

James Hennessy/NY/FRS

11/20/2008 03:51 PM

To Scott Alvarez/BOARD/FRS@BOARD  
cc Brian J Gross/BOARD/FRS@Board, Jon D Greenlee/BOARD/FRS@Board, Michael Nelson/NY/FRS@FRS, Michael S Gibson/BOARD/FRS@Board, Rich Ashton/BOARD/FRS@Board, Brett Phillips/NY/FRS@FRS  
bcc Sarah Dahlgren/NY/FRS  
Subject Re: Fw: AIG Swaps2074A83A9ED22A39852576AF00140280

Scott and Brian,

Attached please find four documents, including: a cover letter summarizing the company's document production to Rep. Waxman; a summary of AIG's use of funds under the Fed facilities; a summary of CDO collateral counterparties; and a letter to Sen. Grassley which includes those two documents. Perhaps you will just want to send Rep. Maloney the two documents that were attached to the Grassley letter and reference that they have also been provided to Sen. Grassley (and Sen. Baucus). Of course, given the sensitive nature of the information, Rep. Maloney should be asked to keep the documents highly confidential. (Pursuant to our non-disclosure agreement with the company, we request that the Board also treat the documents in a confidential manner.) Going forward, we are going to engage with the company to make sure that we have access to everything they have sent and will send to Congress; Brett Phillips and Michael Nelson will work on that process. Best regards, Jim

     
DOC126.pdf HHOGR00368148-50.pdf HHOGR00368148.pdf Nov 17 2008 Grassley letter (3).pdf

Scott  
Alvarez/BOARD/FRS@BOARD

11/20/2008 12:18 PM

To James Hennessy/NY/FRS@FRS  
cc Brian J Gross/BOARD/FRS@Board, Jon D Greenlee/BOARD/FRS@Board, Michael Nelson/NY/FRS@FRS, Michael S Gibson/BOARD/FRS@Board, Rich Ashton/BOARD/FRS@Board  
Subject Re: Fw: AIG Swaps

Jim,

Thanks, it would be good to know what is public, and what has already been released to the Hill on this.

Scott

James  
Hennessy/NY/FRS@FRS

11/20/2008 12:14 PM

To Scott Alvarez/BOARD/FRS@BOARD  
cc Brian J Gross/BOARD/FRS@BOARD, Jon D Greenlee/BOARD/FRS@Board, Michael Nelson/NY/FRS@FRS, Michael S Gibson/BOARD/FRS@Board, Rich Ashton/BOARD/FRS@Board  
Subject Re: Fw: AIG Swaps

Scott and Brian: the company has already provided some counterparty information (list of collateral recipients, which would closely/identically match up with the

CDS counterparties) to Waxman; so perhaps we could refer Maloney to that (or provide it to her too)? I'm getting the document and finding out whether it was sent to Waxman with any kind of confidentiality attached to it. Otherwise, in general, I would think we would argue that such information is commercial/market sensitive, could ultimately hurt repayment of our loan, etc.

**Scott**  
Alvarez/BOARD/FRS@BOARD  
ARD  
11/20/2008 12:07 PM

To: Brian J Gross/BOARD/FRS@BOARD

cc: James Hennessy/NY/FRS@FRS, Jon D Greenlee/BOARD/FRS@Board, Michael Nelson/NY/FRS@FRS, Michael S Gibson/BOARD/FRS@Board, Rich Ashton/BOARD/FRS@Board

Subject: Re: Fw: AIG Swaps

Sounds like it will have to be Monday. How about 2?  
Thanks,  
Scott

**Brian J**  
Gross/BOARD/FRS  
11/20/2008 10:27 AM

To: Scott Alvarez/BOARD/FRS@BOARD

cc: James Hennessy/NY/FRS@FRS, Jon D Greenlee/BOARD/FRS@BOARD, Michael Nelson/NY/FRS@FRS, Michael S Gibson/BOARD/FRS@BOARD, Rich Ashton/BOARD/FRS@BOARD

Subject: Re: Fw: AIG Swaps

Scott --

Agreed ... I'm here the afternoon, out tomorrow, and in on Monday next week (only) ... So, whenever is convenient for you.

