

OPENING STATEMENT OF CONGRESSMAN PAUL E. KANJORSKI
HOUSE COMMITTEE ON FINANCIAL SERVICES
HEARING ON “OVERSIGHT OF THE GOVERNMENT’S INTERVENTION AT
AMERICAN INTERNATIONAL GROUP”

TUESDAY, MARCH 24, 2009

Good morning, Mr. Chairman. Thank you for working with me to schedule this important hearing to hear directly and publicly from those federal entities now responsible for overseeing American International Group, or AIG. As I said last week, the Treasury Department and the Federal Reserve have much to explain not only to us, but also to the American people.

Since last fall when it received governmental assistance for the first time, I have maintained an active, ongoing, and strong interest in AIG. Early on, I wrote to the Federal Reserve to inquire about its oversight of AIG. I have contacted them regularly since then. After AIG’s TARP investment, I also contacted the Treasury Department about these matters.

Taxpayers now own 80 percent of AIG. Today, I therefore hope that we can learn more about how federal officials are protecting the taxpayers’ interests in AIG. I also want to learn more about the plan, the people, and the resources dedicated to AIG oversight.

Additionally, because the Federal Reserve was the first to intervene in AIG, I would greatly appreciate an explanation from them of how and why they made the decision to get involved. Further, I want to know the plan to recover the loans from AIG so the taxpayer can be paid back in full, and with interest, as quickly as possible.

During the last week, the American people have rightly expressed outrage about the sizable retention bonuses given to workers at the very unit that caused AIG to seek federal aid. If federal officials had exercised effective, proactive oversight at the company, we could have prevented this problem. Going forward, I would like the Federal Reserve and Treasury to be more active and transparent in their oversight of AIG.

That said, Mr. Chairman, we are in the midst of an economic crisis. As a result, the Treasury Department and the Federal Reserve have assumed an extraordinary amount of responsibility and they have worked to develop and implement a broad array of innovative programs. As such, they may lack the resources and attention needed to properly oversee all aspects of AIG.

During the WorldCom bankruptcy, however, the Securities and Exchange Commission and WorldCom agreed to a private “corporate monitor” to oversee compensation at WorldCom. I would welcome the views of our witnesses about whether the Congress should consider a similar appointment with respect to AIG now.

Moreover, I want us to focus our deliberations today on whether powers exist in the federal government to unwind AIG in an orderly manner, if necessary. If not, I would like to learn more about the powers the government needs to disband and dissolve non-depository financial institutions.

In sum, Mr. Chairman, I look forward to hearing from our witnesses about these important matters, and I yield back the balance of my time.
