



October 6, 2008

Financial Crisis Oversight Hearings Scheduled Before House Oversight and Government Reform Committee

Chairman Henry Waxman: "Congress cannot wait until a new administration arrives in January to examine what went wrong and who should be held accountable."

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A. Speaker Pelosi Orders Oversight of Financial Crisis

As members of the House and Senate negotiated the Emergency Economic Stabilization Act, signed into law last Friday by the President,ⁱ committee investigators on the House Committee on Oversight and Government Reform were busy preparing for rarely scheduled recess hearings on "the causes and impacts of the financial crisis on Wall Street." Oversight hearings begin today under intense media glare—the first of what will be highly charged, partisan hearings focusing on corporate accountability—and will extend throughout the month of October while most members of Congress are back home campaigning for the November election.

Speaker Nancy Pelosi (D-CA) set the recess hearings in motion on September 16, when she ordered "a broad, swift investigation of Wall Street and ... testimony from Bush administration officials and captains of finance," according to congressional officials.ⁱⁱ The next day, Rep. Henry Waxman (D-CA), chairman of the House Committee on Oversight and Government Reform, sent letters to three former CEOs of the American International Group, Inc. ("AIG") requesting their appearance at a hearing on October 7. Chairman Waxman accelerated the Committee's investigation on September 18, with letters to Lehman Brothers and AIG demanding documents and information for the hearings scheduled on October 6 and 7.ⁱⁱⁱ To date, Chairman Waxman has scheduled five oversight hearings in October and his invitations to ten corporate executives have been accompanied by burdensome requests for documents and information.

Congressional hearings on Mondays are infrequent, but Committee members returned to the Capitol over the weekend for Chairman Waxman's introductory hearing examining the "regulatory mistakes



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and financial excesses that led to the bankruptcy filing by Lehman Brothers ... [and] the impacts on the financial markets and the United States economy”. Tomorrow, the Committee will turn to “the collapse and federal rescue of AIG”. The remaining three hearings on October 16, 22 and 23, will focus on the regulation of hedge funds, the breakdown of credit rating agencies, and the role of federal regulators.

B. Hearing Schedule

Monday, October 6: Causes and Effects of the Lehman Brothers Bankruptcy

Invited witnesses will testify regarding “*the regulatory mistakes and financial excesses that led to the bankruptcy filing by Lehman Brothers*”.

Dr. Luigi Zingales, Professor of Finance, University of Chicago

Dr. Robert F. Wescott, President, Keybridge Research LLC

Nell Minow, Chairman of the Board and Editor, The Corporate Library

Gregory W. Smith, General Counsel, Colorado Public Employees’ Retirement Association

Richard S. Fuld, Jr., Chairman and CEO, Lehman Brothers Holdings

Tuesday, October 7: Causes and Effects of the AIG Bailout

Invited witnesses will testify regarding “*the regulatory mistakes and financial excesses that led to the government bailout of AIG*”.

Eric R. Dinallo, Superintendent, New York State Insurance Department

Lynn E. Turner, former chief accountant, Securities and Exchange Commission

Robert B. Willumstad, former Chief Executive Officer, AIG

Martin J. Sullivan, former Chief Executive Officer, AIG

Maurice R. Greenberg, former Chief Executive Officer, AIG

Thursday, October 16: The Regulation of Hedge Funds

Executives from five hedge funds “who earned over \$1 billion last year have been invited to testify about the role of hedge funds in the financial markets and their regulatory and tax status”. Chairman



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Waxman asked these witnesses to be prepared to testify about: whether hedge funds pose systemic risks to the financial markets; whether the lack of federal regulation of hedge funds is appropriate; whether the terms of hedge fund executives' compensation promote excessive risk-taking; and whether the special tax treatment of the compensation of hedge fund managers is warranted.

John Alfred Paulson, President, Paulson & Co., Inc.

George Soros, Chairman, Soros Fund Management LLC

Philip A. Falcone, Senior Managing Director, Harbinger Capital Partners

James Simons, Director, Renaissance Technologies LLC

Kenneth C. Griffin, CEO and Managing Director, Citadel Investment Group

Wednesday, October 22: The Breakdown of Credit Rating Agencies

Executives from three credit rating agencies will testify regarding “*the role of the credit rating agencies in the financial excesses on Wall Street.*” Chairman Waxman asked these witnesses to be prepared to testify about their agency’s past and current practices in providing credit ratings, especially for mortgage-backed securities involving residential subprime mortgages and collateralized debt obligations linked to these mortgages.

Deven Sharma, President, Standard & Poor’s

Raymond W. McDaniel, Chairman and Chief Executive Officer, Moody’s Corporation

Stephen Joynt, President and Chief Executive Officer, Fitch Ratings

Thursday, October 23: The Role of Federal Regulators

Invited witnesses will testify regarding “*the role and responsibility of federal regulators in the Wall Street financial crisis.*” Chairman Waxman asked these witnesses to be prepared to testify about the regulation of federal interest rates, financial institutions and markets, subprime mortgages, mortgage-backed securities, and derivatives.

Alan Greenspan, Former Federal Reserve Chairman

John Snow, former Treasury Secretary

Christopher Cox, current SEC Chairman



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C. Members – House Committee on Oversight and Government Reform

Democrats (23)

Henry A. Waxman, Calif. - *chairman*
Edolphus Towns, N.Y.
Paul E. Kanjorski, Pa.
Carolyn B. Maloney, N.Y.
Elijah E. Cummings, Md.
Dennis J. Kucinich, Ohio
Danny K. Davis, Ill.
John F. Tierney, Mass.
William Lacy Clay, Mo.
Diane Watson, Calif.
Stephen F. Lynch, Mass.
Brian Higgins, N.Y.
John Yarmuth, Ky.
Bruce Braley, Iowa
Eleanor Holmes Norton, D.C.
Betty McCollum, Minn.
Jim Cooper, Tenn.
Chris Van Hollen, Md.
Paul W. Hodes, N.H.
Christopher S. Murphy, Conn.
John Sarbanes, Md.
Peter Welch, Vt.
Jackie Speier, Calif.

Republicans (18)

Thomas M. Davis III, Va. - *ranking member*
Dan Burton, Ind.
Christopher Shays, Conn.
John M. McHugh, N.Y.
John L. Mica, Fla.
Mark Souder, Ind.
Todd R. Platts, Pa.
Chris Cannon, Utah
John J. "Jimmy" Duncan Jr., Tenn.
Michael R. Turner, Ohio
Darrell Issa, Calif.
Kenny Marchant, Texas
Lynn Westmoreland, Ga.
Patrick T. McHenry, N.C.
Virginia Foxx, N.C.
Brian P. Bilbray, Calif.
Bill Sali, Idaho
Jim Jordan, Ohio

ⁱ P.L. 110-___, the FY2008 Emergency Economic Stabilization Act, H.R. 1424, October 3, 2008.

ⁱⁱ <http://www.politico.com/news/stories/0908/13514.html>

ⁱⁱⁱ <http://oversight.house.gov/story.asp?ID=2182>

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