



# J'accuse!

**I**T'S CLEAR this whole subprime mess is much worse than anybody anticipated. Things are crashing. Stuff is burning. The best and brightest minds are at work on how to solve this crisis before it sinks the global economy into a hopeless morass that will plague us all for decades. No, wait. They're the ones who caused it.

Or did they? I believe it is our duty, now that the problem has grown beyond our control, not to try to solve it but to pinpoint blame. This reporter set out to find the true culprit.

First, I went to the recently formerized head of a gigantic bank that had issued loans to persons of wobbly provenance. I found him at his private island off the coast of South America, which he had bought with 5% of his exit package.

"It wasn't me!" he said. "It was Leonard Flanken!"

"Who?" I inquired. "Where do I find this guy?" I said.

"I don't know!" replied the nerdlinger. "Ask the head of the irresponsible investment-banking monolith that repurchased his derivative!"

This sounded like a good lead. After all, the loans became financial products that were purchased and repurchased and re-repurchased by firms that hoped to generate big returns for investors who claimed to have a high tolerance for risk but are now hopping up and down like toads on a hot plate. Perhaps the institution that gobbled up this fellow's debt would know his whereabouts.

I caught up with the recently de-cruited senior executive of one such firm as he was about to board his G4 in a Hawaiian shirt. "Leonard Flanken?" he spat as he ambled up the gangway. "It's all his fault!"

"Where might I find him?" I inquired.

"I have no idea!" yelled my interlocutor. "Why not ask the fershlugginer ratings agencies that underestimated the risks of such instruments?"

I found these credulous doofi in the parking garage of a massive office tower near Wall Street, sucking on the exhaust pipes of their soon-to-be-repossessed Maybachs. "If we could find that Flanken we'd give him what for," they said mournfully. "You could try asking the quantitative analysts who employed the algorithms that fed our upbeat assessments."

To reach the quants, I had to climb a tall ivory tower. At the top was a dusty room in which the smell of Old Spice barely concealed the scent of fear. "Dumbledore!" said one quant to the other. "Do you know this Flanken whereof our visitor speaks?"

" $dS_t = \mu S_t dt + \sigma S_t dW_t$ " said the other pseudoscientist. I had no idea what he meant, of course. I left them to peer into each other's stochastic processes, reflecting that only the extraordinarily intelligent can generate world-class stupidity.

As I left their building I spotted a short, slim man seated on a ledge with other working folks, eating a liverwurst sandwich. On his shirt-front the word "Flanken" was embroidered. A push broom leaned against his shoulder.

"It's all my fault," he said, blubbing quietly.

"Everybody seems to think so," I said, sitting down next to him.

He broke off a crust and fed it to an investment banker pecking for crumbs on the sidewalk.

"Two years ago I took out an adjustable-rate mortgage from this big bank, because

they sent me so many solicitations in the mail I could no longer ignore them! Then they sold my paper to another place and then another, and then one day last spring I got a call from somebody I never did any business with before, and all of a sudden I'm supposed to pay \$1,500 a month instead of \$1,250! I just didn't have it!"

At that moment, a pack of crazed loan officers rounded the corner, loaded for bear. Flanken took off down the street.

"I wouldn't worry about him too much," said a voice at my elbow. It was David Sambol, the chief operating officer of Countrywide! "Unprecedented times call for unprecedented remedies. We are determined to assist borrowers who have the willingness and wherewithal to remain in their homes but need a little help to do it."

"Thank goodness for kind, beneficent organizations like yours, Mr. Sambol," I said. "Speaking of which ... could you loan me a couple hundred thousand bucks? I'm probably good for it." **F**

STANLEY BING's new book, *Crazy Bosses* (Collins), is available at finer bookstores everywhere. He can be reached at [stanleybing@aol.com](mailto:stanleybing@aol.com) and on his website, [stanleybing.com](http://stanleybing.com).



**GETTING TO THE BOTTOM OF THE SUBPRIME MORTGAGE MESS, FINALLY.**