Introduction:

The Yale Program on Financial Stability (YPFS) contacted Christopher Seefer by email to request an interview regarding Seefer's time as Director of Investigation for the Financial Crisis Inquiry Commission. The 10-member bipartisan commission was charged with investigating and determining the cause of the crisis referring any cases to enforcement authorities. Established as part of the Fraud Enforcement and Recovery Act of 2009, the panel was composed of private citizens with expertise in economics, finance, banking, consumer protection, market regulation and housing.

Seefer, a lawyer in private practice, had been a savings and loan regulator earlier in his career who had investigated the S&L crisis in the 1980's. As the commission's Director of Investigations, Seefer played a crucial role in its success, working directly with the commission’s General Counsel Gary Cohen and Executive Director Wendy Edelberg. After submitting the report, he returned to private practice.

[This transcript of a telephone interview has been edited for accuracy and clarity.]

Transcript:

YPFS: How did you first become involved in the Financial Crisis Inquiry Commission (FCIC)?
Seefer: I first got involved when Thomas Green, the initial director, called me and said he wanted to interview me for a potential position there.

YPFS: At that point, had you been keeping up with details of with the Global Financial Crisis beyond the observation of a private citizen?

Seefer: I was mainly observing it as a private citizen. As you may know, before I became a lawyer in '99, I was a federal employee for 13 years regulating the savings and loan industry. So, I was there during their crisis, although on a much smaller scale.

Even the kind of work I do now in security fraud class actions, which generally is to sue public companies on behalf of shareholders relates to what was going on economically and internally at corporations during the crisis. So, at that point in my career, I had been doing this kind of work for the last 20-plus years.

YPFS: Given your background in the trenches of the S&L crisis, like your experiences with the Keating Five and the cases back in the 80s, you were familiar with the key concepts in S&Ls management and housing finance?

Seefer: Right. I understand accounting and finance and I understand how corporations and their executives, let's say, don't always tell the complete truth.

YPFS: In the beginning, what would you say were the objectives of the commission? Was it a more narrowly focused on the housing market? Or was it more systemically focused?

Seefer: After I talked to Tom, I pulled up the law [Fraud Enforcement and Recovery Act of 2009 (Public Law 111-21)] that was passed to establish the commission, and it set forth the charge of the FCIC. I was hired to help do the deep dive on the various companies involved in the crisis. Not just the companies that received government assistance or failed, but also the regulators and auditors of those companies.

YPFS: When they contacted you, were they deep into finding all the other members of the commission or were you one of the first to come on board?

Seefer: I'm not sure. Although I know originally, I was one of four people hired as assistant district director and deputy general counsel or something like that. I know at least some had already been hired, maybe three had already been hired. Because they were asking me to get out there as soon as possible when they interviewed me. It was sort of a, "Hey, are you available? And if so, can you get out here?"
YPFS: Since you came in at the height of the crisis in 2009, do you think the aftershocks of crisis added to the commission's sense of urgency towards completing its report so that government could act on?

Seefer: I think so. It was either October or November of 2009 when I got contacted and I was out there by either the first or second week of December 2009. I think the statute itself may have said, and if not the statute then somewhere, that the FCIC had a year to do the various research and investigations, and then prepare a report.

Whether it was a statute or something else that set the commission's deadline, there was a pretty tight timeline on getting everything done from my perspective. Especially, because I knew what it took, from my job as a lawyer and my job before that as a regulator, to figure out what happened in one company, let alone many multi-trillion dollar companies in banking and/or insurance.

YPFS: When the commission got to work, how did you decide what companies to include and whom to talk to with such a wide scope of investigation? How did you set priorities or determine who warranted a case study? What was your thought process?

Seefer: Again, the statute of the Fraud Enforcement and Recovery Act essentially said: do the case studies. It said look at any business or corporation that failed or received financial assistance. So from there you knew you were going to look at Lehman, AIG, Bear Stearns, Washington Mutual, and Wachovia. Those were the big financial institutions that would have failed but for the acquisition. Of course, all the big banks and many of the big non-banks received millions of dollars from Trouble Asset Relief Program (TARP), so we knew we were going to look at all of that.

