

ONE HUNDRED ELEVENTH CONGRESS
Congress of the United States
House of Representatives

COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM
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July 10, 2009

Ms. Jill M. Considine, Trustee
Mr. Douglas L. Foshee, Trustee
Mr. Chester B. Feldberg, Trustee
AIG Credit Facility Trust
c/o Arnold & Porter LLP
399 Park Avenue
New York, NY 10022-4690

Dear Ms. Considine, Mr. Foshee, and Mr. Feldberg:

This week a federal jury in New York ruled against American International Group Inc. (AIG) in a dispute with former CEO Hank Greenberg.¹ According to news reports, the jury rendered its verdict after only five hours, following a three-week trial.² As *Time* magazine characterized the news, “It looks like AIG, and its taxpayer owners, can wave another \$4 billion goodbye.”³

You will recall that I first wrote to you on this matter on May 27, 2009, urging you to save the taxpayers’ money by settling your disputes with Mr. Greenberg as prudently and cost-effectively as possible.⁴ In that letter I wrote:

I am aware that there is a trial set to begin in June. However, the trial will not be the end of the dispute. The losing party will almost certainly appeal. The longer a company is in litigation, through the trial and appeals process, the greater the uncertainty as to the company’s net worth. In the case of AIG’s litigation with Mr. Greenberg, binding arbitration would enable AIG to settle its claims against Mr. Greenberg in months rather than years, bring certainty to the outcome of the disputes, and limit the further enrichment of lawyers at the taxpayers’ expense.⁵

¹ See “Greenberg Logs Victory in AIG Case, for Now at Least,” *The Wall Street Journal*, July 8, 2009.

² *Id.*

³ See “Greenberg Win Is Another Setback for AIG,” *Time*, July 8, 2009. Available at <http://www.time.com/time/business/article/0,8599,1909199,00.html>.

⁴ Letter from Ranking Member Darrell E. Issa to Jill M. Considine, Douglas L. Foshee, and Chester B. Feldberg, May 27, 2009.

⁵ *Id.*

Instead, AIG and the government brought the case to trial, spending more taxpayer money on trial lawyers, and AIG is now unlikely to receive any payment from Mr. Greenberg in the case. I will remind you that you represent the taxpayers' nearly 80 percent interest in AIG, and in that capacity you have a responsibility to consider the most cost-effective course of action moving forward.

The *Wall Street Journal* rightly noted that "a business strategy is sure to attract more investment than a litigation strategy."⁶ I would urge you to focus on developing a business strategy to repay the American taxpayers, rather than a litigation strategy that so far has resulted only in lining the pockets of trial lawyers with millions of dollars of taxpayer money. In light of the federal jury's verdict, I request once again that you consider entering into binding arbitration with Mr. Greenberg to settle your remaining disputes in order to bring certainty to the outcome of the cases and avoid further litigation expenses. You should also consider obtaining independent legal counsel to advise you on AIG's arbitration options in its disputes with Mr. Greenberg.

Sincerely,



Darrell E. Issa
Ranking Member

cc: The Honorable Edolphus Towns, Chairman

⁶ See "In AIG They Don't Trust," *The Wall Street Journal*, July 9, 2009.