

**COMMITTEE ON FINANCE**  
**NEWS RELEASE**



<http://finance.senate.gov>

MEMORANDUM

To: Reporters and Editors  
From: Carol Guthrie for Finance Chairman Max Baucus (D-Mont.)  
Jill Kozeny for Ranking Member Chuck Grassley (R-Iowa)  
Re: Dept. of Treasury response to Baucus-Grassley letter

Please see attached the response from Assistant Treasury Secretary Kevin Fromer to last week's letter from Finance Chairman Baucus and Ranking Member Grassley requesting details of the Department's role in the U.S. government-backed purchase of Bear Stearns by JPMorgan Chase. In their March 26 letter (below), the Senators asked the CEOs of the firms, the Federal Reserve Chairman, the CEO of the Federal Reserve Bank of New York, and the Treasury Secretary for specific information regarding the negotiation and structure of the agreement. The Finance Committee has jurisdiction over "bonded debt of the United States," and therefore over the Treasury securities used to finance the sale.

All parties to the letter have contacted the Finance Committee indicating their intention to comply with the Senators' requests. Detailed responses are expected in the coming days. The Senators intend to comment on the Treasury response after information from the remaining parties is received and reviewed.

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March 26, 2008

Mr. Alan D. Schwartz  
President and Chief Executive Officer  
The Bear Stearns Companies Inc.  
383 Madison Avenue  
New York, NY 10179

Mr. James Dimon  
Chairman and Chief Executive Officer  
JPMorgan Chase & Co.  
270 Park Avenue  
New York, NY 10017-2070

Mr. Timothy F. Geithner  
President and Chief Executive Officer  
Federal Reserve Bank of New York  
33 Liberty Street  
New York, NY 10045

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The Honorable Ben S. Bernanke  
Chairman  
Board of Governors of the Federal Reserve System  
20th Street and Constitution Avenue, NW  
Washington, D.C. 20551

The Honorable Henry M. Paulson, Jr.  
Secretary  
U.S. Department of the Treasury  
1500 Pennsylvania Avenue, NW  
Washington, D.C. 20220

Gentlemen:

Since its establishment as a permanent committee on December 10, 1816, the Senate Finance Committee's jurisdiction has generally included "bonded debt of the United States."

In carrying out the Finance Committee's oversight responsibilities with respect to the use of bonded debt of the United States, we instructed our staff to review the details of the Bear Stearns-JPMorgan Chase transaction as announced on March 16, 2008, and as may have been or may be in the process of being amended ("the transaction"). We appreciate the briefings provided to our staff by national Federal Reserve staff and Treasury Department staff. We anticipate further staff discussions with the parties to the transaction and Federal officials.

As we take the next steps in our review, we have several preliminary questions and requests of the parties to the Bear Stearns-JPMorgan Chase transaction.

1. Please provide us with a memorandum on the transaction detailing all steps taken to date and steps that remain to be taken. Please include all pertinent dates.
2. Please provide us with a memorandum describing the assets to be secured by the Federal Reserve in relation to the transaction, including, but not limited to the type of assets, face value and book value of the assets, types of mortgages underlying the assets (e.g., adjustable rate, alt-A, subprime, etc.).
3. Please confirm all the parties (including private and government agencies that participated in negotiations) (collectively referred to herein as "Parties") to the transaction.
4. Please provide us with copies of all documents that have been or that the parties intend to file with the U.S. Securities and Exchange Commission or any other regulatory body and any term sheets that relate to the transaction.
5. Please provide us with the names of all the negotiators who represented the Parties to the transaction.
6. Please provide us with the names of all in-house counsel, outside counsel, accountants, employees and any other professionals who represented the Parties to the transaction.

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Please respond by close of business on March 28, 2008. The answers and requested materials should be delivered to the committee office and addressed to Russ Sullivan, Staff Director, Democratic Staff, and Kolan Davis, Staff Director, Republican Staff, Senate Finance Committee. If you have any questions, please do not hesitate to contact Mr. Sullivan at 202-224-4515 or Mr. Davis at 202-224-5315. In advance, we express our appreciation for your cooperation and look forward to working with you on this matter.

Sincerely,

Max Baucus  
Chairman

Charles E. Grassley  
Ranking Member

CC: The Honorable Christopher Cox  
Chairman  
U.S. Securities and Exchange Commission

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