



March 3, 2010

The Honorable Christopher J. Dodd  
Chairman  
Banking, Housing and Urban Affairs Committee  
United States Senate  
Washington, DC 20510

The Honorable Richard C. Shelby  
Ranking Member  
Banking, Housing and Urban Affairs Committee  
United States Senate  
Washington, DC 20510

Dear Senators Dodd and Shelby:

Consumers Union, the nonprofit publisher of Consumer Reports magazine, continues to believe that an independent consumer protection agency is the best way to ensure the safety and fairness of financial products and practices. An agency that patrols and prevents abusive practices such as predatory subprime mortgage lending will help strengthen the soundness of our entire financial system in the future.

As you consider proposals to fix our weakened banking system, we urge you to ensure consumers are afforded the protections of a completely independent agency. The agency must have the authority, funding and ability to act promptly to address the abusive and unfair practices of both banks and non-banks that offer financial products and services. The agency must have strong rulemaking, examination, and enforcement powers.

We do not believe banking regulators, or any committee or group of those regulators, should be given any authority to veto or delay important consumers protections. Subjecting a consumer protection regulator's decisions to a time consuming bureaucratic approval or appeal process would seriously weaken the consumer agency's effectiveness. Moreover, as we have seen, inaction and delay by banking regulators is what allowed the subprime crisis to fester in the first place, threatening the near collapse of our economy. Prompt consumer protection is essential to a safe and sound banking system. It is essential that consumers have an independent voice that can act promptly to address new and emerging unfair and abusive practices by banks and non-banks before these practices spread.

We are deeply concerned about recent press accounts that describe proposals currently under consideration that would house a consumer protection watchdog, with limited authority, in existing or proposed regulatory agencies. Moving the boxes around is not the true reform consumers need or expect; it merely maintains the status quo.

As you look to fix the problems with banks and Wall Street, you must not weaken those reforms that will help real people and Main Street. Therefore we strongly urge you to ensure that an independent agency with real authority to protect consumers remains an essential part of regulatory reform.

Sincerely,

Pamela Banks  
Senior Policy Counsel