When I first got there, for example, the commissioner said, "Well, we want to have a hearing in January and we want it to be on JP Morgan Chase, Goldman Sachs, Morgan Stanley, and BofA" in terms of the specific companies. This was sort of a not-so-deep dive given the timing, so we just went through their public filings, press releases, 10-Qs, 10-Ks, analyst reports, essentially any publicly available information. Then, we completed some financial analysis to determine what happened over that period of time. Next, we contacted folks within the companies like, the CEOs of each of those banks, analysts that reported on those banks, their regulators, and market participants and then we'd finally have a hearing.

Concurrently, we would also put together a book for the commissioners that generally set forth what happened to each company leading up to 2008 and 2009. Prior to the hearing we'd deliver an oral presentation about what
happened, and gave the commissioners what we thought were good questions
to ask those folks speaking at the hearing. From that point, we’d hear what
those folks thought contributed and caused the financial crisis and go on from
there.

YPFS:  According to the report, including companies, agencies, and individuals
you did something like 700 interviews?

Seefer:  Oh, yeah. We looked at those four banks I mentioned previously, and as you
know from the report, we looked at more companies after that, like Fannie and
Freddie, AIG, Countrywide, Lehman Brothers, Bear Stearns and the rating
agencies. We interviewed the executives of those companies, which wasn't
always easy to set up, given a lot of litigation going on at the time. They were
reluctant to talk.

We also talked to analysts that followed the companies, we talked to their
auditors, who were surprisingly providing unqualified opinions on their
financial statements. We were talking to various regulators, whether it was the
SEC for the investment banks, the OCC, FDIC, and OTS for banks and savings
banks. Most critically we spoke with the Federal Reserve, who had authority
over loan underwriting standards and over the big banks; the Commodities
Futures Trading Commission (CFTC), which was supposed to be regulating the
derivatives out there; and, the securities market’s gatekeeper, the credit rating
agencies.

Essentially, you’re going to look at the banks or the insurance companies that
failed or received government assistance to figure out what happened with
them, to the best of your ability. An important part of that requires that you
are not only talking to the company’s executives and looking at their internal
documents, but also going to the folks whose work is adjacent to theirs.
Whether it was the rating agencies giving AAA ratings to the subprime
securities firms were issuing, the auditors certifying financial statements with
questionable accounting practices, or the regulators who were, supposedly, on
a periodic basis making sure everything was "safe and sound". And so, that’s
the scope of who we investigated.

Then, of course, you had outside investors, market participants and just people
that were on the other side. We interviewed the folks that thought they
recognized the problems early on and took the short side of the security
investments, the Michael Berrys of the world, the John Paulsons of the world.

We cast a wide net to talk to as many people as possible about, one, the specific
companies that we were looking at, and two, more generally what they saw as
the causes of the crisis. Most, if not all, of those interviews were recorded and
YPSF: How often did you have to utilize the commission’s subpoena power? Were you often blocked by some people who just did not want any part of this investigation?

Seefer: My recollection is that very rarely did we have to issue subpoenas. You essentially tell people, "Look, we want you to talk to us and you can say yes or no, but if you say no, then we're going to subpoena you." I think we had to issue one or two to Goldman Sachs because they were dragging their feet on providing documents, at least in my opinion they were dragging their feet, I think trying to run out the clock. Some people didn't want to talk for us and asked for a subpoena. I think Warren Buffett wanted a subpoena before he would talk to us. And so we gave him one, it was kind of interesting really, because he was very cordial and nice when we did go out there and talk to him, but I think he just wanted it to show that he was compelled to talk to us.

The threat of a subpoena, and even more than that, the threat of bad publicity made folks simply agree to provide documents and provide interviews. Although, there were times, for example like when we interviewed Angelo Mozillo (CEO of Countrywide Financial Corporation) his lawyers said, "I'm not going to let him answer questions about that because there’s ongoing litigation." So there were times that it was a problem, but overall, I don’t think it was too much of a hindrance.

YPSF: You mentioned the optics of refusing to answer. There was a lot of anger at the time at the whole idea of bank bailouts and the TARP. How much of that was also weighing in on the decision to just talk to the commission as opposed to having to be subpoenaed?

Seefer: I think that’s right, because I remember when we were going back and forth with Goldman Sachs, I think the Chairman of the commission Phil Angelides and Vice Chairman Hon. Bill Thomas had an interview with someone. I forget exactly who, but they were basically saying, "Goldman Sachs is stonewalling us," and that was not good publicity for Goldman Sachs. It was around that time, or shortly after that interview, that suddenly the documents showed up.

