

Washington, DC - Congressman Maurice Hinchey (D-NY), a senior member of the Joint Economic Committee, today called for an expedited report on how financial institutions that received money from the first \$350 billion of the financial bailout have used those funds. In a letter sent today to Special Inspector General Neil Barofsky, who is overseeing the implementation of the Troubled Asset Relief Program (TARP), the congressman said the administration should follow a measure he authored that was approved by the House that would require the Treasury Department to report to Congress within 30 days on how TARP beneficiaries have spent the money they received.

"Without knowing how financial institutions spent the TARP money they received, those of us in Congress are unable to truly determine whether the bailout program is actually working properly," Hinchey said. "It is absolutely unacceptable that such huge sums of money were handed out by the Bush administration's Treasury Department without demanding comprehensive accountability as how that money will be spent to stabilize and improve the U.S. economy."

On January 21, the House approved an amendment Hinchey offered to the TARP Reform and Accountability Act, which was a measure designed to strengthen accountability, close loopholes, and increase transparency within the financial bailout bill. The Senate decided to not take up its own version of the TARP Reform and Accountability Act so the measure never became law. However, the Obama administration said that it would follow the House guidelines on how to make the TARP function more effectively and transparently and publicly stated that it would demand TARP beneficiaries to report on how they have spent the federal money.

"I am extremely pleased that the Obama administration is committed to greater accountability, but I believe it is absolutely critical that Special Inspector General Barofsky issue a report in the coming weeks on how the first half of the TARP funds were spent," Hinchey said. "We just learned the other day that former Treasury Secretary Paulson overpaid \$78 billion for troubled assets from struggling financial institutions, which is entirely unacceptable. The American people and Congress cannot sit around any longer wondering what major financial institutions did with \$350 billion in taxpayer money."

As part of the original financial bailout bill, Special Inspector General Barofsky is required to submit an initial report to Congress on how the TARP is running within 60 days of his appointment and quarterly reports thereafter. Since Barofsky's initial report to Congress was issued on February 6 and his next report is not due until May, Hinchey requested that Barofsky

issue an interim report that would detail how the first \$350 billion of the bailout bill have been spent. By doing so, the special inspector general would be following the spirit of the House-approved TARP Reform and Accountability bill that included Hinchey's amendment requiring a report within 30 days. Hinchey urged Barofsky to issue the report on how the money has been spent to the House and Senate authorizing committees and the House and Senate Appropriations Committees, just as it was required in Hinchey's legislation. Hinchey is a member of the House Appropriations Committee and would be one of the recipients of the report.

The TARP Reform and Accountability Act that passed the House last month also included another Hinchey-authored provision that was included in the bill earlier in the legislative process. That provision would require the U.S. Government Accountability Office (GAO) to publish a report within six months on the causes of the current financial crisis. That report and its recommendations would then be used by the Treasury Department to issue an overall strategy and timeline for implementing recommendations by the GAO that would help achieve the goal of financial stability and the well-being of taxpayers. Hinchey is working with House Financial Service Committee Chairman Barney Frank (D-MA) to have the GAO issue the report independent of any legislation requiring it.

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The full text of Hinchey's letter to Barofsky follows:

February 11, 2009

Mr. Neil M. Barofsky
Special Inspector General
Office of the Special Inspector General
Troubled Asset Relief Program
1500 Pennsylvania Avenue, NW, Suite 1064
Washington, D.C. 20220

Dear Special Inspector General Barofsky:

As you know, the U.S. House of Representatives passed the TARP Reform and Accountability Act of 2009. The bill included an amendment I authored which requires the Treasury Secretary to provide Congress with a detailed report on how the money allocated to financial institutions as part of the previously approved financial bailout bill has been spent. This amendment required the Treasury Department to collect information on how the first \$350 billion was used, analyze the information, and provide a report to the appropriate House and Senate authorizing and appropriations committees.

I was pleased to learn that you have started the process of collecting information from the recipients of TARP funding on their usage of the funds. I understand that the Emergency Economic Stabilization Act of 2008 requires the Special Inspector General's office to submit a report within 60 days of his appointment, and quarterly reports thereafter.

Since the information that your office is requesting will be available to your office after your initial report, but much sooner than your first quarter report, I request you to provide an interim report as soon as it can be made available. Also, in the spirit of the House-approved amendment, I request that your office provide the information, in the full detail which it was collected, to the House and Senate Appropriations Committees, the House Financial Services Committee, and the Senate Housing Banking and Urban Development Committee.

I believe this timely and detailed reporting commitment of how the first \$350 billion was used under the TARP program would begin the process of transparency and accountability that the public and Congress have been desperately seeking. Thank you for your consideration of this very important matter. If you have any questions, please contact me or Namrata Mujumdar on my staff at 202-225-6335. I look forward to your response.

Sincerely,
Maurice D. Hinchey