

FINANCIAL SERVICES AIG HEARING LIVEBLOG, MEMBER BLOWHARD STATEMENTS

The hearing can be view on the committee stream or CSPAN3.

The witnesses are:

Panel one

- Mr. Scott Polakoff, Acting Director, Office of Thrift Supervision
- The Honorable Joel Ario, Insurance Commissioner, Pennsylvania Insurance Department, on behalf of the National Association of Insurance Commissioners
- Ms. Orice M. Williams, Director, Financial Markets and Community Investment, Government Accountability Office

Panel two

- Mr. Edward M. Liddy, Chairman and Chief Executive Officer, American International Group
- Mr. Rodney Clark, Managing Director, Insurance Ratings, Standard & Poor's

Liveblog

Barney starts by warning the hecklers.

Three other members included—I missed the first one [oh, I think it was Joseph Crowley], but Marcy Captur and Elijah Cummings are in there.

Kanjorski: AIG unique. Not a bank, and has received much more assistance than any other bankster. Treasury and Fed could not accommodate us. "We need to hear from them, directly and publicly." Full committee hearing on March 24.

[Note, AIG's much greater assistance was really assistance for the banks via other means. That Kanjorski statement does not inspire confidence in me, because it hides the degree to which this is still about the JP Morgans and Goldman Sachs of the world.]

Garrett: Where was the outrage when Bush was demanding money from taxpayers? I think I'll blame it on Democrats.

[Note, the Republicans are going to be out for Geithner's head here. He's not going to have much fun when he testifies on Tuesday.]

Frank: I hope we can focus on the subject at hand, but I have to respond to Garrett's complaint that he didn't get a hearing quick enough. We did have the hearing in July 2008. At that hearing he asked no questions at that hearing. He declined to ask any questions about it. I suppose he's disturbed that we didn't give him a chance to ask questions a month earlier.

Garrett: My understanding is that I went into other issues as well.

Frank: Not according to my reading of the transcript. Covered bonds hardly seemed to be the major topic that the gentleman wanted to have the hearing about. The committee had a hearing on this well before the Fed went into AIG. It is important for us to amend that statute, but doing it in the midst of that uncertainty is probably not a good idea. I guess we'll just release the transcript. I guess a lot of people left their fight in the gym. Time to

exercise our ownership rights.

[Frank reading from compensation limits.]

Frank: If there's a net loss on the year, they still get the bonuses. Losses of \$225 million insulated from the bonus pool. That's a rounding error in this matter. We ought to be exercising our rights as owners of AIG. Federal govt should not abrogate contracts [unless they're UAW workers] to say, the losses we're so bad that we're right to refuse to pay those bonuses. We'll be asking Mr. Liddy to give us the names of the recipients. If Mr. Liddy declines to give us the names, I will convene the committee to vote a subpoena to get the names. This contract appears to be signed in contemplation of serious losses. [Ayep] And as for retention, I don't think these are the guys to retain. The natural tendency to protect your own mistakes comes into play. Let's bring a lawsuit as the owners against those who did damage against the company.

Bachus: Chairman Kanjorski and I asked GAO to do an investigation into who the bailout really helped. Plenty of blame to go around. One people not to blame but paying the tab is American people.

Ackerman: There's a tidal wave of rage that's building up right now. This is just the tip of the iceberg. The taxpayer knows that they are the ultimate sucker who pays for the greed that has been going on for years and years. These bonuses are minuscule compared the sums that we really have to be talking about. We have to talk about how an icon succumbed to this greed and figured out how to package this smoke and sell it for billions of dollars without any oversight.

Price: Sorry Geithner declined to testify today. Outrage should be directed at taxpayers. This is exactly why govt should not bail out private companies.

[2003, 2004, 2005, 2006, 2007, 2008: Republicans refuse to discuss exit strategies. 2009:

Republicans screaming for exit strategy.]

Sherman: Make sure Liddy is sworn in. If American taxpayers knew about these bonuses, they would have demanded receivership. No one can support a criminal conspiracy to withhold this information from taxpayers.

Castle: Who knew about the bonuses and when did they know it?

Capuano: Where were thrift regulators when they were getting ready to do what they did? Is this path better or worse than just declaring bankruptcy. Will taxpayers ever get their money back?

Manzullo: I asked Kaskari where he was going to refuse to give one person a bonus. He said it was deferred compensation. [My constituents] are asking "how can govt be this stupid?"

Maloney: American taxpayers outraged. I'm going to play to that outrage so I get some TV time.

Royce: I voted against the bailout and predicted at the time that it would turn into a gravy train. AIG is charging artificially lowered rates and beating out smaller insurers.

[Note, I've heard that too. Basically, AIG is charging premiums that are too small in order to win contracts. It can do so since it knows we, the taxpayer, are going to guarantee whatever AIG does. But of course that means it's not taking into account the risk involved in these insurance contracts.]

Hodes: Arrogance Incompetence and Greed. Unacceptable that TARP funds being pocketed. It is ridiculous to stand on these contracts. The contract provisions that allow bonuses for failure ought to be unenforceable.

Biggert: Did anyone represent the taxpayer. Did taxpayers vote on these bonuses?

Peters: In my district, thousands of UAW employees have been asked to renegotiate contracts. Thousands of white collar workers

asked to forgo bonuses. People are sick of this double standard.

Hensarling: Why didn't Obama fix this back when Bush gave this money away last September?

Scott: We've got to look at this as fraud. We've got to make sure we're doing our job.