

HENRY A. WAXMAN, CALIFORNIA,
CHAIRMAN

EDOLPHUS TOWNS, NEW YORK
PAUL E. KANJORSKI, PENNSYLVANIA
CAROLYN B. MALONEY, NEW YORK
ELIJAH E. CUMMINGS, MARYLAND
DENNIS J. KUCINICH, OHIO
DANNY K. DAVIS, ILLINOIS
JOHN F. TIERNEY, MASSACHUSETTS
WM. LACY CLAY, MISSOURI
DIANE E. WATSON, CALIFORNIA
STEPHEN F. LYNCH, MASSACHUSETTS
BRIAN HIGGINS, NEW YORK
JOHN A. YARMUTH, KENTUCKY
BRUCE L. BRALEY, IOWA
ELEANOR HOLMES NORTON,
DISTRICT OF COLUMBIA
BETTY McCOLLUM, MINNESOTA
JIM COOPER, TENNESSEE
CHRIS VAN HOLLEN, MARYLAND
PAUL W. HODES, NEW HAMPSHIRE
CHRISTOPHER S. MURPHY, CONNECTICUT
JOHN P. SARBANES, MARYLAND
PETER WELCH, VERMONT
JACKIE SPEIER, CALIFORNIA

ONE HUNDRED TENTH CONGRESS

Congress of the United States

House of Representatives

COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM

2157 RAYBURN HOUSE OFFICE BUILDING

WASHINGTON, DC 20515-6143

MAJORITY (202) 225-5051
FACSIMILE (202) 225-4784
MINORITY (202) 225-5074

www.oversight.house.gov

TOM DAVIS, VIRGINIA,
RANKING MINORITY MEMBER

DAN BURTON, INDIANA
CHRISTOPHER SHAYS, CONNECTICUT
JOHN M. McHUGH, NEW YORK
JOHN L. MICA, FLORIDA
MARK E. SOUDER, INDIANA
TODD RUSSELL PLATTS, PENNSYLVANIA
CHRIS CANNON, UTAH
JOHN J. DUNCAN, JR., TENNESSEE
MICHAEL R. TURNER, OHIO
DARRELL E. ISSA, CALIFORNIA
KENNY MARCHANT, TEXAS
LYNN A. WESTMORELAND, GEORGIA
PATRICK T. MCHENRY, NORTH CAROLINA
VIRGINIA FOXX, NORTH CAROLINA
BRIAN P. BILBRAY, CALIFORNIA
BILL SALI, IDAHO
JIM JORDAN, OHIO

October 2, 2008

Mr. John Alfred Paulson
President
Paulson & Co., Inc.
590 Madison Avenue, 29th Floor
New York, NY 10022

Dear Mr. Paulson:

The Committee on Oversight and Government Reform is conducting an investigation into the causes and effects of the financial crisis on Wall Street. As part of this investigation, the Committee will be holding a hearing on the role of hedge funds in our financial markets and their regulatory and tax status. I am writing to request your testimony about these issues before the Committee on Thursday, October 16, 2008, at 10:00 a.m. in Room 2154 of the Rayburn House Office Building.

I ask that you be prepared to testify about whether hedge funds, including yours, pose systemic risks to the financial markets; whether the lack of federal regulation of hedge funds is appropriate; whether the terms of your compensation and those of other hedge fund executives promote excessive risk taking; and whether the special tax treatment of the compensation of hedge fund managers is warranted.

In order to assist the Committee in preparing for this hearing, I ask that you provide the following documents and information for the time period from January 1, 2005, to the present:

1. A list of all hedge funds under your control, the total assets under management of each fund at the end of each year, and all private placement memoranda and other reports to investors relating to those hedge funds.
2. Documents sufficient to show the value and nature of each hedge fund's position at the end of each year in mortgage-backed securities, collateralized debt obligations, credit default swaps, and other securities or derivatives, and the amount of leverage used by each fund.
3. All documents, including e-mails, drafted, sent, or received by you relating to (a) the level of risk or leverage associated with your hedge funds or other hedge funds; (b) the

Mr. John Alfred Paulson
October 2, 2008
Page 2

likelihood that your hedge funds or other hedge funds could suffer significant losses or collapse; or (c) the systemic risk or impact on the economy that could follow from significant losses by or collapse of your hedge fund or other hedge funds.

4. The compensation paid to you and the next two highest paid officers in your firm and the formula used to calculate this compensation. Please include with your response a table showing the compensation paid to each individual, broken out by year and type of compensation (*e.g.*, overhead fee, carried interest, bonus, etc.).
5. All documents, including e-mails, drafted, sent, or received by you relating to the tax treatment of compensation to hedge fund managers.

You should provide the documents and information to the Committee by 12:00 noon on Thursday, October 9, 2008. In addition, I ask that you advise the Committee by 12:00 noon on Monday, October 6, 2008, whether you will comply with this request on a voluntary basis.

The Committee on Oversight and Government Reform is the principal oversight committee in the House of Representatives and has broad oversight jurisdiction as set forth in House Rule X. Attachments to this letter provide additional information for witnesses appearing before the Committee and about how to respond to the Committee's request for documents and information.

If you have any questions about this request, please contact me or ask your representatives to contact Theodore Chuang or Erik Jones of the Committee staff at (202) 225-5420.

Sincerely,



Henry A. Waxman
Chairman

Enclosures

cc: Tom Davis
Ranking Minority Member