

THE BIG FAIL

AN EXAMINATION OF THE FAILED OBAMA RECORD



FOR IMMEDIATE RELEASE

202-863-8614



A Hypocritical Pick For Treasury

Obama's Selection Of Jack Lew For Treasury Secretary Shows How Empty His Rhetoric Actually Is

Today, Obama Nominee For Treasury Jack Lew Will Undergo His Confirmation Hearing At The Senate Finance Committee. "The Senate Finance Committee will hold a confirmation hearing for Treasury Secretary nominee Jacob Lew on Wednesday, Feb. 13, at 10 a.m., the panel said, suggesting that no major hurdles were discovered during a congressional review of his record." (Damian Paletta, "Senate Hearing For Lew To Be Held Next Week," [The Wall Street Journal](#), 2/6/13)

LEW HAD INVESTMENTS IN THE CAYMAN ISLANDS BEFORE, DURING, & AFTER OBAMA AND OTHER DEMOCRATS CRITICIZED SUCH HAVENS AS TAX SCAMS

Obama Treasury Secretary Nominee Jack Lew Invested In A Citigroup Venture Capital Fund Registered In The Cayman Islands' Uglad House. "Republicans also want to ask Lew about a \$56,000 investment he once had in a Citigroup venture capital fund registered in the Cayman Islands. Lew lost \$1,582 when he had to divest his position in the fund to serve as Obama's budget chief. The CVCI Growth Partnership II fund's registered office is listed as the Uglad House, according to a securities filing, a Cayman Island office building with thousands of companies registered that has become a symbol of offshore tax evasion. Uglad House was criticized by Obama when he was campaigning for president." (Rachel Younglai and Anna Yukhanov, "Jack Lew Senate Hearing Will Question His Budget Policies, Citigroup Bonus," [Reuters](#), 2/10/13)

- **Lew's Cayman Islands Investment - Which He Held As Recently As 2010 - "Is Coming To Light As Mr. Obama And Congressional Democrats Are Zeroing On Taxes Lost To Off-Shore Entities."** "As recently as 2010, Jack Lew, President Obama's nominee to be the next secretary of the Treasury, had \$56,000 invested in a CitiGroup venture capital fund based in the Cayman Islands' notorious Uglad House, a building whose mailboxes are home to nearly 19,000 corporate entities, many of them tax shelters. The investment has been in public documents for years and drew no attention when Mr. Lew was confirmed to be deputy secretary of state in 2009 and director of the White House Office of Management and Budget in 2010. But the fund is coming to light as Mr. Obama and Congressional Democrats are zeroing on taxes lost to off-shore entities, including hedge funds, as a way to stave off \$1 trillion in across-the-board spending cuts set to begin March 1." (Johnathan Weisman, "Lew's Cayman Islands Fund A Likely Issue At Confirmation Hearings," [The New York Times' The Caucus](#), 2/8/13)

Paid for by the Republican National Committee.
310 First Street SE - Washington, D.C. 20003 - (202) 863-8500 - www.gop.com
Not authorized by any candidate or candidate's committee.

- **Despite Attacking His 2012 Opponent For Such Investments, “Now That One Of Obama’s Cabinet Nominees Is Defending His Own Cayman Account, Democrats Are Suddenly Silent On The Matter.”** “President Barack Obama’s reelection campaign famously trolled Mitt Romney for having bank accounts in the Cayman Islands throughout 2012, with campaign spokesman Ben LaBolt calling it proof that the Republican ‘bets against America.’ It’s a line that was echoed during the election by Governor Martin O’Malley, the Democratic National Committee, and several web ads on Obama’s own YouTube channel, which featured at least 20 videos mentioning Romney’s Cayman accounts. A search for Cayman Islands on the Obama campaign’s website brings back more than 1,200 results. But now that one of Obama’s cabinet nominees is defending his own Cayman account, Democrats are suddenly silent on the matter.” (Andrew Kaczynski, “Obama’s Cayman Island Attacks Come Back To Bite Him,” [BuzzFeed](#), 2/11/13)

Obama Seems To Have Forgotten His Rhetoric Against This Particular Cayman Investment

FLASHBACK: During The 2008 Democrat Primary Debates, Obama Suggested That A Building That Houses 12,000 Companies In The Cayman Islands Is “Either The Biggest Building Or The Biggest Tax Scam On Record.” SEN. BARACK OBAMA: “That’s why I have proposed specific tax relief now, immediately, so that we would offset some of the payroll tax, that we would immediately put some additional dollars in the pockets of American families, working families typically making \$75,000 a year or less, to not only stimulate the economy, but also to balance out a tax code. And I would pay for it very specifically by closing tax loopholes and tax havens. You’ve got a building in the Cayman Islands that supposedly houses 12,000 corporations. That’s either the biggest building or the biggest tax scam on record.” ([Democrat Primary Debate](#), Manchester, N.H., 1/5/08)

