February 26, 2019

EXECUTIVE AND LEGISLATIVE 11:00 a.m.

NOMINATIONS COMMITTEE PUBLIC HEARING

CHAIRPERSON: Representative Ed Vargas

SENATORS: Duff, Looney, Bergstein, Formica, Hartley, Moore, Kushner

REPRESENTATIVES: Davis, Perillo, D'Agostino, DiMassa, Godfrey, Yaccarino

REP. VARGAS (6TH): I'm hereby calling the Executive and Legislative Nominations Committee meeting to order. Will all guests please take their seats. Before we commence, would Madam Clerk please read the safety information.

CLERK: In the interest of safety, I would ask you to note the location of and access to the exits in this hearing room. The two doors through which you entered the room are the emergency exits and are marked with exit signs. In the event of an emergency, please walk quickly to the nearest exit. After exiting the room, go to your right, and exit the building by the main entrance or follow the exit signs to one of the other exits. Please quickly exit the building and follow any instructions from Capitol Police. Do not delay, and do not return unless you are advised that it is safe to do so. In the event of a lockdown announcement, please remain in the hearing room, stay away from the exit doors, and seek concealment behind desks and chairs until an all clear announcement is heard.

REP. VARGAS (6TH): Thank you, Madam Clerk. Today we have the nomination of David A. Lehman of Greenwich, Connecticut, to be Commissioner of
Economic and Community Development. He's with us today. I'll ask him to please rise and raise his hand -- his right hand. Do you promise to tell us the truth and nothing but the truth?

DAVID A. LEHMAN: I do.

REP. VARGAS (6TH): Please be seated. It's customary for us at these hearings to allow the nominee to make an initial presentation, after which any legislator may ask questions. Also, for the people in the public who may not be aware of this, we usually do this in two parts. The first part is we call the public hearing to order, during which the nominees are interviewed, after which people from the public have an opportunity to weigh in, either for or against the nominee. We also read into the record any correspondence, any written correspondence, the committee may have received regarding any of the -- any of the nominees.

Today we only have one nominee before us, and also it's customary because everybody's so busy and all the legislators are serving on various committees and in various different capacities that you're going to see people coming in and out of the room at different points. That means that they're trying to split their time between several responsibilities in the building. But, there is a live audio feed so people can keep abreast of what's going on in the committee room. And, after which, we have a business meeting at which we take a vote. In this case, this is a Senate Resolution, so the Senate members of the committee would be voting on this, and it will be referred to the Senate floor for action. The votes are held open because of people -- people not being able to present at all times.
Votes are usually held open until about 4:00 p.m., where people can go can cast their vote either for or against the nominee. So, anyway, that's the procedural stuff. Without any further ado, I'll give an opportunity to our nominee to make his initial presentation. Mr. Lehman.

DAVID A. LEHMAN: It is okay if I keep going, or should I start over? It's an honor to be here this morning, having been nominated by Governor Lamont to lead the Department of Economic and Community Development and serve as his economic advisor.

While I grew up in New Jersey and went to college in Virginia, I was incredibly fortunate to marry a Westport native, who showed me the way north when we left New York City in search of a great place to raise our family. My wife and I, along with our two young children, have lived in Old Greenwich, Connecticut, since 2009.

Many people have asked me why the call to public service now, after almost 20 years in the private sector and seemingly in the middle of my career. Two reasons drove my decision. First, Governor Lamont's philosophy of bringing people together and working collaboratively spoke to me in a way that politics previously has not. I, too, believe that working together with honest, open dialogue and good intentions, with that we can accomplish a lot for this great state, even if we have different perspectives. I am heartened to know that you share this sentiment. Second, I share the Governor's relentless focus on getting Connecticut growing again. The Governor's pro-growth and pro-jobs agenda is critically important to the future of our state. For too long, we have been an underperformer
in economic growth and impacted by outbound migration. Without growth and good-paying jobs for all residents, we cannot move forward. So, I reached out, and it is with the utmost humility and strongest sense of duty that I sit before you all today. We have a lot of work to do, and with collaborating closely with the General Assembly, I am eager to get started with a new challenge.

I spent the last 15 years in the private sector in various roles at Goldman Sachs, based in New York. Initially, I worked on and then managed a portion of the firm's bond trading business, focused on buying and selling mortgage-backed securities for firm clients. More recently, I managed Goldman's real estate financing business, originating mortgage loans secured by commercial real estate. In addition, I oversaw the firm's public sector and infrastructure business, which focuses on municipal and project finance.

I hope to use my extensive experience managing teams, working collaboratively, problem solving, and growing several global businesses through economic cycles in my service to the state. That said, I am mindful that I have a lot to learn in that with a new job. I know what I know, and I also know what I don't know. I appreciate there are many nuances between the public sector and the private sector, and I look forward to working with legislators, municipal leaders, and other stakeholders to ensure that DECD's mission and vision is well understood by all. My style, similar to the Governor's, is to work transparently with all stakeholders towards our common objectives.
I realize there have been questions raised about me and my time and Goldman Sachs, specifically around the financial crisis in 2007 and 2008. Please allow me to address those questions head on. First, while the financial crisis was more than 10 years ago, I know that for many people it is still fresh in their minds. It was a scary time. I have always prided myself in being honest, transparent, and forthright with clients and colleagues, and I hope you'll find those qualities in me as well. Any suggestion that I knew a product was going to be worthless and subsequently sold it to a client is completely and wholly untrue. I am happy to answer any further questions you may have on this topic.

I am honored by the confidence has placed in me, and I am excited by the opportunity we have to get Connecticut growing again for all residents of the state. Thank you, and I look forward -- I look forward to the opportunity to answer any and all questions.

REP. VARGAS (6TH): Thank you very much, Commissioner-Designee Lehman for your initial comments on this. Just going -- going back a little bit to the whole financial markets and the problems that came out of that. Some of my colleagues have approached me and, you know, questioned me on -- on your nomination and have asked me a couple of questions. One of them was pertaining to the fact that you're not taking a salary. Some people felt that a Commissioner of the State of Connecticut should not be a free agent but should be a person that should be on the payroll of the people of Connecticut and that you should be accepting a salary, and after which, if you decide to donate it or whatever, that's, you know, a decision you can
make, but that it would -- in the minds of some of my colleagues it would be wrong to have an individual working who is not actually receiving remuneration from the state of Connecticut. What's your thoughts on that?

DAVID A. LEHMAN: It's an interesting question. I hadn't thought about it before you asked. In my initial conversations with -- with the Governor, when I felt compelled to reach out, I offered up that I'm happy to be of service, and I don't need to take a salary. There wasn't much negotiation or debate about it at the time. If that's something that you and your colleagues would like to discuss further, I'm happy to have that discussion and potentially then donating that. But I ended up here without a salary, and I'm comfortable with that, and I'm happy to serve in that capacity.

REP. VARGAS (6TH): Well, you're also aware of some of the characterizations that have been made in articles and comments that have flown around the building. Do you think that there are some inaccuracies that need to be corrected on the record?

DAVID A. LEHMAN: I do, which is why I wanted to address it in my opening comments. I am aware of the article that was written most recently, and in many of my meetings with yourself and others, I wanted to address it head on and I wanted to address it for the record today. The suggestion, again, that I knew a security was worthless and then subsequently sold that security is just not true. I don't have a crystal ball. I've never had a crystal ball. I've always operated in good faith and transparently. You know, the financial crisis was
an incredibly volatile time and a disruptive time in the market, and some of these suggestions have been made with the benefit of hindsight. But again, I don't have a crystal ball, and I'm not -- I don't have one right now, and I never have had one.

REP. VARGAS (6TH): Well, you and I had an opportunity before the hearing to speak, and you know, I was able to ask you some of these questions, but I think for the benefit of other people in the room, it might be an opportunity for you also to address the fact that Goldman Sachs was seen as a very bad player in terms of what happened in 2008 in the economy. And I know that you testified before Congress, and I believe that Goldman Sachs was fined during that process, do you wanna address any of those issues?

DAVID A. LEHMAN: So, I actually testified before the Financial Crisis Inquiry Commission. I did speak with various Senate committees, but I didn't testify in front of the Senate. Just maybe stepping back for a sec. You know, really, my opinion is all financial institutions that were participants in the mortgage market preceding the financial crisis bear some responsibility for the crisis. Goldman Sachs is no different, and the firm has said that historically, and I'm sayin' that again today. And, I'm also mindful that I was a senior executive managing a portion of that business at the time, and for that I bear responsibility as well. So, I just wanna get that on the record because I think that is important. The fine that you referenced, Representative Vargas, that was a function, if I'm correct, that was a fine that the firm paid to the SEC as it relates to one specific securitization call to Abacus, and then there was the broader DOJ
settlement that happened across various different companies as it related to mortgage practices, but I think you may have been referencing the one with the SEC.

REP. VARGAS (6TH): And, in terms of the department, the Department of Economic and Community Development, as you know, that is a key department in terms of positioning the state of Connecticut in a competitive situation and hopefully increase -- increase our market share in terms of the economy, employment, jobs, opportunities, attract investment. What are your thoughts on that, and if you were to lead that department going forward, do you have some ideas in terms of how Connecticut could do better?

DAVID A. LEHMAN: Sure, so let me -- allow me to give some initial views. This is my sixth day on the job. I started last Tuesday, so I picked an interesting time to start with a budget, I believe.

My view is, first and foremost, the state needs to have competitive policies for business, small and large. Policies that are pro-growth, pro-jobs, that encourage innovation, risk taking, entrepreneurship because that's really what will create the jobs that we all want, the higher paying jobs, and ultimately that will propel the economy and make us competitive versus other states. So, first and foremost, I think, and this is maybe not as much at DECD, but I think it's important that the state have the right policies in place. So, I'd like to work with the Governor and the legislators on that front to examine those policies and make sure we're incentivizing the growth that we all want to incentivize.
Outside of that, I think it will be very important for DECD and others to help market the state appropriately. It's my view that we collectively can do a better job marketing Connecticut as a place that is hospitable to business, that welcomes business, that welcomes innovation and growth. I believe there is the perception in the business community that that is not the case, and that there's some instability and you don't exactly know, you know, what is gonna happen as it relates to the state's fiscal issues, which I think causes some uncertainty and I think that does inhibit investment in the state. So, marketing the state as open to business, welcoming for business, with the right policies in place, I think those are the two most important steps. Because, with that in place, it's my opinion that you'll have potentially a tail wind and potentially positive momentum, and that will be really helpful. Positive momentum can be a very powerful thing in my opinion, when folks in the state, small business, larger businesses in the state feel that it is a place they want to be and do business, and then with that positive momentum I think we can go out and talk about recruiting more businesses to the state. But, first and foremost, focusing on businesses in the state, the right policies, and the right marketing of the state, I think is very, very important.

