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Turning a blind eye: The complicit trespassing of ‘Chinese walls’ in financial institutions in New York

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Abstract

This article examines the ways in which ‘Chinese walls’ – that is, information barriers within financial institutions – are constituted and subverted by acts of trespass within large investment banking firms in New York. While Chinese walls positively serve to prevent corruption and fraud, they simultaneously attract legal, semi-legal and illegal forms of trespassing. My analysis shows that some trespassing is based on non-verbalized and embodied exchanges of information that are not in and of themselves illegal. Referred to as playing ‘the game’, the result of these forms of trespass is that the Chinese wall becomes an ‘effect’ or fiction. At other times, trespassing can cause inconvenient suspicion, encouraging those who operate amid these walls to participate strategically in various aspects of wilful blindness. Together, these examples reveal the conceptual and material relationships between ‘seeing’ and ‘knowing’, thereby highlighting the complexity of information flows in financial institutions and demonstrating how the critical regulation of financial capitalism is sometimes weakened.

Keywords

Capitalism, finance, financial regulation, knowledge, non-knowledge, silos, visuality, wilful blindness

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Introduction

'Walls' have a long history on Wall Street. They are part of the regulative ideals of wanting to wall people off from each other, and sequestering information for both protective and exploitative purposes. The Wall Street term 'Chinese wall', ostensibly inspired by the Great Wall of China, was popularized following the 1929 stock market crash. Chinese walls were institutionalized with the 1933 Banking Act, commonly referred to as the Glass–Steagall Act, which was introduced to regulate relations between commercial and investment banking, and the speculative practices of the latter. The restrictions imposed by the Act aimed to ensure the transparency of financial statements and prevent fraudulent activities in the financial securities markets in order to protect against potential misrepresentation and 'insider trading'.

The purpose of Chinese walls is thus relatively straightforward. They are barriers erected to limit conflicts of interest between corporate finance (particularly corporate-client confidentiality), brokering divisions (where salaries are mostly based on commissions and fees) that trade public debt and equity shares, and the research analysts who report on such financial instruments. The Chinese wall, operationally referred to in the singular yet practically existing in the plural, separates investment bankers from analysts and other non-brokerage activities, and aims to prevent the leaking of information between them. Because Chinese walls represent, at heart, the wilful agreement of employees not to share knowledge, one could say they are an institutionalized and ethical form of wilful blindness. Indeed, Chinese walls are sometimes referred to as 'ethical walls' and they are maintained through ethics codes and guidelines. As such, they serve a legitimate and critical function, and they mostly work as they should.

My research among investment bankers in New York suggests that this straightforward depiction of Chinese walls fails to consider the various subtle ways in which information can travel across walls.[1] As discussed later, Chinese walls can be crossed legitimately, and protocols exist for doing so when expertise needs to be shared across divisions. These walls can also be crossed illegitimately, in which case trespassers risk criminal charges of insider trading. However, there is another, third way, of crossing walls, which is neither legal nor illegal. This way of crossing Chinese walls entails gaining knowledge of another domain without receiving visual confirmation. The absence of positive confirmation makes it impossible to prove that trespassing has taken place. While this form of trespass goes against the principles of Chinese walls, it is not in itself illegal – or at least cannot be proven to be illegal. Knowledge of this form of 'legal trespass' is widespread and considered legitimate – at least as long as it does not produce any financial losses. The tacit and explicit knowledge of how to trespass Chinese walls legally is an important part of what is referred to as 'playing the game'. In my main field site, many individuals appeared to have at least some knowledge that could have resulted in exposing other individuals – or the units that they work in – to accusations of financial deception. However, they deliberately ignore

these inconvenient truths. Here, 'not seeing' is a strategy that individuals adopt when making decisions about how to proceed with their work, their jobs and their careers. Along with the knowledge of how to trespass Chinese walls, 'turning a blind eye' to certain forms of trespassing is also part of 'playing the game'.[2]

In these financial institutions, two different forms of wilful blindness thus interact. The Chinese walls themselves are legitimate and ethical forms of wilfully agreeing not to share knowledge between financial divisions, but this form of ignorance is counteracted by the deliberate yet implicit rules of 'the game', which include ignoring 'tacit' trespassing as long as it does not produce financial loss for the company. In the process, a particular form of wilful blindness emerges that is enabled because knowledge is only considered to be 'gained' once there is positive confirmation. Practices of 'the game' show how relationships between knowledge and visibility in finance can be instrumentalized to both abide by and circumvent regulations through performances of seeing and not seeing.

