

(Washington, DC) - **Congressman Wally Herger today voted against House passage of H.R. 384, which would modify and expand the Troubled Assets Relief Program (TARP) of the Emergency Economic Stabilization Act.** The bill passed the House of Representatives by a vote of 260-166. Additionally, President Bush, on behalf of the incoming Obama administration, asked Congress to approve the second portion of the TARP funds. While Congress authorized \$700 billion for TARP in October, it stipulated that the Department of the Treasury would only have access to \$350 billion up front. The second half of the funds would be made available only if the administration made a formal request for the funds and Congress did not block the funds by passing a motion of disapproval. Herger issued the following statement regarding his opposition to H.R. 384 and opposition to releasing the remaining \$350 billion:

“Like most Americans, I am disappointed with the way the TARP program has been implemented and managed. Fortunately, our financial system is on more stable footing than last September and we have averted financial catastrophe due to the infusions of capital funds that TARP provided. I remain hopeful that, insofar as these infusions of capital are concerned, taxpayers will recover their investments as the economy improves.

“Regrettably, the Department of the Treasury reinterpreted the law on several occasions to expand its authority and misused money for industry-specific bailouts. In particular, I believe that using TARP funds to bail out AIG and the U.S. auto manufacturers went far beyond the original purpose of the legislation. The intent of Congress was to prevent the collapse of the financial system, not to choose winners and losers from individual companies who made poor management decisions.

“H.R. 384 affirms that TARP funds can be used to help the auto manufacturers and will open the door for further industry and company-specific bailouts with little protection for taxpayers. The name of the bill is particularly misleading. Instead of an effort to improve accountability, as the title of the bill suggests, this legislation would shift further away from TARP’s original purpose of stabilizing our financial markets. Further, it lays the groundwork for Congress to approve the President’s request for the remaining \$350 billion, despite the fact that the incoming administration has not demonstrated that the additional funds are actually needed.

“As H.R. 384 shows, further TARP funds would be increasingly used as an unfocused fund to help certain industries, rather than its intended systemic purpose. Therefore, I oppose the release of the additional \$350 billion. Rather than pursuing increased spending, Congress

should instead be focused on an exit strategy for getting the government out of the private sector as soon as possible, refocusing our resources on growing our economy by creating jobs, and lowering the tax burden on working families.”