

## **A Call to Action for Real Financial Services Reform** **March 2009**

In the face of a full-blown global economic crisis, bold action is needed now by leaders in Congress, the Administration and the federal government to repair our nation's broken financial system, establish integrity in the financial markets, and facilitate productive economic activity that benefits all segments of our communities. It is only in doing these things that we can meaningfully address the public's shattered confidence in the fairness of the financial marketplace and establish a healthy, robust and productive economy.

The good news is that a framework for the needed financial services regulatory reform already is in front of us: the **"Special Report on Regulatory Reform,"** released on January 29, 2009, by the Congressional Oversight Panel identifies the key principles essential for meaningful financial reform. Chaired by Professor Elizabeth Warren, the Panel was established by Congress to monitor the bailout and to help ensure that aid to the financial sector is accompanied by meaningful market reforms. The January report concluded that *"the present regulatory system has failed to effectively manage risk, require sufficient transparency and ensure fair dealings."* It proposes principles calling for reforms to:

- more closely regulate financial institutions that pose systemic risk;
- limit excessive leverage in key financial institutions;
- increase supervision of the shadow financial system;
- create a new system for federal and state regulation of mortgages and other consumer credit products;
- put in place executive pay structures that discourage excessive risk taking;
- reform the credit rating system;
- establish a global financial regulatory floor; and
- start planning now for dealing with the next crisis.

These principles provide an excellent framework for regulation that will constrain market excess and protect our nation's economic health. As consumers, we need financial products that are fair and reliable. We need to know that financial institutions are in compliance with laws meant to protect our civil and consumer rights and that an unequal, two-tiered financial system that puts low- and moderate-income and minority consumers at risk no longer exists. We need to preserve and modernize laws that serve communities and their access to credit. We need to be confident that there is proper oversight of the financial markets. As workers, we need our country's financial assets invested prudently. We need productive economic activity that creates good jobs, supports arrangements for security in retirement, provides the goods and services that we need and want, and is sustainable over the long-term. As investors, we need full and accurate information that allows us to understand risk, make informed decisions and invest our savings prudently.

The era of blind adherence to self-regulated financial markets and the unquestioning deference to the demands of special interests must end. That route has been travelled for well over a decade now, and the results have been nothing short of disastrous. Only when we establish a rational and well-functioning financial system that works in the interests of consumers, investors and workers will we have a sound and efficient financial system and productive economic activity.

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It is clear that this is too big a job to be left only to the “experts” and market players who brought about the current state of affairs in which we find ourselves. The undersigned organizations – as representatives of consumers, workers and investors -- have come together to ensure that our evolving financial system serves the interests of **all** Americans.

We support the above-listed principles for reform. We will work together to educate and engage the American public, elected officials, and others in support of these principles in order to build the confidence of American consumers, workers and investors and to establish a vibrant, trustworthy and healthy financial system.

AFL-CIO

Alliance For Justice

Americans for Fairness in Lending

Association of Community Organizations for Reform Now

Calvert Asset Management Company, Inc.

Center for Responsible Lending

Change to Win

Clean Yield Asset Management

Coastal Enterprises, Inc.

Common Cause

Communications Workers of America

Consumer Action

Consumer Federation of America

Consumers Union

Demos

Essential Action

Greenlining Institute

Krull & Company

Laborers' International Union of North America

Lawyers' Committee for Civil Rights Under Law

Leadership Conference on Civil Rights

National Association of Consumer Advocates

National Association of Neighborhoods

National Community Reinvestment Coalition

National Consumer Law Center (on behalf of its low-income clients)

National Consumers League

National Council of La Raza

National Fair Housing Alliance

National Federation of Community Development Credit Unions

National Housing Trust Community Development Fund

National Housing Trust

Partners for the Common Good

Community Development Transportation Lending Services

National NeighborWorks Association

National Training and Information Center/National People's Action

Opportunity Finance Network

Public Citizen

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Sargent Shriver Center on Poverty Law  
Service Employees International Union  
Social Investment Forum  
U.S. PIRG  
United Food and Commercial Workers  
USAction  
Veris Wealth Partners  
World Privacy Forum

