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Senators Moving Quickly To Install Bailout Watchdog

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Nearly every aspect of the Treasury Department's \$700 billion bailout program has sparked fierce debate except for one: the need to establish a strong watchdog agency as swiftly as possible.

The Senate Banking Committee yesterday held a confirmation hearing for Neil M. Barofsky, the White House nominee to be special inspector general for the plan, and members were nearly unanimous in their praise for his work as a federal prosecutor in New York. Several explicitly said they would vote for him.

"Clearly, we want to have you on the job as fast as we can," said Sen. Christopher J. Dodd (D-Conn.), who chairs the committee.

Dodd said he hoped the full Senate would vote on the confirmation by the end of the week, when the lame-duck session of Congress is scheduled to conclude. Majority Leader Harry M. Reid (D-Nev.) is looking into whether it is possible to schedule it, his spokesman Jim Manley said. The committee has not yet scheduled its own vote.

Some lawmakers and outside watchdog groups have raised concerns that the language of the bailout bill would prevent the inspector general, who is allocated a \$50 million budget, from having the authority to look at most of the money being spent.

"I wonder why taxpayers should have to pay \$50 million to a watchdog who will have nothing to watch," Sen. Jim Bunning (R-Ky.) said.

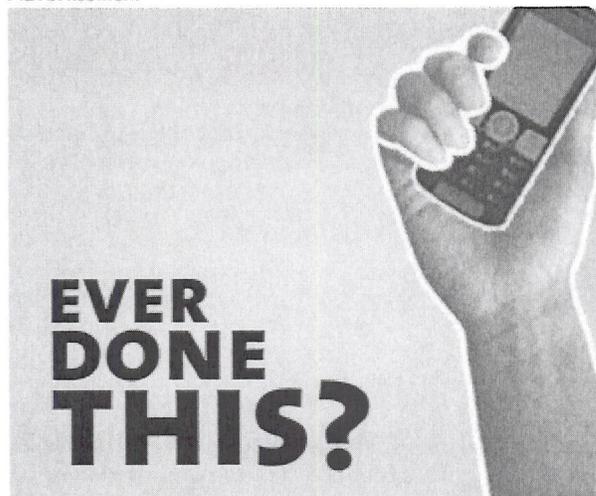
Barofsky, 38, the head of the mortgage fraud unit for the U.S. Attorney's Office in Manhattan, agreed with Dodd that the legislation grants the inspector general authority to look at all aspects of the program. Barofsky pledged to be aggressive in protecting taxpayer dollars and rooting out conflicts of interest.

Sens. Claire McCaskill (D-Mo.) and Charles E. Grassley (R-Iowa) introduced legislation yesterday to make clear that the inspector general has authority over all aspects of the bailout program. It would also allow the office to hire staff quickly without being delayed by the normal time-consuming civil service process.

Republican Congressional leaders also nominated the final two members of a congressional oversight panel mandated by the bailout legislation. They named Sen. Judd Gregg (R-N.H.), who was involved in negotiations over the program, and Rep. Jeb Hensarling (R-Tex.), a fiscal conservative who voted against the legislation.

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