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SENATE COMMITTEE ON FINANCE

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BEFORE THE
SENATE COMMITTEE ON FINANCE

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Chairman Baucus, Ranking Member Grassley, and Members of the Committee, I am honored to appear before you today to discuss SIGTARP's July 21, 2010, Quarterly Report to Congress and its audit concerning the termination of GM and Chrysler dealerships that was released on Monday.

QUARTERLY REPORT

Today, the Office of the Special Inspector General for the Troubled Asset Relief Program ("SIGTARP") issued its seventh quarterly report to Congress, reflecting that it has been a remarkable quarter for the Troubled Asset Relief Program ("TARP") and for SIGTARP itself. An investigation conducted by SIGTARP resulted in criminal charges — in one of the most significant criminal cases to arise from the financial crisis thus far — against the former chairman of one of the largest mortgage lenders in the country for his alleged involvement in a multi-billion dollar fraud that included an attempt to steal more than \$550 million of TARP funds, a scheme that was stopped by SIGTARP with no loss to TARP. And the signs of the gradual winding down of TARP are unmistakable: seven of the 13 TARP programs are effectively closed or are closing; this quarter marked an important milestone, with more TARP money having been repaid than is currently outstanding; and pending legislation would both reduce the upper limit of TARP and prevent any new spending except on programs already initiated prior to June 25, 2010.

Notwithstanding this scaling back of TARP, an examination of the broader context demonstrates that the overall Governmental efforts to stabilize the economy have not diminished. Indeed, the current outstanding balance of overall Federal support for the nation's financial system, in actual expenditures and guarantees, including ongoing initiatives run by the Federal Reserve System ("Federal Reserve"), the Federal Deposit Insurance Corporation ("FDIC"), the Department of Treasury ("Treasury"), the U.S. Department of Housing and Urban Development ("HUD"), and other Federal agencies, has actually *increased* more than 23% over the past year, from approximately \$3.0 trillion to approximately \$3.7 trillion — the equivalent of a fully deployed TARP program, largely without additional Congressional action — even as the banking crisis has, by most measures, abated from its most acute phases.¹ This increase has focused primarily on additional Government support of the still-distressed housing market and the financial institutions whose fate has been so closely tied to it throughout this crisis, with additional support of asset prices and low interest rates (predominantly via the Government's expanded role in the mortgage market through increases in HUD programs and support of Federal National Mortgage Association ("Fannie Mae") and Federal Home Loan Mortgage Corporation ("Freddie Mac")) more than offsetting the decline in amounts outstanding under TARP and in the winding down of several Federal Reserve liquidity programs. Updating work from SIGTARP's July 2009 Quarterly Report, and at the request of Chairman Baucus, Section 3 of today's quarterly report provides this broader perspective and analyzes how the Government's overall financial support efforts have changed over the past year.

¹ As explained in further detail in Section 3 of today's report, this number is not intended to indicate the total amount of risk of loss to the Government because, among other things, many of the outstanding expenditures and guarantees are collateralized and there are areas of overlap among the various federal programs described. Please see Section 3, "TARP in Context: Financial Institutions Support and Policies Outside of TARP – 2010 Update" for a complete description of the methodology for calculating this figure.

**INCREMENTAL FINANCIAL SYSTEM SUPPORT,
BY FEDERAL AGENCY SINCE 2007 (\$ TRILLIONS)**

	Balance as of 6/30/2009	Current Balance as of 6/30/2010
Federal Reserve	\$1.5 ^a	\$1.7
FDIC	0.3	0.3
Treasury — TARP (including Federal Reserve, FDIC components)	0.6	0.3
Treasury — Non-TARP	0.3	0.5
Other: FHFA, NCUA, GNMA, FHA, VA	0.3	0.8
Total	\$3.0	\$ 3.7

Notes: Numbers affected by rounding. Amounts may include overlapping agency liabilities, and does not account for collateral pledged. See the "Methodology for Estimating Government Financial Commitments" discussion in Section 3: "TARP in Context: Financial Institutions Support and Public Policies Outside of TARP — 2010 Update" of this report for details on the methodology of this chart. Other agencies include: FHFA, National Credit Union Administration ("NCUA"), Government National Mortgage Association ("GNMA"), Federal Housing Administration ("FHA"), and U.S. Department of Veterans Affairs ("VA").

^a This amount has changed from last year's report due to a change in methodology in accounting for the Federal Reserve's Maiden Lane facilities. See notes to Table 3.2 in this report for further explanation.

