Treasury secretary on Small Business Lending Fund

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Sen. Chuck Grassley of Iowa is concerned that banks will use taxpayer money from the Small Business Lending Fund to repay their Ioans under the Troubled Asset Relief Program, or TARP. Last month, he sent a letter to Treasury Secretary Timothy Geithner, asking for detailed information on the department's oversight plan for the Small Business Lending Fund and information on TARP recipients that have applied for Small Business Lending Fund money. Last year, Grassley exposed the misleading nature of a General Motors and Treasury Department public relations effort over how General Motors had repaid its government loan. Today, Grassley released the Treasury secretary's response to his inquiry on the Small Business Lending Fund and made the following comment on the response.

"This response confirms what I was afraid of. It's okay with Treasury if banks use their small business lending funds to repay TARP because supposedly TARP already has made a profit. That's not how the small business program was sold to the public. This was supposed to get small businesses back on their feet and create jobs. It sure seems like small businesses are getting left out again. So far, this fund might only have created jobs for the banks shuffling public money around. Well, we've been there, done that, and that approach has been rejected by the grass roots.

"Beyond that, it's disappointing that Treasury won't disclose the names of banks applying for these loans. These banks are applying for tax dollars. There's no reason why their names should be kept secret from the public. And the Treasury Department doesn't name a single step to prevent waste, fraud and abuse in this \$30 billion program. From this response, it seems the Treasury Department is content to give the money out and let the inspector general and GAO try to police any abuse on the back end. As we've learned with TARP and the stimulus program, especially in the weatherization program, it's nearly impossible to recoup wasted money after the fact."