- [**Watch Obama Call Cayman Investments Like Jack Lew’s “The Biggest Tax Scam On Record”**](#)

FLASHBACK: Obama Again Brought Up The Uglad House As President In 2009 During Remarks On International Tax Policy Reform, Reiterating That “This Is The Largest Building In The World Or The Largest Tax Scam In The World.” OBAMA: “For years, we’ve talked about shutting down overseas tax havens that let companies set up operations to avoid paying taxes in America. That’s what our budget will finally do. On the campaign, I used to talk about the outrage of a building in the Cayman Islands that had over 12,000 business -- businesses claim this building as their headquarters. And I’ve said before, either this is the largest building in the world or the largest tax scam in the world.” (President Barack Obama, [Remarks By The President On International Tax Policy Reform](#), Washington, D.C., 5/4/09)

- **Obama Criticized The Legality Of Tax Havens In The Tax Code, Saying “That Makes It Perfectly Legal For Companies To Avoid Paying Their Fair Share.”** OBAMA: “And yet, even as most American citizens and businesses meet these responsibilities, there are others who are shirking theirs. And many are aided and abetted by a broken tax system, written by well-connected lobbyists on behalf of well-heeled interests and individuals. It’s a tax code full of corporate loopholes that makes it perfectly legal for companies to avoid paying their fair share. It’s a tax code that makes it all too easy for a number -- a small number of individuals and companies to abuse overseas tax havens to avoid paying any taxes at all. And it’s a tax code that says you should pay lower taxes if you create a job in Bangalore, India, than if you create one in Buffalo, New York.” (President Barack Obama, [Remarks By The President On International Tax Policy Reform](#), Washington, D.C., 5/4/09)
- [**Watch Obama Attack Cayman Investments Like Jack Lew’s In 2009**](#)

Will Obama Ally Sen. Max Baucus (D-MT) Forget His Own 2008 Rhetoric Against Cayman Investments?

FLASHBACK: In July 2008, Sen. Max Baucus (D-MT) And The Senate Committee On Finance Commissioned The GAO On A Fact-Finding Trip To The Uglad House For A More Accurate Assessment Of Its Operations. SEN. MAX BAUCUS (D-MT): "The last time that the press and the Senate looked at the Uglad House in 2004, it had 12,748 tenants. We asked GAO to go down and look for itself. Remarkably, in the last 4 years the Uglad House has found room for 6,000 new tenants without even adding a new floor." (Committee On Finance, U.S. Senate, Hearing, 7/24/08)

- [Watch Sen. Max Baucus \(D-MT\) Condemn Investments In The Cayman Islands Like Jack Lew's](#)
- [See The Transcript Here](#)
- [See The GAO Report Here](#)

Baucus Was Referring To A Bloomberg Report On The Cayman Islands Published In 2004, Wherein It Identified The Haven As Having The Address For 12,748 Companies. (David Evans, "The \$150 Billion Shell Game," [Bloomberg Markets](#), 8/04)

- **Baucus Warned That Investors In The Cayman Islands May Simply Be Using The Havens As A "Backdoor To Invest In Terrorist Nations."** "If these companies are going through the backdoor to invest in terrorist nations, Congress must take action to immediately close, lock and seal those doors,' said Senator Max Baucus, 62, of Montana, the senior Democrat on the committee." (David Evans, "The \$150 Billion Shell Game," [Bloomberg Markets](#), 8/04)
- [See The Bloomberg Report Here](#)

LEW'S YEARS AT CITIGROUP INCLUDED PROFITING FROM THE HOUSING COLLAPSE AND GETTING A TAXPAYER-FUNDED BONUS AFTER A BAILOUT

Lew Was At Citigroup's Alternative Investments Unit When It "Profited Off The Housing Collapse And Financial Crisis..." "President Barack Obama's choice to lead the White House budget office oversaw a Citigroup unit that profited off the housing collapse and financial crisis by investing in a hedge fund king who correctly predicted the eventual subprime meltdown and now finds himself involved in the center of the U.S. government's fraud case against Goldman Sachs." (Shahien Nasiripour, "Jack Lew: Obama's OMB Pick Oversaw Citigroup Unit That Shorted Housing Market," [The Huffington Post](#), 7/14/10)

