CLOSING STATEMENT OF
CHAIRMAN EDOLPHUS TOWNS

COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM

November 17, 2009

"Bank Of America And Merrill Lynch: How Did A Private Deal Turn Into A Federal Bailout? Part IV"

Before I begin my final comments, I want to make an observation with regard to Mr. Mayopoulos, who was abruptly fired in the middle of this transaction: He doesn't know why he was fired. His boss, Mr. Moynihan, says he doesn't know why he was fired. In fact, no one seems to know. Either it was divine intervention or someone didn't like his legal advice. I'm leaning toward that last one. It looks to me like Ken Lewis and others at the company weren't about to tolerate someone who might get in the way.

The central question of our investigation was, "How did Bank of America's acquisition of Merrill Lynch, which started out as a deal between two private sector companies, become a $20 billion Federal bailout?"

After four days of hearings, hours of testimony, and a review of half a million documents, it looks like the answer is pretty clear. The facts show that Bank of America – one of the largest banks in the United States – was able to manipulate Federal regulators to obtain billions of dollars in taxpayer money to help it go through with a deal that it intended to do in any event.

In a way, it was quite a feat. Bank of America will probably end up being hailed in the business schools for this innovative approach. While the financial world was crumbling around them, they saw an opportunity to snap up Merrill Lynch, a leading company in the field, and get the taxpayers to bear the risk.

This has important implications for public policy and how we approach problems like this in the future.

Billions in taxpayer money were committed in secret. No one outside a privileged few knew anything about it until weeks after it was over. That should never happen again.

Moreover, as Congress considers regulatory reform, I think we need to focus on the need to protect consumers and shareholders.