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# Undermining the FSOC:

## CHAMBER SEEKS TO ROLL BACK REGULATIONS ON MASSIVE NONBANK FINANCIAL INSTITUTIONS

**Acknowledgments**

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# Introduction

The enactment of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank) was a reaction to the greatest financial crisis in the United States since the Great Depression. The Great Recession was fueled by lax oversight, fraud, and lack of regulation. Dodd-Frank sought to address many of the glaring shortcomings of the previous system of financial regulation. One of the principal achievements of Dodd-Frank was the creation of a new systemic risk regulator, the Financial Stability Oversight Council (FSOC).

The missions that Dodd-Frank outlined for the FSOC included "identify[ing] risks to the financial stability of the United States that could arise from the material financial distress or failure, or ongoing activities, of large, interconnected" financial institutions.[1] These institutions are often referred to as "systemically important financial institutions" (SIFIs) because their inability to make good on obligations could endanger other companies and, thus, cause a domino effect of failures that could threaten the health of the US economy.

Most commercial banks in the United States are registered as bank holding companies, which are subject to centralized oversight by the Board of Governors of the Federal Reserve (Federal Reserve). But many financial sector businesses, including insurance companies and asset management firms, are not bank holding companies. Many of the signature events in the 2008 financial crisis involved distress of nonbank institutions, especially the collapses of investment bank Lehman Brothers and insurance company/derivatives dealer American International Group (AIG).

Dodd-Frank granted the FSOC authority to designate certain nonbank financial companies for supervision by the Federal Reserve. Dodd-Frank calls upon the FSOC to base its decisions on whether to designate nonbank entities for Federal Reserve supervision on various criteria, including "the nature, scope, size, scale, concentration, interconnectedness, and mix of the activities of the company." Additionally, Dodd-Frank permitted the FSOC to make recommendations to the Federal Reserveto impose requirements on systemically risky banks and nonbanks that exceed those faced by ordinary financial institutions.

Although Republicans generally expressed less enthusiasm than Democrats for regulatory responses to the financial crisis, the idea of establishing a systemic risk regulator enjoyed support from some prominent Republicans. For instance, it was championed by Henry Paulson, who was secretary of the Treasury under President George W. Bush. In a February 2010 *New York Times* op-ed, Paulson advocated for creation of a risk regulator with authority over both bank and nonbank financial companies. "We must create a systemic risk regulator to monitor the stability of the markets and to restrain or end any activity at any financial firm that threatens the broader market," Paulson wrote.

For a trade group that claims to speak for small- and medium-sized business, the U.S. Chamber of Commerce has spent considerable effort seeking to minimize regulation upon massive financial institutions, and this has been evident in its work to shield nonbank financial institutions from regulation of a systemic regulator.

The Chamber indicated in a letter to lawmakers in March 2010 (prior to Dodd-Frank's passage) that it supported the creation of a systemic risk council as a response to the financial crisis. But, despite the role of nonbank entities in causing the crisis, the Chamber recommended excluding the nonbank entities from a council's oversight. "The Chamber opposes bank-like regulation for large, nonbank institutions. Shoehorning nonbank institutions into a banking regulatory framework would disrupt how these institutions compete in and out of their industry," a chief Chamber lobbyist wrote.

Subsequent to Dodd-Frank's creation of the FSOC, the Chamber's Center for Capital Markets Competitiveness division has submitted multiple comments to the FSOC that appeared intended to frustrate the council's ability to develop a rule for designation of nonbank SIFIs and otherwise to weaker the FSOC's authority. Since the FSOC published a final rule in 2012, the Chamber has sought to "reform" the commission. For instance, in a document laying out its desired financial policy outcomes for 2015, the Chamber has made several of recommendations that would weaken the FSOC. Meanwhile, the Chamber has submitted in an amicus brief in a case brought by insurance company MetLife challenging its categorization by the FSOC as a SIFI.

## Chamber Challenges Risk Regulator on Rulemaking

The FSOC's rule on determinations of nonbank SIFIs was developed in several phases, with opportunities for public comment between each.[1] The Chamber submitted comments to the FSOC at each iteration.[2] The Chamber's criticisms to the FSOC's proposed rules were extensive. These were among its most significant objections and claims:

- The proposed rules did not include a cost-benefit analysis;
- Significant amounts of guidance were included in the Appendix of the proposed rule;
- The proposed rules did not define the term "pose a threat to the financial stability of the United States"; and
- The proposed rules did not sufficient justify the thresholds and other criteria the FSOC laid out to determine whether a nonbank institution is a SIFI.

