

MEMORANDUM

To: Reporters and Editors
From: Carol Guthrie for Senate Finance Chairman Max Baucus (D-Mont.)
Re: Treasury Testimony to House Subcommittee on potential regulation of bank freezing of benefit payments

Finance Chairman Max Baucus (D-Mont.) this morning welcomed testimony from Treasury Department and Social Security Administration (SSA) officials to the House Committee on Ways and Means' Subcommittee on Social Security indicating that the agencies are working together to craft new regulations to stop widespread freezing of Americans' Social Security, SSI, and Veterans' benefits by U.S. banks in order to garnish the funds to satisfy account holders' creditors. Currently, there are specific Federal statutes that prohibit such freezes and garnishments, but some banks have complied with orders from state courts to do so. Baucus and a number of his fellow Senators first asked the Office of Management and Budget last November to start an inter-agency effort to stop the freezing practice, which deprives Americans of benefits that they need to live on, and to which they are legally entitled despite any other debts they may owe. See the letter here:

<http://finance.senate.gov/press/Bpress/2007press/prb112007a.pdf>

In testimony before the Subcommittee today, Deputy Assistant Treasury Secretary for Fiscal Operations and Policy Gary Grippo confirmed that the Department is working together with SSA and other benefit agencies on specific guidance and possible regulations to deal with the problem, and is willing to work with federal bank regulators on enforcement of a rule. Marianna LaCanfora, Assistant Deputy Commissioner for Retirement and Disability Policy at SSA, confirmed in her testimony that SSA is working with Treasury and other agencies to reach a solution to this problem. (For more information about today's hearing, visit the Ways and Means Committee website at

<http://waysandmeans.house.gov/hearings.asp?formmode=detail&hearing=638>)

"Senators asked the Administration last November to find a way to stop this illegal practice that deprives Americans in need of the benefits to which they're legally entitled, and on which they depend for the basic necessities of life. I'm pleased that the Administration is heeding the call to act on behalf of veterans and Social Security recipients all across the country," said Baucus.

"Likewise, I'm pleased that the House is calling attention to this serious issue. Today's hearing is an encouraging sign that we can all work together to help veterans and Social Security beneficiaries keep the precious benefits they have earned."

The Senate Finance Committee held a hearing on the topic of Social Security and SSI benefit freezing and garnishment on September 20, 2007. Information on that hearing can be found at the following URLs:

<http://finance.senate.gov/sitepages/hearing092007.htm> (hearing statements)

<http://finance.senate.gov/hearings/other/hearing092007.ram> (archived webcast)

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