



Agitate

Volume 1 Number 9 Feb 2008
Written and Edited:
Michael Andoscia

BANK ROBBERS!!

French philosopher Denis Diderot is said to have claimed, "man will never be free until the last king is strangled with the entrails of the last priest." I thought of a corollary to this famous quote as I stared at my surprisingly anemic bank account. The strangulation should happen over the smoldering remains of the last banker! Whereas government legitimizes violence and religion legitimizes blind conformity, banks legitimize theft and graft. All three institutions are allied at the expense of the common man.

These graphic, angry thoughts **Agitated** my mind as I traced the perfectly legal method by which Suntrust Bank stole my money. It started with an error on my part. An error that was immediately exploited by my bank, much like a thief in the night exploits a carelessly unlocked door. Due to a miscalculation I overdrawn on my account.

Shame on me! Of course, banking is a core component of our daily lives. Every time we use our debit or credit cards we are, in essence, banking. What used to require a trip to a bank or a carefully detailed transaction, is now as easy as sliding a piece of plastic through a slot. The ubiquity of such transactions makes the likelihood of occasional error a certainty. And it is around the pervasiveness of such certainties that banks and financial institutions have designed their protocols.

Here's how the process works with Suntrust. First, according to the customer service representative I spoke to on Suntrust's service line, the bank computer keeps at least two sets of ledgers. The first ledger is the one that appears on your on-line account. In this ledger, the credits and debits are recorded chronologically as the transactions are completed. However, the ledger that the bank uses is one in which you have no access. According to Suntrust Customer Service, this ledger records all transactions at midnight and then sorts the debits from largest to smallest.

When I asked the customer service rep why Suntrust organizes the debits in this way she was not sure how to answer, so I offered my theory. The bank can organize the debits however it wants: randomly, chronologically, or as would be best for the customer, from smallest to largest. Instead, the bank orders them from

largest to smallest to maximize the number of overdraft fees charged in the event of a mistake (see sidebox).

The customer service rep was put on the spot. She had to be nice to me, but she certainly could not admit that her employer was a thief. So she did exactly as trained. She informed me that the best way to avoid overdrafts was to keep my checkbook balanced. Her professionalism was indicated by her ability to say this without sounding condescending. However, this statement is like a thief justifying his actions by claiming that the door was unlocked. After all, if you don't want a thief to steal your stuff you should keep the door locked.

In fact, keeping a balanced checkbook is very difficult in an age when some expenses are automatically deducted, others are debited upon using a card (who carries cash any more?); then there are the multitude of little fees here and there that add up. On top of that, the bank keeps a different ledger than I do, mine chronological, the banks largest to smallest. I thanked her for listening to my rant and, sounding quite condescending, informed her that I didn't think she was a thief... she was just working for a thief (read accomplice).

Now I don't mind paying a penalty if I make a mistake. That's life. But I would like the penalty to be proportionate to the mistake made. This is not how the bank does business, however. All penalty fees are standardized at thirty-five dollars, regardless of the extent of the overdraft. And there's the wanton accumulation of penalties that are added...just because. For instance, not only was I penalized for every overdraft, but I was charged a penalty for having a negative balance. Then, because my account was in the negative for six days, I was charged another penalty. Of course, most working people are paid every two weeks, or in my case twice a month. So of course my account was negative for six days. Like many Americans, I pay my bills when I get paid. If a mistake is made it shows up within the first three days of my payroll credit. Another con game offered by the bank.

So let's take a plausible, though hypothetical example to illustrate what Suntrust and almost every other commercial bank does. If I were to overdraw against my account by one dollar the bank would charge me thirty-five dollars for the overdraft and another thirty-five dollars for having a negative balance. My account is now negative seventy-one dollars. If it remains this way for six days, which it will, then I get charged another thirty-five dollars. So by overdrawing against my account by one dollar I'm charged one hundred and five dollars! In my very real case, overdrafts of less than fifty dollars resulted in over two hundred and fifty dollars in penalties.

Now here's the rub. How much do overdrafts cost the bank? Get this...nothing! The computer keeps track of all accounts, so there's almost no added labor costs. Also, the ability of the bank to offer loans or make investments is not wholly contingent upon how much

Here's an example of how banks steal by re-organizing the ledgers in their favor:

You overdraft your account by \$25 in the following way:

Initial Balance:	\$100
Check 1	- \$25
Check 2	- \$15
Check 3	- \$15
Check 4	- \$20
Check 5	- \$50
Final Balance	- \$25
Overdrafts	1
Overdraft Fee	- \$35

Now re-organize from largest to smallest

Initial Balance:	\$100
Check 5	- \$50
Check 1	- \$25
Check 4	- \$20
Check 2	- \$15
Check 3	- \$15
Final Balance	-\$25
Overdrafts	2
Overdraft Fee	-\$70

money is actually in the bank's reserve. So my fifty dollar miscalculation was literally a blip on the screen compared to the millions of dollars of transactions performed by Suntrust every day. And with a fifteen year record of direct deposits, there was a very high probability that the error was self correcting.

