The PRESIDING OFFICER. Without objection, it is so ordered.

FAA REAUTHORIZATION

Mrs. HUTCHISON. Mr. President, I would like to thank my colleagues for their work on the Reagan National perimeter rule issue.

Last week, I sat down with several interested colleagues in an effort to try and find a path forward on this issue. As a result, we have the modified Ensign amendment before us.

I would like to say a few words about the intent of that amendment. I am one who is sympathetic to the concerns of from my friend from Virginia, Senator WARNER, who also serves as a member of the Senate Commerce Committee. While in a somewhat different position, in the past, I have had similar issues raised concerning my home State of Texas, and I recognize well that the impacts of dealing with a decision to change the status quo are enormously difficult.

With that in mind, I believe we have come up with a compromise proposal that meets the concerns of my Western State colleagues and others and tries to address, to the extent possible, my friend from Virginia's concerns.

The modified Ensign amendment is a simple solution to a complex problem. The amendment would allow any air carrier with existing ''inside'' the perimeter large hub airport slots into Reagan National the ability to ''convert'' those slots to any community ''outside'' the perimeter, with each air carrier being capped at 15 round trip operations eligible for conversion.

By utilizing the idea of ''conversions,'' we don't add any new flights to the airport, but we do give the air carriers the opportunity to better utilize their networks. I am hopeful we can take that concept and message to the House in the next round of the legislative process on this bill.

I thank Senators ENSIGN and KYL, as well as Senators DEMINT, BOXER, MCCAIN, ROCKEFELLER, DORGAN, and WARNER for their work on this very important issue. I remain hopeful that the final version of this FAA reauthorization bill will include a consensus agreement on this issue, and allow the opportunity for direct service to our Nation's Capitol for a number of communities that are eager for such service.

AIG SEVERANCE PAYMENTS

Mr. GRASSLEY. Mr. President, I recently asked Secretary Geithner why the Treasury Department is allowing AIG to pay millions of dollars of severance pay to executives given the billions of dollars of taxpayer assistance AIG has received.

At one point I even said that AIG has the American taxpayer over a barrel and that AIG has outmaneuvered the administration.

Mr. Kenneth Feinberg, the Treasury Special Master for executive compensation, insisted he was not outmaneuvered by AIG. As it turns out, he was not outmaneuvered by AIG. Instead, he was outmaneuvered by Secretary Geithner. Let me explain what I mean.

In February, 2009, we enacted the Recovery Act. The law required Secretary Geithner to take control of the runaway executive compensation at companies that the American taxpayer bailed out.

Congress provided Mr. Geithner with several tools to accomplish this critical job.

By far the most important and most flexible tool Congress gave Mr. Geithner was a general mandate to require bailed-out companies like AIG to meet ''appropriate standards'' for executive compensation.

This rule was applicable to compensation already in place, compensation in the future, and compensation for all executives, not just a handful of the most senior executives.

What happened to this tool?

Well, even before the law was passed the bonuses, retention awards, and incentive compensation were ''grandfathered.''

That means that while one part of the statute banned them for a handful of senior executives, another part said they had to be paid if the payments were based on a contract that existed in February 2009.

We all remember the outrage when people learned that this provision was quietly added by the Senate drafters on the other side of the aisle because it required AIG to pay massive bonuses in March 2009 and again earlier this year.

Secretary Geithner was quoted in the press at the time saying that ''Treasury staff'' worked with the Senate drafters on the grandfather carve-out. Well, the damage was done.

The grandfather loophole was law. You might say the American taxpayer was outmaneuvered by Treasury staff too.

The President instructed Secretary Geithner to ''pursue every single legal avenue to block these bonuses and make the American taxpayers whole.''

The next step required Treasury to implement the law and use the tools Congress gave Mr. Geithner to put the brakes on runaway executive compensation at firms where taxpayers are footing the bill.

What did Treasury do?

One thing Treasury apparently did was hire a Wall Street executive compensation lawyer from a firm that specializes in helping highly paid executives maximize their pay, but more about that later.

