



COMMITTEE ON  
**WAYS AND MEANS**  
CHAIRMAN DAVE CAMP



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**Investigation: Treasury Clearly Involved in Decision that Terminated Delphi Salaried Workers' Pensions and Is Withholding Information from the Public**

*Documents Show Both Hourly & Salaried Workers Considered, Before Salaried Workers Were Dumped*

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Washington, DC - On August 13, 2012, Ways and Means Chairman Dave Camp (R-MI) sent [document requests](#) to the White House, Department of Treasury (Treasury), and Pension Benefit Guarantee Corporation (PBGC) to determine whether political concerns influenced the decision-making that resulted in the Obama Administration topping off the pensions of Delphi's union beneficiaries while terminating its non-union pensions without additional funding. In response, on September 7, the PBGC provided what appears to be a nearly complete response, while Treasury provided an incomplete response. The White House provided no documents, but claimed Treasury was responding on its behalf. The more than 5,000 pages of documents reviewed to date raise new questions about the Administration's involvement in decisions affecting Delphi pension beneficiaries. Some of the key findings include:

- Treasury withheld documents from its production without notice or explanation.
- Officials involved in negotiations discussed General Motors (GM) assuming both Delphi salaried and hourly pension plans as late as May 28, 2009. Following extensive Treasury involvement, the decision was made to only supplement hourly pension plans.
- Treasury and PBGC emails suggest that top officials at Treasury were heavily involved in the decision to terminate the Delphi pensions through the convening of meetings, providing comments on draft settlement agreements, and conferring with GM and Delphi officials apart from PBGC.

Treasury has repeatedly denied involvement in the Delphi pension decision claiming that it "did not authorize, approve, or consent to the PBGC's determination to terminate either pension plan." Seeking to minimize its apparent involvement, the agency claimed that "Treasury played an advisory role only" in PBGC's "independent" decision. The limited documents already provided to the Committee do not support Treasury's claim of non-involvement.

After review of the documents, Chairman Camp stated, "Treasury was clearly in the center of the decision to terminate the pensions of Delphi's salaried workers. Instead of selectively releasing some documents and withholding others, Treasury should release all documents without further delay and give these hardworking Americans answers as to why Treasury believed they were not entitled to their full pensions. I have serious concerns about this Administration picking winners and losers in Delphi's bankruptcy."

**Timeline of Events**

The timeline below illustrates Treasury officials' involvement in the decision to terminate pensions for salaried Delphi workers.

- [February 10, 2009](#): A senior career PBGC official emails Treasury officials ahead of their meetings with Delphi CEO John Sheehan the following morning, "to provide a high-level refresher on PBGC's perspective on the Delphi situation." He writes, "Delphi has proposed that

GM also take on the pension liabilities for the Hourly and Salaried plans... GM has stated that it can not assume responsibility for either the previously-agreed-to Hourly plan pension obligations or the Delphi's Salaried plan pension obligations...." NOTE: Treasury withheld this email in its response to Chairman Camp. It was obtained by the Committee from the PBGC.

- [April 15](#): The PBGC official sends an email to a top Treasury official stating that Delphi cannot afford its pension obligation on its own. He attaches two slides that illustrate the cost to GM were it to assume both Delphi's hourly and salaried pension plans.
- [May 24](#): Delphi CEO John Sheehan emails the PBGC official regarding a conversation with Treasury, "Seems you talked with [Treasury] on Friday should we talk?" The PBGC official immediately forwards the email to Treasury, noting, "I haven't replied to this yet. Any idea what Sheehan may be referring to?"
- [May 28](#): General Motors officials discuss the possible transfer of all Delphi pension plans to GM, noting that the transfer could be undertaken before or after GM is in bankruptcy. A GM official forwards the email to Treasury, noting he was flagging the issue "in the context of your discussions with the PBGC." The Treasury official responds, "Thanks for the heads up."
- [May 29](#): The PBGC official sends a plan to Treasury, "as discussed last night," outlining PBGC's views of GM assuming the hourly pension plans and termination of the salaried pension plans.
- June 1: GM files for bankruptcy and seeks to sell all assets from Old GM to New GM. PBGC publicly states that they might initiate involuntary termination of the Delphi salaried plan.
  - [1:16 am](#): Delphi officials email GM officials, attaching a draft press release announcing Delphi's plan to emerge from Chapter 11 bankruptcy. A GM official forwards the email to Treasury.
  - [11:01 am](#): Outside counsel emails GM, Department of Justice, and Treasury officials: "We confirm UST [Treasury] approval of the transaction. All documents are deemed signed and signature pages released from escrow."
- [June 3](#): Just days after GM files for bankruptcy, the PBGC official is told by an unknown authority to contact GM regarding the hourly pensions.
  - The PBGC official emails GM, "I've been directed to touch base in connection with the Delphi Hourly pension plan; do you have a minute sometime this afternoon?"
  - The GM official forwards the email to Treasury officials, "I'd really like to have a moment to chat with you before talking with Joe House at PBGC." Treasury responds, "I'll call around 6 if that works."
- June 4: Following the phone call between GM and Treasury the night before, PBGC and GM speak on the phone regarding Delphi hourly pensions. After this call, GM and Treasury schedule a call to discuss the treatment of hourly pension plans.
  - [2:33 pm](#): PBGC emails Treasury, "Just got off the phone with [GM] re: Delphi Hourly. Let me know when you have a minute to chat so I can fill you in."
  - [3:49 pm](#): GM official emails Treasury to set up a call at 5:30 pm "[a]s a follow-up to...discussion with the PBGC" and to discuss the treatment of Delphi hourly plans. Note:

