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“What was it that was in this market that had to be hidden? Why did it have to be a completely dark market?”

So let's start with September 2008 as we all sat there and watched the economy melting down and heard about things called credit default swaps [CDS]. It wasn't the first time you'd heard of these sophisticated financial instruments. What did you think when you were watching it happen?

It was like my worst nightmare coming true. I had had enormous concerns about the over-the-counter derivatives [OTC] market, including credit default swaps, for a number of years. The market was totally opaque; we now call it the dark market. So nobody really knew what was going on in the market.

And then it became obvious as Lehman Brothers failed, as AIG [American International Group] suddenly appeared to be on the brink of tremendous defaults and turned out had been a major credit default swap dealer and needed hundreds of billions of dollars to keep it alive, the contagion in the marketplace from those failures brought many, many of our biggest financial services companies to the brink of collapse. And it was very frightening.

WATCH AN EXCERPT

As head of the Commodity Futures Trading Commission [CFTC], Brooksley Born became alarmed by the lack of oversight of the secretive, multitrillion-dollar over-the-counter derivatives market. Her attempts to regulate derivatives ran into fierce resistance from then-Fed Chairman Alan Greenspan, then-Treasury Secretary Robert Rubin and then-Deputy Treasury Secretary Larry Summers, who prevailed upon Congress to stop Born and limit future regulation. This is the edited transcript of an interview conducted on Aug. 28, 2009.

... How did it happen?

I think it happened because there was no oversight of a very, very big, dynamic, growing market. Market participants don't look out for the public interest. Traditionally, government has had to protect the public interest by overseeing the marketplace and keeping the extreme behavior under some check.

We had no regulation. No federal or state public official had any idea what was going on in those markets, so enormous leverage was permitted, enormous borrowing. There was also little or no capital being put up as collateral for the transactions. All the players in the marketplace were participants and counterparties to one another's contracts. This market had gotten to be over \$680 trillion in notional value as of June 2008 when it topped up. I think that was the peak. And that is an enormous market. That's more than 10 times the gross national product of all the countries in the world.

... This was something that you discovered, heard about, came across, back in the mid-1990s?

Yes. When I was chair of the Commodity Futures Trading Commission [CFTC], I became aware of how quickly the over-the-

counter derivatives market was growing, how little any of the federal regulators knew about it.

And also, we were seeing some very dangerous things happening in that market. There were some major fraud cases. There was use of over-the-counter derivatives to manipulate the price of commodities. And there were some spectacular failures by institutions that were speculating in the over-the-counter market with little or no restraint. For example, Orange County, Calif., was brought down, went into bankruptcy because of its speculation, gambling with public money in the over-the-counter derivatives market on interest rate swaps.

I became very concerned. This market had been under the jurisdiction of my agency and had been expanding for about three years when I came into office because one of my predecessors had led an effort to exempt these transactions from a requirement of exchange trading. So, by an exemption, the commission had permitted the over-the-counter market to grow. And in the few years, three years, it had grown to something like \$25 or \$30 trillion in notional value. ...

And the astonishing thing, at least for me as I began to learn about this, was nobody in government knew how much, how big, where, who the parties were, at all.

That's correct. None of the other financial regulators knew about it, either. And it seemed to me we all needed to know. There needed to be some light shone on this market so that we knew what kind of risks might be being created there.

We knew who the participants were. We did know that our biggest banks and investment banks were the dealers in the market, and that they were being very profitable in their dealing in the market.

But who the buyers were, what the deal was, the spreading of the risk, was still, as you say, opaque?

We just didn't have information. ...

What was the danger to the public that you were concerned about in the over-the-counter derivatives market?

First of all, we didn't truly know the dangers in the market because it was a dark market. There was no transparency. But generally, in any financial market, if there is not government oversight to control abuses like fraud and manipulation, to limit speculation, to make sure that a major default won't cause a domino effect throughout the economy, the public interest is exposed and in danger.

Beyond that, and perhaps on a more specific level, I knew that the entities participating in the market were ones that all the people actually had interest in. They were the companies that people had invested in; they were the employers of many people; they were the pension funds for many retirees; they were the insurance companies for many people who were depending on those companies for their insurance. So I knew that all the people had an investment in stability in that market. ...

When you first got there, the Procter & Gamble lawsuit against Bankers Trust had already happened. Did it serve as a cautionary tale? Or had you known about it when it was happening? ...

I had known about it at the time it happened because my law practice was in the derivatives area. I'd practiced derivatives law for more than 20 years. So I kept apprised of [notable cases](#), and certainly Procter & Gamble and Gibson Greeting Cards' suits against Bankers Trust – Bankers Trust being their over-the-counter derivatives dealer – were very well known. So I was aware of that.

I was also aware that there had been some spectacular failures, collapses, by speculators in the market and that big institutions and a broad range of companies – from pension funds to public entities like Orange County to corporations – were speculating in the markets. But I did not have any idea of the size and complexity that the market had arrived at until I got to the CFTC and my staff began to say how big this was and how little information they had about it.

... People said: "Wait a minute, these are consenting adults in a swap, in a derivative deal. As sophisticated investors, they don't need regulation to protect them." Is what Orange County represents that maybe people are not sophisticated? ...

These are very complex instruments, and the way they work is pretty complicated. Highly sophisticated computer models are used by the OTC derivatives dealers to figure out values and the circumstances under which they would profit highly and the counterparty would lose. And those tools weren't available to the other parties, what we then called the end users of the over-the-counter derivatives.

The other aspect of this was it may well be that Orange County was a big, sophisticated entity; let's assume it was. But it

was using the taxpayers' money, so every single taxpayer in Orange County lost when Orange County lost. And it was the public interest that I was mostly interested in, not so much the particular interest of individual players in the market.

... Did you know it was a territory you needed to get into to exercise your responsibilities as a public official?

I thought it was very important to do that. One thing I should make clear, too, is that while the CFTC had exempted the market from most of our regulation, ... my predecessors had retained fraud and manipulation prohibitions against the market. And I, when I got into office, thought, well, how can we detect these malfeasances? How do we deter them? And I realized there was no record-keeping requirement imposed on participants in the market. There was no reporting. We had no information. The only way the CFTC found out about the Bankers Trust fraud was because Procter & Gamble and others filed suit. ...

How formidable a challenge is it for the head of the CFTC, this slightly off-to-the-side agency, to forge forward and make a mark in this burgeoning world?

It was a small agency, is a small agency today. And I didn't think that we could send out demands to the biggest banks to report to us, even though all of them were registered with us as futures and options traders. ...

But I felt that we did need to learn more about the market, and we needed to test whether the balance that the commission had earlier struck between exemption and keeping regulatory powers was appropriate.

So our Division of Trading and Markets, under [Michael Greenberger](#), began, at my request, to prepare a list of questions that we needed answers to about the nature of the market. They prepared a document that listed the grounds for concern: the previous fraud, the collapses in the market, the rapid growth, the fact that we didn't keep any enforcement tools to let us effectively police the markets for fraud and manipulation.

