



CONGRESS OF THE UNITED STATES

JOINT ECONOMIC COMMITTEE

CONGRESSMAN KEVIN BRADY

RANKING REPUBLICAN HOUSE MEMBER



NEWS RELEASE

For Immediate Release
May 1, 2009

**GEITHNER SHOULD ADOPT
BAILOUT SAFEGUARDS**

Press Release #111-8
Contact: Christopher Frenze
(202) 225-3923

Treasury Ignoring Inspector General's Fraud Prevention Recommendations

WASHINGTON, D.C. – U.S. Treasury Secretary Timothy Geithner should stop stonewalling and immediately implement the taxpayer safeguards recommended by the special inspector general for the government's massive financial rescue plan, says U.S. Congressman Kevin Brady (R-Texas).

Brady is the senior House Republican on the Joint Economic Committee which heard Special Inspector General Neil Barofsky testify last week that the Treasury Department has not agreed to implement his recommendations to increase accountability and prevent fraud within the government's various TARP and bad-loan programs.

Barofsky is pushing for banks to account for their use of TARP funds and for the Treasury to adopt basic safeguards within the public-private investment program to remove toxic assets from troubled banks. The potential of "collusion, conflicts of interest and money laundering" within the new program puts at risk significant taxpayer dollars, said Barofsky.

"Secretary Geithner should embrace this call for accountability and safeguards, and direct his team to immediately implement the recommendations contained in the inspector general's report," said Brady. "Why has the Treasury failed to act?"

Brady believes that the lack of accountability for taxpayer dollars and absence of basic safeguards within the toxic asset program undermine public and investor confidence in the government's bailout efforts.

According to the Special Inspector General's report, "many aspects" of Secretary Geithner's recent proposal for public-private partnerships to purchase toxic assets "make it inherently vulnerable to fraud, waste and abuse." Specific problems identified with Secretary Geithner's proposal include conflicts of interest, collusion, and money laundering. As the report notes, it would be unacceptable if this proposal "were used to leverage the profits of drug cartels or organized crime groups."

###