

# **MICHAEL CAPUANO: WHY ARE WE USING THE FDIC IN THE BAILOUT? AND WHY DO WE TRUST RATINGS AGENCIES?**

Michael Capuano (D-MA) did the best job grilling Geithner and Bernanke about Geithner's new bailout plan today. He challenged Geithner's claim that this leverages private investment at a 6 to 1 ratio, arguing that with the FDIC funding, it's actually 13 to 1.

He then asks how much toxic assets are out there, noting that there are more than a trillion dollars of toxic assets out there.

In addition he questions why we should be reassured that these are AAA assets, since the rating agencies have been so wrong about these assets so far.

Are they going to fund these things by floating collateralized debt obligations? Geithner says no. Then Capuano reads from the Treasury website using precisely that language. Geithner says he doesn't consider that a collateralized debt obligation. He gets interrupted before he finishes his question about the losses that FDIC might incur.

Let's hope someone follows up on Capuano's question when Geithner returns for another round on Thursday.