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Opening Statement Rep. Mike Quigley, Ranking Member

Subcommittee on TARP, Financial Services and Bailouts Hearing on "Who's Watching the Watchmen? Oversight of the Consumer Financial Protection Bureau"

May 24, 2011

Mr. Chairman, thank you for holding today's hearing on the Consumer Financial Protection Bureau (CFPB). I'd also like to thank our witnesses for contributing their expertise to this discussion. Like any government agency, the CFPB needs vigilant oversight from Congress and this Committee. But we should not obstruct it from carrying out the intent of the Dodd-Frank Act.

Millions of Americans are still suffering the consequences of the housing and financial crisis. This crisis was caused, in large part, by weak or nonexistent regulation. These regulatory failures allowed dangerous consumer financial products and toxic financial instruments to infiltrate the marketplace.

Before Dodd-Frank, consumer financial protection responsibilities were scattered across seven different agencies. Unscrupulous lenders were able to take advantage of consumers by selling them faulty, fraudulent, and deceptive financial products. This reckless lending poisoned the financial system and directly contributed to the mortgage meltdown.

While today we may have the benefit of hindsight, some sounded the alarm well in advance of the crisis. In 2007, before the onset of the crisis, Professor Elizabeth Warren recognized that there was a serious problem:

"Nearly every product sold in America has passed basic safety regulations well in advance of reaching store shelves," she observed.

"**[But]** Credit products, by comparison, are regulated by a tattered patchwork of state and federal laws that have failed to adapt to changing markets."

The CFPB was explicitly designed to address these regulatory shortcomings. Just like the Consumer Product Safety Commission protects consumers against “exploding toasters”, the CFPB will protect consumers against faulty mortgages.

One of the CFPB’s strengths is its accountability. The CFPB has a capped budget, its actions are subject to a veto by the Financial Stability Oversight Council, and it must follow stricter rulemaking procedures than most other agencies.

Another strength is the CFPB’s focus on the “shadow” financial services sector, which has been most responsible for victimizing consumers. These unregulated lenders will, for the first time, be held to the same standards as banks and credit unions.

Our number one priority on this Committee must be ensuring that we never have a repeat of the financial crisis, and the CFPB is a strong step in the right direction. The CFPB has also won early praise, even from financial industry groups that were initially hesitant to support it. Both the ICBA and the ABA have praised the Bureau for its transparent and accessible rule-making process.

This transparency is especially important given the CFPB’s mandate to increase transparency in the consumer lending market. I am confident Ms. Warren and the CFPB can continue to build on their early successes, and both consumers and businesses will be stronger for it. It is critical that the CFPB be implemented as set forth in the Dodd-Frank Act.

Thank you, Mr. Chairman.

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