

# Accountable America to Senate: Don't Be Manipulated by Steve Eisman

## Wall Street Hedge Funds and Short Sellers Aren't Good Witnesses

WASHINGTON, June 24 /PRNewswire/ -- *Statement by Accountable America Chairman Tom Matzzie, regarding the appearance of hedge fund manager Steve Eisman, portfolio manager at FrontPoint Financial Services Fund, a Morgan Stanley subsidiary, at the Senate Committee on Health, Education, Labor and Pensions hearing, Emerging Risk? An Overview of the Federal Investment in For-Profit Education.*

"In their hearing today, the Senate HELP Committee is ostensibly looking at higher education but the appearance by Steven Eisman makes the whole event look like a scam by Wall Street hedge funds and stock short sellers who place financial gain above all things including higher education.

"Inviting Eisman to a HELP Committee hearing on a sector he is short-selling is like asking an arsonist whether a building will burn down. He'll say, 'Yes' but that is because he plans to burn it down.

"Unless the Committee plans to grill Eisman on his stock shorting against higher education stocks, the invitation of this hedge fund manager is inappropriate because the hearing will influence the stock prices of companies that he is currently short-selling.

"Eisman is known from his role in author Michael Lewis' book *The Big Short: Inside the Doomsday Machine* for short-selling practices that helped crash the mortgage securities market. Bets against subprime mortgages helped FrontPoint double its hedge fund to \$1.5 billion by the end of 2007. Eisman made his billions off of the crashed dreams of millions of homeowners.

"Now, Eisman has trained his stock-speculating guns on the higher education sector; and he is using today's Senate hearing to do one thing: win regulations against companies in order to decrease their stock value. Could the committee possibly expect unbiased testimony? No. Eisman has staked a fortune on government action against higher education companies. Eisman wants the hearings to hurt those companies so he can make more money.

"This isn't just speculation about Eisman. He has said it himself. During a May 26, 2010 speech at a hedge fund conference in Manhattan, Eisman promoted increased federal regulation of higher education as a means to assure that stock prices of for-profit higher education would fall by as much as 60 percent. And now this hedge fund manager is leveraging a Congressional hearing to take more short-selling profits.

"To assure the fairness and objectivity of these hearings, Congress should ask Eisman, on the record and under oath, to disclose any short sell bets that FrontPoint Partners or any funds connected to FrontPoint or Eisman has made regarding higher education companies.

"Congress should not be manipulated by Wall Street hedge fund speculators and stock short sellers.

They've caused enough damage to our economy already."

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