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FOR IMMEDIATE RELEASE

Goddard Pushes for New U.S. Consumer Agency

(Phoenix, Ariz. — Aug. 18, 2009) Attorney General Terry Goddard is urging Congress to create a Consumer Financial Protection Agency (CFPA), saying the new agency “promises to be an effective check on the recent excesses of the financial industry.”

Goddard, along with 23 other state Attorneys General, sent a letter late Monday to leaders of the Senate Banking Committee and the House Financial Services Committee, voicing strong support for the CFPA proposed by the Obama Administration.

“The current financial crisis, caused in part by irresponsible subprime lending and inadequate oversight, has demonstrated the need for comprehensive and effective consumer protection and enforcement at the federal level,” the Attorneys General’s letter said.

The letter also underscored the Attorneys General’s conviction that legislation creating the CFPA should explicitly preserve the states’ authority and ability to fight unfair and deceptive practices as well as foster the states’ role in collaborating with the new federal agency.

“We appreciate the fact that this legislation recognizes the key role that state Attorneys General serve in spotting new frauds and abuses, responding to citizen concerns and enforcing state laws. The preservation of our role is critical to fighting fraud in the financial marketplace and a crucial factor in our support of this legislation,” the letter said.

Additional background and details:

“There is clearly a need for effective regulation of consumer financial products that crosses existing regulatory lines,” the Attorneys General wrote. “We look forward to forging an alliance with a federal regulator that has the protection of consumers and the promotion of sound credit practices as its central agenda.”

The letter was sent to Rep. Barney Frank, chair of the House Financial Services Committee, and Rep. Spencer Bachus, ranking member of the committee, as well as to Sen. Christopher Dodd, chair of the Senate Committee on Banking, Housing and Urban Affairs, and Sen. Richard C. Shelby, ranking member of the committee.

As introduced, the CFPA legislation gives state regulators authority to enforce their consumer protection laws against federally-chartered institutions. “We urge Congress to keep this provision in the final bill,” the letter said. “We believe state consumer protection laws should

apply equally to all banking and financial institutions within the states' jurisdiction, regardless of whether they are state or federally chartered.”

The Attorneys General said they are prepared to be strong and effective collaborators with the proposed new federal agency: “Unfair and deceptive practices, by their nature, are constantly evolving. Because of our local presence, Attorneys General are well-positioned to identify new trends, and we have long served an important role in finding innovative responses and solutions to these practices,” the letter said.

The letter cited the explosion of loan modification scams as “a perfect example of the states' lead role in combating fraud.” Mortgage rescue scams have proliferated in the wake of questionable lending practices and the economic crisis. The Attorneys General said 27 states (including Arizona) have enacted laws to protect citizens from such scams. The states will be good collaborators with the CFPB, the letter said, because “the states are nimble enough to recognize and react to such new frauds.”

The Attorneys General of the following states and jurisdictions signed the letter: AZ, CA, CT, HI, IL, IA, LA, ME, MA, MN, MS, MO, MT, NV, NJ, NM, NC, OH, OK, OR, TN, VT, WV and Guam.

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