Arizona PIRG  
Alaska PIRG  
California PIRG  
Chicago Consumer Coalition  
Connecticut PIRG  
Colorado PIRG  
Consumer Assistance Council  
Florida PIRG  
Florida Consumer Action Network  
Georgia PIRG  
Illinois PIRG  
Indiana PIRG  
Iowa PIRG  
Maryland PIRG  
Massachusetts Consumers' Coalition  
MASSPIRG  
PIRG in Michigan  
Missouri PIRG  
Montana PIRG  
New Jersey PIRG  
New Hampshire PIRG  
New Mexico PIRG  
New York PIRG  
North Carolina PIRG  
Ohio PIRG  
Oregon State PIRG  
PennPIRG  
Rhode Island PIRG  
TexPIRG  
Vermont PIRG  
Virginia Poverty Law Center  
Virginia Citizens Consumer Council  
WashPIRG  
WISPIRG  
Poverty and Race Research Action Council  
Neighborhood Economic Development Advocacy Project  
The Fair Housing Council of Central New York  
Cooper Square Committee (NYC)  
Chautauqua Home Rehabilitation and Improvement Corporation (NY)

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Southern Bancorp, Arkadelphia AR  
Community Resource Group, Fayetteville AR  
Community Development Financial Institution of the Tohono O'odham Nation, Sells AZ  
Low Income Investment Fund, San Francisco CA  
Rural Community Assistance Corporation, West Sacramento CA  
Century Housing Corporation, Culver City CA  
Funding Partners for Housing Solutions, Ft. Collins CO  
Mile High Community Loan Fund, Denver CO  
Community Capital Fund, Bridgeport CT  
BAC Funding Consortium Inc., Miami FL  
Community Redevelopment Loan and Investment Fund, Atlanta GA  
Siouxland Economic Development Corporation, Sioux City IA  
Grow Iowa Foundation, Greenfield IA  
Idaho Nevada CDFI, Pocatello ID  
ShoreBank Corporation, Chicago IL  
Chicago Community Ventures, Chicago IL  
Chicago Community Loan Fund, Chicago IL  
Federation of Appalachian Housing Enterprises, Inc., Berea KY  
Fitness and Praise Youth Development, Inc., Baton Rouge LA  
NOAH Community Development Fund, Inc., Boston MA  
Community Capital of Maryland, Baltimore MD  
MaineStream Finance, Bangor ME  
Nonprofits Assistance Fund, Minneapolis MN  
Midwest Minnesota Community Development Corporation, Detroit Lakes MN  
Delta Foundation, Inc., Greenville MS  
Montana Community Development Corporation, Missoula MT  
Cooperative Fund of New England, Wilmington NC  
Midwest Housing Development Fund, Inc., Omaha NE  
La Casa Federal Credit Union, Newark NJ  
New Jersey Community Capital, Trenton NJ  
Homewise, Inc., Santa Fe NM  
The Loan Fund, Albuquerque NM  
Audubon Partnership for Economic Development LDC, New York NY  
Nonprofit Finance Fund, New York NY  
JobStart Chautauqua, Inc., Mayville NY  
Village Capital Corporation, Cleveland OH  
Ohio Capital Corporation for Housing, Columbus OH  
Citizen Potawatomi CDC, Shawnee OK  
Economic Opportunity Fund (EOF), Philadelphia PA  
Beech Capital Venture Corporation, Philadelphia PA  
Northside Community Development Fund, Pittsburgh PA  
Corporacion de Desarrollo Economico de Ceiba, Ceiba PR  
South Dakota Rural Enterprise, Inc., Sioux Falls SD  
Midland Community Development Corporation, Midland TX  
Piedmont Housing Alliance, Charlottesville VA  
Northern Community Investment Corporation, St. Johnsbury VT  
Seattle Economic Development Fund dba Community Capital Development  
Impact Capital, Seattle WA  
Wigamig Owners Loan Fund, Inc., Lac du Flambeau WI  
Forward Community Investments, Madison WI