

The Economic Crime of Our Time

Bernie Madoff . Will Other Financial Criminals Be Investigated And Prosecuted?

By [Danny Schechter](#)

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“indeed “

adverb

1 used to emphasize a statement or response confirming something already suggested : it was not expected to last long, and indeed it took less than three weeks | “She should have no trouble hearing him.” “No indeed.”

- used to emphasize a description, typically of a quality or condition : it was a very good buy indeed | thank you very much indeed.

ORIGIN Middle English : originally as in deed.

The phrase was “indeed, criminal,” and it was uttered in open Court in the Spring of 2009 by the Arch financial ponzi king, Bernard Madoff after he confessed to running an illegal ponzi scheme.

“I knew hat I was doing was wrong, indeed criminal” was the whole sentence.

For his candor and his chutzpah, this market genius credited with popularizing computer trading and chairing the NASDAQ exchange will be spending a long time behind bars as the perfect example of a big man taking a hard fall. He will be sentenced next week.

His \$65 billion fraud seemed to set some kind of record but his lawyers say he should only get 12 years because of his age, cooperation, and his expression of “shame.” They have denounced an “atnosphere of mob vengeance” even though his most vociferous critics are his own victims.

The speculation was immediate: who else was involved? Did he act alone in the spirit of the “lone gum man” who are blamed for all US assassinations. And soon, sure enough the men operating the “feeder” funds that kept him in business and others who profited through his largess were being accused of crimes by financial regulators who looked the other way when “Bernie” became one of the richest operators on the street,

He was known for impeccable balance sheets and cozy associations with the hoi paloi of the

Jewish world of New York, Palm Beach and even Tel Aviv. In the shock of the disclosure of his perfidy, the Ha'aretz Newspaper said he had done more harm to Israel than Hamas.

The people he ripped off denounced him in court even as many had, for years, welcomed his reassurances of the high returns they thought he was getting for their money. Many had lobbied their lanzman to please manage their money secure in the belief he would come through for them. Many were no less greedy.

Madoff's crimes received the media attention they did not just because of their scale but because he ripped off the rich and famous. The millions of poorer subprime borrowers who have lost homes because of Wall Street scams are not considered sympathetic enough victims.

Standing outside the Courthouse in Lower Manhattan with hundreds of journalists and TV crews from around the world, I spoke to Richard Friedman who lost over a million dollars.

"How did he get away with this for so long," I asked.

"I wondered that myself," he replied suggesting that the government was in on it, especially the Securities And Exchange Commission before whom he frequently made nice. One of his niece even married an SEC investigator

If you are thinking it was All in the Family, you may be right. But it wasn't a Mafia type family on the Corelone- Soprano spectrum but an extended Financial community operating outside the law. He was one of players who do as much business with each other as they compete against each other. The notion of counterparties is pervasive in the financial industry where risks and deals are shared. No wonder, there is the suggestion that much of this industry runs like one big ponzi scheme.

Clearly the regulators had no interest in shutting him down even though for ten years one Boston based investigator petitioned the SEC to do so. I asked John Cofee, the Collumbia Law School's expert on corporate crime about him:

" I think our regulatory system failed and failed badly over basically the last six or seven years in failing to spot a Mr. Madoff, " he explained, adding, "although in fairness Mr. made off has been a crook for almost 20 or 25 years and we can't just pick on the last couple of years there."

Anther expert on corporate crime, Sam Antar who was convicted fior his role for long time fraud's at New York's infamous Crazy Eddie Electronic sstores said we sill don't have all the facts.

"What's happening with Bernie Madoff," he told me, " is that he's protecting the second, third, and fourth tier from not just criminal liability, but civil liability in particular. He's protecting family members and close friends from possible civil liability, from having to pay back money to the victims."

The Judge, Denny Chin, is likely to give Madoff a long sentence next week despite his age. In a high profile case such as his, the public will not accept another normal Wall Street "settlements" where fines are paid to avoid incarceration.

The real question is will we ever get to the bottom of the larger financial crime wave that caused much of this crisis with encouragement from government agencies and politicians?

Futurist James Howard Kuntsler believes major crimes are pervasive but probably won't be exposed, writing;

"Something like \$14 trillion worth of nominal dollars is being sucked into a cosmic vortex never to be seen again. It was last seen in the spectral forms of so many collateralized debt obligations, credit default swaps, so-called structured investment vehicles and other now-obvious frauds. That giant sucking sound we hear means the process is still underway, and the "money" disappearing into yawning oblivion will out-pace any effort orchestrated by the Federal Reserve and the US Treasury to replace it...

Notice the two words largely absent from whatever public discussion exists around these matters — "swindle" and "fraud." The reason they're missing is because if they happened to enter the conversation, something would have to be done about them, namely investigations and prosecutions."

Once again, it is up to the public to demand accountability. Perhaps with the images from Iran in mind, this time, so the while issue won't be buried.

One big fish is in the tank; many others are swimming away.

Mediachannel News Dissector Danny Schechter is doing a film on the financial crisis as a crime story (newsdissector.com/plunder) Comments to Dissector@mediachannel.org

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