

Congress of the United States
CONGRESSIONAL OVERSIGHT PANEL

Opening Statement of Richard Neiman
Congressional Oversight Panel Hearing
on Assistance Provided to Citigroup Under TARP

March 4, 2010

Thank you and good morning. Today's Oversight Panel hearing is a unique opportunity. I would like to emphasize that this hearing combines our regular dialogue with Treasury with a consideration of issues facing Citigroup, one of the largest financial firms in the world.

My hope is that we will be able to view critical oversight topics through these two different perspectives. Having Assistant Secretary Allison and Mr. Pandit here together at this event is an occasion to consider whether TARP strategies are working – and to determine if we are taking the right steps going forward.

I will be especially interested to hear whether our witnesses believe that larger banks like Citi have turned the corner. After the public confidence inspired by the stress tests and subsequent earnings reports, are larger institutions still in need of TARP support? Does the return of many larger institutions to profitability signal a return to sustainability in their business model, or are temporary trading gains masking continuing weaknesses and losses in loan portfolios?

Citigroup has engaged in serious realignment and reorganization efforts, both through the creation of Citi Holdings and in divestitures of business lines. I look forward to hearing more about the processes and criteria that informed these choices. Has the taxpayer's stake in Citi been well served? Are there lessons learned from Citigroup's experience that could apply across institutions?

Finally, we must take advantage of Mr. Pandit's presence today to question him not just from the perspective of our ownership interest in Citi, but also as homeowners and consumers. Citi has a large number of mortgages at risk of foreclosure, so I intend to fully explore Citi's modification efforts under HAMP and alternatives. Citi is also a large and important consumer lender, so the public will gain a great deal by exploring their lending practices and their view on how regulatory reform should protect consumers.

If we have learned anything from this crisis though, it is that risk can materialize where it is least expected. Therefore, a strategic vision for institutions, for TARP, and for broader regulatory reforms, must creatively think about the range of developing risks and how best to protect

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consumers and taxpayers. I look forward to your contribution to this process through your testimony today.