Despite the public outcry over the loophole, which permitted AIG employees and others to walk away with millions, Treasury wrote a regulation that actually expands the loophole even further.

That's right, in the face of overwhelming public outrage, Treasury quietly worked to expand the loophole! Let me explain how they did that.

The grandfather provision in the law that Congress enacted protected three things: bonuses, retention awards, and incentive compensation. It did not protect severance. Let me repeat: it did not protect severance.

But in what appears to be an effort to protect severance agreements despite the statutory language, the regulations Treasury drafted expanded the term ''bonus'' beyond its normal meaning.

Unlike bonuses, severance payments are intended to ease someone out the door, not reward them for doing a great job. Severance is basically the opposite of a retention bonus.

But, after Treasury drafted the regulation, suddenly, severance payments were also protected by the grandfather loophole, just like bonuses. Treasury must have known exactly what it was doing.

AIG had an executive severance plan that dated back to March 2008. It was just the sort of contract the grandfather provision would protect if Treasury expanded the loophole.

And what was the impact of the Treasury regulation on the bottom line? What did American taxpayers have to pay?

Because of this regulation, AIG recently paid two of its executives $1 million and $3.9 million in severance pay. We don't yet know how many others have received severance or may receive it in the future.

As the law was passed, these payments would not have been protected by the grandfather provision because they were not a bonus, retention, or incentive payment.

But Treasury officials took care of that. Rather than setting appropriate standards for executive severance payments generally, as the law passed by Congress required, the regulation leaves AIG free to pay excessive severance payments to many of its executives. Then, the American taxpayer gets the bill.

The Recovery Act told Mr. Geithner that he ''shall'' require each bailed-out company to meet appropriate standards for executive compensation. This command covers all types of executive compensation for all executives, not just bonuses for the most senior executives.

It is a command, not a suggestion. And the grandfather provision that protects certain bonuses does not apply to this more general provision.

But the Treasury regulation almost completely ignores this mandate. It does address one form of executive compensation. The regulation bars tax gross-up payments for senior executives.

That is the practice of allowing the company to pay the executive's income taxes for him. Now don't get me wrong—tax gross-up payments should be banned for companies that were bailed out, and I am glad to see that this was done.

But Congress gave Mr. Geithner a powerful tool that should have been used to curb other types of inappropriate executive compensation as well.

That includes tax gross-ups, extravagant severance payments, and other goodies to which Wall Street thinks it is entitled.

Secretary Geithner should have used the tool as it was intended. It is like using a big tractor to plow a little flower garden.

There is nothing wrong with banning tax gross-ups or planting flower gardens, but you could have done so much more with the tool you had.

If Secretary Geithner had done what he was directed to do in the law, we would not be witnessing this spectacle.

AIG is paying multimillion-dollar severance payments at taxpayer expense to executives who chose to resign rather than work for the maximum salary of $500,000 per year set by the Special Master.

This is a scandal as far as I am concerned. The American taxpayer, as well as Mr. Feinberg, was outmaneuvered by Secretary Geithner and his staff. And it all happened before the Special Master's first day on the job.

There is another troubling matter that I must address. I mentioned earlier that the Treasury Department hired at least one Wall Street executive compensation lawyer from a firm that specializes in helping wealthy executives maximize their pay.

There is nothing wrong, as a general matter, with hiring talented people with expertise in technical legal subjects to draft regulations and administer the law.

But there are some red flags here that need a little sunshine. We need to be sure that the people working on these issues at Treasury have dealt with any potential conflicts of interest carefully and openly.

Recently I learned that at least one Treasury official previously worked for Wachtell, Lipton, Rosen and Katz, a top Wall Street law firm. Wachtell, Lipton has represented at least two former AIG executives.

The firm's job was to look out for the interests of the executives, not the shareholders. They were paid to make sure the compensation contracts, including severance provisions, were as generous as possible for their clients.

Wachtell, Lipton also represented Bank of America on its controversial Merrill, Lynch acquisition in 2008. A Wachtell attorney who worked on that deal joined Treasury in the spring of 2009.

