

*House to vote today on bill reforming financial rescue program; includes provision advocated by Welch*

WASHINGTON, DC - A week after Rep. Peter Welch called on Congress to close a Bush administration loophole and strictly limit pay for executives of banks receiving government bailout funds, the House is expected to vote today on a sweeping reform act that does just that.

In a letter to House Financial Services Chairman Barney Frank signed by 18 other members of Congress, Welch wrote last Wednesday, "It is unacceptable for banking executives to be allowed to pad their pockets with massive bonuses and benefits after mismanaging their companies and coming to the American taxpayer for aid."

Today, the House will vote on H.R. 384, a bill that would sharply reform the Troubled Assets Relief Program, cap executive compensation and ensure that the Treasury Department administer TARP as Congress intended.

The bill would ban bonuses for the 25 most highly paid employees of institutions receiving federal funds. It would prohibit multi-million dollar golden parachutes, punish executives who manipulate earnings to increase compensation and enhance the oversight abilities of the Treasury Department.

"This bill will ensure that taxpayer money is invested in shoring up the economy, not enriching overpaid executives," Welch said. "Vermonters understand that you don't reward incompetence and mismanagement - particularly at the expense of taxpayers."

When Congress passed the \$700 billion Emergency Economic Stabilization Act in October, the Bush administration created a last-minute loophole that effectively mooted intended caps on executive pay, [the Washington Post reported](#). Welch subsequently wrote the executives of eight top banks receiving TARP funds and requested they decline bonuses this year. By last week nearly all had complied.

## **TARP Reform Act will cap executive compensation**

Wednesday, 14 January 2009 19:00

---

In addition to limiting executive compensation, H.R. 384 calls on the Treasury Department to commit TARP funds to mitigating foreclosures. The bill would encourage banks to modify loans to families in danger of losing their homes, and it would ensure that smaller, community banks have the same access to TARP funds as do national banks. It would also make permanent the increase in FDIC deposit insurance ceiling to \$250,000 per account.