

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

COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM
2157 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-6143

Majority (202) 225-5051
Minority (202) 225-5074

May 27, 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:

Through this Committee's investigation into the federal government's bailout of AIG, which has cost the American taxpayers up to \$182.5 billion, it has come to my attention that AIG is currently involved in several lawsuits with former AIG CEO Hank Greenberg. This litigation has gone on for years and has already cost an estimated \$100 million.¹

Having been both a plaintiff and a defendant in private lawsuits, I am fully aware of the significant costs of lengthy litigation, both directly in the form of costly legal services and indirectly in the form of uncertainty as to the outcome of the dispute and the effect on shareholder value. The value of a company is diminished during litigation until the parties bring certainty to the outcome. One of the goals of the TARP bailout process was the proper valuation of assets in a timely manner. The uncertain nature of AIG's claims against Mr. Greenberg hampers the market's ability to accurately value the company.

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.

¹ See Paul Tharp, "AIG's Bonuses Inflate to \$454M," *New York Post*, May 6, 2009.

Mr. Greenberg has indicated a willingness to enter into binding arbitration to settle the various disputes with AIG.² I believe it may be in the best interests of the taxpayers to bring the outstanding litigation to a permanent resolution as quickly as possible, since the taxpayers are paying the trial lawyers who are currently litigating these disputes.

Since the American taxpayers now own nearly 80 percent of AIG, it is in their interest for legal disputes with the company to be settled as prudently and cost-effectively as possible. As the representatives of the taxpayers' interest in AIG, you are in a position to understand the details of the litigation and represent the shareholders in making a determination as to the most cost-effective course of action. In making this determination, I would urge you to consider exploring the option of entering into binding or nonbinding arbitration with Mr. Greenberg, as appropriate, since it has the potential to save the American taxpayers millions of dollars more in legal fees and bring certainty to the outcome of the litigation.

Sincerely,



Darrell E. Issa
Ranking Member

² *Id.*