Chinese walls offer a counter-example of what Gillian Tett (2010, 2015) refers to as the silo problem: the structural, social and cognitive fragmentation of financial knowledge in ways that undermine the stability of financial markets. Such fragmentation can obviously be problematic, but here I show how Chinese walls can create the illusion of silos while, in effect, they might also conceal unofficial coordinated efforts between finance divisions that are legally intended to be kept separate. In such cases Chinese walls can be utilized as props to stage silos in acts of 'performing the economy' (Callon, 1998: 23). In this way, 'the game' can uphold the 'mystique of finance' (Riles, 2011) in terms of appearances and choices of not seeing, thereby encouraging the Bourdieuian 'social silences' (Tett, 2010: 122) that underpin financial markets.

Before discussing 'the game' as a legal wilful blindness that goes against the principle of Chinese walls, I will outline how Chinese walls are constituted, their purpose and how they are crossed legally and illegally, providing instances in which finance and visibility might work together to challenge a regulatory framework.

Chinese walls: virtual and physical information barriers

The Glass–Steagall Act of 1933, which instituted Chinese walls in the United States, was repealed in 1999. Nevertheless, Chinese walls and the distinction that they aim to enforce between private and public aspects of financial institutions have been buoyed by other legislation. This includes the Sarbanes–Oxley Act 2002, the Dodd–Frank Wall Street Reform and Consumer Protection Act 2010. The latter was put into effect by former US president Barack Obama in direct response to the 2008 global financial crisis. Prominent economists such as the Nobel laureate Joseph Stiglitz (2010) have argued that repealing Glass–Steagall was a main contributor to the crisis, and that 'tearing down the walls' (Stiglitz, 2009: 48) alongside lax regulation (mostly concerning derivatives) effectively left

conflicts of interest unchecked. Others suggest that the global financial crisis was caused by activities that would not have been stopped by the repealed measures anyway (Pozen, 2009).[3]

Chinese walls are imposed boundaries that necessarily compensate for the fact that government legislation does not explicitly prohibit companies from engaging in multiple, conflicting types of business under the same roof. Investment banks have been instituting virtual Chinese walls on a voluntary and ad hoc basis for nearly 90 years. Any acts of trespass undermining them were only noted when they resulted in litigation. With the passing of the Global Analyst Research Settlement Act 2003, financial institutions were required to erect physical Chinese walls to separate analysts from investment bankers, producing 'completely separate reporting lines, separate legal and compliance staffs, and separate budgeting processes' (SEC, 2003: para. 9). Among its many proscriptions, the Act furthermore states that 'analyst compensation cannot be based directly or indirectly upon investment banking revenues or input from investment banking personnel' (SEC, 2003: para. 10). This convenient fiction – that the analyst's success could be fully divorced from the firm's monetary success in all other divisions – is key to overall ideas about 'the game', the non-verbalized understanding of how financial institutions operate, as I will detail later.

Chinese walls within investment banks, as well as being legally required, are socially, morally, politically and economically constituted and sustained. In order to appreciate where Chinese walls are erected, the full range of investment banking activities needs to be considered alongside the fact that different financial institutions define their own activities differently. All investment banks raise capital for companies and advise them on financing, mergers, acquisitions, restructuring, recapitalization or liquidating assets; in addition, they may sell securities to investors as a way of raising capital that is then traded in global financial markets. These banks also have research departments, whose analysts issue reports on specific debt and equity instruments and markets. Indeed, it is between investment banking and research that the Chinese wall takes its most visible form, blocking information flows between investment bankers and researchers. As a result, analysts cannot encourage the public to trade in stocks about which the investment bank has insider information.

Physical Chinese walls vary in space, arrangement, location and dimension depending on the size and organization of a firm. In larger firms, the investment and research arms might be on separate floors, and analysts and investment bankers may even have exclusive elevators so as to limit potential interaction. In many smaller firms, they are isolated from one another by an internal wall, with passage between the two sides requiring a special electronic pass. In this way individuals are positioned vis-à-vis the wall and their ability to access specific areas. In a sense, Chinese walls shape their workplace personhood.

Although my fieldwork consists of working in several different financial institutions, here I mostly draw on material regarding one New York firm, which publicly presents itself as focused on investment banking, equities, debt, asset

management and wealth management, and which has four main arms: investment banking, capital markets, research and institutional sales (Figure 1).

