



United States Senate
Committee on Banking, Housing, and Urban Affairs

Christopher J. Dodd (D-CT), Chairman

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**OPENING STATEMENT OF CHAIRMAN CHRISTOPHER J. DODD
HEARING TO CONSIDER THE NOMINATION OF HERB ALLISON AS ASSISTANT SECRETARY FOR
THE OFFICE OF FINANCIAL STABILITY
THURSDAY, JUNE 4, 2009**

Remarks as Prepared for Delivery:

Good morning. I would like to welcome my colleagues here today and Mr. Allison whose nomination the Committee considers today.

It is no overstatement to suggest that this position for which you are nominated—that of the Assistant Secretary for the Office of Financial Stability within the Treasury Department—is among the most important this Committee will consider.

You have inherited a giant task – none bigger than overseeing the Troubled Asset Relief Program.

The Office of Financial Stability was created as part of the Emergency Economic Stabilization Act. Congress believed that the size of the program—\$700 billion—required the full-time attention of skilled professionals to oversee and manage purchases made under the program.

At first, some resisted the call to establish such an office, arguing that it would create a layer of bureaucracy. But I, and many of my colleagues, believed it was an important mechanism to provide accountability and transparency so that the public could understand the government's decisions.

Now, with 12 TARP initiatives announced by Treasury, the need for a dedicated office to ensure the proper management of public money is clear.

And proper, competent management is what the TARP program needs.

We need strong, steady management to ensure that the core purposes Congress outlined for EESA—protecting homeownership, college funds, retirement accounts, life savings, and jobs—are fulfilled by the TARP.

TARP funds must be used to get credit flowing again to families—to pay for a home, a car or college tuition—and to small businesses – to stock inventory and meet payroll.



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Because with 10,000 foreclosure filings and 20,000 layoffs occurring each and every day, families and small businesses still need our help.

Thankfully, we've begun to see a sharp change in direction for the TARP program – from the Homeownership Preservation Program which draws upon \$75 billion in TARP funds to more accountability from firms which receive taxpayer assistance.

But as the news this week that General Motors was filing for bankruptcy reminds us, we are hardly out of the woods.

And I would add that this Committee intends to hold another hearing next Wednesday to examine the Administration's plans to restructure GM and Chrysler.

There are also real questions about the future of the Public-Private Investment Program to purchase so-called "legacy assets" from banks and other institutions which have put an enormous strain on our financial system.

When the Treasury Secretary was here a few weeks ago, I asked him if this program would work and if he believed banks would still be willing to sell these assets at discounted prices given the better-than-expected stress test results. He said that he expected those programs to begin operating over the next six weeks. But now, some are arguing that the program may no longer be necessary.

And so, Mr. Allison, the responsibility falls to you to provide the kind of steady leadership our country needs to navigate through the complexities of this economic crisis.

With America's financial system continuing to hang in the balance, this office needs a strong and vigilant manager – someone who can follow through on commitments made and maximize the return to the taxpayers.

We need someone who will listen – who is responsive to legitimate concerns raised by the TARP oversight bodies, makes course corrections when necessary, and keeps a watchful eye to prevent any conflicts of interest that might arise.

And we will need someone who is judicious when it comes to committing remaining TARP funds – estimated at some \$109 billion. Someone who can ascertain which areas of our financial system require assistance – and which do not.

Above all, we need someone who can inspire confidence – who can articulate a clear vision to the public and policymakers regarding the role the TARP program can and must play in helping our economy recover.



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Mr. Allison, you know as well as I that you face a difficult road ahead. As I am sure you discovered during the last several months overseeing Fannie Mae, there will be no parades on the National Mall should you succeed.

I hope you will use your diverse professional background in the fields of finance, retirement services, and education to fulfill the core purposes that Congress outlined for EESA.

You have a unique opportunity to affect the role that our financial markets and institutions play in the lives of the American people. In many ways you will hold the keys to the future of the housing, financial and economic crises.

You have a remarkable opportunity to make a difference for millions of Americans – and I think I speak for all of my colleagues in saying that I hope you do.

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