Over time, the shift in emphasis away from bank liquidity and toward housing support has been reflected in TARP as well, with the bank-related programs winding down and TARP funds being repaid. Many of Treasury's recent efforts have focused on the Home Affordable Modification Program ("HAMP") and related foreclosure prevention initiatives. Unfortunately, HAMP continues to struggle to achieve its original stated objective to help millions of homeowners avoid foreclosure "by reducing monthly payments to sustainable levels." Despite a seemingly ever increasing array of HAMP-related initiatives designed to encourage participation in the program, the number of homeowners being helped through permanent modifications remains anemic, with fewer than 400,000 ongoing permanent modifications (only approximately 165,000 of which are in connection with the TARP-funded portion of HAMP), and HAMP has not put an appreciable dent in foreclosure filings. Indeed, the number of trial and permanent modifications that have been cancelled substantially exceeds the number of homeowners helped through permanent modifications. One continuing source of frustration is that Treasury has rejected calls to announce publicly any goals or performance benchmarks for HAMP or its related initiatives concerning how many homeowners it actually expects to help stay in their homes, despite repeated recommendations that it do so from SIGTARP, the Congressional Oversight Panel and the Government Accountability Office ("GAO"). Instead, Treasury clings to its prior statements that it plans to offer trial modifications to three to four million homeowners, a measure that SIGTARP has previously shown to be essentially meaningless. Treasury's refusal to provide meaningful goals for this important program is a fundamental failure of transparency and accountability that makes it far more difficult for the American people and their representatives in Congress to assess whether the program's benefits are worth its very substantial cost. The American people are essentially being asked to shoulder an additional \$50 billion of national debt without being told, over 16 months after the program's announcement, how many people Treasury hopes to actually help stay in their homes as a result of these expenditures, how many people are intended to be helped through other subprograms, and how the program is performing against those expectations and goals. Without such clearly defined standards, positive comments regarding the progress or success of HAMP are simply not credible, and the growing public suspicion that the program is an outright failure will continue to

spread. Among other things, Section 2 of today's quarterly report details HAMP and its related programs, and Section 5 describes the status of the numerous SIGTARP recommendations concerning HAMP that remain outstanding. Section 5 also discusses the recommendations made in two SIGTARP audits released this quarter, discussed further below, that also raised important transparency and accountability issues.

As noted above, this quarter has also definitively demonstrated that proactive law enforcement efforts can play a vital role in protecting taxpayer's interests. On June 15, 2010, SIGTARP agents, along with law enforcement partners from several other Federal agencies, executed an arrest warrant for Lee Bentley Farkas, the chairman of Taylor, Bean & Whitaker, formerly one of the largest private mortgage lending companies in the United States, in connection with a scheme involving Colonial Bancgroup ("Colonial"), a large regional bank that was, until its demise in the fall of 2009, TBW's largest lender. Through an application submitted in the fall of 2008 to TARP's Capital Purchase Program ("CPP"), Colonial had been conditionally approved for \$553 million in TARP assistance, contingent upon, among other things, raising \$300 million in private capital. In April 2009, Colonial announced that it had met this final condition based on Farkas' representation that he led an investment group that had raised the necessary capital. Within days of this public announcement, SIGTARP issued subpoenas to both Colonial and TBW concerning the capital raise, and, over the course of the next several months, SIGTARP and its partners uncovered massive alleged frauds at both Colonial and TBW, notwithstanding apparent attempts by members of the conspiracy to destroy documents called for by SIGTARP's subpoena. SIGTARP alerted Treasury of its investigation, and Colonial did not receive TARP funds.

Farkas was charged in the Eastern District of Virginia in a 16-count indictment, which includes charges related to his attempt to steal \$553 million from TARP through Colonial's fraudulent CPP application. Farkas allegedly participated, with co-conspirators at Colonial and TBW, in a massive accounting fraud that resulted in an undisclosed hole in Colonial's books and records and then later caused a false filing by Colonial with the Securities and Exchange Commission ("SEC") that falsely represented that Farkas had raised the \$300 million in private financing for Colonial required for Colonial's TARP funding. He was also charged in an alleged fraud scheme involving more than \$1.9 billion that contributed to the failures of Colonial Bank and TBW in 2009 and that victimized numerous other public and private institutions. Farkas was also charged by the SEC in a civil complaint with violations of the antifraud, reporting, internal controls, and books and records provisions of the Federal securities laws in connection with, among other things, the false claims intended to cause Treasury to disburse \$553 million in TARP funds to Colonial. The Office of the Inspector General for the Department of Housing and Urban Development ("HUD OIG") estimated that HUD losses from the scheme (including payments that had to be made based on Federal Housing Agency guarantees) may be in excess of \$3 billion; the FDIC estimated that depositor insurance fund losses from Colonial's failure, to which the scheme contributed, will be approximately \$2.84 billion. Because SIGTARP ensured that Treasury disbursed no TARP funds to Colonial, however, TARP suffered no loss.

