

Representative Cliff Stearns  
U.S. House Of Representatives  
2370 Rayburn House Office Building  
Washington, D.C. 20515  
Via E-Mail and United States Mail

Dear Representative Stearns:

Your examination of former Secretary Henry Paulson was amazing. I watched your examination of Paulson on YouTube, as the video was widely circulated.

Although Paulson was clearly contemptuous of you, you pressed on. He did not appreciate your well-informed and assertive questions. It is obvious that he is used to being in control. It is also obvious that you are not in the back pocket of Wall Street banks.

I write to you as an American citizen, taxpayer, and concerned citizen. I apologize for the length of the letter. Given the issues at stake, a short and cursory letter was unworthy of you. Moreover, accusing someone of perjury is serious. Thus, this letter pays serious attention the relevant law and currently-available factual record.

Henry Paulson lied to Congress. He certainly misled Congress as Secretary of the Treasury – lying, e.g., about his intended use of TARP funds. More specifically, though: He perjured himself during his July 16th testimony.

### **I. The Federal Perjury Statute.**

Under 18 U.S.C. § 1621, a witness commits perjury if he “willfully” asserts “any material matter which he does not believe to be true” after “having taken an oath” to “testify ...truly.”

Paulson took an oath before giving testimony before Congress on July 16, 2009. If Paulson lied before Congress, then he committed perjury.

During his July 16th testimony, Paulson said:

“I want you to know that I had no role whatsoever in any of the Fed’s decision regarding payments to any of A.I.G.’s creditors or counterparties.”

“Role” is defined as: “a function or part performed especially in a particular operation or process.”<sup>1</sup>

Paulson’s sworn statement was clear. Paulson claimed to have played “no role whatsoever in any of the Fed’s decision.” The evidence, however, directly contradicts Paulson’s sworn testimony.

## **II. The Facts Supporting a Perjury Prosecution<sup>2</sup>**

Through Freedom of Information Act requests, *The New York Times* recently obtained substantial information about Paulson’s role regarding the Fed’s payments to A.I.G.’s creditors and counterparties.<sup>3</sup> (Attached to this letter is a copy of the article.) The *Times* investigation revealed the following:

### **A. The Testimony of Anonymous Whistleblowers Contradicts Paulson’s Sworn Testimony.**

The *New York Times* spoke with two anonymous whistleblowers. They have revealed:

But according to two senior government officials involved in the discussions about an A.I.G. bailout and several other people who attended those meetings and requested anonymity because of confidentiality agreements, the government’s decision to rescue A.I.G. was made collectively by Mr. Paulson, officials from the Federal Reserve and other financial regulators in meetings at the New York Fed over the weekend of Sept. 13-14, 2008.

These people said Mr. Paulson played a major role in the A.I.G. rescue discussions over that weekend and that it was well known among the participants that a loan to A.I.G. would be used to pay Goldman and the insurer’s other trading partners.

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<sup>1</sup> Role. 2008. In *Merriam-Webster Online Dictionary*. Retrieved August 10, 2009, from <http://www.merriam-webster.com/dictionary/role>

<sup>2</sup> This letter sets forth the currently-available evidence. Undoubtedly, a more thorough investigation would yield more.

<sup>3</sup> Gretchen Morgenson and Don Van Natta Jr., “Paulson’s Calls to Goldman Tested Ethics,” *New York Times*, August 9, 2009. Available online: <http://www.nytimes.com/2009/08/09/business/09paulson.html>

Paulson's testimony is thus directly contradicted by two people familiar with the Fed's decision to funnel taxpayer money from A.I.G. to Goldman Sachs.

## **B. Paulson Wrote a Letter to the Federal Reserve Regarding A.I.G..**

The *New York Times* reported:

Mr. Paulson's involvement in the decision to rescue A.I.G. is also supported by an e-mail message sent by Scott G. Alvarez, general counsel at the Federal Reserve Board, to Robert Hoyt, a Treasury legal counsel, that same day. The subject of the message, acquired under the Freedom of Information Act, is "AIG Letter," and it contains a reference to a document called "AIG.Paulson.Letter.draft2.09.16.2008.doc." The letter itself was not released.

Why did Paulson write a letter to the Federal Reserve about A.I.G.? According to the file's date, Paulson created the file on September 16, 2008 – the same day that the Federal Reserve gave billions to A.I.G.