As it relates to DECD's policies and programs that have been in place, I'm really just going through them right now. I've got the annual report here. I've started reading it. I plan on doing a fulsome analysis of those programs and coming up with a view and sharing that if I believe those policies should be continued, discontinued, increased, and then I welcome any and all feedback on that topic.
REP. VARGAS (6TH): Thank you for the information you've provided us, and at this point I’m gonna open up for questions from committee members. I see my ranking member -- House ranking member -- Representative Perillo, you have the floor.

REP. PERILLO (113TH): Thank you, Mr. Chairman. Good morning, and thank you for being here, and congratulations. Just to get a little bit of your - a sense of your time at Goldman. You know, that investment finance experience isn't exactly the same as the entrepreneurship and the business creation that you've talked about. Could you tell us a little bit about how that experience and skill set built at Goldman translates to your role as Commissioner of Economic Development.

DAVID A. LEHMAN: Yes, that's a great question. So, I, in the traditional sense of the world of entrepreneurship, I've not started a small business, unlike Governor Lamont and others that have that background, but within Goldman I have build several businesses, some of which globally, both in the U.S. and in Europe principally. So, I've started new initiatives and built out businesses within Goldman, and you know, I managed a team of roughly 160 people in aggregate between the U.S. and Europe, and I have experience, as I mentioned, on the fixed-income side of the finance business, but more importantly, the last five years in particular have been focused on real estate as well as the public sector and infrastructure part of the business, which is a traditional municipal and project finance. So, we did business with the likes of UConn and other states' universities, issuing bonds and helping states finance themselves as well as private projects.
So, I think there will be some crossover there, as it relates to real estate in the public sector and infrastructure experience that I have. But more -- one of the initial observations I have here, again mindful it's my second week, is the importance of collaborating and being transparent as we try to advance the state and the policies that we think will help grow the state. And I definitely know what I don't know, as I said in my initial address, and I really plan on engaging business leaders, municipal leaders across the state to understand what's on their minds, to hear them, and I think I've been a good problem solver and I have experience as a problem solver at Goldman. So, making sure that I -- where I'm not an expert, 'cause I admit there are many places I'm not -- making sure that I get the right stakeholders at the table, and I listen to them very carefully, that's very much my style and what I hope to do.

REP. PERILLO (113TH): Thank you -- and a followup to that. You said something in your remarks that was very important to me. You used the phrase pro-growth, and I appreciate that you understand the value of that and the importance of that. Sometimes in this building that's a dirty word. But, I think we -- the way you get yourself out of the dilemma we're in is by growing yourself out of it. We can't tax our way out of it. So, I appreciate that commentary from you. When you talk about being pro-growth and attracting business, you referenced marketing the state of Connecticut to business. Could you -- I'm not so concerned about how you market, but what is the message? And not just, we're open for business. Dive a little bit deeper into that if you could.
DAVID A. LEHMAN: Of course, yeah. So, I think the two main parts, again -- in my mind, the two main parts of the back trap if you will, or what I hope would be the tail wind, are the policies that ultimately we have in place that are pro-growth and pro-business, and then the marketing goes hand-in-hand with that. And then we can talk about the micro, the recruitment, and the various businesses third, which I think is important. But, I think we really need to market -- so, let's assume the policies first representing pro-growth are in place, then I think we really need to market our strengths. And I'll give you a few examples of what I view as our strengths, and again, I'm sure I'll more in my conversations with business leaders and other municipal leaders around the state. But, you know, first and foremost, Connecticut is an incredibly livable state. That's why we moved here, and I think the proximity to New York, I think, is a very big strength, Boston as well but really New York in particular, especially with what Governor Lamont is trying to do as it relates to transportation. I think Connecticut has a livable, good education, more affordable alternative to New York and candidly the New York suburbs. I think that's a really important strength that we need to market more.

Secondly, and again, this is not in order of importance, I'm just gonna go through them, you know, the university community, with Yale, UConn, and others in Connecticut, I think is -- it's incredible. Per capita, you know, we have a significant educational resource in this state that I think we need to leverage more because ultimately around universities, and if you look at Cambridge as an easy example in Boston -- but universities spur
patents, economic developments, new companies. You have whole ecosystems, whether it's life sciences, biomed technology that can spur from universities, and they create very vibrant dynamic economies. So, further leveraging our university resources, I think, is gonna be really important as well.

Thirdly, the workforce in this state, and Governor Lamont has talked about this extensively, but the capacities we have in advanced manufacturing, in particular, and other parts of the manufacturing ecosystem, I think are real strengths of ours. I mean, you clearly have several companies and their supply chains that are active in this state, and I think we wanna make sure that we have a cutting edge advanced manufacturing, and I think we need to market ourselves more in that way because I think that is a real comparative advantage that this state has that I think we really need to leverage.

And the last comment I'd make is the -- the geography of this state, I think, is underappreciated at times. I mean, we have a beautiful, very long coastline. Again, I'm getting away from business, I understand, but I think the desirability of Connecticut, I think, is immense in terms of its geography, and I think outside of just the proximity to New York and Boston, it's a beautiful state and I think we need to -- to sell that in addition to our sale of business, hand-in-hand.

REP. PERILLO (113TH): Thank you, and you mentioned comparative advantage, and I think that's important, and you talked about some of the strengths. When it comes to comparative advantage, what are some of our disadvantages? Where are we weak?
DAVID A. LEHMAN: And again, these are initial observations. You know, one area where I think we could potentially use more investment or more focus is -- is in the technology or information technology sector. It's a -- it's a -- from the information, the data that I've seen so far, it's a smaller component of the state's economy, vis-à-vis the overall country, and that's clearly been an area recently of growth. And, when we think about the gig economy and millennials going forward, I think we need to make sure that we have an appropriately-sized IT sector. And I don't think we're going to be Silicon Valley, but I think having a technology sector that is significant, especially with the university presence we have, I think that will be important to our growth. So, that's an area that I plan on looking into more to make sure that we have the right capabilities there and the right investment there.

REP. PERILLO (113TH): Thank you. I asked those questions about comparative and competitive advantage, you know, because this is a federalist system. You know, businesses have 50 states from which to choose, and they can walk if they don't feel as though they have support from policymakers, if they don't feel as though they have support from the community. We just saw that in New York, you know. Amazon said to Hell with you, we're out. And, if we're going to be able to attract businesses like that and keep businesses like that, I think in many ways we need to change our approach. And so, I'm just very happy to hear you talk in those terms, and you seem very, very committed to that, and obviously, you know, coming from a business background, a finance background, you understand
those market forces. So, with that, I wish you a lot of luck, and I'm certainly open to any ideas and questions you might have down the road. Thank you very much. Thank you, Mr. Chairman.

DAVID A. LEHMAN: Thank you.

REP. VARGAS (6TH): Thank you. This is a Senate Resolution, so let's give the floor to Senator Formica.

SENATOR FORMICA (20TH): Thank you very much, Mr. Chairman. Good morning. Good morning, sir.

DAVID A. LEHMAN: Good morning.

SENATOR FORMICA (20TH): Nice to see you again. Thank you for the opportunity to share a few minutes yesterday. I appreciated getting to know you a little bit and a little bit about your background. So, I don't have too many questions today, but I wanna talk about what I see as an emerging opportunity for Connecticut and your position on it. You know, we have industries in the state that have been here a long time — manufacturing, health, fishing, hospitality, you mentioned universities and technology that you're gonna work to improve on, and marketing is a big key. We have an opportunity for the emerging offshore wind industry, certainly around my district in New London, and around the city of Bridgeport has an opportunity to develop down the road, and so can you share a little bit about what perhaps you might wanna do to promote that industry. We have to, in my view, send some clear messages to those manufacturers to make sure that they wanna land here, and start here, and create jobs that would support the supply line, if
you will, as well as the opportunity for this industry to get a foothold here in Connecticut.

DAVID A. LEHMAN: It's a great question, and actually I have -- I have a meeting with my team at 5:00 o'clock this afternoon to discuss just that. So, I -- I don't have specific experience in renewable energy or clean tech. I do believe though in a world that is changing so quickly, you know, we need to be on the cutting edge of all types of technology, so -- especially energy is so interesting because, you know, we are a relatively high-cost state as it relates to the cost of energy. So, where you could potentially get less -- less expensive energy and also spur infrastructure investment, it checks two boxes right away where I think we need to really vet any specific project. And I take your point, Senator, in terms of making sure we have the right messaging, but it's an area, just because of the tech angle and the energy angle, I think we really need to dig in and make sure we have a cohesive and clear strategy because, as I'm sure you can appreciate, other states can potentially do the same thing. So, we -- there's not really an advantage there other than potentially being quicker, being more efficient, being more collaborative across the different agencies in the government to make sure that we're clear with the private sector and if there could be P3 opportunities clearly as well in this space.

SENATOR FORMICA (20TH): Thank you for that answer. You talked about collaborative efforts, both within and without government, I believe, and the Port Authority has worked, you know, very hard to reposition awareness on our ports to develop and increase maritime opportunities. But it seems like
in this budget they're not -- as proposed by the Governor -- they're not -- they don't seem to be supported to the level that they were last time, and I think in an effort to move this industry forward, I believe they need to be recognized and get more support. And I'm wondering if you, as part of the new structure, I guess is the word, of the department that the Governor has announced that you would be overseeing -- Port Authorities play a big role in that for you?

