

I urge all my colleagues to vote yes on H.R. 1586 and tell the American people that this Congress is fed up with corporate abuses of the Troubled Asset Relief Program and we will do everything in our power to be better stewards of taxpayer money.

Ms. JACKSON-LEE of Texas. Mr. Speaker, I rise today with pitchfork in hand to take back from the executives at AIG, monies that rightfully belong to the taxpayers of this country. I urge my colleagues to support H.R. 1586.

The understanding that most Members of Congress had when we passed the TARP legislation was that these measures were necessary to keep our financial system from collapse. I believe the term is systemic risk.

We then voted last month for another economic recovery package of over \$700 billion dollars which contained language that limited executive compensation for companies that received certain TARP funds.

It appears that the AIG executives may not have broken the law but certainly the spirit of the law. In other words, if AIG has received over \$190 billion in funds from the federal fiscal coffers in the last year, the company is acting in broad contravention of the essence of the law to use \$165 million of that for bonuses. The country is now \$12 trillion dollars in debt after passage of last month's American Recovery and Reinvestment Act of 2009. We literally cannot afford irresponsible uses of taxpayers' dollars.

Last September, the House and Senate voted on one of the most extraordinary pieces of legislation in the history of our country. During the same time, the federal government loaned the American Insurance Group (AIG) \$85 billion, as the company could no longer access credit to fund its day-to-day operations. In addition, an economic "bailout" package enacted in October (PL 110-343) provided a total of \$700 billion in federal aid to financial institutions to remove "toxic" debts and infuse capital into the credit market.

AIG has now received more than \$180 billion in taxpayer money and is now nearly 80 percent owned by the government. As part of a restructuring plan announced by the Treasury Department earlier this month, AIG is set to receive an additional \$30 billion in federal rescue aid.

The news that AIG paid \$165 million in retention bonuses, including bonuses of at least \$1 million each to 73 employees who worked in the financial products division that contributed to the company's troubles, has incited fervor among lawmakers and the public over the past week. Eleven of those top bonus recipients—including one who received \$4.6 million—have since left AIG. If these payments were intended to motivate them to stay with the company it truly scares me to think what they might have needed to stay—\$1 million not being enough.

Edward M. Liddy, the chief executive of AIG—selected in consultation with the Treasury Department after the first large infusion of government assistance—testified before a House Financial Services subcommittee that he has called on employees who received in excess of \$100,000 to give back at least half of their bonuses, but which he also said are a legal obligation of the company. The reason that Mr. Liddy was selected is because he was expected to have the common sense as well as the financial sense which his job now entails.

Over two million Americans have lost their jobs in the last four months. Many of them still owe taxes from last year and will not get a stimulus check, TARP payment or waiver to pay those taxes. Neither will they have access in many cases to teams of topflight lawyers from swanky law firms to defend this excess that reminds me of the biblical tale of Sodom and Gomorrah.

Previously, Merrill Lynch paid \$3.6 billion in bonuses days before its merger with Bank of America to avoid collapse. Bank of America, which acquired Merrill Lynch on January 1, 2009 received \$45 billion in bailout money, some of which it used to acquire.

I was pleased to learn that Oversight and Government Reform Committee Chairman TOWNS sent a letter to Bank of America's chief executive last week asking for details on the bonuses. It appears they are ready to comply with Chairman TOWNS's request.

Treasury Secretary Timothy F. Geithner sent a letter about the AIG matter to lawmakers this week saying the Treasury Department will "deduct from the \$30 billion in assistance an amount equal to the amount of those payments."

This bill taxes bonuses given to individuals at a rate of 90 percent—if their employer received more than \$5 billion in federal assistance under the Troubled Asset Relief Program (TARP). It applies to individuals whose total family adjusted gross income exceeds \$250,000 per year, and affects bonuses received after December 31, 2008.

Employees or former employees of covered TARP recipients would face a tax on their income minus the TARP bonus as determined by existing tax code, plus a 90 percent tax on the bonus. The term "TARP bonus" is defined by the bill to include any retention payment, incentive payment, or other bonus that is in addition to the amount paid to the individual at a regular rate, but it does not include commissions, welfare or fringe benefits, or expense reimbursements.

Employees who waive their entitlement to the bonus payments, or return them to their employers before the close of the taxable year, would not face a TARP bonus tax.

This exemption would not apply, however, if the employee receives any benefit from the employer in connection with a waiver or return. Any reimbursement of the tax by a TARP recipient would be treated as a TARP bonus to the taxpayer.

The TARP recipients that are covered under the bill include any entity that received, after December 31, 2007, capital infusions exceeding \$5 billion under the financial industry "bailout," as well as the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac). It would also apply to members of affiliated groups or partnerships with more than 50 percent of the capital or profits owned by TARP recipients. Any tax increase as a result of the measure would not be treated as income tax for purposes of determining the amount of any credit against the alternative minimum tax.

Mr. Speaker, I urge this body to seek redress from AIG with this strong piece of legislation so that we may get on with the business of moving our economic recovery forward.

