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January 4, 2011

Cassidy D. Waskowicz, Esq.
Deputy General Counsel
Financial Crisis Inquiry Commission
1717 Pennsylvania Avenue, NW, Suite 800
Washington, DC 20006-4614

Re: Potential Use of Quotes

Dear Ms. Waskowicz:

This letter responds to your letter of January 3, 2011, in which you ask for Professor Gorton's comments on the following sentence based on an excerpt from an interview recorded with Professor Gorton on May 11, 2010, under an understanding of confidentiality:

AIG executives said that one bullish Bear Stearns analyst they met was "out of his mind" and "must be on drugs or something."

On behalf of Professor Gorton, we strenuously object to this characterization and paraphrase on the following grounds:

- AIG, the parent of AIGFP, did not participate in the meetings described by Professor Gorton, and was not informed about them;
- Professor Gorton was never an "AIG executive," nor an "executive" of AIGFP. He was a university professor retained by AIGFP as a part-time consultant;
- Professor Gorton believed that a well-known Bear Stearns mortgage analyst was overly optimistic, and five years later used hyperbole to convey that reaction in his interview. As is evident from the recording, he used a humorous analogy that was so inappropriate that not only his attorney, Andrew Tomback, reminded him that he was on tape, but the FCIC interviewer, Dixie Noonan, reminded him as well.
- Professor Gorton did not state that he or any AIGFP "executive," or any participant in a meeting with Bear Stearns, actually used either of the two quoted

Cassidy Waskowicz, Esq.

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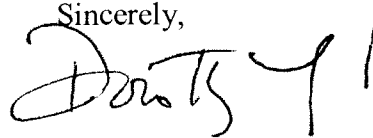
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phrases at the time. The full quotation makes clear that Professor Gorton was using a simile, and not quoting actual statements by himself or others:

And he was a very well-known analyst in the mortgage market but he was very optimistic. And he was *sort of* so optimistic that we came out afterwards *thinking -- you know, talking to ourselves like* this guy is just out of his mind. He must be on drugs or something.

In short, the language in your January 3 letter distorts the record and takes the quoted language out of context necessary to understand what was said. We respectfully submit that creating such confusion would undermine the FCIC's mandate, rather than support it. Please let me know if you would like to discuss an accurate way to convey Professor Gorton's point.

Sincerely,

A handwritten signature in black ink that reads "Dorothy Heyl". The signature is written in a cursive style with a large initial "D" and a long, sweeping tail.

Dorothy Heyl