

December 7, 2012

The Honorable Harry Reid
Majority Leader
United States Senate
Washington, DC 20510

The Honorable Mitch McConnell
Republican Leader
United States Senate
Washington, DC 20510

RE: STOP TAG – TARP’S BLOATED BIG BROTHER BANK BAILOUT

Dear Majority Leader Reid and Republican Leader McConnell,

As conservative, libertarian, and free-market organizations concerned – as the vast majority of Americans are – about economic growth and the government’s fiscal solvency, we are outraged on many levels that the Senate would even consider extending the Transaction Account Guarantee program, or TAG.

TAG both places unlimited liability on taxpayers for bank and credit union deposits and subsidizes the ability of the wealthy to “park their money” in ways that are unproductive for the economy. It makes the government responsible for guaranteeing any bank account – no matter how large – so long as the financial institution doesn’t pay interest.

If TAG expires, accounts will still be guaranteed up to \$250,000. It is especially ironic that Congress is contemplating raising tax rates for those making above \$250,000, and TAG further encourages the wealthy to sit on their money, rather than invest in job-creating new businesses. Many wealthy people will choose the security of a 100-percent guaranteed bank account rather than taking a risk with an entrepreneur.

We sympathize with banks and credit unions in their fight against the regulatory burdens they face from Dodd-Frank and other big-government mandates. We would point out that some banks and credit unions oppose extending TAG, and instead urge Congress to pass legislation with regulatory relief. We urge you to listen to these voices in the financial community, as well as the voices of the beleaguered American taxpayer, before extending this unprecedented, unproductive, and regressive bailout.

Sincerely,

John Berlau
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