

JUSTICE FOR SALE

MAY 2004

Very quickly and very quietly this past month justice was handed out to the highest bidder. The winner, as usual was Citigroup. Citigroup will set aside 4.95 billion dollars for legal costs that include settling claims that it lied to investors about the real prospects of some of their investment banking clients such as, WorldCom, Enron and a litany of other undesirables.

Citigroup faced lawsuits of upwards of \$54 billion in WorldCom alone. The new Chief Executive of Citigroup, Charles Prince was quoted stating, "We made a billion dollar insurance policy to avoid the roll of the dice in front of a jury." It must be real nice to be able to buy your way out of trouble. Citigroup is so powerful in the State of New York and its executives are so well connected, that they could bankrupt the transit system, shut down Central Park, and move the Yankees to New Jersey and still walk away unscathed. Once again, Citigroup neither admitted nor denied wrongdoing, and as usual, no one is serving any jail time. Justice bought, justice sold, Wall Street style!

I think that it's ridiculous that regulators and politicians use companies like Citigroup as their own personal bank account. If they were sincere in their efforts to put a stop to abuses on Wall Street they would actually punish the executives responsible. For example, forcing the ex-CEO of Citigroup, Sandy Weill, to pony up some dough out of his billion-dollar fortune and actually pay the fine and also having him and his cohorts spend a little time in the pokey. Maybe that might actually make others think twice about abusing their position of power. The reality is that the only people who suffer in these sleazy politically motivated settlements are the customers. They are the ones that are going to pay these fines in higher costs and fees. There will be no skin off Citi's back.