### Chamber Urges Cost-Benefit Analysis

The Chamber is a strong proponent of requiring the government to conduct cost-benefit analyses to justify financial regulations. However, cost-benefit analyses provide flawed insight into a rule's true costs and benefits. The methodology relies on the input of businesses, which can exaggerate costs with little scrutiny. Potential benefits, meanwhile, are often theoretical and impossible to quantify. These factors combine to create a bias toward estimating costs that exceed reality and benefits that understate their potential to avert catastrophes.

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[1] See, Advanced Notice of Proposed Rulemaking, Oct. 6, 2010; Notice of Proposed Rulemaking, Jan. 26, 2011; Second notice of proposed rulemaking and proposed interpretive guidance, Oct. 28, 2011 and Final rule and interpretive guidance, April 12, 2012. (Dates reflect date of publication in Federal Register, which slightly lag behind FSOC decisions.)

[2] See, Letters from Chamber to FSOC dated Nov. 5, 2010, Feb. 25, 2011 and Dec. 19, 2011.

The Chamber has been successful in challenging financial regulations it opposes by arguing that an agency's cost-benefit analysis was deficient.[3]

The Chamber included calls for a cost-benefit analysis on the nonbank rule in the two comment letters it submitted in 2011 during the FSOC rulemaking process.[4] The Chamber claimed that the proposed rule was subject to two executive orders calling for cost-benefit analysis for certain financial regulations. The Chamber wrote:

> The [FSOC] has acknowledged in the Re-Proposal that it is subject to Executive Orders 12866 and 13563, which direct agencies to assess costs and benefits of available regulatory alternatives and to make this analysis available for public review and comment during the rulemaking process.

The FSOC did not conduct a cost-benefit analysis, either with respect to individual companies or sectors of the economy. With regard to the first, it explained in the Final Rule that it did not because "The relative cost and benefit of such a determination is not one of [the] statutory considerations" outlined in Dodd-Frank on "whether to subject a nonbank financial company to Board of Governors supervision and prudential standards." Therefore, the FSOC continued, the "Council does not intend to conduct cost-benefit analyses in making determinations with respect to individual nonbank financial companies."

In terms of the rule's costs and benefits for different sectors of the economy, the FSOC reported that the Office of Management and Budget had determined that the rule did not meet the definition of "economically significant" as described in Executive Order 12866. Therefore, the FSOC concluded, no cost-benefit analysis was required by the applicable executive order.

### Legal Uncertainty Regarding Appendix

Another of the complaints the Chamber has lodged against the FSOC relates to the legal status of information contained in the Appendix of the proposed rule, which was eventually included in the final rule. The Chamber charged in its Dec. 19, 2011, that key elements of the SIFI designation process were included in the Appendix but that it was not clear whether the contents of the Appendix are legally binding.

This is a spurious complaint. Appendix A was included in the proposal published in the Federal Register and was subject to the traditional notice and comment requirements of the Administrative Procedures Act. Appendix A is also included in the final regulations published by U.S. Government

[3] See, e.g. NAM, Chamber and BRT v SEC, Loan Syndication and Trading Association v SEC et al, ICI and Chamber v CFTC

[4] See letters of Feb. 25, 2011 and Dec. 19, 2011.

Publishing Office. Inclusion of binding interpretive guidance in an appendix or supplement to a rulemaking filing is not unique to this agency or rulemaking effort.[5]

### Defining What It Means to "Pose a Threat to Financial Stability"

The Chamber argued in its Dec. 19, 2011, letter to the FSOC that the FSOC had not defined the phrase "pose a threat to the stability in the United States." However, this assertion is wholly dependent on the previous issue about the Appendix. While it is true that the body text of the rule does not define that term, the term is defined and fleshed out in Appendix A:

> The Council will consider a "threat to the financial stability of the United States" to exist if there would be an impairment of financial intermediation or of financial market functioning that would be sufficiently severe to inflict significant damage on the broader economy. (Appendix A, Section IIa.)

While the Chamber acknowledges this language is included in the Appendix, it argues that the FSOC provides no metrics as to what circumstances would constitute "significant damage."

