

Inside job from a legal perspective

Law



Inside Job

Inside Job is a smooth, energetically paced film covering the story of a criminal activities conducted by corporate organizations that end up being unpunished and wrong doings that have escaped legal action. The documentary tries relentlessly to unravel the intricate structural engineering of the financial meltdown (Inside Job). As a result, individuals were unable to pay their debts to organizations issuing credit cards either because of increase in interest rate or due to the loss of their occupations.

Illegal activities

Goldman Sachs

According to Inside Job, the issue securities of Goldman Sachs were crowded with fraud and deception. This is because the borrower of the security had borrowed all the money for the mortgage and therefore was under no threat of loss if the deal went wrong. These loans were however highly rated, prompting many people to purchase investments from the firm. Henry Paulson, the CEO who master minded this scam was rewarded with high salary. He was later offered government employment as secretary of treasury, a position that enables him to dispose more of his personal risky shares without having to pay taxes. Goldman also managed to earn extra finances by betting against the same securities that it was claiming to be high quality investment.

Hedge Fund and Morgan Stanley

The manager of Hedge fund, John Paulson made a lot of money by betting against the mortgage industry. He however continued to work with other stakeholders to create more mortgage securities so that he could bet against them to increase his income (Inside Job). Morgan Stanley also made plenty of
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securities in the mortgage business that was of low quality. These securities were however rated as high investment securities, making many people to purchase them. The investors ended up losing millions of money while Morgan Stanley made much more by betting against the investments.

Rule of law

Fraud is a sort of criminal involvement characterized as misuse of position or false representation, or prejudicing somebody's rights for individual gain. Essentially, fraud is a form of double dealing and deception planned for individual gain or to bring about a misfortune to another party. The general criminal offense of misrepresentation can incorporate duplicity whereby somebody purposely makes false representation, they neglect to uncover important information or they mishandle a position. Fraudsters are continually discovering better approaches to deceive others for their own benefit. They employ different of channels to deceive others.

Rule of law on illegal activities

In order for affected individuals to successfully sue for fraud, they must prove to the court that there was instance of misrepresentation by the body involved. The fact that the investment bodies were betting against the same securities that they were marketing can be effective in proving misrepresentation. The individuals must also prove that the body that defrauded them had enough information about the falsity of the communication they passed. The employees of Golman Sachs sent each other emails communicating their displeasure with the securities (Inside Job).

The defrauded individuals need to prove that the fraudsters had an intention to defraud. The defrauded individuals will also need to prove to the court of <https://assignbuster.com/inside-job-from-a-legal-perspective/>

law that they suffered damages. This can be proved where the bodies like the Public Employees Retirement System of Mississippi can show that they suffered losses of funds that they were to use to offer monthly pay for retired staff (Inside Job). Providing all this evidence in a court of law is enough to make the court consider the dealings to be fraudulent and to offer the defrauded parties compensation.

Work Cited

Inside Job. Charles Ferguson, 2010. Video