

# WHAT DID GEITHNER KNOW AND WHEN DID HE KNOW IT?

I'm with Jane.

I do not think that anyone understands that some Rube Goldberg model, where we pay out a billion in bonuses, and then try to get the money back in taxes, is going to be a winner. But that appears to be what the administration wants, because both Nancy Pelosi and Barney Frank are saying the same thing. Then again, we're talking about a bunch that thought this wouldn't be a big problem in the first place, at least not one they couldn't solve with faux "outrage" and blaming Chris Dodd.

**I'm fairly confident they'll have a chance to rethink this in the near future – somewhere around the time Tim Geithner's "I knew nothing" story crumbles.** The only question is how much public rage they'll have to suck up before they face that reality. [my emphasis]

The Administration is shortly going to be dealing with the uncomfortable job of admitting Tim Geithner knew a lot more about bonuses a lot earlier than he has let on.

And while news outlets like Time are chasing down precisely when Geithner learned the details of AIGFP bonuses, I'm more interested in an earlier round.

As Elijah Cummings described in the waning moments of yesterday's hearing, Edward Liddy approved a round of retention payments back in September.

On September 18, 2008 AIG's compensation

committee of the Board of Directors approved retention payments for 168 employees.

Cummings' point is important, because it shows that, however distasteful Liddy may find paying off the banksters who broke the world economy, he's willing to pay retention bonuses himself, even at a time when AIG was engorging itself on the federal teat.

But the retention contracts negotiated in September also put them squarely in the time when Tim Geithner was intimately involved in bailing AIG out. We learned yesterday that he recused himself from matters pertaining to AIG once he was picked to be Treasury Secretary (that nomination was announced on November 24). But back on September 18, when this round of bonuses was approved, Obama hadn't even won the election yet, much less picked Geithner to be Treasury Secretary. Back on September 18, Geithner was in charge of the well-staffed (his current excuse—that he's not staffed up yet, doesn't work here) NY Fed, and in charge of negotiating this bailout. Back on September 18, Geithner was one of the people at the Fed—the entity which, Liddy told us yesterday, channeled all communication regarding bailouts—working closely with AIG.

I appreciate that the bonuses are, to some extent, a shiny object. But uncovering how those bonuses got approved is going to get us to how the bailout of the big players got approved, too.