Shame Proves to be an Effective Tool on Wall Street

CAROL COSTELLO, CNN CORRESPONDENT: Hi, Kiran. I'm looking at the glass half full this morning. That wall of shame was a good thing because, you know, it's power to the people time. And the battle that pitted Main Street versus Wall Street, Main Street now has the upper hand. Really? Shame works.

(CEGIN VIDEO TAPE)

COSTELLO (voice-over): Forget about Congress re-regulating Wall Street. Turns out a little public flogging is pretty darn effective. Shame works. From public demonstrations --

UNIDENTIFIED FEMALE: I think it's disgusting.
UNIDENTIFIED MALE: It's all toxic.
COSTELLO: To scathing public indictments.

CAMPBELL BROWN, CNN ANCHOR: Who is in charge of this process? Who is watching the banks? Who is demanding accountability?

COSTELLO: Right now, it's you, Main Street. When word got out ex- Merrill Lynch boss John Thain spent $1.2 million to renovate his office, public outrage was so extreme, even the man who thought it was OK to pay $35,000 for a toilet finally got it.

JOHN THAIN, FMR. CEO, MERRILL LYNCH: It is clear to me, in today's world, that it was a mistake. I apologize for spending that money on those -- on those things. And I will make it right. I will reimburse the company for all of those costs.

COSTELLO: And he didn't even have to be publicly berated by Congress as so many others have, like ex-Countrywide CEO Angelo Mozilo whose company sunk in the subprime mess and cost taxpayers millions in bailout money.

ANGELO MOZILO, CEO COUNTRYWIDE FINANCIAL: I waive any and all severance, in addition canceled the consulting agreement included in my contract.

COSTELLO: Public advocacy groups feel positively vindicated.

UNIDENTIFIED FEMALE: Totally. I mean, well, but we have before. This is not the first time. But we do feel vindicated.

COSTELLO: Keep in mind these failed CEOs don't legally have to give up their cushy perks even if their companies benefit from the $700 billion bailout. But some experts say shame is proving to be a most effective weapon.

BRAD GOOGINS, BOSTON COLLEGE CTR. FOR CORPORATE CITIZENSHIP: Change really happens from the inside out, in any institution, whether it's the churches or corporations or whatever. And it really -- you really need to have an outside agitation to open this up.

COSTELLO: Citibank certainly felt that. When word leaked out it was going to spend $42 million for a brand, spanking new corporate jet, people complained so loudly, Citibank got a call from the Obama administration. What did Citibank do? Well, no more new jet. (END VIDEO TAPE) That's for sure. Now, it's not to say experts don't think accountability shouldn't be part of the bailout. It absolutely should, or that Wall Street doesn't need a regulation makeover. It just means the tone has already changed. And the fact Main Street won't put up with it anymore gives the president and Congress tremendous power over Wall Street -- Kiran.

CHETRY: All right. Some would say finally, right?

COSTELLO: I know. Yes! Power to the people.

CHETRY: Carol, thanks.