

[Download This Paper \(Delivery.cfm/SSRN_ID3017840_code1603406.pdf?abstractid=2502124&mirid=1\)](#)[Open PDF in Browser \(Delivery.cfm/SSRN_ID3017840_code1603406.pdf?abstractid=2502124&mirid=1&type=2\)](#)[Add Paper to My Library](#)Share: [!\[\]\(56549452e01ca28bdf2500ced9653143_img.jpg\)](#) [!\[\]\(235f8f87c36d896db1ddff2848125c86_img.jpg\)](#) [!\[\]\(4c4afa2dcab95991c60f31fce713d641_img.jpg\)](#) [!\[\]\(1205f6f8a2eee5164f325ab7908828d5_img.jpg\)](#)

Personal Ethics & the U.S. Financial Collapse of 2007-08

78 Pages

Posted: 28 Sep 2014

Last revised: 13 Aug 2017

Lawrence J. Trautman (https://papers.ssrn.com/sol3/cf_dev/AbsByAuth.cfm?per_id=1603406)

Prairie View A&M University - College of Business; Texas A&M University School of Law (By Courtesy)

Date Written: August 12, 2017

Abstract

The seeds for the 2007-09 financial collapse were sewn over many years and nurtured by ill-advised governmental housing policy, the presence of pervasive fraud both large and small and the widespread failure of personal integrity. A chronology of bad choices made by individuals and the daisy-chain of complicit truth-bending and fraud at many levels of the mortgage loan origination and securitization food-chain is presented. This paper contributes to the accounting, banking, business and personal ethics, economic, mortgage lending, regulatory and policy making literature in several ways. First, it identifies about 20 different precipitating causes scholars have attributed as being responsible for the financial crisis. Second, this paper identifies about another 20 categories in the economic flow-chart of mortgage lending and securitization where fraud and facilitating payments of some sort constitute a lapse in personal ethics that contributes to the crisis. Next is a discussion of how governmental policy and lack of prosecutions may set the stage for a future replay of the 2007-08 experience. Finally, a discussion is presented of how psychology and behavioral science may help us to better understand the pattern of bad choices by individuals that caused so much economic loss and personal suffering.

Keywords: Bailout, Banking, Business Ethics, CDO, CDS, Credit, Credit Crunch, Ethics, Global Economic Collapse, Crisis, Financial, Foreclosure, Fraud, Housing, Lending, MBS, Moral Reasoning, Mortgage Loans, Negative Equity, Rationalization, Regulatory Failures, Risk Management Failures, Strategy

JEL Classification: A22, A23, D23, E44, E53, E58, F30,G00, G01, G18, G20, G21, G28, K20, M4, M14, M41, N20

[Suggested Citation](#) >[Show Contact Information](#) >[Download This Paper \(Delivery.cfm/SSRN_ID3017840_code1603406.pdf?abstractid=2502124&mirid=1\)](#)[Open PDF in Browser \(Delivery.cfm/SSRN_ID3017840_code1603406.pdf?abstractid=2502124&mirid=1&type=2\)](#)

116 References

1. Peterson
citing Kurt Eggert, Held Up in Due Course: Predatory Lending, Securitization , and the Holder in Due Course Doctrinbe
35 CREIGHTON L. REV , volume 503 , issue 11 Posted: 2002
2. Kathleen Engel , & Patricia Mccoy
Predatory Lending: What Does Wall Street Have to Do With It?, 15 HOUSING POL'Y DEBATE , volume 715 , p. 741 - 743 Posted: 2004
Crossref (<https://doi.org/10.1080/10511482.2004.9521518>)
3. Christopher L See Generally , Peterson
Predatory Structured Finance, 28 CARDOZO L. REV , p. 2213 - 2234 Posted: 2007
4. Sumit Agarwal , & Itzhak Ben-David
Do 'Predatory' Lending Practices Lead to 'Predatory' Lending? We say No! , 2012-08

We use cookies that are necessary to make our website usable. We may also use additional cookies to analyze, improve, and personalize our content and your digital experience. For more information, see our [Cookie Policy](https://www.elsevier.com/legal/cookiepolicy) (<https://www.elsevier.com/legal/cookiepolicy>)

[Load more](#)[Cookie Settings](#)[Accept all cookies](#)

0 Citations

Fetch Citations

Do you have negative results from your research you’d like to share?

Submit Negative Results (<https://www.ssrn.com/index.cfm/en/Negative-Results/>)

Paper statistics

DOWNLOADS	453
ABSTRACT VIEWS	2,359
RANK	116,206

1 Citations

116 References

PlumX Metrics



https://plu.mx/ssrn/a/?ssrn_id=2502124
Related Journals

Behavioral & Experimental Finance (Editor's Choice) eJournal (https://papers.ssrn.com/sol3/JELJOUR_Results.cfm?form_name=journalBrowse&journal_id=1175282)

Follow ⓘ

Behavioral & Experimental Finance eJournal (https://papers.ssrn.com/sol3/JELJOUR_Results.cfm?form_name=journalBrowse&journal_id=1504395)

Follow ⓘ

View more >

Feedback

Submit a Paper > (<https://hq.ssrn.com/submissions/CreateNewAbstract.cfm>)

SSRN Quick Links

SSRN Rankings

About SSRN

(<http://www.elsevier.com/>)

[Copyright \(https://www.ssrn.com/index.cfm/en/dmca-notice-policy/\)](https://www.ssrn.com/index.cfm/en/dmca-notice-policy/) [Terms and Conditions \(https://www.ssrn.com/index.cfm/en/terms-of-use/\)](https://www.ssrn.com/index.cfm/en/terms-of-use/)
[Privacy Policy \(https://www.elsevier.com/legal/privacy-policy\)](https://www.elsevier.com/legal/privacy-policy)

All content on this site: Copyright © 2023 Elsevier Inc., its licensors, and contributors. All rights are reserved, including those for text and data mining, AI training, and similar technologies. For all open access content, the Creative Commons licensing terms apply.

We use cookies to help provide and enhance our service and tailor content.
To learn more, visit [Cookie Settings](#).



(<http://www.relx.com/>)

(<https://papers.ssrn.com/sol3/updateInformationLog.cfm?process=true>)