

Congress of the United States
House of Representatives
Washington, DC 20515-1303

October 16, 2008

COMMITTEE ON TRANSPORTATION
AND INFRASTRUCTURE

COMMITTEE ON SCIENCE
AND TECHNOLOGY, VICE CHAIRMAN

COMMITTEE ON SMALL BUSINESS

Secretary Henry Paulson
Department of the Treasury
1500 Pennsylvania Ave., NW
Washington, D.C. 20220

Dear Secretary Paulson:

I write to express my deep concern about the need to protect Americans from the waste and abuse of their tax dollars that could potentially take place following the recent \$700 billion Wall Street bailout known as the Emergency Economic Stabilization Act of 2008 (P.L. 110-343). As you know, I voted against the bailout package twice, in part due to the lack of real oversight powers and the lack of accountability to taxpayers. Now, in light of reported extravagant and wasteful actions taken by AIG executives shortly after the government stepped in with taxpayer dollars to prevent the corporation from failing, I strongly urge you to adopt a more proactive and vigilant strategy to protect taxpayer resources in the future.

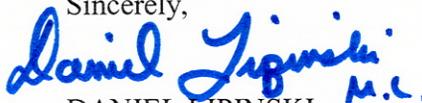
On September 17, 2008, AIG joined the ranks of recently failed companies like Bear Stearns, Fannie Mae and Freddie Mac. It is clear that these companies and their executives grew rich by taking on excessive risk. Unfortunately, when many of these risks turned bad, the taxpayer had to foot the bill while executives walked away with millions of dollars. This is not only unfair, but unacceptable, and our government should not be in the business of rewarding executive incompetence and irresponsibility.

What further concerns me is the behavior of AIG executives after receiving an \$85 billion government loan that was intended to keep the company afloat. As you are aware, within a week of tapping into this loan, a number of AIG executives participated in a week-long luxury "retreat" that cost the company – and essentially the taxpayer – \$440,000. This "retreat" included various spa treatments, fine dining, and thousand dollar per night hotel rooms. Remarkably, it has been reported that AIG executives spent an additional \$86,000 in corporate funds during a recent "hunting trip" to England even as the company asked for \$37.8 billion more in taxpayer resources.

Although I expressed concern on several occasions that taxpayer resources used to bailout and "rescue" failing companies are at risk for abuse, many have argued taxpayer dollars would not be exploited. AIG's outrageous actions were a clear abuse of taxpayer dollars and exemplify the need for the Treasury Department to develop and implement a strategy to protect taxpayer resources, especially now that the Administration has announced its intention to purchase equity stakes in American financial institutions.

My congressional colleagues and I will continue to monitor your actions in protecting the interests of taxpayers. I look forward to your response regarding this critical matter.

Sincerely,



DANIEL LIPINSKI
Member of Congress