

## **McCain Puts Country First, Again**

*By Denise McNamara*

Here's something we haven't heard much about in the mainstream media over the past week: Back in 2005, Senator John McCain called for the reform of Freddie Mac and Fannie Mae, while other politicians ignored the problem. Just as he got it right on the surge, he also sounded the alarm three years ago on these two mismanaged government-sponsored enterprises (GSEs). The following quote is from a speech by Senator McCain in support of bill S. 190, the **Federal Housing Enterprise Regulatory Reform Act of 2005**:

**Mr. President, this week Fannie Mae's regulator reported that the company's quarterly reports of profit growth over the past few years were "illusions deliberately and systematically created" by the company's senior management, which resulted in a \$10.6 billion accounting scandal.**

**The Office of Federal Housing Enterprise Oversight's report goes on to say that Fannie Mae employees deliberately and intentionally manipulated financial reports to hit earnings targets in order to trigger bonuses for senior executives. In the case of Franklin Raines, Fannie Mae's former chief executive officer, OFHEO's report shows that over half of Mr. Raines' compensation for the 6 years through 2003 was directly tied to meeting earnings targets. The report of financial misconduct at Fannie Mae echoes the deeply troubling \$5 billion profit restatement at Freddie Mac.**

**The OFHEO report also states that Fannie Mae used its political power to lobby Congress in an effort to interfere with the regulator's examination of the company's accounting problems. This report comes some weeks after Freddie Mac paid a record \$3.8 million fine in a settlement with the Federal Election Commission and restated lobbying disclosure reports from 2004 to 2005. These are entities that have demonstrated over and over again that they are deeply in need of reform.**

**For years I have been concerned about the regulatory structure that governs Fannie Mae and Freddie Mac—known as Government-sponsored entities or GSEs—and the sheer magnitude of these companies and the role they play in the housing market. OFHEO's report this week does nothing to ease these concerns. In fact, the report does quite the contrary. OFHEO's report solidifies my view that the GSEs need to be reformed without delay.**

**I join as a cosponsor of the Federal Housing Enterprise Regulatory Reform Act of 2005, S. 190, to underscore my support for quick passage of GSE regulatory reform legislation. If Congress does not act, American taxpayers will continue to be exposed to**

**the enormous risk that Fannie Mae and Freddie Mac pose to the housing market, the overall financial system, and the economy as a whole.**

**I urge my colleagues to support swift action on this GSE reform legislation.**

Unfortunately, this legislation never made it out of committee, because the high ranking member of the Senate Committee on Banking, Housing, and Urban Affairs, and now Chairman, Chris Dodd (D-Conn), was benefiting from preferential lending deals with Countrywide Mortgage. Meanwhile, Senator Barack Obama (D-IL) received huge sums of money from the lobbyists mentioned in McCain's speech.

The fact that John McCain predicted exactly the situation that we find ourselves in today proves that McCain is a leader we can trust. It should be front-page news. Now Senator McCain has suspended his campaign to deal with the crisis, once again putting his country first, and demonstrating the kind of leadership that Americans deserve. Our choice this November is between one candidate who is a true reformer and the other candidate who prefers to vote "present." If Americans look at the facts and the records of the two candidates, Senator John McCain should win in a landslide.