

Washington, DC - Congressman Maurice Hinchey (D-NY) today released the following statement after Treasury Secretary Timothy Geithner announced reforms to the financial rescue program.

"I applaud Treasury Secretary Geithner for bringing much-needed accountability to the financial rescue program. After months in which former Treasury Secretary Paulson was handing out billions upon billions of dollars in checks to banks with little or no safeguards, it is clear that the Obama administration's Treasury Department understands that American taxpayers will not tolerate their money being handed out to major financial institutions without serious safeguards and accountability. As a senior member of the Joint Economic Committee, I look forward to working with the administration to see that the changes announced today are carried out.

"However, I remain concerned that there is still not enough funding being designated to stem the housing crisis across the nation. The Treasury Department must allocate greater resources to keep people in their homes and to stabilize the mortgages that were taken out on those homes.

"Several weeks ago, the House approved a bill that reformed the financial rescue program. The Senate has indicated that it will not be taking up that bill. However, the Obama administration has pledged to follow the guidelines put forth by the House. Much of those reforms were announced by Secretary Geithner today. However, he did not discuss language that I successfully attached to the House-approved measure as an amendment that would require the Treasury Department to provide Congress with a detailed report on how the money it allocated to financial institutions as part of the previously approved financial bailout bill has been spent. More than \$350 billion has been handed out by the Treasury Department to various financial institutions, but because the original legislation had no accountability or disclosure requirements, Congress and the American people do not know how the banks have used that money. Just a few days ago, we learned that former Treasury Secretary Paulson overspent \$78 billion buying assets from troubled financial institutions. The consequences of such poor management are severe for American taxpayers.

"While I feel much more comfortable with President Obama in office and Treasury Secretary Geithner overseeing the program, it will be impossible for the Treasury Department to administer new funds in the best way possible unless it knows how money was spent the first time around. By examining how the first \$350 billion was spent, the Treasury Department will be able to make a much better determination as to what works and what doesn't work when it

comes to allocating precious federal funds to financial institutions. I am hopeful the Obama administration will act swiftly in this regard."