



## **Remarks of Commissioner Byron Georgiou**

### **Financial Crisis Inquiry Commission**

**September 8, 2010, Las Vegas, Nevada**

**I would like to thank all of you for joining us today for this Las Vegas hearing of the Financial Crisis Inquiry Commission. And I would like to extend a special thanks to Senator Harry Reid for giving me the opportunity to participate in this important work and for choosing to give the citizens of Nevada two of the 10 voices on this national body charged with the responsibility for investigating the causes of the global financial and economic crisis that has inflicted such suffering on our community.**

**We have been engaged for over a year now in this inquiry. Our national hearings in Washington, D.C. and New York City have focused on the big causes that drove this crisis, causes that arose from human actions and failures to act by major actors in both the private and public sectors.**

**We have heard sworn testimony from many people intimately involved in the decisions that led to this crisis.**

**And, although we will not release our report to the President and the Congress until December 15, and are currently engaged in a spirited debate within the Commission on the conclusions we will reach from our many hearings and the continuing investigations conducted by our staff, some things have become clear from the existing record. There is plenty of blame to be shared by the people we relied upon to keep our economy safe and secure.**

**Testimony we have heard nationally has ranged from candid admissions by some witnesses of errors that led to the crisis while others, too many, claimed that the crisis came upon them like a storm, without any responsibility on their part for the consequences.**

**We have heard from executives in charge of the Wall Street financial institutions that failed or would have failed but for the bipartisan infusion of extraordinary assistance from our government to avoid the even more severe**

consequences to our economic system that could have occurred, most experts believe would have resulted, from a failure to provide the assistance. Astonishingly, many of the witnesses testified that they did not know the extent of the risk of failure that their companies faced in the early stages of the crisis. Others were more candid in acknowledging errors of risk management, corporate governance, excessive leverage, undercapitalization, and failures in market discipline and accountability that permitted practices designed to earn short term revenues, while at the same time creating and accumulating long-term risk that jeopardized the very existence of well known companies that had survived and thrived through good and bad times before. These companies permitted themselves to become so fragile that their continued existence was in jeopardy when the forces of the market moved against them, storied companies like AIG, Bear Stearns, Lehman Brothers, Citigroup, Morgan Stanley and Goldman Sachs, to name but a few.

We have heard from government officials, the current and immediately prior Chairs of the Federal Reserve Board, Secretaries of the Treasury, Chairs of the Securities and Exchange Commission, the Chair of the Federal Deposit Insurance Corporation and the heads of the alphabet soup of various public agencies responsible for monitoring the safety and soundness of the private sector institutions that were

**permitted to become so weak that they failed or would have failed during the crisis.**

**We have looked into the impacts of the derivatives markets and the so-called “shadow banking” system that operated outside of the protective environment that governed standard banking institutions that took in the deposits of citizens and businesses.**

**We have examined the practices that led to the existence of financial institutions deemed “too big to fail” so that, rather than simply permit them to go bankrupt in the normal course when they either became insolvent or faced liquidity issues, our public officials were faced with the difficult decision whether to risk the potentially devastating consequences of their failure or rescue them at a cost to the American taxpayer.**

**We have now concluded our national hearings, but our staff investigations continue. During this month of September, we have decided to hold a series of four local hearings, yesterday in Bakersfield, California, a community represented for almost three decades in the Congress by our**

**Vice-Chair, Bill Thomas, today in Las Vegas, and later in Miami, the hometown of Commissioner Bob Graham and Sacramento, the hometown of our Chair, Phil Angelides.**

**These local hearings are designed to focus our attention on the human consequences of the crisis on ordinary Americans who bore no responsibility for the creation of the crisis, but suffer its effects. Here in Nevada, where our economy depends heavily on tourists from all over the world coming to enjoy our many attractions, we have been particularly impacted by this crisis which has pinched worldwide pocketbooks, leading to fewer people being able to afford to visit, and reduced spending by those who can afford to come.**

**We will hear today from experts in the Nevada business community, bankers and executives on the impacts of the crisis on large and small businesses, from participants in the residential and commercial real estate markets on the impacts of lending practices and mortgage fraud on property valuations, and the devastating impacts on the lives and fortunes of families when foreclosures result in the loss of their homes, and from our public sector leaders on revenue and expenditure impacts at all levels of government that have**

**resulted in greater demand for community services at the same time as revenues have shrunk.**

**We have suffered here in Nevada from this crisis and will continue to be impacted until the economy nationally and globally recovers sufficiently to enable more visitors to enjoy our State's many amenities. But there are many hopeful signs that we are on the road to recovery. Just last Friday, the Labor Department reported that private sector employers added 67,000 jobs. The Wall Street Journal reported this weekend that the jobs report was consistent with other recent economic reports, including a strong factory report, that show the economy continues to recover, though obviously at a slower rate than we would all like.**

**In the meantime, the members of our Commission pledge to you that we will do everything in our power to write a clear and forceful report to the American people, identifying in plain language the causes of this crisis so that our policy makers can address the many failures that led to it.**

**I thank you again for joining us today and now turn the microphone back to our Chairman for his opening remarks.**

**After his opening remarks and those of the Vice-Chair, Commissioner Murren will guide us through this morning's sessions and I will guide us through the afternoon sessions, after which we have scheduled an opportunity for members of the public to address the Commission on issues they would like to present.**

**We look forward to today's proceedings.**

**Chairman Angelides . . . . .**