---

3 The YPFS now hosts an archive copy the FCIC website which may be accessed through the following link: http://fcic.som.yale.edu/.

4 The New York Times reported on Goldman Sachs’ reticence to comply with the commission initial information request, and the commission’s issuance of a subpoena in response: https://www.nytimes.com/2010/06/08/business/08goldman.html
I agree with you that generally, the citizenry of the United States, if not the world, was pretty angry and specifically angry at the banks and the very rich executives of those banks who they largely blamed for the crisis along with inaction by the various gatekeepers. But at that point, it was a year, if not more, later. So that outrage, I think, occurred when the crisis was happening and into the first part of 2009 was still there, but maybe somewhat dissipated at that point. For whatever it’s worth, I get almost a trillion dollars going to bailout banks, but I’m on the opinion that had they not done it, it would have been a whole lot worse.

YPFS: And then you started going around interviewing people. I read your transcript of the interview with Hank Paulson and at one point he was talking about how regulating Fannie and Freddie wasn’t treasury’s responsibility. Did you find a lot of regulators sort of doing the "Not my job," type of answer while you were talking to them?

Seefer: I don’t think there was a lot of, "Not my job" that was a false response or a trying to avoid responsibility response, because we did have this multi-headed, still have, this multi-headed regulatory structure in the U.S. When it came to Fannie and Freddie, there was a specific regulator, OFHEO, and then the Federal Housing Finance Board that was responsible for regulating them. They were at least the primary regulators.

Again, you had other gatekeepers like the auditors for Fannie and Freddie and the market participants and even the rating agencies to the extent they would rate the securitizations. And I have to tell you that a lot of the regulators I found to be surprisingly candid in acknowledging that they did mess up, that they missed stuff, and that they should have recognized red flags earlier.

In my own time as a regulator back in the 80s and 90s, a lot of the rank and file that were on the ground doing the examinations of these institutions, whether it’s Fannie and Freddie, the banks or the investment banks, did see the problems and attempted to handle them through the appropriate channels, but nothing substantial was done. Instead you’d hear, "All right, we’ll let management know that these are problems and that they need to be fixed, and we’ll come in next time and see whether or not they were fixed." And when regulators come in the next time and the problems are not fixed, or it’s replaced by other problems.

Again, in my opinion, sufficient regulatory action was not taken, but that’s a recurring theme in this country. It was the same thing that I saw during the S&L crisis.

YPFS: So then you do the interviews and then you head into hearings, and how was that experience? Again, we are still in the background of a public that’s not happy with what happened. And with the bank bailouts et
cetera, and you're dragging all these people out to capital hill to basically go over how this happened. What was the scene like in those hearings?

Seefer: There’s a lot of words I could use to respond to that. I mean, they were interesting, they could be intense, they could be surreal. Because you’re right, I think people were still mad and I think people still wanted to understand what was going on.

On the other hand, I think certain people, or a lot of people at that point were like, "Look, I just want to see my 401K value go back up and I don’t care about these guys anymore."

YPFS: Was there fatigue?

Seefer: I think the commissioners wanted to show the public through these hearings, put faces to the people who were behind these financial institutions and ask them the tough questions. Whether they were the executives of the institutions, the regulators of the institutions, the people that ran the rating agencies, et cetera.

I don’t think the hearings did a lot in terms of helping us learn what the various causes were for the crisis or what the various causes were for each individual institution that we looked at and the problems they got into. A super majority, probably 90% of that was figured out through the work we did leading up to the hearings, and frankly work we did after the hearings, because after these hearings, I think we always sent out letters to the participants in the hearing saying, "Okay, given what you said, we have some questions. Please provide written answers and documentation to support your answers to these types of questions." And I think that kind of stuff is also on the FCIC website.

YPFS: As you said, you had a lot of experience in investigating, so was there anything that seemed surprising to you in your findings?

Seefer: Sadly, not really, other than the magnitude of the problems. And I say that because maybe I’ve been jaded over the last 20, 30 years given what I do for a living, but I can't say I was surprised that a lot of bad loans were made and were then put into securitizations that were bad and that were rated AAA by the rating agencies.

