

# SEC: COXSLACKERS & BUSHWACKERS FIDDLED WHILE WALL STREET BURNED

The big outrage de jour making the rounds in the media currently is the porn scandal at the Securities and Exchange Commission (SEC). This report from the Washington Post is typical of the reporting coming out of the main media:



Republicans are stepping up their criticism of the Securities and Exchange Commission following reports that senior agency staffers spent hours surfing pornographic websites on government-issued computers while they were supposed to be policing the nation's financial system.

California Rep. Darrell Issa, the top Republican on the House Oversight and Government Reform Committee, said it was "disturbing that high-ranking officials within the SEC were spending more time looking at porn than taking action to help stave off the events that put our nation's economy on the brink of collapse."

He said in a statement Thursday that SEC officials "were preoccupied with other distractions" when they should have been overseeing the growing problems in the financial system.

Would it be too much for the media to actually think for a moment before they perform stenography for alarmist Darrell Issa? Because even a moment's pause would yield the realization that Republican outrage on this is absurd and duplicitous. In fact the SEC – IG report produced for another of the Republican howlers, Iowa Senator Charles Grassley, proves

the pornification of the SEC was born and grown during the Bush/Cheney Administration and the leadership of Republican stalwart and longtime Issa colleague and friend Chris Cox. The IG Report also demonstrates quite clearly that the vast majority of the incidents occurred during Cox's reign during the second Bush term, although there were some that continued on during the Obama Administration.

But it is not just that the problem was born and matured under Bush and Cox, it is the fact that it is symptomatic for the emasculation and gutting of the SEC which occurred at their hands and express direction. It was not a bug, but a feature. As Bloomberg News reported last year:

Under former SEC Chairman Christopher Cox, the agency instituted policies that slowed cases and led enforcement-unit lawyers to conclude commissioners opposed fining companies, the Government Accountability Office said in a report today. An unidentified attorney said it was "widely felt" commissioners prevented the division from "doing its job," according to the report.

"Some investigative attorneys came to see the commission as less of an ally in bringing enforcement actions and more of a barrier," the GAO said. Cox's policies "contributed to an adversarial relationship between enforcement and the commission."

The non-partisan GAO report on the Bush/Cox SEC found poor management, determination to not pursue cases, lack of transparency, and collusion with business interests. It was the Republican philosophy and direction which neutered the SEC. It is little wonder they took to surfing the net for porn, they literally had nothing else to do under Republican "leadership".

So perhaps the media stenographers ought to

remember this when suddenly howling duplicitous Republican shills like Issa and Grassley want to tar, feather and undermine the SEC now that Democratic leadership, led by Mary Schapiro, have cleaned the agency up, turned it around and put it back to work doing its oversight and enforcement job.

On a related note in things financial, our friend Selise is going to be along in comments to discuss her Seminal Diary on financial reform and the commendable Fiscal Sustainability Conference and Teach-In occurring next week in Washington DC. This is a worthy effort and is supported by a variety of progressive interests including Jamie Galbraith and my friend and former colleague, Ian Welsh.

(graphic by nathan bransford)