And it asked questions about the market. It also asked questions about whether certain changes needed to be made to the regulatory regime. Did there need to be record keeping? Should there be reporting to some federal regulator? Would clearing the transactions in a clearinghouse help protect against counterparty risk default on the part of one side or the other?

We called this paper the [concept release](#) [a report released to the public outlining a proposed rule change]. And eventually in May 1998, we published that in the *Federal Register*, asking the market participants and the over-the-counter derivatives dealers for their input voluntarily to tell us about the market.

... Were you aware of the reaction that would befall you, the CFTC, as a result of just even talking about the concept release?

I thought asking questions couldn't hurt, and I was shocked that there was a strong negative reaction to merely asking questions about a market. I had considered this as one of three options before we went this direction. One was to pretend that the market wasn't there, which to some extent had been going on as the market was growing. I didn't think it would be a responsible act to ignore it when it seemed to at least pose the possibility of a real threat to the public interest.

Another possibility would have been to ask our enforcement division to bring actions against the largest banks and investment banks for violating the terms of the exemption, because the exemption as it was initially adopted by the CFTC in '93 exempted only customized contracts. It did not exempt standardized or fungible contracts, because fungible contracts could be traded on exchange. And the philosophy was that they should be traded on exchange.

In fact, the way it became obvious to me that the way the market had evolved in the three years since the exemption was adopted was a lot of the market had become standardized and was not really appropriately exempted under the terms of the exemption. And that's one of the questions we asked in the concept release: Should we broaden the exemption to cover what's actually being traded out there in the over-the-counter market?

[What was the response?]

I wasn't too surprised at the reaction of the over-the-counter derivatives dealers, because they believed in no regulation. Their position was that markets were self-regulatory, that this market was taking care of itself, there were no risks in the market, and they thought there was no need for any government oversight or regulation.

I was more surprised at the other financial regulators who also were quite ignorant about this market, because I would have thought they would have welcomed information. And I had hoped that they would work with us to learn more about the market, decide whether there was an appropriate regulatory regime for it. And if so, what?

But my reading of the times was there was no impulse to regulate; there was an impulse to deregulate. Everything was going just fine, thank you very much.

Well, that's true. We had had 15 years of deregulation up until then, really, and there was a great belief in the ability of the market to police itself without government intervention. Certainly that had shown itself in a lot of deregulatory actions that had been taken previously.

I was concerned about it because it seemed to me it overlooked the fact that market participants, obviously and quite rightly, would pursue their own interests rather than a broader public interest. And if systemic risk was being built up in the system, no individual participant would have any interest particularly in blowing a whistle or changing its behavior.

There were, of course, counterarguments made. These markets are going to leave America; they're going to go to London. Your response?

... It is true that there was a suggestion that merely asking questions would drive our biggest banks and investment banks to London. That puzzled me. You know, what was it that was in this market that had to be hidden? Why did it have to be a completely dark market? So it made me very suspicious and troubled.

The other argument is this would abrogate deals that were already under way. ...

That was certainly said. This was called legal uncertainty. But we had made it clear in the concept release that we were looking forward; we were not concerned with existing contracts. We would not change the regulatory regime as to the existing contracts. Nor were we looking to police the market with respect to the legality or illegality of those contracts. What we were asking was, should the regulatory regime be changed in the future?

As to the other regulators, the other people in the President's Working Group, was it your sense that they understood derivatives, how it was working? ...

... People there at the CFTC and people who had practiced law in the area as I had were, I'm sure, more aware of it than people who were essentially banking supervisors or securities regulators. There were securities options, of course, which are a kind of a derivative contract, so the SEC did have some experience in that area.

I was not sure how much understanding there was of the derivatives markets by the other regulators. And in fact, one of the things we tried to do in the President's Working Group meetings was to explain our markets and what the concerns were.

But it fell on deaf ears?

Yes, there was very little interest in doing this. The markets were doing very well; the country was very prosperous. There was a lot of financial innovation in this area. In fact, I know [former Federal Reserve Board Chairman] Alan Greenspan at one point in the late '90s said that the most important development in the financial markets in the '90s was the development of over-the-counter derivatives.

You think he understood what that meant?

Well, he has said recently that there was a flaw in his understanding.

When you proposed the concept release, there's an extraordinary [statement](#) from Greenspan, Rubin and [former SEC head Arthur] Levitt that says Congress should pass legislation that prevents CFTC from oversight. How did you hear about it? Did you get a phone call? Do you remember?

I don't remember.

It was an extraordinary moment. What did you think?

I was very surprised, because of course we were an independent federal agency, and we were acting within our jurisdiction. And ordinarily, the tradition has been and the understanding has been that independent regulatory agencies

should be permitted to do their job as they saw fit. But obviously, the other financial regulators thought that this was terribly important for them to step in and condemn.

Why?

I think the reasons varied from department or agency. But one of the reasons was that some of the people involved really were purists in terms of belief in free markets and were absolutely, from a doctrinal point of view, opposed to regulation.

I think others were concerned with keeping the big banks and the investment banks happy and making sure that they were responsive to the demands of those entities.

One thing we have to remember is that the financial services industry was the largest campaign finance contributor then – and perhaps even now, I'm not sure – and it was very effective in lobbying both the executive branch and Congress.

Could you feel that?

Yes. Oh, I felt that from the day I went into office as chair of the CFTC.

How?

I had all kinds of interest groups coming to meet with me on a daily basis to tell me how they wanted me to regulate. So I was the focus of some of these lobbying efforts. ...

There was an argument that was made ... that what you were proposing ... would precipitate – the quote was "the worst financial crisis since World War II." Did you hear that charge?

I did hear that, and that, too, puzzled me, since we'd had a lot of financial ups and downs since World War II. And I, again, could not conceive of why asking questions about whether the public interest was adequately served by the limited degree of regulation of this market would be so inflammatory.

Actually, some of the economists at the CFTC did do a study at the time to see if the over-the-counter derivatives market was being roiled by the concept release, and they never found any evidence of it.

[So why were they so worried?]

I think the over-the-counter derivatives dealers were concerned that some additional regulation might be considered seriously. I certainly thought some was probably needed, and the more resistance there was, the more I thought there probably was a need. And I think they were totally opposed to it.

Of course, this became a major profit center in each of the over-the-counter derivatives dealers business. [It] was something like 40 percent of the profits of many of these big banks as recently as a couple of years ago.

In the summer after the concept release, the summer of '98, [Long-Term Capital Management \[LTCM\]](#) has a problem. How do you hear about the problem?

Yes, I got a call from the Treasury Department probably the weekend that it nearly collapsed. This was in actually September '98. And I was told that the very large hedge fund was almost collapsing, that it had \$1.25 trillion in notional value of over-the-counter derivatives, and it only had \$4 billion in capital to support that enormous investment, and that the markets had turned against it, ... so that it was going to default in a very major way, leaving the counterparties in the derivatives contracts – who happened to be the big OTC derivatives dealers – in the lurch in a major way. And I was told that the Federal Reserve Bank of New York was trying to facilitate an arrangement whereby the large over-the-counter derivatives dealers took over LTCM by buying it out.

What did you think when you heard that?

