

For Immediate Release
Monday, November 9, 2009

Grassley works to have Treasury Secretary require TARP participants to report on use of funds

WASHINGTON – Senator Chuck Grassley is asking why the Treasury Department isn't requiring TARP recipients to report on the actual uses of TARP funds.

Grassley said an October report to Congress from the Special Inspector General for TARP says the Treasury Department has failed to do so for all but three TARP recipients, despite the urging of the Inspector General that it be done.

“Since the Treasury Department is a public trustee of TARP dollars, you wonder why officials even have to be told to find out how recipients of TARP dollars are using the money,” Grassley said. “The fact that the Treasury Department has disregarded the recommendation to do so from the program’s watchdog is even more aggravating. There is no legitimate reason for the Treasury Department not to require this information. In fact, it’s unbelievable that Treasury hasn’t been doing this.”

Earlier this fall, Grassley joined other senators to urge the Treasury Secretary to let TARP expire at the end of the year, after the administration signaled it may support extending TARP for another year. On top of shutting down the program, the senators who wrote to the Treasury Secretary also said that every penny of the TARP money paid back by the big Wall Street banks should go to federal debt reduction, not to more government spending and bailouts.

“The TARP program was supposed to keep credit flowing to Main Street, America. Instead, it’s been used as a Treasury Department slush fund to pick winners and losers in the private sector with bailouts for banks and auto makers,” Grassley said. “The fact that the Treasury Department has failed to require recipients to report on how they’ve used the taxpayer funds must change.”

When TARP was created in 2008, Grassley fought to establish a Special Inspector General for the program in order to help safeguard taxpayer dollars. When the former Treasury Secretary abandoned the original stated purpose of TARP almost immediately after the program started, Grassley worked to get legislation passed to expand the Inspector General’s authority to cover all TARP programs.

In early 2009, the new administration tried to stop the Special Inspector General from asking recipients of TARP dollars what they were doing with the money. Grassley fought the Treasury Department and the White House so that the Special Inspector General could work to access the data he needed to track how TARP dollars were being used.

Below is the text of the letter Grassley sent Friday to the Treasury Secretary.

November 5, 2009

The Honorable Timothy F. Geithner
Secretary
U.S. Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220

Dear Secretary Geithner:

Recently, my staff conducted a review of the Quarterly Report to Congress dated October 21, 2009, prepared by the Office of the Special Inspector General for the Troubled Asset Relief Program (SIGTARP/OIG). One of the responsibilities of the IG is to provide recommendations to the U.S. Department of the Treasury (Treasury). Many of these recommendations were designed to facilitate transparency, effective oversight, and to prevent fraud, waste, and abuse of taxpayer money.

During the course of that review, my staff highlighted an open recommendation made by SIGTARP to your office.

Specifically, under Section 5, entitled SIGTARP RECOMMENDATIONS, the IG states the following under recommendation 4:

Treasury requires all TARP recipients to report on the actual use of TARP funds.
(Emphasis added)

The IG then noted that this recommendation is partially implemented and states that, “Treasury has failed to adopt this recommendation for all but three TARP recipients.”

As you well know, taxpayers across the United States are greatly interested in knowing how their money is being spent. Accordingly please provide me with an update on the status of this recommendation immediately.

Sincerely,

Charles E. Grassley
Ranking Member

Cc: The Honorable Neil M. Barofsky
Special Inspector General
Office of the Special Inspector General
Troubled Asset Relief Program