

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
GERRY 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

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

November 16, 2009

Mr. Edward Kelley
Associate Director for Internal Audit
Federal Housing Finance Agency
1625 Eye Street NW
Washington, DC 20006

Re: Your ouster

Dear Mr. Kelley:

I was shocked and alarmed to learn last week that you have been stripped of your authority to act as Inspector General for the Federal Housing Finance Agency (FHFA). What was even more troubling was to learn that senior FHFA officials – including General Counsel Alfred M. Pollard – petitioned the Department of Justice Office of Legal Counsel (OLC) to wriggle away from the oversight authority of an inspector general. As Mr. Pollard and OLC would have it, FHFA has no inspector general.

It is absolutely unconscionable that Fannie Mae and Freddie Mac, which were at the heart of the subprime housing collapse last fall that sent our economy into a tail-spin, should be without independent oversight at a time when the federal government now owns over half of all the mortgages in the United States. These two government-sponsored enterprises have become the largest taxpayer bailout in American history, receiving \$112 billion and counting in direct taxpayer support and nearly a trillion dollars of off-balance sheet support from the Federal Reserve. These bailouts threaten the long-term fiscal solvency of the United States and the continued strength of the dollar.

Because of the seriousness of this matter, I request you to provide answers to the following questions related to this unusual situation. Please provide full and complete responses to the following by November 30, 2009:

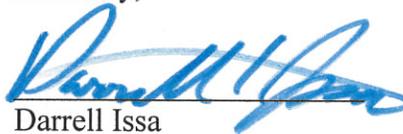
1. As I understand the legislation creating FHFA, employees of the Federal Housing Finance Board (FHFB) were to be rolled over into the new agency. Is it your

understanding that FHFB OIG employees also were to be rolled over to the new agency?

2. How many employees does OIG currently have? In your view, do you have the authority to hire additional staff?
3. If you do not have the authority to act as interim or acting Inspector General, is it true that FHFA is then operating without any inspector general?
4. As I understand it, the Acting Director of FHFA has asked you to conduct certain audit activities. Please specifically identify the duties delegated to you by the Acting Director.
5. As you interpret the legislation that created FHFA, is it your understanding that Congress intended you to perform the functions of inspector general until such time that a new inspector general was nominated by the President and confirmed by the Senate?
6. The General Counsel of FHFA has taken the unusual position that you are acting as inspector general without authority. The position of the General Counsel's office was explained in a memorandum dated June 23, 2009, and subsequently formed the basis of a referral to the Department of Justice Office of Legal Counsel. Did any personnel from the general counsel's office communicate to you the reason for the OLC referral, and if they did, please explain.
7. Did any personnel from FHFA, including but not limited to the Acting Director or the General Counsel, attempt to mediate this dispute with you prior to requesting a ruling from OLC?
8. Identify the audits, evaluations, inspections, or investigations that have been halted as a result of OLC's legal opinion?

Thank you for your attention to this important matter. I look forward to your responses. If you have any questions about this request please contact Jonathan Skladany or Steve Castor of the Committee staff at 202-225-5074.

Sincerely,



Darrell Issa
Ranking Member

cc: The Honorable Edolphus Towns, Chairman