I thought that it was exactly what I had been worried about. None of us, none of the regulators had known until Long-Term Capital Management phoned the Federal Reserve Bank of New York to say they were on the verge of collapse.

Why? Because we didn't have any information about the market. They had enormous leverage. Four billion dollars

supporting \$1.25 trillion in derivatives? Excessive leverage was clearly a big problem in the market. Speculation? I mean, this was speculation, gambling on prices, on interest rates and foreign exchange rates of a colossal nature. Prudential controls? I mean, all these big banks had in essence ... extended unlimited loans to LTCM, and they hadn't done their homework. They didn't even know the extent of LTCM's exposures in the market or the fact that the other OTC derivatives dealers had been lending to them as well.

They thought they were the only bank, and there were 13 others on the list, right?

Well, at least there was a suggestion of that. There was some reporting of great surprise.

The other thing it showed me, which I hadn't really been aware of before, was the risk from tremendous contagion. Not only did these instruments, which supposedly are useful for managing risk, it multiplied risk and spread it around throughout the economy, but because of counterparty risk, one institution's failure could potentially bring down or adversely affect a large number of our biggest financial institutions.

The Federal Reserve opinion was that had the OTC derivatives dealers not stepped in and taken responsibility, this could have had a widespread, adverse, systemic impact on the financial system.

Meltdown?

Yes. A mini-2008, in effect.

One decade before?

Exactly. ...

So much for the argument that the market will somehow take care of itself and we don't need regulation, I guess?

It disproved it to me. I had never believed that. I think anybody who has been a lawyer practicing in areas involving business regulation realizes that the public interest is not fully protected by the marketplace and the participants in the marketplace.

So LTCM happens, and for a brief period there is this eagerness to regulate. ... But it very quickly evaporates. Why?

Because everything was all right. Because all the big banks did step in and solve the problem by taking over LTCM and incurring losses themselves. But they protected the fabric of the economy. And Congress was told by the over-the-counter derivatives dealers, by some of the other regulators, that this was an anomaly, this was not indicative of dangers in the market.

And I think any consideration of regulation probably came and went within a few days, because it was less than a month later that Congress passed a statute saying that the CFTC could take no regulatory action in the over-the-counter derivatives market for the next six months.

A moratorium.

Yes.

On Born?

True. Congress also said that it would like the President's Working Group to do a study of hedge funds like LTCM and of the over-the-counter derivatives market and report back to Congress about whether or not there were problems in the areas.

[House Banking Committee Chair] Jim Leach [R-Iowa] offers you an opportunity to take a victory lap, claim vindication. Why don't you at that moment in front of Congress?

Because it seemed to me that the important thing was to focus on the dangers to the public and the need for reform. It was not whether somebody had predicted a danger that existed. I didn't think it was appropriate to take credit for something that was so potentially disastrous.

We've talked to people ... who say you worried a lot, a sleepless kind of worry. How accurate are those descriptions of how potent this felt to you?

I was extremely concerned, and because of the way our statute was written, it was the CFTC who had regulatory responsibility for these markets. I felt that responsibility very heavily, which was why I felt that it was extremely important for me to stick to my guns and repeat to Congress and the other regulators the reasons that I thought something needed to be done to close the regulatory gap that existed.

There are many people I've talked to, reporters and others, who say they can't remember such fierce fire ever being directed at somebody as was directed at you during those times. How did you withstand it?

I felt it was my public duty. I felt that I was doing my job.

Hard to do?

No. When I took the job, I knew that it was my responsibility in that position to look out for the interests of all of us, not just for the interests of some of the regulated parties like the over-the-counter derivatives dealers. And I felt as long as I was in that position, that's what I should do.

Now, once Congress created the moratorium, I felt that Congress and the administration, by passing the statute, had relieved the commission of the responsibility. I did continue to speak, I think, after that, about how important it was to address the issue. But I no longer thought it was my duty as chair of the CFTC to make sure that something bad didn't happen in the market.

You really thought something bad could happen, would happen?

Yes. LTCM was the sort of thing that I was concerned about. I did not foresee then the kind of pervasive and enormous collapse that we've experienced in the last year, partly because the market wasn't that big yet, partly because I didn't realize until LTCM happened how pervasive the contagion could be.

And how pervasive could it be?

I think it could include thousands of financial services industry participants and other large institutions all over the world. And I think that's what happened. As the market continued to grow, with even less oversight and regulation, until it reached more than \$680 trillion in notional value, an enormous potential for disaster had grown.

What happened after I left the agency in June 1999 was the President's Working Group did come out with an over-the-counter derivatives [report](#) (PDF) to Congress that strongly suggested that ... there was no need for regulation.

And as a result of that report, a statute was passed in 2000 called the Commodity Futures Modernization Act [CFMA] that took away all jurisdiction over over-the-counter derivatives from the CFTC. It also took away any potential jurisdiction on the part of the SEC, and in fact, forbids state regulators from interfering with the over-the-counter derivatives markets. In other words, it exempted it from all government oversight, all oversight on behalf of the public interest. And that's been the situation since 2000.

When the CFMA is passed, how do you feel? ... The end?

Of course it's never the end, because I hope we can have regulation now. But at the time, I certainly strongly disagreed with the decision to do it. I mean, it was a terrible mistake. And I felt as though we as a society were much more vulnerable than we should have been.

So we're the losers. Who were the winners?

I think the profits made by the over-the-counter derivatives dealers, by our largest banks and investment banks, were the upside of this. And that was shortsighted. It was short-term benefit for a few major institutions at the expense of all the people who have lost their jobs, who have lost their retirement savings, who have lost their homes.

... What's the message that you're trying to spread now in the ashes of what happened in 2008 and '09?

I think we have to close the regulatory gap. ... We cannot afford as a society to go forward with an enormous unregulated market that poses this kind of danger because it'll happen again if we don't take the appropriate steps. ... We need to take a lesson from the existing futures markets where exchange trading has been safe. As much as possible of the over-the-counter derivatives market should be traded on a regulated derivatives exchange. The transaction should be cleared on a regulated clearinghouse. There should be robust federal regulation of any remaining OTC derivatives market. And personally, I think that remaining market should be limited as much as possible to no more than the customized contracts that are needed for specific businesses to hedge particular business risks. ...

If this moment passes again, the consequences are what from your perspective?

I think we will have continuing danger from these markets and that we will have repeats of the financial crisis. It may differ in details, but there will be significant financial downturns and disasters attributed to this regulatory gap over and over until we learn from experience.

And the lesson you learned from your government experience?

It's an interesting question. I think the lesson is that a public servant has to do what she believes is right and carry her responsibility even if there are very adverse consequences in terms of criticism and other difficulties. That's one's job.

My parents were both public servants, and I think I learned from them. My father was the director of public welfare in San Francisco for 35 years, and my mother was a high school English teacher. They felt that public service was the highest calling, that this was the way to give back to the society for all we enjoy every day. And one of the things you have to do is put aside self-interest, put aside ambition and do what's right for the people. And that's what I tried to do. ...

Congress is the one, in the end, that had oversight over the regulators. How good a job were they doing? ...

