

## MEMORANDUM

TO: Reporters and Editors  
FR: Jill Kozeny, 202/224-1308  
for U.S. Senator Chuck Grassley of Iowa  
RE: findings of the Inspector General for the Treasury Department  
DA: Monday, December 22, 2008

Senator Chuck Grassley issued the comment below about a briefing he received today by the Inspector General for the Treasury Department. A letter from Eric Thorson to Senator Grassley is posted with this statement at <http://finance.senate.gov>, along with a copy of a letter from the Office of Thrift Supervision to Inspector General Thorson.

"The Inspector General says this backdating of a capital infusion to meet bank capitalization requirements with the blessing of the Office of Thrift Supervision was not an isolated incident. What does that mean about the real financial condition of other banks? And what does it mean about the independence of the Office of Thrift Supervision? The role of the Office of Thrift Supervision, as the name says, is to supervise these banks, not conspire with them.

"Capitalization requirements are there for a reason. The failure of IndyMac cost the federal deposit insurance system \$8.9 billion.

"If the Office of Thrift Supervision is turning a blind eye to capitalization requirements, Congress needs to know so that it can understand the impact on the soundness of banks and bank holding companies. It's good the Inspector General has opened a full-blown audit as a result of this case. Everyone ought to be paying very close attention."