

**Statement of Senator Tim Johnson**  
**Senate Committee on Banking, Housing and Urban Affairs**  
**“Oversight of the Emergency Economic Stabilization Act: Examining Financial Institution Use of**  
**Funding Under the Capital Purchase Program.”**  
**November 13, 2008**

Thank you, Mr. Chairman, for holding this hearing today. Since the passage of the bailout, this Committee has talked with the regulators regarding the implementation of the \$700 billion package. While there are clearly some concerns about implementation, it is moving forward. I think it is equally important that this Committee talk with the institutions that are receiving this money, and I thank the witnesses for being here today.

I have been concerned in past weeks with reports of continued executive compensation, expensive trips and other benefits for CEOs of some companies receiving government help, and reports that over one half of Capital Purchase Program funds will be used to pay investor dividends. In a business environment where accountability has clearly been lacking and contributed to our current economic situation, I want assurances from financial institutions using Treasury funds that they will not misuse the taxpayers’ money, and that there will be punitive actions by firms and regulators if funds are misused.

I do not object to certain select capital purchase funds being carefully used for acquisition, among other uses, but I do have a problem with the funds being used for executive compensation and dividends. Both of these should be rewards for a job well done, and that is currently not the case for many in this industry.

The intent of the bailout was to stabilize troubled financial institutions and help those businesses and individuals on Main Street affected by the credit freeze—a freeze resulting from poor decisions in the subprime mortgage market. Those making the decisions on how to spend the \$700 Billion and those receiving the funds must remember this intended use.