

# WRITTEN REPORT

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## INPUNITY

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### A PRODUCTION OF EPITA's S4

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# **1 Introduction**

## **2 GROUP TEXT**

### **2.1 Part 1**

## 2.2 Why almost no one was punished

It seems many people still think no bankers went to jail for the financial crisis of 2008. And yet, it is a myth, at least 35 "little" (they were small bankers in the world but they were big in their state) bankers in different states and one top banker of Wall Street went to jail during and after the financial crisis.

We can see that many of the crimes involved relatively small amounts of money at smaller banks, rather than massive fraud at Wall Street banks. But there are top executives who are sitting in jail for substantial sentences today.

Edward Woodard, former CEO of the Bank of the Commonwealth in Norfolk, Virginia, was sentenced to 23 years after he was convicted of hiding 800 million usd in past due loans and making loans to straw borrowers to hide financial problems at his bank.

Another example is the famous banker of Wall Street, Kareem Serageldin, former chief executive officer of Credit Suisse, was sentenced to 30 months in prison in connection with a scheme to hide more than 100 million usd in losses in a mortgage-backed securities trading book. Unlike other bankers, Serageldin pleaded guilty to "fraudulently inflating the prices of asset-backed bonds which comprised subprime residential mortgage backed securities and commercial mortgage backed securities in Credit Suisse's trading book in late 2007 and early 2008."

A question that can be asked is why only a few bankers in the world went to jail, and further why the biggest bankers of Wall Street, the top executives at the so-called "too big to fail" banks have avoided any criminal charges, even as their banks paid tens of billions of dollars in fines to settle charges of wrong doing leading up to the financial crisis.

One reason so few bankers have been jailed is that it has proved difficult for prosecutors to connect wrong doing act in a large financial organization to senior executives running the bank. Although the bosses may create or perpetuate a culture in which those with lower ranks feel expected to abandon morality, there is rarely a chain of e-mails or other direct instructions that actually advocates wrong doing.

A second reason is that in capitalist societies where risk-taking is considered necessary part of business, it is not actually illegal to run a bank, or any other company, into the ground.

## 2.3 What they should have done

The principal reason the biggest bankers of Wall Street did not go to jail is that they actually did not do anything (or at least few things) illegal.

Before the financial crisis, Wall Street was not regulated a lot, allowing the financial market's people to sell and buy a huge quantity of risky financial products. More regulation could have led to more restriction in buying or selling risky financial products.

One thing that helped this business is the facility of the credit rating agencies to give good ratings to these bad products from fear that the banks would go to another rating agency. Furthermore, when someone wanted to ask for credit to buy a new home, he or she did not face up significant refusal, besides bankers did not ask for a certain paycheck or for a certain size of bank account.

US government did not see (or at least did not want to see) what was going on at Wall Street: it is like bankers were in another country where they could do anything they want. Surprisingly enough, bankers themselves wanted more regulation because they knew that their cupidity would cause a problem in the future.

For instance, everybody ignored the first sign that the economy was in trouble when housing prices started to fall in 2006, and by this time real estate agents did not realize there were too many homeowners with questionable credit.

The US government could have done some things to prevent this tragedy: the Federal Reserve could have raised loan rates to decelerate the increasing amount of credit. Regulators could have been more strict about being more careful and cautious about all the complex financial operations in which financial institutions were engaging. But instead, none of these government agencies did anything.

### 3 SCENE TRANSCRIPTION

MARK: Actually, could I talk to a mortgage broker? Anybody you recommend? Anybody you like.

MARLENE: Yes, yes, I have someone. Absolutely.

BLACK HAIREG GUY: Yeah, bitch better like me. Sent her ass to Cabo.

(ALL LAUGHING)

BLOND HAIREG GUY: So is Morgan Stanley recruiting us? Is that it?

PORTER: Oh, no. No. The bank owns our hedge fund, but we're not really part of it. We invest in financial service companies and we're trying to understand the residential mortgage business.

MARK: How many loans do you write each month?

BLACK HAIREG GUY: (BLOWS AIR) About 60.

BLOND HAIREG GUY: Yeah.

MARK: What was it four years ago?