When there were financial incentives for the individuals to grant those loans, the financial institutions to securitize those loans, everybody was making money off of it. I can’t say I was surprised, although I was very disappointed that the regulators and the other gatekeepers, whether it’s the rating agency, the auditors, internal auditors at the companies weren’t sounding the alarm, because I’ve seen that before.
Whether it’s because the various gatekeepers themselves have financial incentives not to blow the whistle, have inherent conflicts as auditors do with companies, as rating agencies do with companies, as internal auditors do with the companies they work for. That the regulators didn’t act sufficiently, whether it’s because they didn’t figure it out or there was political pressure to leave business alone and let the economy continue to grow, I’ve seen all that before and we saw it again here. And while it makes you upset and frustrated and downright angry, I can’t really say I was surprised. Because it seems to be a recurring theme in this country, that it’s a capitalist country, companies are out there to make money and a lot of folks don’t want strict regulations on these companies, they want them to be left alone to make money until it blows up.

We talked a little earlier about even when the cracks started to show. I mean, the subprime markets start to go backwards in 2007, Bear Stearns fails in March 2008 and there’s a bailout there. Then you’ve got Fannie and Freddie bailed out in August, and that’s unpopular. And in my opinion, that’s why they did not bail out Lehman in September of 2008.

Surprised by anything I found in terms of that regard? No. Disappointed, angry, frustrated? Very much so. But again, that’s the kind of stuff I’ve seen in my career both as a regulator and as a litigator.

YPFS: Now, the report opens by saying that, "The global financial crisis was not just a sharp cyclical event, that it was a fundamental disruption." So if it was like a black swan event, what can we learn from it that will be useful in the future?

Seefer: Well, I think the lessons to be learned from it are very easy, but I think it’s the same lessons that have been learned from other crises, and the lessons were not taken to heart. I mean, look, one lesson is is that it doesn’t make sense to make loans where the loan to value ratios are 100% or higher, and where you don’t require documentation from the borrower to make sure they have the ability to repay and where you provide these teaser initial loan rates that will go up in six months, 12 months, or two years and then they won’t be able to pay and that the whole thing is dependent upon housing prices increasing.

Another lesson to be learned is when you package these loans in securitizations and then slice and dice them into CDOs and have the rating agencies rate them AAA even though they’re backed by these lousy loans, these poor credit quality loans, that shouldn’t be done. Lesson learned is that you then use credit to fault swaps and other derivatives that will cause an exponential increase in losses if one loan defaults, because you can write CDS on anything. You can create synthetic CDOs. And so if one loan defaults it’s not just the amount of the loan that’s a loss, it’s how many CDS were written on that loan. So it goes up.
Lessons learned are that gatekeepers need to do their job and auditors need to take a closer look at financials and make sure they’re legit. Rating agencies need to do a better in rating securities. Regulators need to do a better job in regulating the institutions they’re charged to regulate. So that, to me, are the lessons learned, but that’s been known, I would like to say, at least since the Great Depression. It’s going on for a while.

YPFS: And since then, have those lessons been absorbed? It sounds like you don’t feel too optimistic about that.

Seefer: Well, there’s some things that have happened that I think are good. But again, there’s different kind of things you can do to prevent against a crisis. I don’t know personally what’s going on with underwriting standards and loans like that, but I believe, and I haven’t looked at it recently, but I believe that both capital requirements and liquidity requirements are much higher now for banks than they were.

When everything did start to fall apart, that was a big problem. The financial institutions didn’t have enough liquidity or capital to survive the losses they were taking. So more capital and liquidity is always a good thing, but of course, the banks and the other financial institutions pushback against that, because the more leverage you have, the more profit you can make, assuming you don’t take a bunch of credit losses due to asset quality problems. So there tends to be pushback on that.

They passed the whole Dodd-Frank bill, and I certainly don’t know everything that was in there, but I know there’s been pushback against that. Once Republicans took control of the senate and the White House, and that’s not surprising. I mean, throughout this country’s history, the Republicans have been more of the hands off business, cut regulation, and the Democrats in general, certainly not in total, have been, "No, let’s have more regulation and try to control this."

YPFS: The report said that the commission was not asked to recommend policy, but it sounds some policy priorities must have surfaced as you were working. Were there any things that you would have recommended?

Seefer: Well, I think Dodd-Frank was going on certainly before the report was finished. I don’t remember the timing of when that bill was passed, but I suspect it started being put together, maybe even before the FCIC even got to work, given that the FCIC started to get to work in the second half or maybe even fourth quarter of 2009.

