

# United States Senate

COMMITTEE ON  
HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS  
WASHINGTON, DC 20510-6250

MICHAEL L. ALEXANDER, STAFF DIRECTOR  
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September 30, 2009

The Honorable Neil Barofsky  
Special Inspector General for the Troubled Asset Relief Program  
1801 L Street, NW 4<sup>th</sup> Floor  
Washington, DC 20220

Dear Mr. Barofsky:

We are writing to request that you conduct a review of the Treasury Department's selection of fund managers to participate in the Troubled Asset Relief Program's Public-Private Investment Program (PPIP).

On April 29, 2009, the Treasury Department announced that it had received more than 100 applications from potential fund managers interested in participating in PPIP.<sup>1</sup> On July 8, 2009, the Treasury Department announced that it had selected from those applicants nine PPIP fund managers.<sup>2</sup> Each of the nine fund managers has partnered with a small, veteran, minority, or women-owned business.<sup>3</sup> We understand that the Treasury Department is now negotiating the final terms of its agreements with the nine fund managers.<sup>4</sup>

As Chairman and Ranking Member of the Subcommittee on Contracting Oversight, we have concerns relating to the competitiveness, management, and oversight of the PPIP fund managers and their strategic partners. We request you to conduct a review of the following:

- (1) What criteria did the Treasury Department use to select the fund managers and their strategic partners?
- (2) To what extent did the Treasury Department consistently apply the established criteria when selecting the fund managers and strategic partners?

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<sup>1</sup> U.S. Department of the Treasury, *Press Release: Treasury Announces Receipt of Applications to Become Fund Managers under Public Private Investment Program* (April 29, 2009).

<sup>2</sup> U.S. Department of the Treasury, *Press Release: Joint Statement by Secretary of the Treasury Timothy F. Geithner, Chairman of the Board of Governors of the Federal Reserve System Ben S. Bernanke and Chairman of the Federal Deposit Insurance Corporation Sheila Bair on the Legacy Asset Program* (July 8, 2009).

<sup>3</sup> *Id.*

<sup>4</sup> *Id.*

- (3) To what extent are the financial agreements negotiated with the fund managers governed by the Federal Acquisition Regulation (FAR)? If they are not governed by the FAR, how has the Treasury Department ensured that these agreements deliver value to the taxpayer while also fulfilling the public policy goals of competition, transparency, and accountability to the government and the public?
- (4) What measures has the Treasury Department taken to prevent conflicts of interest for the fund managers and their strategic partners? Are these measures sufficient?

The jurisdiction of the Subcommittee on Contracting Oversight is set forth in Senate Rule XXV clause 1(k); Senate Resolution 445 section 101 (108<sup>th</sup> Congress); and Senate Resolution 73 (111<sup>th</sup> Congress).

We look forward to working with you on these and other issues in the future. Please contact Margaret Daum with Senator McCaskill's Subcommittee staff at (202) 228-3862 or Molly Wilkinson with Senator Bennett's Subcommittee staff at (202) 228-3141 with any questions.

Sincerely,



Senator Claire McCaskill  
Chairman  
Subcommittee on Contracting Oversight



Senator Robert Bennett  
Ranking Member  
Subcommittee on Contracting Oversight