The following is an abridged version of an article that appears in the July 12, 2010 print and iPad editions of TIME.

Two weeks ago, along a marble corridor in the Rayburn House Office Building in Washington, I watched about 40 well-dressed men (and two women) delivering huge value for their employers. Except that we, the taxpayers, weren't employing them. The nation's banks, mortgage lenders, stockbrokers, private-equity funds and derivatives traders were.

They were lobbyists — the best bargain in Washington. Capitol Tax Partners, for example, is one of 1,900 firms that house more than 11,000 lobbyists registered to operate in Washington. Last year, according to the Center for Responsive Politics (CRP), firms like Capitol Tax were paid a total of $3.49 billion for unraveling the mysteries of the tax code for a variety of businesses. According to Capitol Tax co-founder Lindsay Hooper his firm provided "input and technical advice on various tax matters" to such clients as Morgan Stanley, 3M, Goldman Sachs, Chanel, Ford and the Private Equity Council, which is a trade group trying to head off a plan to increase taxes on what's called carried interest, a form of income enjoyed by the heavy hitters who run venture-capital and other types of private-equity funds. (Time Warner, the parent company of Time magazine, is also a client of Capitol Tax Partners.)

Since 2009, the Private Equity Council has paid Capitol Tax, which has eight partners, a $30,000-a-month retainer to keep its members' taxes low. Counting fees paid to four other firms and the cost of its in-house lobbying staff, the council reported spending $4.2 million on lobbying from the beginning of 2009 through March of this year. Now let's assume it spent an additional $600,000 since the beginning of April, for a total of $4.8 million. With other groups lobbying on the same issue, the overall spending to protect the favorable carried-interest tax treatment was maybe $15 million. Which seems like a lot — except that this is a debate over how some $100 billion will be taxed, or not, over the next 10 years. (Read about lobbyists and health care.)
And what did the money managers get for their $15 million investment? While lawmakers did manage to boost the taxes of hedge-fund managers and other folks who collect carried interest as part of their work, they agreed to a compromise (tucked into a pending tax bill) that will tax part of those earnings at the regular rate and another part at a lower capital-gains rate. The result? A tax bite about $10 billion smaller than what the reformers wanted.

The battle over that carried-interest provision was dwarfed by the real action this year — the massive financial-regulatory-reform bill hammered out by a House-Senate conference committee and targeting what the White House says were the causes of the economy's near meltdown in 2008. The legislation, which would bring more change to Wall Street than anything else enacted since the New Deal, was a Super Bowl for lobbyists. ([Read more about the financial reform bill.](http://www.time.com/time/printout/0,8816,2000880,00.html))

The 40 people I saw in that Capitol Hill corridor in mid-June were part of an army of approximately 2,000 monitoring the two-week-long conference committee between Senators and Representatives trying to reconcile their different versions of the bill. Just outside the House Financial Services hearing room, two dark-suited, slightly graying men madly BlackBerrying looked up and blanched at my press credentials. After being promised anonymity, they explained that they'd been dispatched by their boss, as one put it, "to grab one of the senior staff on the Republican side and give him an idea about how to reword something in the Volcker rule."

The Volcker rule, named for former Reserve chairman Paul Volcker, who was one of first to suggest it, would prohibit banks from putting their own money into risky ventures such as private-equity or real estate deals. It’s a restriction that its advocates believe could prevent the next financial implosion. Bankers hate it, but their lobbyists have been unable to fight it off. Instead, they have been chipping away at it, suggesting provisions that would allow some percentage of those funds to go into high-risk deals, delay the rule's implementation or exempt some big players

The two lobbyists I encounter in the hall are working on a narrower Volcker-rule carve-out. They're representing "some green-energy interests," one said. What’s that got to do with the Volcker rule? He explained that Washington is encouraging green-energy investments by granting tax credits, but only investment entities like banks that make consistent profits have predictable tax liabilities and therefore can make use of such tax credits.

By the time the bill was finished, lobbyists seeking Volcker-rule carve-outs had won complete exemptions for most mutual-fund companies and a provision allowing banks to manage funds and still make investments of up to 3% of their capital and to take up to seven years to sell off the investments they already had. Another highly technical tweak allowed banks to define their capital differently from what was originally proposed, meaning that 3% limit on how much they could invest suddenly got lots higher. And the clean-energy troops won a provision that, depending on how the implementation rules get written, might allow exceptions for investments in small or start-up businesses that "promote the
public welfare."

Complexity is the modern lobbyist’s greatest ally. Three lobbyists showed me three different proposals for rewording what may be the bill's biggest-money section: a provision in the Senate version that would force the five major banks that do most of the country's trillions of dollars of trading in derivatives — and make nearly $23 billion a year doing so—to spin off those operations. Even holding the dueling paragraphs side by side by side, I found it difficult on first read to appreciate the differences. But with some pointers from the lobbyists, it was clear that billions in profits depended on the variations in this nearly impenetrable language.

Complexity is our enemy," says Elizabeth Warren, chair of the congressional panel overseeing the Troubled Asset Relief Program, who conceived one of the legislation's marquee provisions — a consumer-protection agency to regulate mortgages, credit cards and other financial products. "The more complex these bills are," she complains, "the more they can outgun us.

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