

Congress of the United States
House of Representatives
Washington, DC 20515-5401

Congressman Pedro R. Pierluisi
Statement for the Record
H.R. 1575, the End the Government
Reimbursement of Excessive Executive Disbursements (End the GREED) Act
Judiciary Committee Markup
Wednesday March 18, 2009

Thank you, Mr. Chairman.

I want to speak briefly in support of H.R. 1575 and to commend you on its introduction. AIG's decision to award \$165 million in bonus payments to over 400 employees—despite the company's prominent role in the current financial crisis and its receipt of substantial taxpayer money—has elicited a uniformly negative response from the citizens of this country and their representatives here in Congress. So I realize that expressing my disappointment and exasperation with AIG can hardly be described as an act of political courage.

But it is important to clarify that the Chairman's bill is motivated by the desire to protect the public interest, and not by the desire to vilify AIG or to exploit popular anger with the firm for political purposes. I am grateful to live in a country where private contracts are respected. But I do think that congressional action is justified under these narrow and extraordinary circumstances.

I also want to respond to one argument I have heard made in defense of AIG's actions, namely that the firm must pay these bonuses in order to retain the best talent. As a preliminary matter,

according to the New York Attorney General, 20% of the bonuses were awarded to employees who have already left AIG. This weakens the retention argument to a considerable extent.

More generally, in my view, the retention argument misses the forest for the trees. AIG's decision to follow through with these promised payments has produced a public relations nightmare that is likely to profoundly harm its recruiting and retention efforts in both the near-term and the long-term. Indeed, for AIG to have insisted on the sanctity of contracts, rather than to have done everything within its power to come up with some mechanism to avoid paying these bonuses, strikes me as strategically unwise as well as ethically problematic. As I see it, the damage that has been done to AIG's good name as a result of this controversy will make it exceedingly difficult for the firm to attract and retain talented and responsible employees in the future.

So, again, Mr. Chairman—thank you for introducing this bill. Because we are acting to defend a principle, and not to impose a punishment or to score easy political points, I support it.