Investigating the Financial Crisis

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In the fall of 2008, the United States suffered a devastating economic collapse, the worst since the stock market crash of 1929.[2] Securities backed by home mortgages lost much of their value, stock markets plummeted, and storied financial firms went under. Millions of Americans lost their jobs, and millions of families lost their homes. Some have estimated the financial cost at $20 trillion in lost gross domestic product, including costs associated with bankrupt businesses, foreclosures, homelessness, underwater mortgages, unemployment, and lost savings.[3]

Investigating what happened was the longest, toughest inquiry of the fifteen years I spent working for the U.S. Senate Permanent Subcommittee on Investigations (PSI). The investigation took over two years, racked up over 50 million pages of documents and 150 interviews, and produced four hearings and a 750-page report. Our report provided the only U.S. bipartisan analysis of the financial crisis, complete with joint findings of fact and policy recommendations. PSI's hearings also helped break the filibuster blocking consideration of what would become the Dodd-Frank Act, the most extensive set of U.S. financial reforms in a generation.

The Subcommittee. PSI was well suited to investigate the financial crisis. For over sixty years, it had served as the premier investigative body in the Senate, with a roster of high profile hearings. It began life as the Truman Committee, an ad hoc inquiry into waste, fraud and abuse during World War II, celebrated for producing hard-hitting, yet bipartisan and constructive results. The Senate later revived it as the "Permanent" Subcommittee on Investigations. During the 1950s, the Subcommittee gained notoriety when Senator Joe McCarthy took the helm and abused its investigative powers. As a result, its rules were rewritten to strengthen its bipartisan controls and protect the rights of investigative targets. Although the McCarthy years represented the Subcommittee's nadir, they also produced a legacy that made PSI staff more sensitive to conducting investigations that were bipartisan, fact-based, and fair.

One of the keys to PSI's effectiveness as an investigative body was its longstanding rule giving the Subcommittee chair unilateral authority to issue subpoenas, meaning without having to take a Subcommittee vote or gain the support of the Ranking Minority Member. At the same

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[2] Much of the information in this article is taken from an eight-volume publication of the U.S. Senate Permanent Subcommittee on Investigations on the financial crisis. For the full citation, see footnote 18.
[3] See "Financial Regulatory Reform: Financial Crisis Losses and Potential Impacts of the Dodd-Frank Act," Report No. GAO-13-180, Government Accountability Office (January 2013), http://www.gao.gov/assets/660/651322.pdf; "The Cost of the Crisis: $20 trillion and counting," report by Better Markets (July 2015), https://www.bettermarkets.com/sites/default/files/Better%20Markets%20-%20Cost%20of%20the%20Crisis.pdf. See also "How Bad Was It? The Costs and Consequences of the 2007–09 Financial Crisis," Tyler Atkinson, David Luttrell and Harvey Rosenblum, Federal Reserve Bank of Dallas staff paper (July 2013), https://dallasfed.org/assets/documents/research/staff/staff1301.pdf.

time, while the rule did not require it, PSI had a tradition of obtaining the Ranking Minority Member's sign-off before issuing any subpoena. In my years on the Subcommittee watching hundreds of PSI subpoenas go out the door, that bipartisan tradition was always honored. The bottom line was that PSI was able to issue subpoenas quickly and easily to advance its inquiries.

PSI's investigative effectiveness was further enhanced by a whole slew of unwritten traditions and standard operating procedures that provided guidance on how to proceed. Evolved from both successes and mistakes, PSI's investigative standards helped ensure we acted in a consistent, coherent, and fair manner.

It was a PSI tradition, for example, to frame our investigations in terms of factual questions to be answered, rather than hypotheses to be proved. Fashioning open-ended, fact-based inquiries led to more thoughtful, flexible reviews and encouraged following the evidence wherever it led. Second, PSI almost always used detailed case histories to analyze a problem. Real life case studies helped cut through generalities and platitudes to expose the intricacies of the issues in question.

Third, PSI put a premium on confidentiality. Any investigation worth its salt dropped or added issues, widened or narrowed its focus, and questioned many parties with varying levels of information. Keeping the details of the investigations confidential gave us the ability to make adjustments without attracting premature public questions about what we were finding or exposing possibly innocent parties to public scrutiny. Fourth, we conducted our investigations on an unrelentingly bipartisan basis. That meant joint document reviews, joint witness interviews, joint hearings, and joint analysis of the facts. It wasn't as easy as going it alone, but a bipartisan approach was critical to producing thoughtful, accurate, and credible results.

Fifth, PSI almost always wrote up its investigations. Written products not only forced us to articulate what we'd learned, but also provided a mechanism for ensuring we'd actually achieved bipartisan consensus on the facts. The goal was a joint report with joint findings and recommendations, but even if the other party signaled it wouldn't sign on, both sides ran their reports by the other for comments and edits. It was a trial by friendly fire that helped expose errors, sloppy thinking, and weak evidence, and always produced a better product. It also built trust as colleagues realized each side valued the advice of the other and would listen to that advice even when it didn't have to.

All of which led to another PSI constant -- taking the time needed to build bipartisan trust and bipartisan results. Our standards included looking at all the issues either side thought important, asking all the questions necessary to reach a consensus on the facts, and working on written products until both sides were comfortable with what was said. All of that took time. It couldn't be done in two weeks or two months. That's why PSI was known for its lengthy investigations, most of which took a year or longer to complete. In this complicated world, we viewed taking a year to reach bipartisan consensus on key facts as a reasonable timetable.

The Players. When the financial crisis escalated in 2008, Michigan Senator Carl Levin, who first joined PSI's leadership ranks in 1999, was serving as the Subcommittee chair. His Republican counterpart was Senator Tom Coburn from Oklahoma. While Senators Levin and

Coburn were polar opposites on many political issues, they shared traits that made them effective and collegial oversight partners. Both had a fierce commitment to the facts, were politically fearless in taking on powerful interests, and were willing to take the time needed to conduct a complex, bipartisan investigation.

In terms of staff, Senator Levin had an experienced investigative team with a long line of hearings behind them. I had worked for him on the Subcommittee since 1999, and began serving as his Subcommittee staff director in 2003. Senator Coburn had taken PSI's Ranking Republican slot in early 2008, so his staff had only recently joined forces, but had already shown themselves to be smart, hard-working, and capable. Both sides were supported by the Subcommittee's longstanding Chief Clerk, Mary Robertson, who served not only as PSI's institutional memory, but also as an even-handed administrator who kept PSI humming on a bipartisan basis.

To supplement the Subcommittee's small permanent staff, PSI employed a mix of federal agency detailees, law clerks, and college interns. Most joined the staff for a period of three to twelve months, seeking a better understanding of the legislative process. We warned them about PSI's long hours and relentless pace before coaxing colossal amounts of work out of them. Most told us PSI was the best gig they'd ever had. In the financial crisis inquiry, they made critical contributions to our work.