BLACK HAIREG GUY: Ten...

(PORTER WHISTLES)

BLACK HAIREG GUY: Maybe 15.

BLOND HAIREG GUY: Yeah, I was a bartender. Now I own a boat.

DANNY: (LAUGHING) You own a... So how many of these are adjustable-rate mortgages?

BLACK HAIREG GUY: Well, most. Oh, yeah. Yeah, I'd say about 90%. The bonuses on those skyrocketed a few years ago. Adjustable's our bread and honey.

DANNY: So do applicants ever get rejected?

(BOTH LAUGHING)

BLACK HAIREG GUY: Seriously? Look, if they get rejected, I suck at my job.

DANNY: Even if they have no money?

BLOND HAIREG GUY: Well, my firm offers NINJA loans.

PORTER: Okay.

BLOND HAIREG GUY: "No Income, No Job." I just leave the income section blank if I want. Corporate doesn't care. These people just want homes. And they go with the flow.

PORTER: Good for you.

MARK: Your companies don't verify?

BLACK HAIREG GUY: If I write a loan on Friday afternoon, a big bank will buy it by Monday lunch.

BLOND HAIREG GUY: Yeah. Same here.

MARK: Could you hold on a second?

BLACK HAIREG GUY: Yeah.

MARK: I don't get it. Why are they confessing?

DANNY: They're not confessing.

PORTER: They're bragging.

(MARK CLEARS THROAT)

MARK: Do people have any idea what they are buying?

BLOND HAIREG GUY: (CHUCKLES) I focus on the immigrants, you know. Once they find out they're getting a home, they sign where you tell them to sign. Don't ask questions. Don't understand the rates.

DANNY: Fucking idiots.

BLOND HAIREG GUY: Yeah.

MARK: And you target immigrants, too?

BLOND HAIREG GUY: Well, their credit actually isn't bad enough for him.

BLACK HAIREG GUY: (CHUCKLES) Look, I'm a yield guy. Okay... I make 2,000 *on a fixed-rate prime loan, right? But I can make 10,000* on a subprime adjustable. Trust me, I'm not driving a 7 Series without strippers. No one on the pole has good credit and they're all cash rich.

PORTER: I think I read Warren Buffett say something like that.

BLACK HAIREG GUY: What? Who's Warren Buffett?

MARK: Okay, so strippers. Like exotic dancers?

BLACK HAIREG GUY: Yeah, yeah, yeah. Nude, you know, topless.

MARK: Strippers.

BLACK HAIREG GUY: Yeah.

MARK: Can you introduce us?

BLOND HAIREG GUY: Yes! Yes.



## **4 ADAM MCKAY**

Adam McKay is an American film director, producer, screenwriter, comedian and actor. He has a creative partnership with Will Ferrel, with whom he co-wrote nearly all his films. He often starts his movies with a quote. He made several short films for Saturday Night Live starring Willem Defoe, Jimmy Fallon, Ben Stiller and many more. Most of his works are comedy but it is also diverse (The Big Short, Ant-Man, Very Bad Cops).

## **5   OSWALD BLASSOU**

### **5.1   film**

## **5.2 article**

## **6 RUDY OCALAN**

### **6.1 film**

I am not a big fan of old films because most of the time the actors' performance is not as good as I expect despite great actors. Let us say acting has changed over time and there is a clear acting difference between, for example, Meet John Doe and The Big Short, which is actually my favorite film. First of all, The Big Short is a documentary-like film that explains an event that I did not understand so this makes it more interesting and captivating. Some of the best US actors are here to handle the job and make the film look realistic by acting in different ways: Brad Pitt and his mystery, Ryan Gosling, the arrogant fourth wall breaker, Steve Carrell, the angry avenger and the best of all Christian Bale, the misunderstood genius. Their fantastic acting make it one of the best films of the recent years.

## 6.2 article

The article “Financial crisis: timeline” is written by Patrick Kingsley, an international correspondent for the New York Times from Turkey and in 2015 he was named Foreign Affairs Journalist of the Year. What is interesting in this article is it explains date by date what happened and when it happened. For an event as confusing and complex as the 2008 financial crisis, it is important to carefully understand the timeline. The most surprising thing that I learned from this article is numbers of banks and the speed with which all these banks collapse, bought out by other banks or just filed for bankruptcy.

