

SENATE RESOLUTION NO. 147

BY SENATOR DUPLESSIS

A RESOLUTION

To memorialize the Congress of the United States to oppose the creation of a new consumer regulatory agency for FDIC insured institutions.

WHEREAS, H.R. 4173 and S. 3217 are sweepingly broad bills pending in conference in the United States Congress that would restructure the financial regulatory system; and

WHEREAS, both measures would create a new Consumer Financial Protection Agency/Bureau with overly broad powers that would have complete authority over Louisiana banks and thrifts with respect to writing future consumer regulations; and

WHEREAS, although improvements can and should be made to further protect consumers from unscrupulous practices, the creation of an enormous, new federal bureaucracy is the wrong approach because it will harm both Louisiana banks and their customers; and

WHEREAS, Louisiana banks and thrifts will be subject to greatly increased regulation and compliance costs, which will hamper their ability to effectively serve their customers' needs; and

WHEREAS, this increased regulatory burden will likely lead to increased costs of obtaining credit for consumers and overall less access to financial products and services; and

WHEREAS, the vast majority of FDIC insured institutions, especially Louisiana banks and thrifts, did not contribute to the financial crisis, yet would be subject to the broad jurisdiction of this proposed agency; and

WHEREAS, Louisiana banks and thrifts are already heavily regulated and examined on a regular basis for compliance with existing consumer laws and safety and soundness; and

WHEREAS, this new proposed agency, which has no experience as a bank regulator, would likely create a mountain of new regulation that is one sided in its focus without balancing bank safety and soundness considerations of the financial institution; and

WHEREAS, this will put Louisiana banks and thrifts in a position where they must try to comply with conflicting mandates that ultimately could put their businesses at risk; and

WHEREAS, creating another layer of bureaucracy in the banking industry also does not address the gaps in regulation that exist with respect to non-bank lenders; and

WHEREAS, the Obama administration itself has acknowledged that 94% of the high-cost mortgage loans that have so damaged our economy were made by non-bank financial companies; and

WHEREAS, with this in mind, Congress should concentrate on improving the supervision and examination of such non-bank institutions rather than adding to an already large regulatory compliance structure for banks and thrifts.

THEREFORE, BE IT RESOLVED that the Legislature of Louisiana memorializes the Congress of the United States to oppose the creation of a new consumer regulatory agency for FDIC insured institutions.

BE IT FURTHER RESOLVED that a copy of this Resolution shall be transmitted to the secretary of the United States Senate and the clerk of the United States House of Representatives and to each member of the Louisiana delegation to the United States Congress.

---

PRESIDENT OF THE SENATE