Walls can move, and there are multiple walls that shift in accordance to context. Walls can also be surmounted by some but not others. Furthermore walls extend beyond the workplace – an issue I take up in the next section. Figure 1 shows the rules restricting employee workplace mobility. First, some employees have greater access to other arms of the bank than other employees. Thus investment bankers may enter capital markets and institutional sales, but capital markets and institutional salespeople cannot, in turn, access the investment banking unit. Second, access to some arms of the bank, while usually forbidden, can be obtained when regulated by the compliance department. Research analysts can obtain compliance-regulated access to capital markets and institutional sales, for example. Third, some walls are more permeable than others. Thus, while it is relatively simple for research analysts to gain regulated access to institutional sales, exchanges between research analysts and investment bankers are the most regulated of all. Finally (and this is not captured by the diagram), there are various circumstances under which individuals 'jump' or are 'brought over the wall'.

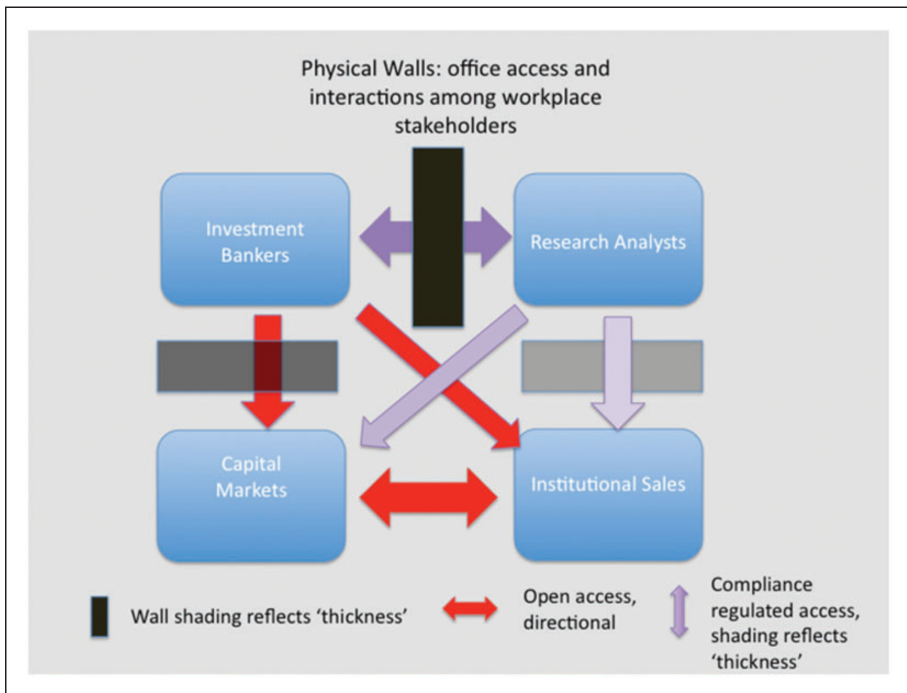

Figure 1. The Chinese wall: physical office access between investment banking divisions, field site.

'Across', 'above' and/or 'over' the wall: legitimate forms of crossing Chinese walls

Any individual who has the ability to move freely throughout the workplace having access to other actors and divisions, is 'over the wall'. Some individuals are always, or mostly, 'over the wall', while others need to be 'brought over the wall' when their expertise is needed. There are also employees – typically senior managers, internal auditors, corporate security and legal, compliance and risk managers – who routinely have knowledge of all sides of the wall and are thus 'above the wall'. People 'above the wall' may have access to privileged information from different sides of the wall, but they are precluded from giving advice on client transactions unless a senior compliance officer approves this. All stakeholders may have legitimate and legal reasons and justifications for being 'over the wall' – but only in specific circumstances. Regulations regarding information barriers emphasize research analysts' conflicts of interest while limiting the shifting roles that other workplace stakeholders have regarding confidential information, particularly investment bankers, brokers and institutional salespeople. In addition, the compliance department is of crucial importance since a compliance officer must physically accompany anyone inside the firm who is 'brought over the wall'.[4]

There are ordinary and extraordinary frameworks concerning activities that require someone to be 'brought over the wall', some being routine and others requiring more explicit approval. For example, when an investment banker approaches a corporation to propose that they do a financial offering for them, the research analyst is 'across the wall' – that is, she or he does not have knowledge of the potential offering. If, hypothetically, the investment banker succeeds at 'getting an offering' or 'a deal' such as a secondary offering,[5] then until news of it becomes public it is an investment banking secret.[6] However, in a limited number of circumstances, investment bankers can bring persons 'over the wall' to share in their secret: research analysts, traders or salespersons may be brought in to provide information or advice on very specific issues. Once this happens, all individuals 'over the wall' are referred to as the 'deal team'. It is also possible that the banker might need specific information from the research department, on a 'need to know' basis only, and in such cases the head of investment banking and the chief compliance officer decide whether it is necessary to contact research and how this will be sanctioned. Once 'over the wall', a person cannot discuss any relevant information with anyone who is not on the deal team, nor act on the information in any public or personal capacity. Once the secondary offering is announced publicly, the placement of shares is executed by capital markets salespersons.