- **Lew's Division At Citi Invested In Hedge Funds Including One Which Made Billions Predicting "Homeowners Would Not Be Able To Make Their Mortgage Payments."** "The Obama pick worked at Citi from 2006 until he joined Hillary Clinton's State Department in January 2009, rising to chief operating officer of the bailed-out bank's Alternative Investments unit, a Citi division that engaged in proprietary trading and invested in hedge funds and private equity groups. The Huffington Post reported in July that Lew's unit invested in a hedge fund king who made billions correctly predicting that U.S. homeowners would not be able to make their mortgage payments." (Shahien Nasiripour, "Jacob Lew, Obama Nominee And Former Citigroup Executive, Doesn't Believe Deregulation Led To Financial Crisis," [Huffington Post](#), 9/21/10)

Due To The Nature Of Its Investments, Lew's Unit "Profited From Betting Against The Subprime Mortgage Market." "If Mr. Lew gets the Treasury job, the business world will not be unhappy. He is not a

creature of Wall Street, but before joining the Obama administration, he spent three years in high-level (and high-paying) jobs at Citigroup, where he oversaw a unit that lost money but also profited from betting against the subprime mortgage market. Mr. Lew was chief operating officer; in testimony before Congress, he has said he did not make investment decisions.” (Sheryl Gay Stolberg, “Trusted Aide To Obama Faces Test In Budget Showdown,” [The New York Times](#), 12/1/12)

“After Citigroup Received Its \$45 Billion Taxpayer Bailout, Lew — Two Weeks Before Joining The Obama Administration — Received Another \$900,000 From Citigroup As A Bonus.” “For his work at Citigroup, work that included betting on the housing collapse, Lew received a salary of \$1.1 million. After Citigroup received its \$45 billion taxpayer bailout, Lew — two weeks before joining the Obama administration — received another \$900,000 from Citigroup as a bonus. This was revealed only in 2010; in 2009, when Lew first joined the administration as a State Department official, both he and the administration refused to say if he had received a post-bailout bonus from Citigroup (at the time, there was a huge political scandal over Wall Street executives receiving large bonuses despite needing taxpayer bailouts).” (Glenn Greenwald, “The New WH Chief Of Staff And Citigroup,” [Salon](#), 1/10/12)

Obama Used To Criticize Executive Bonuses After Bailouts As “The Height Of Irresponsibility”

FLASHBACK: In 2009, Obama Said It Was The “Height Of Irresponsibility” And “Shameful” For “Executives At Major Financial Firms Who Turned To The American People, Hat In Hand, When They Were In Trouble, Even As They Paid Themselves Their Customary Lavish Bonuses.” OBAMA: “But in order to restore trust in our financial system, we are going to have to do more than just put forward our plans. In order to restore trust, we’ve got to make certain that taxpayer funds are not subsidizing excessive compensation packages on Wall Street. We all need to take responsibility. And this includes executives at major financial firms who turned to the American people, hat in hand, when they were in trouble, even as they paid themselves customary lavish bonuses. As I said last week, this is the height of irresponsibility. It’s shameful. And that’s exactly the kind of disregard of the costs and consequences of their actions that brought about this crisis: a culture of narrow self-interest and short-term gain at the expense of everything else.” (President Barack Obama, [Remarks By President Barack Obama On Executive Compensation With Secretary Geithner](#), Washington, D.C., 2/4/09)

- **Obama Said That “What Gets People Upset – And Rightfully So – Are Executives Being Rewarded For Failure. Especially When Those Rewards Are Subsidized By U.S. Taxpayers....”** OBAMA: “This is America. We don’t disparage wealth. We don’t begrudge anybody for achieving success. And we certainly believe that success should be rewarded. But what gets people upset – and rightfully so – are executives being rewarded for failure. Especially when those rewards are subsidized by U.S. taxpayers, many of whom are having a tough time themselves.” (President Barack Obama, [Remarks By President Barack Obama On Executive Compensation With Secretary Geithner](#), Washington, D.C., 2/4/09)
- **Obama Said “For Top Executives To Award Themselves These Kinds Of Compensation Packages In The Midst Of This Economic Crisis Isn’t Just Bad Taste – It’s Bad Strategy – And I Will Not Tolerate It As President.”** OBAMA: “For top executives to award themselves these kinds of compensation packages in the midst of this economic crisis isn’t just bad taste – it’s bad strategy – and I will not tolerate it as President. We’re going to be demanding some restraint in exchange for federal aid – so that when firms seek new federal dollars, we won’t find them up to the same old tricks.” (President Barack Obama, [Remarks By President Barack Obama On Executive Compensation With Secretary Geithner](#), Washington, D.C., 2/4/09)