He said that he then worked on the Treasury executive compensation regulations. These are the regulations I have been describing: the regulations that were to govern AIG, Bank of America and all of the other bailed-out companies.

This situation raises a host of questions, for example:

How many other Treasury officials have similar potential conflict issues?

Why wasn't the attorney recused from participating in the drafting of a regulation that was going to have a direct effect on Bank of America, his former client, and AIG executives, his firm's former clients?

Did the attorney comply with the revolving door provision of the President's Executive order, which prevents appointees from working on matters that relate to their former clients?

The President has committed to publicly disclosing all the waivers issued to exempt appointees from his ethics executive order. If this attorney recused himself, as he should have, why was that recusal not also disclosed so that the public would know about the potential conflict?

At a minimum there is the potential for an appearance of impropriety here.

What we know so far raises serious questions and red flags. But there also are facts we do not know.

Therefore, I am asking that the special inspector general for TARP investigate these issues and report his findings to Congress and the public as soon as possible.

Specifically, I am asking the inspector general to examine why Treasury did not set appropriate compensation standards pursuant to section 111(B)(2) of the Recovery Act sufficient to prevent severance payments like those AIG recently paid to its former general counsel and chief compliance officer.

I am also asking him to determine whether Treasury officials working on executive compensation matters have fully complied with the revolving door provision of the President's Ethics Executive order.

In the meantime, there are still numerous documents that I have requested that have not been provided to me despite assurance that I was going to get them.

There are many questions I have asked that remain unanswered, and I will continue to seek information on these issues.

I call on Secretary Geithner to stop stonewalling. Oversight is important. Oversight is necessary to protect the American taxpayer. I take that duty seriously, and I am not going away. American taxpayers deserve to know where their money is going.

Mr. President, I ask unanimous consent that a copy of my letter to special inspector general Barofsky be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

U.S. SENATE,
COMMITTEE ON FINANCE,
Washington, DC, March 23, 2010.

Hon. NEIL M. BAROFSKY,
Special Inspector General, Office of the Special Inspector General, Troubled Asset Relief Program, United States Department of the Treasury, Washington, DC.

DEAR SPECIAL INSPECTOR GENERAL BAROFSKY: I have communicated on several occasions during the last few months with the Secretary of the Treasury and the Special Master for TARP executive compensation to try to get to the bottom of why AIG was allowed to pay excessive severance awards to AIG executives after the passage of the American Recovery and Reinvestment Act of 2009 (Recovery Act). Answers have not been forthcoming and therefore I am writing to ask that you investigate these matters and report your findings to me as soon as possible. I am particularly troubled by a chronology of events that seems to suggest a deliberate decision on the part of Treasury to improperly protect executive severance pay and tie the hands of the Special Master.

The Recovery Act required the Treasury Secretary to set standards for appropriate levels of executive compensation at TARP recipients generally. It specifically prohibited the payment of bonuses, retention awards and incentive compensation to the top 25 executives at bailed-out companies like AIG, but then protected many such payments by the controversial "grandfather" provision added late in the drafting process. Consequently, bonus payments, retention awards and incentive compensation based on a contract in existence on or before February 11, 2009, were required to be paid. But the provision did not cover severance pay because severance is not generally understood to be within the meaning of incentive or retention bonuses. That is why I was surprised to learn earlier this year that AIG reportedly paid its former General Counsel $3.9 million and its former Chief Compliance and Regulatory Officer $1 million in severance.

Treasury published regulations on June 15, 2009, implementing the Recovery Act's executive compensation provisions. Treasury also named Mr. Kenneth Feinberg as the Special Master. It appears that, despite the earlier public outcry over the retention bonus grandfather loophole, Treasury's regulation added severance pay to the list of executive compensation items covered by the grandfather. Worse still, Treasury virtually ignored the requirement in section 111(b)(2) of the Recovery Act that the Secretary "shall require each TARP recipient to meet appropriate standards for executive compensation." Section 111(b) (2) is a general provision and is not limited by the more specific restrictions in 111(b) (3) related to the top 25 executives and the grandfather provision. Nevertheless, this mandated authority was not used to regulate severance pay for executives like the former AIG General Counsel. Therefore, I am asking you, among other things, to evaluate why Treasury did not effectively implement the Congressional mandate in section 111(b) (2) to prevent inappropriate executive compensation, such as excessive severance payments, more broadly.