## **7 ALEXANDRE BUHL**

### **7.1 The Big Short**

For me The Big Short is the movie I liked the most between the three projections. Before seeing it, we watched the movie Inside Jobs, in the OC's class, which sums up the timeline of the 2008 financial crisis. I enjoyed Inside Jobs because it talks about the financial crisis of 2008 a subject I am interested in. So logically between Meet John Doe, The Candidate and The Big Short I prefer The Big Short. Furthermore, in The Big Short the casting is incredible, most of the casting is composed with famous actors that are credible in their role. Finally, the reason I prefer The Big Short it is because it is based on a true story.

## **7.2 35 bankers were sent to prison for financial crisis crimes**

"35 bankers were sent to prison for financial crisis crimes" is an article written by Chris Isidore and published the 28th April of 2016. Chris Isidore is a senior writer at CNNMONEY. This article was chosen because it talks about a thing that people often think as a true fact but they are wrong. The idea that no one goes to jail is a myth, at least 35 bankers goes to jail. Besides, many of the crimes involved relatively small amounts of money at smaller banks, rather than massive fraud at Wall Street banks.

## **8 PLEUVENS FERVIL**

### **8.1 The Big Short**

The best choice between the three movies was The Big Short. It was the movie that was the closest to the reality since the economy still suffer from that crisis in some countries. The two other movies, however, were less timely. The relation between Meet John Doe and The Candidate with politics is more subtle. When we were watching those films, It felt like watching a random movie. Both films are more centred on the story whereas The Big Short is more like a documentary. Regarding it was to study them, The Big Short was more educative and had significant facts. But the two others would have required more interpretation of what the director wanted to express. Also, due to the French presidential elections, politics was not the most interesting subject, since it was everywhere in the news and everybody was talking about it.



## **8.2 “The Big Short”, délices d’initiés**

“The Big Short”, délices d’initiés is an article written by Clément Ghys and published the twenty-second December of 2015. Clément Ghys is a French ex-reporter at Liberation and now at Le Monde. This article was chosen because it is a review of the movie The Big Short which was selected for the presentation. This article is a simple review of the movie. It tells that The Big Short is not a classic film about finance like Wall Street from Oliver Stone but that it complicated but you can understand and learn from it.

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## 10 ANNEXE

### 10.1 theme summary

Du latin impunitas, l'impunité signifie l'absence de punition, de châtement. Elle nie le droit à la justice et plonge les victimes dans l'oubli. L'impunité est aussi très souvent liée à la corruption. Les histoires d'abus de pouvoirs et de discriminations sont très fréquentes. En effet, il est très fréquent voire quasiment systématique qu'une personne ayant du pouvoir, de l'influence ou encore de l'argent ne soit jamais sanctionné par la justice. D'un autre côté, la loi ne couvre pas tout les délits possibles et comporte des failles. Ainsi, quand la société évolue, la loi doit évoluer avec elle, ce qui n'est pas toujours le cas. Ainsi, certaines personnes profitent de ces failles et peuvent commettre ce qu'on peut appeler du coup des délits moraux. Ils agissent donc en toute impunité. Ainsi la lutte contre l'impunité doit nécessairement comporter dans un premier temps d'une recherche de la vérité des faits et l'établissement des responsabilités dans les exactions commises. Puis, dans un deuxième temps, des sanctions peuvent être prise. De plus la justice doit suivre de près les évolutions sociales afin de combler rapidement les failles qui se créent au fur et à mesure afin de limiter les exactions impunies. On peut pousser la réflexion un peu plus loin comme Platon et sa fable L'anneau de Gygès. Dans celle-ci, Gygès trouve un anneau qui lui permet de devenir invisible. Il rejoint les messagers du roi, séduit la reine, complotte avec elle et assassine le roi pour prendre le pouvoir. Cette fable soulève une question : Est-ce qu'être un homme juste (ici ne pas profiter des failles ou ne pas abuser de sa position) ce n'est pas en réalité être assez naïf pour respecter les lois et la morale même si cela peut être désavantageux ?