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PRESS EVENT TRANSCRIPT

WITH

**TOM FITTON, PRESIDENT,
JUDICIAL WATCH**

AND

**REPRESENTATIVE DARRELL ISSA (R-CA), MEMBER OF THE
HOUSE OVERSIGHT AND GOVERNMENT REFORM
COMMITTEE**

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MR. TOM FITTON: Good afternoon everyone. My name is Tom Fitton. I'm president of Judicial Watch.

Judicial Watch is a conservative nonpartisan educational foundation dedicated to promoting transparency, accountability and integrity in politics, government and the law.

Through its educational endeavors, Judicial Watch advocates high standards of ethics and morality in our nation's public life and seeks to ensure that political and judicial officials obey the law and do not abuse the powers entrusted to them by the American people. Judicial Watch, as a (c)(3), does not endorse or oppose candidates for public office.

First elected in 2000, Darrell Issa currently serves as ranking member of the House Oversight and Government Reform Committee and also serves on the House Judiciary Committee.

The congressman represents California's 49th congressional district, which I believe covers the section of North San Diego County and southwestern Riverside County that's between San Diego and LA.

A veteran of the Army, Issa served as a bomb disposal technician, tank platoon commander, computer R&D specialist, and attained the rank of captain.

Also a successful entrepreneur, Congressman Issa founded Directed Electronics, a leading manufacturer of automobile security and convenience products. Issa also served as chairman of the Consumer Electronics Association, served as a member of the Board of Governors Electronics Industry Association, and a director of the San Diego Economic Development Association in the Greater San Diego County Chamber of Commerce. In 1994 he received the Entrepreneur of the Year Award from *Inc.* magazine and Ernst & Young and the *San Diego Union Tribune*.

Darrell Issa is perhaps best known as the leader of a successful effort to recall former Governor Gray Davis in 2000. In 1996 he also co-chaired the campaign to pass a California civil rights initiative that ended racial and gender preferences and quotas in state contracting and college admissions.

Judicial Watch invited Congressman Issa to make a presentation today regarding oversight of the Obama administration.

As ranking member of the House Oversight and Government Reform Committee, it is fair to say that Congressman Issa is the leading investigator in Congress of corruption in and related to the Obama administration.

And to his credit, the congressman has not spared Congress and his fellow Republicans appropriate scrutiny. Under the Obama administration there has been an unprecedented growth in government. Conservatives and many other Americans know that with bigger government comes bigger corruption.

Congressman Issa has taken a leadership role in examining the nexus of big government corruption, and he, before the group made headlines, issued a scathing report on the radical group ACORN.

Frankly, if you want to know what is really going on in Washington, you would do well to track the work of Congressman Issa and his minority staff on the House Oversight Committee. To give you an idea of the scope and the cutting edge nature of his work, let me give you a few titles of some of his recent reports.

One title is “ACORN Intentionally Structured as a Criminal Enterprise,” “The Role of Government Affordable Housing Policy in Creating the Global Financial Crisis of 2008,” “Friends of Angelo: Countrywide Systematic and Successful Effort to Buy Influence and Block Reform.” Judicial Watch knows for sure that the watchdogs of our government are needed more now than ever.

As another Issa report notes, the unparalleled expansion of the federal government’s role in the private sector and the lives of individual Americans that began in the latter days of the Bush administration and continues in the Obama administration has led to fears of an oncoming tsunami of opacity, waste, fraud and abuse. And to be fair to President Obama, government corruption and cover-up did not begin with his administration nor will it end with his administration.

So many of the issues that Congressman Issa is taking on are not limited to mere oversight of the Obama administration – his investigations span administrations, should make members of both political parties uncomfortable and expose the system of corruption that too often passes for everyday governance in this city.

So on that, I guess, happy description on his tough job, I’m happy to introduce the congressman. Thank you. (Applause.)

REP. DARRELL ISSA (R-CA): Thank you. That introduction was more than I deserve not for what I’ve done, but perhaps this is a little bit like a Nobel Peace Prize – it’s for what I’m going to do.

When I was asked to speak before Judicial Watch, the subject was the Obama administration and I’ll touch on it today. But I don’t think that we would be genuine no matter which party you belong to if you begin with the new administration without clearly defining what that administration inherited.

Oversight so far has concentrated disproportionately on the sins of the past. And it will continue to do so. It doesn’t change the fact that in the 10 months since I’ve been

the minority representative on Government Oversight I have and will continue to speak ill against the opaqueness of czars who are appointed, FBI investigated, and then unconfirmed. It's an area of particular interest throughout the country and for a good reason.

Government carefully is structured based on advice and consent. Government is carefully structured so that in fact an administration can have virtually all the power it wants as long as it periodically comes back for affirmation of that power to the House and the Senate. And in the case of the czars, it's very clear that some of them are not coming to the Senate at all. And I join with Senator Byrd in saying that that's a policy that needs to come to an end under this president's watch even though it did not start under his.

