



State of Connecticut  
General Assembly  
Banks Committee



State of Connecticut  
RICHARD BLUMENTHAL  
ATTORNEY GENERAL

February 3, 2010

Kenneth Feinberg, Special Master  
TARP Executive Compensation  
United States Department of the Treasury  
1500 Pennsylvania Avenue, NW  
Washington, D.C. 20220

Dear Special Master Feinberg:

We are writing to urge you to prohibit AIG from paying \$100 million in employee bonuses. AIG still reportedly owes federal taxpayers \$124 billion -- and should therefore be barred from company from paying a penny of bonus until it has repaid its massive loan.

We urge your office and federal authorities to extend the same policy to all companies owing bailout moneys, prohibiting all employee bonuses until taxpayers recover their money.

The AIG retention bonuses are a slap in the face to the hard-working taxpayers who saved AIG through bailout loans and stock purchases. Without taxpayer bailout funds, AIG would have failed or been sold to a third party -- rendering these bonuses worthless. A 'giveback' of \$20 million while taking \$100 million is meaningless, a continuing sign that AIG and other investment companies simply do not care about Main Street businesses and taxpayers. This arrogance should not be rewarded, and the retention bonuses should not be awarded.

According to documents received by our offices, the recent \$100 million in bonuses is based on a retention bonus plan concluded by former AIG executives in 2007. This plan promises hundreds of millions of dollars in bonuses simply for employees to stay in their positions, regardless of the quality of their work or the future profitability of the company. In the past 14 months, more than \$230 million in bonuses were paid to these same employees.

These huge windfalls for select employees while the company remains deeply in debt to taxpayers are outrageous and unacceptable and must stop.

Please be advised that any claim by AIG that Connecticut law prevents the company from reducing or eliminating these bonuses is bogus and patently false. The company made just such

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an argument last year in an attempt to justify these unjustifiable payments. The Attorney General exhaustively reviewed Connecticut law, concluding that no state statute blocks reduction or elimination of these payments.

Finally, we would emphasize that AIG has failed to cooperate with us -- refusing to provide documents and information necessary to our effort to fully understand these retention bonuses. This arrogance is reinforced by the disclosure of the pathetically small concessions by AIG employees and by their failure to repay a promised \$45 million in previous bonuses.

Please take aggressive action to establish basic fairness and equity to Wall Street compensation. The United States taxpayers deserve no less.

Very truly yours,



Richard Blumenthal  
Attorney General



Bob Duff  
Co-chair, Banks Committee



Ryan Barry  
Co-chair, Banks Committee