

Panel Probing Financial Crisis Has Wall Street Ties

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WASHINGTON -- Two appointees to a congressional panel investigating the financial crisis work for law firms that represent either Wall Street or its antagonists, raising concerns about the commission's impartiality and likely effectiveness.

Congressional leaders earlier this week announced their choices for the 10-member Financial Crisis Inquiry Commission, a panel that has drawn comparisons to the Pecora Commission that investigated the stock-market crash of 1929. Its mission is to explore the causes of the crisis, as well as the collapse of specific Wall Street firms.

Some congressional observers are already predicting it could be bogged down by philosophical divides between its pro-consumer and pro-business wings. A nonpartisan watchdog group, the Center for Responsive Politics, released a report Friday saying that some appointees gave substantial amounts in campaign contributions, many of them to Democrats.

The professional ties of some of its members also could be a complication, legal experts said.

One Democratic appointee to the commission, lawyer Byron Georgiou of Nevada, works with a securities-litigation law firm, Coughlin Stoia Geller Rudman & Robbins LLP, which has filed suit on behalf of shareholders against subsidiaries of several Wall Street firms, including Bear Stearns, J.P. Morgan Chase & Co. and Morgan Stanley.

Mr. Georgiou was a pick of Senate Majority Leader Harry Reid of Nevada.

A Republican appointee to the commission, former U.S. Rep. Bill Thomas of California, who was tapped by GOP congressional leaders, is a government-relations adviser for a law firm, Buchanan Ingersoll & Rooney PC, which represents several banking and financial-services clients.

Stephen Gillers, an ethics expert at New York University, agreed that "both appointments could present problems." That could lead the commission to restrict the issues that some members take part in, which could impede the panel's work, he said.

Mr. Gillers said a conflict doesn't mean either member would act improperly, only that an unacceptable risk could exist.

"Ideally, we should have a commission where no member is sidelined from any part of the inquiry. On the other hand, to get the most knowledgeable, experienced members, it may be necessary to accept some limitation," Mr. Gillers said.

Mr. Georgiou is described as "of counsel" by his law firm, and functions as a liaison with institutional investors. He has worked closely with the commission's chairman, former California Treasurer Phil Angelides.

Mr. Georgiou also is a business owner and an adviser to a Harvard Law School corporate-governance program. He had a long career in state government in California in addition to his work with plaintiff law firms, and has litigated on behalf of farm workers.

He referred requests for comment to Mr. Reid. Jim Manley, a spokesman for the Senate majority leader, noted that Mr. Georgiou had helped investors in Enron Corp. recover \$7.5 billion.

"It's precisely because he has in the past represented investors and shareholders victimized by financial fraud that we wanted Georgiou on the commission," Mr. Manley said. "We need a diversity of opinion on this commission to learn more about why our system failed us."

A spokesman for Mr. Georgiou said he has no financial interest in the law firm's current cases against Wall Street companies and isn't an equity holder in the firm.

Mr. Thomas, the vice chairman of the commission, is known in Washington as the hard-charging former chairman of the House Ways and Means Committee, and a pro-business conservative. His title at Pittsburgh-based Buchanan Ingersoll is senior government-relations adviser.

A spokeswoman for House Republican leader John Boehner of Ohio defended Mr. Thomas Friday, and suggested the commission might address such issues by adopting rules to reduce the potential for conflicts of interest.

"Bill Thomas will bring the same impartiality, distinction and integrity to the Financial Crisis Commission that he brought to the halls of Congress," said spokeswoman Antonia Ferrier.

A spokeswoman for Mr. Thomas's firm described him as an independent consultant, and said he doesn't consult with the firm's financial-institution clients. Mr. Thomas didn't reply to an email message seeking comment.

The commission is armed with sweeping powers to gather information, including through judicially enforceable subpoenas.

Its work will be closely watched as Congress labors to overhaul financial regulations. The commission is expected to provide a final report in December 2010.

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