

Congress of the United States
Washington, DC 20515

March 17, 2010

The Honorable Harry Reid
522 Hart Senate Office Bldg.
Washington, DC 20510

Dear Leader Reid:

We write you today as sponsors and supporters of H.R. 1586, legislation the House passed one year ago this week that would reclaim for taxpayers any bonuses paid to employees of companies benefitting from major infusions of taxpayer dollars, such as American International Group (AIG), Inc. Last March, after receiving more than \$170 billion in taxpayer funds, AIG paid \$165 million in retention payments to executives of its financial products unit. Many of these executives are responsible for the mismanagement that drove their company into near bankruptcy, damaged our economy and necessitated a massive taxpayer bailout.

Specifically, H.R. 1586 would impose a new 90% income tax on bonuses received by individuals from companies which have received over \$5 billion from TARP. It would also apply to bonuses paid by Fannie Mae and Freddie Mac. The tax only would apply to bonuses received by taxpayers with adjusted gross income over \$250,000.

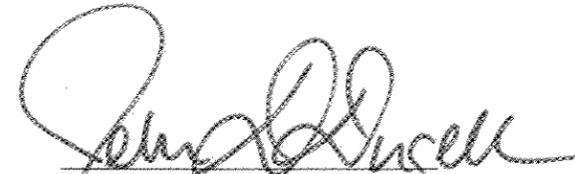
Upon passage of H.R. 1586 one year ago, this legislation was sent to the Senate where it still awaits action. It is a step in the right direction that approximately \$39 million of the initial round of bonuses has been returned to the Treasury and taxpayers by AIG in the wake of House passage of H.R. 1586. Despite this, AIG recently distributed a new round of bonuses totaling \$100 million. AIG is technically under compensation restrictions, but these "guaranteed bonuses" were in place before AIG's collapse and must be honored under current law. While this new round of bonuses has been reduced by either 10% or 20% for employees who still work for the financial products unit and those who have left the company respectively, taxpayers are not satisfied that they are only paying for \$100 million in new bonuses instead of \$120 million.

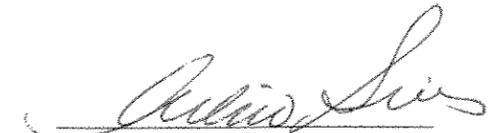
These recent bonuses once again emphasize the need for legislation reclaiming these large retention payments. Congressional action reclaiming these bonuses is necessary, and experts have said the approach taken in the House bill is both effective and constitutional. The House of Representatives reacted swiftly to these outrageous bonuses by introducing and passing H.R. 1586 within a week of their distribution, but the Senate has not acted. On the one year anniversary of House passage of H.R. 1586, we urge you to take up this bill or similar legislation as soon as practicable, and ensure that these unjust bonuses are returned to the taxpayers.

Sincerely,


Gary C. Peters
Member of Congress


Steve Israel
Member of Congress


John D. Dingell
Member of Congress


Albio Sires
Member of Congress


Betty Sutton
Member of Congress