

## Is It Jailout Time Yet?

by Danny Schechter via fleet - ICH Tuesday, Feb 24 2009, 12:34am

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### New Scammers emerge

Judging by my in-box, there seem to be no shortage of organizations and individuals obsessed with an image: Dick Cheney and George Bush in prison, and Karl Rove in the next cell. Never mind that Congress doesn't have the guts or the President the gumption to go after those responsible for the gutting of the Constitution. Nevertheless, there are many campaigns and calls to hold the last Administration accountable for its crimes.



At the same time, as we watch an economy in free fall, there seems to be a lot less agitation for a serious investigation of those responsible for this collapse. Even as you overhear conversations in every bar and union hall that begins with "those bastards should be in jail," few progressives are leading the charge to demand a Jail-Out alongside those stimulus bailouts. It's as if economic crimes provoke a ho-hum reaction among activists.

Oddly, some corporate media are more sensitive to the seething mass public outrage. TIME did a spread on the 25 individuals responsible for the crisis including politicians and CEO's. They ran a photo spread with their images against the background of police line-up. CNN has profiled corporate criminals. CNBC is running a series on "American Greed"---mostly of small time con men.

Of course the Madoff case stays in the news even as he stays in his fancy apartment. The investigators have now determined that he never made any trades with the money investors trusted him with.

Tom Lindmark seemed shocked to hear this on the Seeking Alpha financial blog:

"...it now turns out that Mr. Madoff may not have traded any securities for the past thirteen years. You heard that right. The guy just ran his Ponzi scheme. No extra complications. All of which begs the question of what were his employees doing? Did they just show up, surf the Internet and text friends for all those years? If it's this easy to get away with things, evade arrest and live the good life, why are all of us walking on the right side of the line? Who are the fools?"

There is a deeper problem, of course. How did he get away with it? Lawyer John Coffee of the Columbia Law School addressed that question in an interview:

"I think our regulatory system failed and failed badly over basically the last six or seven years in failing to spot a Mr. Madeoff. Although in fairness Mr. Madeoff has been a crook for almost 20 or 25 years and we can't just pick on the last couple of years there. But I think that regulatory system allowed these offerings when there was evidence that lending standards were being relaxed at the mortgage loan originator stage, when the underwriting standards were being relaxed and in which credit rating agencies were becoming so conflicted that the really sophisticated person no longer believe their ratings."

Three new crime stories came to light this past week.

- There's Texan Alan Stanford, another billion-dollar fraudster, who we were told was arrested, but wasn't.
- Then there's evidence that as many as 52,000 Americans dodged taxes with secret accounts in the Swiss bank UBS, which was also deeply invested in worthless subprime securities.
- On Friday, the NY Times reported the arrest of mortgage scammers who recruited prisoners to apply for subprime loans, a mere \$10 million case. They were busted by the DA's office in Manhattan.

Who is going to prosecute these and other new cases popping up every day? The FBI told Congress it is investigating 500 White Collar crime cases, 39 connected with the financial crisis. Earlier, they said they were looking into 27 companies.

At the same time they admitted that a large number of their trained corporate crime investigators had been reassigned after 9/11. Many had been ordered to chase terrorists even after the FBI and CIA, which had knowledge of Al Qaeda pilots in the country, failed to stop them.

Take a look at what's happening now with financial institutions, known as "Zombie banks" that everyone realizes are insolvent. No wonder there are increasing calls or nationalizing them—to save the system. Two members of our feared Republican Guard, Alan "Maestro" Greenspan and Senator Lindsay Graham (along with Democrats Chris Dodd and Chuck Schumer) have said it might not be a bad idea. That same notion, so far scotched by the Obama Administration, drove the markets to new lows.

The Wall Street Journal reported: *"The White House, meanwhile, reiterated that it 'continues to strongly believe that the privately held banking system is the correct way to go.'*" Of course, this may just be a rhetorical ploy, since publicly admitting it was considering nationalization would depress stocks even further."

Some on the left are quietly launching pro-nationalization on-line petitions while the right is fighting loudly with anti Obama TV ads appropriating words like "fiscal responsibility" and "accountability" and organizing vigils in the streets with placards against the stimulus. They are ridiculing Obama as a "savior" and the "Messiah" while carrying signs like like "Stimulate the Economy, Give Me a Tummy Tuck." They are playing down and dirty with protest techniques once exclusive to activists while those of us who realize more radical measures are needed are, once again, mostly on the sidelines.

The right has found a new Joe the Plumber-like loudmouth demagogue in CNBC's Rick Santelli whose rants were challenged by the White House. That attention is likely to encourage him more and make him a martyr if the network shuts off his mike. (Controversies like this are great for ratings.)

So Obama the centrist is under attack by the right with progressives mostly passive even as ***the public demands action against corporate criminals and their enablers***. (Yes, that cartoon in the NY Post was offensive but is that what angry activists should be focusing on?)

Knock, Knock, is anyone listening?

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