


OFFICE OF THE SPECIAL INSPECTOR GENERAL
TROUBLED ASSET RELIEF PROGRAM
1500 Pennsylvania Ave., NW, Suite 1064
Washington, D.C. 20220

February 5, 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
 Sandra L. Thompson- Director, Division of Supervision and
 Consumer Protection, Federal Deposit Insurance Corporation

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

SUBJECT: Engagement memo – Guarding Against Any Inappropriate
 External Influence Over the TARP Application Process

As part of our continuing oversight of the Troubled Asset Relief Program (TARP), we are initiating an audit of the Treasury Departments' efforts to guard against any inappropriate external influence over the TARP application process. On January 27, 2009, the Secretary of the Treasury announced new rules designed to limit external influence over the TARP process and ensure that investment decisions are guided by objective assessments. The new rules are aimed at combating lobbyist influence over the TARP process, and keeping politics out of funding decisions. Our specific objectives will be to determine (1) the extent to which the federal banking agencies and the Office of Financial Stability have documented prior contacts with external parties, and (2) the safeguards Treasury and the other banking agencies have established to prevent external influence over the TARP program in the future.

We plan to start work on this engagement immediately. This work will be performed under engagement code 0004. We expect to perform our fieldwork at the Office of Financial Stability, the Office of the Comptroller of the Currency, the Office of Thrift Supervision, the Federal Reserve, and the Federal Deposit Insurance Corporation. 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, should you have any questions, please contact Mr. Barry W. Holman, my Deputy IG for Audit at (202) 622-4633.

cc:



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