WASHINGTON, DC - Rep. Peter Welch supported and the House passed a bill Wednesday that closes a Bush administration loophole and strictly limits pay for executives receiving government bailout funds. The vote was 260-166.

The TARP Reform and Accountability Act (H.R. 384) reforms the Troubled Asset Relief Program by banning bonuses for the 25 most highly-paid employees of institutions receiving bailout funds, prohibiting multi-million dollar golden parachutes and punishing executives who manipulate earnings to increase compensation. The bill also enhances oversight abilities of the Treasury Department and ensures that TARP funds are spent as Congress intended.

"Today we sent the message to the big banks and automakers that if we are to support them in a time of crisis, they must use taxpayer money responsibly and as intended," Welch said. "There should be no tolerance for the rewarding of incompetence and mismanagement with taxpayer dollars."

Welch has been working to close this Bush administration-engineered loophole, which effectively mooted compensation limits included in the Emergency Economic Stabilization Act, since it came to light in December. After Welch and 22 other members of Congress urged eight top bank executives to decline bonuses late last year, nearly all of the executives did so. Welch and another group of lawmakers called on Congress earlier this month to permanently close the loophole.

In addition to limiting executive compensation, H.R. 384 calls on the Treasury Department to commit TARP funds to mitigating foreclosures. The bill would encourage banks to modify loans to families in danger of losing their homes, and it would ensure that smaller, community banks have the same access to TARP funds as do national banks. It would also make permanent the increase in FDIC deposit insurance ceiling to $250,000 per account.