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Congress of the United States
House of Representatives
Washington, DC 20515-0801

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The Honorable Barney Frank
Chairman
Financial Services Committee
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairman Frank:

I appreciate your ongoing efforts to provide the necessary oversight of Treasury Department implementation of the Troubled Asset Relief Program (TARP). The hearing tomorrow, "Oversight Concerns Regarding Treasury Department Conduct of the Troubled Asset Relief Program" is a continuation of our efforts in this regard. However, I am concerned about the almost \$1 trillion of emergency loans and private asset purchases recently made by the Federal Reserve and the absence of oversight we are dedicating to these expenditures. I would welcome a hearing by this Committee and consideration of Government Accountability Office review of the expenditures made by the Federal Reserve.

Section 129 of the Emergency Economic Stabilization Act (EESA) requires oversight of decisions made by the Federal Reserve Board when acting pursuant to Section 13 (3) of the Federal Reserve Act. However, I believe these EESA requirements could go farther. The details of these emergency acts by the Fed are not subject to the same rigorous scrutiny the Congress required of Treasury actions made under the TARP. While I respect the long established history of the Fed to keep intervention of institutions confidential under other sections of the Federal Reserve Act, these emergency actions have been widely reported in the press and subject to very limited review.

Thank you for your cooperation and attention to these concerns.

Sincerely,



Michael N. Castle
Member of Congress