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COMMITTEES:

FINANCE

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JOINT COMMITTEE
ON TAXATION

The Honorable Henry M. Paulson, Jr.
Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, D.C. 20220

Dear Secretary Paulson:

I believe we need to take a full assessment of the implementation of Public Law 110-343, the Emergency Economic Stabilization Act of 2008. As you know, the purpose of this law was to restore liquidity and stability to the financial system. To accomplish this goal one of the most fundamental conditions placed on the authorization of the \$700 billion was to ensure oversight and transparency. This is evidenced by the provisions in the law requiring the establishment of several oversight agencies, audits, reports, and market transparency.

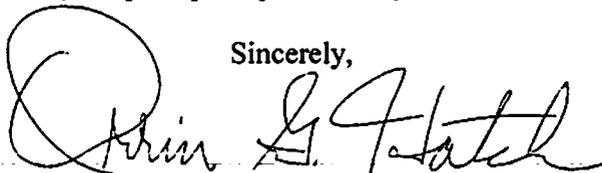
Specifically, Sec. 114 of the law clearly states that "the Secretary shall determine whether the public disclosure required for such financial institutions with respect to off-balance sheet transactions, derivatives instruments, contingent liabilities, and similar sources of potential exposure is adequate to provide to the public sufficient information as to the true financial position of the institutions." Furthermore, in your testimony before the Senate Banking Committee on September 23, 2008, you stated that the Troubled Asset Relief Program (TARP) must "protect the taxpayer to the maximum extent possible, and include provisions that ensure transparency and oversight."

Today, the Treasury Department has committed most of the initial \$350 billion allotment of the \$700 billion authorized under the law, and nearly 115 financial institutions from across the country have participated in the program. However, Treasury has yet to explain to the American people how this money is being used by participating institutions. I strongly believe that this was not the intent of Congress, nor do I believe it was your intent when this legislation was developed.

As we approach the time to consider approving the remaining \$350 billion, I ask you to outline how the funding has been and will be spent by the participating institutions. If these institutions do not disclose how the allocated funding will be used to restore liquidity to our economic system, I believe we are undermining the intent of this law and the trust of the American people and cannot support allocating the remaining \$350 billion.

I look forward to your prompt response to my concerns.

Sincerely,



Orrin G. Hatch
United States Senator

OGH: cb