Thanks --

Brian

----- Original Message -----

**From:** Scott Alvarez  
**Sent:** 11/20/2008 10:01 AM EST  
**To:** Brian Gross  
**Cc:** James Hennessy; Jon Greenlee; Michael Nelson; Michael Gibson; Rich Ashton  
**Subject:** Re: Fw: AIG Swaps

Brian,

We need to talk about this. My suspicion is that we will not be able to provide this info. So, we'll need a strong CLO response!!

Thanks

Scott

**Brian J**  
Gross/BOARD/FRS  
11/20/2008 09:05 AM

To: Scott Alvarez/BOARD/FRS, Rich Ashton/BOARD/FRS, Jon D Greenlee/BOARD/FRS@BOARD, Michael.S.Gibson@frb.gov, Michael Nelson/NY/FRS@FRS, James Hennessy/NY/FRS@FRS

cc:

Subject: Fw: AIG Swaps

At the Chairman's HFSC hearing this week, Rep. Maloney asked about disclosure of AIG's counterparties (see excerpt below) ...

See HFSC staff's question in the email below ...

Guidance?

Brian  
x2013

MALONEY: Secretary Paulson, a large portion -- and Chairman Bernanke -- a large portion of the TARP monies have been used to pay off the AIG counterparties in the new AIG deal. And since the government is now running AIG, we should have full disclosure of what they are doing with the TARP monies so Congress can appropriately manage our oversight.

And will you make public who those counterparties are and how much they received?

BERNANKE: Well, the -- I think that information can be made available. AIG had many, many counterparties -- banks and other institutions -- where they essentially wrote insurance on...

MALONEY: Thank you. And if we can make it available, if you could get that to the committee, we'd appreciate it.

BERNANKE: We will see what we have, ma'am

MALONEY: That would be wonderful. Thank you.

--- Forwarded by Brian J Gross/BOARD/FRS on 11/20/2008 09:00 AM ---

"Classic, Tom"  
<Tom.Classic@mail.house.gov>  
11/20/2008 09:00 AM  
To  
<Brian.J.Gross@frb.gov>  
cc  
Subject  
AIG Swaps

Brian,

I'm going to assume that Ms. Maloney's office is also following-up on this, but wanted to touch base to see whether there's any serious movement on disclosing the AIG counterparties. Thanks.

Tom

## AIG Swap Deal Details May Be Made Public

BY MATT BRADY

NU Online News Service, Nov. 19, 8:51 a.m. EST

WASHINGTON—Entities that engaged in credit default swaps with American International Group could have transaction details made public, Federal Reserve Chairman Ben Bernanke told a congressional panel yesterday.

His comments came at a House Financial Services Committee hearing, when Rep. Carolyn Maloney, D-N.Y., asked about the possibility of finding out exactly whom AIG engaged in credit default swap transactions with.

"Since the government is now running AIG, we should have full disclosure," she said. The company has received pledges of \$150 billion in government support, and in return has received a 79.9 percent interest in the conglomerate.

Rep. Maloney asked Mr. Bernanke if he was able to "make public the counterparties" as well as the amounts involved in the CDS transactions.

Mr. Bernanke said he thought the Fed could provide the names and amounts involved, but he cautioned against trying to make further use out of that information.

Asked a follow-up question by Rep. Maloney about possibly determining which CDS transactions involved parties with actual exposure and which were "gamblers," he said the point would be effectively moot.

"I don't think you really could differentiate," he said. "Moreover, these are legal contracts." If the government sought to avoid payment to "gamblers" he said, AIG would be in default on those contracts and would enter into a bankruptcy process where those creditors would be paid off anyway.

Such a circumstance, he explained, would be counterproductive to the government's goal of limiting the damage of an AIG collapse that served as the basis for intervention in the first place.

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