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## **Chairman Towns' Opening Statement to the Conference on the Wall Street Reform and Consumer Protection Act**

Washington – House Committee on Oversight and Government Reform Chairman Edolphus “Ed” Towns (D-NY), a conferee to the Conference Committee that will complete comprehensive financial reform legislation, today delivered the following opening statement at the first meeting of the Conference Committee.

For more than a year, Chairman Towns led comprehensive investigations into the financial crisis and its impact on the economy. The committee investigated the bailout of AIG, the Bank of America-Merrill Lynch merger as well as the role of credit rating agencies in the financial crisis.

Chairman Towns is a conferee because specific portions of the legislation fall under the jurisdiction of the House Committee on Oversight and Government Reform.

### **Chairman Towns' Opening Remarks:**

I thank Chairman Frank, Chairman Dodd, and the other conferees for their work on this landmark legislation.

The Oversight and Government Reform Committee has spent much of the past year examining the events that contributed to the financial crisis. I strongly believe that it was our moral obligation to the American people to have a thorough understanding of what caused the current financial crisis and how the Federal government responded.

What is clear to all of us now is that the catastrophic failure of our nation's economy was caused by dangerous and unacceptable levels of risk that were allowed to build up in our financial system.

We are here today to prevent a repeat of the financial crisis. We need to change the culture on Wall Street and the culture among the regulators, from secrecy to transparency.

The lack of transparency we saw in the bailout leads to distrust, which leads to anger. And, we must protect taxpayers from reckless behavior in our financial markets and establish important consumer protections.

Unless we in Congress adopt genuine financial services reform, it will be only a matter of time before we see another AIG, another Bear Stearns, another Lehman Brothers. The next big bank will be "too big to fail" and the taxpayers will wind up footing the bill again.

I believe both the House and the Senate have made important steps to improve accountability and transparency in our nation's financial system and that it is our duty to ensure that the strongest possible bill comes from this conference.

As Chairman of the Oversight Committee, I want to express my support for several of the bill's accountability provisions.

In particular, I'm pleased that both the House and Senate bills contain language providing the Government Accountability Office with authority to conduct audits of the Federal Reserve. The House-passed provision in particular would strengthen GAO's oversight abilities and deserves careful consideration.

Both bills also would strengthen the independence of Inspectors General at key financial regulatory agencies. These provisions are consistent with legislation reported by the Oversight Committee earlier this Congress, and I'm pleased they will be signed into law as part of this legislation.

Both House and Senate bills also contain strong whistleblower protections for individuals who disclose evidence of illegality to the SEC. Chairman Frank graciously worked with me before

the House bill came to the floor to ensure that the confidentiality language in the whistleblower provision is focused on protecting the identity of whistleblowers. The Senate bill, however, includes provisions that place restrictions on any information a whistleblower discloses to the SEC or the CFTC. This secrecy is unnecessary and may be counter-productive. I urge the conference to adopt the House-passed confidentiality language for both the SEC and the CFTC whistleblower provisions.

Similarly, I urge the conference to take a careful look at several provisions that waive the applicability of important good government and government acquisition rules. We need to look carefully at these waivers and ensure each is appropriate.

Lastly, for similar reasons, I want to express my support for the House's decision to establish a new, independent consumer protection agency. If important consumer protection functions are placed within the Federal Reserve System, it would have the unintended consequence of waiving important good government and merit system rules, such as competitive hiring, whistleblower protections, federal acquisition statutes, the Freedom of Information Act, and federal ethics laws. We must make sure that all of these critical laws apply to the new consumer protection entity, wherever it is housed.

I proudly join my colleagues on this historic conference committee as we put in place policies that will help fix the financial system and protect consumers. Blame is about yesterday. Fixing the system is about the future.

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