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Dear Colleague:

Regardless of your views on the $700 billion Emergency Economic Stabilization Act (EESA) one thing is becoming abundantly clear: it is not being utilized by the Treasury Department as advertised.

It seems like every day, the Bush Administration is changing how this money is to be spent. Before this legislation was passed, the Bush Administration argued that it urgently needed this money to purchase illiquid assets from financial institutions to increase lending. Injecting capital directly into banks was considered a bad idea by the Bush Administration. But, after this legislation was passed, the Bush Administration completely reversed course and does not plan to purchase illiquid assets, choosing instead to invest directly into banks. In addition, the Bush Administration is changing long-established tax code interpretations resulting in an up to $140 billion tax break for the banking industry.

Adding insult to injury, the Treasury Department did not prohibit companies receiving assistance through the Troubled Asset Relief Program (TARP) from using this money for shareholder dividends; it actively encouraged banks to use this money for mergers and acquisitions; it did not require banks to use this money to increase lending; and it did not explicitly prohibit these funds from being used for bonuses or other increases in compensation for most employees.

Given the flip-flopping and inconsistent approach to the government's role in helping to resolve the current financial and economic calamity, the credibility of Treasury Secretary Paulson and the Bush Administration has been substantially undermined. In order to ensure the funding provided is used responsibly, we need to condition the use of the final $350 billion from the EESA to be available only with direct Congressional approval. In addition, we must make it clear that none of the funding from the EESA can be used for bonuses or increased compensation for highly-paid employees at companies that are receiving assistance through the TARP program. And, finally, banks should not receive an estimated $140 billion windfall by merging with unhealthy banks, as provided under Treasury Notice 2008-83. Therefore, I hope you will join me in co-sponsoring three bills that I plan on introducing today:

1) Legislation requiring direct Congressional approval before the Treasury Secretary can use the final $350 billion included in the EESA.

2) **Stop the Greed on Wall Street Act.** This legislation would prohibit any employees at companies receiving assistance through the TARP from receiving total compensation in excess of the President of the United States. If these companies want to pay their

employees more than what the President of the United States receives, they would have to give up the money they are receiving from the TARP.

3) Legislation rescinding Treasury Notice 2008-83 that would provide an estimated $140 billion windfall to healthy banks who take-over weaker financial institutions. When asked by the *Washington Post* about this notice, George Yin, the former chief of staff of the Joint Committee on Taxation, said: "Did the Treasury Department have the authority to do this? I think almost every tax expert would agree that the answer is no. They basically repealed a 22-year-old law that Congress passed as a backdoor way of providing aid to banks."

If you would like to co-sponsor any of these bills, please contact me or Warren Gunnels on my staff at 8-6358.

Sincerely,

Bernard Sanders
United States Senator