



OFFICE OF THE SPECIAL INSPECTOR GENERAL
FOR THE TROUBLED ASSET RELIEF PROGRAM
1801 L STREET, NW
WASHINGTON, D.C. 20220

August 3, 2009

Honorable Alan Grayson
United States House of Representatives
1605 Longworth House Office Building
Washington, D.C. 20515

Dear Congressman Grayson:

As we discussed after the recent hearing of the Subcommittee on Oversight and Investigations, I was very happy to receive your letter of June 24, 2009, asking that SIGTARP conduct an audit of the various guarantees extended to Citigroup by the Treasury, FDIC and the Federal Reserve through the TARP's Asset Guaranty Program.

Following receipt of your letter, SIGTARP met to coordinate our efforts with GAO and the FDIC to ensure that we are not duplicating efforts, and my office will begin to assemble a team to audit the Citigroup guarantees. As previously discussed with your staff, the issues that the audit will address include:

- the basis on which the decision was made and structured providing asset guarantees to Citigroup, and the process for selecting loans to be guaranteed;
- the characteristics of the assets deemed to be "ring-fenced," i.e. covered under the program, how they compare with other such assets on Citigroup's books, and what risk assessment measures were considered in their acquisition;
- the risk management and internal controls and related oversight processes and procedures to mitigate risks to the government; and
- whether safeguards exist to protect the taxpayers' interests in the government's investment in the asset guarantees provided to Citigroup and the extent of any losses to date.

We anticipate finalizing the audit plan and issuing a formal audit announcement shortly. Thank you again for your commitment to transparency and for your continued support of SIGTARP's mission. I am available to discuss this issue or any other issue that my office is working on, including a timeframe for completion of this audit. Please do not hesitate to contact me if I can be of any further assistance.

Sincerely,

NEIL M. BAROFSKY
Special Inspector General