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January 21, 2010

Mr. Gene L. Dodaro
Acting Comptroller General of the United States
U.S. Government Accountability Office
441 G. Street, NW
Washington, DC 20548

Dear Mr. Dodaro:

Thank you for the consistently impressive work that you have done on behalf of Congress and the American people throughout the financial crisis and recovery.

As you are aware, the Federal Reserve Board of Governors and the Federal Reserve Bank of New York (FRBNY) have both issued statements inviting a full review by the Government Accountability Office (GAO) of the Federal Reserve's extension of credit and other assistance to the American International Group, Inc. (AIG).

We believe that such a review would be an important complement to investigations conducted by the House Oversight and Government Reform Committee¹ and the Special Inspector General for the Troubled Assets Relief Program (SIGTARP). Therefore, we request that the GAO undertake a full review of all aspects of federal assistance – whether through the Federal Reserve, the U.S. Department of the Treasury, or any other public entity – provided to AIG from 2007 to the present.

This review should include, at a minimum, an evaluation of: (1) the decision-making process at AIG and FRBNY regarding the payments made under *Maiden Lane III* to AIG's counterparties to credit default swap contracts on certain multi-sector collateralized debt obligations, specifically examining whether the decision to pay counterparties at par "left money on the table"; (2) who made the decision to pay the counterparties at par and on what authority; (3) the decision not to disclose the identities of the counterparties and other financial details in regulatory filings and Congressional testimony until March 15, 2009; (4) the decision not to let

¹ The Oversight and Government Reform Committee will continue its investigation with a January 27, 2010, hearing featuring Secretary of the Treasury Timothy Geithner, FRBNY General Counsel Thomas Baxter, and others.

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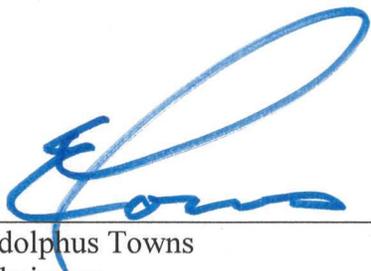
AIG file for bankruptcy protection; and (5) the implications of the AIG rescue for future federal assistance to private firms.

The GAO has already published helpful and insightful studies of AIG and the federal assistance extended to the firm, and it is our hope that the GAO can incorporate this foundational knowledge to create a comprehensive review of the government's intervention into and interaction with AIG.

Due in no small part to consistent pressure applied by Congress, the details regarding the AIG counterparty issue have emerged to paint a clearer picture of how events unfolded over a tumultuous period in the financial markets. Now, through this request, we ask not only what happened, but also, why?

We look forward to working with you to further refine this inquiry. Please do not hesitate to contact John Arlington of the Committee Staff at 202-225-5051 or Martin Levine in Congressman Cummings' office at 202-225-4741 with any questions.

Sincerely,



Edolphus Towns
Chairman



The Honorable Elijah E. Cummings
Member of Congress

cc: The Honorable Darrell Issa
Ranking Minority Member
Committee on Oversight and Government Reform