During 2008 and 2009, as the financial crisis investigation gained steam, the Levin and Coburn staffs worked together on several other, unrelated hearings. That work helped the two sides get to know each other and begin building a level of trust that would be tested, and ultimately enhanced, by our joint work on the financial crisis inquiry.

Getting Started. In November 2008, the assignment from our two Senators was simple yet infinitely complex: identify the key causes of the financial crisis. The goal was to figure out what had happened in order to prevent it from happening again.

Our first step was to educate ourselves about the financial instruments at the heart of the crisis. None of us knew much about them, so it was a steep learning curve. Past experience had taught us that experts around the globe, when asked, would make time for the Senate. So we identified experts on mortgage-backed securities, credit derivatives, and related fields, and asked them to educate us. Our teachers included longtime SEC staffers, professors, and industry experts. One leading credit derivatives expert – who lived in Australia – conducted a four-hour seminar for us by telephone that, due to time differences, started at 8:00 p.m. our time and ended at midnight. The grueling sessions were attended by staffers from both sides of the aisle.

At first it was a hard slog. Even learning the acronyms – MBS, CDOs, CDS – took time. And it wasn't a matter of learning just enough to get a good grade on a test; we had to really understand what was going on at a deep level. At the same time, the whole crew got a buzz from digging deep – we wouldn't have been much good as investigators otherwise.

Every week or so, Senator Levin called in his staff for an update on what we'd learned. Typically, we prepared charts summarizing key information and went over them in sessions that lasted 15 to 60 minutes, sandwiched between his other appointments. If we couldn't answer his questions, we contacted the experts and reported back. Senator Levin also began reading books and articles on aspects of the financial crisis, marking up the text, and, on occasion, scheduling meetings to discuss the materials he'd reviewed.

It took us months of intense effort to get a solid grasp of the U.S. mortgage market and its key financial instruments. But by the time we'd climbed that mountain of information, we had a pretty good idea of where we needed to go.

Narrowing the Focus. Based upon what we'd learned, we recommended that PSI focus its investigation on four key issue areas, framing them as factual inquiries:

(1) why banks turned from low-risk to high-risk mortgages, and how large numbers of high-risk mortgages entered the mortgage market;
(2) why federal regulators hadn't stopped the flood of high-risk mortgages;
(3) why credit rating agencies gave AAA ultra-safe ratings to mortgage-related securities that included high-risk mortgages; and
(4) what role was played by the investment banks, and how they may have contributed to the crisis.

In keeping with PSI's classic approach to understanding complex issues, we also identified the case histories we wanted to use to explore each issue area. To examine the role of banks in high-risk lending, we recommended Washington Mutual. The sixth largest U.S. bank with over $300 billion in assets, it had been a massive mortgage issuer before becoming the largest bank failure in U.S. history. To examine the role of federal regulators, we recommended the Office of Thrift Supervision (OTS). OTS was the primary regulator of thrifts like Washington Mutual, Countrywide, and IndyMac that played outsized roles in the financial crisis.

To examine the role of the credit rating agencies, we proposed focusing on the two largest, Moody's and Standard and Poor's. Both had issued credit ratings for the bulk of the mortgage-related securities at the heart of the crisis, later downgraded those ratings, and along the way reported large profits from their rating activities. Finally, to examine the role of investment banks, we recommended looking at Goldman Sachs and possibly another investment bank. Goldman was rumored to have made billions of dollars building up and then betting against the mortgage market; other investment banks were rumored to have lost billions. We figured both offered important lessons.

We presented our proposals to Senator Levin. After a lot of analysis, he gave us the go-ahead. We then presented the proposal to our Republican colleagues. They checked with Senator Coburn who flashed another green light.

The next step was to form four teams to tackle the four issue areas. Since Senator Levin was the chair and had the larger staff, Levin staffers took the lead on each team. As staff director, I oversaw all four. The Coburn staff used their smaller roster to staff the four teams as best they could.

Requesting Documents. The next big task was getting documents. PSI placed a premium on obtaining documents in its investigations and had many standard procedures and traditions related to document requests. First, don't ask for anything you aren't willing to read. Second, before writing a document request, meet with the target to learn what types of documents it has and which documents are the most important. Third, try to fashion a request that produces a manageable number of highly useful documents and a minimal amount of irrelevant material. Fourth, when drafting a document request, put the easiest requests first and the most complex and controversial requests later to facilitate document negotiations and rolling document productions. Fifth, brainstorm about third parties who might have useful documents they'd turn over with minimal fuss.

To launch the inquiry, the four teams met to strategize about needed documents, and then scheduled meetings with the companies and agencies serving as our case histories. Needless to say, no one was happy to hear from us. Everyone lawyered up, and we held initial meetings with legal counsel and representatives from each party.

In line with PSI practice, prior to each meeting, the relevant team leader wrote out a list of the topics to be addressed and circulated it to the team members, including our Republican colleagues. Everyone was invited to edit the list to ensure all issues of interest were covered and presented in a good order. PSI practice was to begin the meeting with easy issues and work up to more sensitive topics. Bringing up a sensitive topic early on could trigger wariness or offense and jeopardize cooperation. The team leader sent around the final version prior to the meeting so everyone knew what issues would be raised when. Most team members printed a copy, with spaces inbetween each topic, so they could take meeting notes directly on the document.

After one or more preliminary meetings with the relevant parties, the four teams drafted each document request in the form of an "attachment" that could be appended to a letter or subpoena. The drafts were circulated on a bipartisan basis for review and edits. We also did a comparative analysis of the four requests to identify the best ideas from each and standardize the language as much as possible. Chris Barkley, Senator Coburn's staff director, and I signed off on the final drafts. Most were attached to subpoenas, a few to letters. We then met with Senator Levin to update him on the requests and obtain his signature on any subpoenas.

Once approved, we telephoned legal counsel to let them know document requests were on the way. Most had obtained client consent to accept a subpoena. We alerted them to the due dates and offered to meet to discuss any issues. After those requests were out the door, the PSI teams initiated the same process with respect to third parties thought to be holding useful materials. Soon, we had over a dozen outstanding document requests.

Negotiating the Document Production. Getting documents via subpoena is rarely a simple process. In virtually all of our investigations – the financial crisis inquiry was no exception – subpoena requests became a test of wills and stamina, infused with drama. The subpoena recipients worried that their documents might be used against them and worked hard to limit what they gave us. At the same time, prominent financial institutions didn't want to be seen as obstructing a Senate investigation or risk an actual obstruction charge. A federal agency like OTS had even less standing or legal basis to refuse an official Senate document request.