Here, the Chamber either fails to appreciate or is feigning ignorance of the manifest complexity and nuances embedded in such a determination. The FSOC was created to help ensure that the collapse of a single financial company can never again cause a Great Recession, and as such was given sweeping authority to supervise massive financial institutions. Because of the nature of evolving financial products and tools, it is impossible to exactly define all nonbanking activities that could result in economic peril.

Nevertheless, the rule does outline three channels most likely to result in significant damage to the economy.

- Exposure. The FSOC will look at metrics including total consolidated assets, credit default swaps outstanding, derivative liabilities, total debt outstanding, and leverage ratio to determine whether positions held by a nonbank could materially its creditors, counterparties, investors, or other market participants in the event of default by the nonbank.

- Asset liquidation. The FSOC will analyze metrics including total consolidated assets and short-term debt ratio to determine whether a quick liquidation of assets it holds would cause a drop in prices, disrupt trading or result in significant losses for other with similar holdings.

- Critical function or service. The FSOC will apply company specific analyses to determine whether there would be significant market disruption if a nonbank financial company is no longer able or willing to provide a critical function or

[5] See, e.g., Electronic Filing by Investment Advisers, Amendments to Form ADV (SEC) Auditing Standard No. 5 (PCAOB), Loans in Areas Having Special Flood Hazards (Office of the Comptroller of the Currency et al.)

> service that is relied upon by market participants and for which there are no ready substitutes.

### Insufficient Guidance on Screening and Review of Potential SIFIs

Perhaps the more significant criticism by the Chamber concerning the rule centered on what the business association claimed was a lack of transparency by the FSOC in how it arrived at criteria for determining whether a nonbank institution is primarily financial in nature and, if so, is a SIFI.

The first allegation the Chamber raised under this heading in its Dec. 19, 2011, letter was that the FSOC did not adequately respond to comments it received during the rulemaking process. While it's impractical to review each comment and compare them to the references in the final rule, it is easy to see that the FSOC squarely addressed the question of which companies should be considered for designation.

Section 11A of the final rule provides a thorough explanation of this issue. It reads, in part:

> Many commenters addressed the types of nonbank financial companies that should be considered for determinations. Many commenters representing particular segments of the financial industry suggested that nonbank financial companies operating in those segments do not pose a threat to U.S. financial stability and should not generally be subject to a determination….
>
> The [FSOC]'s determination with respect to a nonbank financial company will be based on an evaluation of whether the nonbank financial company meets the statutory standards, taking into account the statutory considerations set forth in section 113 of the Dodd-Frank Act. The [FSOC] does not intend to provide industry-based exemptions from potential determinations under section 113 of the Dodd-Frank Act, but the Council intends to give these comments due consideration in the Determination Process.

The next set of complaints the Chamber offered related to the monetary thresholds in the first stage of the FSOC's reviews of whether a given nonbank financial company warrants categorization as a SIFI. In its rule, the FSOC laid out a three stage review process. Stage 1 of the review requires the FSOC to examine a number of objective quantitative thresholds to determine what companies should be subject to further consideration for designation.[6] The threshold the FSOC created – $50 billion in global total consolidated assets – was consistent with the threshold established for bank holding companies in Dodd-Frank. Still, the Chamber requested additional information about how and why the FSOC chose it. The Chamber also requested information about how the FSOC

[6] The thresholds are— $50 billion in total consolidated assets; $30 billion in gross notional credit default swaps outstanding for which a nonbank financial company is the reference entity; $3.5 billion of derivative liabilities; $20 billion in total debt outstanding; 15 to 1 leverage ratio of total consolidated assets (excluding separate accounts) to total equity; and 10 percent short-term debt ratio of total debt outstanding with a maturity of less than 12 months to total consolidated assets (excluding separate accounts).

determined other thresholds, even though the agency indicated that they were based on analyses of the distributions of various credit and debt obligations.[7]

In the final rule, the FSOC responded to the asset size determination directly. The FSOC indicated it had "reviewed distributions of various samples of nonbank financial companies and bank holding companies to inform its judgment regarding the appropriate thresholds and their quantitative levels."

