

What Happened Last Friday Night?

06-26-2020

Late Friday evening, a good dead period for announcing a mischievous action, Attorney General Barr, reported that Geoffrey Berman, the most senior prosecutor for the Southern District of NY was stepping down to be replaced by Jay Layton, the current head of the SEC. Two hours later Berman said he wasn't going anywhere, but when informed that his deputy would serve as interim prosecutor, he agreed to the dismissal.

Layton spent more than 20 years as an attorney with Sullivan and Cromwell, a major Wall Street firm, and was an outside counsel with Goldman Sachs at the time he was appointed to the SEC. Layton had never served as a prosecutor in any capacity. The looting of the Malaysian sovereign fund 1MDB was coming up for prosecution in NY, and all those on the side of no justice wanted an unskilled friend of the criminals handling the case.

Goldman had raised over \$6 billion in a bond offering for 1MDB, for which it received a legal \$600 million in fees, which was followed with the illegal "misappropriation" (theft) of \$4.5 billion of the bond proceeds. According to federal prosecutors the loot was used *"to fund the co-conspirators' lavish lifestyles, including purchases of artwork and jewelry, the acquisition of luxury real estate and luxury yachts, the payment of gambling expenses, and the hiring of musicians and celebrities to attend parties."* Many of these purchases were made by Layton's old firm Sullivan and Cromwell. That one of the Street's largest and most 'distinguished' laws firms would participate in the materialization of such a brazen theft is somewhat surprising.

The Malaysian initiator of the scheme is thought to be hiding in China. Goldman is on trial in Malaysia and has offered a \$3 billion settlement, which was refused. Stateside two Goldman executives have been charged. One having confessed will testify on behalf of the prosecution. The Feds want more than \$2 billion in fines and acceptance of a felony conviction. Goldman thinks that's too much. After all, they only stole a little more than \$5.1 billion including the commission. With more than \$3 billion to Malaysia and over \$2 billion here they will have lost everything. Where's the fairness?

Police Budgets and Slush Funds

Demands have been made nationwide to cut police budgets after the nation saw and experienced a variety of misused and overused weapons on an unarmed populace expressing its right to protest against the abuses of the state. What is generally unknown is that most police forces have a private slush fund outside of governmental authority with which they can buy weapons, surveillance equipment, etc. that officedom may not choose to provide.

It should surprise no one that the most generous contributors are big business. The amounts aren't huge for the average foundation (\$5.5 million for the NYPD last year), but are certainly much appreciated by the cops, and the companies because of the special treatment they receive in return. The most generous contributor among banks is Bank of America. Among others is Starbucks, Goldman Sachs, Amazon, Target, Walmart, Facebook and Verizon. Also universities: Columbia, U. of PA, Virginia. Those protesters seeking to cut official budgets should assemble a list of these donors and demand equal funding for their medical and legal expenses.

-- The IMF has increased its world projection of this year's recession from -3% to -5%. It only gives specific projections for 16 countries. All have negative expectations except for China which might have a +1%. The UK -10% -- Italy, France and Spain being worse off.

-- The Fed has warned the nations 33 biggest banks that they risk losses of \$700 billion should the unemployment rate rise to 19.5%. To strengthen those banks the Fed has banned stock buybacks until October and limited dividends.

-- An off the radar development deserves more attention as to the future of the economy. 106 million people or entities have according to the WSJ "*enrolled in deferment, forbearance or some other type of relief since March 1*". That is triple the number since April 1. It means a great loss of revenue for business and government which will have a similar effect on entities not directly involved.

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