

## Michaud Seeks to Block AIG Bonuses; Presses Administration to Take Action

Tuesday, March 17 2009

Michaud also denounces outsourcing plans of JP Morgan Chase; sends letter to CEO

WASHINGTON, DC &ndash; Today, Congressman Mike Michaud will send a letter with approximately 80 of his colleagues to Treasury Secretary Geithner requesting that the Administration do everything in their power to block the bonuses to American International Group (AIG) executives. Michaud and his colleagues also called for a full accounting of AIG's use of its share of Wall Street bailout funds.

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&ldquo;AIG's claim that it is legally bound to pay bonuses at a time when the company is under investigation by the U.S. Department of Justice, the SEC and the United Kingdom Serious Crimes Ministry, is hardly persuasive,&rdquo; Michaud and his colleagues wrote. &ldquo;We strongly urge that the Justice Department immediately intervene to suspend these payments until AIG's own legal standing is resolved. Public confidence in our economic system can only be restored with real transparency and accountability &ndash; and the Administration must take quick action now not only to put an end to the outrageous practice of awarding excessive bonuses at bailed-out firms, but also to require greater transparency as a non-negotiable condition of receiving taxpayer funded bailout money.&rdquo;

Michaud and his colleagues are also sending a letter today to Mr. Jamie Dimon, President and CEO of JP Morgan Chase Bank. This week, accounts surfaced that JP Morgan Chase, which received \$25 billion in bailout funds, plans to spend \$400 million to outsource work to India in order to streamline its IT operations. This represents a 25 percent increase in its existing offshore operations.

&ldquo;Every day an average of 21,000 men and women receive a pink slip and with it the fear of an uncertain economic future,&rdquo; Michaud and his colleagues wrote. &ldquo;How should these American workers, many of them your customers, be expected to have hope for a better future when the very companies they contributed to through the Troubled Assets Relief Program outsource the jobs they desperately need?&rdquo;

Both of the letters are attached.

# # #

March 17, 2009

The Honorable Timothy F. Geithner

Secretary of the Treasury

1500 Pennsylvania Avenue, NW

Washington, D.C. 20220

Dear Secretary Geithner:

We are writing to express our outrage and disbelief that AIG is moving forward with executive "retention" bonuses worth over \$165 million. This is a stunning revelation at a time when hard-working families in our districts are bearing the brunt of the faltering economy and seeing their tax dollars used to prop up this company.

As President Obama and his Administration have made clear in recent days, rebuilding public confidence in our financial system is a critical element in our nation's economic recovery. However, the news that AIG, a company that is completely undercapitalized and incapable of covering its obligations to pay out derivatives, is using taxpayer funds from the Wall Street bailout to pay bonuses completely undercuts the President's goal.

This company, more than any other single entity, is responsible for the crash of world credit markets resulting in the strangling of America's working families and businesses by the millions. AIG has shamelessly lined up for a \$170 billion handout only to be used to cover up its own incompetence and irresponsible business practices. The company has refused until yesterday to account for its use of TARP funds even though the government now holds an unprecedented 80 percent ownership stake in the company. AIG's claim that it is legally bound to pay bonuses at a time when the company is under investigation by the US Department of Justice, the SEC and the United Kingdom Serious Crimes Ministry, is hardly persuasive. We strongly urge that the Justice Department immediately intervene to suspend these payments until AIG's own legal standing is resolved.

These kinds of abuses of the public trust will only threaten any future efforts by President Obama's Administration to intervene in the financial markets. For the sake of the President's ability to continue to take the steps that may be necessary to rebuild our economy, there must be a stronger response than simply decrying this development. It is long past time that AIG disclose in detail their payments with bailout funds. AIG's unwillingness to do so up until yesterday is completely out of touch with the most basic requirement of accountability to which any public expenditure, from local government all the way up to the Department of the Treasury, must adhere.

One of the best attributes of the American Recovery and Reinvestment Act is the publicly available website, [www.recovery.gov](http://www.recovery.gov), which allows all Americans to see how their tax dollars are being spent. Public confidence in our economic system can only be restored with real transparency and accountability &ndash; and the Administration must take quick action now not only to put an end to the outrageous practice of awarding excessive bonuses at bailed-out firms, but also to require greater transparency as a non-negotiable condition of receiving taxpayer funded bailout money.

We believe deeply that your office and the Obama Administration are pursuing a constructive approach to mending Wall Street's failures and to repair the fundamentals of our economy. However, now is the time to break away from your predecessor's approach of coddling AIG and to firmly demand a full accounting of the use of taxpayer money at AIG and other recipients. We are please to hear that President Obama intends to block the AIG bonuses and hope he will use any vehicle necessary to protect the American taxpayers' interest. Our constituents deserve nothing less.

Sincerely,

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March 17, 2009

Mr. Jamie Dimon

President/CEO

JP Morgan Chase Bank

2 Bowery

New York, NY 10013

Dear Mr. Dimon:

We are outraged by the potential actions of your company to outsource tens of thousands of U.S. jobs as well as your comments made to the United States Chamber of Commerce on Thursday. We would like to remind you that the taxpayers of the United States of America contributed \$25 billion to your company to help stabilize our economy not send jobs overseas.

Just yesterday you indicated that the "constant vilification of corporate America" by our public officials is what is hurting our country. This pronouncement comes less than 72 hours after reports surfaced that your institution plans to spend nearly \$400 million on outsourcing of jobs to India—an increase of 25 percent. JP Morgan Chase is not a victim of constant vilification, but it will be viewed and criticized based on actions like this outsourcing policy.

651,000 Americans lost their jobs in February. 3.8 million American lost their jobs in the last 12 months. Every day an average of 21,000 men and women receive a pink slip and with it the fear of an uncertain economic future. How should these American workers, many of them your customers, be expected to have hope for a better future when the very companies they contributed to through the Troubled Assets Relief Program outsource the jobs they desperately need?

In your testimony on Feb. 11, 2009 to the House Committee on Financial Services you said that you looked forward to working with the committee "to help find solutions to our current economic problems, to keep American families in their homes and to begin to restore confidence in our financial markets." There is no better way to make your words immediately ring hollow than taking actions to outsource thousands of jobs that Americans could perform.

In the coming days, we expect to hear more about your plans to invest \$400 million in the workers of India and the impact your actions will have on communities across America including potential future layoffs.

One source from an article published in the Economic Times of India stated almost enthusiastically that "JP Morgan is one of the first banks in the U.S. to flesh out its outsourcing strategy ever since the banking meltdown"; This is one area where your institution should be ashamed of leading. Your actions will be watched—and possibly followed—by other institutions in the financial sector. Trends of this nature concern us and will be followed closely as well.

Regards,