There was plenty of opinions on the cause of the financial crisis before the FCIC looked at it on a more in-depth basis. There was a lot of ideas about how to
address it, and Dodd-Frank was one of them. But again, some of it’s just straight common sense: Higher capital requirements, higher liquidity requirements, better regulation, prohibited activities in terms of loans, better ratings of securitizations, more transparency—particularly where derivatives are involved—both transparency in what are the actual derivatives and what is the exposure of a company.

It was very difficult to tell just from public reports the level of derivatives that a company had and what their counterparty exposure was. Well, [many were thinking], if somebody else gets in trouble like Lehman, who else takes the hit?

That was a big part of September and October of 2008 being such a bad time. Lehman went down and nobody knew for sure what impact they were going to have on other financial institutions. That lack of transparency contributed to more and more panic and more and more declining asset values and stock values and bond values. It was like a vicious circle, just spiraling lower and lower and lower in terms of asset values.

Again, lesson learned or policies to follow is: Make sure these companies provide more transparency on the assets and liabilities that are on their balance sheets and their exposure to other counterparties that they’re doing business with.

**YPFS:** You have a whole chapter on the role of panic in this crisis. Is this what business and government could have done to stem the panic, just provide a little bit more transparency to keep the industry from spiraling, as you said?

**Seefer:** Well, it would have prevented the spiral if that transparency showed that there wasn’t a lot of counterparty risk. If it showed that everybody did have a lot of exposure to Lehman, then that certainly wouldn’t stem the panic. It would just say, "Holy crap, look at all these other institutions that Lehman may bring down with it, since they’re relying on Lehman to satisfy their counterparty obligations to them."

But on the other hand, if there is that kind of transparency, then maybe the various gatekeepers of the world, even the senior managers of these companies, will realize we have too much counterparty risk here. So cut your position with that company, increase your liquidity, increase your capital, get rid of these investments, diversify whatever it may be.

And they did, I think one of the parts of Dodd-Frank that deals with this is also this whole living-will thing. Companies need to put together a plan on how to have an orderly bankruptcy, if nothing else, if you get in trouble and you’re not going to be able to survive it, or at least survive it without substantial government assistance.
YPFS: Circling back to the beginning, your report concluded that this could have been avoided. So if you were to write a memo to future policy makers, what would be your top line points?

Seefer: It would be a lot of what we've talked about. It would be good loan underwriting standards and prohibitions on unsafe and unsound lending practices. It would be more capital and liquidity for financial institutions. It would be more transparency for companies' financial condition and their exposure to other entities and counterparties.

It would be better regulation. Personally, I think maybe we have too many regulators in terms of different agencies, and I don't know that you need that multiple-headed monster. But that, to me, is not the big issue. It's the people in those regulatory agencies largely saw the problems, but for whatever reason, something didn't get done: Whether it was conflicts, or political pressure, or just the lack of appetite to take on a multi-trillion dollar company with high priced lawyers that were going to fight.

A lot of these institutions that got in trouble followed a path of leveraged growth over the years leading up to crisis. So again, there's talks about bringing back Glass-Steagall and separating investment banking and banking, reducing the size of institutions so that they're not too big to fail. So those are the kinds of top-line things I would say, and I think they're all well-known and common sense.

YPFS: What happened once the report came out? Was there a reaction to it? Did you have to defend it? Was there gratitude or was there pushback?

Seefer: The quick answer is: I don't know. But as one of the somewhat disappointing things to me in the report was that it was not a "unanimous" report. You had the main report that was written by the Democratic members of the commission and there was one independent member of the commission; that was six people.

And then you had three of the four Republicans write—I don't know if I want to call it a dissent, but their views. And then there was (Commissioner) Peter Wallison who throughout the entire time remained above the fray.

But the good news to me and I think I wrote an email to all the commissioners saying, "While it's unfortunate that you couldn't all agree on something, I really didn't think there was that big of a difference between the majority report of the six commissioners and what the three Republicans put together. I think you can see a lot of similarities and overlap between those nine commissioners."
No one agreed with Peter Wallison, that I recall, that the sole or primary cause of the crisis was affordable housing goals and Fannie and Freddie and all of that. Everybody agreed that Fannie and Freddie was a mess and were a definite problem that contributed to the financial crisis. I mean, we’re talking multi-trillion dollars of mortgage loan assets though those two organizations.