Another situation in which people are brought 'over the wall' is when the bank involves people outside the firm in a confidentially marketed public offering (CMPO). These offerings raise money for a company with little public notice so as to minimize potential negative effects on the company's share value. Because a CMPO needs to be placed quickly and confidentially, investment bankers take capital markets salespersons 'over the wall'; these salespersons are then permitted

to approach targeted investors, normally fund managers, and likewise to 'take them over the wall'.[7] One of my interlocutors explained a CMPO as follows:

> If we have inside information – and we are hoping to be doing a deal with them [the company doing the offering] tonight – then I am calling you, a fund manager. I say: 'This is the capital markets desk at XYZ. We want you to participate in a CMPO – if I give you the name, do you agree to be "taken over the wall"?' The fund manager says, 'Yes, take me over the wall.' Once he says 'yes', then I tell him the name of the company, and at that moment he is 'over the wall', in possession of confidential information and has agreed not to trade the stock or disclose any information.

Thus, with their agreement, the fund manager is legally taken 'over the wall', and they become an insider, part of the deal team, regardless of whether or not they participate in the deal.

'Jumping the wall': breaching walls and trespassing

At my main field site, the wall between investment banking and research is absolute: each division is treated as a fortress and separated by some distance so that investment bankers and analysts are, in effect, quarantined from each other. Such compliance with the Global Analyst Research Settlement Act 2003 ensures that research analysts do not influence their firm's investment banking departments through, for example, the artificial recommendation of stock. While such a breach of the Chinese wall between investment and research is potentially lucrative financially for the firm, it could also yield disastrous results, as the following examples illustrate.

The Merrill Lynch analyst Henry Blodget made exceedingly optimistic recommendations about dot.com stocks designed to benefit his firm's investment banking business and their clientele companies. This was despite the fact that he was referring to these companies in a derogatory way in personal conversations and emails (Campbell, 2001; Cassidy, 2003), thus breaching the Chinese wall between research and investment banking. In another instance, Jack Grubman, a telecom specialist at Salomon Smith Barney, intentionally concealed material facts in his reports so as to tout stocks that would benefit his firm. He did this, he stated, so that he could pay for the private education of his three children (Fisch, 2006). Fraudulent research is a criminal offence, and in these cases the analysts were fined, sentenced and barred from the securities industry. Furthermore, the courts viewed the fall in value of the stocks they touted as directly resulting from their being inflated and overvalued by the analysts' research.

Trespassing the wall illegally is an extraordinary occurrence, whereas crossing it legally is not. The most common, 'ordinary' trespasses are acts which, it should be borne in mind, are non-quotidian. As mentioned earlier regarding Figure 1, the limits on interaction entailed by Chinese walls can extend beyond the workplace. Besides phone calls and internet communication, these restrictions also include

meeting those 'outside the wall' outside the workplace.[8] While many Chinese wall trespasses occur outside the workplace, my research focuses on the most ordinary yet prevalent transgressions. A typical example of trespass might involve sell-side research analysts, meant to conduct independent proprietary research reports commonly referred to as 'coverage', who recommend the purchase of stocks to purposely create benefits for other divisions of the investment banking firm they work for, divisions beyond the wall.[9] On these occasions, the analysts might craft reports for stocks whose companies are clients or prospective clients of the investment bank, and simultaneously possess inside (non-public) information on these companies that should remain secure on their side of the wall. Large investment banks provide 'coverage' to their financial clients (that is, investment portfolio managers) as a service, thus providing them with information for their potential investment decisions; in turn, this generates income in the form of commissions for the institutional sales division of the bank.

One investment banking interlocutor, discussing the conflict between writing positive research reports and the investment bank's interest in such reports, echoed what several others consistently told me, 'If 500 of our clients own the stock then we should cover it. It is clear that the company is our client. It is clear that we have a vested interest but this should not mean that we should not provide that service.' When I asked him if clients take the research seriously, given that the Securities and Exchange Commission (SEC), the independent government agency that enforces securities law, warns customers to be wary of analyst reports that cover their own firm's clients (SEC, 2010), he laughed and said 'Probably not!' He explained:

> The bottom line is that it doesn't matter! The investors don't read the research report! You read the thing – and so what? You know what it does? The retail salesperson on the phone recommended stock Z. He has the comfort to know that the firm is recommending it. If the stock collapses or he gets sued or arbitration comes in because an investor lost all their money, then he can say, 'Look, the firm recommended it.' That is what it matters for.

