

U.S. DEPARTMENT OF THE TREASURY

Press Center



Treasury Secretary Opens Term Opens With New Rules To Bolster Transparency, Limit Lobbyist Influence in Federal investment Decisions

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WASHINGTON - In light of President Barack Obama's firm commitment to transparency, accountability and oversight in our government's approach to stabilizing the financial system, U.S. Treasury Secretary Tim Geithner today announced several key reforms to the Emergency Economic Stabilization Act (EESA). As one of his first acts as the 75th Treasury Secretary, Secretary Geithner outlined new, stepped up rules designed to limit the influence of lobbyists and special interests in the EESA process and ensure that investment decisions are guided by objective assessments in the best interest of the health and stability of the financial system.

"American taxpayers deserve to know that their money is spent in the most effective way to stabilize the financial system. Today's actions reaffirm our commitment toward that goal," said Secretary Geithner.

Today's announcement builds on several reforms to the EESA previously outlined by President Obama, including monitoring and tracking lending patterns by financial institutions, limiting executive compensation, and preventing shareholders from being unduly rewarded at taxpayer expense. These new rules go beyond the approach taken under the EESA to date and will help ensure a new level of openness and accountability going forward.

The new rules include:

Combating lobbyist influence in the EESA process: The Treasury Department will implement safeguards to prevent lobbyist influence over the program, including restricting contacts with lobbyists in connection with applications for, or disbursements of, EESA funds.

Keeping politics out of funding decisions: The Treasury Department will ensure that political influence does not interfere with EESA decision making, using as a model for these protections the limits on political influence over tax matters.

Certification to Congress on objective decision making: In reporting to Congress, the Office of Financial Stability (OFS) will certify that each investment decision is based only on investment criteria and the facts of the case.

The investment process will be transparent and based on objective criteria :

- Only banks recommended by the primary bank regulator will be eligible for capital investments.
- OFS will publish a detailed description of the investment review process undertaken by the regulators and OFS.
- The Treasury Department will ensure adequate resources exist to process applications as quickly as possible with priority to the date of the application as received by OFS and will formulate procedures to ensure integrity and regularity in the application process.

