

INTERNATIONAL BROTHERHOOD OF TEAMSTERS

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JAMES P. HOFFA
General President

December 22, 2009

The Honorable Andrew Cuomo
Attorney General, State of New York
The Capitol
Albany, New York 12224

Dear Attorney General:

We are writing to request that your office conduct an immediate review of practices of financial institutions that have been or are underwriting and/or marketing the sale of bonds of YRC Worldwide, Inc. ("YRCW") along with so-called credit default swaps ("CDSs"), which would make large payments to investors upon the financial collapse of YRCW. YRCW is the largest less-than-truckload company in the United States, employing 30,000 workers represented by the International Brotherhood of Teamsters. These workers would lose their jobs if YRCW collapses, wrecking havoc on them and their families. Financial firms such as Goldman Sachs, Deutsche Bank, Barclays, TD Bank, and UBS have a history of making markets in these types of derivative financial products.

In order to avoid bankruptcy YRCW is engaged in an exchange offer that would convert more than \$500 million in bonds issued by YRCW for equity in the Company. In order to avoid bankruptcy, 70% of the aggregate principal amount outstanding of the 8 1/2% Notes, and 85% of the aggregate principal amount outstanding of the 3.375% Notes and the 5% Notes on a combined basis must agree to this exchange by 11:59 P.M., Wednesday, December 23, 2009. If YRCW meets these thresholds, this exchange would permit the Company to retain needed liquidity and survive the unprecedented economic recession.

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However, certain financial firms, have been or are marketing and/or underwriting a strategy where bonds in YRCW would be bought by investors with the intent of voting against the exchange, thereby triggering a bankruptcy that would pay the investors and possible other financial firms huge profits from the high CDS payments which would be triggered by a YRCW bankruptcy or liquidation. The profit from the YRCW CDSs would far outweigh losses from the failed YRCW bonds.

A full report about this effort can be found at:

<http://www.bloomberg.com/apps/news?pid=20601103&sid=a9kPU.MsW.xg>

As I am sure you know, CDSs are nothing more than insurance contracts, i.e., the “swap” of a premium for a guarantee that a payment will be triggered by the financial default being insured. The YRCW long bond/CDS marketing scheme by certain banks and hedge funds that are located within your jurisdiction, is nothing more than an attempt to have investors vote against a restructuring that would save YRCW. The financial firms would profit from the suffering caused by the loss of 30,000 jobs two days before Christmas.

We respectfully urge you to look closely at these financial firms’ questionable promotion of CDSs for YRCW bonds. CDSs, of course, are essentially insurance products that need strong oversight. However, the CDS issuers are not required to conform to the strict requirements of insurance regulations. We believe almost none of these regulations were followed here. As indicated, these financial firms’ injection of CDSs into YRCW’s bond exchange offer seems calculated to manipulate and collapse YRCW stock and bond prices, destroy attempts to save a large U.S. trucking company, and to otherwise defraud various stakeholders by creating an incentive for bond holders and others to promote the Company’s failure.

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While our investigation of the underlying facts relating to the conduct of Goldman, and possibly others, is ongoing, the stakes are so high and the consequences potentially so imminent that we believe it is imperative that your office begin an immediate inquiry at its earliest opportunity. We are also prepared to meet with you promptly to discuss this matter further.

Sincerely,

A handwritten signature in black ink, reading "James P. Hoffa". The signature is written in a cursive, flowing style with a large initial "J".

James P. Hoffa
General President

JPH/dc

cc:

House Financial Service Committee

Senator Tom Harkin

Senator Maria Cantwell

Senator Evan Bayh

Senator Jeff Merkley

Rep. Mark Stupak

Rep. Dennis Moore

Rep. John Larson

Rep. Chris Van Hollen

Rep. Rosa DeLauro