

# The Farcical Regulating of Capitalism by Capitalists

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Take the Securities and Exchange Commission created during the FDR era to for *civil actions against individuals or companies alleged to have committed accounting fraud, bribery, provided false information, or engaged in insider trading or other violations of the securities law* even though those offenses are crimes. So what happens under the SEC oversight is that crimes are adjudicated in civil courts and after no-doubt lengthy proceedings a fine will be determined that fits well within the firms' cost of doing business.

And then there are Dark Pools where the biggest companies do large block trades in private so they won't roil the broad markets in ways that may harm their interests while and leaving the waves from such 'pools' to drown their small fry competitors when they make an appearance as official transactions. But there are also very bright and open ways to gain a trading advantage if one is set up as a high frequency trader. Stock exchanges have been permitted to sell access to their trading platform. For a nice fee these traders can set up their computers right next to the exchange trading machines and be a mini second ahead of the common folk.

Hedge funds have always been sleazy operations but at least they are somewhat regulated. To circumvent virtually all regulation the Family Office made the scene around 15 years ago. Here those families with huge wealth can sequester and invest their funds unobserved. The recent Archegos collapse that left a train of losses totaling perhaps \$30 billion was perpetrated by a convicted financial criminal who was kicked out of the company of the unconvicted criminals. But his was an extreme case. Most Family Offices are created to avoid estate and other taxes. They now total up to \$7 trillion in assets – about twice the total of global hedge funds – and were excluded from the 2010 Dodd-Frank financial reform legislation even though as we now know such underground operations are perfect vehicles for the type of financial collapse the legislation hoped to constrain. Of course, dozens of hedge funds have now converted to Family Offices.

The Glass-Steagall act was passed in 1933 because the casino gambling of investment banks was part of the mix of conventional real economy banking. When the casino went bust so did the part of the economy where real people live and work. Clinton signed its demise in 1999 apparently thinking that new generations of investors had matured into conscious intelligent beings, but 2008 showed them to be the same greedy dumb shits as they were in the previous century. 2010 brought Dodd-Frank and the return of some of Glass-Steagall.

But the financial markets aren't the most damaging area of financial sleasiness. At least there the immediate damage or success just involves money. It's when they are messing with the lives of people trying to survive under capitalism that their crimes in some cases are equal to legal murder.

A recent issue of the New Yorker had an article entitled *Death of a Hospital*. Hahnemann University Hospital in Philadelphia had been serving quite well the low income poor of the city since the 1840's. It was purchased in 2018 by a firm controlled by Paladin Healthcare Capital, a private equity firm founded by Joel, *have-chutzpah-will-travel*, Joel Freedman. Whatever they call themselves, they are really just hedge funds. Like Freedman they make grand promises of a bright future once a small problem is resolved – the hospital (or whatever) must be made financially sound which more or less wrecks the functional soundness of the institution which is to be remade anew. It only took two years for Freedman to force the hospital into bankruptcy and closure. With the Covid 19 pandemic the city took measures to have it reopened to treat those stricken by the virus. But the man from Paladin would not let civic duty impede his fiduciary responsibility and told the city he would be happy to reopen if for the minimal sum of \$400,000 a month. That left the other hospitals to find room for the thousand ill with the disease. Freedman lost nothing in his hospital wrecking mission, and since the land on which the hospital rests was isolated from the hospital itself which is the only part of the estate that is bankrupt, Freedman has a prime piece of real estate to profitably market once the diseased dead are cleared from the land.

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