

Business

Big US bank CEOs grilled on their swelling pay packages

Industry's biggest congressional once-over since financial crisis

WASHINGTON: CEOs of giant US banks were grilled Wednesday on their swelling pay packages, commitment to diversity and other hot-button issues in the industry's biggest congressional once-over since the financial crisis.

Representative Maxine Waters, a California Democrat and chairwoman of the House Financial Services Committee, set the tone, hitting out at the industry's "chronic lawbreaking," documented in the fines and settlements worth hundreds of billions of dollars, while also alluding to financial crisis bank bailouts.

But with the industry on firmer footing today, there was somewhat less focus on financial stability than on the industry's social footprint, with the hearing coming as leading Democratic presidential candidates jostle for attention with proposals on taxes, universal health care and regulation. Several Democrats ripped into the 2017 tax cut signed by President Donald Trump, portraying it as a boon to the rich that has done little to help families still struggling after the 2008 recession.

JPMorgan Chase Chief Executive Jamie Dimon defended the measure for boosting US banks, saying "a more competitive business will drive wages in time." Dimon and other CEOs emphasized the industry's work to support low-income communities and minority-led businesses, as well as to push for greater gender parity in the workforce.

But Dimon got an earful from Democratic California Representative Katie Porter, who asked the JPMorgan chief for "advice" for how a teller could live in California on \$35,700 a year.

After essential expenses such as gasoline, rent and child care,

she would be down \$567 a month, Porter calculated. "I don't know," Dimon said. "I'd have to think about it."

"Mr. Dimon, you make \$31 million a year and this is a budget problem you can't solve," Porter shot back.

'In a bubble'

In another probing exchange, Nydia Velazquez, a Democrat of New York, pressed Citigroup Chief Executive Michael Corbat to justify his 2018 pay of \$24.2 million, an estimated 486 times that of the average employee. Corbat said his pay was set by the board of directors and that, if he were an average employee who observed the yawning gap, "I would be hopeful that there's the opportunity to continue to advance."

That response did not sit well with Velazquez, who said "this is why people who live in a bubble and in an ivory tower cannot understand the anger out there, especially among millennials," she said. At another point, Representative Al Green, Democrat of Texas, asked the witnesses whether any anticipated that their successor would be a woman or a person of color. None of the witnesses—all white men—raised their hand.

"All white men and not one of you believe your successor will be a female or a person of color," Green said. "I want you to know that we believe you can do better."

'Are you a capitalist?'

Republicans on the panel were generally less confrontational. Patrick McHenry of North Carolina, the panel's ranking Repub-



WASHINGTON: Citigroup's Corbat (left), JP Morgan's Dimon (second left) and others are sworn in before the House Financial Services Committee in Capitol Hill.— AFP

lican, criticized the session as a "hearing in search of a headline" and used his time to quiz CEOs on the financial system's ability to withstand a no-deal Brexit.

Most of the executives said a "hard" Brexit would be a "challenge" but probably not a source of global systemic risk. Another Republican, Ralph Williams of Texas, asked the CEOs, "Are you a socialist or are you capitalist?"

All seven said they were capitalists.—AFP

Carlos Ghosn's wife questioned in Tokyo

TOKYO: Japanese authorities investigating alleged financial misconduct by former Nissan boss Carlos Ghosn questioned his wife Carole at a closed-door hearing yesterday, his lawyer said. Carole Ghosn has increasingly emerged as a key figure in the case surrounding her tycoon husband, who is in detention facing multiple allegations of financial malpractice. Ghosn's lead defence lawyer Junichiro Hironaka confirmed to reporters that Carole Ghosn had answered

authorities' questions but would not be drawn on the detail of the ongoing investigation.

"She responded in good faith as she had promised to," he said, but declined to offer specifics of what was discussed during the nearly three-hour session.

He said he believed there would be no further questions for Carole Ghosn but declined to speculate on whether she would remain in Japan. Carole Ghosn left Japan last week using an American passport after Japanese police confiscated her Lebanese passport.

She returned late Wednesday to Japan to meet authorities—"proof that she never intended to run away from anybody", according to the couple's lawyer Francois Zimeray.

Japanese authorities are investigating claims that Carlos Ghosn siphoned off around \$5 million of Nissan funds for his personal use. Prosecutors believe this money was taken from around \$15 million transferred from Nissan to a dealership in Oman between 2015 and 2018.

According to a source close to the matter, some of the \$5 million was funnelled to a British Virgin Islands-listed company—which has Carole Ghosn registered as president—to purchase a luxury yacht.

The boat, 37 meters (120 feet) long and weighing nearly 300 tons, is worth more than 12 million euros (\$13.5 million), according to this source, who asked to remain anonymous.

Carlos Ghosn denies all allegations made against him and slammed "backstabbing" Nissan executives in a video message aired Tuesday, during which he said he was a victim of a "plot" from those who feared he would tie Nissan closer to its French partner Renault.—AFP

Lebanon and Cyprus say hydrocarbon deal in the works

BEIRUT: The top envoys of Lebanon and neighboring island nation Cyprus said yesterday they were working together towards a deal over adjacent oil and gas exploration zones in the Mediterranean.

Both countries hope to exploit resources on either side of their shared maritime border, and Lebanon this month opened tenders for three of its four blocks along that frontier. Lebanese Foreign Minister Gebran Bassil said "an oil and gas deal" was in the works. "We agreed to... set a first date on May 7 to compare points of agreement and any points of contention," he said at a press conference in Beirut with his visiting Cypriot counterpart.

"The second stage will be in June with a summit for a finer evaluation," Bassil added.

"We will try in September to have finished a sharing agreement over the issue of oil so that it can be the start of talks for a deal between both governments," he said. That deal would be "on borders... and all installations that can be shared to transport and export all that is related to oil and gas," he said.

An exploratory well is expected to start work on the Cypriot side of the border next year, making the bilateral deal pressing, he said. Cyprus Foreign Minister Nikos Christodoulides said the deal would reassure companies wishing to invest in the region.

"We agreed to initiate discussions on a bilateral framework agreement concerning the development (of) hydrocarbons resources which cross the median line between our exclusive economic zones," said the minister of Greek Cyprus.

Such an agreement would provide "the much-needed legal certainty for international companies wishing to invest in the region's huge hydrocarbons potential," he said.

Cyprus has discovered two natural gas reserves in its waters, and hopes to begin exporting gas — and maybe oil — by 2022. Turkey, which backs a breakaway proto-state in the northern third of the island, has claimed it also has rights to energy exploration off the coast of the divided island. Last year, Lebanon signed its first contract to drill for oil and gas off its coast. A consortium comprising energy giants Total, ENI and Novatek took the first two of its ten blocks, including one disputed by neighboring Israel, with which Lebanon has fought several wars.

On April 5, Lebanon invited international consortia of at least three companies to bid for five more blocks by the end of January 2020. Two more of the blocks now up for tender are also adjacent to Israel's waters. — AFP



TOKYO: This picture shows former Nissan Chairman Carlos Ghosn (second left) and his wife Carole (right) leave the office of his lawyer Junichiro Hironaka in Tokyo. — AFP