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House of Representatives

The House met at 12:30 p.m. and was called to order by the Speaker pro tempore (Mr. LARSEN of Washington).

DESIGNATION OF SPEAKER PRO TEMPORE

The SPEAKER pro tempore laid before the House the following communication from the Speaker:

WASHINGTON, DC,
April 20, 2010.

I hereby appoint the Honorable RICK LARSEN to act as Speaker pro tempore on this day.

NANCY PELOSI,
Speaker of the House of Representatives.

MORNING-HOUR DEBATE

The SPEAKER pro tempore. Pursuant to the order of the House of January 6, 2009, the Chair will now recognize Members from lists submitted by the majority and minority leaders for morning-hour debate.

The Chair will alternate recognition between the parties, with each party limited to 30 minutes and each Member, other than the majority and minority leaders and the minority whip, limited to 5 minutes.

GOLDMAN SACHS: CLEARLY WRONG AND THEY SAID SO

The SPEAKER pro tempore. The Chair recognizes the gentleman from Florida (Mr. STEARNS) for 5 minutes.

Mr. STEARNS. Mr. Speaker, last Friday, the Securities and Exchange Commission (SEC) filed fraud charges against investment bank Goldman Sachs for misleading and defrauding investors through their selling of a complex financial product based on toxic subprime mortgages. These charges are serious, but the SEC should have been investigating the abusive practices that contributed to our financial crisis much sooner.

American taxpayers could see past Goldman Sachs' smoke and mirrors. American taxpayers could see past Lloyd Blankfein's defense of his company when he said such things as "We're very important." He went on to say, "I'm doing God's work." Americans could see that there were problems on Wall Street well before the SEC was willing to publicly acknowledge it.

Now, according to the SEC, Goldman Sachs was approached by one of the world's largest hedge funds, Paulson & Co., which asked the firm to create and market collateralized debt obligations (CDOs) whose values were linked to the value of toxic home loans. With billions being offered, Goldman Sachs obliged and created ABACUS, which the hedge fund then placed bets against, knowing that this new financial instrument was certain to lose value. Then, Goldman Sachs failed to tell ABACUS investors that the very hedge fund that helped to create and assemble the toxic CDOs, was betting against it.

"The product was new and complex but the deception and conflicts are old and simple." That's what the SEC's Director of Division Enforcement said. "Goldman wrongly permitted a client that was betting against the mortgage market to heavily influence which mortgage securities to include in an investment portfolio, while telling other investors that the securities were selected by an independent, objective third party."

The Goldman Sachs-Paulson & Co. deal closed on April 26, 2007, with the hedge fund paying Goldman Sachs \$15 million for structuring and marketing ABACUS to unknowing investors. Unfortunately, however, by October 24 of that same year, 83 percent of the residential mortgage-backed securities in the ABACUS portfolio had been downgraded, and 17 percent were on negative watch. Less than a year later, on Janu-

ary 28, 2008, 99 percent of the ABACUS portfolio had been downgraded. Those who invested in ABACUS lost more than \$1 billion.

Goldman Sachs' official statement that "the SEC charges are completely unfounded in law and fact, and we will vigorously contest them and defend the firm and its reputation," contrasts greatly with the words of Goldman's CEO Lloyd Blankfein when he publicly apologized in November of last year for the bank's role in some of the activities leading up to the financial crisis. This is what he said: "We participated in things that were clearly wrong and have reason to regret. We apologize."

Unfortunately, however, it appears the senior leadership at Goldman Sachs knew months before they even marketed ABACUS to investors that the housing market was about to crash. Goldman's vice president, Fabrice Tourre, who was said to be the man who structured the toxic financial instrument, prepared the marketing materials, and communicated directly with investors, sent an e-mail stating, "the whole building is about to collapse anytime now." He is now taking a break from his position at the firm.

The allegations against Goldman Sachs are very serious, and Goldman Sachs has the right to challenge the SEC's civil fraud charges. But the SEC also has a duty to American taxpayers to get the bottom of this and continue to investigate any abusive practices employed by all financial institutions, not just Goldman Sachs.

Mr. Speaker, the American people recall that Goldman Sachs was a TARP bailout recipient and one of the few big Wall Street banks that managed to not only benefit from the taxpayer bailout but also to emerge stronger than before. Goldman Sachs received \$10 billion in TARP funds, was allowed to convert to a bank holding company in order to gain additional support from the Federal Reserve, and was one of the

□ This symbol represents the time of day during the House proceedings, e.g., □ 1407 is 2:07 p.m.

Matter set in this typeface indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.



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largest recipients from the \$180 billion AIG bailout when it received 100 cents on the dollar in payouts in public funds from the insurance giant.

The American public is now an unwilling majority owner in AIG. And with Goldman having received a backdoor bailout with public funds through AIG, it would only be fair to make all of AIG's counterparties, including Goldman Sachs, buy back the CDOs at full price. Goldman Sachs could use the profits they gained from the AIG payments to pay down the billions in public debt still held by AIG.

If Goldman Sachs truly has regret for participating in activities leading up to the financial crisis that were "clearly wrong" as their CEO has said and apologized, then Goldman Sachs should step up to the plate and make reparations that are owed to American taxpayers.

EQUAL PAY DAY

The SPEAKER pro tempore. The Chair recognizes the gentlewoman from Connecticut (Ms. DELAURO) for 5 minutes.

