

U.S. Congresswoman

# Ginny Brown-Waite

*Representing Citrus, Hernando, Lake, Levy,  
Marion, Pasco, Polk, and Sumter Counties*



Committee on Financial Services  
"Oversight of Implementation of the EESA"  
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Statement for the Record

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Thank you Mr. Chairman for holding this hearing today.

It is almost two months to the day since Treasury Secretary Henry Paulson and Federal Reserve Chairman Ben Bernanke last came before this committee to seek \$700 billion to buy the toxic assets off the balance sheets of banks. Although I disagreed with the financial rescue package then and still do now, a majority of my colleagues voted in favor of the package. We are here today to review the implementation of the \$700 billion authority Congress granted Treasury.

However, over the past six weeks, the financial rescue package has transformed from the original Congressional intent of the Troubled Assets Relief Program to a Capital Purchase Program. I do not doubt that the bill gave Treasury the authority to do this, but I am concerned over the duplicitous statements made in front of this committee.

For this committee and for Congress to make sound decisions, we need to be well-informed. In September, Secretary Paulson frequently denounced a capital purchase program as being unworkable and economically foolhardy. In October, with the legislation passed, Secretary Paulson announced that a capital purchase program was necessary to ensure economic prosperity.

On the face of it, Secretary Paulson's turn-around is prudent; banks can leverage a direct equity stake of \$1 into \$10 in assets. However, that is not happening. Instead, companies like Citibank and Bank of America are discussing using the money from Treasury for mergers and acquisitions. Such a move may be good for the company's bottom line, but it does nothing for Main Street, and that is a problem when the company is using taxpayer dollars to fund mergers not mortgages.

Even in hindsight, it is not possible to say whether Congressional hearings on a capital purchase program rather than a troubled assets relief program would have revealed such flaws, but I am certain Congress would have placed safeguards on the program to ensure

proper implementation. Instead, we are here today to discuss for the first time a program that has no independent oversight and has already made over \$100 billion in loans.

Mister Chairman, thank you again for holding this hearing and I look forward to hearing from the witnesses before the committee today.