I've also found it necessary to speak ill of Secretary Geithner, oddly enough, not because he's the cabinet officer today but because in fact, he was at the helm of the New York Fed and oversaw many of the greatest failures of the Bush administration. I don't do that alone. I don't do it lightly. The special IG of the SIGTARP, as we call him, Mr. Brofsky, has made it very clear that many of the problems began then, were not corrected then, were not seen then and are leading to a great cost to us today.

I think one of the areas that I'm going to be best remembered for in the short run is calling out Freddie and Fannie for being part of the basis of systemic risk. These GSEs as they were known or (NETs ?), corporate in nature, allowed to operate as private corporations, have pacts and do major political fundraising and major political support, were allowed to have trillions of dollars of full faith and credit notes that they could issue. Those notes were one slightly different and paid a slight premium. Today they have virtually no premium because we have formalized the full faith in credit of the underlying notes. That has cost us over \$180 billion – I'm sorry – yes. It's cost us \$180 billion so far and it is backstopped over \$1.6 trillion of questionable loans.

Is in fact the effort to look at the policies that led and perhaps the corruption that led to the meltdown that is more appropriate for the Government Oversight and Reform Committee to do? Financial Services owns the authority to write legislation going forward on everything except the influence on government.

I believe that the influence on government accounts for a great deal of why a system almost a Ponzi system – if you will – a Ponzi scheme, was put into place.

In 1992, Congress directed HUD to create quotas for Freddie and Fannie to buy low-quality, quote, "affordable loans." New flexible standards were put together to do that. Banks were provided with new guidelines and affectively quotas, but of course banks were also, for the most part, backstopped by this paper being put out to people who had the now infamous liars' loans, or cheaters' loans, in which they didn't have to qualify based on showing they had the actual income. They could imply effectively that they were tax cheats. They could say I have the information but I can't show it to you. If you

think about that, government literally said we're going to believe you have money you cannot show to us.

And for what purpose would that be? So that people who were cheating the federal government out of revenue could in fact do it so that prostitutes could qualify even though they were not reporting their income? Not really.

It was designed to allow the American dream to go to those for whom a nightmare was likely to follow, if ever, employment ceased to go up and simultaneously home value ceased to go up. Loan after loan were granted to people who could only qualify by not stating their income and only keep the home if they're able to periodically refinance, take money out to continue making the payments.

Now, Ponzi was a transplant from Canada where he learned to offer a better return on banks than the bank could actually place. He improved the scheme by coming up with the concept of this stamp trading, this trading of money between U.S. and foreign nations. Neither one of those applies but, just as clearly, this was an unsustainable concept in homeownership, unsustainable because it didn't just require that you have a growth in home value. You had to have a growth that was rapid enough for you to basically chase your bounced checks back and get the made good in time.

We're living in the post-period of that but we haven't in fact on one reform to change the concept that FHA or any other federal organization would in fact make homeownership available to those who would not otherwise qualify.

When President Bush came to us for TARP money, he came asking for money that was going to be used to backstop assets which had a lesser value than they originally had and a greater value than the market was rewarding them. That was the concept of buying it. That's the reason we were told we'd be buying them at or below their current value or at or above their current value but at or below their likely future value.

The amazing thing is whether it's now Secretary Geithner or then Secretary Paulson or Ben Bernanke, they never did that, they never could have done it, and in fact, they didn't even change the system or scoring, what we call mark-to-market, for everybody else.

One of the things that we will continue to investigate is how did we get there? How did we get \$1.9 trillion worth of subprime loans put onto our GSEs between 2002 and 2007? How did they in fact create an environment in which people believed that it was okay to do that?

Now, we can certainly blame the 1995 Clinton national homeownership strategy which in fact promoted that and encouraged doing just exactly what they did, but I don't believe we should.

I believe we should look at the trail of events and say, this Ponzi scheme began at least in 1992, perhaps before, but it continued no matter who was in charge of Congress, no matter who was the president.

It's the reason that the Countrywide investigation, and now Chairman Towns' support, the subpoena expands beyond just looking at Countrywide but allows us to go to a multitude of mortgage lenders, find out whether there were similar programs, find out whether the entire scheme was based on the idea that you knew the loan was no good but you didn't expect to be stuck with it.

Now, all of us, or almost all of us undoubtedly played musical chairs when we were children. Did you play musical chairs as a child? Good. They still do it. The fact is in musical chairs, the whole idea is to pick a safe chair and try to dwell at a little longer than quickly go to the next safe chair. That to a great extent was what happened. There was only one group that wasn't allowed to be part of the safe chair and that was the federal taxpayer.

I ask a question today which is, would \$180 million between 1998 and 2008 spent by the GSEs, literally the U.S. taxpayers, Freddie and Fannie, was that money spent wisely to promote good, sound practice or was it part of the reason that members of Congress, House and Senate, Republicans and Democrats seemed to turn a blind eye when tough investigation should have occurred?

And I'm very proud to say that between 1998 and 2008 we had both parties, we had different chairmen, we had different members of the committee and we had a different president. So this is not something where – and I said “proud to say,” but proud to say because it means we all own this problem. This is not a Republican problem. This is not a Democrat problem.