The above statement asserts that research reports can protect portfolio managers from being blamed for bad financial decisions. Having previously worked in investment banking at a time when Chinese walls did not exist physically, I knew that this was only part of the story. Investment banks are in the knowledge business and analyst reports leverage their expertise as in-house capital and enhance their reputation. A salesperson described how research reports generate business at the trading desk through 'soft dollars' (payments through commission revenue rather than through client fees) and alludes to how research is part of an overall package with multiple users:

> If there is a fund manager at XY [a mutual fund], that owns Z [a particular stock] and one of our institutional salesmen sends out our report to him, the fund manager will

> throw business the salesman's way. The fund manager then has more comfort – [simply because] the stock that he put his firm's money into has one more analyst recommending it. So if the stock collapsed and the big boss says, 'Why are you buying Z?', he would say, 'Well, look, five banks all had buy recommendations on the stock.' Just for me sending the research report out, they give you back some business. That still happens because it protects the funds manager – he likes to know. He'll figure out that the research report is worth 20k to him. So he'll tell his rep to send 20k worth of trades toward me in soft dollars . . . I may get a trade worth 1k one day and then the next until it adds up to 20k. We are paid back with commission business.

Several times at my field site fund managers also made legitimate calls to research analysts wanting to know their opinion because of the analyst's speciality in a particular industry. In fact, many interlocutors emphasize that analysts who are 'true specialists', particularly those who formerly worked in the industries they now cover, are 'the best analysts and not just someone on Wall Street dressing up the stock!'

> If XY took our capital markets guy to lunch and said, 'I need research on this company', they could ask our firm to cover it. They just can't ask [investment] banking. It's just not the banker. It's only the wall between the banker and the research, not [between] the salesman and the research, that matters in this case.

The permeability of the wall between salespeople and research allows salespeople to take the analyst to a meeting to help pitch the stock to a potential customer. One could reasonably speculate that this might provide an opportunity for the individuals concerned to speak to each other. As one analyst explained:

> The salesman can be at the road show[10] with the analyst [*stated with a tone of disbelief and humour*]. This is because the salesman goes to XY and says, 'I want you to buy Z'; XY has questions for him, and so the analyst is there to answer for him. But I [the analyst] only talk to the company – I only to talk to XY, I can never talk to the fund manager [outside of that context] . . . If I go on a road show when we are doing a deal, I'll be in the room when XY is pitching . . . and I can maybe throw in a few words – but almost always the management gives the presentation.

While salespeople may need analysts to be 'brought over the wall', since the Financial Industry Regulatory Authority (FINRA) and National Association of Securities Dealers (NASD) rulings in 2003, the wall between research and banking is the least permeable, precisely because analysts and bankers have been found guilty of the most blatant acts of trespassing.[11] A common scenario is as follows:

> Investment bankers are going to call a company – like I just did [*the speaker is referring to putting information together before a phone call to a potential corporate client*] – and I tell them, 'We know you are burning cash. You are going to be doing

> some kind of offering before the end of the year. We would like to be the banker on the deal.' The CEO will say, 'You don't cover me. We have coverage from A, B and C but nothing from you.' Other investment bankers might say, 'OK – we will get you coverage. I'll talk to the analyst and I will get you the coverage.' But what I would say is, 'Here is the contact for the analyst. Have your IR [investor relations] guy call him and make a meeting with him.' And hopefully the CEO will call our analyst and say that they will be in town.

This scenario is perfectly legal, and yet, I suggest, it is equal to 'jumping the wall' because of an understanding among all actors of how to play 'the game'. In such cases, breaching the wall's boundaries involves what Wendy Brown (2010: 97) refers to as the 'theatrical dimension of border fortification'. Whereas Brown focuses on the role of walls in sovereign governance, here theatricality is practised regarding an existing wall or boundary so as to constitute and legitimize it while also signifying its ungovernability.

