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The \$700 billion man

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By Laura Blumenfeld
Washington Post Staff Writer
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NEVADA COUNTY, CALIF. -- He wears no coat though it's freezing, shines no light though it's near midnight, carries no shotgun though he's tramping on the pine-needed tracks of black bears.

He wants to be lost in these woods.

"Come on, you bums," Neel Kashkari calls to his dogs, two giant Newfoundlands. "Boys, let's go."

He is walking through the smoke of a controlled burn in the Sierra Nevadas. He is talking about the people and the life he left behind in Washington.

". . . and it wasn't about politics, they were non-political. These people were killing themselves -- in Don's case, literally."

The moon hits his stubble, which is six days old. And the sweater he hasn't changed in three or four days. His BlackBerry -- he can't kick it -- rang once today. A year ago in D.C., it buzzed every few seconds. All night, he'd roll over to its bluish glow. His Treasury Department assistant slept with hers, powered up, on her pillow.

"It's like a dream," Kashkari says, his work boots crunching pine cones. "Sometimes I think: Was it real?"

It all began as it ended, abruptly. Kashkari was a 35-year-old business school graduate from a suburb of Akron, Ohio, who had gone to Washington in 2006 to learn how government worked. Then came the recession, and through a freakish set of circumstances, mixing pluck, cataclysm and luck, he was appointed by Treasury Secretary Hank Paulson as the federal bailout chief.

Suddenly, he was in charge of \$700 billion.

Congress savaged him. Wall Street Journal editorials doubted him. His home-town buddies urged him to use the money to buy the Cleveland Browns and fire the coaches. His wife spoke to him so rarely, she described them as "dead to each other." He lost sleep, gained weight and saw a close adviser, Don Hammond, suffer a heart attack at his Treasury desk. On May 1, after serving seven months under Presidents Bush and Obama, he resigned.

Within a week, Kashkari and his wife put their belongings into "indefinite storage." They moved to a cabin near the Truckee River in Northern California. "Off the map," he told his friends. He threw

away his business cards, and made a list of the things he wanted to do:

- 1. build shed*
- 2. chop wood*
- 3. lose 20 pounds*
- 4. help with Hank's book*

He called his four-step program "Washington detox."

Now, six months later, he is almost done. He is nearly better, nearly free of Washington, D.C. Tonight, Kashkari is out walking his dogs on a mountain, listening for the coyotes that sometimes shadow him. The wind washes through the treetops. It sounds like rushing water. Kashkari pivots between two thick, rough trunks. His shaved head, his broad-brush eyebrows, his blackest-brown eyes -- all turn sharply.

He opens his hands into the darkness:

"This makes \$700 billion seem small."

Step one: Build shed

It was October 2008 when Hank Paulson announced that the government rescue operation, the Troubled Asset Relief Program (TARP), would be run by his aide, Neel Kashkari. The choice was met with considerable surprise. Who was Neel Kashkari? He was too young, too inexperienced and had ties to Wall Street, detractors said. To some, the appointment seemed all wrong. Critics described Paulson as a "Dr. Evil" figure who brainwashed Congress into giving him unprecedented financial authority so that Kashkari, his "Mini-Me," could distribute it to Wall Street friends.

Overnight, Kashkari became the face of the biggest, and one of the most controversial, market interventions in American history. Even he questioned their chances of success.

The Friday evening he was named, he slumped over a bowl of chips in Bethesda with a childhood friend. He held his head in hands and said: "Dude, tell me something funny."

"Man, what's going on, Neel?"

"I've been tapped to put TARP together. I gotta set up these seven teams and build this thing from scratch -- by Monday morning."

One year later, Kashkari is dressed in sap-stained jeans and a Cleveland Browns T-shirt, whistling in the lumber aisle at a Home Depot in Reno, Nev.

He is shopping for the boards to finish his shed. He stops at the pressure-treated two-by-sixes. "How many horizontal pieces do I need if the ramp is 96 inches long?"

