

Ferdinand Pecora Takes on Wall Street and Wins a Victory for the American System

by Glenn Mesaros

The Hellhound of Wall Street: How Ferdinand Pecora's Investigation of the Great Crash Forever Changed American Finance

by Michael Perino

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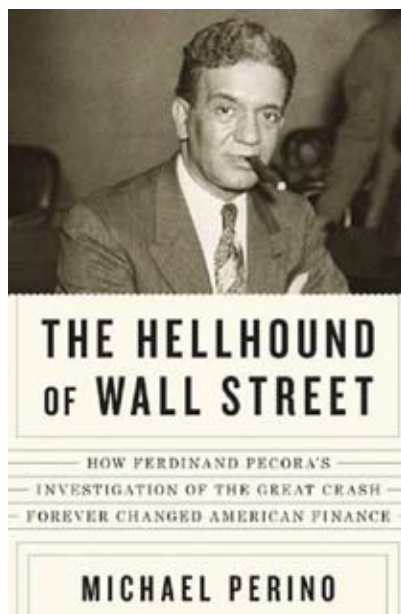
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This is *the* definitive book on what, and who caused the Great Crash of 1929, and the subsequent economic Depression, and what the Obama Administration did *not* do, to find the cause of the 2008 Great Crash, and punish its perpetrators.

This book, therefore, from the pages of history, indicts President Barack Obama as a willing tool and agent for Wall Street, who has protected his masters from the scourging indictment and purges which a humble Italian immigrant, Ferdinand Pecora, inflicted on the financier “masters of the universe” in ten short days of early 1933, even before Franklin Roosevelt became President.

By the time Pecora finished his work for the Senate Banking and Currency Committee in 1934, New York Stock Exchange president Richard Whitney was on his way to Sing Sing state prison in upstate New York for bunco fraud. Appropriately, Whitney shared his train ride to prison in April 1938 with two extortionists, an armed robber, and a rapist.

Justice had been served on behalf of the long-suffering American people, and even FDR, a patrician who personally knew many of Wall Street's denizens, exclaimed, “Dick Whitney—Dick Whitney. I can't believe it.”



No such justice has been served to America after 2008, as the pathetic, failed narcissist personality, Barack Obama, employed the same criminals, such as Larry Summers, Timothy Geithner, and Ben Bernanke, whose policies caused the current, ongoing, economic depression, which threatens to devastate the world.

By the time Pecora took control of the Senate Banking Committee hearings in early 1933, the unemployment rate was 25%; 38 states had closed banks; and 25% of the population had lost their savings.

President Hoover had initiated the hearings by fixating on the false flag of “short selling” by certain fi-

nanciers, such as Democratic Party chairman John Raskob. This narrow focus buried the hearings in irrelevant trivia, until South Dakota Republican Sen. Peter Norbeck took control of them in April 1932.

Norbeck refused to endorse Hoover for re-election in 1932, although he did not formally endorse FDR either. However, a solid group of Republican “progressive” Senators, including Hiram Johnson (Calif.), Frank Norris (Neb.), and Robert Lafollette, Jr. (Wisc.) supported FDR, and his New Deal. Once FDR was elected, the process of launching the attack went live. Author Perino, however, doesn't deal with FDR's role, which was essential, if behind the scenes.

Since the Committee hearings had vacillated during the 1932 campaign season, chairman Norbeck wanted to make his mark on the hearings during the long “lame duck” session of Congress, which extended from November 1932 until March 1933, when the new Democratic majority would take control.

Norbeck went through a short list of prominent lawyers who might run the investigation, until he came across a former Tammany Hall Assistant District Attorney of Manhattan, Ferdinand Pecora. Pecora had prosecuted Wall Street “bucket shops” during his tenure, for selling fraudulent securities, but had been passed over for the District Attorney job for being too honest.

