

ONE HUNDRED ELEVENTH CONGRESS
Congress of the United States
House of Representatives

COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM
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WASHINGTON, DC 20515-6143

Majority (202) 225-5051
Minority (202) 225-5074

February 5, 2009

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

Dear Secretary Geithner:

As you are aware, Congress enacted legislation establishing the Special Inspector General for the Troubled Asset Relief Program (SIGTARP) to advance the goal of economic stability through transparency, coordinated oversight, and robust enforcement, thereby being a voice for, and protecting the interests of, those who fund the program -- the American taxpayers. Yesterday Special Inspector General Neil Barofsky briefed the Committee on his initial report to the Congress, which was issued today. The report warned that without the addition of sufficient accountability and oversight measures added that the "long-term success of the program is not assured."

The report contains recommendations that are vitally important to the accountability and transparency of the TARP. Specifically, the Special Inspector General recommends that all TARP agreements include oversight language that would require funding recipients provide information to SIGTARP and other oversight authorities, establish appropriate internal controls, and certify compliance by a responsible senior official.

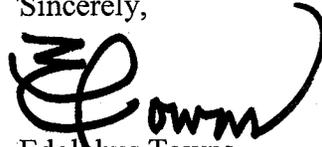
I strongly encourage you to adopt all of the recommendations prior to awarding any additional TARP funds. Financial institutions that have received initial TARP funding have failed to account for how that money was spent. Stronger oversight is needed for the second \$350 billion. The SIGTARP recommendation that conditions be imposed on all TARP agreements is an important step. I would also point out that clever people can find ways around even well crafted rules. It is important that you hold these financial institutions not only to the letter but also to the spirit of these recommendations.

In reviewing government spending related to the current economic crisis, the Committee will investigate whether oversight authorities have the appropriate resources, authorities, and independence to detect, prevent, or prosecute waste and fraud. I understand that the

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Administration is planning to unveil new, stronger oversight mechanisms for the second round of the TARP, and the measures being discussed include an independent oversight board. I am pleased that the new Administration is providing enhanced oversight for the second round of TARP spending and look forward to working together to ensure transparency in the program.

Sincerely,

A handwritten signature in black ink, appearing to read "Edolphus Towns". The signature is stylized and cursive, with a large initial "E" and a long, sweeping flourish at the end.

Edolphus Towns
Chairman