



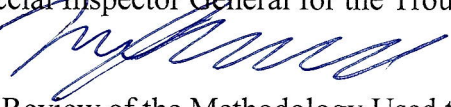
OFFICE OF THE SPECIAL INSPECTOR GENERAL

FOR THE TROUBLED ASSET RELIEF PROGRAM

1801 L STREET, NW, 6TH FLOOR
WASHINGTON, D.C. 20220

July 30, 2009

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

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

SUBJECT: Engagement Memo – Review of the Methodology Used to Decide
Which Automotive Dealerships Should be Maintained or
Terminated

Based on requests from House and Senate committee chairmen, we are initiating an audit of the process used by General Motors (GM) and Chrysler to identify which automotive dealerships should be maintained or terminated. GM and Chrysler reportedly have announced plans to terminate more than two thousand automotive dealerships as part of their restructuring process. Our specific objectives will be to determine the extent to which GM and Chrysler developed and followed a fair, consistent, and appropriately documented process leading to a reasonable basis for selections made; and, to what extent the reductions are expected to lead to cost savings or other tangible benefits to the companies. This work will be performed under engagement code 012.

We plan to start work on this engagement immediately. We expect to perform our field work at Treasury's Office of Financial Stability, GM and Chrysler offices, and other locations as may be required. A member of my staff will contact you shortly to arrange an entrance conference. During that time, we will discuss our scope, methodology, and timeframes in more detail. In the meantime, please contact Mr. Barry W. Holman, Deputy Special Inspector General for Audit, at (202) 622-4633.

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