The Chamber recommended the FSOC provide additional information about how Stage 2 reviews are performed and ensure companies subject to Stage 2 reviews are informed of this. In Stage 2, the FSOC must conduct a robust analysis of the potential threat that each of those nonbank financial companies could pose to U.S. financial stability. Again, the FSOC addressed this issue directly in the final rule:

> In contrast to the application of uniform quantitative thresholds to a broad group of nonbank financial companies in Stage 1, the Council intends to evaluate the risk profile and characteristics of each individual nonbank financial company in the Stage 2 Pool based on a wide range of quantitative and qualitative industry-specific and company-specific factors….
>
> Based on this analysis, the Council intends to contact those nonbank financial companies that the [FSOC] believes merit further evaluation in Stage 3.

The Chamber also requested the final rule include a timetable for a Stage 2 review, but the FSOC suggested it was impractical to provide this kind of guidance, as "the analysis and timing of review will depend on the particular circumstances of each nonbank financial company under consideration and the unique nature of the threat it may pose to U.S. financial stability."

Finally, the Chamber recommended the FSOC provide more details on the procedures for annual review and termination of a SIFI designation. The FSOC considered this recommendation and significantly expanded the rule and the accompanying guidance in this area. In 2015, the FSOC published supplemental procedures relating to nonbank financial companies which detailed additional information on the agency's SIFI determination process.

[7] The FSOC indicated the credit default swap threshold was "selected based on an analysis of the distribution of outstanding CDS data for nonbank financial companies included in a list of the top 1,000 CDS reference entities." The derivatives liability threshold "serves as a proxy for interconnectedness, as a nonbank financial company that has a greater level of derivatives liabilities would have higher counterparty exposure throughout the financial system." For the threshold relating to the loans and bonds outstanding, the FSOC indicated, "An analysis of the distribution of total loans and bonds outstanding for a sample of nonbank financial companies was performed to determine the $20 billion threshold." For the leverage ratio threshold, the FSOC said, "An analysis of the distribution of the historical leverage ratios of large financial institutions was used to identify the 15 to 1 threshold." For the short-term debt ratio, the FSOC indicated, "An analysis of the historical distribution of the short-term debt ratios of large financial institutions was used to determine the 10 percent threshold."

While the FSOC did not embrace all of the technical comments offered by the Chamber in this area, it is clear that the agency considered all of them and made a good faith effort to address them. In several incidents, the FSOC altered the final rule to incorporate Chamber recommendations.

# Chamber Challenges Risk Regulator on Determinations

As of December 2015, the FSOC had designated four nonbank financial companies as SIFIs.[8] These included its determination on Dec. 18, 2014 that insurance company MetLife Inc. was is a SIFI.

This determination followed extensive engagement between the FSOC and the insurance company beginning in July 2014, including a proposed determination that MetLife should be designated a SIFI in September 2014.

### Administrative Proceedings on MetLife Designation

As a threshold matter, the agency needed to determine that the insurer was "predominantly engaged in financial activities." This term is defined by Dodd-Frank to mean at least 85 percent of gross revenues or consolidated assets are derived from or related to activities that are financial in nature,[9] including "insuring, guaranteeing or indemnifying against loss…."

Upon review of MetLife's financial statements, public statements and the more than 21,000 documents submitted to the FSOC, the agency determined that MetLife was predominantly engaged in financial activities. The FSOC then considered whether material financial distress at MetLife could pose a threat to the U.S. economy. In making this determination, the FSOC considered 10 statutory factors, including "The nature, scope, size, scale, concentration, interconnectedness, and mix of the activities of the company."[10]

On December 19, 2014, the FSOC determined that MetLife is a SIFI. [11] The FSOC explained:

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[8] The four nonbank financial companies designated as SIFIs are American International Group, Inc., General Electric Capital Corporation, Inc., Prudential Financial, Inc. and MetLife, Inc.

[9] See Section 4(k) of the Bank Holding Company Act (12 USC § 1843(k)).

[10] The factors were: 1. The extent of the leverage of the company; 2. The extent and nature of the off-balance-sheet exposures of the company; 3. The extent and nature of the transactions and relationships of the company with other significant nonbank financial companies and significant bank holding companies; 4. The importance of the company as a source of credit for households, businesses, and state and local governments and as a source of liquidity for the United States financial system; 5. The importance of the company as a source of credit for low-income, minority, or underserved communities, and the impact that the failure of such company would have on the availability of credit in such communities; 6. The extent to which assets are managed rather than owned by the company, and the extent to which ownership of assets under management is diffuse; 7. The nature, scope, size, scale, concentration, interconnectedness, and mix of the activities of the company; 8. The degree to which the company is already regulated by 1 or more primary financial regulatory agencies; 9. The amount and nature of the financial assets of the company; and 10. The amount and types of the liabilities of the company, including the degree of reliance on short-term funding.