DAVID A. LEHMAN: So, the Port Authority specifically would not be part of that mandate or portfolio, but I plan on working very collaboratively, you know, with all other commissioners and all other stakeholders. So, the Port Authority would be part of that, but it's not part of the specific mandate, but --

SENATOR FORMICA (20TH): I guess perhaps I misspoke, and I'm sorry to have you misunderstand the question. Really, as part of your leadership and economics for the state of Connecticut, would you support the Port Authority in moving that forward. I know it's not under the umbrella that the Governor has envisioned, but I think it's a big opportunity not only for maritime industry and fishing industry and offshore wind industry, but that TIGER Grant that connected our freight line from New London all the way up through Norwich, Willimantic, Stafford Springs, up to Brattleboro, left and right, East and West Coast, north to Montreal -- that gives this New London and its deep water port an opportunity to really develop some interesting job and economic opportunities over the next decade, so.
DAVID A. LEHMAN: Yes, now I understand your question better. I’m sorry I misunderstood initially. Yeah, so, projects like the one that you were just referencing that impact and potentially meaningfully impact the state economy, I very much view that as something I want to dig in on and come up with a view, and speak with the Governor and folks at the Port Authority about that, so I do plan on digging into that in great detail.

SENATOR FORMICA (20TH): Perfect. Thank you so much. And my last question, Mr. Chairman, thank you, is yesterday we spoke a little bit about small business, that I am a part of and represent all my life, my adult life, and you know, you more or less represent large business all your life, and I think Connecticut needs to be more mindful of the impact and the jobs created by small business. All over the country, but specifically here in Connecticut, they provide the majority of new jobs and maintain existing jobs. So, I'm hopeful that you will focus on a small business council or a small business opportunity that will help promote small business as well as the large -- you know, supporting the large manufacturers that we all talk about, the electric boats and the Sikorskys and the Pratts. So, but I just leave you with that thought. I know we had a conversation yesterday, and I thank you very much for your time today and I wish you luck.

DAVID A. LEHMAN: Thank you, Senator, and just maybe for the record Representative Vargas, I believe small businesses are -- are very much the backbone of the state economy and where the a lot of the job creation will be and should be. So, I plan on spending a significant time with small business leaders to understand what's working and what's not
and really hear them out, so I can understand because I realize that is not my background, so I do need to learn a lot and listen a lot there.

REP. VARGAS (6TH): Thank you, Senator Formica. Representative Yaccarino, you have the floor.

REP. YACCARINO (87TH): Thank you, Mr. Chair, and thank you for being here Mr. Lehman and steppin' up for the position. I'm a pro-growth person as long - - as with Representative Perillo. Last year, we passed a VC Bill for bioscience and STEM. It's a small step, and I'd like to have your view on attracting more VCs to our Connecticut -- Connecticut economy for the growth in these industries, which Massachusetts really spearheaded ten years ago and they went academia, private and public sector, for the ten-year plan, and with their universities, and I think we have some great universities in the New Haven County, Yale, Quinnipiac, Southern University of New Haven, and Fairfield. So, I'd like to take your -- we need a strong approach, and I'd like to see what your approach is gonna be.

DAVID A. LEHMAN: Yeah, so again, I'll caveat my answer by sayin' on day five or day six here I don't have ["I know" in the background] the answer, but I think, and you started to give the answer that I was gonna give, which is I think you do need a 10 or a 20-year plan. This stuff does not happen overnight. We need to -- again, first we need to change the view in terms of where do you want to be for VC or for innovation. Where are the patents being created? Where is that cutting edge technology, whether it's in the biofield or otherwise? So, I think you need a 10 or 20-year plan, where you're
working with cities -- we can use New Haven as an example, Yale -- to really incentivize the growth and create that ecosystem. Because I think especially in science and STEM more broadly, the universities are gonna be critical. So, the universities feeling like they're empowered, and there is that engine there, that will ultimately create the patents, that'll create the companies, that'll create the ideas, that'll create the jobs. So, again, this does take 5, 10, 15 years, and I referenced Cambridge before -- I think the universities are gonna be a huge part of this, and then I think you'll have more private capital coming in as you start to see more innovation and more investment.

REP. YACCARINO (87TH): I agree, and you mentioned it early. So, that triggered it, and I wanted to ask you that. But, as far as small business, the biggest thing -- I have a small business as well as Senator Formica -- is liquidity, and many large companies have the ways to raise money. Many small companies -- or small mom and pop's -- it's more difficult for them, and I hope you take that approach and take it seriously because they really are the backbone of our economy. Many families or the family-owned businesses, they don't wanna leave the state. They wanna stay here, but they need some sort of partnership, I think. So, I hope that you have, you know, a proactive approach on that.

DAVID A. LEHMAN: It's a great point, and I've spent some time with the Small Business Express Program, which I believe has been around approximately ten years right now, and I plan on giving a more fulsome look at that program and what's been working there. But, making sure that there is adequate capital for
good ideas in this state for small business is very much -- I view that as part of the mandate.

REP. YACARINO (87TH): Right, when I speak -- I speak about STEM and science all the time. It's not just STEM and science. They help manufacturers. They help computer science. They help laborers. They help construction -- people to build these buildings. I think it's vitally important we really take a strong approach to this, and hopefully we will, and thank you for stepping up. And thank you, Mr. Chair.

DAVID A. LEHMAN: Thank you.

REP. VARGAS (6TH): Thank you, and we've been joined by a couple more of our senators, and since this is a Senate Resolution I'm happy to see them here, Senate President Pro tem Looney and also the chair of this committee, Senate Chair of this committee, my Co-Chair, Senator Duff. I just was thinking, as I was listening to the conversation about -- I served two terms as Vice-Chair of the Commerce Committee, and we always considered some of our strengths our strong small business community, the whole investment we've made in the biomedical industry and in high-end manufacturing, and those seem to be bright areas in the economy of Connecticut and growing areas. And we -- I always identified as some of our weaknesses the transportation infrastructure, the fact that we've short-changed that -- although, Governor Lamont seems to be intent on addressing that issue, and voters did vote for a lockbox on transportation funds, so it seems like we're heading in the right direction there -- an overdependence on the defense industry, overreliance on defense, and what you
addressed, the information technology shortcomings that we have as a state, and also a need to attract younger workers. And, you know, one of my thoughts on that has always been that we should -- our city should be tied into the internet. We should have Wi-Fi, public Wi-Fi, that's something that many areas have been addressing, and we had a group form in West Hartford recently with fire within a few other towns trying to find a way to create that information highway.

Now there's been a lot of controversy over incentive packages because as we try to attract investment into the state of Connecticut, sometimes we've made massive monetary investments in those areas and some -- there's talk about the use and the misuse of incentives, and one of my issues when I was on Commerce with the business community -- I'm a strong advocate of the business community, especially the small business sector, but one of my issues always was we should not trash the environment, and we have to treat workers fairly, make sure they have a living wage, benefits, you know, so they can take care of their families. Other than that, I really felt that we should everything we could to promote investment and growth in our economy, as long as -- because as you know, the environment and workers, those two sectors, when we're negotiating these incentive packages, if we don't address 'em they actually involve hidden costs to the taxpayers, and sometimes, more cost than if it were addressed upfront. Something that could've been disposed of maybe for $50,000 dollars, which is a cost to the company, might cost taxpayers millions of dollars once it's dispersed in the environment, and we might not even be able to do a complete job.
The same thing with workers. If we have corporations that pay wages that are not a living wage and put people under the poverty level, then taxpayers, through our social network, are covering costs for a workforce of sometimes multi-billion dollar corporations. So, do you have any ideas on incentive packages -- what the uses and misuses of these packages should or should not be?

DAVID A. LEHMAN: So, it's a -- there's a couple of different parts to that question. Let me address incentives maybe head on here, 'cause it was referenced before and it's come up in several conversations. I think my perspective is, you know, if you have the right broad policies in place that work for everyone, all residents, small businesses, large business, that incentivized growth and the job creation that we want, that is by far the best policy. Because when you're talking about incentives or a bilateral negotiation with a company, whether it's a small company or a big company -- I don't like using the phrase pick a winner, but there is a subsidy from others that are providing that incentive, i.e., the taxpayers, to that company, whether it's to retain jobs or stay in the state or come to the state.

So, I just feel like that is -- there's an aspect of that that's zero sum, which I don't think is the right policy for the state across the board. I think if you have the policies that work for all business, and then you have the hopefully effective marketing and people wanting to come to the state that we discussed, you know, then there may be a conversation, and incentives have been around and they likely will continue to be around. Hopefully, they're less prevalent than they were previously,
but at that point in time, the dynamic has changed.
The negotiation has changed. You have businesses
that wanna be here because of our policies and wanna
be here because of our business environment. And,
at that point, if they're saying, you know, David or
the state, let's talk about incentives, well we
might know that they wanna be in the state at that
point, and you might not need to offer an incentive
or as big of an incentive. So, I think really -- I
really wanna focus on those two areas of policies
and marketing. Incentives will likely come up, but
I think that's a very different dialogue and a
different negotiating stance than starting with
incentives, which I just don't think is in our
interest 'cause I think it is a subsidy of sorts,
and I think there are arguments that it is
inefficient and not the best way to do it, and I
believe that. But, I do wanna say, for the record,
I believe incentives are gonna be around. The New
York Amazon news got a lot of press, so I think we
will need that tool in our toolbox. I just wanna
change the way that we use it ideally.

REP. VARGAS (6TH): It's encouraging that you don't
wanna lead with incentives, but rather with
attracting companies that already have an incentive
to be in the state of Connecticut because they
consider Connecticut to be the place they really
wanna be, and reserve any talk about incentives
toward the end of any negotiations. In terms of the
question I asked about environmental issues and, you
know, and worker issues, do you have any thoughts on
that?

DAVID A. LEHMAN: Yeah, I mean my view is, and
again, with the caveat that I'm in week two here, if
the state is providing incentives, then I think it
should be for discussion, okay. What else -- if we are gonna provide this incentive -- you know, the environment certainly I'm very mindful and sensitive to the point because there have been issues where, you know, environmental damage has been done, and then that burden is on the taxpayers and that cost is on the taxpayers, and I don't believe that to be fair. And, as it relates to living wage, again, I think that -- that should be a debate and a discussion that we have because the state is effectively providing a subsidy. So, if that subsidy comes with -- and again, a judgment will need to be made on this, it's very difficult to generalize -- but if a company, small or large, is talking about a subsidy and asking about one, we should discuss holistically, when we're subsidizing, what other strings, if you will, we wanna put on that.

REP. VARGAS (6TH): Thank you for your response. Any other questions or comments from committee members. Yes, Senator Kushner, you have the floor.

