tide starts to turn - has arrived.

[Are the prosecutions finally starting](#)? Is the dam finally breaking? Has Goldman really been sacked?

Maybe.

But Tyler Durden [thinks](#) it's all bread and circuses.

And as Mish [points out](#) (edited slightly for readability):

Here is a list of some of the things the SEC has ignored.

- [Geithner's Illegal Money-Laundering Scheme Exposed; Harry Markopolos Says "Don't Trust Your Government"](#)
- [77 Fraud, Money Laundering, Insider Trading, and Tax Evasion Investigations Underway Regarding TARP](#)
- [Secret Deals Involving No One; AIG Coverup Conspiracy Unravels](#)
- [Questions Geithner Cannot Escape](#)
- [Time To Indict Geithner For Securities Fraud](#)
- [Bernanke Guilty of Coercion and Market Manipulation](#)
- [Paulson Admits Coercion; Where are the Indictments?](#)
- [Bernanke Suffers From Selective Memory Loss; Paulson Calls Bank of America "Turd in the Punchbowl"](#)
- [Let the Criminal Indictments Begin: Paulson, Bernanke, Lewis](#)

We need a complete ethics overhaul but we will not see it until people are thrown into prison and corporations have to choose which business they want to be in as opposed to the current state of affairs where anything for a profit is acceptable.

- Firms give advice based on how much profit the firms will make on it
- Firms trade their own books to the detriment of clients
- Firms make upgrades and downgrades after they take positions themselves
- Firms front-run trades
- Firms engage in dark pools
- Firms deemed too big to fail take advantage by upping leverage
- Firms like Goldman Sachs (which is nothing more than a giant hedge fund with no ethics) have access to Fed funds at low interest rates to do whatever the hell they please

Is someone finally standing up to the vampire squids of the world?

Or is this yet another p.r. stunt, where deals will be cut, some tens or hundreds of millions of dollars worth of fines imposed (a slap on the wrist for a behemoth like Goldman), a few low-level patsies will be convicted, and business as usual will continue?

Only time will tell ...

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