[11] The final determination by the FSOC to designate MetLife as a SIFI was issued in a non-public 341-page document. This paper relies solely on the 31-page summary released on December 19, 2014. It is available here: https://www.treasury.gov/initiatives/fsoc/designations/Documents/MetLife%20Public%20Basis.pdf

> The [FSOC] has determined that material financial distress at MetLife could pose a threat to U.S. financial stability. The [FSOC] considered a broad range of information in its analysis. No single consideration was determinative in the [FSOC]'s evaluation, but the following explanation describes important factors considered in the [FSOC]'s determination regarding MetLife.
>
> The threat to U.S. financial stability that could be posed by MetLife's material financial distress arises primarily from the exposure and asset liquidation transmission channels, although under certain circumstances the critical function or service channel may exacerbate the extent to which the company's material financial distress could be transmitted to the broader financial system and economy.

## Chamber Opposition to Designation

On January 13, 2015, MetLife filed a complaint in the U.S. District Court for the District of Columbia challenging the FSOC's designation of the insurance company as a SIFI. On June 26, 2015, the Chamber filed an amicus brief in support of MetLife's complaint. It is important to highlight that MetLife's voluntary political activity disclosures indicate it has given nearly $2 million to the Chamber and Chamber-related entities in the last four years.[12]

The Chamber's brief makes two principal arguments.

1. Section 113 [of Dodd-Frank] requires FSOC to consider whether MetLife is vulnerable to material financial distress before designation.
2. The FSOC's designation was arbitrary, capricious and procedurally deficient.

## Vulnerability Analysis

The Chamber contends that Section 113(a)(1) of Dodd-Frank requires the FSOC to conduct a "vulnerability analysis" of MetLife and find a "realistic" threat (i.e., likelihood of failure) to the U.S. financial system.

"The first determination standard in Section 113(a)(1) plainly requires FSOC to analyze a nonbank financial company's vulnerability to material financial distress before it may consider a company for designation as a SIFI," the Chamber brief asserted.

However, a plain reading of the text of Section 113 of Dodd-Frank does not appear to bear that out. Section 113(a)(1) reads:

> (1) DETERMINATION.—The [FSOC], on a nondelegable basis and by a vote of not fewer than 2/3 of the voting members then serving, including an affirmative vote by the Chairperson, may determine that a U.S. nonbank financial company shall be supervised by the Board of Governors and shall be subject to prudential standards,

[12] From 2011 through 2014, MetLife gave $1,144,250 to the U.S. Chamber; $762,500 to the U.S. Chamber Institute for Legal Reform; $125,000 to the U.S. Chamber Center for Capital Markets Competitiveness; and $22,000 to the U.S. Chamber U.S.-India Business Council.

> in accordance with this title, if the [FSOC] determines that material financial distress at the U.S. nonbank financial company, or the nature, scope, size, scale, concentration, interconnectedness, or mix of the activities of the U.S. nonbank financial company, could pose a threat to the financial stability of the United States.

Nowhere in the text does Congress use the term "vulnerability" or a similar term that would imply an obligation to determine in advance the likelihood that a nonbank financial company would experience a significant problem. Instead, the FSOC is directed to assume a situation where material financial distress exists when it analyzes whether the distressed company could pose a threat to the U.S. financial stability.

### "Arbitrary and Capricious" Allegation

The Chamber also attacks the final conclusion reached by the FSOC as "arbitrary and capricious",[13] essentially arguing there was no rational connection between the facts found and the choice made.

It is impossible to assess the reasonableness of each of the Chamber's arguments by reviewing the Determination document. While the Chamber indicated in its amicus brief that it has access to a redacted version of the 341-page Determination, this document is not generally available to the public. The Chamber's arguments largely overlap those put forth by MetLife in its case against the FSOC. The FSOC responded to MetLife's claims (and, by proxy, many of the Chamber's) in a Motion to Dismiss it filed in May 2015. This paper will consider FSOC's responses when applicable.