In the case of the Chinese wall, one can act as though respecting the integrity of the wall while simultaneously bypassing it. A potential client, such as the one quoted above, can ask an investment banker for coverage, but an investment banker is not meant to facilitate such coverage beyond giving the client the analyst's name. Yet, to be clear, it is routinely expected that company analysts will comply by writing positive reviews of companies that pay them fees for other services. An example of how blatant that expectation is was supplied by an interlocutor who was present at the exclusive Four Seasons restaurant in New York when Conseco CEO Steve Hilbert met Salomon Smith Barney analysts who had recently produced a high-profile negative research report on Conseco. During the meeting, Hilbert allegedly shouted out, 'How the fuck could you do this to me? Don't you know I spent $20 fucking million in fees at your firm last year?!' (Serwer, 2002). Just as Mitchell argues that boundaries do not mark a 'real edge' but are 'effects' of the state, reflecting other arrangements (Mitchell, 1991: 95), so Hilbert's remark reveals that banking clients see Chinese walls as a fiction, an 'effect' of regulation that serves only to produce a semblance of order, one that lends legitimacy to the system while simultaneously allowing it to be subverted.

Equally, investment bankers may feel entitled to compensation from a corporate client that they have invested their efforts in but which has not reciprocated by 'sending business their way'. According to FINRA (2012), research analyst Alka Singh of Rodman and Renshaw wrote a disgruntled email to a former colleague stating 'Some of these people think that research is for free' when the CEO of the mining company she had written a positive recommendation on did not include her firm in a $25 million private placement. Her email to the CEO solicited a payment from him 'so that the analyst can at least get something for their effort' (FINRA, 2012), showing her disregard for the Chinese wall between research and investment banking.

A firm's success is largely tied to the deal team's money-making, and ideally to the integrity of that team. The deal team's familiarity with each other, as with all forms of sociality, may equally pose risks to the firm as trust builds between team

members. This trust may potentially transcend loyalties to the firm and inspire some to skate outside the parameters of securities law. Any member of this 'community of practice' (Lave and Wenger, 1991: 10) might potentially let personal benefit trump loyalty to the team, thus working against the firm's reputation by achieving personal financial success in ways that are not necessarily legal. At such moments, participants may not differentiate between or wish to curtail variable degrees of financial success as they monetarily benefit the firm regardless. When this occurs, individual deal-team members are faced with the moral dilemma of either reporting the rogue team member or enacting blindness. When a strategic act of blindness is chosen, the performance of ignorance can also be seen as performing the economy (Callon, 1998; MacKenzie et al., 2007).

It is worth considering that, after multiple experiences of being part of a deal team, a particular type of sociality ensues. This sociality, I argue, is based on the idealized trust and loyalty that underpins the commonly shared interest in 'making money'.[12] This idea of shared interest holds that the more money an individual earns for himself or herself regardless of whether it is appropriately earned, the more money the firm makes. This, moreover, is linked to two other tensions that I mentioned earlier. First, the convenient fiction that an analyst's success is fully divorced from the firm's monetary success. Second, that the Chinese wall is in place because investment banking is inherently composed of conflicts of interest. Herein lies 'the game': the improvised conditions by which individuals navigate and operationalize their own and their firm's livelihood and well-being.

'The game': wilful blindness and visibility

Despite legislative tampering, and despite only becoming physical in 2002, Chinese walls have been upheld for decades. However, some individuals subvert the walls' purpose of structural blindness and in turn provoke their colleagues to be wilfully blind to such acts of trespass.

In conversations with interlocutors it is clear that they participate to varying degrees in wilful blindness concerning the infringements that 'others' make upon the regulatory rules of Chinese walls. Yet what is also clear is that the largest concern among some within the investment banking community is not that walls are breached, but rather that, because of the widespread and intimate knowledge of 'the game' among professionals, the walls need not be breached to be violated. When a shared understanding of 'the game' is in place then the wall becomes a fiction. In other words, if a research analyst is approached by a public company asking for coverage (a perfectly legal act) – rather than making this request via the firm's investment banking unit – then the analyst might deduce that there is a reason why they are being approached and thus provide the requested information. 'The game' is intended to have positive outcomes for the related networks. As one interlocutor explained: 'Everyone knows what the deal is. The deal is that we have to make money and the firm has to make money. There is an understanding which means that you don't have to break the wall among professionals.' This leaves one

pondering over how much of a fiction the wall actually is. As mentioned, the wall necessarily serves its purpose while also allowing 'the game' to proceed unnoticed. Indeed, in moments of collapse, the wall reifies its presence as a regulatory device of financial governance, similar to the role of collateral as a stabilizer for market transactions as described by Riles (2011), while also serving as a shield against these very same regulations by appearing to be impenetrable.