Since even well-written document requests raise issues of scope and interpretation, they typically led to a lengthy set of negotiations to determine what documents would actually be produced. First, the two sides had to agree on the nature of the documents being requested. Every company and agency had its own lingo and way of doing things – the records they generated, who got copies, and who kept copies. The request's wording had to be translated into the documents actually held by the subpoena recipient, which was why preliminary meetings were crucial to learning the terminology to use in each request. Emails, telephone recordings, instant messages, and other types of materials typically required additional negotiations to clarify search terms and coverage.

Since our requests sought large numbers of documents, the next issue was prioritizing which groups of documents should be produced first. Without giving up on our broader requests, we often agreed to a much smaller, initial production so we could review the documents, figure out what was really useful, and identify the next group of priority documents. Still another task was getting a "privilege log," meaning a list of any documents being withheld from production under a claim of legal privilege.

The four PSI teams engaged in multiple discussions with the parties' legal counsel over the categories and timing of the documents to be produced. Counsel typically asked for 30 to 60 days to conduct a good faith search, review the documents for possible privilege, redact nonresponsive or privileged content, add a Bates number to track the pages being produced, and provide the documents to us in electronic form. To me, given the volume of documents, 30 to 60 days was a reasonable amount of time, even though I knew, when we told Senator Levin when the documents would arrive, he would typically shake his head and urge us to move faster.

Playing Hardball on Documents. While a variety of document battles involving multiple parties arose during the investigation, Goldman Sachs was the standout. When everyone else had finally begun producing a substantial number of documents, Goldman was still producing a trickle.

Faced with Goldman's intransigence over producing the requested information, Senator Levin called us in and gave us marching orders to take the deposition of Goldman's Chief Executive Officer Lloyd Blankfein. Surprised, we observed that we usually started with low-level employees and worked our way up. We also organized our interviews around documents, but had virtually no Blankfein materials. Senator Levin gave us a level stare over the glasses perched on the end of his nose: "Ask him everything you want to know."

After Senator Coburn signaled his agreement, we contacted Goldman's outside legal counsel to schedule the deposition. We indicated that we were willing to pick a mutually agreeable date in the next week or so, but otherwise would select the date ourselves and send a subpoena requiring Mr. Blankfein's appearance. During the ensuing back and forth, we actually executed the subpoena but, in the end, Mr. Blankfein agreed to appear "voluntarily." We later learned Mr. Blankfein had never provided a deposition before – the one at PSI would be his first.

The deposition took place in our conference room. Bob Roach, chief investigator on the Levin staff, took the lead. Pursuant to PSI practice, he wrote out the questions beforehand, circulated them on a bipartisan basis for edits, and sent out the final version to staffers on both sides of the aisle before the interview. He then deposed Mr. Blankfein under oath, before a stenographer, for most of the day, again in line with PSI practice.

During the deposition, Bob asked about every aspect of Goldman's involvement with the mortgage market and financial crisis. Mr. Blankfein answered the questions with a minimal amount of disruption from his lawyers. A few of his answers were hard to believe, including a claim that he didn't know "how important" AAA ratings were and "never thought" about how they affected investors like pension funds that couldn't buy mortgage-backed securities without a AAA rating.[4] Other statements were more difficult to evaluate, given how little information we then had.

After the deposition, we asked Goldman's legal counsel to remain behind for a moment. We indicated that, to get the information we needed, we planned to take a similar deposition of Goldman's President Gary Cohn and then work our way through the executive suite. We noted that a good faith production of documents was an alternative way to provide much of the information we needed and could shorten or even alleviate the need for some of those interviews.

A few days later, Goldman documents began pouring in. Goldman had clearly decided to switch from the minimum to the maximum. When added to the documents already produced by others, the total number of documents in PSI's possession exploded into tens of millions of pages. We began referring to the vast document pool as "the ocean" and told PSI staff to jump in and start swimming as fast as possible.

Swimming in Documents. For at least three months, everyone involved with the investigation did nothing but document review. We'd collected materials from a wide variety of sources, not only from the parties serving as our case histories, but also from agencies with relevant filings, lawsuits seeking damages, former employees with first hand information, investors burned by mortgage-related investments, and accountants who had handled various deals. The documents included emails, memoranda, Board minutes, correspondence, bank examinations, audits, SEC filings, mortgage transactions, due diligence reviews, reports, legal pleadings, and more.

The four PSI teams met weekly, updating each other on documents of interest, analyzing the complex transactions they'd uncovered, and developing theories as to what had happened, when, and why. Each team produced thick notebooks of key documents, referred to as "hot docs." Each developed chronologies of events and lists of key players.

Fact patterns and themes began to emerge. At Washington Mutual, we located Board meeting materials in which senior management explicitly asked the directors to approve a switch from low-risk to high-risk mortgages. The materials gave a single rationale to justify the switch

[4] "Wall Street and the Financial Crisis: The Role of Investment Banks," S. Hrg. 112-674 (April 27, 2010), at 189.

– higher risk mortgages were more profitable.[5] Higher risk borrowers could be charged more, and higher risk loans fetched higher prices on Wall Street, because they were bundled into financial instruments that paid higher returns for the higher risk. Neither the Board materials or any other documents we reviewed cited government requirements on affordable housing or community reinvestment for making the switch – profit alone was cited as the motivating factor. Other documents tracked the bank's actual acquisition of high-risk home loans, explained the mortgage features, identified multiple problem areas, and showed how the bank marketed loans to Wall Street, created its own securities, and permitted high-risk mortgages to be slipped into mortgage pools even when they knew the borrowers were likely to default.

At OTS, emails and memoranda showed that many examiners were aware of the growing tide of high-risk mortgages being issued by U.S. financial institutions, had warned their superiors, and had supported tougher restrictions on high-risk practices to no avail. Others showed OTS supervisors downplaying the risk, pointing to bank profits and the speed with which banks sold the high-risk loans to Wall Street. Still other materials documented a petty turf battle between OTS and the FDIC over Washington Mutual, with OTS employees impeding FDIC oversight by denying bank documents and even office space to FDIC examiners. Some disclosed an increasingly bitter dispute between OTS and FDIC executives over cracking down on the thrift's mounting risk.

At Moody's and S&P, emails, memoranda, and other documents showed that firm analysts were well aware of the increasing issuance of high-risk mortgages. They also depicted a struggle between analysts and supervisors over assigning accurate ratings versus the inflated ratings sought by investment banks pushing the deals. Some emails showed supervisors pressuring analysts to take whatever measures were needed to maintain the firm's "market share." Other documents chronicled the concerns of analysts tasked with monitoring existing mortgage securities and deciding whether to downgrade their ratings when they lost value. Still others illustrated what happened when both firms decided, within two days of each other in July 2007, to suddenly downgrade the ratings of hundreds of subprime mortgage-backed securities, slashing their resale value and shocking the mortgage market worldwide. A noticeable gap in the documents left unexplained how both firms decided to execute hundreds of downgrades within two days of each other; neither produced a single document explaining the coincidental timing.

