



October 1, 2010

Via Email & Mail

Mr. Richard "Dick" Fuld
c/o Ms. Patricia Hynes
Allen & Overy LLP
1221 Ave of the Americas
New York, NY 10020
Patricia.Hynes@NewYork.AllenOvery.com

Phil Angelides
Chairman

Hon. Bill Thomas
Vice Chairman

Re: Financial Crisis Inquiry Commission Hearing on September 1, 2010

Brooksley Born
Commissioner

Dear Mr. Fuld:

Byron S. Georgiou
Commissioner

Thank you for testifying on September 1, 2010 in front of the Financial Crisis Inquiry Commission and agreeing to provide additional assistance. Toward that end, please provide a written response to the following additional question and any additional information by October 15, 2010.¹

Senator Bob Graham
Commissioner

During the hearing, you provided a brief response to the question regarding the conditions under which you believed a company should be rescued or should be allowed to fail. Please provide a more detailed response to this question.

Keith Hennessey
Commissioner

The FCIC appreciates your cooperation in providing the information requested. Please do not hesitate to contact Sarah Knaus at (202) 292-1394 or sknaus@fcic.gov if you have any questions or concerns.

Douglas Holtz-Eakin
Commissioner

Sincerely,

Heather H. Murren, CFA
Commissioner

John W. Thompson
Commissioner

Wendy Edelberg
Executive Director, Financial Crisis Inquiry Commission

Peter J. Wallison
Commissioner

cc: Phil Angelides, Chairman, Financial Crisis Inquiry Commission
Bill Thomas, Vice Chairman, Financial Crisis Inquiry Commission

¹ The answers you provide to the questions in this letter are a continuation of your testimony and under the same oath you took before testifying on September 1, 2010. Further, please be advised that according to section 1001 of Title 18 of the United States Code, "Whoever, in any matter within the jurisdiction of any department or agency of the United States knowingly and willfully falsifies, conceals or covers up by any trick, scheme, or device a material fact, or makes any false, fictitious or fraudulent statements or representations, or makes or uses any false writing or document knowing the same to contain any false, fictitious or fraudulent statement or entry, shall be fined under this title or imprisoned not more than five years, or both."

Wendy Edelberg
Executive Director

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October 14, 2010

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**BY ELECTRONIC MAIL
AND OVERNIGHT DELIVERY**

Wendy Edelberg
Executive Director, Financial Crisis Inquiry Commission
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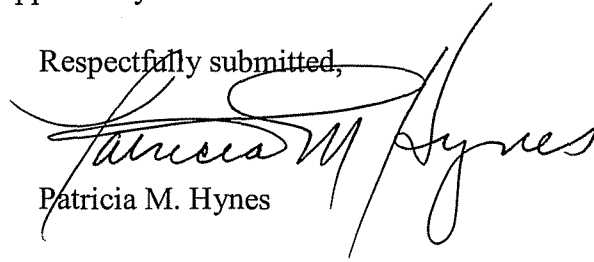
Dear Ms. Edelberg:

On behalf of Richard S. Fuld, Jr., we submit the following response to the additional question set forth in your October 1, 2010 letter:

You have asked me to provide a more detailed response to the question about the conditions under which a company should be rescued or should be allowed to fail. This is a difficult question to answer in the abstract. As I have previously stated in my written and oral remarks to the Commission, Lehman Brothers was not a bankrupt company. The firm did not suffer from a capital shortfall, but from a sudden loss of liquidity. In the specific context relevant here, Federal Reserve Chairman Bernanke told this Commission: "I believed deeply that if Lehman was allowed to fail or did fail that the consequences for the U.S. financial system and the U.S. economy would be catastrophic." Indeed, according to former SEC Chairman Cox, in his testimony before this Commission, it took \$16 trillion to restore market confidence to the system after the Lehman bankruptcy. Given these facts, any government assistance to Lehman, in the form of a guarantee of trading positions to effect the Barclays transaction or a liquidity bridge to calm irrational market fears surrounding its capital position, was warranted to forestall or even to mitigate the systemic consequences that followed the Lehman bankruptcy.

We thank the Commission for the opportunity to address this matter.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Patricia M. Hynes". The signature is fluid and cursive, with a large, sweeping initial "P".

Patricia M. Hynes

cc: Mr. Richard S. Fuld, Jr.