My research suggests that visibility of 'the game' mostly arises when acts of trespassing the wall result in financial failure. Both Fan and Singh were heavily fined for violating the Chinese wall between research and investment banking. It is not incidental that they were caught and that the stocks in question performed poorly, leading to losses for investors. The same holds true regarding Blodget and Grubman. As one judge stated in a similar case, investment bankers would never have been expected to share the clients' profits, but now they are being held accountable for their losses (Campbell, 2001). Grubman's resignation letter revealed his complicity as part of a broader network: 'I did my work as an analyst within a widely understood framework consistent with industry practice that is now being extensively second-guessed' (Teather, 2002). Together, what these narratives imply is that acts of trespass regarding Chinese walls will mostly remain unchallenged in the financial industry as long as they do not incur monetary loss.

Visuality is at the forefront of how knowledge is represented in relation to inconvenient truths or issues of secrecy, whether it be creative accounting or acts of trespass involving Chinese walls. Vision is a politically charged process because of the ways in which it allows individuals to situate themselves within communities of practice (Grasseni, 2007, 2009). Literally and metaphorically, ideas of seeing, learning and knowledge interplay in significant ways, and the 'enskillment of vision' (Grasseni, 2007) reflects one's professional and workplace ideologies. This is because, as with all settings, inhabitants learn to 'see' through multi-sensory habitual practices that also include not seeing – or what one might call 'skilled blindness'. My interlocutors may tacitly 'sense' that someone is trespassing the wall based on their knowledge of how the wall is maintained, but they are also aware that there is subjectivity in the act of sensing (Swartz, 1965) and that the move from 'sense' to 'sight' involves personal and professional risks. This act of sensing (with 'sensing' and 'knowing' being interchangeable in what people say) not only challenges the straightforward relationships between seeing and knowing but also highlights the way that sensing and seeing are distinct forms of visual perception (Rensink, 2004) that produce different forms of knowledge and the potential for action.

Visuality is a critical feature of financial decision-making, whereby experts are attentive to their trading screens for the purpose of seeing and knowing, as well as researching and analysing for due diligence, or by discussing or socially engaging with a variety of professional others. Where knowledge, tacit or explicit, is experienced via multifaceted interactions, investment bankers learn by observing and thus prioritizing 'seeing' as a primary source of knowledge and basis for analysis. Indeed, social science research on finance emphasizes the importance of visual technology in the way that finance is understood, experienced and represented

(Buenza and Muniesa, 2005; Knorr Cetina and Bruegger, 2002; Zaloom, 2003). Speech must be preceded or accompanied by literal or metaphorical sight to be effectual. In the case of notorious corporate whistleblowers such as Raymond Dirks (Equity Funding) and Cynthia Cooper (WorldCom), 'seeing' enabled them to break the endemic silence surrounding unorthodox activities whereas 'not seeing' would have made them complicit.

When asking investment bankers at my field site why they might not report something that they suspected was fraudulent, repeatedly the idioms of 'seeing' and 'not seeing' came up. As one interlocutor put it, 'I have never seen them do anything even though I can guess what is going on.' And without sight there is absolution, making it strategically beneficial not to see. Indeed, invisibility, like the alleged 'invisible hand', is a market shaper. Despite the real effects of wilful blindness on companies and financial markets, 'turning a blind eye' becomes easier to justify when the Chinese wall provides a place to hide behind. Similar to other financial structures, the wall is upheld and subverted by the individuals who move within and around it; because of these practices, Chinese walls concurrently provide visibility and invisibility, opacity and transparency and are constituted by knowing and ignoring.

Conclusion

In considering the constitution and breaching of Chinese walls, I suggest that wilful blindness is a strategy employed in relation to unofficial rules about 'playing the game', even if at times 'playing the game' involves sidestepping regulations. Here, the wilful blindness towards tacit trespassing of Chinese walls is easily aligned with unregulated capitalism because, intentionally or not, it supports the unrestrained profits of those who control the networks of exchange. In the face of regulation, this form of wilful blindness facilitates a broader capitalist network that unofficially expects those with 'a seat at the table' to conduct themselves with care and discretion and not disadvantage others in the network. This is implicit in the SEC warning to investors to be wary of stock recommendations made by those who work for financial institutions with investment banking arms. The SEC's caution acknowledges how permeable Chinese walls actually are, while also implying that their own regulations are not easily enforceable. Such warnings naturalize a tendency towards wilful blindness. Even though further regulations have been put in place (while many are also being removed) and there are additional watchdogs, cautionary SEC warnings about trusting analyst reports that cover their own firm's stocks signal that there is a broad institutional structural tendency toward wilful blindness.

