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1929 Crash Then vs. Now

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In the 1920's things operated very differently than they do today. The manipulation that went on in the market back then cannot happen today. In the 1920's' excess credit was granted, misappropriated customer securities held in "street name" to obtain loans from banks to finance the firms trading activity. Companies reported their financial results any way they saw fit – there were no standardized reporting requirements. Company officers made huge profits trading in their companies stock on what we now call "inside information." The SEC didn't exist prior to 1934 and there were very little policing of the financial markets. Bear Raiders were allowed to continuously short sell a company, driving down its price to ridiculously low levels, and then buy the company – at unfairly low levels and without shareholder approval – that's where we get the term hostile takeover. This is illegal today and cannot happen. The proxy votes you get that you mostly ignore are a result of these rules designed to protect you. They're clearly too complicated in layout and presentation – perhaps if we could standardize a simple, uniform format everyone would get a whole lot more out of them. Back in the 20's corporations weren't required to file annual or quarterly reports – the joy we now know as "earnings season" didn't exist 75 years ago. ☺ Margin was out of control back then – consumers could deposit \$1000.00 and buy \$10,000 worth of securities – 90% loan rates. Today the controls that are in place basically make the market manipulation of the 1920's and the great depression impossible. The markets will certainly fluctuate but the outright fraud that happened then can no longer. The thieves of tomorrow will find ways around today's laws to defraud tomorrow's customers – then they'll have to make new laws preventing the new crimes. A never ending battle – let's hope they make good laws, not useless ones.

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