



December 10, 2009

An Open Letter to the United States House of Representatives: Reject Bailouts, Taxes, and Onerous Regulations in H.R. 4173!

Dear Representative:

On behalf of the 362,000 members of the National Taxpayers Union (NTU), I write in strong opposition to H.R. 4173, the so-called “Wall Street Reform and Consumer Protection Act of 2009.” Introduced by Representative Barney Frank (D-MA), this legislation represents yet another dramatic increase in the size and scope of the federal government. This nearly-1,300 page bill fails to protect taxpayers or reflect the lessons that should have been learned from the policy fiascos of 2008 and 2009.

The legislation creates a new “consumer” agency, funded by billions in new taxes on the very financial companies upon which the government has lavished trillions of dollars in bailout money in the past year. This new entity, the Consumer Financial Protection Agency, is then given virtually unlimited authority to regulate any financial product that it deems “unfair,” a scheme ripe for abuse. This will undoubtedly be the future playground of financial industry lobbyists seeking to hamper their competitors by leaning on government to snuff out products like payday loans.

H.R. 4173 also includes language granting regulators the authority to veto compensation packages agreed upon by private companies and their employees, an area that is simply not the business of the federal government. In addition, a provision preventing the expansion of burdensome Sarbanes-Oxley requirements may be gutted or removed completely from the version on which you will vote.

Perhaps most disturbingly, the bill raises taxes in order to provide a permanent, \$150 billion slush fund to the newly created Financial Services Oversight Council, whose bureaucrats could bail out private institutions at their whims. The American people have been outraged by the failures of the Troubled Asset Relief Program (TARP), and yet H.R. 4173 would establish a “mini-TARP” which could potentially have even less accountability and greater moral hazard. Investors will gain no certainty from such an arrangement.

This wrong-headed approach would raise costs, empower Washington, and do little to address systemic problems in the financial system – many of which stem from government manipulation of markets. **NTU urges you to reject the regulatory overreach of H.R. 4173 and work for true pro-taxpayer financial reforms. Any roll call votes on this legislation will be significantly weighted in our annual Rating of Congress.**

Sincerely,

Andrew Moylan
Director of Government Affairs