

Banking and Wall St Racketeers EXPOSED!

by finch *Tuesday, Sep 23 2008, 11:09pm*

international / injustice/law / commentary

Al Capone stated at the time of his arrest that he was a small fry criminal, he referred to bankers, businessmen and government as the biggest criminals in the land. Capone learned from his experiences as a hoodlum and his SYMBIOTIC relationship with those 'respectable authorities' who actually ran crime in the USA - organised crime cannot exist without corrupt officials, dishonest bankers and unscrupulous businessmen.



Al Capone

In recent times the criminals referred to by Al Capone have come of age; their insatiable greed and (financial) racketeering has severely impacted the global economy but particularly the USA, which has yet to experience the full brunt from the activities of its home-grown criminals and institutionalised corruption.

Panic in the dark rooms of BIG money and power has resulted in Henry Paulson, US Treasury Secretary, acting as front man for his criminal mates on Wall Street. The grotesque face and sordid nature of those who actually rule has been exposed by the outrageous demands made by Paulson! No oversight, accountability, review or legal recourse from government or any other body in exchange for 'saving' an unsavable situation!

Paulson and his criminal cohorts are aware they haven't a hope, in the medium to long-term, of resurrecting the economy - it's dead and they know it. What they seek is INDEMNITY in order to AVOID THE CONSEQUENCES of their criminal activities - that is the long and short of it!

Utilising taxpayer's money to save the criminals that destroyed the economy is just too much to bear, even for brainless and gutless Americans!

The puppet president, Bush, looks more lost and dissociated than usual in the current circumstances, he turns to his masters for guidance but they only offer criminal 'solutions!' Perhaps on this occasion the American people will fulfil their Constitutional obligation and MARCH ON THE CAPITAL to set the nation back on the road to DEMOCRACY (majority rule). Jailing the criminals and

rogues that have destroyed the nation may also be advisable!

If you imagine this may be the beginning of a second American Revolution you may be right BUT the prerogative remains with the people, as it is THEIR NATION that has been stolen and ruined. In any event, the fact the government prefers to bailout the criminal bankers and not the people gives license to the people to DEFAULT ON ALL LOANS IN PROTEST OF A CORRUPT, CRIMINAL AND INCOMPETENT GOVERNMENT that has lined its own pockets at the expense of the people and the nation!

The following piece featured in the Australian mass media today relates to the Paulson 'solution;' it supports articles previously posted by independent commentators and writers - the mass media is painfully slow and constrained; however, it appears that Oz journalism may be rediscovering critical reporting and journalistic integrity, we shall see:

The mother of all rip-offs -- 'Could there be a finer reward for failure?'

Michael West

September 24, 2008 - 8:31AM

Hank Paulson has got to be kidding. He wants American taxpayers to hand a cool \$US700 billion (\$840 billion) to his pals on Wall Street in return for a gigantic bundle of their delinquent assets ... without his pals taking a pay cut.

Could there be a finer reward for failure? Could there be a worse deal for taxpayers?

No stake in the upside, no ceiling on extortionate Wall Street salaries, no guarantee the system will be stabilised. Just the mother of all rip-offs: a deal to privatise Wall Street's profits and socialise its losses.

How about this bit: "Decisions by the (Treasury) Secretary (Paulson) pursuant to the Authority of this Act are non-reviewable and committed to Agency discretion, and may not be reviewed by any court of law or any administrative agency".

Paulson and his pals get an explicit protection against any review by the courts and Congress while taxpayers fork out top dollar for rubbish the banks can't sell. It is the quintessential dudding.

If the Paulson "cash for trash" plan could avert systemic failure and this is by no means assured - it could have legs but Congress is jacking up at the ample "trust me" element. And rightly so.

There is no reason to trust Wall Street, or the regulators. As House Democratic Speaker Nancy Pelosi put it, Congress would not "simply hand over a \$US700 billion blank cheque to Wall Street and hope for a better outcome."

Until now Americans have been mostly apathetic when it came to the excesses of their investment banks. But now that Main Street is being asked to bail out Wall Street, again, and in huge measure, the temperature is rising.

Congress wants a brake on salaries, some kind of guarantee that Paulson's pals won't simply load up the truck with billions in bonuses again, this time funded by Ma and Pa

Kettle.

