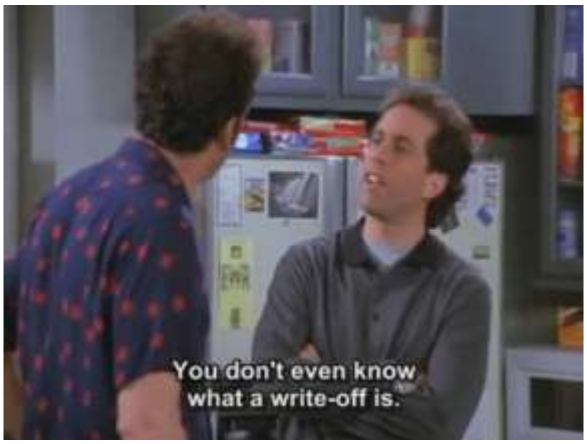
Investment Banking reminds me of the following Seinfeld clip:

Jerry: So, we're going to make the post office pay for my new stereo, now?
Kramer: It's a write-off for them.
Jerry: How is it a write-off?
Kramer: They just write it off.
Jerry: Write it off what?
Kramer: Jerry all these big companies they write off everything.
Jerry: You don't even know what a write-off is.
Kramer: Do you?
Jerry: No, I don't.
Kramer: But they do - and they are the ones writing it off.



Like write-offs, nobody really understands investment banking. Even the business school students who *actually study finance* don't learn everything they need to know about investment banking in school. Most kids pursuing investment banking, in addition to their classes, study *this* *this* and *this*. (Pull out WallStreetOasis guide and BreakingIntoWallStreet Guide).

And even if you've read the guides, and ace your technical interviews, it's hard to understand what investment banking actually is until you've worked at an investment bank. In this sense, among freshmen pursing the business school, investment banking is like the first time you watched inception.

Because let's be honest, you didn't have a fucking clue what was going on, but you were too embarrassed to admit that. So you just said "that was well done". It's kind of similar in the business school. Nobody really understands investment banking, but everybody is too embarrassed to admit it.

So let's hear from an expert. Brian DeChesare, founder of Mergers & Inquisitions, the world's most popular investment banking recruiting preparation site, and main contributor on BreakingIntoWallStreet, said the following:

MERGER$ & INQUISITIONS
Discover How To Get Into **Investment Banking**

I can sum up what we do in 2 words and 1 picture:

include picture

"Ari Gold. Investment bankers are agents, just like Ari. We don't create anything and we don't buy anything; we just sell things that aren't ours to begin with. And we make a lot of money doing that, thank you very much (more on investment banker salaries)."

Ok well right off the bat, he's not doing much to quell stereotypes. If you don't watch Entourage, Ari Gold is one of the characters. This is Ari Gold:

I have work to do. I have hundreds of clients to deal with, and just so we're clear, I don't care about any of them. They're all just a number, like wife #1 and therapist #7! Good day

Now to be fair, DeChesare was making a comparison about how an agent that takes commission on deals is similar to a large bank that takes commissions when companies are bought or sold, a service called Mergers and Acquisitions. I highly doubt that investment bankers would actually insult their clients. I'm sure investment bankers are tired of this horrible reputation they get when people take their words out of context. Let's hear the truth from Greg Smith, a former Goldman Sachs executive:

RIPPING OFF CLIENTS CLIP

Oops, that wasn't Greg Smith, proud former executive of Goldman Sachs that left the firm so he could spend his days and nights playing bingo. That was a headline about Greg Smith, the former Goldman Sachs professional who quit his job and posted a scathing Op Ed article claiming that he left because Goldman culture was "toxic" and that bankers made fun of their clients. If you're not familiar with the term muppet, it's used in England to describe somebody who is stupid or clueless.

But let’s not jump to conclusions. Let’s see how Goldman responded to this:

According to this piece from the New York Times, “Goldman Sachs's investigation into a former employee's allegations that the bank's culture is "toxic" has not found evidence to support the claims.” The article goes on to say, and I’m reading word for word here, that:

Dubbed "the muppet hunt", the investigation examined thousands of emails but 99pc of the references to muppet were to the film of that name. However, one email did refer to clients as "muppets" but the investigation concluded it was part of an attempt to explain a trade rather than mislead a customer, the FT reported.