Of course Congress has a critically important role since they, along with the administration, have to decide on any kind of statutory reform. I think it's very difficult for a member of Congress to be an expert in every field. This is a complicated field. ... They had a lot of other things on their plate. They were hearing from very respectable sources that there was no problem, and they chose to rely on those people. And I think that was understandable. I think it was unfortunate, but I think it was very understandable. ...

When your term expires, why did you leave the agency?

I was asked by the White House whether I would like another five-year term. I had gone into the position thinking I would fill out the existing term and return to the practice of law, which was what I really loved to do. But by the time I was considering whether I wanted to stay on for another term, it was pretty clear, because of the attitudes of the other financial regulators, because of the congressional action tying our hands, that there was not anything effective that was going to happen in the over-the-counter derivatives area. And I felt as though because of that, I had done what I could to help protect the public, and there wasn't much left for me to do, and that perhaps the agency would benefit from new blood who came in with new priorities.

... Did you know then [the advantages of derivatives]? Did you know enough about it to be able to understand why these things would have been invented and why they would be catching on like wildfire?

Oh, definitely, because futures and options are used the same way. They are a wonderful means of hedging risk or shifting risk from one entity to another. The whole reason we have derivatives exchanges is because commercial interests, agricultural interests, can in effect ensure against price changes or interest rate changes or other adverse business events by hedging through these instruments.

So in that sense, they're a good thing?

Exactly. And I would never say derivatives should be banned or forbidden.

So what's the problem?

The problem is that they can be extremely misused. These instruments offer two different roles to entities using it. One is to hedge price risk; the other is to gamble on price risk. And there are means within the over-the-counter market to gamble

on price changes in an enormous way, putting up very little up-front money so that entities are tremendously leveraged. And that means that they can make tremendous profits when the price moves right for them. But when it moves wrong, they can collapse like AIG did. ...

So what do the American people need to know about why this is so important to get after right now, and why it was so important for you?

Because this is a market that can impact each of us. It's AIG's collapse. It's the toxic assets on the books of many of our biggest banks that are over-the-counter derivatives and that caused the economic downturn that made us lose our savings, lose our jobs, lose our homes. We can't face repeated harm like this from a totally black market, a dark market.

Do you think most people know there's no government regulation in this territory?

I don't know if they do or not. All other financial markets have some kind of government oversight protecting the public interest.

But not this?

Not this one. This one had very good lobbyists. The very same entities that are lobbying today to limit the effectiveness of a new regulatory reform are the people who in 2000 and 1999 deregulated these markets entirely. ...

... I wonder about the extent to which your gender affected what happened with the members of the working group, the other regulators. What do you think?

I don't want to comment on that. I do think that some people, some men, may have problems in dealing with women as equals or listening to women's voices, particularly dealing with their disagreement with them.

Arthur Levitt says, "You know, if she just would have gotten to know us, ... maybe it would have gone a different way." Arthur now expresses true affection for you and says what a lovely person [you are] and that he was wrong and you were right and all this. He says it on camera. But he says, "Oh, if only she would have --" What do you say?

I'm reminded of something that Michael Greenberger once said to me, which is, "They say you weren't a team player, but I never saw them issue you a uniform." And I didn't feel as though I was being invited to be part of the team. ...

What was it like being one of the few women in Stanford Law School?

It was unusual, because I'd come from coeducation institutions before, including undergraduate studies in Stanford, and it was strange to enter into a male-dominated institution like that. I think there were about five of us who graduated with my class out of a class of 100, five women. But on the other hand, I found that I made a lot of friends, worked on the *Law Review* and had a very good time with a lot of colleagues and enjoyed myself.

The stories about your not getting a Supreme Court clerkship opportunity, how did that feel?

Remember, the society was very different then, and I was part of the society, so I understood why there was reluctance. There had never been a woman law clerk on the Supreme Court before. There had never been a woman president of the *Stanford Law Review* before. So I realized that this was change and that people have trouble adjusting to change. Our society was very different then and was used to having women in very traditional roles. ...

I was very disappointed not to be put up for a Supreme Court clerkship because I really, really was interested in doing that, and I thought it was wrong. But I wasn't outraged, because I could understand what the motives were.

... You had an interview with President Clinton to be attorney general. How did that go?

I did. I had a good interview with him, and I wasn't offered the job. I don't know why. It was his prerogative to decide who he wanted, and he wanted Zoë Baird.

Was it a disappointment?

It was on one level. I remember it happened right before Christmas, and I remember sitting Christmas morning in my living room with my five children, all of whom were fairly mature by then – they were in their 20s and early 30s – and the Christmas tree and all the presents and the sunshine flowing into the living room and thinking, "You know, the privacy and the personal life of a private person has something to offer it." So it was not an unmitigated disappointment.

Did the CFTC feel like a consolation prize?

No, I had no feeling that that's what it was. I had really decided, after the attorney general issue, that I would not try to go into the administration in any role, that I was happy in my practice, that I enjoyed it, and that I would serve out the rest of my career in private practice without going into the government.

What did they say to you to get you to do it?

They were very encouraging. I was approached by the administration, and a number of people were very encouraging. And of course it had been the area of my practice for 20-some-odd years, so it had that kind of appeal. It also was appealing to think about being in an institution that, unlike a law firm, was a hierarchical institution where, as chair, I would have administrative responsibilities and other responsibilities you just don't see as a lawyer in private practice. ...

The famous Alan Greenspan lunch, did it actually happen?

I'm not going to talk about it. I'm not going to talk about it on camera.

83 COMMENTS / PAGES 1 2 (COMMENTS CLOSED)

This confirms what I always suspected -- that capitalism is a system for the greedy big ole fat cats that continue to set on their wide behinds and conjur of schemes to get rich, and richer while little people such as myself struggle to make ends meet daily. Ms. Born is an American hero, an epic economic icon and should be hailed for her courage! My only desire is that all America should watch this revealing and very sad, sad, piece of history that reminds one of the days of that Herbert Hoover.

And thank you PBS for providing this information to an individual that is neither a blue or red dog, but only struggling Ameican.

Thank you, thank you ~~ Love and Peace
Azora L. Irby

Azora L. Irby-Muntasir Feb 18, 2010 20:54

I have never seen the whole story like I did last night on frontline. Thank you frontline for bringing it to us, and Brooksley Born for showing us what a true american is. All those men being totally ego maniacs and the big boy club that used their power to oust her, she is what every politician should try to be like. I would like to thank you for your loyalty and courage and please keep talking to us. thank you thank you thank you.

karen mcmullen Feb 18, 2010 20:25

Not being gifted and average in my intelligence, I count on these people to develop policies that are mature and progressive. I count on these intelligent people to look out for my interests. I am doing everything I can to raise my family, be productive in society. All I ask is that my efforts help the growth and betterment of my country. Frankly, and discouragingly, I have lost faith in everything. I can barely get myself to wake up and face another day.

The real sad part of all of this is that people like Mrs. Born, well educated professionals are marginalized and crucified by well educated professionals who have been corrupted.

We have many brilliant people who have lost their focus and that is a very very sad state of affairs for a country, my family, and me.