He rubs the scruff on his chin, and takes out his BlackBerry.

In Washington, he used his BlackBerry to determine the bailout sum presented to Congress. His arithmetic: "We have \$11 trillion residential mortgages, \$3 trillion commercial mortgages. Total \$14 trillion. Five percent of that is \$700 billion. A nice round number."

Looking back, he says, he is more confident about the two-by-sixes.

"Seven hundred billion was a number out of the air," Kashkari recalls, wheeling toward the hex nuts and the bolts. "It was a political calculus. I said, 'We don't know how much is enough. We need as much as we can get [from Congress]. What about a trillion?' 'No way,' Hank shook his head. I said, 'Okay, what about 700 billion?' We didn't know if it would work. We had to project confidence, hold up the world. We couldn't admit how scared we were, or how uncertain."

At the Home Depot checkout counter, Kashkari pays \$157 for his lumber. He loads it onto his truck and drives into the Tahoe National Forest, climbing to 6,500 feet. The paved road turns to dirt at his cabin.

He rounds a corner and there stands the shed, in an old horse corral. He began designing it in his mind on Christmas Eve when incoming Treasury secretary Tim Geithner asked him to stay for the new administration. Kashkari didn't have anything to store in a shed but he knew, right then, that he needed to build it:

"I had to do something with my hands. It's a big amorphous unknown -- what's going to happen to our economy. And the shed is solid, measurable. I can see it, I can touch it. It's going to be around for the next 30 years. It's the opposite of amorphous."

Now his wife, Minal, is staggering down a slope pocked with snake holes, carrying 11-foot pieces of cedar trim. Kashkari grabs the nail gun.

"Hank was like: What is this thing you're building -- an outhouse, a deck?" Kashkari says, laughing.

"He probably thinks you're crazy," Minal says. "We're going on six months now. People are like: What are you doing?"

Kashkari climbs the ladder, 10 rungs up. He shoots a volley of nails, attaching the trim.

"Sweetie, get down, only one leg is hooked on the ladder."

"It's okay," Kashkari says, his voice steady, the ladder shaky.

The panting dogs, Winslow and Newsome, named for Cleveland Browns tight-ends, make the only sound.

"Oh [expletive]," he says. A large gap opens where he nails the trim to the wall. "[Expletive] it. We're going have to scrap this piece."

"Ugh, we don't have any more wood," Minal says.

Kashkari stares at the gap -- Minal calls it "the death stare." His cinder eyes can singe, and at Treasury meetings he was careful not to shoot disapproving looks. In Washington, colleagues described him as "unflappable." But now that there were no global monetary consequences to losing control, Kashkari smolders.

"Hold on," he snaps. He leans against the trim and rips off the gaping lumber, which somehow doesn't break.

"Woo-hoo!" Minal claps. "All right, let's get this last damn piece."

Twenty minutes later, in the fading light, they hug. "I didn't think we'd ever finish," Minal says.

Kashkari checks his BlackBerry, a Bloomberg alert: "U.S. says G20 Shouldn't Remove Stimulus Too Soon." Then he steps back, and considers the shed.

It looks like a small, country church. "The Anti-D.C. Sanctuary," he calls it.

Step two: Chop wood

Kashkari raises his ax.

"It felt like I got jumped."

Whack.

"Like three guys beat the crap out of me."

Whack, whack.

The massive block of sugar pine breaks, the *crack* bouncing off the mountain.

Kashkari is recalling his testimony before Congress, while splitting logs to feed the stove for the winter. He is down to his last two chain-sawed trees.

"Members of Congress will tell you they agree with you, and then in public they blast you. I understand their anger, but the playing at politics when so much was at stake -- "

Whack. The ax blade flies off its wooden handle.

