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Holding accountable wrongdoers would restore integrity

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Some financial experts say there is a simple solution to avoiding future meltdowns: Restore the system of internal market regulation that worked well for 50 years.

Just restore the simple ability of investors to recover fraud losses from knowing wrongdoers and, in so doing, deter future investment fraud and abuse, a system that worked well until investor protections were stripped away and nearly all restraints removed.

There was a fear of investor lawsuits in the years following the Depression until the Wall Street deregulatory binge starting in the mid-1990s.

It was the fear of investor lawsuits that primarily restrained financial executives and their accountants, lawyers and investment bankers from the recklessness, fraud and abuse largely responsible for our major economic problems today.

Beginning in the 1990s, Congress, conservative federal judges and the Bush Administration took the investor cops off the beat by making it nearly impossible to successfully sue wrongdoers. Such was evidenced in frauds such as Enron and more recently the billion dollar Refco Derivatives collapse.

Changes in securities law during the Wall Street deregulatory era mean investors can't recover losses in massive frauds and abuses. Even those who assisted Bernie Madoff and Allen Stanford to steal and hide tens of billions of dollars in old fashioned Ponzi schemes may prove judgment proof in a legal system currently slanted to favor securities fraud defendants.

The answer is far too plain and simple for the majority of Congress to comprehend and take positive action.

Victimized investors can be helped and future white collar wrongdoers can be deterred by restoring effective private rights of action, holding accountable those who perpetrate fraud and abuse.

It is simple. We need to put the policemen back on the beat.

Being held responsible for one's deeds is a great builder of honesty, integrity and success for all involved.

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