



The Payoff: Why Wall Street Always Wins

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The Payoff: Why Wall Street Always Wins Jeff Connaughton Lobbyist, White House Lawyer, and Senate Aide on the Power of America's Plutocracy to Avoid Prosecution and Subvert Financial Reform

Beginning in January 2009, THE PAYOFF lays bare Washington's culture of power and plutocracy. It's the story of the twenty-month struggle by Senator Ted Kaufman and Jeff Connaughton, his chief of staff, to hold Wall Street executives accountable for securities fraud, to stop stock manipulation by high-frequency traders, and to break up too-big-to-fail megabanks.

This book takes us inside their dogged crusade against institutional inertia and industry influence as they encounter an outright reluctance by the Obama administration, the Justice Department, and the Securities and Exchange Commission to treat Wall Street crimes with the gravity they deserve. On financial reforms, Connaughton criticizes Democrats for relying on the very Wall Street technocrats who had failed to prevent the crisis and Republicans for staunchly opposing real reforms primarily to enjoy a golden opportunity to siphon fundraising dollars from the Wall Street executives who had raised millions to elect Barack Obama president.

Connaughton, a former lawyer in the Clinton White House, illuminates the pivotal moments and key decisions in the fight for financial reform that have gone largely unreported. His arch, nonpartisan account chronicles the reasons why Wall Street's worst offenses were left unpunished, and why it's likely that the 2008 debacle will happen again.

The Payoff: Why Wall Street Always Wins Details

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Don says

Connaughton worked for former U.S. Senator Ted Kaufman, the man that replaced Joe Biden upon his ascension to Vice President. What interested me was Kaufman's very matter of fact, public opposition to the nefarious practice of "Naked Short Selling" (a.k.a., "Electronic Counterfeiting" & "Fails To Deliver") which the S.E.C. has done little to end. Perhaps idealistically, I had previously phoned my two sitting Senators in New York to inquire about their position on this matter. The result of those phone calls was me being transferred to very polite, yet very unaware interns who were merely message takers. Not so when I phoned Kaufman's office. I was quickly transferred to a member of his staff and engaged in a substantive conversation with an intelligent man that knew not only the issue, but was conversant in the subjective vernacular of finance. Was it Connaughton that I spoke to? Doubtful, however, now that I have read his book, its not outrageous to think it may have been him. I have been following this issue since I first became aware of it more than eight years ago in 2004 and need only a few fingers to count the number of times I have encountered someone who even heard of the issue, at all.

The book itself is not only well researched, but well written. I was disappointed only from the standpoint of my subjective expectation, as it in substantial part, delves into the actual "horse-trading" that is the American legislative process, rather than my interest in the subjective matter of naked short selling ("NSS"). Nevertheless, in addition to NSS, an informative discussion was presented about "High Frequency Trading", a practice the S.E.C. may very well be less equipped and qualified to regulate, than NSS. Do you recall the complaints of the NFL's "Replacement Refs", a short few weeks ago? They were criticized for not being able to keep up with not only the speed of the NFL game, but also for not knowing the subjective rules. By analogy, when it concerns the S.E.C. and the so-called "High Frequency Trades", Connaughton paints the image that the S.E.C. fails to comprehend that these trades are accomplished in nanoseconds, but more fundamentally, lacks the technical knowledge to understand the science of this mysterious practice, casting doubt on their ability to formulate regulations for a subject they simply do not comprehend.

He is critical of the revolving door of government staffers leaving a paycheck from Uncle Sam, to be replaced by a more lucrative one working for a Wall Street firm, a bank or joining the literal army of lobbyists registered in D.C. While I don't recall if he discussed the issue of term limits, his account of how Washington works is a compelling treatise on why term limits are so very necessary. It is abundantly clear that Wall Street has free reign in D.C. and our elected representatives are subservient to the financial services sector.

Aaron says

Is it possible for a book to simultaneously depress and inspire you? The answer, in the form of "The Payoff," is yes. Connaughton moves you through a no-punches-pulled account of the war he and the senator to which he was chief of staff -- Ted Kauffman -- waged to genuinely reign in Wall Street in the aftermath of the crash.

Personal and moral victories were won. The press woke up and saw Kauffman, who was filling VP Biden's former Senate seat for two years, for what he was: a politician who actually cared about the public interest

and who refused to settle for flaccid, watered-down regulations to curb Wall Street excesses.

But were there any actual, long-lasting victories -- the kind that would actually prevent taxpayer-bailed-out Wall Street from opening the casino again and tearing apart people's lives? No. Connaughton, who saw the power of Wall Street up close and personal, testifies fully to that fact.

At the same time, and I'm kind of wincing as I write this, there is hope. Great, fundamental change takes time. But it's been done before -- Glass-Steagall, anyone? -- all it takes is a committed few to build into a smart and unstoppable many. That's happened before, too.

