

Congress of the United States
House of Representatives
Washington, DC 20515-1407

Statement of Congressman Carson
Financial Services Committee Hearing
"Regulatory Restructuring: Enhancing Consumer Financial Products Regulation."
June 24, 2009

Thank you, Mr. Chairman, for holding this important hearing today.

The creation of a Consumer Financial Protection Agency is one of the most critical pieces of regulatory reform for my constituents in Indiana's 7th Congressional District. Indianapolis residents who see their neighborhoods riddled with foreclosures or their credit card interest rates and fees skyrocketing know that there is an urgent need to reform the way financial products are supervised.

There are legitimate concerns relating to the scope of the agency and its implications for current, effective regulatory bodies. These concerns, however, must be vetted and overcome in light of the critical need for an independent agency that focuses solely on protecting consumer interests.

I am particularly interested in how this Consumer Financial Protection Agency can protect my constituents from predatory mortgage originations and payday loan traps.

During these tough economic times, consumers are seeking out payday loans just to make ends meet. As my constituents increasingly rely on these products, their credit is being eroded. I want to work with the Committee and the Administration to encourage banks to offer safe, small dollar loans as an alternative to payday lenders. I hope that this important component will be included as we move forward with this piece of regulatory reform legislation.

Further, as I mentioned before, my district has been devastated by foreclosures. In an attempt to help my constituents who have been targeted and defrauded by unscrupulous mortgage brokers and lenders, I have been working with my state Attorney General's office back home to make sure this activity is reported to enforcement authorities on a local level. I believe that kind of information sharing is invaluable and it should be strengthened.

We should work to institute a more coordinated effort through the Consumer Financial Protection Agency so that local and federal authorities can have an open line of communication regarding lending trends and abuses. In order for the agency to write effective rules to combat abusive behaviors, it must have timely and comprehensive information about what is happening on the ground in our communities.

Finally, as I work hard with the Chairman and my colleagues on the Committee and in the House to make sure that this vital agency becomes a reality, I want to make sure the voice of

minority and women-owned businesses are central to its focus. If we want to revive our economy and bring about long-term growth and stability, this agency must help foster innovation in the market that empowers consumers to make educated decisions. Minority and women-owned businesses already offer this kind of innovation and must be included in that effort.

I want to commend the work of several witnesses today who were instrumental in making sure this agency was included in the Administration's broader regulatory reform proposal. I look forward to hearing their response to critiques of the proposed agency and to questions I have pertaining to specific enforcement activities.

Thank you, I yield back my time.