



**Your on the
Street Reporter**



Uyless Black

**Epilogue XIII to *The Nearly Perfect Storm*
Evading the Law and Responsibility**

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Preface

My intent in writing *The Nearly Perfect Storm: An American Financial and Social Failure* and these epilogues is to spark your ire. I am not one to compose inflammatory compositions. I began my studies of the 2008 financial crisis with a neutral view of the subject, perhaps even skewed toward the financial world (specifically, the investment banking industry), reflecting my former employment at the Federal Reserve.

No longer. The more I learned about the institutions and individuals who were involved in the meltdown, the more disgusted I became. I wish this turn of events had not come about. I wish I had found the Great Recession occurred because of a downturn in a conventional business cycle. It did not.

Do not expect this series to be light-hearted, although I will attempt some gallows humor to lighten the load.

The Nearly Perfect Storm: An American Financial and Social Failure
Epilogue XIII: Evading the Law and Responsibility-169 Deaths and Concealing the Cause

September 26, 2015

These epilogues are written on occasion as follow ups to *The Nearly Perfect Storm: An American Financial and Social Failure*, available at Amazon, Barnes & Noble, and local book stores. As in Epilogue VI, Epilogue XIII discusses recent legal settlements that represent aftermaths of the 2008 financial meltdown.

As before, I begin with excerpts from the book about the issue.

Quotes from *The Nearly Perfect Storm* about the issue.

Page 14:

For the present discussion, thousands of stores in strip malls around the country are closed. The owners are broke. The investment bankers remain immensely wealthy while millions of Americans suffer from the bankers' actions, many of which were unethical; some illegal. Yet as of this writing, not one red cent from these Wall Street people [individuals] has been given up. No one has been sent to jail.

Page 317:

If corporations are granted citizen rights, they should also be granted citizen responsibilities. But how do you put a corporation in jail? With rare exceptions, the malfeasance of corporations results only in puny fines (relative to their net worth), with none of the guilty people spending any time behind bars. Quite the opposite occurs. The money for the fines is taken from the coffers of the stockholders. The guilty parties' incomes stay intact, often even increasing as bonuses continue to accrue. As described in later chapters, these legal fees may even be taken on by the taxpayer

This report diverges from the book's emphasis on the banking industry and focuses on similar practices in non-bank public companies. To begin:

General Motors agreed to pay \$900 million to fend off criminal prosecution over the deadly ignition-switch scandal, striking a deal that brought criticism down on the Justice Department for not bringing charges against individual employees.¹

This quote is in error. The correct statement of the first part of the quote is, "General Motors agreed to pay \$900 million of *shareholder's* money to fend off...etc." No money is to be taken from anyone at General Motors.

The evidence points to illegal cover-ups and even wire fraud, the latter should be a solid, *well-documented* tool for gaining indictments against the people who concealed the problem for

¹ Tom Hayes, Associated Press, "GM will pay \$900 million over Ignition Switch Scandal," *CDA Press*, September 18, 2015, B5.

almost a decade. The Justice Department will drop these two criminal charges if GM cooperates for three years about the matter. After which, the GM employees know they are likely to be immune from the law if/when they muck-up another part of a car and conceal their actions. The well-worn term *moral hazard* once again comes into play.

In addition, GM will spend another \$575 million to settle the majority of civil suits that had been filed over the case. Authorities state that if GM had approached the problem head-on, it could have been handled for far less money.

Once again, the Citizens vs. United travesty is in evidence. A corporation has the right of free speech, and can contribute to political campaigns, but it cannot be thrown in jail for blatant criminal behavior. As matters stand now, its employees are largely immune from prosecution.

The death toll was a least 169 people. Honest, well-intended mistakes are part of humans' behavior, even if at times they lead to deaths. However, the covering-up of a problem, if knowing that problem is causing deaths is not just fraud or cover-up, it is murder.

America has different sets of laws for the advantaged and disadvantaged. A minor drug violation often results in incarceration of a person, especially if the person is black. In later reports, I document instances where a helpless, inept young black man was sent to Riker's prison for using dope (but not selling it). He languished in this hell-hole for months, while the system ignored his Constitutional right to a speedy trial. He left the prison as a broken, abused, and raped victim of America's vaunted legal system.

White collar workers at a Fortune 500 company conspire to cover up a defect that is leading to deaths and receive no punishment whatsoever. Only their innocent shareholders suffer.

Small wonder many Americans are losing faith in their political and legal systems. Small wonder that Donald Trump, an ambulatory farce, is tapping into the disgust and anger of....not just undereducated, white males, but many people in America's mainstream.