Ms. DELAURO. Mr. Speaker, among the many great benefits of the commonsense health reform package we passed last month is a guarantee that finally in America being a woman is no longer a preexisting condition. By bringing an end to discriminatory policies like gender rating and ensuring coverage for maternity, preventative, and wellness care, our legislation puts women's health on an equal footing at long last.

It is time now to do the same for women's earnings. I cannot think of a better way to follow our historic success on health care last month than finally signing the Paycheck Fairness Act into law.

In America today women now make up half of the workforce. Two-thirds of women are either the sole breadwinner or co-breadwinner in their family. Women are also more likely than men to graduate from college. They run more than 10 million businesses with combined annual sales of \$1.1 trillion and are responsible for making 80 percent of the consumer buying decisions.

Yet right now in the 21st century, women make only 78 cents on the dollar as compared to men. Women of color are even worse off. African American women make 68 cents on the dollar compared to the highest earners, while Hispanic women make only 57 cents. Unmarried women, those who are single, widowed, divorced, or separated, have an average annual household salary that is almost \$12,000 lower than unmarried men, and they make a paltry 56 cents on the dollar when compared to married men.

Over a lifetime these disparities take a huge toll on women. According to the National Committee for Pay Equity, women are losing out on between \$400,000 and \$2 million on average over the course of a lifetime. As a result, 70

percent of seniors living in poverty are women.

This pay disparity is particularly galling when you consider the current crisis in our labor markets. It is true that more men have lost jobs than women in this recent recession, mainly because of the industries affected. But that only means that more and more women are forced to take on the full burden of keeping their families afloat, making the problem about smaller paychecks even more acute.

The recession aside, this is not a new problem. In 1956 President Dwight Eisenhower told the Congress that "legislation to apply the principle of equal pay for equal work without discrimination because of sex is a matter of simple justice." Seven years later under President Kennedy, the Congress passed the Equal Pay Act to end the "serious and endemic problem" of unequal wages. And 47 years later, all we know now is that the act is not working as intended in its current form. That is why we mark today Pay Equity Day, the day that a woman's 2009 earnings catches up with what men made last year. This is an occasion, quite frankly, I wish we no longer had to commemorate.

The good news is that conditions are finally right to achieve real pay equity in America. We in the House of Representatives have now passed the Paycheck Fairness bill twice, legislation that will give real teeth to the Equal Pay Act at last. It simply says men and women in the same job, in the same job, should get the same amount of wages. You would think that that is a no brainer, but the fact of the matter is whether you are a waitress, bus driver, engineer, university professor, news anchor, women are being paid less for the same job as their male counterparts. Those of us who serve in the House of Representatives, men and women, different parts of the country, different education, different skills, we all get paid the same amount of money. That is not true for most women in this Nation.

Now that we have passed this in the House, we wait only for the United States Senate to act. So we are on the cusp of achieving real economic security for American women. I urge my colleagues to impress upon the Senate the necessity of this legislation. We have a moral obligation to face this continuing pay equity head-on, and it is time to get it done.

Our passage of health reform last month has shown that the American government can still accomplish great things, that we can still make this country a fairer, more compassionate, and a more humane place for people to live. Now let us finally ensure that America's women, now half of this Nation's workforce, are treated as fairly and as equitably as the other half. Let's give real teeth to the Equal Pay Act at last and make sure that women are respected and valued for the job that they do and paid the same amount

of money in the same job that any man may have. What we need to do is to make this one of the last "Equal Pay Days" in our history.

SENATE REGULATORY REFORM LEGISLATION INCLUDES PERMANENT, UNLIMITED BAILOUT AUTHORITY

The SPEAKER pro tempore. The Chair recognizes the gentleman from California (Mr. SHERMAN) for 5 minutes.

Mr. SHERMAN. Mr. Speaker, I rise to comment on the regulatory reform bill pending before the Senate.

Senator DODD has brought a bill that will provide for consumer protection, higher capital requirements, and the regulation of derivatives. We need all that. But we have to ask the question, does the Senate draft increase or decrease the statutory authority of the executive branch to bail out Wall Street giants and their creditors and counterparties?

Unfortunately, the current draft of the Senate bill increases bailout authority. It provides, first, in Section 210, for the use of taxpayer money when an insolvent institution is to be liquidated in order to protect the counterparties and the creditors of that institution.

Now, Senator MCCONNELL has gone even further in the pro-bailout direction. He has criticized the fact that the Senate bill has a \$50 billion advance fund collected from Wall Street which would be used before any amounts would be borrowed from the taxpayer. So Mr. MCCONNELL says do away with the fund but he barely comments on the taxpayer borrowing. The results will be that the Federal Government, when it liquidates one of these Wall Street giants, will be borrowing the first dollar from the taxpayer.

We certainly don't need a circumstance where we are lending money in order to bail out the creditors and counterparties of giant and improvident financial institutions and we haven't even collected any of that money in advance. The House bill provides strict dollar limits on the amount that can be borrowed from the Treasury and sunsets this borrowing authority in 2013.

Section 1155 of the Senate bill allows the executive branch to put unlimited taxpayer dollars at risk in order to guarantee the obligations of solvent banks. Now, the Senate bill does say that you can have this resolution of disapproval come before the Congress, but a resolution of disapproval is a phony device designed to give the illusion of congressional control. What it says is that in order to stop a hundred billion dollar transfer of our taxpayer money to Wall Street, you would need a vote in the House and a vote in the Senate; then it would be vetoed by the executive branch; then even if you had an overwhelming vote in the House, as long as 34 Senators were in favor of the