This is a problem of basic – is government isolated from the kind of influence that comes to us every day? Now, I've been offered a glass of water and I'll probably take one but except at a widely held event, I actually cannot accept a few dollars worth of gift. I can't accept anything from a corporation. And yet, the Countrywide what we call Friends of Angelo Program or they called it, allowed for discounts of probably up to \$5,000 to \$10,000 in closing fees and perhaps \$100,000 over the life of the loan.

Our committee, now on a bipartisan basis, wants to get to the bottom of was that circumventing the rules of the Ethics Committee? As all of you know, the Senate Ethics Committee has already said the two senators who received those discount programs did not violate Senate ethics rules. It's not my job to write the Senate ethics rules or interpret them. It's not even my job to do the House ethics rules.

And that's why our subpoena was broad in everything that came to our committee except current members of Congress. Their records will be sent directly to the Ethics Committee and our oversight will be more about what did Angelo's Programs want to do, what did the e-mails say they were trying to do? Why did they target a member of the

House? And over and above that, we will be looking at every member of the staff, and there are quite a few.

Before I close, I will touch back on ACORN. And there's a reason for it beyond the salaciousness of those videos you all heard. Our report felt that they were on organization that was taking your taxpayer dollars, charity dollars and private dollars and merging them into political activities, into activities that distorted voter registration and the like.

We believe that the scores of convictions of individuals working for ACORN and those videos all made it clear that this was an organization that was out of control relative to its obligation to the American taxpayers.

One of the failures of government – not the failures of ACORN – one of the failures of government is we gave them money without transparency as to where it went, without firewalls and without accountability.

To that end, Chairman Towns, my Democratic counterpart and I have been pushing transparency through XBRL or viable other formats which can be freely interchanged and viewed.

The tools that are available to the American people today to look through the federal government's spending are insufficient. Amazingly, although recently the SEC has adopted XBRL and the FDIC has it and a few others, China is ahead of us in having a system for a consistent, easy search capability that if appropriate can be made available to all of its citizens.

One of the most important goals that I have is to make sure that all of our citizens have access to all of this information redacted only for the kind of private information like Social Security numbers of other classified information before the Chinese. But the Chinese have adopted a technology that makes it possible faster. I suspect that their reason for wanting it is a feeling of a lack of control of their people's activities.

The reason I want XBRL along with Chairman Towns is that I want to make sure that Judicial Watch or Cato or a ground on the Left or the Right has access to this information so that you, the people, can be in fact my oversight committee.

Before I take your questions, I want to go through one last point. It's often said that in fact people wear asleep at the switch before the parties changed hands. And I want to go on record saying we weren't asleep at the switch but we should have done more. And I'll give you just one quick example.

When we were still in the majority and I was a new subcommittee chair on Government Oversight and Reform, we began an investigation of MMS, minerals and mines.

The Mineral Management Service is in fact the same organization through a few name changes that has been failing to collect reasonable royalties on federal lands for particularly oil and natural gas for most of your lives. They're an organization that we discovered today could not tell you what we're entitled to until the natural gas or oil company tells them. When a check comes in and it's not annotated as to which release it's on, they have to hold that money until they're told what that money is applied to. The reason for it is simply.

Government for too long, perhaps since Teddy Roosevelt left the White House, has always been behind the curve in assuming that the American lands belong to the American people. That's an area that we worked on. Sadly, we did not change the Bush administration's direction on their failures and we have not yet changed the Obama administration's failures as to this organization.

We will be offering legislation to take MMS out of the Department of Interior, take it completely out to where it can be managed transparently and to a great extent similarly to the IRS.

Most of you probably are not aware but the second greatest source of revenue to the federal government after your tax dollars in fact are from our national assets particularly offshore. Those assets are not given the same level of scrutiny that your tax returns are given and you're entitled to have that.

I appreciate the indulgence for a little longer than I intended to go on. I'd love to take your questions on any subject.

MR. FITTON: Before we get to questions from the floor, Congressman, as you know, Judicial Watch is always concerned about transparency. We battled the Bush administration all the way up to the Supreme Court over energy records. So we were actually kind of excited to see that the Obama administration at least rhetorically was devoted to transparency and obviously there's been great debate whether or not it's effected practically. What's your view on that? And is it better than the Bush administration or is it good in some areas, bad in others? How would you read it?

REP. ISSA: Well, I've been wanting to tell a story for a long time that has a lot to do about a presidency. My first partner had started with a company that got its start building garages. And they were building garages in 1950s because the Rattner (sp) Organization for a city was building homes. But in order to comply with FHA and VA, and particularly VA, you had to have a paved driveways but it didn't require a garage.

So the best way to build a successful housing development in this case in Ohio was you would build a house with a driveway and skip the garage because you could hit a good price point and you could qualify more people.

So he came to work for this company that had been selling garages but it built itself up to where it had a little more capital so what did it start doing? It started building houses without garages.

People who want to be president will tell you about transparency. The likelihood is that they will change from – if you will – it’s all about transparency to trust us, we’ve got it handled and we don’t have time for you to second-guess us. This administration candidly has made that flip and it’s made it very quickly.