Disillusioned Citizen Feb 18, 2010 20:17

Being a previous supporter of Barack I'm not so sure now. I do not see the pain announced from him of which he

campained on that we all needed to share in to right this ship. He will have to bring about this needed regulations or I will have lost any hope I had in him. Human nature wants to be liked and remembered positively. Very few people are willing to stand for the truth no matter what and in America the truth doesn't get you very far. It's a sad fact. I am feeling that Barack will choose the wrong path. My heroes are the truth tellers from day one like Ms. Born. I give only small measures to the ones who come clean and fess up, Levitt. The rest like Greenspan, Sommers and the like should be despised because they heard truths and to protect themselves they were willing to destroy another to protect themselves. I did not know of the details as found in this show back in 2000 during the dot com bust, but Greenspans bailing out the stock market and a housing market priced above the 70 year trend line back then, led me to believe that a more painful event was being built up in the coming years. I had been calling for his firing since. Greenspan had made so many statements during his congressional visits over the years since the dot com bust that made someone like myself who understands economics cringe. No Alan you caused this crisis though your comments to congress who, not knowing any better, trusted your answers through the years. I for one really believe you had a gut feeling along time ago that things were amiss. You saw 'irrational exhuberance' in 1996 for god's sake and lied to protect your ego! You got out at the last minute because you knew what danger lied ahead. Hell I saw it and protected my investments in time and I didn't have all the info you were privy to.

Mitch Guerard Feb 18, 2010 00:12

Ms Brooksley Born you are a ROCKSTAR!

If you are ever in Mississippi (Jackson), Ms Born, dinner is on me; with pleasure.

Maximillian

Maximillian Feb 17, 2010 21:24

Very sobering program, the warning. I honor Ms. Born for her perseverance in a very thankless environment. It makes my blood boil to see many of these key working group members in The white house elites telling us how they're going to fix this economic mess instead of being honest with the American public, of how we got into this mess. I think I will E-mail the White House and ask the President to sit down and watch this indepth show. My praise for this very brave women.

Bob Wieland Feb 17, 2010 20:48

As an 83 year old, and a student of history, I am appalled at the behavior of the Washington Establishment in their treatment of a dedicated public servant in Ms Born, and the callous disregard of the financial welfare of the American public. We are hated internationally for our libertarian commercialism. If only the American public were interested enough, and realized what a pismire our government has become, we might be able to shovel the mess into the Potomac.

Leo F. Vogel Feb 17, 2010 20:09

Dear Ms Born;
Just saw PBS show, and what unravelled from the OTC derivative market was terrifying. This economy is built on a house of cards, and with the clowns we have running this circus (who masquerade as leaders) it is just a matter of time before this country implodes financially.
I wish you all the best and hope that someone in power heeds your warning.
tom

tom Feb 17, 2010 19:29

Brooksley Born, Thank you!

Patrick B Feb 17, 2010 17:18

"I have found a flaw". Brilliant.

Bill Murphy Feb 17, 2010 15:33

Ms.Born is one of the hard working gov. employees,who constantly work for the citizens.Many do not as most have seen over the last 15 years.The wall street gamble with your savings is the only game in town.Ms Born was trying to make sure that we at least had a chance. Growing up in Washington and seeing the change in the people on the hill, I'm afraid the protection for the people is heading in the wrong direction.I suggest you carfully watch your investments and

stay very conservative, although you won't make a lot of profit.I hope Ms Born is able to receive a position the will help and protect us,but I'm afraid with the weakness of the present administration we have no hope.I voted for Obama. Be careful

bob lewis Feb 17, 2010 15:12

I think she is one gutsy woman that should be running things in Washington. I am still bewildered as to why she hasn't been consulted by our president in retrospect of her predictions. Even her opponents have agreed with her proposals now.We need more people like her in our government because God knows we need them, especially now, the future of our country depends on it.

Chuck Feb 17, 2010 14:08

So, some of the same people that tried to destroy her; are now in the White House advising Pres. Obama... my God, what is wrong with these people... every taxpayer and every adult should watch this show...

kathleen Feb 17, 2010 13:36

"So in that sense, they're a good thing?

Exactly. And I would never say derivatives should be banned or forbidden."

Remember, she's not anti-derivative, she just wants some oversight and accountability...so many comments are based on "corrupt" bankers even though they are doing what the do....trade to make money. There also seems to be a lot of "anti-rich" rhetoric here, guess that will never end...anyways, great program. As an anti-government regulation guy, i've changed my view with regards to the OTC Derivatives market, even without full understanding of what's being traded....Brooksley Born deserves more than she got...

Gregg Feb 17, 2010 12:16

What homeowner would agree we not police fraud? That is what Allen Greenspan believed his professional life. We now know that a decent and honorable woman - Brooksley Born, Esquire - tried to avert a political-economic disaster greater in its perniciousness than the September 11, 2001 attack on the World Trade Center, albeit with the same lack of success as our nation's counter-terrorism agencies had that day. Indeed, the roots of both failures are inherently the same. If those who do not believe in the efficiency of government under any circumstances are put in charge - what else should be expect.

Pause for a minute and consider what the young Allen Greenspan, wrote 43 year ago, in 1963, when he was then 31 years old:

"Protection of the consumer against 'dishonest and unscrupulous business practices' has become a cardinal ingredient of welfare statism. Left to their own devices, it is alleged, businessmen would attempt to sell unsafe goods and drugs, fraudulent securities, and shoddy buildings. Thus, it is argued, regulatory agencies are indispensable, if the consumer is to be protected from the 'greed' of the businessman.

But it is precisely the 'greed' of the businessman or, more appropriately, his profit-seeking, which is the unexcelled protector of the consumer.

What collectivists refuse to recognize is that it is in the self-interest of every businessman to have a reputations for honest dealings and quality product. Since the market-value of a going business is measured by its money-making potential, reputation or 'good will' is as much an asset as its physical plant and equipment. . . The market value of a brokerage firm is even more closely tied [than a food or drug firm] to its good-will assets. Securities worth hundreds of millions of dollars are traded every day over the telephone. The slightest doubt as to the trustworthiness of a broker's word or commitment would put him out of business overnight."

(See Ayn Rand, editor, Capitalism: The Unknown Ideal, The Assault on Integrity, by Allen Greenspan).

As Britain's Edmund Burke knew about human nature over 200 years ago: pure individual libertarianism is anarchism. Hardened conservatives recognize that "regulation" is simply another name for the state's right to exercise prudent police power. That white collar businessmen are not tempted by the notion of making a "quick buck" by duping innocent, uninformed investors - while no one is looking - should be of no surprise to anyone with normal intelligence and common sense. Who could have supposed the nation's top economist was, indeed, such a fool, and that his injudicious opinion would be shared so ferociously by Washington and Wall Street elites, who have so deluded themselves at civilization's expense.

My gravitas has not changed since September 2008. It will not until derivatives are regulated and those such as LTCM, who can leverage \$5 billion into \$1 trillion in debt are stopped from operating with the unfettered sanction of the federal government. So help me, God!

