AARP
The power to make it better.

May 13, 2010

RE: ***Oppose** Carper amendment #3949 to the Restoring American Financial Stability Act*

Dear Senator:

AARP has identified strengthening consumer and investor protections as its top priorities in the financial reform bill. Accordingly, we strongly support the creation of the Consumer Financial Protection Bureau (CFPB), as proposed in S. 3217, and support a strong enforcement role for states as a complement to the efforts of the CFPB. As such, AARP strongly opposes amendment #3949 sponsored by Senator Carper which would eliminate the role of states in protecting consumers.

The Carper amendment expands preemption of state consumer protection laws and prevents state Attorneys General from enforcing the rules the CFPB puts in place. This amendment will undermine protections for consumers by significantly reducing the enforcement efforts that can be undertaken on behalf of consumers. States have an important role to serve as the "first responder" when it comes to local and regional issues. States have often been at the forefront in addressing emerging problems and in developing solutions eventually modeled in federal legislation. As the primary law enforcement officers of their respective states, state Attorneys General must retain the power to protect their own citizens. Abolishing the valuable service that the Attorneys General provide will result in less consumer protection and more risky industry practices and products.

In addition, the proposed Consumer Financial Protection Bureau will have limited resources to devote to enforcement. The resources of state Attorneys General are essential to ensuring effective enforcement and credible deterrence. Rather than competing with federal consumer protection efforts, vigorous state Attorney General enforcement augments those efforts, further leveling the playing field for consumers and honest lenders alike. In addition to preserving the essential role of state Attorneys General, Congress also should ensure that state regulators and lawmakers retain sufficient power to proactively stop abusive financial practices in their states -- before they become more widespread -- by allowing them to enforce their own state consumer protection laws.

The states have long played a fundamental role in protecting consumers from abusive credit practices. While S. 3217 makes many long-overdue improvements to our federal financial regulatory system, it is clear that Washington cannot – and should not – do the wholejob alone. We strongly urge you to reject amendment #3949.

If you have any questions, please feel free to contact me, or have your staff contact Mary Wallace of our Government Relations staff at (202) 434-3954 or mwallace@aarp.org.

Sincerely,

David P Sloane

David P Sloane
Senior Vice President
Government Relations & Advocacy