

# WAH! WAH! WAH! AND MORE SEMTEX FROM AIGFP

The WaPo is out with a story about how the remaining people at AIGFP are being unfairly lumped in with the banksters who broke the world economy.

A solitary flat-screen television hangs on the back wall of the trading floor inside the headquarters of AIG Financial Products here. Wednesday afternoon, the most-talked-about employees in America huddled around it to find out just how despised they have become.

[snip]

A sense of fear hung in the room – the palpable, unsettling kind that flashes across people’s eyes. But there was anger, too. No one would express it publicly, of course. Who wants to hear a wealthy financier complain? And yet, within those walls off Danbury Road lies a deep sense of betrayal – first by their former colleagues, now by their elected leaders.

The handful of souls who championed the firm’s now-infamous credit-default swaps are, by nearly every account, long since departed. Those left behind to clean up the mess, the majority of whom never lost a dime for AIG, now feel they have been sold out by their Congress and their president.

In it, Gerry Pasciucco contradicts the story Edward Liddy told yesterday, denying that the remaining AIGFP employees were irreplaceable.

"They are replaceable," Pasciucco acknowledges. "If we were running a long-term business, we could probably

replace them over time, not all at the same time."

Yet in the middle of this big sob story about how maligned these poor quants and their secretaries are, they return to the threats they issued in the white paper demanding the bonuses.

"Nobody is going to give it back and then stay," said one of the firm's employees. "If they give back the money, then they will walk. And they will walk into the arms of AIG's counterparties."

Let's see, aside from the fact that these guys' contracts undoubtedly have confidentiality agreements—making such cooperation with counterparties a gross breach of contract—assuming their counterparties actually **did** anything with this information, they'd all be breaking the law.

Don't get me wrong—I believe Liddy when he says the US government stands to be exposed to the tune of \$1.6 trillion if this happens. I believe this threat is real.

But make no mistake. The kind of people who would threaten to do this are threatening to bring down the global finance system. Again. This is little or no different from what the CDS traders did when they got AIGFP into the crapper back in 2007.

Some guy, anonymously, just sent a note to the American people via the WaPo saying, "I've got a ticking nuclear weapon I'll defuse only if you pay me a million dollars. What are you going to do about it?"

What **are** we going to do about it?