

Committee on Financial Services
Committee on Transportation and
Infrastructure
Committee on House Administration
Democratic Steering & Policy
Committee
Democratic Caucus; Chair, Committee
on Organization, Study & Review
Chair, Speaker's Task Force on
Ethics Enforcement
www.house.gov/capuano



Congress of the United States
House of Representatives
Michael E. Capuano
8th District, Massachusetts
September 15, 2008

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The Honorable Henry M. Paulson, Jr.
Secretary
U.S. Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220

The Honorable Ben S. Bernanke
Chairman
Board of Governors of the Federal Reserve System
20th Street & Constitution Avenue, NW
Washington, DC 20551

Dear Secretary Paulson and Chairman Bernanke:

In light of the tumultuous events this weekend, I commend you for holding your ground and not providing direct financial assistance to rescue any problematic financial firms. However, as a member of the House Financial Services Committee, I have strong reservations regarding the Federal Reserve's recent actions to weaken the collateral standards for the Primary Dealer Credit Facility (PDCF) and the Term Securities Lending Facility Term (TSLF). By allowing riskier types of collateral to be accepted in exchange for these federal loans, taxpayer money is put further at risk.

As you know, this financial crisis has not eased up, but has in fact intensified since August of last year. While the situations with Lehman Brothers and Merrill Lynch are currently being resolved, additional financial firms continue to face serious problems and could be preparing to take their place in line in asking for federal assistance. I am not convinced that providing increasing amounts of taxpayer dollars, whether through lending facilities or direct bailouts, is an appropriate or efficient step to address this crisis. At what point and under what conditions will the federal government stop intervening?

We do not know what the final tab will be for the American public after this crisis ends; nor do we know the current tab for the federal actions taken to date, including stepping in with Bear Stearns and the GSEs, loans made under the Federal Reserve's newly created lending facilities, and FDIC losses as it takes over failing banks. I urge you to at least delay committing additional taxpayer dollars until the Congressional Budget Office (CBO) responds to a request I submitted today to estimate the amount of federal dollars committed to date.

Sincerely,

A handwritten signature in black ink that reads "Michael E. Capuano". The signature is fluid and cursive, with the first name being the most prominent.

Michael E. Capuano
Member of Congress