

U.S. House of Representatives
Committee on Financial Services
2129 Rayburn House Office Building
Washington, DC 20515

April 28, 2009

The Honorable Barney Frank
Chairman
Committee on Financial Services
2129 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Frank:

Recent press reports detailed allegations that on December 21, 2008, former Treasury Secretary Henry Paulson threatened the termination and removal of the Bank of America's CEO, Kenneth Lewis, and the Board of Directors if the bank did not complete its acquisition of Merrill Lynch. The reports also indicate that Federal Reserve Board Chairman Ben Bernanke and Secretary Paulson counseled Bank of America against disclosing the true financial condition of Merrill Lynch and prohibited Mr. Lewis from cancelling the merger, which was a legal option for Bank of America, because it could pose a threat to the already fragile U.S. financial system. Disclosure of material information is the hallmark of the federal securities laws and attempts to circumvent robust disclosure and quash transparency are typically met with stiff penalties.

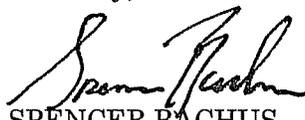
On April 27, Securities and Exchange Commission Chairman Mary Schapiro expressed her dismay that the SEC may have been "deliberately excluded" from the negotiations between the government and Bank of America about the bank's acquisition of Merrill Lynch. It is equally disconcerting that the agency with jurisdiction over the Federal securities laws was not involved in the decision to determine whether or not to disclose what could be material, public information.

The Bank of America-Merrill Lynch episode illustrates the complications that arise from excessive government entanglement in private business decisions and transactions. Government intervention is fraught with hazards. Once government intervention begins, the government inevitably becomes the arbiter of one economic or social interest or viewpoint over another. Government ownership and management of the private sector does not work and it is time that we extracted ourselves from the cycle of multi-billion dollar tax-payer funded bailouts.

Accordingly, I hope that you will consider scheduling a hearing at the earliest opportunity to examine these serious allegations and possible violations of the securities laws.

Thank you for your consideration of this request.

Sincerely,



SPENCER BACHUS
Ranking Member