

For Immediate Release: Wednesday, January 13, 2010

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## **Chairman Towns Announces Subpoena for AIG Counterparty Documents**

WASHINGTON – Chairman Edolphus “Ed” Towns (D-NY) today released details of the subpoena he served on the Federal Reserve Bank of New York (FRBNY) to attain information related to payments made to AIG counterparties. The counterparty payments were made to some of the largest and most profitable financial institutions in the world, including Goldman Sachs, Morgan Stanley, Barclays, Bank of America, Deutsche Bank, and Societe Generale.

The counterparty payments were made following the collapse of AIG and intervention by the Federal Reserve Bank of New York in September 2008. Questions remain surrounding AIG’s credit default swap counterparties and why these companies received full compensation, when the best they could have hoped for in a bankruptcy proceeding was perhaps 30 or 40 cents on the dollar. Chairman Towns’ subpoena specifically requests all documents surrounding the decision to pay AIG’s counterparties 100 cents on the dollar.

In addition, the subpoena demands all documents pertaining to the decision to not disclose to the public information about the counterparty payments. Internal AIG email communications obtained by the Committee to date indicate that the FRBNY may have urged AIG to keep secret the details of the counterparty payments, despite the fact that taxpayer dollars made the payments possible.

The Chairman’s subpoena requests:

***All documents in the possession, custody, or control of the Federal Reserve Bank of New York, relating to AIG credit default swap counterparty payments, the decision to compensate AIG’s credit default swap counterparties at par, and public disclosure of the counterparty payments, including:***

- 1. 1. Emails, phone logs, and meeting notes of the following people: Timothy Geithner, Stephen Friedman, Thomas Baxter, and Sarah Dahlgren;***
- 2. 2. Term sheets, including drafts, relating to AIG’s payments to its CDS***

*counterparties; and*

**3. 3. *Emails, phone logs, and meeting notes relating to public disclosure of AIG's payments to its CDS counterparties, including disclosure to the SEC.***

“When average people were losing their homes and their jobs, the Bush Administration decided to use taxpayer dollars to give a backdoor bailout to the biggest players on Wall Street. Now we know that the people who delivered the bailout wanted to keep the details hidden from the public. We need to understand why and how taxpayer dollars were used to bailout the same people who helped cause the financial crisis in the first place.”

Last week, Chairman Towns announced his plan to hold a hearing on this matter and intends to invite Treasury Secretary Timothy Geithner, and Thomas Baxter, General Counsel for the FRBNY, and other key witnesses involved.

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