

United States Senate

COMMITTEE ON FINANCE

WASHINGTON, DC 20510-6200

July 22, 2010

Via Electronic Transmission

The Honorable Neil M. Barofsky
Special Inspector General
Office of the Special Inspector General
Troubled Asset Relief Program
1500 Pennsylvania Avenue, NW, Suite 1064
Washington, DC 20220

Dear Special Inspector General Barofsky:

I read with concern reports that General Motors has announced it is paying \$3.5 billion in cash to purchase AmeriCredit Corp., a company that specializes in auto loans to borrowers with poor credit. As you know, GM is a major TARP recipient that received a \$49.5 billion taxpayer bailout. Most of that money has not been repaid, and the nonpartisan Congressional Budget Office estimates that the GM bailout will end up costing taxpayers around \$30 billion. It also has been reported that GM paid a 24% premium for AmeriCredit, meaning that GM managed to pay over \$800 million more for the company than it was worth in the public markets just a few days ago. The purpose of the acquisition, according to reports, is to allow GM to expand loans to customers with poor credit beyond the levels that companies such as AmeriCredit already finance and to enhance GM's upcoming IPO offering. The implication appears to be that GM intends to lower AmeriCredit's lending standards in order to boost GM's sales figures.

Because taxpayers still have a large stake in GM, I ask that you conduct an inquiry into the level of due diligence and analysis that went into GM's acquisition. Specifically, what role did Treasury play in reviewing and approving the transaction? Over the long run, will the acquisition of AmeriCredit at the price paid by GM increase the likelihood that the American taxpayer will recover more of its money from GM than currently estimated? At a minimum, the American people deserve to know whether GM conducted an analysis of this acquisition with the best interests of the taxpayer in mind.

Please provide periodic updates on your progress, and in the event that the Office of Special Inspector General has any difficulty, for example, obtaining access to any of the materials or persons needed to conduct this review in an efficient and effective manner, I request that you contact me immediately. Thank you in advance for your assistance in this matter. Should you wish to discuss this request in further detail, please contact Jason Foster of my staff at (202) 224-4515. Any documents responsive to this request should be sent electronically in PDF format to Brian_Downey@finance-rep.senate.gov.

Sincerely,



Charles E. Grassley
Ranking Member