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November 14, 2008

The Honorable Henry Paulson
Secretary of the Treasury
Washington, DC 20220

The Honorable Ben Bernanke
Chairman, Federal Reserve Board of Governors
Washington, DC 20551

The Honorable Shelia Bair
Chairman, Federal Deposit Insurance Corporation
Washington, DC 20429

Dear Secretary Paulson, Chairman Bernanke and Chairman Bair:

As I prepare for the House Financial Services Committee hearing next week regarding oversight of the Emergency Economic Stabilization Act (EESA), I ask for your assistance in accounting for the total exposure taxpayers now face due to the federal government's interventions in our nation's financial markets during the past year.

Taxpayers I represent are extremely concerned about the level of debt their government has taken on and financial commitments their government has made, which go far beyond the $700 billion authorized in the EESA. With debate in Congress regarding further spending "stimulus," costs could increase further. We owe it to taxpayers to present a thorough accounting of the exposure they face due to federal actions in an easily accessible and understandable format.

Certainly our financial markets and our economy are facing troubling times, and our markets are not functioning normally. However, our government's interventions in the marketplace have created a situation in which future generations will pay a significant price and a situation in which a large portion of our country's economic activity is now backstopped by the federal government.

I ask for your assistance in compiling a full accounting of the actual costs and taxpayer exposure created by the increased federal involvement in our economy, including:

1) Average daily amount outstanding through the Federal Reserve's lending facilities, including the Discount Window, Term Auction Facility, Term Securities Lending Facility, Primary Dealer Credit Facility, Commercial Paper Funding Facility, Money Market Investor Funding Facility, actions related to the former Bear Stearns and lending to American International Group;

2) Projected amount outstanding by the end of calendar year 2008 through the Federal Reserve's lending facilities listed above;

3) Costs and potential liabilities to the Treasury Department related to Fannie Mae and Freddie Mac with regard to purchases of their mortgage backed securities, purchase of senior preferred stock, and the credit facility;

4) Exposure to the FDIC for the increase in the deposit insurance limit in the EESA, as well as exposure from the Temporary Liquidity Guarantee Program as it is implemented;

5) Costs to the FDIC for resolving failed financial institutions this year;

6) Treasury's plans for using the uncommitted $410 billion from the EESA; and

7) Any further initiatives planned by Treasury, the Fed and the FDIC.

While we may have different views on the best policies to support our financial markets and economy, I think we can agree America's taxpayers must have all the information about the current costs and future liabilities these policies have created. Moving forward, we must all work together on an effective strategy to extricate the federal government from these commitments and empower the marketplace to again function without a government backstop.

Thank you for you assistance in providing a full accounting of the costs of our actions.

Sincerely,
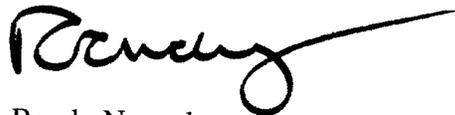
Randy Neugebauer
Member of Congress