The Chamber argues that the FSOC substituted speculation and conclusion for reasoned analysis. In support of this claim, the Chamber contends that the FSOC failed to articulate whether the impact identified may result in "significant damage to the broader economy." The Chamber cites multiple examples in the final Determination in which the FSOC concludes that various scenarios involving material distress "could" result in disruption to the U.S. economy. But the Chamber charges that the FSOC's Determination contains no analyses or empirical data to support these claims.

In its Motion to Dismiss MetLife's lawsuit, the FSOC said it "engaged in extensive quantitative and qualitative analysis of MetLife's business information, and relied on historical examples and financial models to conclude that material financial distress at MetLife could threaten U.S. financial stability." Furthermore, the FSOC argued that MetLife and other opponents are seeking to substitute their judgment for that of the FSOC.

The Chamber also contends that the FSOC failed to rebut the "reasoned analysis offered by MetLife's analytics consultant." According to the Chamber, a consultant hired by MetLife analyzed the insurance company's assets and liability positions in several scenarios and concluded there was no reasonable basis or support for the conclusion that distress suffered by MetLife could result in systemic effects on the economy. The FSOC disagreed. In fact, the FSOC argued that conclusions by

[13] Section 113(h) of Dodd-Frank limits any judicial review to "whether the final determination made under this section was arbitrary and capricious"

MetLife's consultant "supported the [FSOC] conclusion that price impacts from the forced liquidation of MetLife's assets could severely disrupt key financial markets."

The Chamber further claims that the Determination contains inconsistencies and unsupported statements about the insurance market. According to the Chamber, the FSOC's conclusion that policy holders could cause a "run" on the insurance company's liquid assets that would force MetLife to sell other assets was erroneous. "First, the data on insurance policyholder behavior – including MetLife's own experiences in crisis conditions – does not support the Council's notion that a widespread, virtually universal policyholder run on the insurance company's assets is plausible," the Chamber wrote.

The FSOC saw MetLife's vulnerability to a "run" differently. It noted in its response to the MetLife lawsuit that MetLife offers several types of investments that clients have a right to withdraw at any time. "The Council found that, in a distress situation at MetLife, the holders could withdraw their investments, forcing the company to sell assets to meet this sudden, increased demand for liquidity," the FSOC wrote in its motion to dismiss.

### MetLife Contributions to Chamber and Affiliates

MetLife voluntarily discloses its political contributions, including its contributions to trade associations that may lobby on its behalf. MetLife's disclosures indicate that it has given nearly $2 million over the most recent four years for which reports are public.

**Contributions from MetLife to U.S. Chamber of Commerce and Its Affiliates, 2011 to 2014**

| Year | U.S. Chamber of Commerce | U.S. Chamber Institute for Legal Reform | U.S. Chamber Center for Capital Markets Competitiveness | Total |
|---|---|---|---|---|
| 2011 | $329,250 | $187,500 | -- | $516,750 |
| 2012 | $275,000 | $250,000 | -- | $525,000 |
| 2013 | $300,000 | $162,500 | $25,000 | $462,500 |
| 2014 | $240,000 | $162,500 | $100,000 | $402,500 |
| **Total** | **$1,144,250** | **$762,500** | **$125,000** | **$1,906,750** |

Source: MetLife

## Closing Thoughts

While the Chamber has been publicly supportive of the creation of the FSOC in theory, it has not been supportive of its rulemaking or designation activities in practice.

It submitted multiple, unfavorable comment letters during the SIFI designation rulemaking process, frequently repeating arguments previously considered and dismissed by the FSOC. When it was unsuccessful in influencing the rulemaking processes, it attempted to block actual SIFI nonbank designations. For example, it obtained a redacted, non-confidential copy of the non-public Determination and supported a judicial challenge to FSOC's designation of MetLife as a nonbank SIFI, echoing several of the arguments in the underlying complaint.

In essence, it appears the Chamber is only willing to support regulation that does not, in its view, impede the ability of massive financial institutions that affect millions of Americans to continue to operate as if the Great Recession never took place. The Chamber's support for a systemic regulator in principal but opposition to its having purview over the types of "nonbank" entities that largely caused the financial crisis was ironic. A cynic might conclude that $2 million buys quite a lot of irony.