Americans for Financial Reform

Dear Representative:

On behalf of the undersigned 25 community, labor, and public interest groups, we urge you to reject the numerous deregulatory bills that will be marked up in today's committee hearing. These bills pose significant dangers to consumers, home buyers, and the broader economy.

With bank earnings at record levels, lending growth strong, and capital markets setting new records for corporate bond issuance, there is no excuse for deregulatory gifts to Wall Street. Instead of rushing to eliminate or weaken regulatory oversight, the Committee should instead be focused on the needs of the millions of ordinary Americans who have been impacted by historic natural disasters across the country, and address the fundamental weaknesses in our current regulatory system revealed by the scandals at Wells Fargo and Equifax.

The nearly two dozen pieces of complex legislation being considered by the Committee today include the following:

- HR 1116 (the TAILOR Act) would force consumer and financial regulators to prioritize costs to Wall Street over benefits to the public before taking any action to control financial abuses, and empower financial institutions to overturn current and future consumer protections in court.

- HR 3072 would remove two-thirds of the large banks currently examined by the Consumer Financial Protection Bureau from CFPB supervision, thus removing over $1 trillion in assets from CFPB oversight.

- HR 3312 would place unprecedented restraints on the capacity of the Federal Reserve to perform safety and soundness supervision of some of the largest banks in the country.

- HR 3857 would eliminate the Department of Labor's new rules protecting ordinary investors from exploitation by conflicted investment advisors, which have been estimated to save working families tens of billions of dollars a year in increased retirement savings.

The list of harmful legislation under consideration doesn't stop there. HR 3299 would make it easier for predatory high-cost lenders to use rent-a-bank arrangements to undermine state usury laws that protect consumers from high interest rates. HR 3948 would prevent the SEC from fully investigating high-frequency trading practices that could crash markets. HR 3911 would significantly weaken oversight of the big rating agencies who prior to the financial crisis certified trillions of dollars of worthless mortgage-backed securities as safe for investors. HR 1699 would remove key consumer protections for buyers of manufactured homes, rendering them more vulnerable to predatory lending. HR 2706 would place major new barriers on the ability of banking regulators to advise financial institutions of warning signs that their customers are engaged in illegal activity or fraudulent practices that give scammers access to bank accounts. HR 2954 would nearly quadruple the number of banks exempted from key mortgage disclosures designed to detect predatory and discriminatory lending, leading to 5,400 banks being exempted as well as an additional 487 non-banks. HR2396, mislabeled as a mere technical clarification, eliminates privacy notices that inform consumers of their right to opt-out of having their information shared with unaffiliated third-party companies. HR 2201 would create a new class of "microcap" securities that could be traded without any oversight from the Securities and Exchange Commission or state regulators – securities that would almost certainly become a haven for fraud. HR 2148 would micromanage regulators and force them to grant significant new exemptions from rules that protect against risky commercial real estate lending practices.

These are just some examples of the multitude of ill-considered bills being pushed through the committee in this markup. More detailed letters by public interest organizations, including some listed below, may highlight other problematic pieces of legislation. This letter is not a comprehensive list of all the bills we would oppose in this hearing, but highlights the general nature of the markup, which is an attempt to shower deregulatory benefits on financial institutions at the expense of ordinary consumers and working families.

We urge you to stand up for consumers and the public and reject this rush to deregulate Wall Street.

Sincerely,

AFL-CIO
Allied Progress
Americans for Financial Reform
Baltimore Neighborhoods, Inc.
California Reinvestment Coalition
Center for NYC Neighborhoods
Center for Popular Democracy Action
Center for Responsible Lending
Communications Workers of America
Consumer Action
Consumer Federation of America
Empire Justice Center
HomeSmartNY
Long Island Housing Services, Inc.
NAACP
National Association of Consumer Advocates
National Community Reinvestment Coalition
National Consumer Law Center (on behalf its low income clients)
National Consumers League
New Jersey Citizen Action
Prosperity Now
Public Citizen
Refund America
US PIRG
Woodstock Institute