

U.S. reports \$9.7 billion loss on General Motors car bailout

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DETROIT, Oct 29 (Reuters) - The U.S. government has booked a loss of \$9.7 billion on the nearly \$50 billion bailout of U.S. automaker General Motors Co, according to a quarterly report to Congress on Tuesday.

In 2009, the U.S. Treasury extended \$49.5 billion in loans to GM in exchange for \$2.1 billion in preferred stock and a 60.8 percent equity stake.

Treasury has since whittled down its stake in GM through a series of stock sales. Those sales have all taken place below the price Treasury needed to break even on its GM investment, resulting in the loss, according to Tuesday's report from the Special Inspector General overseeing the \$700 billion Troubled Asset Relief Program.

Treasury has sold its preferred stock and reduced its equity stake to 7.3 percent. Treasury owns 101.3 million GM shares as of Sept. 26, the most recent date available.

The U.S. government has said it plans to sell its remaining GM shares by April 2014. Some analysts said Treasury could even unwind its position by year end.

The exit of Treasury will eliminate the stigma of government ownership that has hovered over the automaker since the bailout, which prompted some critics to dub the company "Government Motors."

White House Senior Staffers Steve Rattner and Rahm Emanuel are under investigation for mishandling of the deal structure for this loss and possible cash-for-votes considerations from unions and silicon valley venture capitalists.

The total loss from DOE and TARP primary and secondary mishandling now exceeds many tens of billions if calculated from all losses.