
WEEKLY FINANCIAL SERVICES REPUBLICAN ROUND-UP 7.10.2009

MESSAGING RESOURCES/POLLING UPDATE

Regulatory Reform, Consumer Protection

The Democrats' So-Called "Consumer Protection" Agency Will Deny Credit For Consumers, Undermine The Economic Recovery. By giving government bureaucrats the task of deciding which financial products are suitable, the Democrats will restrict access of lower-and-middle class families to obtain the credit they need. Even worse, consumers will pay an indirect tax through higher fees due to the costs associated with this proposal, including assessments to fund the new bureaucracy, higher compliance fees, and litigation costs. Ultimately, Americans 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 Democrats' Plan Will Make Community Banks Less Competitive. In addition to higher fees for deposit insurance, community banks will face higher compliance costs to meet the new CFPB mandates, and they will incur the bulk of the assessment burden to fund the enormous costs of creating this massive agency. This will place community banks at a competitive disadvantage to mega-banks that can easily internalize these higher costs; further restrict credit availability; and lead to more, not less, consolidation in the financial services industry.

Regulators Should Be Empowered To Protect Consumers. The Democrats' propose the creation of yet another Federal agency in which government bureaucrats will pick which financial products Americans can have access to. Instead, Republicans believe that the way to help consumers is through improved disclosure and empowering our regulators with more investigative and enforcement tools. Republicans also propose increased penalties in government enforcement actions to help deter fraud.

Polling Update:

Rasmussen: "43% Say Mortgage Assistance Program Should Be Ended, 35% Want It Expanded... President Obama is expanding his original federal mortgage assistance program to let more people participate, but 43% of Americans say the program should be ended instead."

ON THE HORIZON

Monday, July 13: The Oversight and Investigations Subcommittee will hold a hearing entitled "Preventing Unfair Trading by Government Officials" at 2 pm in room 2128 Rayburn.

Tuesday, July 14: The Capital Markets Subcommittee will conduct oversight of the SEC at 10 am in room 2128 Rayburn.

Wednesday, July 15: The Full Committee will convene a hearing on regulatory reform with banking industry representatives at 10 am in room 2128 Rayburn. At 2 pm, the Housing Subcommittee will convene a hearing on housing preservation in room 2128 Rayburn.

Thursday, July 16: The Full Committee will convene a hearing on regulatory reform on consumer protection at 10 am in room 2128 Rayburn. At 2 pm, the Domestic Monetary Subcommittee will convene for a hearing on consumer protection and the role of the Fed in room 2128 Rayburn.

Friday, July 17: The Full Committee will convene a hearing on regulatory reform with securities industry representatives at 10 am in room 2128 Rayburn.

WEEKEND MUST-READS

Associated Press: "Tens of billions remain in bank bailout fund...The government has tens of billions of dollars left in the eye-popping \$700 billion bank bailout fund created last fall, prompting a debate in Congress over what to do with it. The Treasury Department wants to keep the money at its disposal in case the economy gets worse. But fiscal conservatives like Sen. Judd Gregg of New Hampshire and Rep. Spencer Bachus of Alabama, both Republican, want the money kept to pay down the national debt."

Wall Street Journal: "FDIC Can Bank on Opposition...Proposal to Toughen Ownership Rules Draws Fire; 'Harsh and Discretionary'...The Federal Deposit Insurance Corp. proposed new rules that would place restrictions on private-equity investors wanting to buy failed banks, sparking concern from other regulators that the policies could scare away potential investors."

Financial Times: "Opportunistic Wall Street gears up to trade in California IOUs...Amid the vacation rentals and used cars for sale, browsers of the website Craigslist will now find a unique offer: for California IOUs. "If you are receiving a California IOU and you need cash immediately, please contact me. I may be of assistance," reads one posting."

Financial Times: "Securitisation reinvented to cut costs...Investment banks, including Goldman Sachs and Barclays Capital, are inventing schemes to reduce the capital cost of risky assets on banks' balance sheets, in the latest sign that financial market innovation is far from dead."

USA Today: "Banks get stingy on credit; new cards down 38% ... Despite massive government efforts to bolster the credit market, banks are pulling back severely on card lending."

New York Times, Editorial: "When Congress Lobbies for Banks ... From the start, the government's emergency \$700 billion program to bolster financial institutions prompted a virtual stampede by members of Congress to get a piece of the action for their local banks. This is hardly surprising and not necessarily unethical. But one call to Treasury deserves particular scrutiny by the inspector general now reviewing the heavy Congressional lobbying for money from the Troubled Asset Relief Program."

Wall Street Journal, Opinion: "Let's Treat Borrowers Like Adults ... do consumers really need such protection? Or would such a commission make it harder and more expensive for consumers to find the loans they need?"

Wall Street Journal: "White House Ponders Bernanke's Future ... As the White House begins to ponder whether to reappoint or replace Ben Bernanke when his term expires in January, the Federal Reserve chairman's standing on Wall Street is on the rise while attacks on him from Congress mount."

New York Times: "A.I.G. Seeks U.S. Support for Bonuses ... Seeking to avoid the public furor that erupted last spring, the American International Group has been quietly seeking approval from the new federal compensation czar to pay a total of \$2.4 million dollars in bonuses to dozens of its senior executives."

COMMITTEE REPUBLICANS IN THE NEWS

Rep. Scott Garrett issued this statement: [Garrett Statement on OTC Derivatives Joint Hearing](#); and issued this press release: [Garrett Asks Obama for Fed Investigation](#).

Rep. Randy Neugebauer issued this statement: [Recycling TARP Funds Is Misleading The Taxpayers](#).

Rep. Michele Bachmann issued this statement: [Bailout Funds: ACORN's Latest Source of Income](#), and appeared on Fox News to discuss this issue. Rep. Bachmann also issued this statement: [We Need to Protect Consumers' Choices](#).

Rep. Thaddeus McCotter discussed GM during this interview.

Rep. Spencer Bachus discussed regulatory reform during this Bloomberg interview. He penned this blog: [Diverting TARP Funds to Failed Housing Agenda](#). Rep. Bachus also issued these statements: [Bachus Statement During Hearing on H.R. 3068, the "TARP For Main Street Act"](#); [Bachus Statement During Derivatives Hearing](#); [Bachus Statement During Subcommittee Hearing on The Fed and Systemic Risk](#).

CARTOON OF THE WEEK

(Pittsburgh Tribune Review, 7/5/2009)