

EDOLPHUS TOWNS, NEW YORK,
CHAIRMAN

PAUL E. KANJORSKI, PENNSYLVANIA
CAROLYN B. MALONEY, NEW YORK
ELIJAH E. CUMMINGS, MARYLAND
DENNIS J. KUCINICH, OHIO
JOHN F. TIERNEY, MASSACHUSETTS
WM. LACY CLAY, MISSOURI
DIANE E. WATSON, CALIFORNIA
STEPHEN F. LYNCH, MASSACHUSETTS
JIM COOPER, TENNESSEE
GERALD E. CONNOLLY, VIRGINIA
MIKE QUIGLEY, ILLINOIS
MARCY KAPTUR, OHIO
ELEANOR HOLMES NORTON,
DISTRICT OF COLUMBIA
PATRICK J. KENNEDY, RHODE ISLAND
DANNY K. DAVIS, ILLINOIS
CHRIS VAN HOLLEN, MARYLAND
HENRY CUELLAR, TEXAS
PAUL W. HODES, NEW HAMPSHIRE
CHRISTOPHER S. MURPHY, CONNECTICUT
PETER WELCH, VERMONT
BILL FOSTER, ILLINOIS
JACKIE SPEIER, CALIFORNIA
STEVE DRIEHAUS, OHIO
JUDY CHU, CALIFORNIA

ONE HUNDRED ELEVENTH CONGRESS

Congress of the United States

House of Representatives

COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM

2157 RAYBURN HOUSE OFFICE BUILDING

WASHINGTON, DC 20515-6143

MAJORITY (202) 225-5051
FACSIMILE (202) 225-4784
MINORITY (202) 225-5074

www.oversight.house.gov

DARRELL E. ISSA, CALIFORNIA,
RANKING MINORITY MEMBER

DAN BURTON, INDIANA
JOHN L. MICA, FLORIDA
MARK E. SOUDER, INDIANA
JOHN J. DUNCAN, JR., TENNESSEE
MICHAEL R. TURNER, OHIO
LYNN A. WESTMORELAND, GEORGIA
PATRICK T. MCHENRY, NORTH CAROLINA
BRIAN P. BILBRAY, CALIFORNIA
JIM JORDAN, OHIO
JEFF FLAKE, ARIZONA
JEFF FORTENBERRY, NEBRASKA
JASON CHAFFETZ, UTAH
AARON SCHOCK, ILLINOIS
BLAINE LUETKEMEYER, MISSOURI
ANH "JOSEPH" CAO, LOUISIANA

January 12, 2010

The Honorable Edolphus Towns
Chairman
Committee on Oversight and Government Reform
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairman Towns:

I welcome your decision to call a hearing of the Committee to explore the decision of the Federal Reserve Bank of New York ("FRBNY"), while under the leadership of Treasury Secretary Timothy Geithner, to pressure American International Group ("AIG") not to disclose to the Securities and Exchange Commission ("SEC") critical information about the FRBNY's decision to pay billions of dollars to AIG's counterparties.¹ I also welcome your decision to bring Secretary Geithner before the Committee.² As I wrote to you on January 8, 2010, Secretary Geithner's appearance before this Committee is long overdue.³ In preparation for the hearing, I am writing to request that you issue a subpoena for all documents and communications from the FRBNY referring or relating to the decision to pay AIG's counterparties at par and the public disclosure of the counterparty payments.

This investigation began when I requested records and communications from the FRBNY and from AIG on October 30, 2009.⁴ I specifically sought your involvement to make this a bipartisan endeavor but your staff declined on your behalf.

¹ See "Chairman Towns Announces Hearing to Examine Disclosure of A.I.G. Counterparty Payments," January 9, 2010. Available at http://oversight.house.gov/index.php?option=com_content&view=article&id=4731:chairman-towns-announces-hearing-to-examine-new-york-feds-role-in-advising-public-disclosure-of-aig-counterparty-payments&catid=3:press-releases&Itemid=49.

² *Id.*

³ See letter from Darrell Issa and Patrick McHenry to Edolphus Towns, January 8, 2010.

⁴ See letter from Darrell Issa to William Dudley, President, Federal Reserve Bank of New York, October 30, 2009; letter from Darrell Issa to Robert Benmosche, President and Chief Executive Officer, AIG, October 30, 2009.

In response to my request, AIG has been cooperative and has volunteered documents related to the FRBNY's decisions.⁵ However, the FRBNY has refused to turn over non-public documents to the Committee. In a letter to me dated November 17, 2009, FRBNY President William Dudley wrote:

Consistent with the New York Fed's past practices, in the absence of a subpoena from the Committee, we have included only public documents in our production.⁶

Despite repeated attempts by me and my staff to obtain these documents from the FRBNY, the FRBNY has so far refused to provide them voluntarily.⁷

In addition, I have attempted to obtain documents provided by the Federal Reserve to the Special Inspector General for the Troubled Asset Relief Program ("SIGTARP") in the course of SIGTARP's audit of the FRBNY's decision to pay AIG's counterparties at par.⁸ According to SIGTARP, the Federal Reserve is preventing his office from turning over any documents to the Committee:

[W]e agreed [with the Federal Reserve] to refer external requests for information collected from another agency to that agency for a direct response. We have done so with respect to your request, and the Federal Reserve has directed us not to provide you with the documents that it has provided to us, and that it will instead respond to your request directly. While we regret the Federal Reserve's position in this matter, production of the requested documents absent the consent of the Federal Reserve in these circumstances could severely limit our ability to receive documentation from the Federal Reserve and other agencies in the future.⁹

Mr. Chairman, the American people have a right to know the full story behind the FRBNY's decision to pay billions of dollars to AIG's counterparties and then conceal this decision from the public. Both history and experience show that efforts by government agencies to prevent full disclosure of relevant documentation serve only to awaken public consciousness to the increased possibility of waste, fraud and abuse. The FRBNY's clear intent is to prevent this Committee's oversight of the AIG counterparty payments for as long as possible. Failure to issue a subpoena at this point will only serve to reinforce the FRBNY's clear efforts to frustrate this Committee's work. It would also

⁵ See letters and document productions from AIG to Darrell Issa, December 1, 2009 and December 16, 2009.

⁶ See letter from William Dudley, President, Federal Reserve Bank of New York, to Darrell Issa, November 17, 2009.

⁷ See Committee staff e-mail requests to staff of Federal Reserve Bank of New York, January 8, 2010, and January 10, 2010; letter from Darrell Issa to Thomas Baxter, General Counsel, Federal Reserve Bank of New York, January 11, 2010.

⁸ See letter from Darrell Issa to Neil Barofsky, SIGTARP, January 7, 2010.

⁹ See letter from Neil Barofsky, SIGTARP, to Darrell Issa, January 12, 2010.

The Honorable Edolphus Towns

January 12, 2010

Page 3

serve to embolden other government agencies who might, in the future, determine that the American people are best kept in the dark about the management of their interests and assets. Once again, I welcome your decision to call a hearing and request that you issue a subpoena to the FRBNY for all documents referring or relating to the decision to pay AIG's counterparties at par and the public disclosure of the counterparty payments.

I look forward to your reply.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Darrell Issa', with a large, sweeping flourish at the end.

Darrell Issa
Ranking Member