

December 21, 2009

Senator Chris Dodd  
Committee on Banking, Housing and Urban Affairs  
448 Russell Building  
Washington, DC 20510

Congressman Barney Frank  
Committee on Financial Services  
2252 Rayburn H.O.B.  
Washington, DC 20515

Dear Senator Dodd and Congressman Frank:

We write today to express our support for legislation to create a Financial Consumers' Association.

The nation's financial industries have a significant effect on the daily lives of the nation's consumers. Consumers need both a strong regulatory agency to oversee financial services products and also an independent consumer voice to monitor the actions of financial corporations. A Financial Consumers' Association would be supported by membership dues. The members would elect a board of directors that could hire researchers, organizers, accountants and lawyers.

Some observers have asked if a Financial Consumers' Association would be needed if Congress were to create a Consumer Financial Protection Agency (CFPA). We believe that a CFPA would play a fundamental and important governmental role in advancing protections for consumers of financial services. A Financial Consumers' Association would enhance, not duplicate or replace, the work of the CFPA. A Financial Consumers' Association would monitor government regulators, and provide an independent and complementary voice for consumers. The combined efforts of both the CFPA and a Financial Consumers' Association will, in part, redress the imbalance of power between financial services corporations and consumers.

A Financial Consumers' Associations could:

1. Represent consumer interests before regulatory agencies, legislative bodies, and the courts, and in negotiations with financial service providers;
2. Advocate policies before regulatory bodies that will ensure reasonable access to credit for all consumers;
3. Evaluate the performance of mortgage lenders and monitor the availability of financial services to less affluent and minority borrowers; and
4. Provide policymakers, consumers, workers, shareholders, taxpayers and the news media with timely information on the effects of financial industry and government initiatives.

A Financial Consumers' Association would enhance the influence of consumers in the policy-making process and empower citizens by educating them, uniting them, and giving them a meaningful voice in directly shaping financial institutions' consumer policies.

Once a Financial Consumers' Association is established, financial institutions would be required to include in their billing and account statement envelopes, and electronic communications with customers, periodic notices informing customers of the existence and functions of the Financial Consumers' Association and the procedure for becoming a member.

Legislation has, in the past, been introduced that would require Financial Consumers' Association membership notices to be included in the billing envelopes of financial institutions, ensuring that the maximum number of consumers are invited to join and fund such an organization.

In 1985, then-Representative Charles Schumer introduced the Consumer Banking Act of 1985, which contained a Financial Consumers' Association provision.<sup>1</sup> Mr. Schumer later introduced the "Financial Consumers Association Act of 1990."<sup>2</sup> In 1992, Representative Joseph P. Kennedy introduced similar legislation.<sup>3</sup>

Just a week before he died, Senator Paul Wellstone introduced the Consumer and Shareholder Protection Association Act of 2002."<sup>4</sup> This legislation had a broader mandate than a Financial Consumers' Association – in part because it was designed to deal with the corporate crimes perpetrated by ENRON, WorldCom and other corporations.

We need to renew efforts to establish a Financial Consumers' Association as a Congressionally chartered, nonprofit, nonpartisan organization with a full-time staff that could help consumers band together to address financial services issues.

Enclosed please find a copy of the proposed legislation and Mr. Schumer's 1985 Congressional Record statement on the benefits of creating a Financial Consumers' Association.<sup>5</sup>

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<sup>1</sup> On June 4, 1985, Representative Schumer introduced H.R. 2661, the "Consumer Banking Act of 1985." Title VI of this legislation provided for the formation of statewide membership associations of financial institution consumers.

<sup>2</sup> On October 16, 1990, Mr. Schumer (for himself and Representative Joseph P. Kennedy) introduced H. R. 5839, the "Financial Consumers Association Act of 1990."

<sup>3</sup> On April 9, 1992 Representative Joseph P. Kennedy introduced H.R.4979, the "Financial Consumers Association Act of 1992." Cosponsors of this bill included: Representatives Les AuCoin, Lane Evans, Marcy Kaptur, Mel Levine, William O. Lipinski and Major Owens.

<sup>4</sup> On October 17, 2002, Senator Paul Wellstone introduced S. 3143, the "Consumer and Shareholder Protection Association Act of 2002."

<sup>5</sup> The Hon. Charles E. Schumer of New York, in the House of Representatives, on the Consumer Banking Act of 1985, Congressional Record – Extension of Remarks, Tuesday, September 17, 1985, 99th Cong. 1st Sess. 131 Cong Rec. E 4063.

We urge you to introduce this important legislation as you are re-regulating the financial services industry. Consumers need an organization that is able to withstand political pressures and the enormous lobbying influence of the financial industry.

Sincerely,

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