

## **Give back bonuses, AIG chief urges staff**

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Edward Liddy, chief executive of AIG, yesterday tried to soothe anger against the bailed-out insurance group by urging employees to give back the \$165m (€122m, £115m) in bonuses that have sparked a political firestorm.

He told legislators he had asked employees of AIG Financial Products - the arm that brought the group to the brink of collapse - to "step up and do the right thing". The concession came as President Barack Obama defended Timothy Geithner, Treasury secretary, amid criticism of the administration's handling of the controversy.

Mr Obama said he had "complete confidence" in Mr Geithner as the Treasury chief faced calls to quit from at least two Republican legislators. Republicans want to know why he did not challenge the bonuses before approving \$30bn of fresh federal aid to AIG this month. Congressman Connie Mack said Mr Geithner "should either resign or be fired for the good of the country".

The president praised Mr Geithner for tackling the crisis with "intelligence and diligence", arguing that he faced the toughest challenge of any Treasury secretary since Alexander Hamilton after the Revolutionary War. "Nobody's working harder than this guy," he said.

The resignation calls were echoed by protesters at a Congressional hearing into the AIG bail-out, while Republican members pressed Mr Liddy for information about Mr Geithner's role in waving through the bonuses. The Obama administration has published a timeline of events that shows Mr Geithner learning of the pay-outs on March 10, phoning Mr Liddy on March 11 and informing the White House on March 12. It stressed that Mr Geithner had no part in drafting the bonus deal.

Mr Liddy offered the olive branch during a hearing into the AIG bail-out by the House financial services committee as members of Congress vowed to press ahead with measures to recoup the bonuses.

"Specifically, I have asked those who received retention payments of \$100,000 or more to return at least half of those payments," he said, adding that some had agreed to give up all their bonuses.

Gary Ackerman, a Democratic congressman, said the pay-outs had unleashed a "tidal wave of rage" among taxpayers, while Paul Hodes, Democratic committee member, said AIG had come to stand for "arrogance, incompetence and greed".

Barney Frank, the committee's chairman, renewed his call for the government, as 80 per cent shareholder, to "exercise its ownership rights" over AIG and file lawsuits to block the bonuses. He vowed to seek the names of people who received the money as they "should not be allowed to hide behind anonymity".

Mr Frank said Mr Geithner and Ben Bernanke, Federal Reserve chairman, would testify to another committee hearing on AIG next week.

Earlier, Mr Frank told CNN he did not "have a lot of confidence" in Mr Liddy, even as Mr Geithner gave his backing to the chief executive, who was appointed after the original federal bail-out last September.

According to testimony prepared for delivery to the House committee, Mr Liddy acknowledged that AIG had been "the beneficiary of the American people's forbearance and patience" as the government had funnelled more than \$170bn into the group.

"We are acutely aware not only that we must be good stewards of the public funds we have received but that the patience of America's taxpayers is wearing thin," he added.

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