Program Updates and Financial Overview

Of the 13 implemented TARP programs, seven are already closed or are winding down. As of June 30, 2010, Treasury had expended or committed to expend approximately \$498.3 billion through the 13 implemented programs to provide support for U.S. financial institutions, the automobile industry, the markets in certain types of ABS, and homeowners. Of this amount, \$386.2 billion has actually been expended. As of June 30, 2010, 87 TARP recipients had paid back all or a portion of their principal or repurchased shares for an aggregate total of \$201.5 billion of repayments and a \$5.0 billion reduction in exposure to possible further liabilities, leaving \$407 billion, or 58.3%, of TARP's current total (subject to the pending legislation) \$698.8 billion available for allocation.

In addition to the principal repayments, Treasury has received interest and dividend payments on its investments, as well as revenue from the sale of its warrants. As of June 30, 2010, the Government had received \$15.7 billion in interest, dividends, and other income, and \$7.0 billion in sales proceeds had been received from the sale of warrants and preferred stock received as a result of exercised warrants. At the same time, some TARP participants have missed dividend payments: among CPP participants, 105 have missed dividend payments to the Government, although some of them made the payments on a later date. As of June 30, 2010, there was \$157.7 million in outstanding unpaid CPP dividends.

Financial Institution Support and Policies Outside of TARP – 2010 Update

As noted above, Section 3 of today's quarterly report updates a summary of the financial institutions assistance programs created or expanded because of the financial crisis, that was initially presented in SIGTARP's Quarterly Report to Congress dated July 21, 2009 (the "July 2009 Quarterly Report"). TARP was but one component of the Government's broad response to the financial crisis, and, in many instances, TARP worked in concert with other Federal initiatives — either as a direct partner or as another option for the banking sector. Section 3 attempts to place TARP in the broader context of the Government's overall response to the financial crisis. As in the July 2009 Quarterly Report, SIGTARP includes three estimates for each separate Federal Government program that was either initiated or expanded in response to the financial crisis: the program's maximum potential commitment since the onset of the crisis, its high-water mark (the maximum amount expended or guaranteed under the program at any one time), and the current outstanding balance of actual expenditure or guarantees.

Oversight Activities of SIGTARP

Since the April 2010 Quarterly Report, SIGTARP has actively sought to fulfill its audit and investigative functions. Over the past quarter, SIGTARP released two audit reports, plus an audit letter to Treasury, and another audit report was released Monday of this week, as discussed more fully below. A new audit project has been announced during the past quarter, and eight other previously announced audits are in process and will be released in the coming months.

- **Assessing Treasury's Process to Sell Warrants Received from TARP Recipients:**
This audit report, developed in coordination with a parallel effort by the Congressional

Oversight Panel, sought to determine, first, the processes and procedures Treasury has established to ensure that the Government receives fair market value for its warrants; and second, the extent to which Treasury follows a consistent and well-documented process in reaching its decision to sell warrants back to TARP recipients. Released on May 11, 2010, the audit found that Treasury generally succeeded in negotiating prices for the warrants at or above its estimated value but identified two broad areas in which Treasury's process for selling warrants directly to financial institutions is lacking in ways that impair transparency and have led to inconsistencies in the process. First, Treasury does not sufficiently document important parts of the negotiation process. Second, Treasury does not have established guidelines or internal controls over how the negotiations proceed, and in particular how much information is shared with recipient institutions about price. Without taking steps to address these issues, Treasury may open itself to criticism that, through TARP, it favors some institutions over others – picking winners and losers – irrespective of whether it had legitimate reasons to take the positions it did.