What did this letter say? The Treasury and Federal Reserve have stonewalled the *Times*, refusing to respond to FOIA demands for the letter. Perhaps your office could subpoena the letter?

Even without reading the actual letter, is it consistent for Paulson to claim that he had "no role whatsoever," when he was in fact sending official letters to the Federal Reserve about A.I.G.?

## **B. Paulson's Spokesperson Confirmed that Paulson's Wanted to "Rescue" Goldman Sachs.**

Paulson requested an "ethics waiver" that allowed him to have one-on-one, off-the-record conversations with Goldman Sachs officials.

Paulson will not respond to press inquiries. His spokesperson, however, told the *Times*: "The waiver was in anticipation of a need to rescue Goldman Sachs, not to bail out A.I.G."

The "need to rescue Goldman Sachs," was inextricably entwined with the need to bail out A.I.G. Everyone – including Paulson – knew that Goldman would lose billions if A.I.G. went bankrupt. Everyone – including Paulson – knew that Goldman would receive billions if A.I.G. was bailed out.

How could someone concerned with rescuing Goldman Sachs claim to have played “no role whatsoever” in A.I.G.’s decision to pay billions to Goldman Sachs? Goldman needed the money. Paulson ensured that Goldman got it.

### **C. Paulson Personally Called A.I.G. CEO Robert B. Willumstad, Firing Willumstad.**

On Sept. 16, 2008, the Federal Reserve bailed out A.I.G. On the same day, Paulson personally called Robert B. Willumstad, A.I.G.’s CEO. Paulson fired Willumstad.<sup>4</sup> (Please see the attached *Wall Street Journal* article.)

If Paulson had played “no role whatsoever,” why did he personally call Mr. Willumstad to dismiss him? Are we to believe that the Federal Reserve simply called Paulson to delegate him the task of firing Willumstad?

Moreover, Paulson’s next step was crucial. Paulson replaced Willumstad with Edward Liddy.

Before being anointed CEO by Paulson, Mr. Liddy was on the Board of Directors of Goldman Sachs.

If Paulson had had “no role whatsoever in any of the Fed’s decision regarding payments to any of A.I.G.’s creditors or counterparties,” then why did Paulson already have a replacement in mind?

### **III. Paulson’s Defense**

Henry Paulson might, in the words of today’s youth, defend himself as follows: “I ‘punked’ Congress. Sure, I played a major role in the Fed’s decision to bail out A.I.G. I was instrumental in having A.I.G.’s CEO fired. I was instrumental in appointing a Goldman Sachs Board member as A.I.G.’s CEO. However, none of that proves that I played a role in the ‘Fed’s decision regarding payments to any of A.I.G.’s creditors or counterparties.”

Paulson’s defense would fail. First, it is contradicted by two anonymous informants. Second, it is contradicted by the extensive evidence, noted above. Paulson lied before Congress. He is a clever man, but he was not clever enough. He committed perjury.

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<sup>4</sup> Matthew Karnitschnig, *et al.*, “U.S. to Take Over AIG in \$85 Billion Bailout; Central Banks Inject Cash as Credit Dries Up,” *Wall Street Journal*, Sept. 18, 2008. Available online: <http://online.wsj.com/article/SB122156561931242905.html>

#### **IV. Conclusion**

I again apologize for the length of this letter. However, I realize that there are many conspiracy theories and vague accusations of “corruption.” You are a serious man, and thus deserve a serious letter.

Henry Paulson:

- wrote letters to the Federal Reserve concerning A.I.G.;
- wanted to “rescue” Goldman Sachs;
- fired A.I.G.’s CEO;
- and anointed a Goldman Sach’s Board member as CEO of A.I.G.

Further, two anonymous informants have revealed that Paulson played a major role in A.I.G.’s decision to pay billions to Goldman Sachs. No rational person could conclude that Paulson played “no role whatsoever in any of the Fed’s decision regarding payments to any of A.I.G.’s creditors or counterparties.”

Again, please note that the evidence discussed above was revealed through mere FOIA requests. No one has issued any subpoenas. No FBI agents have interviewed any of the players involved. Based on a bare record alone, Paulson has committed perjury.

Imagine the evidence that would surface if you conducted an official investigation.

Thank you for your integrity,