

Washington, DC - Deeply concerned about the potential misuse of hundreds of billions of dollars in taxpayer money as part of the federal Wall Street bailout initiative, the Troubled Assets Relief Program (TARP), Congressman Maurice Hinchev (D-NY) today pressed the Special Inspector General (SIG) for the TARP, Neil Barofsky, for ways in which Congress can strengthen its oversight of the funds. Hinchev used his position on the Joint Economic Committee (JEC) to directly question Barofsky during a hearing held by that panel today.

"Every American taxpayer has the right to be outraged that enormous sums of their money are being handed out to major financial institutions with far too little accountability of how that money is being used and whether the TARP program is actually working successfully," Hinchev said. "Special Inspector General Barofsky's report and his subsequent testimony before the Joint Economic Committee make it very clear that the ability to oversee this money is simply not being utilized by the Treasury Department. I intend to lead my colleagues in the House in demanding greater accountability of the TARP funds. The financial institutions receiving these funds have not proven themselves to be trustworthy and it's incumbent upon the Treasury Department to use its authority to demand that these banks account for the money they've received."

The JEC hearing was held just two days after the SIG TARP released his second Quarterly Report to Congress. Barofsky discussed the report's specific recommendations to enhance the success of the TARP. The hearing examined the unique role SIG TARP plays in the oversight process and how it tracks the performance of all TARP funds.

Hinchev voted against the financial bailout in October 2008 because he felt the program was too large, too hastily put together, and failed to have proper accountability measures in place in order to prevent the misuse of taxpayer fund. Once the bailout package passed, Hinchev worked aggressively to increase oversight of the funds. The congressman successfully amended the TARP Reform and Accountability Act of 2009 to include language that required the TARP SIG to report to Congress on how the initial \$350 billion in bailout money has been spent. That measure passed the House, but was never taken up in the Senate. However, Barofsky's report detailed much of what Hinchev sought to uncover through the passage of his amendment.

As part of his report to Congress earlier in the week, Barofsky noted that the Treasury Department is still not adequately ascertaining how the TARP money is being used by the financial institutions that are its recipients. Barofsky noted that despite the Treasury

Department's objections, the agency is capable of obtaining such information and that doing so would be in the best interest of American taxpayers. The special inspector general stressed the importance of accountability when answering Hinchev's question regarding fraud, conflicts of interest, and opportunities for fund managers to inflate prices of their assets under the Public-Private Investment Program (PPIP), which is estimated to commit up to \$1 trillion of federal funds. Barofsky said that the importance of requiring this accountability is ultimately critical because the consequences of not adopting recommendations of accountability are so great that the federal government could lose the confidence of the American people and the ability to successfully achieve financial recovery.

Hinchev also asked Barofsky about a report in today's Wall Street Journal that former Treasury Secretary Henry Paulson and Federal Reserve Chairman Ben Bernanke last year pressured Bank of American CEO Ken Lewis to not publicly disclose his company's plan to buy Merrill Lynch & Co., which at the time was in the midst of a then-publicly unknown collapse. Bank of America subsequently acquired Merril Lynch and later needed to be bailed out with TARP funds. Barofsky said he was already investigating the matter and would report back to Congress on his findings.