

# United States Senate

COMMITTEE ON FINANCE

WASHINGTON, DC 20510-6200

August 13, 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:

As the Senior Senator from Iowa and the Ranking Member of the Committee on Finance (Committee), I have a duty to conduct oversight of how federal agencies manage spending, including spending associated with the Troubled Asset Relief Program (TARP). The Treasury Department's taxpayer-funded TARP bailout of General Motors (GM) totaled \$49.5 billion. Following the GM bankruptcy, orchestrated by Treasury's Auto Task Force in 2009, the American taxpayer ended up with 61% of GM's common stock, \$2.1 billion in GM preferred stock, and a \$6.7 billion TARP loan. Treasury also placed billions of TARP dollars in an escrow account for GM's benefit. In April, 2010, GM used some of the TARP bailout money held in the escrow account to discharge the \$6.7 billion TARP loan. It has been reported that the Treasury Department is planning to sell the taxpayer's GM stock in an initial public offering (IPO) in the near future.

Taxpayers have an enormous financial stake in GM. After all, the taxpayer's 61% common stock stake in GM was purchased with TARP funds. Accordingly, I request that your office determine whether Treasury and GM are taking the steps necessary to ensure that the IPO results in the highest possible return for the American taxpayer. I request that you analyze the IPO and determine how much Treasury must obtain in return for the sale of the GM stock in order to avoid a taxpayer loss on the original \$49.5 billion bailout. *Reuters* has reported that the government "needs to see GM valued at more than \$70 billion in a stock listing for U.S. taxpayers to break even on the \$43 billion invested in exchange for a 61 percent stake in the automaker." Hopefully, when the dust settles, the taxpayer will not have lost billions of dollars on GM.

I also ask that you determine the total amount of transaction costs that will be paid to investment bankers in connection with the IPO. In the interest of transparency and accountability it is essential that American taxpayers know whether they are getting a fair deal on the GM IPO and how large a financial loss they are likely to suffer. There is no reason that this should not be determined before, rather than after, the transaction is complete. Please report your findings as soon as possible.

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](mailto:Brian_Downey@finance-rep.senate.gov).

Sincerely,



Charles E. Grassley  
Ranking Member