At Goldman, documents tracked how the firm purchased billions of dollars of high-risk, poor-quality loans, bundled them into mortgage-backed securities, procured AAA credit ratings, and sold the securities to investors around the world. Some emails included the abbreviation "ldl" – let's discuss live – to signal when sensitive topics should be discussed orally rather than in writing. Other documents showed how, starting in late 2006, Goldman traders noticed high-risk mortgages were beginning to lose value, reported it to their superiors, and then went into high gear betting against – "shorting" – mortgage-related securities so the firm would make money on the market downturn.

The documents disclosed multiple ways in which Goldman shorted the mortgage market. Some involved so-called synthetic collateral debt obligations (CDOs) that enabled investors to

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[5] See "Wall Street and the Financial Crisis: The Role of High Risk Home Loans," S. Hrg. 112-671 (April 13, 2010), Exhibit 3, at 278-289.

bet on whether a specified group of mortgage-backed securities would gain or lose value. Documents related to one CDO known as Abacus showed how Goldman had allowed a favored client to influence the CDO's selection of assets, while placing a bet they'd lose value. Goldman advised other clients to bet on the Abacus assets gaining value, without disclosing the role of the favored client in selecting those assets. When the asset values later tanked, the favored client walked away with $1 billion invested by the other clients.[6] Still other documents showed how Goldman itself began using the CDOs it issued to bet against its own clients, making money hand over fist as the value of the referenced mortgage assets plummeted.

The document review took months, but produced invaluable, first-hand evidence of the events that led to the financial crisis. We were ready for the next phase.

Conducting Interviews. In the latter half of 2009, we began conducting dozens of interviews. Interviews are critical to picking up nuance, context, and relationships, as well as people, events, and documents that might not otherwise come to light. In addition, PSI practice was to use interviews to review and gain a better understanding of key documents, since at least some would turn out not to mean what they seemed to.

The four PSI teams each drew up a list of the individuals they wanted to interview in the order they wanted to speak with them. Since we had limited staff, the teams confined themselves to only the most important players. When we presented the interview lists to the parties, battles erupted over scheduling as every firm and agency attempted to push back their interviews. We fought like lions to get folks in quicker.

To get the information we needed, we favored informal interviews over formal depositions. We'd found that individuals spoke more freely in an interview setting where staff took notes, rather than in a deposition setting where a stenographer took down every word. So while we were ready to conduct depositions if someone wouldn't come in voluntarily and actually prepared deposition subpoenas to compel attendance, if a party agreed to a reasonable date for an informal interview, we preferred that format.

Our interview schedule in late 2009 and early 2010 coincided with an unusually snowy winter in Washington. We often questioned witnesses while watching hours of snow drift past the conference room window, wondering how we'd make it home. We told folks traveling from New York to take the train to Union Station and book at a nearby hotel, so they could walk to our offices through the snow. We also brought in blankets in case staff got caught by a snowstorm and had to overnight at work.

We ended up conducting over 150 interviews. We followed PSI's standard practice of interviewing lower-level employees first and working our way up. Most interviews took all day, generally starting at 10:00 a.m. and finishing at 5:00 p.m. or later. Whoever had lead responsibility wrote out the questions beforehand, circulated them on a bipartisan basis, and identified the relevant documents. Interns and law clerks made copies of the key documents and

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[6] See "Wall Street and the Financial Crisis: Anatomy of a Financial Collapse," report reprinted in S. Hrg. 112-675, Volume 5, Part I (April 13, 2011), at 669-686.

prepared five to seven document notebooks for each interview, a tedious but critical task necessitating hours of work.

We opened most interviews by asking about the interviewee's background and then patiently worked our way through multiple events, transactions, and documents, usually chronologically. We generally took a very polite tone, which we found encouraged cooperation. Occasionally, we gently cautioned that, under 18 U.S.C. §1001, it was against the law to make a false statement to Congress. We typically asked multiple interviewees the same questions to confirm the facts and get added detail. When given information that conflicted with what others had told us, we slowed down and gave the interviewee an opportunity to clarify the facts or identify supporting documents. Sometimes, we began a topic by asking an interviewee to describe in their own words what had happened – occasionally eliciting new information – and then checked the description against contemporaneous documents. If they didn't match, the interviewee usually corrected their version of events or was left stammering that the documents had gotten it wrong. Slowly, we built up the factual record.

When we got important new information, we slowed down again and asked multiple questions about it, to be sure we understood what was being said. We didn't believe in asking one question, getting a perfect answer, and then moving on. We weren't playing prosecutor on television. Instead, we asked similar questions several ways, not only to make sure we understood, but to give the interviewee an opportunity to correct or clarify their words. The questions also served to lock them into what they were saying, in the presence of their own lawyers. That made it less likely they would backtrack if asked about the same matter at a public hearing.

Throughout the process, we never played hide the ball. We laid out the facts and issues that concerned us, and asked the interviewees to educate us on what had really happened and how we should think about it. We asked them to explain complicated transactions from their point of view and were often rewarded by explanations that shed light on past events. We didn't use rhetorical games or surprise questions, because we found they didn't help much when the objective was to find out the facts, rather than score rhetorical points. In addition, since the facts didn't change, we saw no risk in laying out what we thought had happened and requesting any evidence we'd gotten something wrong. We also continued to follow the practice of asking easy questions first and hard questions later. Many interviewees, after being asked a question that implicated them in wrongdoing, simply shut down.

The interviews were both illuminating and surprising. With Washington Mutual, we realized that the thrift had relied on conventional low-risk loans, until newly-hired East Coast executives talked up the high-risk road. With OTS, we saw close up the frustration of some examiners who saw what was happening but couldn't stop it, versus the pandering by some OTS executives who referred to thrifts as "constituents" and discouraged tough enforcement action out of fear the thrifts would switch to another regulator. With the credit rating agencies, we interviewed financial analysts mortified at how their employers had chased business from investment banks and supported inflated ratings for complex financial instruments with hidden risks.

With Goldman, we interviewed traders and executives who uniformly insisted, despite a mountain of evidence, that the firm never bet against the mortgage market or against their clients. We heard Goldman bankers refer to investors in its mortgage-related securities as "counterparties," rather than "clients," a revealing switch in terminology. We eventually realized that the traders saw their jobs, not as designing financial products that would succeed, but as engineering and pricing financial instruments with multiple layers of risk that could pay off by either succeeding or failing. We also learned of the existence of brag sheets – "self-reviews" filled out by Goldman traders competing for bonuses – in which the traders boasted of designing complex shorts or making millions or even billions of dollars for the firm off the backs of investors who took their investment advice.[7] The brag sheets provided powerful evidence of how the Goldman traders viewed what had been going on within the firm.

