

*If you are watching any television these days you are seeing non- stop ads touting GM paying back its government loans ahead of schedule. What they don't tell us is that they are using TARP money (our money) to pay us back our loan money. The U.S. government still owns 61% of General Motors. (That's our money too.)*

*Ellen*

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## EDITORIAL: Government Motors repayment fraud

[THE WASHINGTON TIMES](#)

General Motors lost \$3.4 billion in the fourth quarter of 2009 and is still struggling to reorganize so the company can try to eke out a profit. This grim reality didn't stop GM from making hay last week for supposedly paying back a \$6.7 billion government loan five years ahead of schedule. What was left unsaid was that **the automaker used another kitty of taxpayer cash to pay off the earlier government loan. This is an accounting shell game, not progress.**

Previously unreleased documents supplied to The Washington Times reveal that GM specifically used funds it received from the Troubled Asset Relief Program to pay off the government loan. According to Neil Barofsky, the special inspector general for TARP, **\$4.7 billion of \$6.7 billion - 70 percent - of what GM paid back came from TARP money the company received. "The one thing a lot of people overlook with this is where they got the money to pay the loan,"** Mr. Barofsky told Fox News' Neil Cavuto on Wednesday. "It isn't from earnings." The numbers are based on a quarterly report Mr. Barofsky's office provided to Congress last week.

Jared Bernstein, chief economist and economic policy adviser to Vice President Joseph R. Biden Jr., disputes the special inspector general's findings. "That is not correct, I don't think that is correct," Mr. Bernstein told The Washington Times. "[General Motors] repaid with funds from their own cash accounts, from their own earnings." The cash used by GM to pay back the loan "is the property of General Motors, there is no question about that," he insisted. Some of the money used to pay off the loans may have originated from TARP funds, but "it is really hard to know," he equivocated, because the funds are mixed together and "it is like trying to put an omelet back together again."

The Treasury Department's press office also disagreed with Mr. Barofsky's characterization that GM paid off one credit line with another credit line. The watchdog, however, won't budge. When asked how to tell whether the \$4.7 billion used to pay off the government loan came from TARP funds and not some other source, a spokesman for the Special Inspector General's Office explained: "We have a letter from General Motors requesting that they take the money out of escrow and pay the other debt down. And the money in the escrow was clearly TARP funding." That letter has been released by the Special Inspector General's Office.

Despite misleadingly rosy propaganda fed to the press, the sad saga of General Motors' transformation into Government Motors continues. As a ward of the state, GM has to do the bidding of its Washington masters and stay in lock step with the Democrats' claims about the company's condition. The truth is that GM's condition remains poor.

The only reason the company has been able to pay off its government loan is because the Obama administration has given GM more money than it has been able to spend. Hence, proceeds from one loan are sitting around to be used to pay down another loan. That's hardly evidence that GM has been a good investment. To the contrary, the shell game makes clear that the Obama administration is wasting billions of taxpayer dollars on a carmaker that is careening toward a cliff.

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