There is another troubling matter that I am asking you to review. The current Deputy Special Master joined Treasury in May 2009. He told us he participated in drafting the Treasury regulations. Of course, those regulations governed executive compensation at TARP recipients like AIG and Bank of America. The problem is that this attorney worked for the Wall Street law firm Wachtell, Lipton, Rosen & Katz prior to joining Treasury. While at Wachtell, it is my understanding that this attorney represented Bank of America during its acquisition of Merrill, Lynch in the fall of 2008. Also, the Wachtell firm represents the former CEO and former CFO of AIG on executive compensation matters, including severance. In fact, I understand that those executives may still be planning to make claims against AIG for millions of dollars of severance pay.

At a minimum this presents the appearance of serious impropriety. There are several red flags and questions stemming from this information including, for example, why was this Treasury official permitted to work on a regulation that would directly affect his former client and a client of his former law firm? Did he fully comply with the revolving door provisions of the President's Ethics Executive Order, prohibiting appointees from participating in matters involving their former clients? If he was recused, when did the recusal occur and why was it not publicly disclosed? How many other Treasury officials working on executive compensation matters have similarly undisclosed potential conflicts for which recusals have been necessary to ensure compliance with the President's executive order? What are the details of the other potential conflicts, if any? Therefore, I also ask that you examine this situation and report your findings.

Thank you in advance for your attention to this important matter. Please contact my staff if you have any questions or need additional information.

Sincerely,

CHARLES E. GRASSLEY,
Ranking Member.

ADDITIONAL STATEMENTS

REMEMBERING DONALD RUSSELL

● Mr. LIEBERMAN. Mr. President, I wish to pay tribute to the extraordinary life and service of Donald Russell, a longtime columnist for the Advocate newspaper in Stamford, CT. Don was a true American patriot and a valued public intellectual in the Stamford community. Beloved for his brilliant mind and big heart, Don Russell will be missed deeply.

I knew Don Russell for many years, and I am grateful for all of the wisdom he has offered me personally. Mostly though, I treasure the example he set in his career of devoted service. During the Second World War, Don served this country with courage and distinction as a navigator with the U.S. Army Air Corps. He went on to help pioneer the field of television news, beginning with the DuMont Television Network, one of the first ever commercial television networks in the world.

With insight, wit, and passion, Don Russell captured some of the most important moments of the 20th century as a journalist. Over a half a century ago, Don anchored the first coast-to-coast television broadcast of a Presidential inauguration when President Dwight Eisenhower took office and later won an award for his credible and well-balanced commentary during the controversial Army-McCarthy hearings in 1954. Although Don Russell was quickly recognized for his journalistic skill on the national stage—working closely with stars like Jackie Gleason and Merv Griffin—his heart remained with the hometown that I am proud to share with him: Stamford, CT.

For decades, Don Russell illuminated the hearts and minds on the radio and in his weekly columns for the Advocate. Don never hesitated to ask tough questions or take a contrarian stance on an issue. For this, he was respected and trusted by countless readers; many of whom he knew personally and others who admired him from afar. Don wrote about many of the most important issues facing our country and our world but also uniquely brought to life the challenges and opportunities facing Stamford, a city he understood and cherished like few others.

Don Russell never missed a deadline and continued writing until the end of his long and extraordinary life. We, his readers, were blessed with the opportunity to have learned from Don Russell, and I believe more broadly that our state and this nation are blessed to have people like Don Russell who truly enrich our communities. Don Russell's brilliant mind, generous spirit, and warm smile will never fade from our memory.●

TRIBUTE TO LEADER DAN McKAY

● Mrs. MCCASKILL. Mr. President, today I honor Dan McKay, a great Missourian, who has devoted much of his life to advocating for workers' rights.