Unraveling the complex deals and relationships behind the financial crisis took patience, persistence, and careful attention to detail. In addition, it required being willing to recognize and accept what had really happened as opposed to what you thought had happened. That was sometimes the hardest part.

One example involved Fannie Mae and Freddie Mac. One of the big questions we were trying to answer was why banks had moved from low-risk to high-risk mortgages. One theory was that Fannie and Freddie, the biggest players in the secondary mortgage market, had caused the shift by purchasing higher risk mortgages and bundling them into the mortgage-backed securities sold to investors. To test that theory, the Coburn staff asked us to include in our Washington Mutual subpoena an extensive request for documents related to Fannie and Freddie. We agreed, knowing it was a hot issue for many parties, and waited to see what would emerge.

To the surprise of both sides, the Washington Mutual documents told a fascinating story the exact opposite of what the theory had predicted.[8] It turned out that Washington Mutual was one of the biggest suppliers of mortgages to Fannie. Internal documents showed that the bank itself – without any prompting from Fannie or Freddie – had decided to move from low-risk to high-risk mortgages, because they were more profitable. As it began to pump out more high-risk mortgages, Washington Mutual pressed Fannie to buy more of them on more favorable terms. When Fannie declined, the bank threatened to switch the lion's share of its mortgages to Freddie. When Fannie stood fast, Washington Mutual did just that, after securing Freddie's agreement to buy more of its high-risk mortgages on better terms than Fannie offered. In short, the documents showed it was Washington Mutual who had pressured Fannie and Freddie to buy high-risk mortgages rather than the other way around. To Senator Coburn's credit, even though the documents told a different story than expected, he didn't try to suppress or re-interpret them; he let the documents speak for themselves.

The interviews continued through the first quarter of 2010.

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[7] See "Wall Street and the Financial Crisis: The Role of Investment Banks," S. Hrg. 112-674 (April 27, 2010), Exhibit 55, at 435-454.

[8] See "Wall Street and the Financial Crisis: Anatomy of a Financial Collapse," report reprinted in S. Hrg. 112-675, Volume 5, Part I (April 13, 2011), at 170-178.

Going Public. In early 2010, more than a year after the investigation began, Senator Levin decided we were ready to go public. He wanted all four hearings held during the month of April. We'd never held so many hearings so close in time on such complex subjects. I wasn't sure we could pull it off, warning Senator Levin that the staff was already exhausted. He replied that the inquiry had gone on long enough, and it was time to let folks know what we had found.

Hearing prep at PSI involved multiple steps, carefully choreographed. First, we proposed an overall design for the four hearings, suggested the major points to be made, and got signoffs from both Senator Levin and our Republican colleagues. The design called for featuring the key participants in each case history as witnesses, using them to lay out the facts of what had happened. We decided against using academics, public interest groups, or trade associations in order to concentrate on holding accountable the individuals most responsible for the troubling conduct we'd identified. We also agreed that, for once, we wouldn't issue a report at the same time as the hearings, but would use the hearings to acquire added information and issue a final report later.

From there, we planned the specifics of each hearing. That included identifying the witnesses, witness panels, documents to be made public, and key issues. Once we received a thumbs-up from Senators Levin and Coburn, we notified the witnesses well in advance of the hearing dates – usually a month – to minimize calendar conflicts. We also drafted witness letters alerting each person to the issues they'd be asked about and inviting them to make a written submission. We let those who balked know that we would issue subpoenas to ensure attendance at the hearing if necessary.

Because hearings can illuminate only a limited set of facts and issues, each team began working to identify the most important points to make. We directed each team to draft a short background memorandum that would go from Senators Levin and Coburn to other Subcommittee members, the media, and the public about the hearing. A memo was a long way from a report, but still offered a good way to lay out the key information, present joint findings of fact, and demonstrate the investigation's bipartisan nature. In a single, short document, we could convey the story that we wanted each hearing to tell. In addition, we asked each team to compile a list of the most significant quotes from key documents, both to highlight the evidence and help observers locate the most important materials. We also asked each team to develop charts to use at its hearing. Senators Levin and Coburn approved each memo, document quote, and chart before it went out.

Next, we directed each team to designate up to 100 documents as hearing exhibits. We knew 100 was a huge number, but given the complexity of the issues and the expected opposition from the hearing witnesses, we figured providing first-hand evidence was the best way to help the media and public judge the facts. Compiling so many documents – locating the best copies, putting them in order, tagging them with exhibit numbers, creating a descriptive list, redacting unrelated but sensitive information, making 100 packets for the hearing, and creating an electronic version for the PSI website – was an avalanche of work.

Our next task was to draft three of the most important hearing documents from Senator Levin's perspective: the joint press release, his opening statement, and possible witness questions. Each was key in conveying to the public his views about the facts and their significance. A few days prior to each hearing, we presented him with drafts and then met with him in demanding sessions that involved his going over every issue, every witness, and every document. The sessions, which took place before or after business hours or over the weekend, lasted anywhere from one to four hours. Senator Levin painstakingly analyzed and revised the questions, changing the order, content, and wording until he was satisfied.

Senator Levin typically prepared for hearings with more care than any Senator I had heard of, but for the financial crisis hearings, he stepped up his game. He did his homework until he knew the facts and documents cold. Another critical factor turned out to be his staying power: Senator Levin presided over each hearing for as many hours as it took to build the record and get answers.

Holding Washington Mutual Accountable. The first hearing, on April 13, 2010, featured Washington Mutual. My favorite of the four hearings, it went to the roots of the crisis, tracking the shift to higher-risk, poor quality mortgages, explaining how the mortgages used initial low teaser rates to enable "subprime" and even "prime" borrowers to take out loans they couldn't afford, and showing how banks disregarded the default risk, since they quickly sold the loans to Wall Street. It showcased the bank's increasing use of "stated loans" in which borrowers stated their income, and the bank accepted their statements as true without verification. Critics called them "liar loans."

The hearing also disclosed how Washington Mutual was repeatedly criticized by its auditors and regulators for shoddy lending and securitization practices, high loan default rates, and massive loan fraud, but never improved its operations. It showed how the bank became a conveyor belt of toxic mortgages and mortgage-backed securities fueling Wall Street. When mass credit rating downgrades suddenly shocked the mortgage market, Washington Mutual got stuck with billions of dollars in unmarketable mortgage securities. The bank's stock price plunged, and depositors withdrew billions of dollars from their accounts, creating a quiet run on the bank. In September 2008, regulators finally had to step in, leading to the largest bank failure in U.S. history.

