

United States House of Representatives  
Committee on Financial Services  
2129 Rayburn House Office Building  
Washington, DC 20515

March 25, 2009

The Honorable Barney Frank  
Chairman  
Committee on Financial Services  
United States House of Representatives  
2129 Rayburn House Office Building  
Washington, D.C. 20510

Dear Mr. Chairman:

As you are aware, a list was recently published setting forth the identity of the counterparties that the American International Group, using American taxpayer money, funded. This list shows that a majority of the approximately \$100 billion of U.S. taxpayer money was paid to foreign banks. For example, French and German banks alone received almost \$40 billion.

Published reports indicate that none of these counterparties was asked to reduce the sum it received by any amount whatsoever. This was confirmed by Treasury Secretary Geithner at the Committee's March 24<sup>th</sup> hearing, when he acknowledged in response to my questions that AIG "fully met its obligations" to foreign entities.

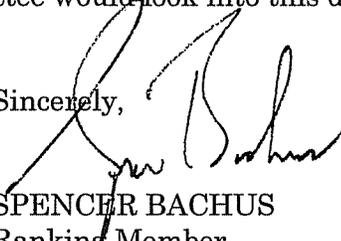
I have been informed that, in contrast with its treatment of foreign banks, AIG is now attempting to force many of its creditors that are U.S. banks to accept severe reductions in the debt owed to them. I am told in some cases that these U.S. banks are being asked to accept reductions of over 70% of the total debt owed to them.

This disparity in treatment between foreign banks and U.S. banks is troubling, particularly since the U.S. banks now being asked to take such reductions are some of the very taxpayers that have been funding AIG.

In addition to the clear inequity involved, this conduct obviously runs counter to our efforts to stimulate credit in the U.S. economy through bank lending.

Thus, I would hope that the Committee would look into this disparate conduct and determine the facts in more detail.

Sincerely,



SPENCER BACHUS  
Ranking Member

cc: The Honorable Timothy Geithner  
The Honorable Ben Bernanke  
Mr. Edward Liddy