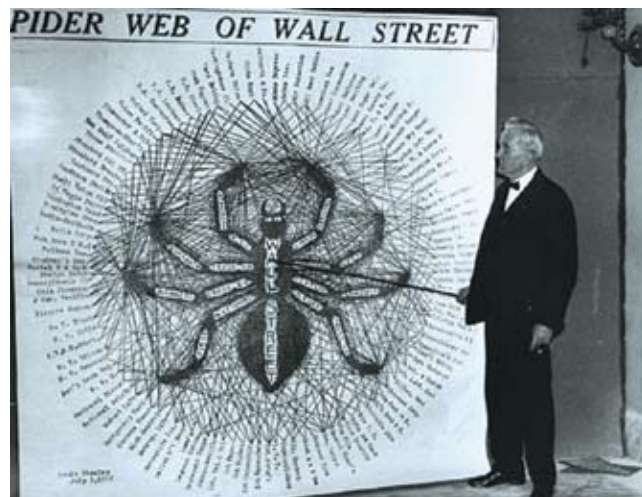
Pecora wanted to resurrect his career, so he accepted the job, and travelled from New York to Washington, D.C., on Jan. 21, 1933, to meet his new boss, Senator Norbeck, and accept a salary of \$255 a month, to take down Wall Street millionaires. They formulated a more aggressive strategy to prosecute Wall Street criminals for the 1929 financial and economic collapse.

The country was reaching a boiling point. In placid Sioux City, Iowa, a 68-year-old man was killed while running a blockade of farmers protesting low prices and farm foreclosures. Norbeck, and others, were in no mood to continue to placate Wall Street, and they gave Pecora the power to issue tough subpoenas, on Feb. 8, 1933, to National City, and other Wall Street banks. This gave Pecora a mere 12 days to visit the banks himself, and examine the innermost “minute books” of the Wall Street titans, in preparation for the hearings.

Ten Days That Shook the World

The subpoenas demanded that the flamboyant National City Bank president, Charles “Sunshine Charley” Mitchell, cancel his Italian “vacation” to appear before the Committee on Feb. 21. Mitchell had been invited to advise Mussolini on his Fascist state fiscal policies. Mitchell had led National City to its powerful position in commercial and investment banking by riding the post-World War I wave of foreign bond selling.

During his imperial reign of influence, Mitchell had lectured politicians, from President Hoover to New York Mayor Jimmy Walker, on restoring fiscal discipline, while his own bond salesman peddled millions of dollars in worthless stocks and bonds to credulous investors during the 1920s. He told Mayor Walker, “cut your budget, or go elsewhere for your money.” Walker proceeded to slash the New York City budget, as thousands of homeless and unemployed roamed the streets. Mitchell lectured Hoover that taxes were damming “the natural flow of wealth,” while advising the Federal government to stay out of all business life, including regulating his bond traders, who were “an essential element in the financial machinery of the United States.”



During the hearings, Sen. George Norris (R-Neb.) presented a large wall chart in the form of a spider web (above), showing the eight large banks which constituted a Wall Street web of intrigue dominating American finance.

Mitchell’s bond traders had foisted an amazing \$20 billion in securities on investors, equivalent to \$3 trillion today. His special “management fund” compensated his traders with incentives for bond sales, whose value fell precipitously after 1929. While letters from defrauded investors poured into Congress, Pecora was scrutinizing the minute books from the inner sanctum of National City on Wall Street in preparation for grilling Charley Mitchell.

Pecora found that National City Bank was so heavily invested in Cuban Sugar, that it had basically taken over the sugar business. The bank used its securities affiliate to paper over its losses with new bond sales, as former City Bank trader Julian Sherrod revealed in an exposé book, which reported that, “hundreds of millions of dollars have been lost through investments that were originated primarily to pay operating expenses of a large, expensive, and unnecessary system of distribution.”

Pecora charged that the securities affiliate was a “gigantic foolproof device for gambling freely with the stockholders’ money, taking huge profits when the gambles won, and risking not a penny of their own money if they lost.”