We held a press briefing the day before the hearing, attended by about 20 reporters. We released a six-page memorandum from Senators Levin and Coburn, summarizing what we'd found, with six joint findings of fact. We also released a list of key document quotes and several charts summarizing the bank's mortgage activity, including sales of $77 billion in subprime mortgage loans and $115 billion in high-risk "Option ARM" loans. We announced we would release nearly 100 hearing exhibits the next day. We didn't hand out any of those documents at the press briefing itself. Delaying their release gave reporters a concrete reason to show up at the hearing room, even if they'd attended the press briefing the day before.

The hearing itself took testimony from three panels of Washington Mutual executives. The first panel consisted of former chief risk and audit officers who described in chilling detail how the bank favored loan volume and speed over loan quality, accepted borrower income statements without verification, turned a blind eye to rampant loan fraud, and never fixed even blatant problems. The next two panels of senior executives, including longtime CEO Kerry

Killinger, tried to defend their actions which, in the end, led to the bank's collapse after 100 years of safe operation.

Senators Levin and Coburn, with assists from Senators Susan Collins and Ted Kaufman, grilled the witnesses for seven hours, confronting them with document after incriminating document. A chart entitled, "Washington Mutual Mortgage Practices that Created a Mortgage Time Bomb," listed the bank's shoddy practices. Audit reports laid bare loan fraud rates of 58%, 62%, and 83% at some offices. Executive emails blasted their own bank's "horrible" loan performance. Extensive media coverage detailed the evidence disclosed at the hearing showing how a single bank injected into U.S. financial markets a flood of toxic mortgages. The articles uniformly criticized Washington Mutual's role in the financial crisis.

Confronting the Regulators at OTS. The second hearing, focused on OTS, was three days later on Friday, April 16. Because it, too, featured Washington Mutual, we scheduled it for the same week, while the first hearing was still resonating with the public. Again, we held a press briefing the day before, attended this time by 20 to 30 reporters. Again, we released a Levin-Coburn memorandum summarizing what we'd found, this one nine pages long with nine joint findings of fact. Again, we released key document quotes and promised to release nearly 100 hearing exhibits the next day. At this and the other press briefings, Senator Levin – joined at times by Senator Coburn – spoke on the record for the first fifteen minutes or so. Staff followed, off the record, going through the facts, details, and handouts in sessions that typically lasted another 90 minutes.

The second hearing took testimony from four panels over five and a half hours. The first featured Treasury and FDIC Inspectors General discussing their new joint report on regulatory shortcomings involving Washington Mutual; it confirmed many of our negative findings regarding OTS. Next up were four OTS regulators who oversaw the bank, including former OTS director John Reich. Next were three FDIC regulators who had tried, in the face of OTS resistance, to analyze and discipline the bank. The final panel featured Acting OTS head John Bowman and FDIC head Sheila Bair.

During the hearing, Senators Levin, Coburn, and Kaufman took OTS to task over its years-long tolerance of Washington Mutual's shoddy mortgage practices, its infighting with the FDIC, and its failure to take enforcement action against the bank despite over 500 deficiencies identified by OTS examiners. The Senators also confronted OTS and the FDIC for issuing weak restrictions on high-risk mortgage practices and failing to recognize the systemic risk caused by allowing U.S. banks to sell billions of dollars of high-risk, poor quality mortgages that polluted financial markets globally.

Exposing the Credit Rating Agencies. The third hearing, on the credit rating agencies, took place a week later on Friday, April 23, 2010. Our press briefing the day before attracted an even larger crowd of over 40 reporters. Again, we released a Levin-Coburn memorandum, this one eleven pages long with nine joint findings of fact. Again, we released the key document quotes and promised to hand out the actual documents the next day at the hearing. Using the same kinds of materials and approach in each press briefing had made it easier, not only for us to prepare, but also for the media to review our work, since the reporters knew what to expect.

The hearing took testimony from three panels of witnesses, all former or current employees of Moody's or S&P. The first panel consisted of three financial analysts who criticized their former employers for elevating market share and profits over accurate ratings, giving in to bank pressure to keep tough analysts off deals, failing to apply more accurate credit rating models to existing ratings, and delaying the rating downgrades. The following two panels heard from executives who participated in the ratings and from the Moody's and S&P CEOs Raymond McDaniel and Kathleen Corbet. The executives defended their firms, while also admitting, when faced with incriminating documents, that the investment banks had engaged in high-pressure tactics and ratings shopping, that inadequate staff resources had been assigned to track the ratings, and that numerous inflated ratings had required later downgrades.

Senators Levin and Kaufman (Senator Coburn had been pulled away) grilled the Moody's and S&P witnesses for six hours, asking why AAA ratings were awarded to securities laced with high-risk, poor quality loans from mortgage companies notorious for loan defaults. They confronted the executives about issuing mass rating downgrades to hundreds of subprime mortgage-backed securities at the same time, shocking the markets and causing the collapse of the subprime mortgage market. Senator Levin produced a chart showing that 91% of AAA subprime mortgage-backed securities issued in 2007, and 93% of those issued in 2006, had fallen into junk status. He also cited an email in which, when pressed by a ratings analyst about a deal, a banker wrote back: "IBG-YBG," meaning "I'll be gone, you'll be gone" by the time the loans default, so stop worrying.

Press coverage was, again, extensive, detailing the evidence disclosed during the hearing. Some stories favorably compared the hearing to the Senate's depression-era Pecora hearings which set the stage for major financial reform.[9]

Holding Goldman Accountable. The final hearing, featuring Goldman Sachs, took place four days later on Tuesday, April 27, 2010. Three panels of Goldman witnesses testified: a panel of Mortgage Department traders, a panel composed of Goldman's Chief Financial Officer and Chief Risk Officer, and, finally, Goldman's CEO Lloyd Blankfein.

The Goldman hearing was by far the toughest of the four. First, we were already stumbling in exhaustion from the earlier hearings. Second, Goldman was taking an uncompromising hard-nosed stance, refusing to acknowledge any missteps or wrongdoing and hotly disputing evidence showing it had knowingly packaged poor-quality mortgages into securities, sold those securities to clients, and profited from shorting those as well as other mortgage-related securities.

On top of that, we'd been surprised by an April 16th civil suit filed by the Securities and Exchange Commission (SEC) against Goldman for defrauding investors in connection with the Abacus CDO.[10] While we agreed with the lawsuit, we'd been planning to feature Abacus at the

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[9] See, e.g., "Berating the Raters," *New York Times*, Paul Krugman (4/25/2010), http://www.nytimes.com/2010/04/26/opinion/26krugman.html?_r=1.
[10] See "SEC Charges Goldman Sachs with Fraud in Structuring and Marketing of CDO Tied to Subprime Mortgages," SEC Press Release No. 2010-59 (April 16, 2010), https://www.sec.gov/news/press/2010/2010-59.htm.

hearing. Now, just ten days before the hearing date, the facts we'd intended to disclose were already detailed in the SEC complaint.

