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Current Congressional Efforts to Restrict Compensation of TARP Participants

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On March 14, 2009, news media reported that American International Group, which had received more than $170 billion in government assistance under TARP, would honor obligations to pay approximately $165 million in retention awards to employees in its financial products unit. In response to public anger over these payments, several bills intended to curb the perceived excess compensation paid by TARP participants have been introduced in the House and Senate. This memorandum briefly summarizes the compensation provisions in those bills that have received the most attention and considers the bills' prospects for becoming law.

If you have any questions regarding the matters covered in this publication, please reach out to any of the lawyers listed below or your usual Davis Polk contact.

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