George Cook Feb 17, 2010 09:35

Thanks to Brooksley Born and Frontline for showing GREED in Wall Street perpetuated by Alan Greenspan , Rubin and Larry Summers and likes of them. I hope President Obama will appoint Mrs Born in charge of regulation of Wall Street and regulate these greedy guys and abolish these derivatives and bring Honesty to Wall Street . A good example is Vanguard Mutual Funds created by John C. Bogle. Bogle can join Mrs Born in helping REGULATION at Wall Street!. Thanks,

R. M. Kudva

R. M. Kudva Feb 17, 2010 08:37

The program was excellent, and FRONTLINE should be thanked for bringing this little known hero, Ms Born to light for all of us, the everyday viewer of Frontline. This picture will always be in my mind, the overweight (politically) congress member berating this good lady, this intelligent smart but seemingly politically naive lady trying to do her job; and the Senator, obviously working at the behest of both ideologues and the derivatives lobbyists, lecturing her that there was no need for her modest regulatory proposals. Makes you sick and engenders feelings of utter helplessness. Makes you wonder, will democratic government ever work? Will only future upheavals and great economic crisis spur any change. I cannot think of anything more profound than the devastation wrought during 2007 - 2008; the failure of Lehman Bros, the bailout of AIG, and the systemic problems of toxic assets still choking many banks - all this still with us. Apparently these are not enough to spur regulatory change, some minimal regulatory adjustment, such as simply reporting dangerous build-ups, that would surely be for the better and non-invasive! Still reporting of dangerous positions is not likely to come about in today's environment, in today's premium on continued gridlock, nothing moving in any direction, just waiting for the next crisis. It will come!

William Whatley Feb 17, 2010 08:05

Brooksley Born, if you ever see this, thank you. Thank you for representing integrity, honesty, and conscientiousness. You are a magnificent person who deserves to be praised and honored and rewarded for your service. In no way, shape, or form did you deserve any of the harassment you had to put up with. Unfortunately, we live in a world that is unjust at times. Yet you prevailed through the hostility and should be commended for your commitment to what is just. I wish that all of the American public and people beyond could become aware of the truths you told. It is unfortunate that greed truly runs so many of us and it is especially detrimental that greed influences so many who have power in this country. It shocks me to think about those people in the OTC derivatives game who laughed at the Proctor & Gamble Company and how it was getting manipulated into a bad deal and these people laughing at the company's expense were getting rich because of it. What kind of culture exists in the financial sector where people become so numb to this kind of atrocity that they are o.k. with doing this to a company? I think we live in a culture, in general, where most people are out for themselves and where most people only think in terms of their own personal gains and are not responsible or wise enough to see how our society works as a whole system and how the actions of each individual in this society do affect the whole. As other people have commented in the posts, the people who gain wealth from these shoddy deals are not as affected by the disruption of the whole society as much as the average citizen and are somewhat protected and buffered from the true costs of these unethical business practices. I guess it is easy for those traders who violated Proctor & Gamble to say, "it is a big company, it can stand to lose the \$, why shouldn't I take this opportunity to get ahead?" As you wisely stated though, the fall of the major financial institutions in America who are involved in these derivative deals, will and has trickled on down and affected the lives of many, many Americans. The truly disturbing aspect is that we do not learn. Bail out after bail out and the industry just gets back up and continues its detrimental ways. I just do not see how those execs can justify their bonuses when we are living in a time where average people are losing their livelihood, homes, jobs, etc. Why don't they get in touch with reality and say, "you know, I do not need a bonus the way that American needs some help right now, I'll donate it to him." I mean the economic crisis we are experiencing in this country including people losing homes and jobs definitely is related to the crisis that these financial institutions are experiencing. Why can't the people in powerful, lucrative positions acknowledge this and take some responsibility?

julie Feb 17, 2010 07:09

Genius - No Common Sense - As the New Administration and Congress have failed to do anything about the Credit Derivative Markets (actually its too late, they are too big and too out of control) and as is now happening in China, preparation for a Joint Residential and Commercial Building Boom Bubble bursting, e.g. there are 50 empty high-rise

buildings alone in Beijing and that does not count the ones finished last year 2009 or that will finish construction this year and all of this in just one City of many in China. If that Bubble bursts, the Chinese will not buy Our Debit instruments at all and do we know many Trillions of Dollars of Credit Derivatives are tied to the Chinese Markets, so when those Markets go, Oil drops drastically, there is then no one left to bail out the U.S. Government nor the U.S. Financial firms that started all of this, these firms still have the same Toxic Assests. The U.S. will have to stop in Afghanistan as there will be no money for any of it, maybe not enough even to get the military equipment home.

How many of Our CEOs and top Government Officials have money in those secret Swiss Bank accounts, they will be protected against the true Collapse of the World Financial Markets/Economies, the average American, who cares they will be so busy trying to find enough money to buy food, let them eat Cake.

You do not have to be a Stanford Law School graduate to understand what is comming, I think Brooksley Born will go down in History as the only Genius of the last 60 years.

She will be regarded with the Respect and Honor she deserves someday, but only after the U.S. has fallen, never to get up again.

Jack Evanhoe Feb 17, 2010 02:41

This is in line of many Frontline specials, it rates in the top tier of show's, and like others in the above statements,a counterpoint, why isn't President Obama bringing more people like her into the all men's club. Their is Elizabeth Warren, I just don't think this goes far enough. And for the most of 2000 as current trends show, without the public out cry a whistleblower is of very little help, critical thinking skills is not American's best suit.

tony owens Feb 16, 2010 22:14

What more can be said of Brooksley Born - one person doing their job responsibly in a zoo of politicians with the financial market in their pockets controlling their campaign finances and votes (4 lobbyists for every congressperson - hellooo). It is sad that the real responsible and knowledgable people - the ones who genuinely know there stuff - are not intersted in politics or office. Very Sad! We lose the expertiese of the honest ones who canmake this country great - the Brooksley Borns and Condoleeza Rices and so many others who just aren't unterested in fighting theover corrupt system. How much more could she have done as those self righteous males sate in front of congress early on in the earl 90s and beat her down as a naive' and misguided expert against there "apparent genius". She was more gracious than I would have been. And now who do we have running things - making decisions on how to fix it all? Chris Dodd and Joe Liebermann - the major proponents of the Greenspan philosophy and deregulation. Geithner and Summers and the group who supported the failure through their refusal to enforce the Glsss Steagal Act of 1933 allowing banks, investment firms and insurance companies to mix business. And in 1999 Greenspan and 2 of his buddies destroyed the economy with bad advice. These same buddies now are Obama's advisors. WHY do we sut back and forget that we are asking the very men who are responsible for the destruction of the economy - to now lead the charge to fix it. Why not get Herbert Hoover back? This is insane but then - from the get-go - what have we all been saying. Obama has no background in history, economics or leadership and people-skills. He is just a mock savior. And as I write this - we see on the horizon - IN the summer of 2010 - another major bust for banks in the collapse of the commmercial building mortgage market with defaults - ARC loans that never worked - Rising unemployment as Small businesses run out of resources to stay open etc etc etc. I plan to do my part this time and knock on doors and educate people - perhaps Americans will vote in 2010 for more than skin color and a rah rah "yes we can" attitude and ask the question Yes we can WHAT - and HOW!

