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The Honorable Joseph Crowley  
U.S. House of Representatives  
Washington, DC 20515

Dear Representative Crowley:

As the House begins consideration of **H.R. 4173**, the Wall Street Reform and Consumer Protection Act, we wish to inform you that the New York Bankers Association (NYBA) **opposes** this bill in its current form. As you know, NYBA strongly supports effective, comprehensive financial reform. We appreciate the hard work of the Financial Services Committee in considering and acting on the scores of amendments offered during a mark-up process that extended over many weeks. Nevertheless, in the absence of material, structural amendments, the Association will urge that you vote no on final passage.

Our Association supports the creation of a more effective systemic risk regulatory authority, a dissolution authority, enhanced investor protections, and broader oversight of FASB and the credit ratings agencies. However, H.R. 4173 would establish a new and additional federal agency, the **Consumer Financial Protection Agency** (CFPA), to regulate all banks and other financial services providers as to the offering of all consumer financial products.

- The CFPA does not have the authority, expertise or resources to regulate the hundreds of thousands of **non-bank financial services providers** in the country, even though many of the problems that led to the current crisis can be laid at their door.
- H.R. 4173 seriously erodes **the principle of preemption**. Without a clear preemption standard, there will be chaos in the provision of financial services on an interstate basis. For New York, the prospect of more stringent laws than the standards set by the new agency will be harmful to New York-based businesses at the worst possible time.

- H.R. 4173 also erodes the **independence of the Federal Reserve**, most strikingly by authorizing the GAO to conduct annual reviews of the Fed's practices and policies, including the open market deliberations, and dramatically limiting the Fed's emergency lending authority.
- We understand that an amendment may be offered to provide bankruptcy judges with the authority to order reductions in principal, interest, terms and conditions of mortgage loans – authority that would seriously impair the nation's mortgage lending market. **We strongly oppose this amendment.**
- As additional amendments are made in order, we will be contacting you with the Association's position on those amendments.

This legislation is one of the defining issues for the future of financial services in the United States. In its current form, it would damage New York's stature as a world financial capital, constrain increased consumer and small business lending and cloud the competitive ability of banks and thrifts of all sizes, particularly smaller institutions with neither the funding nor staffing to comply with the myriad of new regulations that the bill would spawn.

The New York Bankers Association strongly urges that you oppose H.R. 4173, unless it is amended to lessen its adverse impact on New York banks.

Sincerely,



Michael P. Smith