

Braley Takes Aggressive Action Against AIG Bonuses

Today, Rep. Braley led a 90 member letter urging Treasury Secretary Geithner to reverse the AIG taxpayer-funded bonuses

Washington,
DC - Today,

Rep. Braley (D-Iowa) and Rep. Joe Courtney (D-CT) lead a 90 member letter to Treasury Secretary Tim Geithner urging that planned bonuses to AIG executives are stopped and requesting a full accounting of government funds going to AIG. The letter follows news that AIG plans to pay out \$165 million in executive bonuses after receiving over \$170 billion in funds from the federal government.

Today Braley also co-introduced the Bailout Bonus Tax Bracket Act of 2009, a bill to increase the tax rate on any bonuses awarded by businesses receiving government TARP funds, including AIG. This bill would require that bonuses over \$100,000 be taxed at a rate of 100 percent. The IRS currently withholds 25 percent from bonuses less than \$1 million and 35 percent for bonuses over \$1 million.

"It is unacceptable that AIG is using taxpayer dollars to pay lavish bonuses to the same executives who asked for a government bailout," Braley said. "I support President Obama's efforts to prevent AIG from awarding these bonuses, but if the bonuses are not stopped then we must take action to ensure taxpayer dollars are not wasted by CEOs."

"We should clamp down on corporate CEOs who wish to reward their failures at taxpayers' expense. Middle class families struggling to make ends meet in this economic crisis have no patience for Wall Street executives who fund their lavish lifestyles with taxpayer dollars."

90 members signed the Braley-Courtney letter including 16 members of the Populist Caucus, which Braley chairs. The text of the letter sent to Secretary Geithner is below.

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 "job performance" 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. I 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, 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 - 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 is 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 pleased 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,

Joe
Courtney

Bruce Braley

Cosigners: Representatives Jim

Langevin, Glenn Nye, Michael Arcuri, Paul Tonko, Jackie Speier, Baron P. Hill, Charlie Wilson, Tim Bishop, Zack Space, Donna F. Edwards, Dina Titus, Gerald Connolly, Jason Altmire, Steve Driehaus, Lincoln Davis, G.K. Butterfield, Chris Carney, Parker Griffith, John Sarbanes, Madeleine Bordallo, Phil Hare, Brian Higgins, John Yarmuth, Jared Polis, Ben Ray Luján, Larry Kissell, Brad Ellsworth, Kathleen Dahlkemper, Harry Teague, Albio Sires, Chellie Pingree, Lois Capps, Loretta Sanchez, Keith Ellison, Ann Kirkpatrick, Sam Farr, Hank Johnson, Eric Massa, John Hall, John Tanner, Ed Markey, Steve Kagen, Paul Hodes, Carol Shea-Porter, Bill Foster, Peter Welch, Mark Schauer, Harry Mitchell, Kurt Schrader, Leonard Boswell, Raul M. Grijalva, Earl Pomeroy, Ben Chandler, Tom Perriello, Mazie Hirono, Bob Etheridge, Patrick J. Murphy, Daniel B. Maffei, Chris Van Hollen, Betty McCollum, Betty Sutton, Tim Walz, Mike Michaud, Gabrielle Giffords, Dale Kildee, Betsy Markey, Peter DeFazio, Danny K. Davis, Marcy Kaptur, Tammy Baldwin, Lynn Woolsey, Bart Stupak, Gene Taylor, Steven R. Rothman, Nita Lowey, Diana DeGette, Corrine Brown, James L. Oberstar, Chet Edwards, Tim Holden, Jesse L. Jackson, Jr., Bob Filner, Stanford Bishop, Jr., Barbara Lee, Dennis Kucinich, Steve Israel, Bill Pascrell, Jr., Mike Doyle