



## Foreign firms helped by U.S. bailouts: panel

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The U.S. tactic of pouring money into ailing financial firms during the 2007-09 crisis helped many foreign banks whose governments should have shared some of the burden, a report from a congressional watchdog agency said on Thursday.

In its latest critique of the Treasury Department's handling of the Troubled Asset Relief Program (TARP) — set up in 2008 as a \$700 billion rescue fund — the Congressional Oversight Panel said other countries got help from U.S. rescue efforts that exceeded any benefit their programs provided to the United States.

It cited insurer American International Group, as an example, noting that while banks in France and Germany were big beneficiaries of a U.S.-initiated rescue of AIG, "the U.S. government bore the entire \$70 billion risk of the AIG capital injection program."

U.S. officials should have more closely tracked what banks were doing with bailout money and what operations in which countries were being helped, it said.

"While the United States attempted to stabilize the system by flooding money into as many banks as possible — including those that had significant overseas operations — most other nations targeted their efforts more narrowly toward institutions that in many cases had no major U.S. operations," the report noted.

"If the U.S. government had gathered more information about which countries' institutions would most benefit from some of its actions, it might have been able to ask those countries to share the pain of rescue," the report said.

The oversight panel is headed by Elizabeth Warren, considered a potential pick to head a new consumer protection agency created as part of the financial regulatory overhaul signed into law last month by President Barack Obama.

The panel report says it is not too late to seek some transparency about where TARP funds went and who benefited most from them, but notes the Treasury must pick up the pace.

"The panel strongly urges Treasury to start now to report more data about how TARP and other rescue funds flowed internationally and to document the impact that the U.S. rescue had overseas," it says.

"The American people have a right to know where the money went and they have a right to that information quickly," Warren said in a telephone press conference.

Treasury said it welcomed the panel's recommendations but noted that, in its opinion, the report showed that Treasury had "worked effectively with its overseas partners in a number of ways to address the global crisis."

The panel's report also urged Treasury to set up a database of information about how rescue capital flowed across borders and to push foreign regulators and multinational organizations to do the same to enrich understanding about how to deal with future crises.

An addendum to the report said that while the panel cannot determine the ultimate recipient of most TARP bailout money, it does now have a more complete picture of the dealings between AIG and Goldman Sachs.

When the government was forced to engage in a costly rescue of the deeply troubled insurer, it said "taxpayer aid to AIG became aid to Goldman, and aid to Goldman became aid to a number of domestic and foreign investors."

AIG nearly collapsed in September 2008 from credit default swaps that left it on the hook for tens of billions of dollars in payouts to some of the biggest U.S. and European banks.

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