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November 4, 2009

The Honorable Christopher Dodd
Chairman
Committee on Banking, Housing and Urban Affairs
United States Senate

The Honorable Richard Shelby
Ranking Member
Committee on Banking, Housing and Urban Affairs
United States Senate

The Honorable Barney Frank
Chairman
Committee on Financial Services
United States House of Representatives

The Honorable Spencer Bachus
Ranking Member
Committee on Financial Services
United States House of Representatives

Via Facsimile

Dear Senators Dodd and Shelby and Representatives Frank and Bachus:

Congress is now considering legislation that would substantially change the regulation of financial services in America and would create a Consumer Financial Protection Agency.

Though state attorneys general individually hold a wide variety of views on the optimal structure of regulatory reform, we all agree that the states contribute in important ways to the protection of American consumers from unfair and deceptive lending practices. Rather than limiting the states' role in consumer financial protection, as some have advocated, we believe Congress should encourage an active and effective partnership between the states and federal financial regulatory agencies to the ultimate benefit of all consumers.

Consumer protection is a traditional state police power. States have long been active in protecting their consumers from financial fraud. The landmark predatory lending settlements against Household International, Ameriquest, and Countrywide returned hundreds of millions of dollars to victimized borrowers while forcing changes to lending practices. This experience uniquely suits us to assist federal regulatory agencies with their enforcement burden. Allowing the states to enforce federal standards will maximize government resources, promote honest competition and deter potential violators.

Another traditional role for the states in our federal system is to help meet the changing needs of the marketplace by identifying emerging trends and developing solutions to ever evolving problems. Permitting states to enforce their own consumer protection laws, while setting minimum federal standards for all, will encourage interested states to "test drive" innovative new ideas and concepts, just as many State Attorneys General did with Bank of America in crafting the Countrywide settlement so as to focus on loan modifications for certain subprime borrowers. Concern that state innovation may lead to a multitude of conflicting state requirements is misplaced. History has shown that only a small number of states typically take advantage of the opportunity to move beyond federal protections.

Indeed, in our experience states more often seek to harmonize their own laws with related state and federal laws. For example, most state retail installment sales laws have their own disclosure mandates but also provide that disclosures made in compliance with the federal Truth in Lending law are deemed to be in compliance with state law. States routinely reconcile conflicting laws by passing uniform and model laws, and by working through multistate enforcement task forces. Most recently, these efforts have included substantial collaborative efforts among state attorneys general and state financial regulators. Finally, if uniformity is to be achieved by sacrificing consumer protection, the very real costs to consumers must be weighed in the balance. Weakened consumer protections and limited enforcement authority already have damaged many consumers and the economy in general.

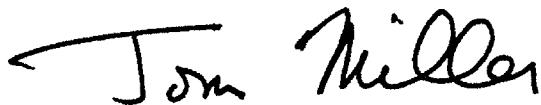
Americans are better served when the states work as partners with the federal government and not as adversaries. The states respect the important role of the federal government in financial regulation. We seek not to challenge federal authority but to enhance it and make it more efficient and effective. States have a long history of working well with agencies such as the Federal Trade Commission. Presently, a number of states are actively engaged with federal agencies, including DOJ, Treasury, HUD, the FBI and others, in seeking opportunities for cooperation on issues like mortgage fraud enforcement.

The states have much to offer in a state-federal partnership. We have a nationwide network of experienced consumer protection enforcers ready to go to work immediately. Our close connection to our citizens often provides us with an early warning about what is happening "on the ground" in our communities. Early state action can prevent a local problem from becoming a national one.

States can also assist in educating consumers and improving consumer confidence in the marketplace. Many states have the infrastructure and expertise to respond to and resolve consumer complaints. A partnership built on mutual respect and shared interests is the best way for both the states and the federal government to serve our mutual constituents.

We urge members of Congress to provide states with concurrent authority to enforce federal law; and to allow states to enforce their own consumer protection laws and laws of general applicability without regard to the charter of the institution but subject to minimum federal standards.

Sincerely,



Tom Miller
Attorney General of Iowa



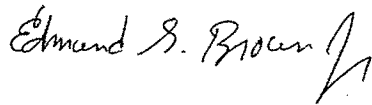
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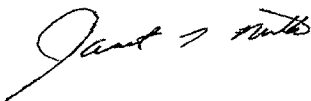
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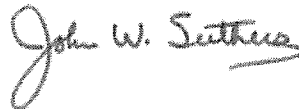
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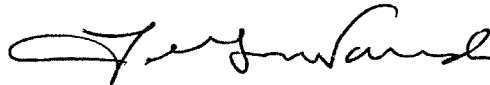
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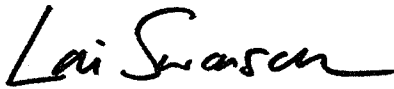
Douglas Gansler
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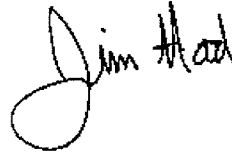
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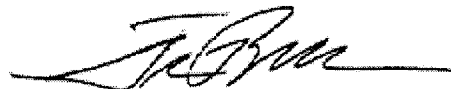
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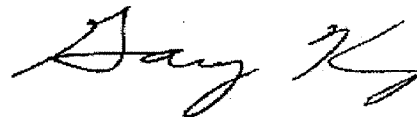
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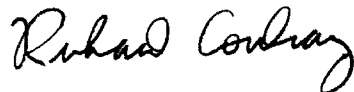
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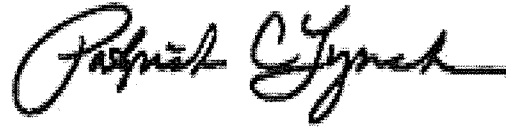
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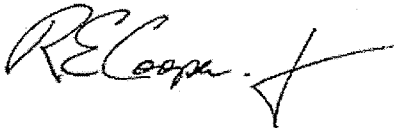
John R. Kroger
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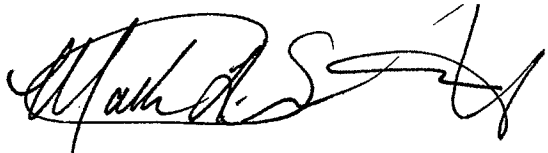
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Robert E. Cooper, Jr.
Attorney General of Tennessee



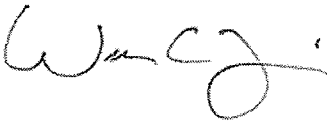
Greg Abbott
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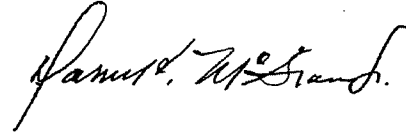
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Darrell V. McGraw, Jr.
Attorney General of West Virginia



Bruce A. Salzberg
Attorney General of Wyoming

cc: The Honorable Nancy Pelosi, Speaker of the House
The Honorable Steny Hoyer, House Majority Leader
The Honorable John Boehner, House Minority Leader
House Financial Services Committee Members
Senate Banking, Housing and Urban Affairs Committee Members