

For Immediate Release

Wednesday, March 18, 2009

Grassley asks for review of Treasury Department involvement in AIG bonus decision

WASHINGTON --- Senator Chuck Grassley has asked the watchdog for the Treasury Department to investigate the role that Treasury Department officials played in the decision by American International Group, AIG, to spend \$160 million on bonuses to AIG employees after taking \$170 billion in rescue money from taxpayers.

The details of Grassley's request of Eric Thorson, the Inspector General for the Treasury Department, are included in a letter sent last night. The text is below.

March 17, 2009

The Honorable Eric M. Thorson
Inspector General
U.S. Department of Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220

Dear Inspector General Thorson:

I am writing to ask you to initiate an inquiry, in whatever form you believe most appropriate, into the role, if any and actions of the Department of the Treasury (Department) in the decision by American International Group (AIG) to pay bonuses of over \$160,000,000 to AIG employees. AIG is largely funded and controlled by the U.S. Government, after having incurred massive losses from ill-conceived and executed investments and transactions. Indeed, AIG received more than \$170 billion in government rescue funds and I am concerned to see taxpayer money being used to pay bonuses to employees associated with these massive problems.

I request that you, among other things:

- determine the terms by which the Department provided funding to AIG, and particularly whether or not Treasury officials made any effort to forestall payments of bonuses or demanded waivers of bonuses prior to releasing any taxpayer funds;
- determine when the legal obligations were incurred; and
- whether these bonuses are compelled by contracts between AIG and its employees.

In so doing, I request that you obtain and analyze such contracts and determine how the obligation to pay bonuses is established, for example by individual performance or overall corporate performance.

In addition, it has been reported that the Treasury Department and the Federal Reserve took every legal step possible, but unfortunately were unable to stop AIG's decision to pay out the bonuses. As it appears that the Department's Office of General Counsel and others, were largely involved in these matters, I believe it is appropriate that you obtain the information I am seeking.

I appreciate your cooperation and assistance in getting the facts regarding this troubling matter.

Sincerely,

Charles E. Grassley of Iowa
United States Senator
Ranking Member of the Committee on Finance