The use of unconfirmed czars in a far greater number is anecdotally related but it is in fact one of the problems of this administration that came without, if you will, a real mandate for predictable transparency by its campaign pledges. If you pledge change and hope and transparency loosely, you won’t get it at all and that’s one of the problems we have at this administration, it’s one of the reasons we hope to crack, to change the standard from the Congress and then keep that open for following administrations.

MR. FITTON: Talk a little bit about procedurally how things have been working in the House of Representatives Oversight Committee. Obviously you’ve come to an agreement on this important subpoena – and congratulations on that – but is there a beginning, at least you see in the Senate a few senators questioning czars. You have Senator Lieberman, the independent, who caucuses with the Democrats and Senator Feingold. You see a coming around by certain Democratic members and maybe we need to be a little more diligent in terms of providing oversight?

REP. ISSA: Well, between elections, people are a little bit like folks on a ship looking down at the water. As elections get closer, you’re a lot more like people in the water with sharks. I think we’re beginning to see that break where people are realizing President Obama does not have an election in a year and change. Members of the House and Senate do. And so we are seeing the kind of cooperation I don’t think we saw early on in the administration. And it’s really for the better.

The success we had when we did reach a logjam in the case of the Countrywide subpoenas was that members disproportionately from swing districts, recently elected changed their tune to the leadership and said, no, I will not come and make a vote that six months ago would have been straight party line. I won’t make that vote. I have to face the voters and I can’t tell them that I voted against knowing what members of Congress may have gotten under the table.

MR. FITTON: Give us a status update if you can on ACORN state of play in terms of its funding, what ought to be done next. Where do you see this issue going?

REP. ISSA: Well, as I said earlier, ACORN is a great way to say we need greater transparency in all federal funding particularly when we have them do things like voter registration or groups are hired to work on the census. But at the same time, let’s not pretend ACORN is gone.

Yes, we have some symbolic votes to de-fund ACORN. Yes, certain organizations have chosen no longer to give them money. And yes, I believe we will significantly de-fund ACORN at a federal level.

But let's understand: with over 300 organizations within their umbrella, many of them will change their name, continue doing what they're doing, and we're going to have to find out which ones have changed their name and changed their modus operandi and which ones continue to do things they shouldn't do. And that's going to be hard to do because the government granting capability is pretty opaque.

The fact is we don't vote to give ACORN \$1 million down in New Orleans to help with FEMA. We give a pot of money and those organizations do grant writing and if there's a new corporation, a new name, it may very well be the same group of people doing it.

And I do want to say one thing which is remember that our biggest problem with ACORN was they had the political power to win all kinds of awards that really were not competed. If you had the YMCA, 10 other organizations, nonprofits and charities equally competing, I suspect they would have earned less but they were very well connected.

And that's one of our problems is we cannot allow our federal government or state governments to create favorites. We've got to look at everyone who comes as will they do a better job and hopefully for less money? And I think ACORN didn't pass that test a very long time ago.

MR. FITTON: One more question before I open it up – the stimulus funding. It seems every day we read a story in the paper, usually after the fact about a dubious amount of money being targeted at a dubious project. Where do you and your colleagues stand in your abilities to get at the heart of how that money is being managed or getting cooperation from the administration or is it so much money that it doesn't matter?

REP. ISSA: Well, first of all, there's two pots of a roughly \$800 billion that are walking around money. One is the stimulus, one is the TARP. They both have the same thing in common which is we will be forensic in finding out where the money were spent but both of them have very little in the way of control over, if you will, redirecting those funds.

So I come to you a little bit like Gandhi saying, I can tell you what's wrong and what the injustices are but don't expect that the minority is going to be able to change it. Even the majority would have to use very harsh tools in voting in order to really stop this.

And I'll give you one answer – one example. Currently the estimate is – and this is Republican and Democrats and administration people – that we've gotten all the jobs we're going to get from the stimulus. Well, if you look at that based on the money allocated versus the amount of jobs saved, it's about \$533,000 per job saved. If you were

to divide it all up and assume that it's going to go as well as they say will go, it's going to be about \$70,000 for every job saved. Now, that's a best case.

Whether it's half a million dollars a job or \$70,000 a job, I defy anybody to believe for a moment that if you gave an employer \$70,000 under the condition that he hired two employees for a year that you couldn't find that subsidy hiring two employees, maybe three, maybe four. Our problem is that the administration's own numbers on the stimulus, if to be believed, are very bad performance relative to the American taxpayer dollar. Keeping somebody working for \$70,000 a year at a cost of \$70,000 a year, taking a best case analysis, is too much because it means that net we have no real job. We've simply taken your money to pay somebody else to do something. That's one of our challenges.

And then, secondly on the TARP, today almost the entire second half of the TARP, \$318 billion is unspent and available. That money, 100 percent, under any reasonable adversary relationship between the House – I'm sorry – between the Congress and the president, meaning if the Democrats were doing their job, we would have a decision.

How many of you believe that today the original intent of the TARP to stabilize markets that were collapsing is still in place. Any reasonable – and I hold my Congress in disrespect over it – we should call back 100 percent of those dollars today.

