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## Conservative Judges to Enron Retirees: Drop Dead

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Remember the Enron employees who watched their retirement savings evaporate as the Enron ponzi scheme, chaired by George Bush's best buddy, "Kenny Boy" Lay, went up in smoke?

The conservative majority on the Supreme Court just told them all: "Drop Dead." Forced to choose between protecting the rights of the small investors who got defrauded and the companies, banks, accountants and vendors who conspired in creating and profited from the fraud, the Court protected the crooks and skewered the victims.

No surprise. That was the entire point of stacking the court with right-wing, activist judges. Sure the nomination battles over the judges focused on Roe v. Wade and civil rights. But the intent all along was to choose judges who would protect corporate interests and presidential prerogatives. Roe v. Wade is still standing. But consumers, workers, small investors, and the freedoms of Americans are taking it in the ear.

The conservative majority's decision yesterday held that companies that conspired to help Stoneridge report fraudulent profits could not be held liable to the investors who got fleeced. Unless the co-conspirers communicated with the investors directly, investors could not be said to have been misled by them.

The case was widely seen as a precursor of the decision in the suit by Enron investors against the Wall Street banks –including JP Morgan Chase, Merrill Lynch and Citigroup – that worked with Enron to create fake sales that enabled Enron to report mythic profits and hide significant losses.

So now does fraud becomes a profit center for Wall Street banks? With their catastrophic failures in mortgage lending, they need something. The majority noted that the Securities Exchange Commission could pursue the co-conspirators on criminal charges, but needless to say, the toothless SEC won't disturb any fraud peddler's sleep.

The rationale of the decision was to reassure third party lenders and vendors that they couldn't be held liable to unfounded lawsuits against corporate fraud. But these weren't folks just doing business with a crooked company. These were principals in the fraudulent schemes designed to mislead investors. The decision can only undermine investor confidence in US markets at the very moment the reputation of US banks and markets has been savaged by the subprime mortgage debacle, the coming credit card and auto loan defaults, and the terrifying vulnerability of the 40 trillion unregulated and unfathomable credit-default swaps market.

The conservatives on the Supreme Court have just defined that free markets mean free for fraud. If this keeps up, pillows will once more be a popular place for small investors to park their savings.



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