As interim assistant secretary for financial stability, Kashkari had to defend multibillion-dollar cash injections in hearings on Capitol Hill. Constituents were losing their jobs and homes; Kashkari became the object of free-floating recession rage. He sat for five oversight hearings, whose headlines ran from "Lawmakers Slam Kashkari!" to "Congressman Calls Kashkari 'A Chump.'" In one House session, [Rep. Gregory Meeks](#) (D-N.Y.) opened with a round of criticism, and then a Republican finished him off, suggesting that Kashkari resign.

"I wasn't prepared for their hostility."

As a boy, Kashkari fell in love with Washington, watching the Iran-contra hearings.

"I was appalled when I found out," Minal teases, driving with him to buy a new ax. "You were 12 years old, what's wrong with you?"

"As a kid I thought: How glamorous," Kashkari says. "Well, it wasn't very glamorous when I was sitting there."

His flukish route from his parents' TV room to a Hill hearing room tracks back to June 2006. He was a tech banker at Goldman Sachs in San Francisco. Hank Paulson, the chief executive, was named Treasury secretary. Kashkari called Paulson, who didn't know the low-level employee, and asked -- his heart pounding -- to go along.

Five rush-altered Macy's suits, an 80 percent pay cut and 10 days later, Kashkari was sworn in as Paulson's aide. He was so nervous and so eager to prove himself that some nights he had to take a sleeping pill. He was an engineering nerd, suddenly working for a man who'd been a star offensive lineman at Dartmouth, whom he considered "the Joe Montana" of the business world. As Kashkari drove to Treasury, he coached himself, "Don't try to score a touchdown. Just -- if Paulson throws the ball, catch it."

In February 2008, that meant drafting an emergency plan in the unlikely event of an economic meltdown. Kashkari and a colleague wrote, "Break the Glass: Bank Recapitalization Plan." When the banks actually tanked later that year, the 10-page plan laid the basis for TARP. Amid the chaos, Kashkari was appointed czar.

Soon he was marking hearing dates on his calendar: "*BEATING ON THE HILL*."

"When I first got to Washington, I tried teamwork, consensus-building," he says. "But even before the crisis, I realized it doesn't work like that in D.C. "

At Truckee Mountain Hardware, Kashkari picks out a new ax, a heavier one with a fiberglass handle. "Pure therapy," he says, hoisting it. At this altitude, pressure builds to bursting. Minal's hand lotion oozes in her purse, the pretzel bags swell, and when Kashkari hacks a log, it explodes with pine-scented powder. The smell, he says, is "purifying."

They drive back to the cabin, where Minal reads out loud a November 2008 Gawker column about her husband:

"Financial Crisis Taking a Toll on Our Favorite [expletive] Banker: He came in looking peppy enough to bore holes in a taxpayer's forehead . . . now his eyes are dazed, plaintive even, and he's putting on classic stress-related weight under his chin. Congressmen yell at him --

"All right," Kashkari interrupts. He slips out the door. "I'm going to chop wood."

Step three: Lose 20 pounds

At the Truckee gym on Donner Pass Road, Kashkari steps onto a digital scale.

"Let's see," he says, as the black numbers pulse.

In Washington, Kashkari, about 5-foot-10, had ballooned -- "I'm a stress eater" -- to 203 pounds. His waistband cut into the folds of his stomach. His biceps felt like "bags of Jell-O."

Washingtonian magazine voted the "bailout czar . . . a person we'd most like to have over for drinks, good food and conversation." His actual lifestyle: dining at his Treasury desk on family-size Cool Ranch Doritos. Crashing at 2 a.m. on his lumpy office couch, his only companions the counter-snipers outside his window, on the White House roof. Showering in the Treasury locker room at 6 a.m., drenched in the smell of other men's sweat and toilet cleaner.

Now, after six months of dieting and 45-mile alpine bike rides, the gym scale under Kashkari's sneakers reads: 181.2.

"No dinner tonight," he grumbles.