Now, it doesn't mean that the president comes in and says, "we have a program to do X and we believe it will achieve Y and therefore we need you to give us Z worth of money" that we shouldn't go through the X, Y, Zs, but ask all of you why in the world, in the name of transparency, would you leave \$318 billion worth of walking around money, none of which is going to be spent for the original intent over the next two years. That's probably the biggest failure of Congress, is not calling for and bringing back the second half of the TARP, which is essentially unspent but still being applied to various uses along with money that comes back.

MR. FITTON: What I'll do is I'll open up the questions to members of our audience. We will have a microphone, so don't speak unless you have a microphone in front of you. And if you could identify yourself, remember the media, identify as such – identify your media organization or affiliation as well. I appreciate that. Any questions? Right here?

Q: Hi, Congressman. Chris Brown – (inaudible). You mentioned the Census earlier; do you support the Vitter amendment to the Commerce, Justice, and Science Appropriations bill that would deny funding to the Census Bureau in 2010 if it doesn't include questions relating to an individual's immigration status or citizenship?

REP. ISSA: Well, you had me until, one, used the senator and I would look for a House bill. Two, denying funding is unthinkable. The Census is a constitutional obligation every 10 years. And our committee oversees that. So should we provide

funds to either get some anecdotal information or 100 percent? Yes, we should. And we should for a reason, which is that what we don't know can hurt us. Are we allocating funds according to where people are? Yes. Are we counting every person's legal and not legal status? Yes, because the Constitution doesn't differentiate. But are we allocating voting districts – and I happen to be from a net recipient state in case of California. Are we allocating how many congressmen you get based on people legally here or are we aggregating the two and thus giving perhaps California one or two more congressmen and women than they deserve and giving Ohio maybe one less than they deserve.

So there really is a valid reason to get that information. I would join with the Senator to get that information, but let's make sure we get it for the right reason, which is we have an obligation to count persons here, whether they're legal or illegal. But we don't have an obligation to use that information poorly or to not know what we should know.

MR. FITTON: Yes, in the center, right here, please.

REP. ISSA: I've got a winning row now. It's right down.

Q: (Inaudible) – own ways to puzzle me. As I understand it, if I were a private company and I set up a retirement system comparable to the Social Security, I'd be probably brought up for fraud. Now, how is it that government can continue to run a Social Security program, all these things with this tremendous unfunded obligations and get away with it? Why – does the public – is no one educating the public about this or what? What could that be?

REP. ISSA: Well, this is a great question about whether or not – and I've used the term Ponzi scheme on Social Security very publicly too because it fits there even better. But since you brought up public versus private, I will tell you. The private model is pretty easy to understand. If you decide to give your retirees dollars every year out of general revenues and let's say you're General Motors, and you pay them over and above any contractual obligation or vesting, you continue to pay them other expenses, or in the case of General Motors, they were paying people they'd lay off years ago to go to charity work. Everyone understands that the only way you can pay that is if you have current revenues. And everyone understands those current revenues, in the case of General Motors, were hurting the company's ability to reinvest in competitive natures. It was causing the GM car to be artificially high compared to their competitors.

We have the same problem. By the fact that Social Security is not vested with real money, that it's a promise, a pretty large promise to keep escalating in perpetuity with unfortunately less and less current employees for more and more retirees that it's unsustainable. That will hurt our competitiveness. That it represents a great threat to America's ability to take care of both our seniors and our previous generation.

So how does the government do it? Because we're allowed to do just that. We're allowed to pretend that the next taxpayer and the next taxpayer will be as benevolent as

the promise, when in fact the taxpayers can renege on our seniors at a moment's notice. And it's one of the reasons that we have to secure a change in Social Security. It's so that we can keep the promise to those already retired by changing the promise to those who will retire in the future.

If we don't do that, our seniors should not rest assured that they're going to continue to get what they're getting because at some point, somebody has to come up short. And I don't want it to be the person who can no longer go back to work.

I told you I had a winning row.

We'll take another row later. (Laughter.)

Q: Thanks, Congressman. Can you give us an update on the committee room lockout if you've gotten new or are you jamming the locker? What are you doing there?

REP. ISSA: I told you I was a little like Gandhi. If the majority wants to cut off the bait, if they want to lock us out, if they want to ignore the advice and counsel that an alternate view might give, they do so at their own peril. I was disappointed when in fact this was retribution for my asking for a vote, a vote that would have won with bipartisan support, but having said that, I will wait for that lock to be changed as a gesture of good will that in fact they understand that we should be welcomed into the room, not locked out.

Q: (Off mike.)

REP. ISSA: Yes, we are.

MR. FITTON: Could you provide a little more background?

REP. ISSA: Oh, for those who weren't aware of it, after the majority didn't show up for the markup – and we don't have any questions. They didn't show up because they didn't have the votes of their own people to keep us from getting the subpoena that we've been pushing forth for months. They huddled in the backroom for 35 minutes after a markup was supposed to have started. It just literally never started. No one came out. We made a lot of fun of that. And we tried to be good natured about it, but we had a little "Hit the Road Jack" music and we showed the members of the majority walking, running out the other side not having done their job. They didn't take it well. And they took revenge.

