

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  
Minority (202) 225-5074

July 30, 2009

The Honorable Andrew Cuomo  
Attorney General  
State of New York  
The Capitol  
Albany, N.Y. 12224

Dear Attorney General:

I have received your report documenting exorbitant executive pay practices at companies that received taxpayer bailouts in fall 2008. Your work on this issue is a significant contribution to the national policy debate over reforming executive compensation. I fully endorse your conclusion that there is no rhyme or reason to executive pay – it had no relation to executive performance, no relation to managing risk, and no relation to company performance. I am appalled by your investigation's conclusion that "in these challenging economic times, compensation for bank employees has become unmoored from the banks' financial performance." Our investigations in Congress and your work as New York State Attorney General have reached the same conclusion – that out-of-control executive compensation was a major driver of risky decisions that led directly to an economic crisis.

Congress and the Obama Administration are taking steps to reform executive compensation. The Committee on Oversight and Government Reform has conducted several investigations on executive compensation issues, including recent hearings on the American International Group, Inc. One of the Committee's investigations found conflicts of interest in the employment of compensation consultants by large corporations, in which consultants who recommended higher pay for executives were also retained by those executives for more lucrative corporate consulting projects. This week the House is considering H.R. 3269, the Corporate and Financial Institution Compensation Fairness Act of 2009. This bill will give shareholders a say on pay for top executives and gives regulators authority to prevent compensation policies that encourage inappropriate risk taking. In addition, the Obama

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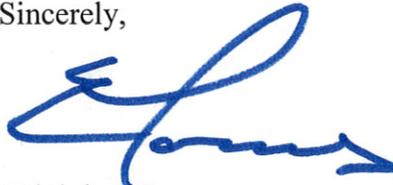
Page 2

Administration has issued regulations reining in executive pay for companies receiving taxpayer bailouts.

Moving forward, the Committee on Oversight and Government Reform will be reviewing implementation of executive pay reforms. I plan to hold a hearing in September to review executive pay regulations for the Troubled Asset Relief Program recipients and the work of Ken Feinberg, the executive pay "czar." I invite you to participate in this hearing and offer your suggestions on what further reforms are needed.

Thank you for your thoughtful work on this issue on behalf of our fellow New Yorkers and fellow Americans.

Sincerely,

A handwritten signature in blue ink, appearing to read "Edolphus Towns". The signature is fluid and cursive, with a large initial "E" and a long horizontal stroke at the end.

Edolphus Towns  
Chairman

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