Mr. DINGELL. Mr. Speaker, I rise today in strong support of H.R. 1586, which will impose a significant tax on bonuses received by em-

ployees of certain TARP-recipient companies. This legislation, of which I am an original cosponsor, sends a clear message that excessive compensation practices by TARP-recipients are indefensible and, as such, must be heavily penalized. On Tuesday of this week, I introduced my own bill, H.R. 1543, on this matter, which would subject bonuses to employees of TARP-recipients to a 95 percent tax. I am pleased to see that H.R. 1586 incorporates elements of my bill and thank Chairman RANGEL for his kind consideration in doing so.

As AIG's recent actions remind us, it is unconscionable that companies dependent upon the largesse of the federal government for their very existence should in turn pay irresponsibly exorbitant bonuses to the rapscallions partially responsible for the current recession. From their glass towers, they frittered away the Nation's economic well-being. Compare that to the men and women who work on the assembly lines now being asked to make wage and healthcare concessions—also contractually guaranteed, I might add—to justify the rescue of U.S. manufacturers. If we can demand that decent people, who wear hard hats and blue jeans, must renegotiate their contracts, I see no reason those people wearing neckties and \$1,000 suits should not also have to sacrifice to help their country in this time of need.

In closing, I offer my thanks to Chairman RANGEL, as well as Representatives PETERS, ISRAEL, and MALONEY, for their work to ensure that TARP funds are not wasted on reprehensible and undeserved bonuses. I urge my colleagues to vote in support of H.R. 1586.

Mr. VAN HOLLEN. Mr. Speaker, I rise today in strong support of H.R. 1586, which will recover outsized and unwarranted executive bonuses at companies like AIG that have received taxpayers' money under the Troubled Assets Relief Program (TARP), if those bonuses are not voluntarily repaid.

Mr. Speaker, we simply cannot continue with business as usual. These are serious times, and the American people expect that their hard-earned money will be used to repair the financial system—not reward the very executives that helped cause the current financial crisis. The bonuses at AIG are an egregious waste of taxpayer dollars, and we must take quick and decisive action to ensure that taxpayers are repaid.

I urge my colleagues to join me and pass this bill.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from New York (Mr. RANGEL) that the House suspend the rules and pass the bill, H.R. 1586.

The question was taken.

The SPEAKER pro tempore. In the opinion of the Chair, two-thirds being in the affirmative, the ayes have it.

Mr. CAMP. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX and the Chair's prior announcement, further proceedings on this motion will be postponed.

GENERAL LEAVE

Mr. RANGEL. Mr. Speaker, I ask unanimous consent that Members may

have 5 legislative days in which to revise and extend their remarks and include extraneous material on H.R. 1586.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

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SENSE OF CONGRESS REGARDING BONUSES PAID BY AIG AND OTHER COMPANIES RECEIVING FEDERAL ASSISTANCE

Mr. FRANK of Massachusetts. Mr. Speaker, I move to suspend the rules and agree to the concurrent resolution (H. Con. Res. 76) expressing the sense of the Congress regarding executive and employee bonuses paid by AIG and other companies assisted with taxpayer funds provided under the Troubled Assets Relief Program of the Secretary of the Treasury.

The Clerk read the title of the concurrent resolution.

The text of the concurrent resolution is as follows:

H. CON. RES. 76

Whereas the Chairman of the Federal Reserve, Ben Bernanke, said in testimony to Congress on March 3, 2008: "If there is a single episode in this entire 18 months that has made me more angry, I can't think of one, than AIG. AIG exploited a huge gap in the regulatory system; there was no oversight of the financial products division. This was a hedge fund basically that was attached to a large and stable insurance company, made huge numbers of irresponsible bets, took huge losses. We had no choice.";

Whereas, on March 15, 2009, Chairman Bernanke said on the news program "60 Minutes" that "we must address the problem of financial institutions that are deemed too big—or perhaps too interconnected—to fail. Given the highly fragile state of financial markets and the global economy, government assistance to avoid the failures of major financial institutions has been necessary to avoid a further serious destabilization of the financial system, and our commitment to avoiding such a failure remains firm.";

Whereas the Treasury and the Federal Reserve have committed almost \$200 billion in various forms of taxpayer assistance to AIG for the company's liquidity shortages, the purchase of certain assets, and to dispose of other assets for an orderly wind-down of the company;

Whereas the commitment of almost \$200 billion in taxpayer assistance represents one of the largest Federal government rescues of a single private corporation in United States history;

Whereas the Federal Reserve has committed tens of billions of taxpayer dollars in a combination of facilities to purchase AIG's mortgage-backed securities and liabilities tied to collateralized debt obligations;

Whereas the Federal government has taken a 79.9 percent stake in AIG in exchange for providing financial assistance extending credit;

Whereas, under the Emergency Economic Stabilization Act of 2008, the Bush Administration and the Obama Administration have provided AIG with access to \$70 billion in direct capital infusions, which in turn have been used, in part, to cover AIG's collateral for positions taken by the company in unregulated and risky credit default swaps;

