

“Conspiracy Theories” vs. the Real World of Financial Crime: Bankers Face Prosecution For Conspiracy

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Region: [Europe](#), [USA](#)

Theme: [Global Economy](#)

When most mainstream media outlets discuss conspiracy theories, it is usually to debunk the views of dissenting and critical thinkers who are routinely denounced as simplistic, paranoid or worse.

You have frequently seen the mantra questioning their motives and conclusions as if the idea of people or officials acting together covertly to advance their interests in illegal ways is something new in history.

Until recently, US press outlets characterized conspiracy arguments as rants that lacked any factual basis, engaged in guilt by association and stretched the facts.

The only conspiracy charges they tended to look at uncritically were criminal complaints against the Mafia under anti-racketeering statutes like the RICO statutes. Prosecutors loved these cases because normal concerns with protecting the rights of defendants didn't apply when hearsay evidence was permitted.

But now, four years after the financial crisis, prosecutors have finally discovered what critics have been alleging repeatedly: that big banks were crooks, engaging, engaging among other illicit practices, in secretive, illegal and conspiratorial schemes to rig baseline interest rates and manipulate credit markets,

It has now been admitted that traders at two major financial institutions were fixing LIBOR—the London Interbank Offered Rate, used to set the interest rates of \$800 trillion worth of financial products, including credit cards and mortgages.

That figure again: \$800 trillion!

The banks: Barclays and UBS. At first, regulators got them to agree to pay fines in so-called “settlements,” which are viewed by these institutions as a cost of doing business.

Barclays shelled out \$450 million, but UBS went further paying a whopping \$1.5 billion fine. They also admitted to fraud and bribery. (Usually banks settle such complaints with out any admission of responsibility).

The Brits took the money, but US prosecutors went further and also lodged criminal charges against two former UBS senior traders for the Libor manipulation. They are the first individuals to be charged in what Reuters called “the wide-ranging investigation that involves more than a dozen big banks.”

(Note: Only two were charged, and neither works for UBS anymore. The Naked Capitalism site scoffed: ““So far, the top echelon of UBS is unaffected by this epic scandal. Until we see executives suffer (and fines are insufficient if they remain wealthy), it’s a no-brainer that this type of behavior will continue, albeit in different businesses and new guises.”)

The practices were “absolutely rampant” between 2005 and 2010, according to the Daily Beast which also noted:

“Both the Barclays and UBS settlements show a combination of systemic corruption—senior officials who did not seem to care about illegal activity going on—and a tight-knit, foulmouth fraternity among the traders themselves. [While the Barclays boys talked about buying each other Bollinger](#), (ie. pricey champagne), the UBS fixers deployed nicknames, profanity, and a total disregard for the fact that their communications with each other might one day be made public. “

The Wall Street Journal couldn’t ignore the story and reported that regulators “alleged” a vast conspiracy, even after the banks admitted to some of what they had done. Rupert Murdoch couldn’t resist his tabloid training by having two UBS stars quoted in large type on the front page:

- Said a Broker to a Trader: ““Mate your getting bloody good at this Libor game...think of me when yur on your yacht in Monaco won’t yu.”

- Said The Man Called “Trader A:” I need you to keep it as low as possible..if you do that...I’ll pay you, you know, “\$50,000, \$100,000 dollars.. whatever you want...I’m a man of my word.”

Notice these violations of banking regulations are always presented as victimless crimes or crimes that only affect investors, never people who lose jobs or homes or how they impact on the economy worldwide,

Most of the coverage does not link all these financial crimes to the larger effect and impact they have had on the world.

Last June, Congresswoman Maxine Waters tried to raise these issues with Ben Bernanke, the Chairman of the Federal Reserve Bank asking him to take action. He retreats into bland and passionless responses. It didn’t seem he was in much of a hurry to anything. (Watch her efforts http://www.youtube.com/watch?v=GjX-0944ass&feature=player_embedded)

Months later, other regulators in Britain and the US acted but also in a low-key way.

These prosecutions are highly selective and show a real unwillingness to crack down on bank crimes, even when they involve drug running.

Former NY State Governor Eliot Spitzer, and a former prosecutor who went after Wall Street commented on a refusal to go after the HSBC Bank on these charges, ““The decision to not prosecute in this instance belies everything that the government has ever done with regard to drug prosecutions everywhere.

“I mean, when you think about the way they behave toward ordinary people who get caught

up in drug cases, where they seize all your property and they use absolutely the maximum sentences they can possibly avail themselves of, and in this case they catch a bank that launders billions of dollars for Colombian and Mexican drug cartels ... for years on end, and they can't find something to charge these people with?"

"If the law doesn't apply equally to everybody, then you don't really have a system of law.

It's not just the banks or governments. The media seems to just be admitting that many banks are run like criminal enterprises.

I and other in the independent media have been making these points for years, as the website Zero Hedge noted:

- Fraud caused the Great Depression and the current financial crisis, and the economy will never recover until fraud is prosecuted
- Criminal fraud is the main business model adopted by the giant banks.
- Largely because they are out-of-control criminal enterprises, economy cannot recover unless the big banks are broken up.
- The Obama administration has made it official policy not to prosecute fraud. Indeed, the "watchdogs" in D.C. are so corrupt that they are as easily bribed as a policeman in a third world banana republic.
- Instead of prosecuting, the government throws money at them
- As Nobel prize-winning economist Joseph Stiglitz noted years ago:

"The system is set so that even if you're caught, the penalty is just a small number relative to what you walk home with. The fine is just a cost of doing business. It's like a parking fine. Sometimes you make a decision to park knowing that you might get a fine because going around the corner to the parking lot takes you too much time."

Slowly, these concerns are working their way into the media but without much of the larger framework presented in a dire global economic report on just how deeply the world economy has been wounded.

The UN reported that it will take until 2017 before jobs come back to pre crisis levels, if they ever do, Global recession could easily deepen given the problems with the US, European and, now, the Chinese economies.

Much of this tracks back to the financial crimes that are just officially being acknowledged. It's important to remember the warnings of Vanity Fair's Graydon Carter who, years ago, referred to the criminal practices of big bankers, when he said: "Never have so few done so much to so many."

Also note that none of this "back story" is ever referenced in the reporting on the so-called "fiscal cliff" negotiations. It is rarely mentioned how much of the money owed is in interest due banks. We keep hearing reports about our economic woes without any discussion of what is behind it.

News Dissector Danny Schechter directed two films on financial crimes, In Debt We Trust," and Plunder." He also wrote "The Crime of Our Time" about bank rip-offs. (Disinformation Books.) He blogs at Newsdissector.net. He hosts a show on ProgressiveRadioNetwork.com (PRN.fm).Comments to dissector@mediachannel.org

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