

TIME TO GET GEITHNER UNDER OATH ON AIG

Edward Liddy, AIG's CEO, will testify before Barney Frank's committee tomorrow (10AM, CSPAN3, and yes, we'll be liveblogging it).

But after reading the letter Andrew Cuomo just sent to Chairman Barney, I think the guy we need under oath is Tim Geithner. After all, over the weekend Geithner allowed himself to be convinced that AIG had to pay out its retention bonuses. But today, we learn the following:

- [Cuomo's] Office has reviewed the legal opinion that AIG obtained from its own counsel, and it is not at all clear that these lawyers even considered the argument that it is only by the grace of American taxpayers that members of Financial Products even have jobs, let alone a pool of retention bonus money.
- AIG was able to bargain with its Financial Products employees since these employees have agreed to take salaries of \$ I for 2009 in exchange for receiving their retention bonus packages. The fact that AIG engaged in this negotiation flies in the face of AIG's assertion that it had no choice but to make these lavish multi-million

dollar bonus payments.

- [N]umerous individuals who received large "retention" bonuses are no longer at the firm [including one person whose bonus of \$4.6 million made him one of the top seven recipients of bonuses].
- [T]he contracts under which AIG decided to make these payments ... contain a provision that required most individuals' bonuses to be 100% of their 2007 bonuses.

Now, presumably, Tim Geithner knew all these details from his conversations with Liddy over the weekend. Hell, he should know the details from when, as NY Fed President, he negotiated the bailout last year.

Yet he came to the American people and claimed we simply had to pay these bonuses. Why?