

February 11, 2009

Opening Statement of Congressman Ed Perlmutter
“TARP Accountability: Use of Federal Assistance by the First TARP Recipients”

I read through your testimonies and each one of you describe how your individual financial institutions have increased lending to consumers, clients, small businesses and other eligible entities within your business models. However, when I travel my district talking to constituents who have had their small business credit lines cut, who can't find student loans for their kid's college, or reasonable terms for loans to buy a car, I have to wonder. If it were one or two incidents, I would chalk it up to sour grapes or bad credit, but its been far more prevalent.

Also, I understand the role banks play within the credit markets has decreased over the last 10 years, and the hedge funds, money market accounts and other entities which usually provide liquidity are on the sidelines. However those entities rarely ever provide credit directly to small businesses, homebuyers or farmers in my communities near Denver.

The relationship your banks have with the public, one in which each depends on the other, is shaky. The American taxpayer came to your aid through the actions of Congress to appropriate \$700 billion to steady the financial markets last September and October when things looked bleak for the financial system. Now that the economy needs your support to loan to creditworthy businesses, homebuyers and farmers it appears that your companies have stepped back from one of your three key missions, lending. However some of you continue to pay extraordinary salaries, lavishly refurbish otherwise exquisite offices and purchase expensive jets.

All of you sitting before this committee today accepted taxpayer dollars, some more than others. Regardless, when tax payer money is put at risk, the rules of the game change. Accountability and transparency take precedence. It appears through the testimony today your banks tracked the use of TARP funds received between October and December of last year. Why didn't you show the American public how you were using their money? If you were lending on the levels all of you say you were lending, why wouldn't you want the American people to know how hard you were working? Your firms and banks are part of the broader industry which has a long way to go to regain the trust of the American public.

When Congress passed the Emergency Economic Stabilization Act, America averted a collapse of our financial system. I believe in some cases your banks are too big. They're so big they may pose a risk to our broader financial system today. In many cases the banks and firms that went under or were bought by other entities within the last year, were mismanaged. Congress can not allow for a mismanaged business to threaten the prosperity of all Americans. I look forward to working with my colleagues to create a regulatory structure for the 21st Century to prevent this downfall from happening again.

