



**OFFICE OF THE SPECIAL INSPECTOR GENERAL**


FOR THE TROUBLED ASSET RELIEF PROGRAM

1801 L STREET, NW, 6<sup>TH</sup> FLOOR  
WASHINGTON, D.C. 20220

November 17, 2009

MEMORANDUM FOR: Herbert M. Allison Jr., Assistant Secretary for Financial Stability,  
Department of Treasury

Kenneth Feinberg, Special Master for TARP Executive  
Compensation

FROM: Neil M. Barofsky, Special Inspector General for the Troubled  
Asset Relief Program 

SUBJECT: Engagement Memo – Review of Office of the Special Master  
Decisions on Executive Compensation

As part of our continuing oversight of the Troubled Asset Relief Program, we are initiating an audit of the Special Master's decisions on executive compensation at firms receiving exceptional assistance from the U.S. government. As part of the June 15, 2009, interim final compensation regulations, the Special Master will review the proposed compensation structures for the senior executive officers and the 20 next most highly-compensated, as well as the proposed compensation structure for the next 75 most highly-compensated employees.

Our specific objectives will be to assess (1) the criteria used by the Office of the Special Master to evaluate executive compensation and, (2) whether the criteria were consistently applied to all firms receiving exceptional assistance.

We plan to start work on this engagement immediately. This work will be performed under engagement code 017. We expect to perform our field work at the Office of Financial Stability and the Office of the Special Master. A member of my staff will contact you shortly to arrange an entrance conference. At that time, we will discuss our scope, methodology, and timeframes in more detail. In the meantime, please contact Mr. Michael Kennedy, SIGTARP Associate Director for Audit, at (202) 622-9257.

cc: Duane Morse, Chief Risk and Compliance Officer, OFS