

Washington, DC—Ranking Member Elijah E. Cummings issued the following statement on a [new GAO report](#) issued regarding AIG. The report found inconsistent accounts of attempts by the Federal Reserve Bank of New York to negotiate with AIG's counterparties to lower U.S. taxpayer exposure.

“GAO’s report cries out for the full and immediate implementation of the Dodd-Frank Act. As distasteful as the AIG bailout was, the systemic risk posed by AIG to the domestic and international economies was real, and cannot be overstated. This report reinforces the need to implement provisions in Dodd-Frank that will prohibit the use of tax-payer dollars to artificially prop up or benefit one firm, and ensure that massive, nonbank companies cannot engage in financial transactions that put our nation’s economy at risk again.”

Cummings was one of the Members of Congress who asked GAO to examine the decision to provide AIG with taxpayer funds. The report echoes the findings of investigations conducted, at Cummings’s request, by the House Oversight and Government Reform Committee and the Special Inspector General for the Troubled Assets Relief Program (SIGTARP) which found clear shortfalls in the Federal Reserve Bank of New York’s negotiations with AIG counterparties regarding the payments they would receive for credit default swap contracts they held.

Highlights of the GAO report include the following:

- “The possibility of AIG’s failure drove Federal Reserve aid after private financing failed.”
- “[Federal Reserve Bank of New York’s] Maiden Lane III design likely required greater borrowing, and accounts of attempts to gain concessions from AIG counterparties are inconsistent.”
- “The Federal Reserve’s actions were generally consistent with existing laws and policies, but they raised a number of questions.”
- “Initial Federal Reserve lending terms were designed to be more onerous than private sector financing.”
- “The AIG crisis offers lessons that could improve ongoing regulation and responses to future crises.”