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Contact: Jesse Van Tol (202) 464-2709
jvantol@ncrc.org

Housing the Consumer Financial Protection Agency at the Federal Reserve Would Be a Grave Mistake

Advocates speak out about proposal to axe independent consumer protection agency

Washington, DC – Today, John Taylor, president & CEO of the National Community Reinvestment Coalition made the following statement in reaction to the news that key senators are considering housing the Consumer Financial Protection Agency at the Federal Reserve:

“The Federal Reserve is the last place an agency designed to protect consumers should be housed. It will be more waste of taxpayers’ money because we’ll have to pay for the appearance of protection without getting any.”

“As early as 1998 and 1999, we urged Chairman Greenspan and then later Chairman Bernanke to take action against lenders targeting high cost loans to blacks and Hispanics. We presented them hard, cold data backing up these practices, and they did nothing. They refused to send cases to the Justice Department. It took the Federal Reserve board fourteen years to issue rules related to unfair and deceptive lending practices. This was long after the power was granted to them in 1994, and long after we pleaded and cajoled them to do something and, more importantly, after the market collapsed.”

“Had the Fed exercised their authority and enforced consumer protections, they could have nipped the foreclosure crisis in the bud. Now to turn over consumer protections to the very people who allowed the abuses to happen in the first place is simply beyond belief.”

The National Community Reinvestment Coalition is an association of more than 600 community-based organizations that promote access to basic banking services, including credit and savings, to create and sustain affordable housing, job development and vibrant communities for America's working families.

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