Wall Street Fraud

[Author Name(s), First M. Last, Omit Titles and Degrees]

[Institutional Affiliation(s)]

Wall Street Fraud

# Response to Question 1

The documentary "Overdose" highlights the housing bubble crash of 2008, why and how it took place and what were the possible actions that the government could take to bring back the economy. According to the film, the solution after the bubble blew was to lower the interest rates in the first place, but this solution was a problem itself (Frank White, n.d.). The documentary highlights that the actions taken by the government set the world to face some new and other financial disasters. The solution led to the birth of other financial bubbles about to burst. In the cases of the financial crisis, people run to the government to solve their issues and set regulations, but when the government is part of the problem, there is no other solution left. The solution then itself becomes a problem. Chapter 14 of the book also highlights the role the US government played in the financial crisis of 2008 (Van Slyke, Benson, & Cullen, 2016). The government took the actions from now onwards have created a new bubble ready to burst anytime.

Continuous shifts in the political orientation regarding the role of government in making decisions for the economy provides room to this financial crisis. The capitalists and the powerful players in money making market can easily lobby government authorities. They make the government redefine the political-legal arrangements in a way that inspire the middle-class population to make investments in the schemes leading to frauds and financial crisis (Van Slyke et al., 2016). The financial crisis arising from the fraudulent schemes and companies creating artificial money will keep on coming if nothing has been done to change things. Different political and economic factors combined with the cultural factors lead to white-collar crimes as Guanxi in the Chinese culture (Van Slyke et al., 2016). The wrongdoings in the US financial market are continuous and a new financial bubble can burst anytime, a warning has been made in the movie.

# Response to Question 2

Financial crooks and crisis brought down the economy of not only a nation but also impacts the world's economy. The question of the hour is that why do not these fraudulent companies and banks have been prosecuted but protected. Financial institutions and banks on Wall Street have been accused of numerous financial crimes and scandals. They destroyed trillions of dollars of the world's economy but none of them went to jail except Bernie Madoff. Not even the single executive went to jail who were accused of their involvement in fraudulent mortgage-backed securities. The law and regulatory agencies failed when it came to the case of Wall Street. Foster, a senior executive at Countrywide financial declares that the whole system was fraudulent (The Honest Broker, n.d.-a). Despite the fact that investigators found evidence that the Countrywide loan officers were manipulating borrowers’ loans that the buyers were not ready to afford and could not handle. The loan officers were given incentives on committing the crimes. None of the reports of fraud was reported to the board of directors.

The regulatory agencies took no action and Foster was also stopped to discuss the reports with officials. Foster was terminated because she was not willing to stay silent. The silence of the justice department can be traced to the culture of remaining silent on the crimes of government officials (The Honest Broker, n.d.-b). Big corporate officials lobby government and the country's justice department. Culture, when combined with other related factors to be stated as political or economic, led to the prevalence of white-collar crimes. By shaping the cultural norms and changing those that lead to the acceptance of corporate crimes can be a solution. However, that needs a deeper understanding of how culture converts into action and how culture is mixed with the other aspects to examine the definite forms of white collar crime (Van Slyke et al., 2016).

# References

Frank White. (n.d.). *Overdose: The Next Financial Crisis  :: Full Documentary*. Retrieved from https://www.youtube.com/watch?v=SY2hUWaXqfE&feature=youtu.be

The Honest Broker. (n.d.-a). *Why Isn’t Wall Street Fraud Prosecuted? Part 1*. Retrieved from https://www.youtube.com/watch?v=xmGmBqGLMp8&feature=youtu.be

The Honest Broker. (n.d.-b). *Why Isn’t Wall Street Fraud Prosecuted? Part 2*. Retrieved from https://www.youtube.com/watch?v=ypKNTxoGzL8&feature=youtu.be

Van Slyke, S. R., Benson, M. L., & Cullen, F. T. (2016). *The Oxford handbook of white-collar crime*. Oxford University Press.