

Taxpayers Will Lose \$1.6 Billion On Single Chrysler Loan

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WASHINGTON (AP) — The Treasury Department said Monday it will lose \$1.6 billion on a loan made to Chrysler in early 2009.

Taxpayer losses from bailing out Chrysler and General Motors are expected to rise as high as \$34 billion, congressional auditors have said.

Treasury said Monday that Chrysler repaid \$1.9 billion of a \$4 billion loan, which was extended before the company filed for Chapter 11. The government hopes to get another \$500 million from the company that emerged from bankruptcy, Chrysler Group LLC.

Treasury officials said that the government had no plans to boost its stake in the new Chrysler to cover those losses. It also acknowledged another \$1.9 billion in potential losses from a separate loan that had been made to the company that went through bankruptcy proceedings. It indicated slim hopes of recouping much if anything from that separate \$1.9 billion loan.

The original \$4 billion loan was made in January 2009, when the Bush administration was scrambling to rescue Chrysler, GM and their auto financing arms.

The Congressional Budget Office estimated in March that the government's \$85 billion bailout of the automakers would cost taxpayers \$34 billion.

Much of it will depend on how much the government recovers from its eventual sale of nearly 61 percent of GM and about 10 percent of Chrysler.

GM has said it could conduct a public stock offering later this year. Chrysler officials have said a public stock offering is not likely before 2011.

The Treasury Department made the announcement about the loss from Chrysler on a day when GM reported its first quarterly profit in nearly three years. That moved GM closer to a stock offering that would repay at least part of the \$43 billion it owes the government.

Chrysler Holding is the parent company of the old Chrysler. It is owned by private equity firm Cerberus Capital Management. Cerberus bought Chrysler from Daimler AG in 2007.

Chrysler came close to running out of money at the end of 2008, so the U.S. government stepped in, authorizing \$15.5 billion in aid and appointing Fiat SpA to

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run the new Chrysler after it emerged from bankruptcy protection. The old Chrysler's assets, along with its finance arm, became Chrysler Holding.

Treasury said it has received repayments of \$3.9 billion to date, including the \$1.9 billion repayment and a \$1.5 billion loan paid off by Chrysler Financial. Chrysler also assumed \$500 million of Old Chrysler's debt, reducing the debt to the government.

Associated Press Writers Ken Thomas in Washington and Dee-Ann Durbin in Detroit contributed to this report.

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