

Obama administration's phony crackdown on the banks

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The US Department of Justice (DOJ) posted a video Monday in which Attorney General Eric Holder sought to dismiss the widely held, and completely justified, belief that the Obama administration treats the major American banks and financial institutions as being above the law. Various newspapers report that the video will be followed by a decision by the DOJ to criminally prosecute two foreign banks for crimes unrelated to the financial crisis.

The video and the likely prosecutions are disingenuous PR moves designed to give the public the impression that the Obama administration is tough on the banks. However, this transparent attempt at cover-up and deception is undermined by the reported decision to target only foreign, not US-based, banks.

In fact, by going after Credit Suisse Group AG and BNP Paribas SA, the Obama administration is compounding its refusal to prosecute American Wall Street bankers for their criminality and fraud by attacking their overseas rivals.

Holder begins his video by declaring: "There is no such thing as too big to jail." He goes on to state that "some have used that phrase to describe the theory that certain financial institutions, even if they engage in criminal misconduct, should be considered immune to prosecution, due to their sheer size and influence in the economy."

It is unclear, when Holder refers to "some," if he is referring to himself. In March of 2013, Holder, responding to questioning from Republican Senator Chuck Grassley, who noted that there had been no criminal prosecutions of financial institutions or executives by the Obama administration, said: "I am concerned that the size of some of these institutions becomes so large that it does become difficult for us to prosecute them, when we are hit with indications that if we do prosecute—if we do bring a criminal charge—it will have a negative impact on the national economy, perhaps even the world economy..."

Holder's testimony before Congress amounted to an admission that the US government does, indeed, consider big US banks and their top executives to be "above the law," and deliberately avoids prosecuting them for illegal activities.

In the video's second half, Holder tells the viewer that he "personally" is overseeing criminal charges against some major banks. He explains that the DOJ is working closely with the banks and regulators so that the indictments don't cause any undue harm that could potentially hurt the wider economy.

Holder is reported to be referring to potential charges against Switzerland's Credit Suisse and France's BNP Paribas. The week, before the DOJ video, was released, the *New York Times* reported that "lawyers briefed on the matter" told them that the Justice Department was poised to file criminal charges against the two banks.

BNP is being probed for having financial dealings with Iran, Sudan, and Cuba. Last week the French bank announced that it may face fines exceeding \$1.1 billion from the US government for breaking sanction agreements against these and other countries.

Credit Suisse will likely be charged with tax evasion. The Swiss bank is alleged to have offered tax shelters for Americans for many years. The bank has already entered into a "deferred prosecution" plea bargain with the DOJ. However, the Justice Department is pushing for an actual guilty plea from a subsidiary of the bank.

In the *Times* article, the authors virtually repeat the DOJ's video message, indicating a coordinated public relations effort.

The *Times* writes that "prosecutors are confronting the popular belief that Wall Street institutions have grown so important to the economy that they cannot be charged," and adds that "prosecutors in Washington and New York have met with regulators about how to criminally punish banks without putting them out of business and damaging

the economy.”

Is no accident that the reported charges against the two targeted banks have nothing to do with the fraudulent and illegal activities that played a key role in the financial crash of 2008 and continue to characterize the money-making practices of the major US banks.

In the case of BNP Paribas, the charges of sanctions-busting are a reactionary defense of predatory penalties imposed by the US on foreign governments deemed inimical to the world-wide economic and geo-strategic interests of American imperialism.

Since the 2008 financial meltdown, an abundance of evidence has confirmed that the major banks have been involved in financial wrongdoings--costing hundreds of millions of people their jobs, homes and savings. No top executive has been criminally charged for these actions.

The crimes committed by major financial institutions include:

* Goldman Sachs played a leading criminal role in the selling of mortgage-backed securities. During the height of the financial crisis, it offloaded securities based on toxic sub-prime mortgages to its own customers while simultaneously betting that they would fail. In 2012, the government ended its investigation into Goldman Sachs, despite emails and other records showing criminal actions.

Subsequent probes have documented similar activities on the part of JPMorgan Chase, Bank of America and other major US banks, without resulting in a criminal indictment of any bank or leading executive.

* In 2013, the Senate Permanent Subcommittee on Investigations released a 300-paged report documenting systematic fraud and deception by JPMorgan Chase, the biggest US bank, in connection with over \$6.2 billion in losses from high-risk speculative trades in financial derivatives in 2012. The losses, incurred by the bank's London-based Chief Investment Office and a trader dubbed the "London whale" because of the size of his bets, were concealed from investors, analysts, regulators and the public by the bank's top management, including its chairman and CEO, Jamie Dimon, Obama's "favorite banker." No criminal charges were brought.

* Bernard Madoff's multi-billion-dollar pyramid scheme relied on several major banks. Madoff stated in 2013, "Although I have offered the bankruptcy trustee the information that I possessed that would demonstrate in detail the complicit behavior of banks like JPMorgan, Bank of NY, HSBC, Citicorp... the trustee seems unwilling to act on my offer." JPMorgan is alleged by one

Madoff trustee lawsuit to have made over a billion dollars from the pyramid scheme. No charges were brought against the bank, or its chief executive Jamie Dimon.

* UBS, Switzerland's largest bank, and Barclays both admitted to rigging the London Interbank Offered Rate (Libor), the benchmark global interest rate to which hundreds of trillions of dollars of financial contracts are tied. Several other banks, including JPMorgan Chase, Citigroup, Bank of America, all are thought to have done so as well and are under investigation. In the UBS Libor-rigging case, the US Justice Department deliberately chose not to pursue criminal charges against UBS itself. Instead, it extracted a guilty plea on one relatively minor count of wire fraud from the bank's Japanese unit. As the *Wall Street Journal* reported, "Justice Department officials said they decided not to charge the Zurich-based company, fearing such a move could endanger its stability."

* HSBC, the world's third largest bank, and Wachovia both laundered billions of dollars of drug money for Mexican drug cartels. These cartels flood working class neighborhood with cheap narcotics and other addictive drugs, devastating the lives of hundreds of thousands of working poor. Not a single criminal charge was brought against either bank.

* Virtually every major US bank was involved in fraudulent processing of home foreclosures in the aftermath of the 2008 crash and recession. Untold numbers of American families were illegally forced out of their homes. In a blanket settlement overseen by the Obama administration, none of the banks or their executives were indicted.



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