

United States Senate
Committee on Finance



Sen. Chuck Grassley • Iowa
Ranking Member

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Contact: Jill Kozeny, 202/224-1308
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MEMORANDUM

To: Reporters and Editors
Fr: Jill Gerber for Sen. Chuck Grassley, 202/224-6522
Re: AIG bonuses
Da: Tuesday, Feb. 2, 2010

Sen. Chuck Grassley, ranking member of the Committee on Finance, today made the following comment on news that American International Group plans to pay another round of employee bonuses worth about \$100 million.

“AIG has taxpayers over a barrel. The Obama administration has been outmaneuvered. And the closed-door negotiations just add to the skepticism that the taxpayers will ever get the upper hand.”

Sen. Grassley raised this issue at today’s Finance Committee hearing with Treasury Secretary Timothy Geithner:

GRASSLEY: Congress wouldn't have to pass a bill if the president would give equal time to helping middle class families by, as he's doing, jaw-boning banks and Wall Street, et cetera. And there would not be a disagreement with me on his part for doing that, if he'd do the same thing with some of our major universities, or all of our universities, for increase in tuition.

Let me go on.

In December, I asked you for details regarding the \$168 million AIG retention bonus payments paid in 2009 and the \$198 million in AIG retention bonuses planned for March of this year. Some of the AIG executives promised to return \$45 million of the '09 bonuses, but that didn't happen. Nevertheless, AIG still planned to pay \$198 million bonuses this year.

Last week, I received a letter, not from you, but from Kenneth Feinberg, special master for TARP executive compensation. You said you asked him to reply on your behalf. He offered to brief me, but did not provide the documents I requested. The offer of a briefing is appreciated. First, I need the documents.

This is especially frustrating because I read in the press that AIG has offered to pay the 2010 bonuses early, by the end of this week, I've been told, rather than March. AIG is reducing the amount of bonuses by 10 percent rather than collecting on broken promises some executives made to repay '09 bonuses.

The terms of this bonus deal is exactly the sort of information that should have been provided to Congress earlier in response to my request. We shouldn't have to read about these things in the newspaper only to have it a done deal. When will I receive the documents I requested in my December 24, 2009 letter? And why is Treasury allowing AIG to pay bonuses again this year?

GEITHNER: Senator, I will commit to you that we will work as quickly as possible to make sure you have the information you need to provide the oversight that this committee has to provide in this issue and all other issues. And I will -- and I just want to emphasize that Ken Feinberg, who I appointed to try and make sure we are fixing in compensation structure for this set of institutions, is working very hard on just the concern you raised, and I'm sure he'll be able to provide a little more detail in public and in writing when he's reached those judgments. But in the interim, I'll make sure we're providing the information you need to -- and to be responsive to your questions on this specific issue.

GRASSLEY: OK. Thank you, Mr. Chairman.