Whereas AIG's Financial Products division's irresponsible practice of not setting aside sufficient capital to cover its exposure on more than \$1 trillion of complex financial products, including credit default swaps, have threatened the stability of the financial system and resulted in substantial losses to the company, to pensioners, to investors, and ultimately to the taxpayer;

Whereas, despite the irresponsible actions of AIG executives that threatened the company as a going concern, and exposed taxpayers to almost \$200 billion to cover losses from excessive risks, these executives will receive hundreds of millions of taxpayer money in retention payments and bonuses for performance in 2008 and 2009;

Whereas, in a letter to Treasury Secretary Geithner, AIG CEO Edward Liddy said that "AIG also is committed to seeking other ways to repay the American taxpayers for AIG Financial Products retention payments.";

Whereas, in the same letter, Liddy said that "AIG's hands are tied. Outside counsel has advised that these [retention payments] are legal, binding obligations of AIG, and there are serious legal, as well as business, consequences for not paying. Given the trillion-dollar portfolio at AIG Financial Products, retaining key traders and risk managers is critical to our goal of repayment [to the taxpayer].";

Whereas the appropriate committees in the House of Representatives and the Senate have already convened hearings to examine the sizable government assistance provided to AIG, and the House Financial Services Committee has focused its oversight on the excessive compensation provided AIG's executives and employees, among other matters;

Whereas common sense dictates that a company such as AIG that was so mismanaged as to threaten the stability of the financial system of the Nation and that requires billions of dollars of taxpayer money for its survival should not reward that mismanagement through lavish bonuses; and

Whereas, on March 15, 2009, President Obama stated: "In the last six months, AIG has received substantial sums from the U.S. Treasury. I've asked Secretary Geithner to use that leverage and pursue every legal avenue to block these bonuses and make the American taxpayers whole": Now, therefore, be it

Resolved by the House of Representatives (the Senate concurring), That it is the sense of Congress that the President is appropriately exercising all of the authorities granted by Congress under the Emergency Economic Stabilization Act of 2008, and any other Federal law, by taking all necessary actions to ensure that—

(1) in the absence of a voluntary decision by AIG employees and executives to forego their contractual retention bonuses, AIG will repay taxpayers for the hundreds of millions of dollars the company provided to executives and employees in retention bonuses;

(2) going forward, companies that receive a capital infusion under title I of the Emergency Economic Stabilization Act of 2008 that the Secretary of the Treasury deems necessary to restore liquidity and stability to the financial system of the United States are prohibited from providing to executives and employees unreasonable and excessive compensation payments that are not directly tied to performance measures, such as repayment of the companies' obligations to the taxpayers, profitability of the company, adherence to appropriate risk management, and transparency and accountability to shareholders, investors, and taxpayers; and

(3) companies that receive a capital infusion under title I of the Emergency Eco-

omic Stabilization Act of 2008 that the Secretary of the Treasury deems necessary to restore liquidity and stability to the financial system of the United States are complying with the letter of the provisions included in the American Recovery and Reinvestment Act that strengthen executive compensation restrictions for recipients of capital infusions, such as limiting base salaries for executives to no more than \$500,000 per year, banning golden parachutes, limiting bonuses for executives, requiring shareholders to approve pay packages, requiring executives to certify they are meeting the law's restrictions, requiring a company-wide policy on luxury expenditures, and prohibiting compensation on the basis of excessive risks that threaten the viability of such companies, and adhering to all executive compensation guidelines the Secretary of the Treasury may establish.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Massachusetts (Mr. FRANK) and the gentleman from New Jersey (Mr. GARRETT) each will control 20 minutes.

The Chair recognizes the gentleman from Massachusetts.

Mr. FRANK of Massachusetts. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, there is a great deal of anger in the Nation, and it is reflected in this House, which is representative of the Nation, about retention bonuses given to people who worked at AIG. Retention bonuses in this situation, Mr. Speaker, strike me as a form of legalized extortion. These are not performance bonuses. I was unclear about that and misspoke about it to some extent. These are bonuses paid solely so that people who had been employed at AIG would not leave AIG as it became clear the company was in trouble.

Specifically, we were told that these retention bonuses go to employees who were engaged in complex financial transactions. Now it is, in sum, these complex financial transactions that caused the company the problem. The insurance entities, regulated by State insurance regulators, caused no problem. In fact, they generated the resources and the revenues that allowed these other people to get themselves in trouble.

According to Mr. Liddy, who was appointed to head AIG after the failure, a decision was initiated by the Federal Reserve last September to lend them money and then make a change in the company's management. Mr. Liddy said he was afraid—and he is genuinely sincere about this—he was afraid that some of these people who had been working at the company and who had intimate knowledge of these complex transactions would leave the company and might, in fact, even use their knowledge in ways that would be adverse to the company.

That is a very sad commentary on them. These are people who were engaged in these transactions, the effect of which was to put the company in trouble. And we are told that they have to be bribed not to abandon the company in their time of trouble.

Now, I am skeptical that the best way to get out of the hole that those