Senator Levin told us to alter course and feature some Goldman CDOs at the hearing in addition to Abacus. Everyone with an ounce of energy left rallied to help the team get it done. The result was that, instead of the hearing highlighting a single CDO where Goldman had manipulated the outcome to benefit one client over several others, it also detailed three other CDOs where Goldman had manipulated the outcome to benefit the firm itself at the expense of its clients. We came to view those three other CDOs, known as Hudson, Anderson, and Timberwolf, as even more troubling than Abacus.

All four CDOs were complex synthetic investments that were tricky to explain. Essentially, Goldman had designed them so that each "referenced" a basket of mortgage-related assets, and enabled investors to wager on whether the value of that basket would rise or fall. Investors holding the "long" side of the bet wagered the value would rise; investors holding the "short" side bet it would fall.

Unlike Abacus, where investors took both sides of the bet and wagered against each other on the basket's value, in Hudson, Anderson, and Timberwolf, Goldman quietly took all or a substantial portion of the short side of the bet. At the same time, Goldman advised its clients to take the long side. Goldman advised its clients to bet long, even though the firm was secretly betting short, having concluded internally that the mortgage market was about to crash and that the CDO themselves referenced poor-quality mortgage assets that Goldman expected to lose value. In the case of Hudson, Goldman took 100% of the short side of the bet and ended up making a $1.7 billion profit, taken right out of the pockets of its duped clients.

During the course of our investigation, our investment bank team had gathered data on Hudson, Anderson, and Timberwolf, but hadn't examined those CDOs in the same level of detail as Abacus, which we knew inside and out. So the team called for a deeper dive into all three. Multiple staffers, from senior investigators to interns, dove into the document ocean. One immediately hit gold: a Goldman email in which an executive called Timberwolf a "shitty deal" at the same time Goldman was selling it to investors.[11] Another spotted a Goldman email in which Hudson was referred to as "junk."[12] The team dove deeper into the documents, following them back and forward in time, building a detailed chronology and document history for each CDO. The amount of information the team amassed in ten days and integrated into its written materials – at the same time our first three hearings were unfolding – was awe-inspiring. Senator Levin ingested the new information inbetween hearings and gave the green light to go with it.

On Monday, April 26, the day before the Goldman hearing, we held our usual press briefing. The Levin press shop informed us they'd switched to a bigger room. When we walked

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On July 14, 2010, Goldman agreed to pay the SEC $550 million to settle the lawsuit. SEC v. Goldman, Sachs & Co., Case No. 10-CV-3229 (BSJ), (USDC SDNY), Consent of Defendant Goldman, Sachs & Co. (July 14, 2010), https://www.sec.gov/litigation/litreleases/2010/consent-pr2010-123.pdf.

[11] "Wall Street and the Financial Crisis: The Role of Investment Banks," S. Hrg. 112-674 (April 27, 2010), Exhibit 105, at 674.

[12] Id., Exhibit 170c, at 1085.

in, it was a zoo – over 70 reporters filling every chair, cameras lining the back wall, and our handouts disappearing in minutes. It was the first signal that our hearing was entering a perfect storm – a vortex of press obsession with Goldman, public outrage at the financial crisis, and an ongoing Congressional struggle over whether to take up financial reform. We released a 13-page Levin-Coburn memorandum, document quotes, and a joint press release. The press briefing lasted over two hours.

The hearing started the next day at 10:00 am. When we entered the hearing room through the staff door behind the Senators' dais, the press storm was bigger than anything I'd been in. Reporters, photographers, and cameras were swarming witnesses. The audience included protestors dressed in pink or in fake prison suits, some waving flat paper masks decorated with Mr. Blankfein's face. CSPAN was filming. It was a scene.

The hearing turned out to be the longest of the Levin PSI years: eleven hours. One reason was that every Subcommittee Member made an appearance, the only PSI hearing in years with that distinction. Senators from both parties expressed concern with the two central facts uncovered by the investigation: that Goldman had made billions of dollars from the mortgage market's downfall, and that it had bet against its own clients.

Goldman strenuously denied both facts. First, it insisted it had not shorted the mortgage market, despite a stack of evidence to the contrary. The hearing exhibits included an email from CEO Blankfein stating: "Of course we didn't dodge the mortgage mess. We lost money, then made more than we lost because of shorts."[13] An email from Goldman CFO David Viniar speculated about "what might be happening to people who don't have the big short."[14] Dozens of other exhibits made the same point, including an internal submission to the Goldman Board of Directors which stated: "Although broader weakness in the mortgage markets resulted in significant losses in cash positions, we were overall net short the mortgage market and thus had very strong results."[15] Senator Levin marched the witnesses through document after document detailing Goldman's shorting activity.

Senator Levin also took them through the evidence that Goldman had bet against its own clients. He highlighted an exhibit indicating Goldman held 100% of the short side of the $2 billion Hudson CDO it had advised investors to buy. He asked almost every witness to comment on the Goldman email describing Timberwolf as a "shitty deal" at the same time the firm was marketing it to investors and shorting the CDO. Beforehand, we'd given Senator Levin several alternatives for describing that email's salty language, but when he'd asked Senator Collins about using the actual phrase, she'd smiled and indicated she saw no problem with using it. So he did. Repeatedly. Telephones in the Levin personal office lit up with calls from offended viewers, and I cringed at every utterance, but Senator Levin was completely untroubled. He shrugged that he was merely quoting Goldman's own email.

Another dramatic moment that day came from Senator Coburn. It concerned Fabrice Tourre, a Goldman mortgage trader named in the Abacus lawsuit. A few days earlier, Goldman

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[13] Id., Exhibit 52, at 403.
[14] Id., Exhibit 26, at 306.
[15] Id., Exhibit 1b, at 240-241.

had released some of Mr. Tourre's personal emails with embarrassing details unrelated to the issues. Senator Coburn first asked Mr. Blankfein if he set the tone at Goldman; Mr. Blankfein replied, "I do, sir."[16] The Senator then asked him whether releasing the Tourre emails was fair to his employee, and if it constituted a deliberate political or defense "ploy." Mr. Blankfein's spluttered explanation was incoherent.

Moving Dodd-Frank. The next day, the Senate voted to end the filibuster that had been delaying Senate consideration of what became the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. Enacted into law three months after the Goldman hearing, the law imposed a sweeping set of financial reforms targeting many of the problems highlighted by PSI.

The Act imposed limits, for example, on the trading that banks could conduct to earn profits for themselves versus their clients – the so-called Volcker Rule which was added to the bill by Senators Jeff Merkley and Levin. The law also incorporated a Levin provision imposing new conflict of interest prohibitions and high-risk limits on federally insured banks. It even achieved that Washington rarity of abolishing an agency: OTS.