Once the report was out, which I think was February 2011, my job was done and I came back to start litigating cases at my firm. Yeah, there was press about it. I remember Phil Angelides, the chairman of the commission, I believe did various presentations around the country, including one at the Commonwealth Club out here that I went to, since it was across the street from my office.

What was done with the report by other government officials or policy makers? I have no idea. I didn’t reach out to anyone, but certain folks from the financial press contacted me and I agreed to talk to them on background. A lot of the stuff in that report was cited in various articles in the financial press.

Certainly, I know a lot of the stuff in that report helped in some litigation. There were plenty of lawsuits on behalf of the folks that lost money on their securitization investments. There’s been settlements against banks, investment banks and their executives that at least recouped some of the losses that people experienced on those investments.

But I just have no idea what anyone in the federal government has done with that report, if anything, in terms of pursuing policy, other than maybe it was used as they were ... I don’t remember when Dodd-Frank was passed. I couldn’t tell you what other type of regulations or legislation has been passed in that regard since then. I just don’t know.

YPFS: Just to round up our conversation, general impressions on the commission and the report? Did it succeed in its mission? Sounds like you feel a little disappointed.

Seefer: Well, I’m certainly not disappointed in the report, in the work of the commission or the content of the report. I recognize that maybe I’m biased here because I was a part of the staff, but I think the report is very good in terms of documenting what the various causes of the financial crisis were.

There have been plenty of books written and other things. (Sen. Carl) Levin had his commission going on at the same time. One of the things that I still think is true to this day is: while some people—maybe even a lot of people—may disagree with some of the conclusions that were made by the commission,

---

5 See Peter J. Wallison entire dissenting view in the YPFS Resource Library: [https://ypfs.som.yale.edu/node/3658](https://ypfs.som.yale.edu/node/3658).
I don’t think any factual matter in the report has been shown to be incorrect. If nothing else, the facts in the report have stood the test of time as accurate. The conclusions to be drawn from those facts, I suppose there can be reasonable disagreement about.

So, I’m certainly not disappointed in the report itself and everything we did, other than ... To me, there just simply wasn’t enough time or enough people to do what I would have liked to have done. If it would have been my way, we probably would have been there five years and I would’ve had way more people and done a deeper dive on every institution. That just wasn’t practical.

The amount of work people on that commission put in was amazing. I’ve been at a private law firm for the last 20 years, where you get used to working long hours six, seven days a week, and I worked way longer at the FCIC. I mean, it was intense, in terms of that regard. And it was impressive that people were willing to put in that time commitment from various walks of life. Whether it was from someone like me from a private law firm, or people from various government agencies, or whatever it was. That part of it, to me, was incredibly impressive.

I don’t know if it’s disappointment. It’s more I just wonder, because if you ask me: "Okay, look, we had the Great Depression, we had the S&L crisis, we had this huge financial crisis and great recession of 2008 and 2009. Surely now we’ll do things so that that won’t ever happen again." I don’t have a whole lot of confidence in that. I mean, history tends to repeat itself and people tend to have short memories.

It’s 10 years since the low of the stock market was June 2009. The market’s back, people’s portfolios look better. Personally, I don’t know what’s going on with loan underwriting or other areas. Of course in the news, you hear about student debt. I don’t know what’s out there that I don’t know what may trigger another round of investment losses and bank failures and whatever it may be.

You hope that the executives of the financial institutions learned, that the regulators learned, that the other gatekeepers learned and that they’re running a safer and sounder business that can react to unexpected economic events or financial events. But I can’t say I have a lot of confidence in that, because there’s always the financial incentive to push it. I mean, people make money generating profits for their company, even if those profits that are reflected on the financial statement may not really be there, because of either accounting shenanigans or other things.

Not a lot of people, if anyone, was really, personally, held accountable for any of this. I mean you know a bunch of bank executives in Iceland went to jail. I don’t think a whole lot of executives in the U.S. went to jail or were even criminally charged.
You had that one guy at Goldman Sachs that put together that one CDO, but he was a relatively low-level guy. No one at AIG, no one at Countrywide, no one at Fannie or Freddie, no one at Washington Mutual or Wachovia or the other institutions, or Lehman—that failed, cost the government a lot of money and contributed to people losing a lot of money on their investment, contributed to them losing a lot of value in their homes and may have contributed, if not downright caused them, to lose their jobs.

So there was a lot of pain caused by that crisis. You would like to think that lessons have been learned by that and behavior has been changed. But I can't say I'm confident that's the case.