Now this is funny for 3 main reasons. Reason number 1: Goldman Sachs thought that it would mean something if Goldman Sachs internally investigated the culture at Goldman Sachs. And, Goldman Sachs has concluded that there is no evidence for a toxic culture at Goldman Sachs, according to Goldman Sachs. That's like if a teenager accused of hiding drugs in his locker concluded after thorough investigation "there's totally nothing there, man. The air fresheners are just there because I like the smell, and the only reason your dog is staring at my locker is because he's having an introspective moment"

The second reason this is funny is because Goldman Sachs, in order to prove clients weren't referred to as muppets, examined thousands of emails and looked specifically for the word muppet, which by the way, is only really offensive in one country that Goldman operates. Think about this for a second. This doesn't even prove that employees aren't insulting clients. This just proves that employees aren't insulting clients over email, using the word "muppet", at least in 99% of cases. Now, in order to say that 99% of cases were referring to the movie and only 1 case used the word muppet insultingly, this means that there were at least 99 documented cases of investment banks discussing the muppets movie. To put this in context, the words Muppet appears 74 times in the actual script for the 2011 Muppets movie.

Muppets, The (2011) Movie Script

That's me, Walter.
Where... Where'd you go? Oh, there you are!
I have the best life in the whole world.
That's my brother, Gary.
He's the best friend you could ever have.
Yeah, I know what you're thinking.
We could be twins.
Smalltown...
...the best town you could ever grow up in.
Gary and I did everything together.
And, as the years passed, my brother
was always there for me.
I got it! Gary, throw me! Throw me!
Aaah!
We were a great team.
- Nice job, Walter. - Thanks, Gary.
Oh, don't get me wrong. It's not perfect.
- That was so fun! - Nothing is.
Sorry, kid.
- I wanna do that again! - Come on. I'll ride with ya!
Hurry up!
Even the sunniest days can have a few clouds in them.
Ride's bogus, anyway. Hey, wanna rent a video?
Yeah. Race you home!
And, well, that night sorta changed everything.
It's The Muppet Show, with our very
special guest star, Mr. Steve Martin!
I found them...
...The Muppets.
I guess you could say I was their number one fan.
Oh, Gary, it's an entire map of The Muppet Studios.

Now to be fair, it has come to light recently that Greg Smith may have had other motives for blowing the muppet whistle. Blowing the muppet whistle, that is the last time I'll be using that phrase.

It turns out, according to a recent New York Times article, that before quitting, Greg Smith asked for a $1 million dollar bonus from Goldman Sachs, and his supervisor responded by saying that this request was “off the charts unrealistic”. So Greg Smith quit, and then sold his book deal condemning Goldman Sachs for a reported $1.5 million. So maybe Greg Smith did lie about these muppet claims. This would prove that Goldman Sachs aren’t misleading clients to make more money. However, if Greg Smith was lying, it would prove that one ex-executive is willing to lie to the New York Times because they didn’t make more money. So this muppet hunt has proved, apart from investment bankers’ love of The Muppets movie, is that Goldman employees are probably smart enough not to discuss screwing their clients over company-tracked email. Right?

FIRST SHITTY DEAL CLIP

That was Carl Levin, a US Senator accusing Goldman of discussing over email how they sold a client a shitty deal. Without getting into the financial jargon, Goldman basically sold clients investment packages and failed to inform them that the hedge fund that picked the investments was actively betting against them. I’m sure that the Chief Financial Officer has a reasonable defense.

THE UNFORTUNATE CLIP

That was the Chief Financial Officer for a financial institution. The answer is so ridiculous that it causes the entire court audience to break into laughter, including the guy who looked like he was surfing Tinder on his phone. Let’s bring that back in slow-mo.

SLOW MO CLIP

This does not look like a reaction to something that occurred at the “Senate Governmental Affairs Subcommittee”? This is how you react when you’re at a frat party and somebody says “hold my beer, I’m going to try do a backflip into the pool”. But let’s not get held up poking fun a Goldman for poorly defending one case of fraud. We can’t judge the banking industry based on one firm and one stupid comment from one stupid CFO, can we we? Let’s look at the big picture:

- **Bank of America** – Flooded the market from 2004 to 2008 with $965 billion of toxic mortgage securities that helped lead to the biggest housing crash in America's history.

- **JP Morgan Chase** – In 2009, JPMorgan allegedly misled prospective investors about the underwriting, appraisals and credit quality of the home loans underlying the certificates. Two years later, London Whale Incident in 2011, in which a JPM Morgan Trader gambled on markets and lost 6 billion dollars of shareholder and depositor money.

- **Citigroup** – Agreed to a settlement with the justice department for hiding problems with home loans that were packaged into securities and sold to investors.

- **Wells Fargo** - Allegedly mishandling hundreds of thousands of foreclosures and failing to properly review loan documents, and in some cases, using fake signatures to speed up the foreclosure process. In some cases, Wells Fargo foreclosed on someone who died, despite them having purchased an accidental death mortgage insurance policy.

