



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

ASSISTANT SECRETARY

July 16, 2010

Neil M. Barofsky
Special Inspector General
Office of the Special Inspector General for the Troubled Asset Relief Program
1500 Pennsylvania Ave., NW, Suite 1064
Washington, D.C. 20220

RE: SIGTARP Official Draft Audit Report

Dear Mr. Barofsky:

Thank you for providing the U.S. Department of the Treasury (Treasury) with a copy of your official draft audit report regarding the factors affecting the decisions of General Motors and Chrysler to reduce their dealership networks.

While we have conducted only a preliminary review of the report at this time, we strongly disagree with many of your statements, your conclusions, and the lessons learned. In the absence of government assistance, both GM and Chrysler faced almost certain failure and liquidation, which would have resulted in the loss of hundreds of thousands of American jobs across multiple industries. Instead, both companies worked with their stakeholders and underwent fair, open, and successful bankruptcies.

Today, both GM and Chrysler have emerged as stronger global companies. Of course, this process was not easy. It required deep and painful sacrifices from all stakeholders—including workers, retirees, suppliers, dealers, creditors, and the countless communities that rely on a vibrant American auto industry. Nonetheless, the outcome under the restructuring plans is far better than the likely alternatives had the Administration not stood behind the companies. The Administration's actions not only avoided a potentially catastrophic collapse and brought needed stability to the entire auto industry, but they also saved hundreds of thousands of American jobs and gave GM and Chrysler a chance to reemerge as viable, competitive American businesses.

Thank you again for the opportunity to review your report. We will continue to review it in detail and may respond more fully to your findings at a later date.

We look forward to continuing to work with you and your team as we continue our efforts to stabilize our financial system.

Sincerely,

Herbert M. Allison, Jr.
Assistant Secretary for Financial Stability