Will it happen again? Unfortunately, big and lasting change -- change that happens truly on behalf of the public interest -- will likely only happen after the next crash. And Connaughton thinks the next crash is inevitable, because, again, no fundamental change occurred. I'd like to say I disagree with him -- that, as Connaughton also mentions in the book, there are still many committed civil servants trying to do good work -- but I think his overarching exclamation point -- that we're going to get screwed again -- is all too true.

The question, perhaps, is whether individuals and groups that cropped up in the wake of the Great Recession will be ready to sweep in and make real change happen when the next crisis hits.

What would help? Banning the revolving door that allows former Wall Street lawyers and bankers to become "regulators" at the SEC; true campaign finance reform; structural Wall Street reforms: reinstate Glass Steagall, break up the "too-big-to-fail" banks; and a true awakening among citizens (and Democrats and Republicans alike) that the fight is against crony capitalism (the unholy nexus of Big Business and Big Government, also known as corporatism).

Jessica says

When I started this book I had little faith in my ability to finish it. The subject is complex and not exactly edge of your seat, but somehow Connaughton manages to give a compelling account of the interconnectedness of Wall Street and Washington.

The narrative is a bit weird and non-linear, jumping backwards or forwards from chapter to chapter. Ted Kauffman is the hero of the story and following his battles kept me going even as I struggled to make sense of some of the more technical parts.

Matt Willem says

I listened to the audiobook on this, which was charming in that it was read not entirely expertly by the author, who had a habit of hilariously nerdy overenunciations of his articles 'a' and the not infrequent mispronunciation of a word he clearly had only experienced on the page.

I liked it, but it wasn't quite what I expected. There's a lot more autobiography/description of his relationship with Joe Biden (lots of great material for Biden haters in here) and not entirely too much focus on the purported theme, corruption in legislative oversight of high finance. But it is in there, and with details, from a man who was on the scene.

Overall, pretty good.

Dan Petegorsky says

I'm giving this three stars more for the importance of the subject matter and Connaughton's views than the book itself, which is disappointing. In addition to the near complete lack of references and notes (at least in the Nook edition), too much of it focuses on aspects of Connaughton's personal journey through politics that are tangential to story of Wall Street's dominance of DC. As former Sen. Ted Kaufman's chief of staff his could be an important voice to weigh in on current debates; I hope his efforts on that front are stronger than the book.

Tommy says

I expected this book to be an insider's tale about how money is corrupting our democracy. There was some of that. More than that it was a tale of unrequited love written by a spurned lover (Connaughton). The object of his affection being political affection (or appreciation) from Joe Biden.

Connaughton seems to be perpetually 2nd or 3rd fiddle in his endeavors. He was allegedly the third founding partner of a lobbying firm but his is the only name missing in the name of the firm. He was the chief of staff for a mid term replacement senator who made some noise around financial regulation. I'm not saying he couldn't have influence and didn't provide support for any work that was done by his lobbying firm or the senator he later worked for but the author seems like he's always trying to find his place in the sun but is constantly overshadowed and he comes off as having an inferiority complex.

Add to that the fact that he needed to work as a lobbyist and a Washington staffer and a lobbyist during the Great Recession to realize that DC and Wall Street are either interchangeable or too close to have a properly regulated financial industry. While I agree with many of the revelations he comes to I think the problem is that the country is run by people similar to him who don't see massive systemic problems like this until it's too late.

Daniel DeLappe says

Good back. Great in sight on what Wall Street has been doing to America and how your elected crooks have paved their way. Would love to read more insights on what a complete ass that is Joe Biden. You can judge that cheap dime novel by his looks. Before I read this book I was not for the occupy Wall Street groups. In fact do not agree with a lot they represent. Taking Wall Street down from the ground may be the only way to change this problem. I am pro capitalist, but Hoover put it best when he said "Love Capitalism don't trust the capitalist."

Bryan Alexander says

A furious autobiography about a senatorial staffer who comes to realize just how thoroughly Wall Street dominates American politics.

The structure is interesting. It's one part memoir, one part loving biography of a hero (one-term Sen. Ted Kauffman), and one part sullenness towards Joe Biden. At the same time the book races into explanations of the financial world, from high-speed trading to dark pools. It's also a critical portrait of Obama's first term, which Connaughton describes as being in the thrall of the financial sector. There are other critical sketches of other key figures, notably Chris Dodd.

The conclusion is dark and rousing, a cri de coeur from a sense of personal failure, followed by a call for populist action against the giant banks.

Doug Stotland says

I had high hopes for this book as it covers a topic that feeds my overdeveloped sense of outrage and Matt Taibbi, my favorite outrage author, endorsed Jeff Connaughton. I was hoping for new insight on how financial services firms work the system from a reformed lobbyist. Instead, it was mostly a personal memoir. I'd have been up for a personal memoir if I had found something interesting in the journey but I wasn't as interested in how big a jerk Joe Biden is.

