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United States Senate
COMMITTEE ON BANKING, HOUSING, AND
URBAN AFFAIRS
WASHINGTON, DC 20510-6075

April 16, 2020

The Honorable Steven T. Mnuchin
Secretary
Department of the Treasury
1500 Pennsylvania Avenue NW
Washington, DC 20220

The Honorable Jerome H. Powell
Chairman
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW
Washington, DC 20551

Dear Secretary Mnuchin and Chairman Powell:

I appreciate the steps that each of your agencies has taken to limit the depth of economic shock the country is currently experiencing, and to provide conditions for a quick and robust economic recovery once economic restrictions are lifted. Title IV of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) provides \$500 billion in emergency relief in order to stabilize the marketplace and provides for robust congressional oversight of activities. Oversight activities within Title IV include 13(3) reporting requirements under the Federal Reserve Act and additional oversight requirements under Title IV, such as, the creation of a Special Inspector General for Pandemic Recovery (SIGPR) and the Congressional Oversight Commission.

The SIGPR's first report is required not later than 60 days after the date of the SIGPR's confirmation, and reports by the Congressional Oversight Commission are required not later than 30 days after the first exercise by the Treasury Secretary and the Chairman of the Federal Reserve Board of authority under Title IV, and every 30 days thereafter. Confirming the SIGPR nominee and announcing the chair and members of the Congressional Oversight Commission is critical to the setting up and functioning of these important oversight bodies, as the head of the department or agency shall furnish information upon the request of the Chairperson of the Oversight Commission. It is my intention to hold a nomination hearing for Brian Miller in the Senate Committee on Banking, Housing and Urban Affairs as soon as can be safely done. Additionally, I look forward to working with the chair of the Congressional Oversight Commission once the Senate Majority Leader and Speaker of the House jointly select the chair.

General Reporting and Oversight Requirements

As noted above, Title IV sets forth several reporting and oversight requirements to be completed by the Secretary of the Treasury and the Federal Reserve Board. Reporting and oversight requirements under section 4026 include, but are not limited to, the following:

- The Federal Reserve is required, with respect to any program or facility described under section 4003(b)(4), to provide to the Senate Banking Committee and House Financial Services Committee reports required under section 13(3) of the Federal Reserve Act not later than seven days after the Federal Reserve authorizes a new facility or other financial assistance in accordance with 13(3)(C)(i) of the Federal Reserve Act, and once every 30 days with respect to outstanding loans or financial assistance. No later than seven days after submitting such report, the Federal Reserve is required to publish the report to its website. Additional 13(3) requirements are set forth in the Federal Reserve Act;
- The Treasury Secretary is required to publish on Treasury's website within 72 hours after any transaction under paragraphs (1), (2), or (3) of section 4003(b) a plain language description of the transaction, the amount of the loan or loan guarantee, the interest rate, conditions, and any other material or financial terms associated with the transaction, and a copy of the relevant and final term sheet and contract;
- The Treasury Secretary is required to submit not later than seven days after making any loan or loan guarantee under paragraphs (1), (2), or (3) of section 4003(b) to the Chairmen and Ranking Members of the Senate Banking Committee, Senate Finance Committee, House Financial Services Committee, and House Ways and Means Committee a report summarizing specific information related to such loans and loan guarantees, and to publish a summary of such information on the Treasury's website within seven days after submitted such reports to Congress, as well as publish on the Treasury's website a report summarizing such information every 30 days while a loan or loan guarantee is outstanding;
- The Treasury Secretary and Chairman of the Federal Reserve are required to testify on a quarterly basis before the Senate Banking Committee and House Financial Services Committee regarding the Treasury's obligations, and transactions entered into, under the CARES Act; and
- The Comptroller General of the United States is required to conduct a study on the loans, loan guarantees and other investments under section 4003, and not later than nine months after enactment of the CARES Act, and over specified periods thereafter submit to several House and Senate Committees a report on the loans, loan guarantees and other investments made under the CARES Act.

SIGPR

Title IV established the SIGPR within the Treasury Department who shall conduct, supervise, and coordinate audits and investigations of the making, purchasing, management, sale of loans, loan guarantees, and other investments made by the Treasury under any program established by the Treasury under the CARES Act, including by collecting and summarizing a specified set of information, including:

- A description of the categories of loans, loan guarantees, and other investments made by the Treasury;

- A listing of the eligible businesses receiving a loan, loan guarantee, and other investment made under each category above;
- An explanation of the reasons the Treasury Secretary determined it to be appropriate to make each loan or loan guarantee, including a justification of the pricing and other terms associated with a transaction;
- Information associated with those hired to manage or service each loan, loan guarantee, or other investment made under section 4003; and
- A current estimate of the total amount of each loan, loan guarantee, or other investment made under the CARES Act that is outstanding, the amount of interest and fees accrued and received with respect to each, the total amount of matured loans, the type and amount of collateral, if any, and any losses or gains, if any, recorded or accrued for each loan, loan guarantee, or other investment.

Additionally, not later than 60 days after the date the SIGPR is confirmed, and once every calendar quarter thereafter, the SIGPR is required to submit to Congress a report summarizing the SIGPR's activities during that quarter. The report should include a detailed statement of all loans, loan guarantees, and other transactions, obligations, expenditures, and revenues associated with any program established by the Treasury Secretary under Title IV.

Congressional Oversight Commission

Title IV also created the Congressional Oversight Commission for the purpose of conducting oversight of the implementation of Title IV by the Treasury and Federal Reserve. The Commission has the power to hold hearings, take testimony, receive evidence, and receive and consider reports as the Commission considers appropriate. The Commission is to conduct oversight of the implementation of Title IV by the Treasury Department and Federal Reserve, including their efforts to provide economic stability. The Commission is required to submit reports to Congress not later than 30 days after the first exercise of authority under Title IV of the CARES Act by the Treasury and Federal Reserve. Reports of the Commission shall include the following:

- The Treasury and Federal Reserve's use of authority under the subtitle;
- The impact of loans, loan guarantees, and investments made under the subtitle on the financial well-being of U.S. citizens and the U.S. economy, financial markets, and financial institutions;
- The extent to which information made available on transactions under the subtitle has contributed to market transparency; and
- The effectiveness of loans, loan guarantees, and investments made under the subtitle of minimizing long-term costs to the taxpayers and maximizing the benefits for taxpayers.

I look forward to receiving information regarding the 13(3) programs and facilities, as well as any other information or data as required under Title IV. I encourage your staff to begin to collect and track the necessary data sets so that the applicable timeframes set forth in Title IV can be met when a chair and members of the Congressional Oversight Commission are appointed and the SIGPR is confirmed by the Senate.

Sincerely,

A handwritten signature in blue ink that reads "Mike Crapo". The signature is written in a cursive, flowing style with a blue color.

Mike Crapo
Chairman