- **Treasury's Monitoring of Compliance with TARP Requirements by Companies Receiving Exceptional Assistance:** Released on June 29, 2010, this audit report examined the extent to which Treasury follows a clear, consistent and effective process to ensure that companies receiving exceptional TARP assistance adhere to the compliance requirements of their TARP agreements. It complemented other reports previously released as part of an ongoing joint effort between SIGTARP and GAO that touches on various aspects of the Government's involvement in companies receiving exceptional assistance. SIGTARP reviewed Treasury's efforts to ensure that recipients of exceptional TARP assistance comply with the conditions for receiving such assistance and Treasury's progress toward developing and implementing a compliance strategy. SIGTARP found that, although there was some progress, Treasury's implementation of its compliance strategy has been slow and incomplete. As the taxpayer's primary representative with respect to TARP, Treasury bears the responsibility of ensuring that each participant adheres faithfully to its obligations. To date, Treasury has not adequately carried out its responsibility in a number of key respects. First, Treasury's compliance implementation has been too slow. Second, Treasury's compliance procedures rely too heavily on the recipients themselves to abide by their various requirements in a diligent and well-judged manner. Third, Treasury's compliance staffing levels continue to be inadequate. In sum, the audit found that Treasury has not adopted the rigorous approach or developed the professional team necessary to ensure that companies receiving exceptional TARP assistance adhere to the special restrictions that were imposed to protect taxpayer interests.
- **Treasury's Compliance and Internal Controls Program for PPIP:** On July 8, 2010, SIGTARP delivered a letter to Treasury on the topic of compliance and internal controls for the Public-Private Investment Program ("PPIP"). Despite Treasury's assurance that it would adopt SIGTARP's previous compliance recommendation that it define appropriate metrics and implement an evaluation system to monitor PPIP managers' effectiveness and that it was developing such metrics and internal controls, essentially nothing was issued in the nearly one year since. Although Treasury informed SIGTARP in February

2010 that PPIP compliance policies and procedures would be developed within six weeks, in June it indicated that it will not complete these procedures until August. Consequently, SIGTARP has not seen the guidelines. However, SIGTARP made a series of suggestions for Treasury to adopt as it designs its compliance policies and procedures, as specified in the discussion in Section 1 of today's quarterly report.

Section 1 describes each of these audits in further detail, and Section 5 provides updates on the recommendations made in the audits. Section 1 also discusses continuing and recently announced SIGTARP audits.

SIGTARP's Investigations Division has developed into a sophisticated white-collar investigative agency. Through June 30, 2010, SIGTARP had 104 ongoing criminal and civil investigations. Although much of SIGTARP's investigative activity remains confidential, in addition to the Colonial/TBW indictment discussed above, over the past quarter there have been significant public developments in several of SIGTARP's other investigations:

- **American Home Recovery:** As part of the Department of Justice's nationwide "Operation Stolen Dreams" mortgage fraud sweep, on June 17, 2010, the U.S. Attorney for the Southern District of New York charged Jaime Cassuto, David Cassuto, and Isaak Khafizov, principals of American Home Recovery ("AHR"), a mortgage modification company located in New York City, in a complaint with one count of conspiracy to commit mail and wire fraud related to a mortgage modification scam. They were arrested by Special Agents from SIGTARP and the Federal Bureau of Investigation. According to the complaint, salespeople employed by AHR sent unsolicited letters and e-mails offering assistance in securing loan modifications to homeowners who were having difficulty making their mortgage payments. For a fee, AHR offered to renegotiate the terms of the homeowners' mortgages and obtain more favorable interest rates. AHR boasted a 98% success rate in loan modifications and promised homeowners their money back if it was unable to renegotiate their mortgages successfully. The complaint further alleges that, after collecting hundreds of thousands of dollars in fees, AHR in fact did virtually nothing for homeowners and refused to refund the fees, as promised. In June 2009, AHR transferred its hundreds of unfulfilled mortgage modification orders to another individual, indicating that he could attempt to collect additional fees from the homeowners. The complaint concludes that, in this manner, the defendants and AHR defrauded at least 240 victims. The case is pending.
- **Nations Housing Modification Center:** On June 1, 2010, Glenn Steven Rosofsky pled guilty to a superseding information charging him with one count of conspiracy to commit wire fraud and money laundering, one count of money laundering, and one count of filing a false tax return. As reported in SIGTARP's April 2010 Quarterly Report to Congress, on March 19, 2010, Rosofsky was arrested by special agents from SIGTARP and the Internal Revenue Service, Criminal Investigations Division and charged by the U.S. Attorney's Office for the Southern District of California with one count of conspiracy to commit wire fraud and money laundering and one count of money laundering. According to the indictment, Rosofsky and others operated a telemarketing firm ostensibly to assist delinquent homeowners with loan modification services. Operating under the names