No PBGC officials are on the email.

- [June 6](#): GM official forwards to Treasury's Steve Rattner and Ron Bloom an email from former Delphi employees encouraging Delphi workers to write to their Members of Congress demanding fairness for Delphi salaried employees. GM official and Rattner set up a call.
- [July 7](#): PBGC asks to see Delphi's draft settlement agreement regarding pension plans.
  - Delphi's counsel emails GM and Treasury outside counsel about the request stating "PBGC lawyers have asked us to send a draft of the current PBGC/Delphi/GM settlement agreement, which contains a placeholder for the description of how the Hourly Plan will be dealt with. I think they want to get up to speed on the paper, given the fact that this deal is moving fast. Do you have any objections to sending the current draft to PBGC, with appropriate caveats?"
  - Treasury responds that Delphi should share with "the caveat that GM nor UST has not yet provided comments..." And, later on, "We can make it very clear that the terms in the draft have not been agreed to."
- July 31: Delphi's hourly and salaried pension plans are terminated.
- September 10: New GM, old GM, International Union of Electrical Workers, and United Steelworkers of America sign the settlement agreement requiring GM to supplement the PBGC payments to Delphi hourly workers.
- October 6: Delphi reorganization is complete.

### **Incomplete Response Raises Additional Questions**

The review of documents leads to many questions that Treasury needs to answer:

1. It is clear from a comprehensive review of documents received in this information request that the Treasury department withheld Delphi-related correspondence between Treasury and PBGC. Who at Treasury decided which documents to produce and which to withhold? Given that Treasury has had a number of similar information requests related to both investigations and litigation, what documents were omitted from this response and why? If Treasury did play an "advisory" role as they have repeatedly claimed, why were documents withheld?
2. Emails so far produced show at least 34 phone conversations and 11 in-person meetings that took place among PBGC, Treasury, and GM officials. Why have no notes been produced, and what took place in these meetings and calls?
3. It is clear from a review of documents that having General Motors assume both hourly and salaried pension plans was considered at various times, as well the option of cancelling all plans. Did GM tell Treasury of its plan to fund only the union pensions? When did it inform Treasury and PBGC? No documents reviewed show this rationale articulated, so did GM advise Treasury verbally? Did Treasury give verbal approval? What advice did Treasury provide that resulted in Delphi salaried plans being terminated?
4. Who made the conscious decision to fund just the hourly workers when in the beginning, both salaried and hourly were discussed? Who directed PBGC in late May to develop a plan to terminate the salaried workers' pensions?
5. Days after GM filed for bankruptcy, a career PBGC official e-mailed a GM official, writing "I've been

directed to touch base in connect[ion] with the Delphi Hourly pension plan.” The GM official then quickly emails a top Treasury official, writing “I’d really like to have a moment to chat with you before talking to... PBGC.” Who directed the PBGC official to contact GM? What did the PBGC and GM official discuss regarding the hourly plans? What did the Treasury and GM official discuss regarding the hourly plans?

6. Both Treasury and GM officials have claimed that the decision to “top-up” hourly pension plans while not supplementing salaried pension plans was “commercially reasonable and necessary” to provide a “well-motivated workforce at its largest supplier...” However, in the documents so far produced, none of these arguments appear before the decision is made. Why are there no contemporaneous records of these considerations?

7. What materials, if any, were not provided in this request that demonstrate any communication about this topic between Treasury and the White House or Treasury and union groups affected by this decision?

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