Dan was born in St. Louis, MO, on February 21, 1946, to the late Harry and Marie McKay. His upbringing taught him the core Missouri values of hard work, respect, honor, and discipline. Dan started his career as a truckdriver, working for several companies in the freight industry including Yellow Transit, Time DC, Commercial Motor Freight, and many more.

Recognizing the labor movement's unwavering commitment to working families, Dan joined the movement in order to advocate on behalf of his fellow workers. He served as business representative, recording secretary, and ultimately, president of Teamsters Local 600. He also served as president of Teamsters Joint Council 13, representing 10 Teamster locals and more than 25,000 Teamster families in the State of Missouri. In those leadership roles, Dan has advocated for collective bargaining rights, fair wages, adequate and secure pensions, and better working conditions.

His work with the Teamsters often pulled him away from his wonderful family, as he spent countless hours in contract negotiations and meetings around the State and the country. Even with his work, Dan and his wife Sharron raised two beautiful boys, Daniel Patrick and Mark Timothy McKay, and are the proud grandparents of Jesse Danielle, Dana Elaine, and Daniel Joseph McKay. His diligent and honorable tenure serves as a shining example to his children and grandchildren.

Dan and I have known each other for more years than I care to disclose. We have worked together in efforts to better the lives of thousands of our fellow Missourians. This year, Dan will be retiring after 44 years of service with the Teamsters, 14 of which were spent as the president of Teamsters Local 600. On behalf of so many Missourians, I thank Dan for his tireless work and wish him a wonderful, well-earned, and relaxing retirement. While he will no longer hold his numerous titles, I know that he will never stop fighting the good fight on behalf of all working families.●

MESSAGE FROM THE HOUSE

At 2:17 p.m., a message from the House of Representatives, delivered by Mr. Novotny, one of its reading clerks, announced that the House has passed the following bills, in which it requests the concurrence of the Senate:

H.R. 4667. An act to increase, effective as of December 1, 2010, the rates of compensation for veterans with service-connected disabilities and the rates of dependency and indemnity compensation for the survivors of certain disabled veterans, and for other purposes.

H.R. 4810. An act to amend title 38, United States Code, to make certain improvements in the services provided for homeless veterans under the laws administered by the Secretary of Veterans Affairs.

H.R. 4872. An act to provide for reconciliation pursuant to Title II of the concurrent resolution on the budget for fiscal year 2010 (S. Con. Res. 13).

MEASURES REFERRED

The following bills were read the first and the second times by unanimous consent, and referred as indicated:

H.R. 4667. An act to increase, effective as of December 1, 2010, the rates of compensation for veterans with service-connected disabilities and the rates of dependency and indemnity compensation for the survivors of certain disabled veterans, and for other purposes; to the Committee on Veterans' Affairs.

H.R. 4810. An act to amend title 38, United States Code, to make certain improvements in the services provided for homeless veterans under the laws administered by the Secretary of Veterans Affairs; to the Committee on Veterans' Affairs.

MEASURES PLACED ON THE CALENDAR

The following bills were read the second time, and placed on the calendar:

S. 3152. A bill to repeal the Patient Protection and Affordable Care Act.

S. 3153. A bill to provide a fully offset temporary extension of certain programs so as not to increase the deficit, and for other purposes.

H.R. 4872. An Act to provide for reconciliation pursuant to Title II of the concurrent resolution on the budget for fiscal year 2010 (S. Con. Res. 13).

MEASURES READ THE FIRST TIME

The following bills were read the first time:

H.R. 4872. An Act to provide for reconciliation pursuant to Title II of the concurrent resolution on the budget for fiscal year 2010 (S. Con. Res. 13).

S. 3152. A bill to repeal the Patient Protection and Affordable Care Act.

S. 3153. A bill to provide a fully offset temporary extension of certain programs so as not to increase the deficit, and for other purposes.

S. 3158. A bill to require Congress to lead by example and freeze its own pay and fully offset the cost of the extension of unemployment benefits and other Federal aid.

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with