“Nations Housing Modification Center” and “Federal Housing Modification Department” they took criminal advantage of the publicity surrounding the Administration’s mortgage modification efforts under the TARP-related Making Home Affordable program using fraudulent statements to induce customers to pay \$2,500-3,000 each to purchase loan modification services. For example, the indictment alleges that they mailed solicitation letters in envelopes that deceptively bore a Capitol Hill return address (in fact merely a post office box) and that were designed to mimic official Federal correspondence. It is alleged in court documents that the fraud grossed more than \$1 million. Rosofsky’s sentencing is scheduled for September 20, 2010.

- **Omni National Bank:** Omni National Bank (“Omni”) was a national bank headquartered in Atlanta. It failed and was taken over by the FDIC on March 27, 2009. Prior to its failure, Omni applied for, but did not receive, TARP funding. As part of a mortgage fraud task force involving several Federal agencies, SIGTARP participated in several investigations concerning Omni that led to criminal charges. SIGTARP’s involvement, including an examination into whether the various frauds had an impact on Omni’s CPP application, is ongoing. As a result of the Omni investigation, Mark Anthony McBride pled guilty to mortgage fraud on April 4, 2010, and was sentenced to 16 years in Federal prison. On June 24, 2010, Christopher Loving pled guilty to making false statements to SIGTARP Special Agents about his knowledge of kickbacks to bank officials. This marks the first time that a defendant has been charged and convicted of making false statements to SIGTARP. These results follow up on three previous convictions related to Omni National Bank.

Section 1 of today’s quarterly report describes each of these investigations in further detail.

SIGTARP Recommendations on the Operation of TARP

One of SIGTARP’s oversight responsibilities is to provide recommendations to Treasury so that TARP programs can be designed or modified to facilitate effective oversight and transparency and to prevent fraud, waste, and abuse. Section 5 provides updates on existing recommendations and summarizes implementation measures for previous recommendations.

This quarter, Section 5 features discussion about Treasury’s transparency measures and process controls as they relate to two matters: the Government’s repurchases of warrants it received from TARP recipients and its responsibility to monitor compliance with TARP requirements by companies receiving exceptional assistance under TARP. On the topic of warrants sales, SIGTARP reviews both its original recommendations and Treasury’s subsequent response. Although Treasury has indicated that it will adopt SIGTARP’s recommendation that its Warrants Committee meeting minutes capture more detail, it has not committed to detailed documentation of the substance of all communications with recipients concerning warrant repurchases, or to developing and following guidelines and internal controls concerning how negotiations will be pursued. SIGTARP’s recommendations on Treasury’s monitoring of exceptional assistance recipients’ compliance with TARP requirements also highlight the importance of internal controls. Although Treasury has not responded in full, it has indicated that it will reject SIGTARP’s recommendations that it swiftly take steps to verify independently these companies’

compliance with the conditions contained in their agreements with Treasury and that it at least establish firm guidelines so that the companies do not have such broad discretion in deciding whether to report a violation or not.

Additionally, Section 5 examines key points of Treasury's response to SIGTARP's recommendations regarding HAMP. SIGTARP reiterates the need for meaningful benchmarks to judge HAMP's effectiveness, particularly in light of the major public expenditure it represents. SIGTARP also examines Treasury's unsatisfactory arguments for its current policy of leaving the availability to borrowers of the recently announced Principal Reduction Alternative ("PRA") to servicers' discretion and its equally unconvincing explanation regarding its policies regarding the length of the minimum term for HAMP's unemployment forbearance program. Finally, SIGTARP reemphasizes the need for a rigorous appraisal process in HAMP, particularly for those aspects of the program most vulnerable to valuation fraud.

AUDIT ENTITLED "FACTORS AFFECTING THE DECISIONS OF GENERAL MOTORS AND CHRYSLER TO REDUCE THEIR DEALERSHIP NETWORK"

On Monday, SIGTARP released an audit report entitled, "Factors Affecting the Decisions of General Motors and Chrysler to Reduce Their Dealership Network," Audit Report No. SIGTARP-10-008.

