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House Passes Measure to Improve Independence of Regulatory Watchdogs

Bill brings accountability, transparency to financial regulatory agencies

Washington, DC – The U.S. House of Representatives voted this week to boost oversight and accountability standards at the nation’s financial regulatory agencies. With the passage of the Improved Financial and Commodity Markets Oversight and Accountability Act (H.R. 885), Inspectors General (IG) are set to become more independent and gain the authority and tools needed to adequately monitor our nation’s financial systems, markets and retirement security.

“Our Inspectors General must be independent and have the necessary enforcement measures in order to conduct proper oversight of our financial and commodity markets,” said Chairman Towns who strongly supports efforts to improve the independence of Inspectors General.

Last month, under the leadership of Chairman Towns, the Oversight Committee passed H.R. 885 with bipartisan support.

A recent report released by the non-independent Inspector General of the Commodity Futures Trading Commission showed that despite the recent economic crisis and turbulence in the oil market, their office completed just two investigations and updated one between October 1, 2008 and March 31, 2009.

“The American people are counting on us to address the financial crisis, including the fact that there was not enough oversight at our regulatory agencies, with reforms that will help to prevent future economic catastrophes,” added Chairman Towns.

H.R. 885 targets Inspectors General within the Commodity Futures Trading Commission, the board of Governors of the Federal Reserve, the Securities and Exchange Commission, the National Credit Union Administration and the Pension and Benefit Guaranty Corporation, and provides them with the independence to monitor their respective agencies while also strengthening their subpoena power.

In addition, H.R. 885 requires Senate confirmation of all Inspectors General. Currently, IGs are hired by, and serve at the privilege of, the heads of their respective agencies who happen to be the same individuals they are tasked to oversee. The legislation calls for

IGs to be independent entities that can freely pursue investigations within their agency without fear of retribution.

“By strengthening the role of these regulatory watchdogs, we are taking an important step towards ensuring that our regulatory agencies are working in the best interests of the American people,” said Chairman Towns. “I was proud to work with Caucus Chair Larson and my colleagues to help pass this good government legislation.”

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