Chinese walls not only extend beyond one's workplace but also one's work life. Regulatory information barriers shape workplace personhood, encouraging the compartmentalization of employees into types such as 'the analyst', 'the banker', 'the capital markets person' and the 'institutional salesperson' by virtue of their positioning vis-à-vis walls. One interlocutor described about how, at a recent charity dinner, 'no one was able to speak to anyone else because we were all regulated!' Meanwhile, a woman analyst explained that her daughter had become friendly

with the child of someone she is 'regulated against having a relationship with', stating that being unable to encourage her child's interactions in the ways that a 'normal parent' might do was starting to feel awkward. While bar-coded security passes flag up individual motion throughout office spaces and electronic surveillance systems monitor computer activity and company emails, outside the office, all movements that 'cross' Chinese walls rely fully on self-surveillance.

This study shows is that there are legal and illegal ways to cross walls. There are ways of crossing walls so skilfully and invisibly that those who do so, and the firms they work for, do not end up in litigation. Individuals choose to trespass or not to trespass. They may also choose whether or not they take notice of others who do not follow the regulations. In discussing the example of 'deal-team' parameters and the possibility that knowledge may be used for personal benefit, I suggested that a team member who suspects another of dubious activities is left with a challenge that extends beyond their own recognition of the wall: they are faced with a decision of whether or not to report trespassing. This is where wilful blindness has the most impact: in the way that it leads to silence and operationalizes complicity.

I have discussed how walls can be broken by words, the relations that privilege particular socialities of the workplace and the financial industry that allow ordinary verbal transgressions to take place. Similar to Holmes' (2013) account of how central bankers' descriptions of the economy serve to reconfigure it, here, investment bankers also explicitly create markets through language. If we consider Derrida's (1976) claim that speech is a form of violence and Das's (2007) account of how cultural grammar makes violence intelligible, then focusing on how walls are broken by words – by taking someone 'over the wall', by telling them of the correct pathway to follow or by less legal verbal instructions – suggests that acts of trespass in relation to financial walls are important sites for ethnographic inquiry. When ethical principles are reordered in ways that sanction skilful trespassers, then turning a blind eye to inconvenient truths, inadvertently or not, is an act of complicity. Just as words break walls, so does the violence of silence. Words and silence contributed towards the violent effects of the recent global financial crisis and continue to contribute towards ongoing forms of financial violence, such as stockpiling offshore capital, that exacerbate global inequality.

The sociality of institutional money-making amid conflicts of interest is challenged only when the game goes wrong, showing that not all money is the same: some money is skilfully gained and some is not. Remarking on financial markets and capitalism, Stiglitz writes that, 'as an economist, I certainly possessed a healthy degree of trust, trust in the power of economic incentives to bend human behaviour toward self-interest' (Stiglitz, 2009: 49). Chinese walls were installed precisely to prevent this bending towards self-interest in the face of conflicts of interest intrinsic to the composition of financial institutions. The silence that surrounds trespassers is key to the use of wilful blindness as a purposeful strategy – a strategy that is profitable in terms of its ability to foster and reproduce capitalist structures, their networks and their leanings towards excess and accumulation. It is often simpler to turn away, to turn a blind eye, than it is to stand in the way.

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Notes

1. The research on which this article is based was carried out over six months between 2015 and 2017 among employees in the investment divisions of several multinational banks in New York, and is also based on nearly twenty years of past experience working as an investment banker (Peluso, 2017).
2. 'Turning a blind eye' originated as a British military strategy of wilfully ignoring information so as to achieve a desired outcome (Southey, 1896).
3. For a review of the anthropology of finance, see Hart and Ortiz (2014) and Maurer (2012); for regulatory finance, see Lapavitsas (2009), Riles (2011), Engelen et al. (2012) and Ho (2012).
4. Alternatively, the compliance officer can be present virtually.
5. Secondary public offerings are the public sale of stock for an existing publicly traded company.
6. Traders do not have information about why stocks are placed on 'watch' and 'restricted' lists.
7. At this stage, investment banking will have conducted due diligence on the CMPO and produced a 'bare bones' prospectus.
8. Gift exchange is also restricted.
9. Sell-side analysts provide financial research to the public. Buy-side analysts (i.e. mutual fund analysts) conduct research that guides the investment decisions made by their own firms.
10. A road show is a series of presentations made by the company management and the investment bankers responsible for the IPO (initial public offering) to other broker-dealers, money managers, analysts and investors.
11. NASD rule 2711 states that it is unlawful for research analysts to initiate efforts to solicit investment banking business.

12. While the meaning of money is beyond the scope of this article and covered amply elsewhere (e.g. Guyer, 1995; Keane, 2001; LiPuma, 1999; Maurer, 2006), it is worth noting that narratives around 'making money' are tied to individual and group ideas about 'achievement', 'success' and 'financial independence'.

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