

SEND THEM TO THE NAUGHTY CHAIR

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Imagine what would happen if the punishment for robbing a bank was modeled after what Eliot Spitzer is now expecting out of the major brokerage firms.

In the future all get-a-way vehicles must be at least 100 yards away from all banks. This is in order to give the over-weight security guards an opportunity to catch the perpetrators.

In effort to remain fair all would be bank robbers must now use only semi-automatic weapons. MACHINE GUNS ARE STRICTLY PROHIBITED.

If caught 1/10th of 1 percent of money taken must be given to the state where said monies were taken, 50% of that will be shared among the remaining 49 states.

Also, if caught the perpetrators must make a statement to the general public to help clear up damaged image. However, this does not mean admitting or denying wrongdoing.

My intuition leads me to believe that if this were the punishment for robbing a bank, we would have a new career choice here in America. I would think that the bank robbing arts would be a vocation taught in every high school around the country. The remedy that the New York State Attorney General Eliot Spitzer has proposed is equally as ridiculous and will lead to more criminal action.

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As our loyal readers know we often illustrate absurdity by being absurd ourselves. It helps to get points across. I wrote several articles in 2001-2003 ridiculing the global settlement being negotiated between regulators and the big brokerage firms. Whereas my comparison above may sound silly, in reality it's been accurate. For example: This past month the NASD fined Citigroup, Credit Suisse and Morgan Stanley a cumulative \$775,000 for violating the terms of settlement.

In a July 17th press release the NASD announced that it has imposed fines totaling \$775,000 against the firms for numerous violations of NASD's research analyst conflict of interest rules. *"The failures on the part of Citigroup, Credit Suisse and Morgan Stanley to abide by those rules undermine the important disclosure obligations mandated by NASD in the wake of the research analyst conflict of interest scandals,"* said James S. Shorris, Executive Vice President and Head of Enforcement. *"These cases should send a clear message to firms that NASD expects full compliance with the research disclosure requirements, especially after NASD notifies a firm that its practices violate our rules."*

Is he serious?

Let's see if I get this straight. These brokerage firms knowingly defrauded and fleeced the investing public for years. Four years ago regulators sentence them into the equivalent of the *"Supernanny's naughty chair"* and rather than change their practices they continue their naughty ways. I hate to say it but...I told you so. I can't believe the NASD even announced this absurd fine to the public. These three brokerage firms had a cumulative net income of over \$13 billion last quarter alone. Does the NASD actually think that a lousy \$775,000 fine is going to force any change of practice? These firms spend more on lap dances at NYC gentlemen's clubs in a month. To further insult our intelligence and sensibilities once again, the NASD in connection

with the fine, Citigroup, Credit Suisse and Morgan Stanley neither admitted nor denied the charges.

Call the Supernanny; I think she would be more effective.