

Did they or didn't they? From [Jake Tapper](#), ABC's Senior White House Correspondent:

White House Denies Charge By Attorney that Administration Threatened to Destroy Investment Firm's Reputation

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A leading bankruptcy attorney representing hedge funds and money managers told ABC News Saturday that Steve Rattner, the leader of the Obama administration's Auto Industry Task Force, threatened one of the firms, an investment bank, that if it continued to oppose the administration's Chrysler bankruptcy plan, the White House would use the White House press corps to destroy its reputation.

The White House and a spokesperson for the investment bank in question challenged the accuracy of the story.

"The charge is completely untrue," said White House deputy press secretary Bill Burton, "and there's obviously no evidence to suggest that this happened in any way."

[Thomas Lauria](#), Global Practice Head of the Financial Restructuring and Insolvency Group at White & Case, told ABC News that Rattner suggested to an official of the boutique investment bank Perella Weinberg Partners that officials of the Obama White House would embarrass the firm for opposing the Obama administration plan, which President Obama announced Thursday, and which requires creditors to accept roughly 29 cents on the dollar for an estimated \$6.8 billion owed by Chrysler.

Lauria first told the story, without naming Rattner, to [Frank Beckmann on Detroit's WJR-AM radio](#).

Perella Weinberg Partners, Lauria said, "was directly threatened by the White House and in essence compelled to withdraw its opposition to the deal under the threat that the full force of the White House press corps would destroy its reputation if it continued to fight. That's how hard it is to stand on this side of the fence."

A Perella Weinberg Partners spokesperson told ABC News on Sunday that the firm denies Mr. Lauria's account of events. The spokesperson would not elaborate.

Perella Weinberg Partners, which owned Chrysler debt through its Xerion Fund, was one of Lauria's clients in this bankruptcy, but no longer is. The firm is led by Joseph Perella. On Thursday afternoon -- after the Wednesday deadline -- the portfolio manager for the Xerion fund decided to join the larger four creditors who are owed roughly 70% of Chrysler's debt and had already agreed to participate with the administration's plan.

Those four financial institutions - JP Morgan Chase, Citigroup, Morgan Stanley, and Goldman Sachs -- are recipients of up to \$100 billion in federal government bailout funds, though the Obama administration insists the matters were kept completely separate.

Someone familiar with the Perella Weinberg Partners' portfolio manager's thinking told ABC News that the decision to go along with the government plan "was based on an assessment of investment risk and reward and nothing else."

Lauria said his clients "are mainly fiduciaries for pension plans, college endowments, retirement plans and credit unions who invested in low yield supposedly very secure first lien debt" with Chrysler.

President Obama singled out Lauria's clients for criticism [when he announced the Chrysler plan on Thursday](#).

"While many stakeholders made sacrifices and worked constructively, I have to tell you some did not," the president said. "In particular, a group of investment firms and hedge funds decided to hold out for the prospect of an unjustified taxpayer-funded bailout. They were hoping that everybody else would make sacrifices, and they would have to make none."

Lauria said the president's assertion that his clients weren't willing to make any sacrifice is false. The clients were willing to take 50 cents on the dollar from Chrysler for their debt, he said.

President Obama also said of Lauria's clients, "I don't stand with them. I stand with Chrysler's employees and their families and communities. I stand with Chrysler's management, its dealers, and its suppliers. I stand with the millions of Americans who own and want to buy Chrysler cars. I don't stand with those who held out when everybody else is making sacrifices."

"He stands my clients up as basically the reason Chrysler is going into bankruptcy," Lauria said. "He wrongly says they're not willing to make any sacrifice. And then he says he does not stand with us."

Lauria said the president saying he doesn't stand with his clients "kind of sounds like 'You're fair game.' In whatever sense. People are scared. They have gotten death treats. Some have been told people are going to come to their houses. God forbid if some nut did something, I'm just wondering how the president would feel."

The Miami area-based attorney describes himself as an independent, and says after waiting in line for six hours last November he ended up not voting in the presidential election. He donated \$10,000 to the Democratic Senatorial Campaign Committee in 2008 and \$1,000 to then-Sen. Hillary Clinton, D-NY, in 2006.