Marty Moore Sr Dec 31, 2009 13:07

I remember allegations that the Republicans hated the legacy of FDR and LBJ so much that they wanted to destroy the beast(that is a social safety net for the non wealthy). Are we just seeing the partial realization of this Republican wish list. Will the populace keep voting for the very politicians who live off the largess of the lobbyists who pander for the legislation that favors the very wealthy. We do not have a Democracy, we have kleptocracy that allows the kleptos to buy all the influence they need through paid for elections. Do not allow any politician rich or poor to any more voice than a series of essays stating their position on the various public concerns. CAMPAIGN REFORM of the most stringent nature in the form of a constitutional amendment.

joe smith Dec 22, 2009 12:46

It's sad this country is run by corporate big wigs, who really brought this financial crisis. It looks like President hasn't learnt anything..he has Larry Summers and Tim Geithner as his people to look after the financial mess, they are the same people who have hands in creating this mess. Government is not for the people, they are run by corporate big wigs. Ruben is now on Citi's board...amazing how citi has been getting all the tax payer's money

I hoped President Obama would bring financial regulations, but he is surrounded by same old people who preached deregulation...Obama I have lost all "HOPE" from you.

Raj Nov 22, 2009 01:00

Ron Paul is fighting for same thing that Brookley fought for. Though it is very sad that she was not successful for her and our country, Her efforts have surely influenced the many people stepping into her shoes. Educating yourself on the powers within the Federal Reserve Board have a profound affect on our economy today and is the root of all evil.

CANDY Nov 17, 2009 13:20

its is very clear that the creators of the derivative swindle in vast majority come from ivy league backgrounds(rocket science ivy league endowments the highest in the world)but it hasnt even ended with this old time,honest,quality and civicy minded t.v journalism.No THE WARNING only set the Ivy League cabal back about two hours,the same game is being played today,it may have some difference in looks but it is the same game..oh surprise the Ivy League endowments will EASILY regenerate thier minor losses after thier Ivy League cabal ALUMS have been safely SAVED FROM FINANCIAL COMPETIIVENESS BY DIRECT AND INDIRECT GOVT SUBSIDIES...REAL CAPITALISM PAYS ITS DEBTS THE USA HASNT PAID ITS DEBT IN OVER 25YEARS.NOT SO COINCIDENTLY WHO HAS OCCUPIED THE PRESIDENCY(SURPRISE THE CABAL)

john vercellone Nov 17, 2009 12:37

What we need is not a knee jerk reaction with obtusive and restrictive government regulations on the market but a return to the depression era law (Glass-Steagall Act of 1933) that prevented consumer banks from trading the same instruments as the capital market banks that trade derivatives and such. The Act was repealed by lawmakers paving the way for the subprime-derivatives crash. We dont need more government intervention! It was government that overturned the Glass Steagall Act. We need more laws.

Duane Nov 8, 2009 21:50

Many thanks to Mr. Michael Kirke.

This program has helped me understand the current financial crisis and unregulated OTC derivatives' roles in it. It was still a surprise to know that Ms. Born warned the danger before the LTCM crisis but in the end, it was effectively swept under the carpet.

I hope that Mr. Kirke's next project would include the current situation of the issues and what kind of forces there are in shaping the issues and directions. Hope we will be able to view around this time next year.

Michiko Ishikawa Nov 1, 2009 17:07

This Pandora's Box reveals multiple levels of flawed Capitol Hill politics and decision making structures. This report has changed my way of viewing Washington. Among so many things I will never again view a pick-up White House basketball game as a benign workout.

susan Knight Nov 1, 2009 11:19

Brooksley Born should have been embraced and thanked profusely for her insight into a seething powder keg like unregulated dervative trading. The market self regulates? Thats ridiculous because when people are involved regulation goes out the window and in walks manipulation. I am so pissed off that this intelligent, insightful person was pushed to the curb by those guys who couldn't see the forest for the trees stuck in their eyeballs.

Somebody had better beg Ms. Born to come to the table as a consultant on these still existent issues. President Obama do yourself and the rest of the American citizens a favor--get this lady on board all discussions!!!

Janice Clark

Janice Clark Oct 30, 2009 09:31

How profound and sharp a program this is! And how sad it is to know that the well-known heavyweight responsible for the matter not only turned the deaf ear but also tried to shut up the insightful woman who warned the crisis more than a decade ago!

But there may be no use complaining over the spilt milk. What matters most is building up the safe and stable financial structure from now on. If the United States fails it and has only insufficient control over the financial institutions & their

tradings, the crisis will happen again, as Ms Born warned at the end of the program.

My mother country Japan has a huge amount of U.S. government bonds. But if the American financial industry continues to drag down President Obama's financial reform and makes the second financial crisis inevitable, we cannot rely on U.S. economy any more. We will demand the U.S. government to redeem the bonds, because we cannot afford to keep them knowing that they will crash in the near future. There is no need to explain how terrible it will affect the U.S. economy. And so, the lobbyists who are disturbing President Obama should consider what they are putting at risk.

Jun'ichi Kawamoto Oct 30, 2009 03:53

Brooksley Born is truly an American Patriot going against the "good old boy" mentality of our political system. She marched forward diligently with courage facing what was then a proverbial "god" in Greenspan who turned out to be a schmuck at the US taxpayers expense. Him and his cronies like Summers, Rubin, Paulson and their ilk are dangerous men with their hand in the till of the Federal Reserve while a flaccid Congress looks the other way. Folks, watch your wallet, move your money out of their reach and hang on as it's going to get worse.

Scott Bradley Oct 29, 2009 02:04

I would like to thank Frontline for this eye opener.
Thank you Ms. Born and Mr. Greenberger.

Gula Oct 28, 2009 21:46

Profound Interview. Those of us who were regulators or dealers should have the courage to admit we were wrong as Alan Greenspan has done.

Gary Seevers Oct 28, 2009 06:45

I just watched this Frontline episode and am saddened that our Congress can be so easily duped. President Obama has to do what he can to foster government regulation of our financial institutions. He needs Brooksley Born to be a part of his administration! I am in awe of her brilliance and tenacity. She needs to continue the fight.

Judy Benson Oct 26, 2009 21:12

I was wondering how I lost all my investments.!

Peter Dormi Oct 26, 2009 16:28

Thank you, Frontline! This should be required viewing for everyone in the country.

From the Brooksley Born interview: "Market participants don't look out for the public interest."

That is it in a nutshell. To which I would add: If a financial institution is too big to fail, it's too big, period!

Why is this clear thinking and dedicated woman not in a position of authority in the Obama administration? She saw it coming eleven years before the train wreck. This is exactly what you want from someone looking out for the public interest. What courage, to stand up to the big guys and stick to her guns! If she ever chooses to run for public office (probably too wise to do so), my contribution is in the mail.

I'm rooting for Obama (the Republicans sure don't have any answers) but I take little comfort in seeing Summers and Geitner in the positions of authority they occupy. Sure, maybe they've gotten religion on regulation, but effective regulation of markets is no sure thing.

I fear all Wall Street has learned is if you are big enough, you can do whatever you want and we the poor stupid people will bail them out. Incredible.