SENATOR KUSHNER (24TH): I'm sure there's gonna be a lot of questions, but I have a quick question. You raised the recent publicity around the Amazon deal in New York and how it fell apart, and I know there's been some discussion about maybe there would be an opportunity here in Connecticut again. And one of -- my understanding, and I haven't spent a huge amount of time solving that case, but one of the things that led to the falling apart of the deal with New York was the attention that was raised about creating an environment where workers and Amazon would have an opportunity to unionize without fear of interference or any retaliation, which is so common -- such a common practice of employers today.
And so that -- I had heard that was one of the main things that they were resisting, and I just wondered how you felt that would fit in with any approach we might have to Amazon now because I would think that the state of Connecticut would also want that kind of a level playing field for its workforce to be able to organize and choose to collectively bargain, if that was their decision.

DAVID A. LEHMAN: Yeah, so you might -- Senator Kushner, you might know as much as I do about the specific issue. I did have a chance to read a communication from the state of New York from one of -- one of Cuomo's team, as it relates to the state's version of what happened, and there was -- there was a reference in there, I believe -- I'm not sure if you've read it -- there was a reference in there to a specific union as it related to Whole Foods initially. And again, I'm not sure of the specific dialogue, but ultimately, to go back to your question on if Connecticut was to be in that similar position, I certainly think offering the employees the ability to unionize is appropriate. We should treat them like we treat other companies that would be in the state. I don't know if that -- does that answer your question, Senator?

SENATOR KUSHNER (24TH): Yes, I mean, I think that we'd wanna get into more detail about that because it's very easy to say we should treat them like other employers, you know, and make sure that workers have a right to organize, but in much of the very positive work that's been done around the country in recent years about economic development, there have been components about -- by states and cities -- in creating what are called often labor peace agreements or neutrality agreements that
really set the conditions for workers to have the ability to do that without fear of interference. And, you know, it goes beyond what federal law now requires of employers since that -- that threshold has become so low that it's very hard to create a fair environment for organizing. And so these neutrality agreements or labor peace agreements are critically to, I believe, what helps build the middle class in any state or city, and so I would want to know that you're open to, you know, getting into the weeds on that kind of an issue and really looking at how are we going to attract business but at the same time develop, you know, and strengthen the middle class in Connecticut.

DAVID A. LEHMAN: Yeah, no, and we discussed this briefly yesterday. I'm very open to getting in the weeds on the issue. I'm not a labor expert, but I understand the point, and I look forward to digging in and discussing more with you.

REP. VARGAS (6TH): Thank you, Senator Kushner. Any other members of the committee? Representative Godfrey.

REP. GODFREY (110TH): Thank you. Hello again.

DAVID A. LEHMAN: Hello.

REP. GODFREY (110TH): Good to see you. Glad you're here today. Congratulations on your nomination. A couple of issues. First, my good friend and fellow Danburian, Senator Kushner, made some good points. I'm rather skeptical, for example, over this whole Amazon proposal. I don't think taxpayers should be subsidizing a corporation that makes $11 billion dollars in profit and pays no taxes on it. So, that
could be contentious. But, the -- I think Representative Vargas touched on one of my biggest concerns, it's not -- in government, and I know you're new to this, we tend to do think in silos, and it's very bad overall. Many of the problems of getting businesses thriving here revolve around things like -- yeah, I'd love to do this, but my employees with the salaries that they would deserve working for me can't afford to live here. So, in fact, we had merged housing into your department and then separated it out again. It's a huge problem, and I certainly recommend the United Way's Report on ALICE -- we talked about this when you visited -- because there's some really telling numbers. When, in my own town of Danbury, when ten percent of the people who live there are below poverty but 40 percent more are struggling just to afford a house and food on the table, that is an economic issue that deserves -- it deserves our attention and certainly deserves your attention. Similarly, no one lives next -- no one lives above the store anymore. We all commute. People like me have to commute an hour to -- to get to my job, and I'm actually required by law to live that far away, but the transportation system is, let's say it's less than substantial, less than good, and that's a big negative from growing a business here, here in Connecticut.

And similarly, one of the things I've found, local zoning seems to be more of an obstacle than it appears to be an incentive. A couple of -- I was familiar a few years ago, back down my neck of the woods, a guy invented a new mount for a computer, laptops, that kind of thing, and the Air Force loved it and gave him a huge continuing contract, millions of dollars. And he needed to expand, and he went to
Ridgefield, and the basic reply was we don't want your kind here, and he came to Danbury and they just didn't want to talk to him about it. But the state of Florida gave him incentives, and he moved his whole operation to Florida and hired people in Florida. And that's not because of taxes. That's not because of any state policy. That's because we have local zoners who interfere with job growth. This is a small business trying to become a larger one. It's -- it's just frustrating when we're trying to deal with not only the silos within state government alone but then the silos in municipality. So, I made -- I hope I made you aware of this, and I'm more than curious about how you think we can get the dialogue going to deal with these kinds of issues.

DAVID A. LEHMAN: So, I appreciate the point, and we did discuss that briefly in our meeting, as you mentioned, and it pains me to hear stories like that, and I realize it pains you as well. I view it as my job and part of my job to work with all stakeholders. You referenced silos before. I did grow up in a world -- and I realize I have a ton to learn as it relates to public service -- but in my previous life you needed to work across teams, across regions, so that's very much my style. So, I plan on not working in a silo at all, and I plan on working with all in the government as well as local government.

As it relates to municipalities, I think there needs to be an active dialogue where, you know, my office ideally can serve as a liaison and really establish relationships with those municipalities to understand, hey, if a certain site doesn't work, then what does work. What gets us to yes, that
works for the municipality, and for the state, and for the business because we don't want our small businesses goin' to Florida. So, that is something that I do view as part of my mandate and that I should be held accountable for.

REP. GODFREY (110TH): And, certainly in the past decade or so DECD has done a great job of getting out into various and sundering labor markets with seminars and meets and day-long come and talk to us for entrepreneurs, small ones particularly, in helping them cut through the -- sometimes the red tape, the paperwork, helping out. I think the attitude has been over the last few years that we are from the government, but we are actually here to help you, not interfere with your ideas, and I'm hoping that you're gonna continue that particular outreach actually into the business community and -- and be able to expedite business creation, business expansion. It's things like Small Business Express that you've -- you've mentioned -- they work, and they're really good programs, and I'm hoping that we could deal with it. I would rather provide incentives to that group than to Amazon, for example.

DAVID A. LEHMAN: That's what I was gonna say, Representative Godfrey.

REP. GODFREY (110TH): Yeah. [laughing]

DAVID A. LEHMAN: If ultimately the promised land could be where, you know, our resources, our financial resources are used to play facilitator or liaison or concierge -- whatever you wanna call it -- for small businesses or bigger businesses that call up and say, hey David, you know, help me get
this done. And as opposed to me saying, oh you need to call Joe here and Jane there, you know, it's a seamless experience for the businesses in the state, and if we're not -- if we're spendin' our money for these seminars to help educate to get feedback from businesses in the state, I think that would be a win as opposed to incentives. So, we're like-minded on that.

REP. GODFREY (110TH): Thank you so much. Good luck.

REP. VARGAS (6TH): I have a few requests from committee members to testify. The first from our committee Senate Vice Chair, President Pro Tem Senator Looney.

SENATOR LOONEY (11TH): Thank you, Mr. Chairman. Good morning, Mr. Lehman.

DAVID A. LEHMAN: Morning.

SENATOR LOONEY (11TH): I'm sorry I missed the first part of your testimony when you gave your opening statement and responded to initial questions, but obviously the key question regarding your nomination is the issues that were raised in the recent article by Colin McEnroe about your activities at Goldman Sachs during the critical period of the financial crisis of 2007 and 2008. And obviously, Connecticut is still suffering in many ways from that housing and financial crisis that occurred during that time. And derivatives, both the credit default obligations and the credit default swaps were the instruments that created that housing bubble, and you were the head or co-head of the structured products group trading desk at
Goldman Sachs during a significant part of that time that was responsible for derivatives and CDOs.

So, I'd like to have you explain in some greater detail, if you would, what were your activities precisely during that period in 2006, '07, and '08, and because obviously Goldman Sachs was one of the entities that -- that did well during that time when everyone else seemed to be suffering greatly and allegations that Goldman Sachs obviously marketed products to their customers that were inferior and they themselves hedged their bets on that by, in effect, betting against those products in the marketplace. So, if you would talk about that -- the atmosphere in which Goldman Sachs profited from what was a disaster for everyone else and that Goldman Sachs encouraged and sponsored investments that turned out to be disasters for others but not for Goldman Sachs.

DAVID A. LEHMAN: It's a great question, thank you, and I, maybe at the risk of being a bid redundant, I'll start with what I mentioned at the outset, which is -- in my opening comments, I do wanna address the concerns about Goldman Sachs and the financial crisis head on. You know, the article, I believe, made a suggestion that I knew a security was going to be worthless or was worthless, and at that time I still sold that security at a price that was not zero to investors, and that's just categorically not true. I did not know, at the time, that those securities were gonna be worthless. I understand with the benefit of hindsight, you know, the significant decline in security prices and home prices and the pain that that caused to the economy, but I did not know that at the time, and I've always conducted myself honestly and
transparently and acted in good faith in all my dealings at Goldman Sachs.

That said, I very much believe that all financial institutions that were involved in the mortgage market preceding the financial crisis have some responsibility and accountability for the financial crisis, and I was a senior executive and I had management responsibility for a part of Goldman Sachs at the time, so I personally have accountability and responsibility for that as well. I'm not suggesting otherwise, but I think it's important for this group to hear that I always did act with integrity, with transparency in all I did at the time.

Maybe just to be -- you asked for more specifics -- at the time, you know, what the firm was doing, in my role I co-headed our mortgage trading unit, and my role did change. You referenced '06, '07, and '08. You know, my role did change between '06 and '08 as the market was changing, but at a high level, you know, Goldman had in various forms exposure to the U.S. mortgage market. Some of which was in derivatives. Some of which was in loans. Some of which was in repackaged securities called CDOs, as you referenced Senator. And at a high level, what Goldman was doing was reducing its exposure in aggregate to the U.S. mortgage market, and Goldman was one of the entities selling these mortgage securities as prices got lower, as prices went from 100 cents on the dollar to 95 to 90 and so on. Again, we did not know that those prices were going to go lower than that. Ultimately, some of them did. But we were -- we had significant exposure. The economy and the price of those assets were changing, and we viewed it as prudent risk
management to sell those securities to folks that --
that may have wanted to have it placed at a
different view or have different exposure on the
market at what was then a lower price or a more
attractive price. Again, I understand ultimately
some of those securities continued to decrease in
price, but that was the perspective at the time.
And again, I'll reiterate Goldman didn't know and I
didn't know that those securities were going to be
worthless, or some of them were gonna be worthless,
but that was really the mindset at the time in what
I was doing at the firm.