"Are you detox'd yet?" A friend had messaged.

Not until he weighs 180.

Tonight, Kashkari is lifting weights. He starts with upper-back exercises and tells the story of Don Hammond. Overnight, Kashkari had to create 135 TARP positions. Hammond was on the 12th hole of the golf course when Kashkari called to recruit him as chief compliance officer: "Can you be here in an hour?"

Kashkari was managing a team of mostly older career bureaucrats. Hammond, 55, a jovial man with 23 years' experience at Treasury, was Kashkari's "confidence builder": "In meetings, I'd look over at his face for signs of concern. If his eyes crinkled, I'd say wait, Don -- what are you thinking?"

Thoughts tended toward the apocalyptic. During midnight negotiations with congressional leaders, Paulson doubled over with dry heaves. A government economist broke into Kashkari's office sobbing, "Oh my God! The system's collapsing!" Kashkari counseled her to focus on things they could control. (Minal: "So you offered her a bag of Doritos.")

"We were terrified the banking system would fail, but the thing that scared us even more was, what would we do the day after? How would we take over 8,000 banks?"

Kashkari suffered from an "enduring headache at the center of my brain." At night, he thrashed around -- no sleeping pill -- because he couldn't spare six hours. Minal's co-workers assumed she'd quit her engineering job because her husband had "somehow got a cut" of the \$700 billion. She told them, "Hey, my husband took *a pay cut* for this job. I gotta keep working."

Hammond worked beside Kashkari, 18 hours a day, for 40 straight days. Then, after submitting a TARP report, he admitted to himself what he'd been denying: burning pressure in his chest.

"He was pale in the ICU. All these tubes in his nose and his arms," Kashkari says, recalling his hospital visit after Hammond's heart attack. As he speaks, Kashkari is gasping, doing lat pull-downs at the gym. "He was tilted up in bed. He asked about my upcoming House testimony. He said, 'I'll be

checking my BlackBerry, if you need anything.' "

That evening, a Sunday, Kashkari convened his chiefs: "We need to divide Don's work, and keep going." The civil servants, working on stackable chairs in Treasury's basement, worked all night, he recalls: "I saw a 60-year-old man pull an all-nighter. In one of the worst times in American history, I saw the best in people coming together to put out the fire."

Later that week, when Kashkari testified before the Financial Services Committee, Hammond and his wife watched from the hospital bed. Rep. Meeks demanded to know why the secretary "has not moved to do anything" to prevent foreclosures. Other lawmakers grilled him for nearly six hours. "You can't ask him that question!" Hammond shouted at the little men on the screen. "You have to calm down," his wife said, glimpsing the heart monitor, "or we're turning off the TV."

"We were counting on each other," Kashkari recalls now at the Truckee gym. "The camaraderie." Veins knot at his temples. Sweat dots the skin between the hairs on his forearms. He does 20 reps of lower-back extensions.

"My friend almost died." Kashkari's face contorts, fighting against the weight of the machine. "But he survived, and he's okay. And I'm making sure I'm as strong or stronger, as a way of saying Washington tried to break us, but it didn't."

It's personal, this -- him vs. Washington. "It's detox of a tough period," he says later, wiping his forehead. "Through exercise like running, but exorcize is relevant, too."

The affliction, or D.C. addiction, doesn't corrode livers or taint blood. Its "toxins" lodge elsewhere, Kashkari says.

Where?

He raises an index finger and taps his skull.

Step four: Help with Hank's book

Kashkari steps off the plane at Reagan National Airport.

His bag bulges with manuscript pages from "On the Brink." It was Paulson who first brought Kashkari to D.C. in 2006, and it is Paulson who brings him back now for his first visit since he quit in May. Kashkari is helping with the final read-through of Paulson's book.

Near the taxis, Kashkari runs into Rep. Meeks of the Financial Services Committee. Last time they met, at a hearing, Meeks was the one asking questions.

