Congress of the United States
House of Representatives
Washington, D.C. 20515

January 15, 2009

The Honorable Henry M. Paulson, Jr.
Secretary of the Treasury
1500 Pennsylvania Avenue. N.W.
Washington. D.C. 20220

Dear Secretary Paulson:

Today, the Energy and Commerce Committee held a hearing entitled "The U.S. Climate Action Partnership." I note that the Committee staff memo lists the American International Group, Inc. (AIG) as a member of the United States Climate Action Partnership (USCAP). Minority staff has found some evidence that raises questions about AIG that may be of interest to the Department of the Treasury.

American taxpayers effectively own approximately 80 percent of the equity of AIG as a result of their rescue of the company this past fall. The unprecedented action to keep AIG solvent raises a number of questions concerning taxpayer interests both in the company and the economy. It also raises questions about AIG's own obligations deriving from the U.S. taxpayers' large stake in the company.

This situation presents particular concerns relating to policy advocacy by AIG before Congress and the Federal government in general. Given the U.S. Treasury's inherent responsibility to ensure the AIG bailout works out in the best interest of taxpayers, I write to inquire as to what the Department of the Treasury is doing to assess the implications of AIG's political activities, particularly those designed specifically to influence emerging U.S. legislation that may have a substantial impact on taxpayer interests.

AIG's continued membership in the USCAP is a case in point. USCAP is an alliance of certain major corporations and environmental groups set up specifically to urge the Federal government to enact legislation requiring significant reductions of carbon emissions. As a review by The Pembina Institute noted this past spring, USCAP was "formed with the explicit intent of lobbying federal lawmakers for effective, binding greenhouse gas legislation." Funding for the effort is supplied by dues from the member companies and environmental groups. A portion of the dues is used for direct lobbying; USCAP has retained Lighthouse Consulting Group for this purpose, spending more than one million dollars over the past two years.

The alliance advocates legislative passage of a mandated emissions cap, tax, and allowance system that could cause substantial negative economic impacts to the U.S. economy, according to the available Congressional Budget Office and Energy Information Administration analyses of cap and trade proposals. The allowance system advocated by the group may also transfer substantial wealth from taxpayers to private businesses, including members of the alliance.

The matters advocated by USCAP will require close scrutiny and I welcome its participation in forthcoming legislative debates. However, whatever the details of the package advocated by USCAP, my concern relates to AIG's continued association with implicit and explicit lobbying activity and whether this relationship is appropriate under existing statutes and agreements, or as a matter of public policy. To help Congress understand the implications of this relationship, I would appreciate your providing answers to following questions by January 28, 2009:

1. What are the rules and requirements with regard to AIG lobbying activities, including, but not limited to, the requirements under the Emergency Economic Stabilization Act? What is permissible and what is not permissible?

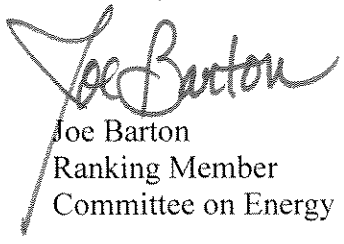
2. If certain activity is not permissible, what can the Department of the Treasury do? How is the Department of the Treasury monitoring AIG compliance with relevant statutes, rules, requirements, and the terms of its agreements in the bailout?

3. Has AIG used or committed to using bailout funds for dues to be used for lobbying or political activities?

4. If AIG has not used bailout funds for lobbying or political activities, is it prohibited in the future? Can AIG continue to participate in USCAP?

I appreciate your efforts to safeguard U.S. taxpayer interests, and your assistance in this matter. Should you have any questions, please contact Peter Spencer of the Minority Committee staff at (202) 225-3641.

Sincerely,



Joe Barton
Ranking Member
Committee on Energy and Commerce

cc: The Honorable Henry A. Waxman, Chairman
Committee on Energy and Commerce

Mr. Edward M. Liddy, Chairman and CEO
American International Group, Inc.

Ms. Elizabeth Warren, Chair, Congressional Oversight Panel
The Honorable Jeb Hensarling, Member, Congressional Oversight Panel
Mr. Richard Neiman, Member, Congressional Oversight Panel
Mr. Damon Silvers, Member, Congressional Oversight Panel
The Honorable John Sununu, Member, Congressional Oversight Panel