SENATOR LOONEY (11TH): Thank you very much.

REP. VARGAS (6TH): Thank you, Senator.
Representative D'Agostino, the Chair recognizes you.

REP. D'AGOSTINO (91ST): Thank you, Mr. Chairman,
and thank you for the courtesy. I understand this
is a Senate vote, but just to piggyback on Senator
Looney's questions and to dig a little bit deeper
and to break down your role. So, let's sorta start
with the first piece of Goldman's role in the
financial crisis and your role at Goldman during
that time, which is in say '06 -- '04, '05, '06,
'07, leading up to early '07 -- creating the CDO
market itself, the collateralized debt obligations,
the packaging of mortgages that were of various
credit ratings, if you will, all the way from triple
A to whatever the lowest level is, you know, triple
B or whatnot. What was your role in sorta -- in
creating the CDO market leading up to the financial
crisis.

DAVID A. LEHMAN: So, Goldman did not create the CDO
market. Goldman was a participant among many other
banks, both domestic and foreign in that market. And again, to be -- to be specific, because I definitely understand the importance of this and I'm happy to answer all questions, I joined the firm in 2004. My focus from 2004 to 2006 was solely focused on commercial mortgage-backed securities or bonds that are secured by mortgages where a hotel or a shopping center and office buildings are. I actually did not work in the CDO business. I was asked to assume oversight of the CDO business when one of the gentleman that worked in that left the firm, and that was, I believe, in the summer of 2007. So, that was my first interaction with the CDO business.

REP. D'AGOSTINO (91ST): And that was the head of the SPG group.

DAVID A. LEHMAN: So, there was -- in '06, in the end of '06, the structured products group, I co-headed that from the middle of '06, and that became the mortgage trading business in 2007-2008. So, I co-headed that in '06, but the CDO business, the group that actually created the CDOs, that I started overseeing in the summer of '07.

REP. D'AGOSTINO (91ST): All right. So right -- so '07 is an interesting time period because according to the Levin report and some other reviews of the financial crisis, it's about that time when -- I'm just reading from some things here -- Blankfein, who's the CEO is sending out an email saying are we doin' enough right now to sell off the cats and dogs in other books throughout the division, referring to this mortgage business. So, clearly there was a switch in early '07 at Goldman, right around this time you're taking over that desk, to -- as you've
explained it -- to reduce the exposure of Goldman to the CDO market. I think what troubles people about Goldman's role, and why we have some questions about your role at that time, is it's -- it's one thing to say, hey we're heavily overexposed on one end, we need to reduce our exposure on the other end. It's quite another to have internal communications at a firm sayin' these are cats and dogs, these are -- I've seen other emails with more expletive-laden references to these kinds of products, and then to aggressively start shorting that position or taking counter positions in a market to reduce your risk without -- without telling any of your counterparties. And so, I wanna dig a little bit into that, but just on that right now, around that timeframe in '07, what was your role in sort of the conversation internally at Goldman about we are overexposed to these cats and dogs or this market, and the decision-making with respect to how to unwind that or reduce that exposure?

DAVID A. LEHMAN: So, the -- in the summer -- in and around the summer of 2007, to the best of my recollection that's when the -- a lot of the trading risk that I oversaw, or I co-ran that group, was put together in one spot. So, you know, the -- I just mention that because your suggestion that there were two different parts of the house potentially, one that owned product and one that was selling, in my opinion, this was all one group and one book of risks or one portfolio of risks that I needed to manage. So, again, and the emails -- you know, obviously some of those emails, that's not appropriate. I think we all know that. But ultimately, you know, reducing exposure to the market, you know the way I viewed it as, you know, we didn't know where the market was going. We just
knew that we had significant exposure, and the price was going down. So reducing our exposure, we thought at the time, was just prudent risk management.

REP. D'AGOSTINO (91ST): Two of the vehicles that were used I've heard -- I've seen referred to as Hudson and Timberwolf.

DAVID A. LEHMAN: I'm familiar with that.

REP. D'AGOSTINO (91ST): Can you explain to the rest of the committee what Hudson and Timberwolf were?

DAVID A. LEHMAN: Sure. Well, Hudson was a CDO. So, it was a securitization of other residential mortgage securitizations. I believe it was a synthetic CDO as well. And Timberwolf was what was called a TDO-squared. So, that was actually CDOs that were then repackaged into another CDO. So, the rest of --

REP. D'AGOSTINO (91ST): Right, this is the splicing of the CDOs when you've got some at a certain level of risk and others that are below a certain level. You take the -- you take the bunch of CDOs that maybe you can't package in this particular one 'cause it'll drag down the rating of that one, and you put it in another.

DAVID A. LEHMAN: Well, it's slightly different than that. I mean, in both a CDO and CDO-squared, you have a tranching of risk, where you have triple A securities at the seniors' or you halve the triple A securities down to an equity tranche, and the CDO is just the -- it's the second derivative -- or CDO-squared rather is a CDO of CDOs. There was a
manager that was involved in that trade called Gray Wolf at that time. So, it was not -- it was just a different type of product. I mean, these are both complex -- complex products, just a different type.

REP. D'AGOSTINO (91ST): Right, and these were the two products into which Goldman poured some of its exposure that it had on its books. Is that correct?

DAVID A. LEHMAN: I can't say with certainty. Some of the collateral that ultimately ended up in those trades likely came from Goldman. And just for the benefit of committee in the record, the way that the derivatives market or the bond market works is Goldman acts as a counterparty. It is not an agency market typically. So, having an inventory of whether it's derivatives or loans or bonds was important to being a dealer in the market.

REP. D'AGOSTINO (91ST): And the particular -- one of the particular criticisms I've read of you is that when you were asked about the Hudson assets, the disclosure that you made was that those assets were sourced from the street, without telling the counterparties that actually they were Goldman assets that Goldman was unloaded. And the criticism there obviously being -- hey, if we had known that Goldman was looking to dump these things, maybe we would've been a little bit more circumspect about buying them. Do you have a response to that?

DAVID A. LEHMAN: So, I -- and as I mentioned yesterday and for the benefit of committee -- when the Hudson CDO was established, I did not oversee that business. I did not create the CDO. I did not create the marketing book for that. I believe that quote -- so, I wasn't involved in that transaction
at its inception or the distribution of that transaction. The quote I believe was my response to -- it was either the Senate PSI Committee or the Financial Crisis Committee. I was just trying to be helpful and give my perspective on what that may have meant in a marketing book, but I wasn't involved.

REP. D'AGOSTINO (91ST): Fair enough. In circumspect, do you wish maybe you had been a bit more careful with your words and said, you know, look, they were sourced from the street, but they were Goldman products?

DAVID A. LEHMAN: Yeah. I think, certainly with the benefit of hindsight and we had to do it all over again, the marketing book itself would've been more descriptive as it relates to where that collateral or where those synthetic derivatives came from.

REP. D'AGOSTINO (91ST): And I think that's the -- and look, I mean you opened up -- look, this is not obviously, you know -- I appreciate you being patient with these questions. These are things that happened 10 years ago, but the -- it ties into what you led with, which was the whole idea of transparency, honesty, etc. The accusation against Goldman is it was -- it was the complete opposite of that during that timeframe with its counterparties.

DAVID A. LEHMAN: I 100 percent agree, and it's important that there is -- that you feel that there is transparency and honesty, and that's what I realize I need to prove to this group and this state.

REP. D'AGOSTINO (91ST): Yeah.
DAVID A. LEHMAN: But, I definitely wanna vet this issue and make sure that there's comfort.

REP. D'AGOSTINO (91ST): And, for the record, I mean, you mentioned the Abacus deal, which was a separate similar-type transaction where Goldman was involved in packaging the CDOs and shorting them for John Paulson and his hedge fund, and Goldman was fined $550 million dollars by the SEC for a lack of disclosure with respect to that deal -- that one deal, a half-a-billion dollar fine. Were you involved in Abacus at all?

DAVID A. LEHMAN: I did oversee the group that managed Abacus. That was part of the structured products trading desk.

REP. D'AGOSTINO (91ST): And that was a request from a Goldman client to -- this is, this is sort of like the -- this is the big short, right. This is the, you know, hedge funds -- a Goldman client came to Goldman and said, I wanna short essentially the housing market, help me create a product to do that and a counterparty on the other end who will take the other side of that bet. Is that fairly stated?

DAVID A. LEHMAN: Yeah, well, I wouldn't -- I wouldn't characterize it as the big short. Certainly, a significant fine was paid, and the firm at the time said there should've been better disclosure as it relates to where the portfolio was coming from and where the risk was sourced, and there should've been enhanced, you know, disclosure and transparency on that.

REP. D'AGOSTINO (91ST): That was your group that put that together?
DAVID A. LEHMAN: It was, yes.

REP. D'AGOSTINO (91ST): Who was the other co-head?

DAVID A. LEHMAN: A gentleman named Michael Swenson.

REP. D'AGOSTINO (91ST): Okay. And look, I mean, you know, we can -- we can quibble over a number of these other things, but the counterparties we're talkin' about here obviously in these transactions are not mom and pop. They're JP Morgan. They're AIG. They're large, sophisticated commercial entities, and there's certainly an argument to be made that, you know, they should've done their own due diligence and perhaps, you know, investigated these things further before they did the deal. I think the -- the other issue to all of this though is of course that maybe they weren't operating under full information with respect to these transactions that Goldman helped put together and was indeed fined for for not providing full disclosure, and then they -- we as taxpayers had to bail them out.

DAVID A. LEHMAN: Right.

REP. D'AGOSTINO (91ST): So, AIG got about $13 billion dollars in the bailout, and AIG was a significant swap counterparty to Goldman. Is that right?

DAVID A. LEHMAN: Correct, but there was no alleged or actual, you know, mis-selling or misrepresentation with AIG.

