



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

ASSISTANT SECRETARY

January 15, 2013

The Honorable Christy L. Romero
Special Inspector General
for the Troubled Asset Relief Program
1801 L Street, NW, 4th Floor
Washington, D.C. 20036

Re: Treasury Response to SIGTARP October 2012 Quarterly Report

Dear Ms. Romero:

On October 4, 2012, I wrote to raise concerns regarding SIGTARP's July 2012 Quarterly Report, and previous Quarterly Reports. In particular, SIGTARP's reporting of accounting data regarding the Troubled Asset Relief Program (TARP) is not consistent with the Generally Accepted Accounting Principles (GAAP), or with methods approved by the Government Accountability Office (GAO), which government agencies like Treasury are required to follow. For example, SIGTARP's calculation of amounts "owed" and SIGTARP's use of that number in lieu of Treasury's published numbers (such as the amount of investments "outstanding") is not consistent with those standards. SIGTARP's use of "owed" also is not an accurate calculation of how much TARP recipients actually owe Treasury, nor does it accurately reflect taxpayer returns.

SIGTARP published its October 2012 Quarterly Report three weeks after the October 4 letter. That Quarterly Report, however, did not address or correct these concerns. These concerns also have not been addressed or corrected on SIGTARP's website. To reduce the risk of misconceptions and inaccuracies related to investments under TARP, I again ask SIGTARP to conform its reporting of TARP investments to the standards consistent with GAAP and approved by the GAO. To the extent SIGTARP is concerned about using the amounts "owed" so that SIGTARP's reports are complete, the same goal may be accomplished, accurately, by reporting write-offs and realized losses as well as income earned, separately from reporting the amount of investments outstanding.

In addition, the October 2012 Quarterly Report only included some, but not all, correspondence from Treasury during the quarter. The October 2012 Quarterly Report did not include either of Treasury's responses to the July and April Quarterly Reports, or other correspondence responding to SIGTARP recommendations. In the interest of transparency and openness, I also ask SIGTARP to publish Treasury's correspondence about Quarterly Reports and recommendations, including this letter, alongside the other Treasury correspondence usually published in the Quarterly Reports. For your convenience, I have enclosed those letters SIGTARP did not publish in October 2012, including the October 4 letter referenced above.

Please let me know if you have any questions about these concerns. I look forward to continuing to work with you in the future.

Sincerely,



Timothy G. Massad

Enclosure