"How are things going in Washington?" Kashkari now says politely. On the plane, Kashkari had sat in 12A behind Meeks's 11A, but he hunched down, unseen. Kashkari was annotating Paulson's chapter criticizing Congress.

"[Barney Frank](#) is drafting new regs for the financial system," Meeks says. "We gotta make sure this doesn't happen again."

The congressman edges away awkwardly: "Thank you for what you've done."

In the taxi, Kashkari rides past the Washington Monument and the White House. "I'm so happy not to live here," he says. "Zero longing." He doesn't see anything out the window that he misses, except maybe Chipotle.

He had disbursed more than \$400 billion, invested in 540 banks, implemented a \$50 billion foreclosure prevention plan. He made People magazine's "Sexiest Men Alive" issue. And he also made mistakes -- a punitive interest rate on the American International Group intervention, he says, and a clause allowing unilateral changes to the Capital Purchase Program contracts -- decisions executed quickly in the crisis and recognized belatedly by him on the road to Lake Tahoe, while biking up a 9 percent grade, his thoughts grinding round.

The next morning of his D.C. visit, he knocks on Paulson's front door.

"Neel," Paulson says warmly. "You're a different man."

"I lost 18 of the 20 pounds."

"Almost there," Paulson smiles. "I remember when you were here in April, and you were fat."

"And unhappy."

For the next five hours they edit "On the Brink." In the book, Paulson describes Kashkari as "talented and self-confident." Through Paulson's narrative, Kashkari, too, hopes to reclaim his story, to rebut the Facebook page titled "Neel Kashkari Is a Traitor" and the bloggers who called him "Cash-n-Carry." He tells Paulson about a job offer he's gotten in financial services and that he feels ready to start work before the end of the year. They reminisce about late nights together -- two dogged, bald, former Goldman bankers -- the older college football hero offering the younger fan a long-sought nod.

Later, he meets a friend from the Federal Reserve for lunch. He'd spent every weekend working with him when the economy was in free fall.

"That's the thing," Kashkari blurts across the table. "I started praying when I came to Treasury. At Goldman, I didn't pray. Not once. 'Cause I just didn't care. At Treasury, there were so many times."

His friend is silent.

"That's really personal," Kashkari says about his Treasury prayers, his eyes stinging from embarrassment. He says he'd like to take it back.

There rests the center of Kashkari's tension. He loathes this city. Yet his work was meaningful. It penetrated him so deeply that he learned to pray: "God, we need you." "Help Don make it through." "God, help me do my best, so I can catch the ball."

In Washington, it mattered -- and that, perhaps, is all that matters.

Two weeks later, Kashkari is back in the Tahoe forest with Minal. They are talking about the

chipmunks nesting in their dryer vent, and the two-mile drive to their garbage cans. They can see shooting stars every night, but they can't get the Wall Street Journal home delivery.

Kashkari wonders out loud if they might move back to D.C., someday.

"You're crazy," Minal says.

"In a long time, in 10 years. Or 20." He looks at his wife sideways. "Because there's nowhere else you can have such a large impact -- for better and for worse."

Minal takes a deep breath. An addict, she understands, is never cured, but always recovering. "Not before 10 years." She waves a finger at him. "No renegeing!"

That night, Kashkari sleeps for 9 1/2 hours. He dreams he's back at Treasury. The Federal Reserve chairman has come to hear Kashkari's important report. A meeting has been called, and everyone's waiting. But Kashkari can't find his report. He tears up his desk.

In the morning, Kashkari's sheets lie jumbled. He sits up, in his Cleveland Browns T-shirt, a TARP headache crawling across his brain. He thinks, "Rid the toxin." He makes a list: Go to gym twice today. Attach handles to doors of the shed.

The shed!

Kashkari pads over to the cabin window and looks down at the old horse corral. In the pine-filtered light, his anxiety dream dissipates. He checks, and his shed is still there.

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