HOUSE COMMITTEE ON
OVERSIGHT & GOVERNMENT REFORM

CLOSING STATEMENT OF
CHAIRMAN EDOLPHUS TOWNS

Hearing: "Bank of America and Merrill Lynch: How Did a Private Deal Turn Into a Federal Bailout?" (Part 3)

July 16, 2009

Last year, at the height of the financial crisis, major decisions were made about who was going to live and who was going to die. Lehman went down, but AIG was saved. Bear Stearns was sold off, Bank of America received billions. Nine big banks were forced to take billions they didn't even ask for.

Most significantly, all of this was decided behind closed doors, with no oversight.

In a way, the Bank of America – Merrill Lynch deal illustrates the dangers of concentrating enormous power in only one or two individuals.

When you turn over complete authority to the Treasury Department or the Fed, with no accountability and no checks and balances, this is what you get: oral commitments involving billions of dollars; seemingly arbitrary decision-making; and residual suspicion.

Mr. Paulson has stated that the principal regulatory agencies – the SEC and the FDIC – were consulted in this merger.
I think it is clear that we need to hear next from former SEC Chairman Cox and from FDIC Chairman Bair to better understand the nature and extent of their participation.

I intend to schedule a hearing for that purpose following the August recess.

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