

Leadership Council

February 23, 2009

Anna Burger
Chair
Change to Win
International
Secretary-Treasurer
Service Employees
International Union (SEIU)

Secretary Timothy Geithner
Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, D.C. 20220

Edgar Romney
Secretary-Treasurer
Change to Win
Executive Vice President
UNITE HERE

Dear Secretary Geithner:

Joseph Hansen
International President
United Food and
Commercial Workers
International Union (UFCW)

Our current economic crisis is rooted in years of aggressive lobbying by the financial services industry against sound financial regulation. Over the last ten years, financial firms spent \$3.4 billion on lobbying. This enabled executives to take reckless, unregulated and ultimately ruinous financial risks. This lobbying continues, even as the industry receives unprecedented taxpayer support under the Troubled Asset Relief Program (TARP) and seeks even more.

James P. Hoffa
General President
International Brotherhood
of Teamsters (IBT)

With Treasury now poised to approve round two of TARP assistance, we are hopeful your recent Financial Stability Plan will address many of the flaws in round one. But, to fulfill the Plan's promise of a "new era of accountability, transparency and conditions on the financial institutions receiving funds," Treasury will need to plug the hole that has allowed recipients of substantial government assistance to lobby against the interests of the taxpayers who bear the burden of paying for the bailout.

Geralyn Luttj
International Vice President
United Food and
Commercial Workers
International Union (UFCW)

While you consider appropriate measures to address these problems, I write on behalf of Change to Win to register our strong opposition to granting any assistance to the Principal Financial Group, which has applied for up to \$2 billion in TARP funds. Even by the standards of the financial industry, characterized by its lobbying excess, Principal's lobbying is unique in its scale and scope. Change to Win is an alliance of seven unions representing six million workers.

Douglas J. McCarron
General President
United Brotherhood
of Carpenters
and Joiners
of America (UBC)

Terence M. O'Sullivan
General President
Laborers' International Union
of North America (LIUNA)

Bruce Raynor
General President
UNITE HERE

Significantly, your first act as Treasury Secretary was to restrict contact between lobbyists and Treasury officials "in connection with applications for, or disbursements of," TARP funds. We applaud your swift action and are hopeful the new rules will achieve their intended purpose, which is to combat lobbyist influence in the TARP process. But these rules do not address the larger problem that firms receiving significant TARP assistance continue to lobby against the interests of hard working taxpayers. For example, these firms continue to oppose legislation that would allow bankruptcy judges to modify mortgage loan terms, establish a Credit Cardholder's Bill of Rights and protect consumers from corporations that bury mandatory arbitration clauses in fine print.

Arturo S. Rodriguez
President
United Farm Workers
of America (UFW)

Andrew L. Stern
International President
Service Employees
International Union (SEIU)

Principal's TARP application highlights the urgent need to address this problem. Principal spent \$2.4 million lobbying the federal government in 2008, including \$515,000 in the fourth quarter, when it lost more than half its book value and applied for TARP funds. Principal's lobbying report for the fourth quarter alone covers 47 pages and lists 356 House and Senate bills addressing subjects as diverse as labor, retirement, trade, health, immigration, housing, government and a dozen other "issue areas." By contrast, Citigroup, which is twelve times larger than Principal, more diversified and among the top industry spenders on lobbying, spent three times more money on fourth quarter lobbying but on only 79 bills in nine issue areas. Whereas Principal lobbied on 26 labor-related bills, Citigroup lobbied on only one such bill.

Principal lobbies on numerous issues that have nothing to do with its own business operations, including the Employee Free Choice Act, which would allow workers the freedom to choose a union without employer interference. This opposition to Employee Free Choice is more than shameful, it is a gratuitous slap at millions of working families who have lost their economic security because of the excesses of firms like Principal and who now must shoulder the cost of the bailout.

Principal is also the only TARP applicant or recipient that has disclosed lobbying on the Employee Free Choice Act. Significantly, Principal's Chairman, J. Barry Griswell, sits on the board of the Financial Services Roundtable, the industry's trade association. FSR members have so far received \$200 billion in combined TARP assistance. Like Principal, the FSR lobbied against the Act in 2007 and 2008, and has made it a 2009 legislative priority. The Employee Free Choice Act is also highlighted topic at the FSR March 2009 Spring Meeting to which you are an invited speaker. The fact that Principal could spend so much time and money lobbying, and on a myriad of issues unrelated to its core operations, shows that it does not need and does not deserve taxpayer support.

