

**AARP
CHANGER, Inc.
Chautauqua Home Rehabilitation and Improvement Corporation
Chhaya CDC
Citizen Action of New York
Common Cause NY
Consumers Union, nonprofit publisher of Consumer Reports
District Council 37 (AFSCME) Municipal Employees Legal Services
Empire Justice Center
JobStart Chautauqua, Inc.
MFY Legal Services
Neighborhood Economic Development Advocacy Project (NEDAP)
Neighbors Helping Neighbors, Inc.
New York City Financial Network Action Consortium (NYCfNAC)
New York Public Interest Research (NYPIRG)
The Parodneck Foundation
Pratt Area Community Council
St. John's University School of Law Elder Law Clinic
Syracuse University College of Law Securities Arbitration & Consumer Clinic
TRIP/RCHR NeighborWorks HomeOwnership Center
Westchester Residential Opportunities, Inc.**

April 26, 2010

VIA FAX & EMAIL

Senator Charles E. Schumer
313 Hart Senate Office Building
Washington, D.C. 20510

Senator Kirsten E. Gillibrand
478 Russell Office Building
Washington, D.C. 20510

**Re: Preemption and State Attorney General Enforcement Under the Restoring
American Financial Stability Act of 2010**

Dear Senators Schumer and Gillibrand:

The undersigned legal services, civil rights, consumer protection, community and civic organizations write to urge you to ensure that the Restoring American Financial Stability Act (S.3217) allows states' attorneys general to enforce federal and state consumer protection laws, and ensures that state laws and rules are not preempted. The Act must guarantee that federal laws and rules serve as a floor, rather than a ceiling preventing states from enacting strong laws in response to local conditions.

Curbing Enforcement by State Attorneys General will harm the ability of New York State to protect its residents from predatory, deceptive and unfair practices

New Yorkers and residents of other states have benefitted from attorneys general who have stood up for them against powerful financial interests, often while federal regulators did

nothing. Consumer protection laws are meaningless unless there is a reasonable prospect of enforcement. The absence of enforcement benefits those who seek to break the law and harms those businesses that comply with it. It is *absolutely critical* that the final reform package includes the right of state attorneys general to enforce federal regulations and state law, particularly in light of the fact that the legislation lacks any private enforcement mechanism.

It is no surprise that the Wall Street lobby wants nothing more than to strip state attorneys general of the ability to enforce laws against them. It is disheartening that the U. S. Senate is considering giving into these self-interested demands, especially over the needs of Main Street. The industry consistently opposes the most reasonable regulations, and now they are pushing to exempt themselves like no other industry from state attorney general enforcement, knowing that it has been only the states that have aggressively held them accountable in recent years.

Preempting States from passing and enforcing strong consumer protection laws will greatly undermine the effectiveness of federal financial reform

The lack of regulatory oversight and the federal preemption of state consumer protection activity are among the key reasons for the nation's economic collapse. Financial reform must not impair the ability of state legislatures to react to problems within state borders by establishing a level of protection deemed appropriate for the state. New York's Legislature, acting with bipartisan support, has been exceptional in enacting protections for New York consumers to respond to local patterns and trends that were overlooked or ignored by federal regulators.

In the past decade, New York has enacted landmark laws protecting consumers from predatory lending practices, foreclosure rescue scams, and unfair seizure of bank accounts, and has kept payday lending out of our state. It is precisely because of states like New York, which have acted quickly and decisively to protect their consumers that the financial services lobby is pushing so hard for preemption. Federal law should set the floor, not the ceiling so that states can protect their consumers against abuses not addressed by federal law.

Thank you for your focus on consumers' rights and your efforts to get strong regulations enacted to prevent another financial meltdown on both Wall Street and Main Street. We urge you to take the strongest positions on these two critical pieces of the bill, as well as to continue to fight for the highest level of transparency and accountability for the financial services industry to ensure a true marketplace based on honest competition can thrive. If you have questions or would like additional information on these issues, please contact Ruhi Maker of the Empire Justice Center at (585) 314-0512.

Sincerely,

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