REP. D'AGOSTINO (91ST): Fair enough. With AIG I get that.
DAVID A. LEHMAN: I just wanna draw the distinction. It's just --

REP. D'AGOSTINO (91ST): Yeah. Goldman -- Goldman sort of did the swaps with AIG. I saw your Congressional testimony on that. I think -- I guess and correct, I don't want to mix apples and oranges here -- I think my point with AIG was a lot of that -- there's an argument to be made that a lot of that bailout money for AIG went to indeed pay the swaps to Goldman. Is that fair?

DAVID A. LEHMAN: I'd need to look into that more. I don't -- again, I'm not here to defend Goldman. I wanna answer questions honestly and transparently in terms of what happened, but the specifics of how money flowed ten years ago, I can't say that off the top of my head.

REP. D'AGOSTINO (91ST): I gotcha. And then, I think, you know, the more general point in all this -- and I appreciate your candor with respect to your role at that time -- and you know we're judging you on a lot of different things, that's sort of part of the whole package here with you, and there's a lot of other positives obviously -- just simply volunteering -- I wanna give you credit for volunteering your service here -- but, you know, with respect to this timeframe, I think the other sort of criticism if you will that I would just like to get a reaction from you on is the -- is the idea that Goldman -- Senator Looney mentioned this -- were profiting at this timeframe, and profiting from what is really a bet against the American economy, a bet against the American housing market. And, I read -- I don't know if you know this or not -- that Goldman made $1.5 billion -- paid 1.4 -- paid $11.4
billion, paid $11.4 billion in bonuses in 2008. Presumably -- and I'm not gonna ask you the amount -- but presumably you were the recipient of some bonus in 2008 at Goldman.

DAVID A. LEHMAN: I don't recall a specific amount.

REP. D'AGOSTINO (91ST): All right.

DAVID A. LEHMAN: If I could just make a point. I don't know if you were finished.

REP. D'AGOSTINO (91ST): Please, no, go ahead, yeah.

DAVID A. LEHMAN: I didn't -- I didn't view what we were doing at the time as a bet against the housing market. I viewed it as, you know, there was -- we had significant exposure to the housing market, we were reducing that exposure. And I realize there was a lot of -- there had been a lot of information as it relates to some of the profitable transactions that the firm did, but net, the firm was still exposed to the U.S. housing market and lost money at that point in time. So, I don't think us -- I don't think we were betting against the U.S. housing market. I don't agree with that assessment.

REP. D'AGOSTINO (91ST): I mean, I think though, I mean -- I mean even Mr. Blankfein acknowledged, and this was in the Levin report that he said, "Of course, we didn't dodge the mortgage mess. We lost money, then we made more, then we lost because of shorts." That's, you know, Lloyd Blankfein in 2007, actually.

DAVID A. LEHMAN: Yes, yes.
REP. D'AGOSTINO (91ST): Of course, it wasn't over at that point. I understand that.

DAVID A. LEHMAN: That's right. I'm familiar with the quote, but ultimately 2008 was very painful for all.

REP. D'AGOSTINO (91ST): Yeah, I mean Goldman -- I appreciate Goldman needed I think some injections of cash around that time as well. But again, I think what, you know, what we're sort of getting at in all this again what you led off with, which is the idea of disclosure and transparency, and this is sort of a concern for a number of members with respect to that and a role that you played at a time when perhaps things weren't as -- at least with respect to your commercial counterparties -- there wasn't enough disclosure, there wasn't enough transparency, and I think it'd just be helpful to hear a little bit more from you about -- about maybe what you've learned from that process and how it informs you now in this role and in dealing with all of us. I mean, this isn't -- this isn't a for-profit enterprise, right, I mean. So, so -- we are -- everything we do is under the glare of the public eye and rightfully so. That includes, unfortunately, your background here, and that's why we're getting into this, but it is part of that piece that -- that you actually led off with.

DAVID A. LEHMAN: No, and I agree, which is why I think it is crucial that this does get vetted and this gets -- this gets discussed, so there, you know, there is comfort ideally around, you know, me and how I communicate and how I operate 'cause it's important to have an effective relationship in government that there is that -- that level of
trust. You know, as I mentioned, just to reiterate, I accept, you know, responsibility for my role at Goldman at the time, and all financial institutions, including Goldman, that were a participant in the mortgage market accept -- need to accept responsibility for part of the financial crisis and what ultimately happened. I -- you know, that was -- 2007 was almost 12 years ago at this point in time, and I've learned tremendously from that, and I'm incredibly mindful of the Senate testimony, the financial crisis testimony. You know, there were a number of lawsuits as well. Ultimately, I've learned a lot in terms of what happened at that time and the need for transparency, the need for, you know, collaboration and to make sure that, you know, there is that level of trust in all dealings. So, that's, that's -- if anything, I've learned a lot from that, and I've -- I've incorporated that into how I operate today.

REP. D'AGOSTINO (91ST): And I don't wanna steal the Chairman's thunder, but you know, at the end, he usually asks all the -- all the nominees about if there's anything in their past that could prove embarrassing. There's -- I did not have time to go through it. I mean, the Levin report is thousands of pages with exhibits, so I've only seen some of the emails. I've seen a couple that you were on. Is there anything -- are there any emails from this time period that are gonna pop up in a week or two or a month, where we're gonna see David Lehman saying, boy I'm glad we were able to unload these CDOs on the -- on the -- you know?

DAVID A. LEHMAN: [laughing] For better or for worse, my past is out there. So, all those emails are out there and have been out there since 2010.
REP. D'AGOSTINO (91ST): Okay. Thank you, Mr. Chairman.

REP. VARGAS (6TH): Thank you, Representative D'Agostino. Next the chair recognizes Senator Bergstein.

SENATOR BERGSTEIN (36TH): Thank you, Mr. Chair, and thank you Mr. Lehman. Congratulations on your appointment. Thank you for being willing to serve voluntarily, being willing to commute an hour-and-a-half from Greenwich, which Representative Meskers and I also do. It's quite a commitment, and I applaud you for your selflessness. I also want to just recognize that I think that your private sector experience is an asset, and I think you'll come to this job with fresh eyes and hopefully find ways to make the DECD more efficient because that is what I have -- that's the criticism that I have heard from various business owners who have transacted with DECD before, that there is a lot of red tape, a lot of unnecessary delay in -- in the process of applying for grants and receiving grants. And also, I think, many people have questioned what the actual return on taxpayer dollars is for various grants that have been made by DECD.

So, I think there's a tremendous opportunity for you to find ways to make the department more efficient, to streamline processes, and also to really develop some metrics on a real return -- what the real return on investment is for taxpayers, and I know you referenced this in your list of priorities. You said you wanna thoroughly evaluate the effectiveness of DECD's existing programs. So, I just wondered if you -- I know you've only been on the job for a few days, and I'm not expecting any hard answers -- but
I just wonder if you can comment on whether any of these -- do you share these objectives of making the department more accountable?

DAVID A. LEHMAN: So, absolutely. I mean, you -- I believe I mentioned this before, but you know, you should hold me accountable, as I'm sure you will, and I need to hold the team and the organization accountable at DECD. So, I have the annual report right here, which is available publicly and goes through the various programs and some metrics as it relates to the return to the state of those programs. You know, I've had a chance to go through about half of it at this point in time, and I would say my initial observations are the programs that have been placed -- the incentive programs specifically -- you know, I think they have created a net positive impact to the state as it relates to tax revenue, both, you know, inception to date over the past roughly ten years I think the data is, as well as what's envisioned to be from now to 2037. So, I think there has been and there will be a positive impact from what DEC's done -- DECD has done -- but the debate I wanna have with the team is really diggin' in and what is the most efficient, where are we getting the most leverage, the most jobs, or the most GDP if you will for dollar spent. And again, we're focused on obviously culture tours and historic preservation and brownfields as well, but I really wanna focus on what programs are working, what maybe isn't working as well, and where should be prioritize. And again, I welcome all feedback from this group on that front.

SENATOR BERGSTEIN (36TH): And just by way of anecdote, I wanna mention that I toured Steelpointe Harbor this morning, Bridgeport, which is -- seems
like a tremendous opportunity for the state to -- they're not asking for anything from the state -- but an opportunity to really revitalize Bridgeport and really the whole coastline of Connecticut in a way that we have not had before. And also, another anecdote, I met with a business owner who has a startup, and he did deal with the DECD before and was a grant recipient, and he said it was almost not worth the effort because of the bureaucracy and the delay and the headache and the administrative -- owner's administrative burden he had to deal with. So, I just hope that -- and, when he asked how I could help, I gave him your email address. [laughing]

DAVID A. LEHMAN: I think he emailed me last night, so I will be speaking with him.


REP. VARGAS (6TH): The Chair recognizes Senator Hartley.

SENATOR HARTLEY (15TH): Thank you, Mr. Chair, and good afternoon David. Thank you for being here with us today and also for the opportunity to chat, albeit briefly, yesterday. So just so that I might kind of frame my conversation, do I understand that you -- I know you come from Fairfield County -- but previous to this, you were not a friend of the Governor's.

DAVID A. LEHMAN: The first time I met the Governor was in January. I did not know him.
SENATOR HARTLEY (15TH): And so you came to be before us today by virtue of your interest in this administration and your love for the state of Connecticut?

DAVID A. LEHMAN: Yes and I mentioned that -- I don't believe, Senator, you were here for my opening remarks -- the two -- the two main things that drove me were the more I learned about the Governor and his governing philosophy and style and working together towards our common end, and the second point was the Governor's relentless focus on growth and job creation for the state and to make sure that we are not an economic laggard. Those two things really drove me to reach out and offer my services to see if I could be useful.

SENATOR HARTLEY (15TH): And my apologies to the Chair and to yourself and the other nominees. As you know, we are -- or you're probably learning very quickly -- always overbooked, and so people are running back and forth and only getting to sit sometimes for a brief period, but my apologies for not being here from the start. And do I understand that you will be serving in this capacity pending the vote of this committee and the General Assembly in a pro bono arrangement?

DAVID A. LEHMAN: That's correct. I will not be accepting a salary.

SENATOR HARTLEY (15TH): So, I just wanna first of all commend you for, in the middle of your career, taking a hiatus to do public service. I think that there is no more noble cause than to serve in the capacity for public service on any level, municipal, state, federal. And we here in the state of
Connecticut are at a very crucial juncture, and you are very well aware of that, doing your due diligence before today but also as a result of this hearing, understanding the concerns, the history, and that was are at this tipping point. So, I am grateful for your service, your offer for service, and your professional expertise, and I, for one, am going to be relying on that and tasking you at the same time.

