

United States Senate

Washington, D.C.

For Immediate Release

Thursday, May 14, 2009

Senators call for further investigation of former PBGC director's actions with contract awards

WASHINGTON --- Four U.S. senators have asked the Inspector General for the Pension Benefit Guaranty Corporation to continue investigating the corporation's former director, based on findings reported in a draft Inspector General report made public today.

The draft report indicates possible interference in contracting decisions by the former director in awarding a total of \$2.5 billion in assets held by the PBGC for real estate equity and private equity investments. The draft report is posted with this news release at <http://finance.senate.gov> and <http://help.senate.gov>.

The letter urging further investigation was signed by Senators Edward M. Kennedy of Massachusetts, Max Baucus of Montana, Charles E. Grassley of Iowa, and Michael Enzi of Wyoming. The senators have conducted oversight of the PBGC in their positions as Chairmen and Ranking Members of the Senate committees on Finance and Health, Education, Labor, and Pensions. The text of the letter follows here.

May 14, 2009

Rebecca Anne Batts
Inspector General
Pension Benefit Guaranty Corporation
Office of Inspector General
1200 K Street, N.W.
Washington, DC 20005

Dear Inspector General Batts:

Thank you for your recent investigation of and report on former Director Charles E.F. Millard's involvement in the Pension Benefit Guaranty Corporation's (PBGC) implementation of its investment policy. This report brought to light very troubling actions regarding Mr. Millard's involvement in the procurement process, and we look forward to seeing the extent to which PBGC carries out your recommendations.

We write to request that your office conduct further investigation into Mr. Millard's later contacts with executives at companies that were awarded strategic partnership contracts. We refer in particular to e-mails between Mr. Millard and a top executive at Goldman Sachs, which was awarded \$700 million of PBGC assets for private equity investments. In e-mails that were

sent within two weeks after the award was announced, Mr. Millard writes to one Goldman Sachs executive regarding his job prospects, “Good to see you today. Thanks for speaking with Dennis Kass, and for your offer to get in touch with” several non-Goldman Sachs investment firm executives. He later asks the executive for contact information for an executive at Jennison Associates, an investment firm.

After the Goldman Sachs executive confirms on November 12, 2008 that several executives are interested in meeting Mr. Millard, he responds “Ur grt. Tx. Will send info soon.” Mr. Millard later e-mails several executives at another investment firm about their interest in him. He did not hear back for a period of weeks due to one of the executives’ illness, until the Goldman Sachs executive e-mailed him, “[The Executive] said he really likes you and if times were better he would have hired you already.... He definitely likes you – is just not in a rush due to the terrible markets. Hope that helps.”

This correspondence clearly shows Mr. Millard seeking placement assistance in the weeks following the contract announcements. We do not know the extent to which these conversations took place in personal e-mails or telephone calls, and request that your office further examine this matter. Thank you for your prompt attention to this matter, and we would appreciate an initial response by no later than May 29, 2009.

Sincerely,

Edward M. Kennedy
Chairman
HELP Committee

Max Baucus
Chairman
Committee on Finance

Michael Enzi
Ranking Member
HELP Committee

Charles E. Grassley
Ranking Member
Committee on Finance