

Durbin, Miller and Others To Introduce Legislation to Protect Consumers From Unfair Credit Practices

[WASHINGTON, D.C.] - Assistant Senate Majority Leader Dick Durbin (D-IL) introduced legislation today to create the Financial Product Safety Commission - a single government agency in charge of ensuring that the offering of financial products to consumers is responsible, accountable, and transparent. Joining Durbin as cosponsors were Senator Chuck Schumer (D-NY), Senator Ted Kennedy (D-MA) and Representatives Bill Delahunt (D-MA) and Brad Miller (D-NC) who will introduce a version of the bill in the House.

"Our financial system requires a complete overhaul so that the needs of American families stand above the interests of Wall Street," Durbin said. "This new oversight agency would look out for consumers first, acting quickly to protect members of the public from predatory practices and ensuring that companies are held accountable when they abuse, deceive or take advantage of the consumer they claim to be helping. The current crisis has diminished consumer protections and eroded consumer confidence. It's time we reversed that trend."

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"Our economy is in a deep hole dug by the financial industry. For years they defended every consumer lending practice, regardless of how predatory the practice appeared on its face, as necessary to make credit available to ordinary Americans. And the result was eye-popping profits for the industry and millions of middle-class Americans hopelessly

in debt, trapped by indefensible fees and penalties explained in legalese in tiny print. We can't let that happen again," said Congressman Miller.

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The legislation would improve the fractured oversight of the nation's financial markets, in which at least 10 federal regulators have responsibility for consumer financial products but none have oversight as its primary objective. In this absence of meaningful oversight, the number of excessively costly or predatory consumer financial products has exploded.

"In the past 30 years, the legal rules for mortgages, credit cards, and every other kind of consumer loan have moved consistently in one direction - against the family," said Elizabeth Warren
, Harvard Law Professor and Chairwoman of the Congressional Oversight Board for the \$700 billion Trouble Asset Relief Program

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□ ***"The Financial Product Safety Commission promises to reverse that direction, putting in place a structure to make the rules a little fairer and to give families a fighting chance against any lenders that make their profits by tricks and traps."***

The Financial Product Safety Commission, originally conceived by Professor Warren, will add consumer protection to the factors lenders must consider in creating and offering financial products. It will identify the practices that undermine sound markets and put a stop to them before they again bring the entire financial market to its knees.

"Changes in the credit markets have made debt far riskier for consumers today than a generation ago. Ordinary credit transactions have become extremely complex undertakings and consumers are at the mercy of those who write the contracts. Consumers deserve to have someone on their side - a regulator that will watch out for the average American to ensure products work, without any hidden dangers or unreasonable tricks. The time is right for a financial services regulator with a consumer focus," Schumer said.

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"I am pleased to join with Senators Durbin, Schumer, Kennedy and Congressman Brad Miller to introduce legislation that protects the consumer from questionable mortgages, credit cards and other risky financial products" said Delahunt. "We've learned from the depth of the current economic crisis that the American consumer has been taken advantage of by unscrupulous mortgage companies, lenders and other creditors. The Consumer Financial Products Safety Commission will specifically be empowered to ban dangerous financial instruments from the marketplace, in much the same way that the FDA protects the consumer from unsafe food."

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The Financial Product Safety Commission would:

- Reduce consumer risk in using financial products by preventing predatory or deceptive financial practices and educating consumers on the responsible use of financial products and services;
- Coordinate enforcement with the other federal and state regulators and with the private sector to establish a floor beneath which consumer financial product safety could not fall; and
- Report regularly to the public regarding the state of consumer financial product safety and recommend the steps that should be taken to improve the value of financial products for consumers.

The bill is supported by over 55 national and state organizations, including Consumer Federation of America, Center for Responsible Lending, Leadership Conference on Civil Rights, NAACP, La Raza, AFL-CIO, SEIU, National Consumer Law Center, Consumers Union, Public Citizen, and US PIRG.

Rep. Miller has actively worked to address some of the many causes of the current economic crisis. He authored the Bankruptcy Reform Modification legislation that was passed last week in the House -part of the *Helping Families Save Their Homes Act* which would allow families facing foreclosure to keep their homes by altering the terms of their mortgages in bankruptcy court. For more information about Miller's work on Predatory Lending and Bankruptcy Reform, go to: www.bradmiller.house.gov

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