There is now a Congressional effort underway to curb lobbying by TARP recipients, which spent a reported \$114 million on lobbying in 2008 and on contributions toward the 2008 election. In January, Senators Dianne Feinstein (D-Calif.) and Olympia Snowe (R-Maine) and a bi-partisan group of eight co-sponsors introduced a bill that that would "prohibit any recipient of emergency Federal economic assistance from using such funds for lobbying expenditures or political contributions." Earlier this month, Representative Carolyn Maloney (D-N.Y.) introduced parallel legislation in the House.

Passage of the Feinstein bill would send an unambiguous message that Congress expects TARP recipients to focus on fixing their own problems and financing productive economic activity, not playing politics. As Senator Feinstein said in proposing it, "Federal dollars were not intended to be used for lobbying, and it would be unconscionable for these companies to misuse taxpayer dollars in this way." Because Treasury already has the authority to impose such a ban, we urge you to take this important step rather than wait for Congress to act.

Whether imposed by Congress or Treasury, however, the proposed ban with respect to the use of TARP funds would not address the larger problem. As Bank of America Chairman and CEO Ken Lewis made clear at the February 11th Congressional hearing on TARP accountability,

Treasury Secretary Timothy Geithner

February 23, 2009

Page 3 of 4

executives of TARP recipients have no intention of curbing lobbying, even if their firms are recipients of significant taxpayer funds.

In response to questioning from Representative Keith Ellison (D-Minn.), Mr. Lewis agreed with the principle that TARP funds “should be used to either recapitalize the banks or to otherwise promote solvency within the bank and not to try to impact or defeat any measures in Congress to promote union organizing.” But when pressed on his bank’s activities to defeat the Employee Free Choice Act, Mr. Lewis qualified his position, saying that Bank of America’s TARP funds are “45 billion [dollars] in the context of 230 billion [dollars] in equity.” In other words, Mr. Lewis believes it is perfectly acceptable to continue to lobby against the interests of the taxpayers and workers who are making it possible for his business to continue to operate.

Recognizing the seriousness of the problem, the Government barred Fannie Mae and Freddie Mac from lobbying after their takeover. AIG agreed to restrict its lobbying in response to an outcry by Congress led by Senator Feinstein.

We think similar measures should be implemented by all TARP recipients. We are fully prepared to work with you on a comprehensive solution, including requiring that all TARP recipients adopt a responsible lobbying policy that covers both direct and indirect lobbying activities and includes both transparency and meaningful oversight. However, unless and until Treasury can assure hard working taxpayers that our money is not being used against us, firms like Principal that engage in extensive, gratuitous lobbying are undeserving of TARP assistance.

William Patterson, Director of the CtW Investment Group, will contact you to follow up on this letter. Thank you for your attention.

Sincerely,

A handwritten signature in cursive script, appearing to read "Anna Burger".

Anna Burger

Treasury Secretary Timothy Geithner

February 23, 2009

Page 4 of 4

cc: Rep. Barney Frank, Chairman, House Committee on Financial Services

Rep. Spencer Bachus, Ranking Member, House Committee on Financial Services

Sen. Christopher Dodd, Chairman, Senate Committee on Banking, Housing, and Urban Affairs

Sen. Richard Shelby, Ranking Member, Senate Committee Banking, Housing, and Urban Affairs

Rep. Luis Guterrez, Chairman, House Subcommittee on Financial Institutions and Consumer Credit

Rep. Jeb Hensarling, Ranking Member, House Subcommittee on Financial Institutions and Consumer Credit

Sen. Tim Johnson, Chairman, Senate Subcommittee on Financial Institutions

Sen. Mike Crapo, Ranking Member, Senate Subcommittee on Financial Institutions

Rep. Carolyn Maloney, Chair, Joint Economic Committee

Sen. Dianne Feinstein, Chair, Senate Committee on Rules and Administration

Rep. Keith Ellison, Member, House Committee on Financial Services

Rep. George Miller, Chairman, House Committee on Education and Labor

Sen. Edward Kennedy, Chairman, Senate Committee on Health, Education, Labor, and Pensions

Elizabeth Warren, Chair, Congressional Oversight Panel

Neil Barofksy, Special Inspector General, Treasury Department

J. Barry Griswell, Chairman, Principal Financial Group

Larry D. Zimpleman, President and CEO, Principal Financial Group

Ken Lewis, Chairman and CEO, Bank of America

Steve Bartlett, President and CEO, The Financial Services Roundtable