

THE WHITE HOUSE  
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## **President Obama Proposes Financial Crisis Responsibility Fee to Recoup Every Last Penny for American Taxpayers**

WASHINGTON, DC- President Barack Obama will join his economic team today to propose a Financial Crisis Responsibility Fee to be imposed on the debt of the largest financial firms until the American people are fully compensated for the extraordinary assistance they provided to Wall Street.

“My commitment is to recover every single dime the American people are owed. And my determination to achieve this goal is only heightened when I see reports of massive profits and obscene bonuses at the very firms who owe their continued existence to the American people – who have not been made whole, and who continue to face real hardship in this recession,” said President Barack Obama. “That’s why I’m proposing a Financial Crisis Responsibility Fee to be imposed on major financial firms until the American people are fully compensated for the extraordinary assistance they provided to Wall Street.”

The fee will be in place at least 10 years, but even longer if needed to pay back every penny of TARP. This will not be a cost borne by community banks or small firms; only the largest firms with more than \$50 billion in assets will be affected. In fact, 60% of the revenue will come from the 10 largest financial firms.

Fact Sheet on the Financial Crisis Responsibility Fee:

[http://www.whitehouse.gov/sites/default/files/financial\\_responsibility\\_fee\\_fact\\_sheet.pdf](http://www.whitehouse.gov/sites/default/files/financial_responsibility_fee_fact_sheet.pdf)

The fee the President is proposing would:

- **Require the Financial Sector to Pay Back For the Extraordinary Benefits Received:** Many of the largest financial firms contributed to the financial crisis through the risks they took, and all of the largest firms benefitted enormously from the extraordinary actions taken to stabilize the financial system. It is our responsibility to ensure that the taxpayer dollars that supported these actions are reimbursed by the financial sector so that the deficit is not increased.

- **Responsibility Fee Would Remain in Place for 10 Years or Longer if Necessary to Fully Pay Back TARP:** The fee – which would go into effect on June 30, 2010 – would last at least 10 years. If the costs have not been recouped after 10 years, the fee would remain in place until they are paid back in full. In addition, the Treasury Department would be asked to report after five years on the effectiveness of the fee as well as its progress in repaying projected TARP losses.
- **Raise Up to \$117 Billion to Repay Projected Cost of TARP:** As a result of prudent management and the stabilization of the financial system, the expected cost of the TARP program has dropped dramatically. While the Administration projected a cost of \$341 billion as recently as August, it now estimates, under very conservative assumptions, that the cost will be \$117 billion – reflecting the \$224 billion reduction in the expected cost to the deficit. The proposed fee is expected to raise \$117 billion over about 12 years, and \$90 billion over the next 10 years.
- **President Obama is Fulfilling His Commitment to Provide a Plan for Taxpayer Repayment Three Years Earlier Than Required:** The EESA statute that created the TARP requires that by 2013 the President put forward a plan “that recoups from the financial industry an amount equal to the shortfall in order to ensure that the Troubled Asset Relief Program does not add to the deficit or national debt.” The President has no intention of waiting that long. Instead, the President is fulfilling three years early his commitment to put forward a proposal that would – at a minimum – ensure that taxpayers are fully repaid for the support they provided.
- **Apply to the Largest and Most Highly Levered Firms:** The fee the President is proposing would be levied on the debts of financial firms with more than \$50 billion in consolidated assets, providing a deterrent against excessive leverage for the largest financial firms. By levying a fee on the liabilities of the largest firms – excluding FDIC-assessed deposits and insurance policy reserves, as appropriate – the Financial Crisis Responsibility Fee will place its heaviest burden on the largest firms that have taken on the most debt. Over sixty percent of revenues will most likely be paid by the 10 largest financial institutions.

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