So, I just briefly would like to -- and in your statement you talked about this, and I did hear a little bit of this, how important it is not to be in silos and to work together. And I'll give you a case in point, and that is, in this small state that we are, we have done much and need to continue to do much with regard to preserving our open space, but the corollary to the open space program is a brownfield program, and that is the program that addresses shuttered space, quite frankly, in the urban areas. And one of the initiatives for this administration is to revitalize our urban centers, and the brownfields program is pivotal to doing that. I would -- and we have done much; however, there is so much more to do, and it's been my observation that our program has been hindered by virtue of the fact that agencies are not working together.

And so, I'll just share with you a case in point in my own district. In the city of Waterbury, we were looking to site a cancer center, and it was mine and the administration's goal to try to have that in the heart of the city, the core of the city, where the transportation connections were and for all of the obvious revitalization reasons. And, as we went through more than a 20 -- 22-month period -- two
years, 24-month period -- coming back saying there's no place, there's just no place, and on the other hand, everything was shuttered. There was nothing but places, but because of all of the encumbrances, Waterbury being previously the brass center of the world, there was too much history to deal with. And so, today we still continue to try to revitalize so many of these sites, but I share with you that it is so important to work with department -- DEEP -- ["Yep" in background] and to really connect the dots, cut the timelines, cut the bureaucracy, and get to go on this. So, that's a huge tax. We have legislation that sits on the books right now, which in my estimation, makes us a lost leader when we have real estate transactions, commercial transactions from out of state, looking to do business in this state, and so we need to work in unison, not to abandon our missions to the environment or to cities or to open space, but to make them all work together, and it's complicated. Thank you.

DAVID A. LEHMAN: So, just maybe a brief observation on the brownfields, I 100 percent agree. When you have, you know, a capital asset, whether it's your municipality or the state, that is, you know, not utilized and at some point, oftentimes, there's blight in the area or around the neighborhood where you have some of these assets, the best thing that we can do for our cities is to make sure that it's efficiently utilized. So, I eagerly take on working with DEEP and other commissioners to make sure that we're doing the right thing for these projects and we're efficiently utilized these assets that we have, which otherwise are not being used.
SENATOR HARTLEY (15TH): Thank you, David. And then one other point, if I might. I would really -- we talked about fresh eyes and input looked from a different lens -- I would be very interested in your review, critique, assessment of our existing programs and particularly the Innovation Places Program, with a eye to being sure that we are reaching all of the potential entrepreneurs and small businesses and in particularly, where we have really fallen short, is with regard to our minority businesses. And I would be very interested to have your input and your plan with regard to that going forward, sir.

DAVID A. LEHMAN: Sure, yeah. So, I've spent a bit of time on the -- within the Small Business Express, the minority business initiative, which I think last year was the first year loans, capital, was given out, and I think roughly four of the possibly five million was provided to, I believe, 40 or 50 different companies. But, you know, it's my initial observation that a lot more can be done. And it's not clear, Senator, if -- if that means there's a need for more capital given where the economy is and how banks are quite competitive right now in terms of lending, or if it's education and this liaison facilitator role that I think it's imperative that we play to help small business and minority-owned businesses, you know, access, whether it's sites, capital, executing their business plan, helping them, especially as it relates to navigating bureaucracy.

So, it seems like the program -- I can't tell you if I feel like it's effective, very effective, or something else right now, but it seems like it
started to work, and I wanna dig in more to make sure that it's having maximum efficacy.

SENATOR HARTLEY (15TH): Thank you very much. [trails off]

REP. VARGAS (6TH): Thank you, Senator. The Chair recognizes Representative DiMassa.

REP. DIMASSA (116TH): Mr. Chair, as it's a Senate Resolution, I would defer. I believe Senator Moore is looking to make comments, so I would defer to her. Thank you.

REP. VARGAS (6TH): Thank you, Representative DiMassa. The Chair recognizes Senator Moore.

SENATOR MOORE (22ND): Thank you. Congratulations on your appointment. We did get to meet briefly. I just wanna say, I appreciate the questions of my colleagues regarding your position at Goldman Sachs because it is an elephant in the room, and it is the most concerned item that has come up from many people to ask these type of questions. And if we didn't do the due diligence for our citizens, we wouldn't be doing our jobs, so they're tough questions. And I find it quite generous that you have decided to leave such a high-profile, money-making job to come to this position to serve without salary, and I agree that I think there should be some type of agreement and there should be some money exchanged in exchange for your services to hold you accountable for this position. I also am wondering, are you committed to serving for four years?
DAVID A. LEHMAN: So, the way -- thank you for your comments, and on the Goldman Sachs point, I think it is very important that that's discussed transparently here. As it relates to my commitment, I'm here to serve indefinitely. I did not discuss a specific timeframe with the Governor, and I view myself as serving at his pleasure as long as I can be effective for him and his agenda and with this group, I'm happy to serve. And if ultimately, you know, I'm viewed as ineffective or it's not working out, then he can tell me to go. But, as of right now, I'm committed to serving indefinitely.

REP. VARGAS (6TH): Thank you, Senator Moore. Representative DiMassa.

REP. DIMASSA (116TH): Thank you, Mr. Chairman. Mr. Lehman, thank you for being here. I'm gonna go on a limb, and I usually don't but I will. Obviously, this is a Senate Resolution. I don't have to vote today. I could sit here and not ask any questions, but I'm just going to make a brief comment. Obviously, you and I spoke. We did sit down. To say that there are obviously constituents in my neck of the woods who aren't concerned with your background and some of the things that have been brought up here today would obviously be an understatement. However, we did speak, and you were very candid and very frank about the issues surrounding Goldman and the issues surrounding the financial crisis of 2008, and frankly there are many actors that were involved, from regulatory agencies to the rating agencies. I mean, we -- we were at the point in time where, never mind a triple A rating, there were ratings that were about 28-characters long. Today, I still can't understand how anybody, even with a doctorate, could figure out
how a 28-character rating made its way into our financial system.

But, regardless of that, as I sit here today, I don't know what your motives are, right, for taking this role. Only you do. However, you could be sitting here saying, look, you know, you have already obviously taken responsibility for some of the things in knowing that you were an actor in this timeframe. You might be sitting here today saying, you know what, I feel that I perhaps benefited at a time when many suffered, and I was involved in part of that overall scheme, and I wanna make it right. I wanna give back, and I wanna make it right. Now, I can't sit here and say that's why you're here. That may be why you're here. But, I will say this, there is nothing that I have found so far that would lead me to believe you're unqualified for this job. And, I believe that while some of my constituents would probably not be happy if I was voting on this today and voted for you today, I am inclined to give you the benefit and see what you can do for the state of Connecticut. And the only thing I would say to you is that ultimately, while you do serve at the pleasure of the Governor, you serve at the pleasure of the residents of the state of Connecticut as well.

DAVID A. LEHMAN: Yes.
REP. DIMASSA (116TH): So, I know you'll keep that in mind, and thank you for being here today.

DAVID A. LEHMAN: No, I totally agree. I'm here to serve the people. And my motive, I mentioned what led me to reach out to Governor Lamont. I have one motive. I wanna see this state succeed. I mean, the last ten years, where our economic growth has
been, it's just -- it's not acceptable, and the issues that this state faces in the future, without growth we're not going to be able to have a discussion about that. So, my motivation is to see this state succeed and grow.

REP. DIMASSA (116TH): Thank you for that, and I will yield back, Mr. Chair. The only other thing I will say is, listen, let's -- let's put all of the past history aside and say that if you are confirmed, which I hope you are, history will judge you by today forward in what you do for the state of Connecticut. Thank you, Mr. Chair.

REP. VARGAS (6TH): Thank you, Representative DiMassa. The floor now goes to our Senate Co-Chair, Senator Duff.

SENATOR DUFF (25TH): Thank you, Mr. Chairman, and good afternoon David, good to see you again. So you -- I know you started the other day, and probably today as well, by saying that this all started with making a phone call to Governor Lamont. Is that correct?

DAVID A. LEHMAN: Yeah, I initially reached out to a member of his transition team.

SENATOR DUFF (25TH): Are you still glad you contacted Governor Lamont?

DAVID A. LEHMAN: What's that?

SENATOR DUFF (25TH): I said, after this, are you still glad you contacted Governor Lamont?
[laughing]
DAVID A. LEHMAN: I knew, or at least I thought I knew, what I was signing up for, so yes.

SENATOR DUFF (25TH): Good. And this is part of the process and the procedure of ensuring that we vet candidates and the legislature does its due diligence as far as oversight and ensuring that we have commissioners and others who are -- we've had the opportunity to ask questions and to understand their philosophies going forward.

I wanna ask two different pieces of questioning I'd like to have on the record for you. One is, obviously, the elephant in the room with, as been said earlier, with Goldman Sachs. I was Chair of the Banks Committee at the time when -- 2006 during the subprime mortgage crisis and understood a little bit of what had happened nationally and how that affected us here in the state of Connecticut. At the time, we had actually taken the extraordinary step of -- of subpoenaing folks from AIGFP that were in Connecticut to question them about their role in the subprime mortgage crisis and the credit default swaps and the other types of instruments that were, at the time, starting to take people from their homes and really create the first wave of housing crisis that would envelop the entire country. And you -- your role over at Goldman, it sounds like, from what I've read and what you have testified today, is that your role in a lot of that was kind of on the back end of that, not -- not in the beginning when some of the deals were made or some of the decisions were made. Does that seem accurate?

DAVID A. LEHMAN: Again, it's always -- it's always dangerous to generalize in these circumstances, so I
interacted -- you mentioned, [background coughing] AIG OR AIGFP before -- I did do transactions in business with AIG as early as 2004, I believe, but that was as it relates to commercial mortgage-backed securities not CDO securities. And then, what I was trying to explain to Representative -- not DiMassa --- D'Agostino before was, you know, the -- how my responsibilities changed at Goldman over time from '04 to 2008. The CDO, in particular the cash CDO business, I was not responsible for that until 2007, when the previous leader left.

SENATOR DUFF (25TH): Right, so it sounds like you didn't make those initial decisions, is what I'm asking.

DAVID A. LEHMAN: Many of them, yes, but certain transactions, like the commercial mortgage-backed security transactions, I was responsible for that as early as March of '04.