- **Morgan Stanley -** Selling mortgage bonds to Fannie Mae and Freddie Mac without disclosing their risk in 2007. And then in 2011, it was sued by the Federal Housing Finance Agency for allegedly issuing false and misleading statements in the sale of mortgage backed securities.

- **Deutsche Bank –** In 2010, it was involved in tax shelter fraud investigation. They also allegedly perpetrated a $12 billion fraud to hide the true extent of credit derivative losses from 2007 to 2010.

These banks, the largest banks are referred to as "bulge bracket" banks. There are 9 of them, most of which I list mentioned. Can you guess how many of these banks were charged with fraud since 2008 and settled these charges in court? I'll give you a hint: it's 9. Every single bank. That amount of corruption couldn't be matched unless you put Cruella De Vil, Richard Nixon, and Scarface in charge of the Chinese Triad, based in Qatar to host the Hunger Games.

If Wall Street was a under-13 basketball team, it's not like there's just one kid who's clearly older than 13 – I'm talking about you Tom, I literally saw you drive to the game last week, had a mustache by halftime, and your birth certificate is literally written in crayon.

This would be like if the entire team was opening injecting steroids during a press conference. Because every bank has engaged in some sort of corruption, it's not like there is one bad apple, and every bank has settled those charges in court or paid some sort of fine, which is fair. If you break the law, there should be consequences.

And the last time this kind of loan fraud occurred was in the 1980s. In the "Savings and Loan Crisis that lasted from 1986 to 1995", around 1,000 out of the 3,200 savings and loan institutions failed and had to be closed or resolved due to fraud. In response to this crisis, the Justice Department prosecuted 600 people with a 90% conviction rate, and hundreds went to jail. And according to William K. Black, a professor of law at the University of Missouri,

"The savings and loan debacle was one-seventieth the size of the current crisis, both in terms of losses and the amount of fraud."

So, to summarize, twenty years ago, a crisis happened that was seventy times smaller, and hundreds of people went to jail for it. So, if this crisis were proportional, we'd expect thousands of bankers in jail. I'm going to spoil it for you right now, that didn't happen. Out of curiosity, how many people did go to jail as a result of the 2007 financial crisis?

1 Banker clip

Jeez, you'd have to be pretty evil to be the 1 person sent to jail for fraud that has devastated the global economy. Surely this banker has got to be some sort of cross between Red Skull, Voldemort, and Skeletor from He-Man in order to assume responsibility for the whole thing. Who is this guy?

Clip introducing guy

Okay, so this guy was an executive from Credit Suisse, who was involved in you know, doing all that illegal mortgage backed security stuff that every other bank did as well. What makes him so evil? Why is he the ONLY banker to go to jail?

CLIP ABOUT ADMITTING GUILT

So there you have it. The only guy who went to jail for Wall Street Corruption was the guy who decided to admit it. These bankers covered their tracks pretty well and avoided jail-time. But what about fines? Surely these banks paid the price in cold hard cash?

FINE CLIPS

We got em! Nailed em. In fact, the 6 biggest banks have paid out nearly $83 billion dollars from credit crisis settlements since 2009. You would think this amount of money would be enough to bankrupt these institutions, to forever live in the streets with Oscar the Grouch and the other muppets.

You would think that. You would think that $83 billion dollars would be enough to cripple the Wall Street Giants, and you know, take a huge chunk out of their profits. But even with these fines, the 6 biggest banks have earned more than $320 billion in profit since 2009.

This would be like if a bank robber stole 10 million dollars, but instead of going to jail, he was just charged with a $3 million fine. Which he paid for, using the 10 million dollars he stole. So, with this whole, banks allegedly doing illegal things then using pocket change to settle charges so they can continue doing illegal things thing, there's one question that stands out in my mind: is there anyone in this world that is doing anything about it? Who's fighting them back? Surely there's at least one intellectual heavyweight who's willing to take them on. Maybe some sort of esteemed and respected government official, someone the community can rely on to stick it to the banks. Well, America, I have searched long and hard, and I have found that man.

Vampire clips

That’s right. Patrick Rogers filed legal charges against Wells Fargo for unfair Mortgage charges, and after not being paid back, he forced them to foreclose a local branch until they did. And that’s the bottom line. The only way to stop Wall Street is with fangs, a creepy looking leather jacket, and an ironic almost investment banker-esque level of meticulous and analytical due diligence.

So unless Edward Cullen takes on a Sherlock Holmes role, we’re pretty much all screwed.