The four biggest investment banks on Wall Street, which included Bear Stearns and Lehman Brothers, shelled out \$US30 billion in bonuses last year. Lehman just went under and Bear Stearns was bailed out earlier in the year.

While pushing through his emergency deal, Paulson says he wants to defer the debate on salaries. Someone should take him aside and tell him, "Pal, it's over". The moral and philosophical underpinning for \$US50 million salaries is gone, let alone \$US10 million salaries care of government.

These remuneration structures were struck on the basis of a compact with the market, that is that pay is "at risk" and should reflect performance. That compact is finished. What is the risk if the losses are nationalised?

And what is the performance? The fancy deals and the structured finance rubbish brewed up by this crew gave the world CDOs, CDOs squared and cubed, RMBS, CLOs, ABS, CDS and all manner of noxious excuses for a fee.

From the sub-prime to the ridiculous, this orgy of leverage on leverage mimicked in financial centres as far afield as Australia has whipped the world to the edge of recession and destroyed faith in the entire system.

And now here is another \$US1 trillion (\$US700 billion is just for starters) to add to Bush's \$US9.6 trillion national debt. Where will the money come from? The issue of Treasury bonds. Who will buy them?

Good question. Anyone for some bonds in an entity which can't pay off its debt but has just taken a trillion dollars worth of delinquent assets on its balance sheet?

The US dollar has been sinking thanks to the daunting prospect of a bond market deluged with bits of paper nobody wants: more US Government debt. The more paper on issue the lower the price.

Either the US defaults on its obligations an outcome many regard as "unthinkable" or taxes will have to go up. Higher taxes, deeper recession. Thanks Wall Street.

All this makes it critical that Paulson and his pals demonstrate to the world that they understand the jig is up. The world changes.

People and pay are central to this understanding. Industrialists or entrepreneurs with their own businesses can pay whatever they like but the failed managers of licensed institutions on corporate welfare can hardly expect a blank cheque from those they have blown up. The contract is finished. Wall Street has not fulfilled its obligations.

As Paulson tries to shove his plan through in the face of congressional opposition the rewards for failure have already shamed the principal of pay for performance.

Fannie Mae boss Daniel Mudd and his opposite number at Freddie Mac, Richard Syron, walked last month with \$US9.43 million in retirement and pension benefits on their way out the door. Failed, sacked and showered with money as their two giant mortgage

operations were nationalised.

Lehman Brothers chairman and CEO Richard Fuld picked up \$US22 million for 2007, the year thousands of his staff found themselves on the street. He took \$US35 million the year before.

Merrill Lynch boss John Thain took a \$US200 million payout with two offsidiers for less than a year's work. Merrill was so close to obsolescence it sold itself to Bank of America for \$US50 billion in scrip few days ago just as Lehman was biting the dust.

Thain was given a \$US15 million bonus for signing on. Two former Goldman Sachs executives hired by Thain may do even better. Head of global trading, Thomas Montag, has already received a \$US39 million bonus since signing on in August. With stock options accelerated by the buyout, he could finish up with \$US76 million.

The bank's head of strategy, Peter Kraus, was bestowed with a \$US95 million package just to beat what he was on at Goldman.

Paulson himself has shares in Goldman whose value was estimated at \$US700 million. He is a direct beneficiary of his own bail-out proposal blind trust or no blind trust.

On the positive news front, the former head of broken insurance company AIG, Robert Willumstad, voluntarily forfeited a \$US22 million severance package after he was giving his marching orders. He was only appointed in June.

"I prefer not to receive severance while shareholders and employees have lost considerable value in their AIG shares," wrote Willumstad in an email to his successor Edward Liddy.

Goldman boss Lloyd Blankfein took home \$US54 million last year and Morgan Stanley's John Mack \$US42 million.

The list goes on. Some of the investment bank's hedge funds clients have even been paying themselves more than \$US1 billion.

Regulatory oversight and the ramifications of Bush's tax-cuts-for-the-rich policy alongside his catastrophic jaunt in Iraq have come home to roost.

On top of its \$US9.6 trillion national debt, America is heading for its first \$US1 trillion deficit this year. Paulson's bailout will add another \$US1 trillion to the bill.

America is in trouble.

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