

## **Senator Jack Reed**

### **Statement for May 20 TARP Oversight Hearing**

Chairman Dodd and Senator Shelby, thank you for convening this hearing. I look forward to hearing from Secretary Geithner about the status of the Troubled Assets Relief Program (TARP) and other efforts to help our economy recover from the significant turmoil we have been experiencing.

Since the passage of the Emergency Economic Stabilization Act (EESA) last fall, I have been focused on making sure taxpayers are adequately protected. This has been extremely important to me given the unprecedented nature and magnitude of the investment we have asked them to make to help get our financial sector back on track.

The TARP program is just one aspect of a significant investment being made to respond to the financial crisis, with the Federal Reserve and Treasury making key decisions involving billions of taxpayer dollars. Today's hearing is a critical part of overseeing these investments, but we also need to

continue to look closely at the Federal Reserve as we think about these issues.

As we work to stabilize the financial sector, I want to reiterate how important it is that we make decisions in a way that supports taxpayers.

As you are aware, Mr. Secretary, I included specific language in TARP to allow Treasury to hold warrants as a way to ensure that taxpayers would not just be exposed to the downside of these TARP investments, but would also benefit from the upside of these companies when they recover. As you are aware, a provision I wrote to protect the integrity of the warrants passed both the Senate and House yesterday and should give Treasury the discretion and leverage it needs to maximize this investment for taxpayers.

Finally, I am alarmed by recent news that, despite the Federal Reserve's prohibition of private equity firms acquiring struggling banks, the Office of Thrift Supervision has recently gone ahead and approved such a transaction. This is yet one more example of how our current regulatory system allows financial

institutions to shop bad products or activities around until they find a regulator to say yes. So I hope to discuss this more with you during questioning.

Secretary Geithner, thank you for joining us today.