While Mitchell squirmed on the unexpectedly hot seat of exposure, despite his legion of lawyers in the hearing room, Pecora honed in for the kill, and forced Mitchell to admit that he had paid no income tax for 1929, because he sold 18,300 shares of National City

Bank stock, at a loss, in late 1929, to his wife “for tax purposes.” Since he bought back the stock in early 1930, he accrued \$1.1 million in salary and bonuses for 1929 without paying any income tax.

The dam broke in the national press, as the *New York Times* feigned outrage, while the Midwestern press called for the blood of the “banksters.” Sen. Burton Wheeler (D-Mont.) declared that the only way to restore confidence in the financial system was to treat the banksters as Al Capone would.

The influential journal *The Nation* observed, “if you steal \$25, you’re a thief. If you steal \$250,000 you’re an embezzler. If you steal \$2,500,000, you’re a financier.”

Senator Norris released a large wall chart in the form of a spider web, showing the eight large banks which constituted a Wall Street web of intrigue, dominating American finance. Even President Hoover chimed in, saying that “these men have done the American people more damage than all the incidental operations of Al Capone . . . who had the merit of confining his robbery . . .

to the wicked. . . . These men are not bankers, they are banksters . . . who are traitors to our institutions and national ideas.”

Pecora had destroyed Sunshine Charley Mitchell and New York Stock Exchange chairman Richard Whitney in ten days. Mitchell resigned in disgrace, even before he left the capital. After the hearings continued under FDR’s Presidency, Pecora revealed that one Wall Street tycoon had offered him \$250,000 to “not go on the stand.” Pecora turned him down.

Another financier approached Pecora’s aide, and asked, “What is Pecora’s price? All through my lifetime I have learned that every man had his price.” The aide replied, “you don’t own all the gold in the world, but if you did, that wouldn’t be enough.”

“Let’s talk realities,” the financier persisted. “Would a million dollars do the trick?”

The aide did not inform Pecora about this interchange until after Pecora had grilled the man. “I knew you were going to put him on the stand and I didn’t want you to kill him.”

Where Is Our Pecora Commission?

Michael Perino wrote an op-ed to the *New York Times* in 2009 which asked, “Where is our Pecora Commission?” The question is still an open one.

The reader may now reflect on the milquetoast commentary on Wall Street by President Obama and his minions, during 2009, while they absorbed trillions of bail-out dollars from Congress, and the unconstitutional Federal Reserve System. In addition, the reader should pick up this book, and read in detail some of the actual testimony that shook up America in ten short days, and learn that history can change in a hurry if real leadership is provided to the American people.

Perino makes the point that Congress had treaded these same waters in 1911, with the Pujo Committee, led by the likes of Rep. Charles Lindbergh, Sr. (R-Minn.). However, no legislation resulted from the exposé of the “Money Trust” by this committee.

This time, however, was different, as FDR, who was inau-

gurated on March 4, 1933, followed the Committee hearings with a whirlwind Hundred Days New Deal, that included a Banking Act that permanently separated commercial and investment banking, known famously as the Glass-Steagall Act. This maintained a sound American banking system for more than 60 years, until it was dismantled and replaced by banking deregulation, in 1999.

FDR rode the wave of citizen outrage with his detailed Fireside Chats on the banking system, restoring confidence in the regional banks, and inspired a young radio host named Ronald Reagan in Des Moines, Iowa to vote for FDR four times.

The *Philadelphia Record* newspaper spoke for America when, writing about the banksters, it concluded, “This is a sample of the scruples exercised by the group that whooped up the stock market boom, diverted credit from legitimate business, exercised a controlling hand at Washington, and took the American people for the greatest buggy ride in their history during the last decade.”



Library of Congress

The flamboyant National City Bank president, Charles “Sunshine Charley” Mitchell, was sent packing to Sing Sing, following his appearance before Pecora’s committee.