WEEKLY FINANCIAL SERVICES REPUBLICAN ROUND-UP 6.26.2009

MESSAGING RESOURCES/POLLING UPDATE

REGULATORY REFORM

Creating A New And Redundant Bureaucracy To Approve Financial Products Will Make It Harder For Families To Get Credit To Make Ends Meet. The Democrats' regulatory reform alternative will give government bureaucrats the task of deciding which financial products are suitable for consumers. This could have a detrimental impact on lower and middle class families because financial institutions will be discouraged from creating innovative products that help Americans with little or less than pristine credit histories. These consumers will discover they are no longer able to obtain the credit they need to finance a car, pay for college, or purchase a home.

The Administration's Regulatory Reform Proposal Creates Unequal Treatment For Consumers. The proposal empowers regulators in the 50 states to add additional layers of regulation and enforcement on top of those implemented by a new Consumer Financial Protection Agency. This will create division among consumers based on where they live or work, and will result in confusion and uncertainty by creating redundant and inconsistent mandates.

Consumers, Investors Are Best Protected By Understandable Disclosures And Strong Anti-Fraud Enforcement. The Republican plan requires regulators to streamline disclosures, and provides them with more investigative and enforcement tools. This includes increasing both civil and criminal money penalties in government enforcement actions; maximizing restitution to victims of fraud; improving surveillance of bad actors who exploit gaps in the current regulatory regime to continue preying upon innocent consumers; and allowing regulators to share information with foreign regulators and law enforcement agencies engaged in the investigation and prosecution of financial frauds without waiving privileges.

Polling Update:

Rasmussen: "74% Trust Their Own Economic Judgment More Than Congress'... Three-out-of-four Americans (74%) trust their own judgment more than that of the average member of Congress when it comes to economic issues facing the nation.... It's not just Congress that people are skeptical about on the economic front. Sixty percent (60%) of voters nationwide now trust their own economic judgment more than President Obama's."

Rasmussen: "47% Oppose More Government Regulation of U.S. Financial System... Forty-seven percent (47%) of Americans oppose more government regulation of the U.S. financial system, while 33% disagree and say more regulation is a good idea, according to a new Rasmussen Reports national telephone survey... Fifty-one percent (51%) oppose expanding the Fed's regulatory powers. ... Americans are closely divided over President Obama's plan to create a new government agency to regulate what banks, mortgage lenders and credit card companies offer Americans. Thirty-nine percent (39%) support the creation of such an agency, but 44% are opposed to establishing another federal regulatory body.

Rasmussen: "46% Say Fed Chairman Has Too Much Power; Views of Bernanke, Geithner Unchanged... Forty-six percent (46%) of Americans say the chairman of the Federal Reserve Board already has too much power over the economy, even as the Obama administration proposes expanding the Fed's regulatory controls."

ON THE HORIZON

Thursday, July 2: The Oversight and Investigations Subcommittee will convene a field hearing on homeowners' insurance at 10 am in the Commission Chambers, City Center, West Palm Beach, Florida.

WEEKEND MUST-READS

Los Angeles Times: "House split over new consumer agency ... Democrats favor the proposed watchdog, but Republicans are against another layer of regulation."

Wall Street Journal: "Plain-Vanilla Financing Could Melt Bank Profits ... The Obama administration's plan to protect consumers from bad deals on mortgages, credit cards and other financial products is an attempt to take the industry back in time and could put a dent in bank profits."

Wall Street Journal, Editorial: "The Secret 'Friends of Angelo' ... Angelo Mozilo, the former Countrywide Financial CEO charged with fraud and insider trading by the Securities and Exchange Commission, had a lot of "friends." The Democratic leadership in Congress just doesn't want you to know their names -- or the details of their loans from Countrywide."

New York Times: "Behind the Scenes, Fed Chief Advocates Bigger Role ... During the debate over financial regulation, the Federal Reserve chairman, Ben S. Bernanke, has been surprisingly quiet. But behind the scenes, he has been a forceful proponent of giving the Fed more power, both defending his management of the economic crisis and arguing that more authority would help the agency act more decisively to reduce the chances of a recurrence, according to interviews with lawmakers and officials from the Fed, the Treasury and the White House."

Wall Street Journal: "Barney the Underwriter ... Back when the housing mania was taking off, Massachusetts Congressman Barney Frank famously said he wanted Fannie Mae and Freddie Mac to "roll the dice" in the name of affordable housing. That didn't turn out so well, but Mr. Frank has since only accumulated more power. And now he is returning to the scene of the calamity -- with your money. He and New York Representative Anthony Weiner have sent a letter to the heads of Fannie and Freddie exhorting them to lower lending standards for condo buyers."

Wall Street Journal, Editorial: A Triple-A Punt... If world-class lobbying could win a Stanley Cup, the credit-ratings caucus would be skating a victory lap this week. The Obama plan for financial re-regulation leaves unscathed this favored class of businesses whose fingerprints are all over the credit meltdown.

New York Times: Too Big to Fail, or Too Big to Handle?..."No one should assume that the government will step in to bail them out if their firm fails." That's Timothy F. Geithner, the Treasury secretary, talking tough with lawmakers last week as he promoted the government's remake of the financial regulatory framework.

Washington Post: "Fed to Extend Emergency Lending Programs ... The Federal Reserve said yesterday that it was extending many of its emergency lending programs through February because conditions in financial markets remain strained."

COMMITTEE REPUBLICANS IN THE NEWS

Rep. Shelley Moore Capito made this statement during the Committee hearing on housing preservation.

Rep. Tom Price penned this op-ed regarding executive compensation: A dangerous solution; and issued this press release: Debt Explosion Could Blow-Up Economic Recovery.

Rep. Thaddeus McCotter issued this press release: Michigan Congressional Delegation Asks Auto Task Force to Help Suppliers and gave this interview regarding the Michigan Congressional Delegation request for auto supplier aid.

Rep. Patrick McHenry issued this press release: Merrill Lynch deal anything but transparent.

Rep. Michele Bachmann penned this column: Will Congress Again Rescue ACORN?

Rep. Spencer Bachus made this statement during the Committee hearing on regulatory reform.

CARTOON OF THE WEEK

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}(Washington Post’s Lisa Benson,6/20/2009)