

The legal perspective based on the film inside job

Law



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The Legal Perspective Based on The Film Inside Job The Legal Perspective based on the film inside job The film Inside Job is one of the best movies of this time. This is because the main themes in the movie focus on the real issues affecting people and nations day in day out. It also has some educational aspects and can be used to teach literature, business studies and law to some extent. This paper will try to analyze this film from a legal perspective because there are many potential illegal practices featured in this film (Ferguson and Beck, 2010). These practices may include affirmative statements, actions, schemes and omissions. It will also identify the rule of law that the practice might have violated.

One legal aspect that was clearly brought out in the movie is the issue of fiduciary duty. Fiduciary duty is a legal obligation that one party, in this case, referred to as the fiduciary, act solely on another party's called, the principal, interests. In the Inside Job, the representatives of Goldman Sachs violated this fiduciary duty by selling collateralized debt obligations (CDOs) that were of doubted quality to their clients (Ferguson and Beck, 2010). The selling of these collateralized debt obligations to client meant that the financial institutions dealing with them was transferring the repayment risks to investors and other clients who purchased them.

According to Ferguson and Beck (2010), the financial institutions dealing with these collateral debts obligations won't be affected in case the collateral debts obligation market collapsed. The borrowers' credit worthiness did not mean a thing to the financial institutions that lend out collateral debt obligations. Since the investment banks knew of the impending risks in dealing with the collateral debt obligations, they had to part with hundreds of millions to credit rating firms such as Fitch, Moody's and S&P in order for <https://assignbuster.com/the-legal-perspective-based-on-the-film-inside-job/>

them to give the credits triple-A credit ratings. However, these rating firms when confronted about their rating, they said that those were only opinions and no one was to rely on them. From these strategies of selling risky collateral debt obligations during the financial downturn, some financial institutions ended up gaining and making millions from these situations. These include the Morgan Stanley and the Goldman Sachs.

Fiduciary duties from the above issues in the Inside Job have been breached. The fiduciary duties involve different elements. These include first acting in utmost good faith. The second element is to put the client's interests first in all actions. The next element was to put all material and facts in full disclosure for their clients to understand them. The fourth element is to divulge all conflicts of interest to clients and the last element is not to mislead the clients. The clients of these financial institutions such as Goldman have every right to take these financial institutions to a court of law because some of these elements have been breached.

The victims who underwent losses from actions of Goldman have a higher chance of winning these cases because these financial institutions did not act in good faith. Goldman only acted to benefit itself but not their clients (Ferguson and Beck, 2010). The second element of putting clients' interest first was also broken because the clients' interests were put last and they are the ones who endured losses. The financial institutions such as Morgan Stanley and the Goldman Sachs had their own conflicts of interest because they are the ones who ended up gaining millions.

In conclusion, the film Inside Job is a useful film because of its educational purposes. The analysis of this film from a legal perspective illustrates that fiduciary duties of clients were breached. The financial firms such as Morgan
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Stanley and the Goldman Sachs through their actions ended up making profits while their clients lost millions.

Reference

Ferguson. C & Beck. C. (2010). Inside job. Retrieved from <http://www.imdb.com/title/tt1645089/>