Other Dodd-Frank provisions restricted high-risk mortgages, barred "liar loans" with unverified borrower incomes, and established an SEC office to regulate credit rating agencies. Another section of the law eliminated legal prohibitions on the federal regulation of swaps and credit derivatives. The law also authorized banking regulators to hike bank capital requirements related to high-risk activities.

Still another innovation was creation of the Consumer Financial Protection Bureau which, among other duties, was charged with protecting consumers from predatory mortgages. Another key innovation was the Financial Stability Oversight Council which, for the first time, required federal financial regulators to sit down at the same table and combine forces to identify and mitigate systemic risks to the U.S. financial system.

While the Dodd-Frank Act didn't fix all the problems that contributed to the financial crisis – it left out valuable reforms fought for by Senator Levin and others – it was a worthy response to many of the key causes of the crash. We were proud of PSI's role in contributing to important financial reforms with the potential to prevent another devastating downturn.

Writing It Up. While enactment of the Dodd-Frank Act addressed many of the ills targeted in our investigation, PSI's work wasn't over. Senator Levin decided we needed to issue a comprehensive report on the key causes of the financial crisis. He felt it was too important and we'd invested too much time and energy to allow most of what we'd learned to fade away. Even four hearing records failed to lay out the majority of the facts we'd gathered.

So we spent another full year producing a 750-page bipartisan report, with 2,849 footnotes. It nearly killed us, but it was worth every word, because it preserved everything we had learned about the mortgage market, mortgage-related securities, and the roles of the banks, regulators, credit rating agencies, and investment banks in the financial crisis. Its most important

[16] Id. at 158.

message was that "the crisis was not a natural disaster, but the result of high risk, complex financial products; undisclosed conflicts of interest; and the failure of regulators, the credit rating agencies, and the market itself to rein in the excesses of Wall Street." In other words, the crisis was not an unavoidable calamity, but the product of corrupt financial practices that could be prevented.

Writing a long report on a complex investigation is another whole topic. Suffice it to say that PSI traditions offered a lot of guidance and we had a lot of experience drafting long reports, since we viewed educating the public and policymakers about complex issues as one of our most important functions. After the hearings, we spent several months on additional document analysis and interviews to deepen our understanding of the facts and issues. Early on, we met with Goldman and let it know that, while we were ready to finish the investigation, we would persist for as long as necessary to get the information Senator Levin wanted. In response, Goldman got us the data we needed, and we were able to accelerate our work. We also spent substantial time developing Deutsche Bank as a second investment bank case history to provide a broader view of the contributing role played by investment banks in the financial crisis.

We divided the report into four sections corresponding to the four main issue areas. We spent a lot of time on providing relevant context – historical background, laws, regulations, markets, financial instruments – so readers could view the financial crisis in a broader setting. We included joint findings of fact and joint policy recommendations so no one had to guess at our conclusions. We went over every word of the report with our Republican colleagues who helped strengthen the analysis, screen the evidence, and find and correct errors. Everyone spent countless hours on the footnotes identifying the documents supporting the facts recited in the text. Senator Levin reviewed every section, made numberless edits, and approved the final version, which was issued as a bipartisan PSI staff report on April 13, 2011.

We released the report to the public and briefed the media on its contents. In addition, we sent copies to the U.S. Department of Justice and several federal regulatory agencies under a Subcommittee rule allowing Senators Levin and Coburn to refer matters to those agencies where "there is reasonable cause to believe that a violation of law may have occurred."[17] While Congressional investigations are Constitutionally limited to inquiries with a "legislative purpose" and cannot prosecute individuals or impose civil penalties, if an investigation uncovers possible criminal or civil misconduct along the way, it can refer that misconduct to executive branch agencies to determine what legal action to take, if any. We weren't the only ones making such referrals either, but one of the big disappointments of the financial crisis was how few wrongdoers were ever prosecuted. While criminal prosecutions turned out to be few and far between, numerous civil actions eventually collected billions of dollars from the investment banks, mortgage issuers, and others involved with the wrongdoing. Our investigative results contributed to some of those cases.

At PSI, our final step in writing up the investigation was to prepare the hearing record for publication. With our Chief Clerk's guidance, we combined the four hearing transcripts, the hearing exhibits, and report with many of the cited documents, so that everyone could see the evidence we relied on. We developed a detailed table of contents and a document locater chart

[17] "Rules of Procedure," U.S. Senate Permanent Subcommittee on Investigations, Rule 19.

to help folks wend their way through the materials. We sent the final proofs to the Government Printing Office which printed the eight-volume set that now sits on my bookshelf.[18] When I reviewed it in preparation for this article, I found it to be a faithful recounting of the investigation and a wealth of information for those interested in what Congressional oversight can accomplish.

[18] See "Wall Street and the Financial Crisis: The Role of High Risk Home Loans," S. Hrg. 112-671 (April 13, 2010), https://www.gpo.gov/fdsys/pkg/CHRG-111shrg57319/pdf/CHRG-111shrg57319.pdf; "Wall Street and the Financial Crisis: The Role of Bank Regulators," S. Hrg. 112-672 (April 16, 2010), https://www.gpo.gov/fdsys/pkg/CHRG-111shrg57320/pdf/CHRG-111shrg57320.pdf; "Wall Street and the Financial Crisis: The Role of Credit Rating Agencies," S. Hrg. 112-673 (April 23, 2010), https://www.gpo.gov/fdsys/pkg/CHRG-111shrg57321/pdf/CHRG-111shrg57321.pdf; "Wall Street and the Financial Crisis: The Role of Investment Banks," S. Hrg. 112-674 (April 27, 2010), https://www.gpo.gov/fdsys/pkg/CHRG-111shrg57322/pdf/CHRG-111shrg57322.pdf; "Wall Street and the Financial Crisis: Anatomy of a Financial Collapse," S. Hrg. 112-675 (April 13, 2011), Part I (report and documents supporting the Washington Mutual, OTS, and credit rating agency sections of the report), https://www.gpo.gov/fdsys/pkg/CHRG-112shrg57323/pdf/CHRG-112shrg57323.pdf; Part II (documents supporting the Deutsche Bank section of the report), https://www.gpo.gov/fdsys/pkg/CHRG-112shrg66050/pdf/CHRG-112shrg66050.pdf; Part III (documents supporting the Goldman Sachs section of the report), https://www.gpo.gov/fdsys/pkg/CHRG-112shrg66051/pdf/CHRG-112shrg66051.pdf; and Part IV (additional documents supporting the Goldman Sachs section of the report), https://www.gpo.gov/fdsys/pkg/CHRG-112shrg66052/pdf/CHRG-112shrg66052.pdf.