



For Immediate Release
February 5, 2009

Contact: Dan Virkstis (Baucus)
Jill Gerber (Grassley)
(202) 224-4515

BAUCUS, GRASSLEY WELCOME FIRST TARP OVERSIGHT REPORT

*Finance leaders championed independent oversight,
pleased with early effort to track funds*

Washington, DC – Senate Finance Committee Chairman Senator Max Baucus (D-Mont.) and Ranking Member Chuck Grassley (R-Iowa) commented today on the first 60-day report from Neil Barofsky, Special Inspector General for Treasury’s Troubled Asset Relief Program (TARP), a \$700 billion allocation included as part of the Emergency Economic Stabilization Act (EESA) to prop up the U.S. financial sector and unlock credit markets. Baucus and Grassley recently partnered to introduce the Troubled Asset Relief Program Enhancement Act, which requires any private entity that receives TARP funds to give the Government Accountability Office (GAO) access to its books and records. The Finance leaders expressed outrage after a GAO report showed that Treasury was having problems tracking where TARP funds were going and how they are being used.

“I’m pleased that the Special IG has succeeded in getting his office up and running so quickly. I recommend to my colleagues that they review his 60 day report. This office is providing critical oversight of this massive new federal program. This is not only essential for the \$350 billion already allocated but the additional \$350 billion that will likely be used in the next few months,” said Baucus. **“I am especially pleased that the Special IG recommended that all TARP contracts be posted on the Treasury website and that transparency and oversight-related language be inserted in recent TARP contracts. The Treasury Department accepted both of these recommendations. It is this sort of independent voice on a critical national effort that I envisioned when I fought for the Special IG in the TARP legislation. I will also insist that Treasury follow the Special IG’s recommendations on tracking the use of TARP funds by banks and executive compensation practices.”**

“I appreciate the pro-active, let’s establish the facts for every stakeholder to see approach that Mr. Barofsky has presented to me in a personal meeting, an introductory letter and through staff work. Today’s report further indicates a kind of thoroughness that can serve the taxpayers and benefit the mission of the TARP program. This oversight work will take strong, independent leadership, and I look forward to continuing to do whatever I can to help Mr. Barofsky be effective, as he’s shown he wants to be,” Grassley said.

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The first report by the Office of Special Inspector General (SIGTARP) describes the activities of the Office and provides an overview of EESA, which controls TARP's operations. The report details how Treasury has spent TARP money to date, including an explanation of TARP programs and investments, and outlines a future strategy to ensure transparency and oversight of the TARP program. The report also provides a number of recommendations to prevent fraud in the Term Asset-backed Securities Loan Facility (TALF), which is scheduled for implementation in mid-February.

Baucus was chief architect of the provision that created SIGTARP to ensure proper use of taxpayer funds and protect against fraud, waste, and abuse in the Treasury's program. The provision stipulated a full status report to Congress 60 days after confirmation of the Special IG. The full report may be viewed on the SIGTARP website here:

http://sigtarp.gov/reports/congress/2009/SIGTARP_Initial_Report_to_the_Congress.pdf

Last night, Grassley and Senator Claire McCaskill (D-Missouri) won unanimous Senate approval for their free-standing bill to give the Special IG additional authority to conduct oversight based on the change in the focus of TARP after the program was created. Last week, Grassley protested an effort by the Office of Management and Budget that would have delayed letters to be sent today by the Special IG to TARP participants seeking information about the expenditure of more than \$250 billion.

The Senate Committee on Finance has jurisdiction over U.S. public debt.

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