Having said that, we got the important thing for the American people, which was we got a subpoena that we were entitled to and we were entitled to it because the truth is the majority of the committee wanted that. Chairman Towns has been a good person to work with and I hope that we get back to the kind of mutual respect that will unlock that door.

MR. FITTON: I guess we go next row.

Q: Two things, if I may. You mentioned about Social Security. What about –

REP. ISSA: But you're too young for that. You're going to be part of that next generation, sir.

Q: – I appreciate that comment, believe me. But what about the unfunded obligation? Currently for Medicare Part A, B, and D and according to the trustees report, that unfunded obligation is about \$40 trillion. I think it's 20 years out of something, but gradually increasing, which the public is not aware of. Congress – you don't hear anything from Congress. And this is a bomb. It's just unbelievable that there's no attention being given to that, considering this monstrosity of a health care bill that they want to pass, which would – who knows what will that do to them.

REP. ISSA: Five hundred billion over 10 years out of the funding that's already there from a program that's underfunded. As you know, we only pay about 17 cents in the dollar of what we should appropriately pay for services for our senior.

Q: The second part has to do – considering the massive problems caused by the subprime, the breakdown, that commented so beautifully. How much sentiment is there in the Congress and both parties to address that because you're really hearing nothing? What you've told us is good, but there's nothing out in the public arena. It doesn't seem to be a widespread appeal among members of Congress, both parties, to address this massive – this monstrosity that causes huge meltdown which we are now paying for. Why isn't this up at the top of the priority list?

REP. ISSA: When I – I had to be promoted over eight of my peers to head this community, even under minority and part of the reason I hope that I got it was I'm the kind of person that is in a position in my life that I can say the emperor has no clothes and eventually everyone agrees the emperor has no clothes. That story is the story that I think oversight has. It's not that any of the things we're working on are deep secrets. There's no question that Washington has problems, that Washington was part of the creation of the problem, that the greed wasn't all somewhere on Wall Street. There's no question that Medicare is underfunded and overpromised, that Social Security is heading toward beginning to have a deficit eventually. It'll effectively be all general funds. The secret is who's going to say today the emperor has no clothes on a subject and keep saying it until somebody does something about.

Our attempt to get a subpoena to open up the whole question of government's participation in this failure is one emperor has no clothes. By the time we go to – and this is a little off subject, but by the time we go into the midterm elections, I expect I will be offering a balanced budget from day one if we're given the majority. And there's a reason. In order to honestly state how far in the hall we are, you have to take the issues you're talking about, set them over there, honestly say how big they are and where they're going, look at the surplus we have in current expenditures. If you take all the

entitlements out completely and you take all the one-time spending like TARP and stimulus and you look over here, you say, “oh, my goodness, you have a small surplus in current account on debt before interest.” If you do that, that’s the profit of the company known as the United States of America. Then you look at all the losses over here and you say, “how are we going to get all of those to where we’re at zero or positive there?” We’re going to have to do that.

Between now and the election, one of the things that out of my committee – because I believe it’s the right thing to do – we have to reform how people look at things because when you’ve been used to deficits for a long time, no matter how big people talk about it – well, now it’s a trillion, now it’s \$3 trillion, it’s a trillion a year, it’s going to be \$12 trillion, it’s going to be \$20 trillion – there’re numbers nobody can understand. If a trillion dollars is a million dollars a day from the birth of Christ till now and you still haven’t gotten even three quarters of the way there, it’s too much money for us to understand.

My job will be to say the emperor has no clothes unless we fix it. Here is the scope of the problem in a way in which the American people can begin saying, “I demand you fix it.” That’s a big job. Today I’m still working on getting countrywide subpoena properly serve in getting the information, but it is – you’re right. It is the most important issue. If we’re going to fix the economy totally, we have to make sure that we’re honest about the sins of the past and how we’re going to pay for those.

MR. FITTON: Yes, other questions?

REP. ISSA: There’s a gentleman in the back waiting.

Q: Al Millikin, AM Media. What more do you know about the lawsuit – I believe it’s \$5 million against one of the whistleblowers, Anita I believe, who formerly worked for ACORN? I was able to meet her Friday at the Accuracy in Media conference. But I was also wondering if Judicial Watch provides any support for whistleblowers such as her.

REP. ISSA: Finally you get a question.

MR. FITTON: Well, we do provide support for whistleblowers like that, but we’re not representing Anita MonCrief, who’s provided a lot of information about some of ACORN’s activities in the *New York Times* and is being sued. Did she testify before the committee or have you talked to them about her?

REP. ISSA: The committee has talked. What I will tell you is that the federal government has strong whistleblower statute. It doesn’t apply to her, unfortunately, and it’s unfair. We don’t provide relief for even former members who are asked to testify. And it’s probably one of the big mistakes, is that our need to know is not protected as well as the press’ shield of their sources and it should be.

The United States government should make sure that anyone can come forward and not fear prosecution, persecution, or financial ruin. And right now, we don't do a good enough job for nonfederal workers. So I'm only going to tell you we don't do enough and that is something that over time we have to reauthorize and improve our whistleblowers' statute because it should be an umbrella that protects everyone, including from vindictive lawsuits after the facts.

