DARRELL ISSA STEPS IN IT, INADVERTANTLY REVEALS IMPROPER USE OF CONGRESSIONAL FUNDS TO SERVE AEI



United States House of Representatives Seal by DonkeyHotey

Republicans are big fans of projection. When they're neck-deep in conflicts of interest, they like to hide it by accusing Democrats of such conflicts. When they leak stuff, they accuse Democrats. When they mismanage stuff, they accuse Democrats.

And yesterday, Darrell Issa got caught doing just that.

A year ago, on July 27, 2010, Issa accused the Financial Crisis Inquiry Commission of partisanship, largely because Democrats passed the Dodd-Frank financial reform bill before the FCIC reported its conclusions. Of particular note, Issa claimed Democrats on the FCIC were letting partisan ties direct their work.

Yet, as a report released by Elijah Cummings yesterday makes clear, the Republicans were the ones being directed by outside influences—both

by their own partisan considerations, as well as two possible lobbyists. The report found that:

- Immediately after Republicans took the House last November, some Republicans on the Committee started tailoring their contributions to make sure they would serve the goal of setting up a repeal of Dodd-Frank. Of particular note, Commissioner Peter Wallison started sending emails warning, "It's very important, I think, that what we say in our separate statements not undermine the ability of the new House GOP to modify or repeal Dodd-Frank."
- Wallison (who is a fellow of AEI) also tailored his contributions—including his separate statement—largely to parrot the discredited theories of AEI fellow (and former Fannie Mae official) Edward Pinto. Pinto argued that the entire crash was caused by HUD's affordable housing policy. Wallison's mindless insistence on advancing Pinto's theory got so bad that the special assistant to Republican FCIC Vice Chairman, Bill Thomas,

suggested, “I can’t tell re: who is the leader and who is the follower. If Peter is really a parrot for Pinto, he’s putting a lot of faith in the guy.” Not only did Wallison serve Parrot’s propaganda, though: he also shared confidential documents made available to the FCIC, violating its ethics standards.

- Thomas himself consulted with—and shared confidential information with—someone outside the Commission: the CEO of a political consulting firm, Alex Brill (he’s also a fellow at AEI). At one level, Brill seems to have been offering Thomas political advice. But it also appears Brill may have been trying to cushion the damage done by the FCIC to Citibank’s reputation.

Now, Cummings released this report partly because Issa refused to call Thomas and Wallison as witnesses in his inquiry into problems with the FCIC. And the release of the report seems to have convinced Issa to indefinitely postpone the investigation into the FCIC.

Good—this is precisely the kind of thing I was thinking of when I suggested we needed someone like Cummings to babysit Issa.

But it also seems like a good time to turn this into a much bigger attack.

As Cummings' FCIC report makes clear, what Wallison and Thomas appear to have done is unethically misuse funds appropriated by Congress. While it's not entirely clear who the ultimate beneficiaries of their ethical lapses are—aside from, vaguely, the banksters, both men were collaborating improperly with AEI fellows. More clearly, both men appear to have violated their ethical obligations—a set of rules—to try to make sure banksters didn't have to follow any rules passed under Dodd-Frank.

Issa is teeing off today, again, against Elizabeth Warren. I do hope Cummings finds ample opportunity to remind Issa that it's clear he's doing the bidding not of transparency or oversight or the American people, but rather a number of corrupt banksters trying to avoid playing by the rules.