Who Represents Me Against Bank Thieves?

Of course, I was incensed. I had to do something about this legalized theft! I thought about contacting my representatives in government. That's when I realized, 'Wait! This theft is legal! My representatives are the ones who make the laws!' So I looked at my representatives a little closer. I was considerably dismayed at what I saw.

I live in southwest Florida, so my representatives at the national level are Bill Nelson and Mel Martinez in the Senate and Connie Mack in the House. All three are beholden to banks and banking interests, and my bank in particular. (FEC website) Senator Nelson*, for instance, has received \$16,000 from Suntrust since 1999. Senator Martinez is even more egregious, having received \$10,000 from Suntrust in the last three years alone. In fact, for Senator Martinez, commercial banks are among his best contributors with a whopping \$266,802 in contributions between the 2001-2006 election cycles. (opensecrets.org) Congressman Connie Mack, who has never seen a progressive bill he didn't want to hack to pieces, received \$4000 from Suntrust between 1997 and 2004 and has received \$28,000 from commercial banks in general. (I guess Representatives are clearance rack politicians compared to Senators!)

So now I must ask myself, what is the likelihood of any of these three men sponsoring legislation to disempower the very contributors who butter their electoral bread? I wouldn't bank on that happening. This cynicism regarding the people who are supposed to represent us as their constituents threatens the very legitimacy of our government. We the People just do not believe that our politicians serve our interests in the face of corporate interests.

After all, banks are virtually immune to regulation or responsibility. Banks are able to offer easy credit to those who are not qualified, holding a generation of Americans hostage with increasing debt. They have backed legislation to make it more difficult for common people to declare bankruptcy regardless of the state of the economy or the personally devastating realities of the individual. Banks have been able to ruin the housing market with sub-prime mortgages, ruining the lives of mortgage holders by preying on their hopes and dreams. This without any regulatory intervention from the very politicians they've financed. Isn't that amazing?

At the same time, banks have the power to throw families out on the street if payments

are not made on these questionable loans and mortgages, even during recessions when families are at the mercy of economic forces exacerbated by banking policies. A family may be going through economic crisis, like unemployment, or underemployment. Perhaps they lost their money when their 401k's were pilfered. They may have suffered illness or accident. Or they may have simply mismanaged their funds. Regardless of the circumstance, the bank can kick the family into the street, children and all, take the house, keep the money already paid against the loan, then sell that house for market value.

However, in the event that a bank like Suntrust should fall upon hard economic times, or as is more likely, mismanage their funds...well...for them there's the Federal Reserve and good, old fashioned, government bailouts. (New York Times: Central Bankers to Lend Billions in Credit Crisis, 12/13/07; A Moral Hazard for a Housing Bailout 2/23/08) The CEOs, board members and major stockholders never so much as shiver for the consequences.

The Real Problem

This problem is much deeper than the corruption of banks. Banks have always been corrupt. Andrew Jackson referred to the bankers of his time as, "a den of vipers and thieves." He was right. He would still be right if he made that observation today. So how did we let these corrupt institutions gather so much power in government? Well, we allowed money to be called 'speech,' and thus, the more money one has, the greater their right to 'speak.'

Moneyed interests must be equalized on the floors of our governmental institutions. Publicly financed elections! One hundred percent public financing of elections will ensure that our representatives in government really are our representatives. Without this reform the moneyed elite will always have more say in how society is run. They will always be able

In March of last year Senators Dick Durban and Arlen Specter, and Representative John Tierney, presented a bi-partisan effort at election reform called the **Fair Elections Now Act** (s.1285.IS and hr.1614). So far the bills are in committee. Contact your reps and demand that they support these important and popular bills!

"First, the Fed almost never criticizes the banks. It just rescues them again and again in a variety of ways often obscure to the general public or camouflaged as these banks are considered too big to be allowed to fail. The bankers, knowing that the Fed fire department is always around the corner, push the risk envelope to the edge."
-Ralf Nader

*To be fair to Senator Nelson, he is the only one of the three to support the **Fair Elections Now Act**
to steal from the common man and woman

Take Action!

The only way to end the thievery of banks and other major corporations is to end the influence of big money in politics. The following groups are committed to publicly financed elections. If our politicians are dependent on the taxpayer rather than corporate interests, they might be inclined to serve the public interest.

www.stophemoneychase.org
www.commoncause.org
www.campaignmoney.org
www.democracymatters.org

These are just a handful of groups. There is tremendous support for this issue from conservatives and liberals alike. Look for local organizations devoted to clean elections.

Keep track of who is making donations to the politicians who are supposed to represent you:
www.fec.gov/disclosure.shtml
www.campaignfinancesite.org
www.opensecrets.org

