


OFFICE OF THE SPECIAL INSPECTOR GENERAL
TROUBLED ASSET RELIEF PROGRAM

1500 Pennsylvania Ave., NW, Suite 1064
Washington, D.C. 20220

February 9, 2009

MEMORANDUM FOR Neel Kashkari - Interim Assistant Secretary for Financial Stability
John C. Dugan - Comptroller of the Currency
John M. Reich - Director, Office of Thrift Supervision

FROM: Neil Barofsky, Special Inspector General Troubled Asset Relief
Program 

SUBJECT: Engagement memo – Audit of Treasury’s Investments in Bank of
America, including Merrill Lynch

This letter replaces the audit announcement letter we sent on February 5, 2009, regarding Bank of America to more clearly identify the scope of the audit and to add the Office of the Comptroller of the Currency as an addressee.

As part of our continuing oversight of the Troubled Asset Relief Program, we are initiating an audit of Treasury’s investments in the Bank of America, under the Capital Purchase Program (CPP), the Targeted Investment Program (TIP), and the Asset Guarantee Program (AGP)—and will also include CPP applications completed by Merrill Lynch). We selected Bank of America because they are participating in three programs and they were also involved in a merger during the application process. Our overall objective is to assess the review and approval process for the CPP, TIP, and AGP applications. Specifically, we will assess (1) the criteria and processes used by the federal banking agencies to evaluate the applications; and (2) the criteria and process used by the Office of Financial Stability to evaluate and approve the applications.

We plan to start work on this engagement immediately. We expect to perform fieldwork at the Office of Financial Stability, the Office of the Comptroller of the Currency, Office of Thrift Supervision, and Bank of America. We plan to interview responsible federal banking agency and Office of Financial Stability officials to identify the criteria and approach used to assess the applications, and then review compliance with CPP, TIP, and AGP guidelines and controls. A member of my staff will contract you shortly to arrange an entrance conference. At that time, we will discuss our scope, methodology, and timeframes in more detail. This engagement will be performed under assignment code (0003).

In the meantime, if you have any questions, please call Barry W. Holman, Deputy Inspector General for Audit, at (202) 622-4633.

cc: 

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