Pursuant to their loan agreements with Treasury, as a condition of receiving additional TARP funding, General Motors ("GM") and Chrysler were required to submit restructuring plans to the Treasury Auto Team in February 2009. GM's restructuring plan explicitly spelled out its plan to reduce its dealership network gradually, by approximately 300 dealers per year over the next five years. In March 2009, Treasury's Auto Team rejected both companies' restructuring plans. In GM's case, the Auto Team specifically highlighted GM's planned "pace" of dealership closings as one of the obstacles to its viability. In response to the Auto Team's rejection of their restructuring plans and in light of their intervening bankruptcies, GM and Chrysler significantly accelerated their dealership termination timetables, with Chrysler terminating 789 dealerships by June 10, 2009, and GM announcing plans to wind down 1,454 dealerships by October 2010.

The Auto Team's view about the need for GM and Chrysler to reduce their dealership networks and do so rapidly was based on a theory that, with fewer dealerships (and thus less internecine competition), like their smaller networked foreign competitors, the remaining dealerships would be more profitable and thus would permit the dealerships to invest more in their facilities and staff. For GM and Chrysler, the theory goes, this would mean better brand equity and would allow the manufacturers over time to decrease their substantial dealership incentives. In addition, the Auto Team felt the companies' best chance of success required "utilizing the bankruptcy code in a quick and surgical way" and noted further that it would have been a "waste of taxpayer resources" for the auto manufacturers to exit bankruptcy without reducing their networks.

Perhaps only time will tell whether and to what extent the rapid reduction of the number of dealerships will improve the manufacturer's profitability over time; SIGTARP's audit found that there are several aspects of how the Auto Team came to have this view about dealership

reductions that are worth noting. One, although there was broad consensus that GM and Chrysler generally needed to decrease the number of their dealerships, there was disagreement over where, and *how quickly*, the cuts should have been made. Some experts questioned whether it was appropriate to apply a foreign model to the U.S. automakers, particularly in small markets in which the U.S. companies currently have a competitive advantage, and one expert opined that closing dealerships in an environment already disrupted by the recession could result in an even greater crisis in sales. Two, job losses at terminated dealerships were apparently not a substantial factor in the Auto Team's consideration of the dealership termination issue. Although there is some controversy over how many jobs will be lost per terminated dealership, it is clear that tens of thousands of dealership jobs were immediately put in jeopardy as a result of the terminations by GM and Chrysler. Finally, the acceleration of dealership closings was not done with any explicit cost savings to the manufacturers in mind.

Chrysler decided which dealerships to terminate based on case-by-case, market-by-market determinations, and did not offer an appeals process. SIGTARP did not identify any instances in which Chrysler's termination decision varied from its stated, albeit subjective selection criteria. GM's approach, which was conducted in two phases, was purportedly more objective, and it offered an appeals process. However, SIGTARP found that GM did not consistently follow its stated criteria and that there was little or no documentation of the decision-making process to terminate or retain dealerships with similar profiles, or of the appeals process.

Although perhaps it is inevitable that public ownership of private companies will have the effect of blurring the Government's appropriate role, the fact that Treasury was acting in part as an investor in GM and Chrysler does not insulate Treasury from its responsibility to the broader economy. Treasury should have taken special care given that the Auto Team's determinations had the potential to contribute to job losses, particularly given that one goal of the loan agreements was to "preserve and promote jobs of American workers employed directly by the automakers and subsidiaries and in related industries." This audit concludes that before the Auto Team rejected GM's original, more gradual termination plan as an obstacle to its continued viability and then encouraged the companies to accelerate their planned dealership closures in order to take advantage of bankruptcy proceedings, Treasury (a) should have taken every reasonable step to ensure that accelerating the dealership terminations was truly necessary for the long-term viability of the companies and (b) should have at least considered whether the benefits to the companies from the accelerated terminations outweighed the costs to the economy that would result from potentially tens of thousands of accelerated job losses. Moreover, in light of the way in which the companies selected dealerships for termination, in the future, to the extent that Treasury takes action with respect to a TARP recipient that has the potential to affect so many jobs in so many different communities, Treasury should monitor the recipients' actions to ensure that they are carried out in a fair and transparent manner.

Chairman Baucus, Ranking Member Grassley, Members of the Committee, again, it is a privilege to testify before you today, and I look forward to any questions that you might have.

If you are aware of fraud, waste, abuse, mismanagement or misrepresentations affiliated with the troubled asset relief program, please contact the SIGTARP Hotline.

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