MR. FITTON: Well, I can tell you, working with whistleblowers at least in the government, the whistleblowers' statute is terribly ineffective. Whistleblowers generally have to decide whether or not they're going to end their career by coming forward. That's one of two options.

REP. ISSA: It is one of the great dilemmas, is how do we separate the, quote, "whistleblower" from the disgruntled employee. And I will tell you. I support –

MR. FITTON: I appreciate that.

REP. ISSA: – you have to separate the two, but if someone's determined to be a whistleblower, you're right. We have to find a way to make sure that their career can progress. And right now, we don't do it very well. You're exactly right.

MR. FITTON: Other questions or comments? There's one in the back over here. I want to go to this side of the room.

REP. ISSA: Yes, but he's got an Army pin on.

MR. FITTON: Oh, well, we'll get to him right after. Sorry, sir. Go ahead, sir.

Q: (Inaudible) – excuse me. I'm a member of Judicial Watch. If you look at responsibility for the housing collapse, you can see a number of possible culprits. For example, if you look at CNBC on TV or *Wall Street Journal*, reading articles, they say, "well, it's Federal Reserve policy with excessively low interest rates in '04 and '05. Or if you look at conservatives, they say, "well, it was the CRA, as you've discussed, as amended in 1995." Also if you look at Senator McCain's efforts in '04, I believe to get hearings in the Senate on livening Fannie Mae's lending authority. That went nowhere because Republicans didn't support him.

So in view of this, I'd like to ask you is it possible under the current political climate to have a bipartisan approach to looking at where responsibility lies because it seems to me, it lies in several different areas? And if not, then what can be done about it?

REP. ISSA: Well, you used the word that we use in Washington a lot, "bipartisan." And the answer is no. No, you won't get a bipartisan solution. You'll get a tripartisan solution if members of the Republican and Democratic Party are faced with angry constituents and a driven press that wants to get to the bottom of it, then you will. Right now, I think we have the angry constituents. I think we're beginning to have a

press that is paying more and more attention to wanting a broader and broader investigation. And if you do that, we'll get there, but unfortunately if you leave it to Republicans and Democrats – right now, Mike Oxley, who I serve with obviously, is blaming Barney Frank for what he couldn't get done on his watch. Barney, of course, is taking credit for getting done on his watch. Basically the compromise that he decided he didn't even want later.

I think both of them should be ashamed that they were not more outspoken, that they were not willing to confront members of their own parties to get something better.

Now, Mike tells me the things I want to hear that should have been done. Barney tells me he did everything that needed to be done, but it was too late. I don't know which one's telling the truth. I suspect the truth lies in neither one of their camps.

MR. FITTON: Yes, we have a question in the front here.

REP. ISSA: Yes, sir.

Q: (Off mike.) I'm just a retired old Army officer and –

REP. ISSA: Which branch?

Q: Army.

REP. ISSA: Army, but which –

Q: Well, I started out in the infantry, but I did other things too.

REP. ISSA: – I know. Moving on from the infantry is pretty common. Okay.

Q: In any case, I'm also a disgruntled voter.

REP. ISSA: The backbone of American politics.

Q: But in any case, you broached a certain subject in one of your earlier comments and I'd like you to address the problem of set asides such as my personal congressman in the 8th District of Virginia and Mr. Murtha, who alleges to be a military hero himself. How is it going to be ever controlled?

REP. ISSA: Now, I'm not going to disparage Mr. Murtha. I will tell you Duke Cunningham was a military hero. You've got to be hero every day.

Q: (Off mike.)

REP. ISSA: No, no, I'm saying – Duke Cunningham, who's now in jail for basically selling his vote, was a military hero. You've got to be hero every day. Every

day you've got to get up and say I'm not selling myself out. Those who have pet projects in their district that seem to have too closer correlation with campaign support or even personal gain, I think should be drummed out. And I don't think that's a Republican or a Democrat thing. I think we've had too many people who allowed dollars to follow them for pet projects.

I think if you're a hawk and you're supporting the military, and what a surprise, you have defense contractors thinking you're a good guy, that's fine. But when you see a specific project and you see the direct recipients giving to you campaign or sometimes, in the case of one congressman, even partners in the buildings that these groups are using, it crosses a line. But as my chairman, Chairman Towns said, we're not the super ethics committee. So will I happily agree with you? Yes. Is my job going to be to look inward at members of Congress and say this guy's got to go or that guy's got to go? No. Would I make changes if given the opportunity so that it couldn't happen again, ending earmarks, ending altogether the idea that the Senate can add any originated program to something that left the House? Absolutely. Those changes and more – to be candid, part of what we could do is we could eliminate appropriations as a permanent committee, not allow people to endlessly build this great power and the most powerful committee, but in fact cycle them off, force them, if you will, to realize that they're going to have to have to spend a long career in other places and only a short time sitting there on the details of appropriation.

It should be done. Chairman Murtha is somebody that I believe has long ago outlived what is currently the standard for ethics and should consider whether or not he should make real changes. And I would tell him that in addition to thanking him for his military service.

