

Token fines for banks caught rigging foreign exchange markets

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In yet another wrist-slap settlement for bankers involved in criminality on a massive scale, the US government on Wednesday announced that five major banks had pleaded guilty to felony conspiracy and antitrust charges and agreed to pay a combined total of approximately \$5 billion in fines.

The payouts, much of them tax deductible, are a fraction of the combined profits of the banks. The amounts have already been set aside by bank CEOs as the cost of doing business in an environment in which banks routinely break the law, secure in the knowledge that there will be no serious consequences.

The banks—JPMorgan Chase, Citigroup, UBS, Barclays and RBS—admitted to conspiring to rig global currency exchange rates. They made billions of dollars by illegally manipulating rates affecting countless businesses and individuals around the world. All of the banks were previously implicated in rigging Libor (the London Interbank Offered Rate), the global benchmark used to set short-term interest rates for hundreds of trillions of dollars in loans.

Two of the banks, UBS and Barclays, carried out the foreign exchange fraud in violation of the terms of their non-prosecution agreements with the US government stemming from their involvement in the Libor scandal.

The documents released by the Justice Department in relation to the settlement point to the culture of fraud and criminality on Wall Street. As one Barclays vice president put it, “If you ain’t cheating, you ain’t trying.”

Since the Wall Street crash of 2008, these and other major banks have been cited for crimes ranging from fraudulently selling worthless mortgage securities, to laundering money for Mexican drug lords, facilitating Bernard Madoff’s Ponzi scheme, and concealing billions in speculative losses. For these crimes they

have suffered no serious consequences.

Instead, regulators in the US and internationally have crafted settlements in backroom negotiations with the criminals involving token fines that turn out to be significantly smaller than the nominal figures announced by government officials.

“The criminality occurred on a massive scale,” said FBI Assistant Director Andrew McCabe, announcing the foreign exchange fraud settlement on Wednesday. He explained that traders at multiple banks rigged estimates of global currency exchange rates every day for up to five years.

US Attorney General Loretta Lynch spoke of the conspiracy’s “breathtaking flagrancy, its systemic reach, and its significant impact.” Aitan Goelman, the head of enforcement at the Commodity Futures Trading Commission, called the five banks a “cabal.”

These statements, meant to give the appearance of government toughness toward the banks, only underscored the gaping discrepancy between the scale of the crimes and the toothless character of the punishment. Wednesday’s announcement was further confirmation that the US and international financial aristocracy is above the law.

Not a single major bank has been closed down or broken up since the 2008 crash, triggered by reckless and illegal speculative activities. Not a single bank CEO or top official has been prosecuted or jailed for crimes that have led to the impoverishment of countless millions of people.

But a petty crime carried out by a US worker or working-class youth brings down the wrath of a so-called “justice system” that is merciless when it comes to the lower social orders. Tens of thousands of workers and poor people are cast into America’s prison gulag every year for offenses that pale in comparison to the

crimes carried out by Wall Street CEOs.

Or they are killed outright by the militarized police who occupy America's working-class neighborhoods. Michael Brown, an 18-year-old unarmed youth, was gunned down last August by a Ferguson, Missouri cop who was tracking him for allegedly stealing a package of cigarillos from a convenience store.

In the deal announced Wednesday, the banks pleaded guilty to felony charges. This is a departure from previous settlements in which the government allowed the banks to avoid any admission of guilt.

But the guilty pleas were part of a scheme worked out between the government and the banks to render the pleas virtually meaningless. The Securities and Exchange Commission issued waivers exempting the banks from the legal repercussions of committing a felony, giving them continued preferential treatment in issuing debt as well as the continued ability to operate mutual funds.

In today's thoroughly corrupt political environment, totally dominated by corporate money, there is no stigma attached to a bank that effectively admits to being a criminal enterprise. The media pays no attention and the markets could care less. Shares of most of the banks involved in the settlement spiked on Wednesday. UBS and Barclays both rose 3.4 percent. RBS finished the day up by 1.9 percent.

Wednesday's settlement is further evidence of the reassertion of the aristocratic principle in contemporary capitalist society: there is one set of laws for the vast majority, the working people, and an entirely different legal framework for the financial oligarchs—one that can be summed up with the phrase "Anything goes."



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