SENATOR DUFF (25TH): Do you think, if you had the opportunity to start that from day one, and you had guided that all the way through, that different decisions might have been made or you might've had a different message for Goldman at the time?

DAVID A. LEHMAN: It's a great question, Senator. With the full benefit of hindsight, I would have advised the firm as -- you know, I joined in '04, but if I was there in '02, I would've advised the firm to avoid many of the mortgage products that were around, high leverage loans, low down payment loans, subprime loans. A lot of those products, again with the benefit of hindsight, just they were not appropriate products.
SENATOR DUFF (25TH): Yeah, and as Senator Looney said, you know, the -- it affected us here in Connecticut quite a bit, and even so much so as an office building in the city of Norwalk that was going to be erected for one of the companies, that no longer was because that -- they ended up going bankrupt. And so, it caused a lot of chaos and turmoil throughout, and certainly there was a lot of fingers pointed at Wall Street and various firms.

The -- so, on that end -- and I think those questions about Goldman have been asked, you've certainly testified to the best of your ability on -- on that and while you were there. I don't know that it equates to your fingerprints on damaging information that would lead to unqualification of this position. I will say that, from a standpoint of just moving forward and looking ahead, and you may have already mentioned this and I apologize, but if you were to kind of look back on your -- the role that you had there and other places, kind of your experiences, and some of the work that we've done here in the past few years in the legislature working with the former Governor, what would be some of the -- some of the -- probably some of the low-hanging fruit of work that you could do and some of the more long range goals that you might have, where your experience at Goldman or other places could benefit us here in the state -- where we could say, hey look, this is the guy who understands this. This is the person, the commissioner, who really can put the pieces together to grow the economy, to grow the tax base, to bring businesses in, and to set that right -- set the ship right for long-term growth.
DAVID A. LEHMANN: So, I was asked the question earlier. I don't have admittedly the traditional or stereotypical entrepreneurship background. I have built businesses at Goldman, which is a very large organization, but I have built new businesses, new products in the U.S. as well as internationally. So, I have experience building recruiting teams, identifying business opportunities, and then executing on those business plans. So, in that sense, I have significant experience, and I have managed teams of, at its peak, I think it was roughly 160 people in aggregate at Goldman. And importantly, a lot of the comments and questions before about being siloed -- I come from a world where being siloed is not an option. You need to collaborate and coordinate; otherwise, you're not gonna succeed. So, I really plan on -- on bringing that philosophy and mindset here, where I know I'm -- I'm not gonna know everything, I'm not gonna know many things, but I feel like I have good experience and have the ability to get the right people to the table, get the right experts to the table, whether it's within the government or in the business community or just other stakeholders in the state. So, that is what I'd -- what I'd like to bring, and an energy, you know, to the DECD, where we wanna -- I think there really needs to be a lot of urgency around this given where the state is as well.

SENATOR DUFF (25TH): Right, thank you very much for that answer. I also would like to ask, you know, as the -- kind of the officer for economic growth of the state, it's important, in my opinion, to ensure that whatever goals that we have here in the legislature and the Governor's share for economic growth, that you work with other commissioners so that we're all on the same page and we are rowing in
the same direction. We have the benefit, this year, of having a new position in the Governor's office of Chief Operating Officer, and so that there is kind of that ability to manage commissioners and so that everybody is -- everybody knows what everybody is doing and can -- and somehow can work together so that one agency isn't going this way 'cause they feel that's what their mission is, and another agency is going this way, and it may be exact opposites of what the goals of the administration are. And I would hope that you would look at that as an opportunity to work with Mr. Mounds and others to fulfill those goals.

DAVID A. LEHMAN: Yeah, no I think that is the opportunity, and Governor Lamont's style of working collaboratively and working together, even if we have different perspectives, but to achieve his agenda or where we do agree, I firmly believe in that. So, I work -- I'll work well with Paul and all the other commissioners.

SENATOR DUFF (25TH): Great. Thank you, Mr. Chair.

REP. VARGAS (6TH): Thank you, Senator Duff. Well, I think the committee, almost every member of the committee has had an opportunity to speak. If there's no other comments or questions from committee members, I'd just like to share a few of my own comments.

The -- when I first was approached by this, the whole idea of someone from Goldman Sachs was kind of interesting to say the least. I've often wondered, you know, when I -- when I see so many people running our economic policy with ties to Goldman Sachs in the White House, I wonder, I said, what are
these people thinking. It's like the fox guarding the henhouse. I never thought we'd be facing a situation like this here in the state of Connecticut, but I think you've heard the concerns -- you know, our overreliance on the financial sector, which we could probably add on to the defense industry and it's those kinds of areas where we're too reliant. You know, I think you've been asked in several ways by committee members, especially the thoughts by Representative DiMassa, about reflection in terms of what happened with the 2008 meltdown of our economy. Senator Moore cast it as perhaps an attempt of atonement by doin' some public service. These are all thoughts that come to mind.

You've been asked several ways what lessons you've learned from the 2008 recession, how these mistakes can be avoided. I know there's no Snow White, as I told you when we met privately, there's no Snow White that walked away from that mess without some splatter -- without some mud being splattered -- because it just was so horrible that it was felt around the entire country. But, you know, there is feeling that maybe when we're dealing with barracudas and sharks out there, we better have somebody who's had some experience in that to protect the interests of the state of Connecticut. We know we can't really have any boy scout out there representing our financial interests. You've been through the worst. So, hopefully those lessons have been learned, and they'll be put to use for the benefit of the state of Connecticut. I have no vote on this issue because this is a Senate Resolution, so my colleagues in the Senate will have the final say, but whatever this committee recommends goes to the Senate floor.
And we're coming to the end of this, and there's a question I have to ask -- a final question I have to ask of all the nominees, and Representative D'Agostino gave you the -- the preview of that, which is, is there anything in your background that you prove would be embarrassing to this committee, to the Governor, or to the state of Connecticut?

DAVID A. LEHMAN: No, there is not.

REP. VARGAS (6TH): Well, thank you very much, and that concludes your portion of this public hearing. And, since there's no other nominee, it's customary for the committee now to hear from the public, and I understand that we do have someone who has signed up for public comment. And at this point, I would call -- call up Marc Moorash, who will be introduced by Representative David Michel of the 146th district.

Before you take a seat there, raise -- please raise your hand. Do you promise to tell us the truth, the whole truth, and nothing but the truth?

MARC MOORASH: I do.

REP. VARGAS (6TH): Please be seated ["Thank you" in background] and our colleague, Representative Michel, you wanted to say a few words before the witness spoke.

REP. MICHEL (146TH): Very briefly. Thank you, Chair Vargas and Senator Duff, Senator Looney, and esteemed members of the committee. I yield my time to Mr. Marc Moorash.
REP. VARGAS (6TH): Thank you very much, Representative Michel. Mr. Moorash, you have the floor.

MARC MOORASH: Thank you, Representative Michel. Thank you committee for giving me the opportunity to speak. Specific thanks to Senator Looney, Rep. D'Agostino for bringing up some of the very important questions. My name is Marc Moorash, kinda names with Lorax, who speaks for the trees, I'm here to speak for the people of Connecticut. I am not party-affiliated, and I believe that I speak for the citizenry, regardless of their party -- Republican, Democrat, unaffiliated, Democratic Socialist, Green, what have you -- that there is a lot of concern on the street about the nomination of David Lehman. And I use that word street because that is the question that came up before Congress several years ago. It is the same questions that were asked today and were not answered, yet again, by Mr. Lehman. We received no information. Did he know, did he not know -- we don't know. It's kinda like the seven dwarfs, the seven CEOs of big tobacco, who stood up there on the Capitol and said, "Oh, you smoke a cigarette, we don't know what happens afterwards," when documents later came out and told us that they were spiking the nicotine in the tar, making people get addicted.

I'm gonna take the character judgment, and I'm gonna push it aside because we have no idea. If on one hand, we sit here and say, you knew, and you were at the heart of the financial collapse. Well, if he didn't know, then on the other hand, he's a really, really poor financial advisor because his clients lost billions of dollars. That is not what the citizenry of this state needs right now. We don't
need somebody who didn't see the mortgages collapsing and huge investment firms going under. So, whichever direction we look at it, there's still an issue with qualification.

What has he learned? He's learned with hindsight. That word has come up -- hindsight. Hindsight is 20/20 as we move toward new elections. In all of that hindsight, in all of that learning, has he even once turned to the American people -- ten years later, there are people still without homes. There are still people sleeping on the streets because when they lost their homes, investment firms came in, bought houses on dimes for the dollar, raised the rent, and people cannot afford to live there. And it happens in this very state -- people sleeping in their cars.

I do not believe that David Lehman is the man to get us out of that crisis. My eight year old this morning -- our eight year old gave me this as my good luck charm to speak, and I promised him that I would put this up here. And that word promise is important. That word forgiveness is important. But not once, in all of the testimony in Congress, where not a single person went to jail for the housing crisis, not once did I ever hear anybody from Goldman Sachs, any firm, or David Lehman say I'm sorry to all of the people who lost everything, whether a large investor or a mom or pop. It doesn't matter to me whether it's billions of dollars or their savings to simply have the safety of a roof over their head.

After all of that, you probably think I'm just some hippy socialist dressed in black like Johnny Cash, and maybe at the end of the day I am, and so in that
regard I am going to leave you with the words of Lennon -- no, not that Lenin -- [singing follows] "There's room at the top. They're telling you still. But first you must learn how to smile when you kill. If you wanna be like the folks on the hill. A working class hero is something to be. A working class hero is something to be."

REP. VARGAS (6TH): Thank you, Mr. Moorash, and I believe that's the only witness we had in terms of making a presentation to the committee. We did have some written communication. One was from Mr. Moorash himself, and we also had -- and I'd like to enter these into the public record, we all have copies of them and they are also on the internet. One was from Mr. Alan Botens, 18 Scofield Place, Norwalk, Connecticut, who sent us a written communication strongly urging the committee not to approve this nomination. The other was from Leslie Aronson, also urging the committee not to approve this nomination. And now that we've entered both the spoken and written testimony into the record, I thank all committee members and the public for being so patient, and that concludes the public hearing portion of this meeting. We'll take a couple of minutes, and we'll be back for the business portion of the meeting. Thank you. [gavel]