MR. FITTON: Do you find it notable that as Oversight Committee minority ranking member he spent a lot of time talking about oversight of Congress in addition to the administration?

REP. ISSA: Well, we have to be very careful. We can't turn this into a personal attack on other members of Congress. But this committee begins to appreciate that problems in the administration are often because of structural problems in the Congress – how we appropriate money, how we authorize?

I'll give you one – most of you know, at least by names, the 9/11 Commission. But one of the recommendations of the 9/11 Commission, which was unanimous – and Lee Hamilton and I have continued to remain close and see each other several times a week – one of the recommendations of that commission was that appropriators lose the funding for our clandestine missions, that the CIA, the NSA, and all the other alphabets get their funding from the Intelligence Committee, that that committee, which looks at the program's success, be held completely accountable and that that committee, which is a temporary committee – you can't serve on it for more than eight years – should be the one place that whether it's a defense contractor like the ones that helped bribe Duke

Cunningham, or the military agencies and government agencies themselves go to. Single stop, full accountability, and then leadership direct oversight.

That didn't happen. You know why? The appropriators said that they didn't want to give up that authority. So today, there's a whole new round of appropriation that controls our most secret programs. And it's wrong. It's wrong according to an independent commission.

So would I say that's a congressional failure? Totally. The Speaker made a decision not to accept one of the most important parts of it. The next speaker, if it's a Republican, I will be making my vote for that speaker contingent on a number of things, and one of them is take on the appropriators, at least as to the programs that are most hidden from the American people because those are the ones most susceptible to misconduct.

MR. FITTON: We have time for one or two more questions. Yes, over here.

REP. ISSA: Outside my field of view. I wouldn't even have seen you.

Q: Congressman, you've touched briefly on the continuing TARP program. Do you have a view on the proposed plan that's been discussed about either pay czar to cut the compensation of executives? Is that an unwarned intrusion in the marketplace or is something that's legitimate, considering the role of these companies in the process?

REP. ISSA: I'm not an expert on bankruptcy, but having spent over almost 30 years now in business, I have enough appreciation for companies and their bankruptcies. What I'll say is, yes, I think it's inappropriate. And I think it's inappropriate for this reason. And AIG would be an exception, where we own 80 percent of the company, okay. We're the stockholders. That's a very different situation.

But let's just take Bank of America or Goldman or anyone else who received funds. Even if they still have some of them, we clearly had an opportunity going in to set the terms and conditions. We chose not to. We clearly had an opportunity, like we did with Lehman Brothers, to choose who failed and who didn't fail. We chose these to be successes. We told them, "You continue running as usual. Here is the money to bolster." And to a great extent, particularly in that famous they all flew in, they all got their money, and they all flew out, we told them they had to take it because it was part of public confidence. We didn't say, "Do you need it?" And they said, "Yes, I desperately need it. Give it to me."

So one of the problems with compensation is we don't have the high ethical and moral ground to do anything except say, "What is your plan to return our money and is that plan sound?"

Now, having said we don't have a right to do this, if their plan is not sound and part of their plan that's not sound is how much they're paying in bonuses, then we'd have

every right to do it. To actually say to Ken Lewis, leaving a very profitable company, that his last year's pays somehow are excess because he's on the political out, is inherently wrong. And that's where the problem comes. Is Bank of America making profit sufficient to repay all the money they borrowed from us? Yes. Is it likely they're going to continue to? As far as I know, yes.

So do we have that interest as a creditor in saying, "If I'm going to be repaid, you're going to have to show me you can pay me and part of it is your compensation?" No, we don't. And that's where the administration and the pay czar is very wrong.

We do have – as stockholders in some companies, we have an obligation. And we should assert that. I think AIG is a good example. Let's remember one thing, though. Government running entities has been incredibly unsuccessful in those being profitable and able to repay us. So I'd be a little careful how closely we run a company with government people. But I do think that if we changed the dialogue to all actions of companies who have borrowed money from us, are they going to be able to pay us back in a timely fashion and meet all the obligations? If the answer's yes, it should be hands off. If the answer's no, well then we should be holding hearings on that.

So I know it's not popular. Everyone wants to stick it to the guy who's getting a big bonus, but if I get back every cent that we loaned, that's going to be the hero company because at AIG, I'm not going to get back, even including the money that we've invested separately. I'm not going to get back that \$180 billion. I'd be lucky to get back two thirds of it. And that's an example where we went in with too much money to do too many things that we hadn't figured out.

And I guess that's probably –

MR. FITTON: That's about it. We appreciate your time. You're one of the reasons that Judicial Watch invited, Congressman, not only for his pressing work on ACORN, but looking at that Fannie Mae-Freddie Mac report, the bipartisan analysis or the bipartisan criticism that you brought to bear I thought was very, very, very enlightening and very useful. When Judicial Watch approaches these issues – approaching from conservative perspective, but we understand that the temptations of big government and the corruption attended with it is great with both Republicans and the Democrats. And I encourage you to maintain that clear eye perspective.

REP. ISSA: When I can't say the emperor has no clothes, I'll leave office.

MR. FITTON: I appreciate your time this afternoon, Congressman. (Applause.)

(END)