Thank you, Frontline. Keep up the good work.

Peter Watson Oct 26, 2009 15:22

Ms. Born is an American patriot as much as the Soldiers, Sailors, Airmen and Marines fighting wars in Iraq and Afghanistan. I admire her intestinal fortitude and public service and agree that our national leadership should listen to both sides of the argument. Thank you Ms. Born for your leadership, dedication and commitment to the truth.

Kolin Bernardoni Oct 26, 2009 14:43

I wish for regulatory oversight on any industry/endeavor using public funds or for which the public may be held responsible in reimbursing losses to the public through illegal activities. The derivatives market certainly appears to qualify for oversight with authority to penalize those who engage in such risky behavior!

Julia Parker Oct 26, 2009 09:39

Loved the show. A note about the 2 guys working for Obama.... the show stated that they have "changed their views" and now think that the market does need regulation. From 'reading between the lines' it seems that the group of men were heavily convinced by Greenspan and the immediate boom market.

Robert Gabel Oct 26, 2009 00:16

It's upsetting that all the same cast of criminals are still in DC.
After Rubin and Paulson I was hoping for something better.
Anything would have been an improvement, but we are still being controlled by the same goldman-sach criminals that will lead us back into crash after crash.
I wish Obama wouldn't take their money and live up to his promises.

professor adler Oct 25, 2009 03:21

It is amazing how early the system will shut down anyone that has thoughts that either disagree or question current thinking/or ways of doing business. As a manager I was always interested in what my staff had to say when we were trying to solve a problem. They were closer to problem than I could ever be so their knowledge of the problem was critical in solving it. That closeness could also cause a problem in their seeing the correct solution to the problem. In making problem solving a truly team effort I tried to get everyone involved in providing their ideas for a solution, even if it was not their area of responsibility thus making each a stake holder in the success of the outcome. I know this is hindsight but our leaders have got to quite talking and start listening to the experts they put into positions of responsibility like Brooksley Born.

Cal Betz Oct 23, 2009 15:40

Where did all the money go, who profited? (\$531-Trillion!) I remember reading about a school board in Wisconsin losing \$200-Million in a credit default swap, who benefited?!

. . . These high-speed traders (milliseconds) on Wall Street gaming the system.

Seems like the \$ystem is broken . . . all we have left is faith in funny-money.

Seems like a deliberate plan to fleece America before the rug is pulled out from under us, an economic Katrina. Things can not go on like this with geometric world population growth, global warming & peak oil. The rich have yachts & jets to escape to Paraguay or New Zealand. While the ex-slaves fight for survival in a Mad Max, post-industrial dystopia.

Raquel Baranow Oct 23, 2009 13:44

once again, frontline trumps itself, fantastic!! this incestuous group of so called "financial gurus" should absolutely be denied access to financial policy formulation. as i watched my investments lose nearly \$165K thanks to this mess, i had, in the summer of 2007, a meeting with my so called financial planner to discuss moving myself out of this market and into more stable instruments. why? i did not believe this economy and its participants was/were living in reality. i am not financial wizard. i simply looked at all of the excess in the daily lives of people. from \$4 cups of coffee, to the mc mansions, to the escalades, to the myth of creditworthiness afforded to people who i knew to be anything but credit worthy: credit time bomb is more fitting a description. i knew in my heart that all of this debt was being divied and repackaged then resold to gamblers all over the world. i let my financial advisor talk me out of changing my portfolio. this courageous woman and servant of the public good, demands obama to have her voice at the decision making table.

dallas latham Oct 23, 2009 12:55

What a shame!!!!!!

Thank you Brooksley Born, I will be supporting you!
President Obama needs to get her back!!!!!!!!!!!!!!!!!!!!!!
Cindy Braun

cindy braun Oct 23, 2009 02:23

WoW,
What an eye opener!!!
I am going to find out what my friends invested in when it dropped!!
President Obama needs to address this now!!!!!!
I am going to show this video to every person, teacher, etc.
I am the people and I want Ms. Born back in the driver's seat!!!!!!
I would like to thank Ms.Brooksley for her work and relentless bagering of the men in the Pres house.
I cannot believe he still has this men working in the white house, they would have been charged if it was the regular guys on the street. They have way to much power!!!
What happened here?????????????
Pres Obama, we need to hold them accountable for this, like you promised us.
We need to protect what the people have left.
I thought he was cleaning up the lobbyist??
Broken promises??????
Cindy

cb Oct 23, 2009 02:20

I do not remember the last time I felt this sad. This gang of macho and their friends on Wall Street got their way in the 90s and almost bankrupted the country in the process. Their boss - Sir Greenspan - received the most prestigious civilian medal from the White House for doing everything possible to prevent meaningful regulations from getting in the way of companies engaging in fraudulent activities. One decade after, the very individuals who thought they knew it all are back at it. And at no point during the process, a single of them has been held accountable for failing the country 10 years earlier. The one person - Mrs Born - who had the wisdom to call for action and who was ridiculed for advocating regulating Over the Counter Derivatives remains just another footnote in history. Meanwhile, the congress that failed to exercise oversight 10 years ago stays dormant at the switch this time around as well. And we are surprised that despite all that has happened, Washington has yet to come up with any meaningful regulation aimed at the country's financial system. We cannot keep playing the same game with the same actors under the same rules and somehow expect a different result. This is not change we can believe in!

Carlushio Oct 23, 2009 00:44

This show should be required viewing for our president. I hope that those of us who have put him in power will rise to the occasion and send him a reminder of his duty to the American public..

Bll Fuller Oct 22, 2009 23:41

I believe Greenspan, Ruben, and Summer were part of a conspiracy to protect their 'friends' investments in the OTC Derivatives Market. I believe they lobbied hard to have congress protect against the "concept release" regulation and over site in conspiracy with their OTC Derivatives Market coconspirators to protect a giant Ponzi scheme that is the OTC Derivatives Market.

I believe Greenspan only claims to admit a 'flaw' in this financial 'theology' in an effort to protect him from any future criminal action that could be called for at some time in the future. In doing so he can say he did it because he truly believed that no regulation was the right path when in fact anyone that believes fraud should not be pursued is a criminal and coconspirator in the fraud itself.

He is only protecting himself from criminal responsibility when I believe in fact he knew there was fraud and risk and that the OTC Derivatives Market is a Ponzi scheme which it still is today.

This will happen again and next time there likely will be systemic financial meltdown and then there will be criminal action taken and his 'flaw' is only a veil to protect him.

Robin Hood Oct 22, 2009 23:22

I found this program riveting. My fear is that the financial industry has more representation in government than the American people and that the foxes are watching the hen house.

Doreen Sangaline Oct 22, 2009 20:51

I strongly feel that Brooksley Born surely deserves the Nobel Prize. You the commitee of choosing the nobel prize winners just watch this Frontline documentary.President Obama what are you waiting for give the job to her,let her straighten out the economic mess we are in.Even if you have to kneel and beg her to take the job.Not those who where a part in creating this whole mess and you have them in your inner circle.

Harshad Bheddah Oct 22, 2009 15:10

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posted october 20, 2009

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