

Side-by-Side Comparison of Rescue Legislation

Issue	Paulson Plan	Frank-Dodd	Final Bill
\$	700B with no strings.	700B – Delivered in 150B tranches that can be delayed by Congressional disapproval (and a Presidential signature)	250B – Immediately available to the Secretary. 100B – Available upon report to Congress, certified by the President. 350B – Available ONLY upon Congressional action.
Insurance (House Republican Mode)	NONE	NONE	Requirement to establish mandatory insurance/guarantee program at no expense to the taxpayer. “Pay to play” for participating companies, based on risk. Outlays reduced by premiums collected.
Executive Compensation		Far reaching executive compensation standards that would affect companies not even involved in this financial crisis. Additionally, the bill lowered the deduction on executive pay to \$400,000 for ALL companies.	Workable prohibitions on executive compensation to ensure bad actors are not rewarded. In a total takeover (like what happened with AIG), there will be no golden parachutes or severance pay. For equity participation, over \$300M total ban for top 5 executives on golden parachutes and tax deduction limit on compensation above \$500,000.

Oversight/Transparency		Onerous, unworkable and repetitive reporting and oversight requirements, hindering proper implementation of program.	<p>Establishment of bipartisan oversight commission, split evenly between minority and majority. Practical reporting requirements to ensure proper reports to Congress and the public.</p> <p>Creation of a Special Inspector General</p> <p>Creates a financial stability oversight board</p> <p>Implements strict conflict of interest and unjust enrichment rules</p> <p>If after 5 years the government has a net loss of taxpayer funds as a consequence of the purchase program, the President will be required to submit a legislative proposal to recoup such funds from program beneficiaries.</p>
"Say on Pay" Union Take Over of Corporate Boards		So-called "say on pay" or "proxy access" which propose to mandate a nonbinding shareholder vote on proxy access and	OUT

		other corporate governance issues for all companies in which the Treasury Department buys a direct stake in certain assets.	
Affordable Housing Slush Fund (ACORN Fund)		Included a giveaway that would force taxpayers to bankroll a slush fund for ACORN – an organization fraught with controversy for, among other scandals, its fraudulent voter registration activities on behalf of Democratic candidates.	OUT
Bankruptcy “Cramdown” (aka, trial bar give-away)		Included so-called “cramdown” provisions allowing bankruptcy judges to reduce mortgage principal under the guise of helping those at risk of foreclosure. If enacted into law, the provision would be a bonanza for trial lawyers and	OUT

		undercut the effectiveness of any economic recovery effort by making it even harder to value mortgage-backed securities.	
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Mark-to-Market Accounting			GAO study on the impacts of mark-to-market accounting standards and effects on the banking crisis. Restatement of existing authority to suspend mark-to-market.
Equity/Warrants		Mandatory equity interest in all participating firms.	Mandatory equity interests in total takeover scenario. Proportional equity interest based on percentage of assets sold if deemed appropriate Secretary.
Tax benefits for community banks			Ability for community banks to take capital losses on GSE assets against ordinary income.