There was some insight on how lobbyists operate which I found worthwhile. I would have loved another 75-100 pages getting into more details on that industry.

If you're interested in understanding how wall street is putting the whole economy at risk there are much better books. The Big Short is probably the most accessible. All the Devils Are Here goes deeper. If you're fired up about what's wrong with our government, Republic Lost is a much more interesting read.

For what it's worth, I admire the author for his drive to make a difference and the choices he eventually made to tell all and ditch lobbying.

Olivia says

Not sure if this looks good or not. Here's the review <http://baselinescenario.com/2012/08/2...>

Matt Stewart says

I thought this book was a courageous critique of Wall Street's influence on Washington, so I'm particularly perplexed that a number of reviewers criticize the author for his critique of Biden. That part of the story illustrates that people in DC like the author who are willing to take on Wall Street need the backing of elected officials to get into a position of responsibility to do anything about it. Biden refused to help his former staffer get into the Clinton White House; nevertheless, Connaughton managed to do so without Biden's help and went on to play a significant role in urging Clinton to veto a bill that would gut the securities class action laws. Once again, after the financial crisis and after Connaughton helped Kaufman wage an epic battle for holding Wall Street accountable in the Senate, Biden was of no help to Connaughton in finding a way to continue the fight inside the administration. This after the author spent a good portion of his adult life helping Biden get into a position of national power. So the book says something interesting about how power works in DC (you need a powerful mentor), how loyalty does and doesn't work in DC (Connaughton was loyal to Biden until he finally realized that loyalty would never be reciprocated), and also

how fraud works in DC (in a parallel to the Wall Street fraud that capsized the nation, the author exposes how fraud works in DC, including a gutsy self-critique of how he profited from perpetuating the "fraud" that he was part of the Biden power center, until his integrity and radicalization after the Administration's failures in the wake of the financial crisis no longer permitted him to continue to profit from that "fraud"). Fans of Obama and Biden can't separate them and their responsibility for the failures of the Justice Department, SEC and Treasury/Fed. The buck stops with Obama -- and Biden's office is only 30 feet away. If you're upset about the Administration's failures with respect to Wall Street, the responsibility ultimately must be laid at Obama's and Biden's feet. Telling that story through the lens of his own career was the gutsiest move of all, in my view. It's an important book, and these negative reviews seem to be coming from people who either gave it a shallow read or prefer to keep on their rose-colored Obama/Biden glasses.

Eric says

As much a memoir as an exposé of the corrupting influence of the financial sector on political policy making. The author recounts his personal journey as a total Washington insider, working as a big name lobbyist and Biden campaign worker, to a crusader for post-crash reform as an aid to former Senator Ted Kaufman. You won't find much deep analysis here or detailed history of how we got where we are. But it is still worthwhile to get a first-person narrative of how the system really works behind the curtain and where it fails. Besides that, vice-president Biden comes off as a bit of an unsympathetic jerk and blowhard, even if the author didn't entirely intend that result.

Palmreader says

The mostly self-serving Connaughton has learned some lessons, but I fear that the country itself is in deep trouble. In fact, if things are as bad as the author makes out, this country is broken and not fixable. It's unbelievable that so much has been lost and so much has been compromised. A quick read, and mostly understandable, the book could have had some help with syntax, and just plain bad writing, but I fear, Connaughton would have balked at any editing. The book does explain lots of what is currently wrong with America and offers some fixes, the Payoff is in though, so not likely to change.

Steve Nolan says

Was fine. Probably works better as a chapter in a larger book about Wall St / campaign finance (which is basically what was in George Packer's "The Unwinding.") because it was a bit boring for tons of stretches. (I don't care about every little minute thing you did.) And the dude seems to hate Joe Biden, which is pretty funny. (I bought that, like most politicians, Biden's career is one of just pure ambition. But that doesn't completely jive with 2016, when he didn't run for President.)

But! There was one line about the perceptions of elite college graduates that made me want to explode (paraphrased): There was a stigma that "only losers go to companies that actually make things." Which was referring to people eschewing traditional companies, the given examples being HP and IBM, in favor of Wall St firms that just move numbers around on spreadsheets.

The inverse of that - bankers don't actually add value to the world, they don't make a useful product but are basically just casino workers skimming off the top - was the EXACT reason I got into politics back in 2011. (Elizabeth Warren was my favorite candidate, because at least she'd yell at the banks.) I already knew our government and its "revolving door" was never going to see any meaningful reforms, but that line was especially depressing.

Brian says

Important subject matter, but I would have preferred more of a focus on that rather than the author's personal memoirs. I would have liked to see more of a historical analysis as to why exactly Wall Street always wins, as opposed to just why it won in this one particular instance with one particular administration and how Mr. Connaughton's superiors didn't give him as much respect as he thinks he deserved.
