AFL-CIO

LEGISLATIVE ALERT

March 12, 2018

Dear Senator:

On behalf of the AFL-CIO, I am writing to reiterate our opposition to the Economic Growth, Regulatory Relief and Consumer Protection Act (S.2155). Senate Banking Committee Chairman Mike Crapo's manager's amendment to the original legislation contains multiple provisions that the Senate Banking Committee never discussed. Furthermore, the amendment does not fix any of the issues we raised in our prior letters to the Senate Banking Committee and to the Senate as a whole.

While we recognize that the manager's amendment is intended to improve the bill's consumer protections, our assessment is that the bill remains short of the needed reforms. The bill still will increase systemic risk by deregulating large banks, expose homebuyers to increased risk of predatory lending, and weaken protections against racial discrimination in credit markets. Moreover, some of the proposed changes could result in increased risk to consumers, most notably sections 214, 504 and 602.

Section 214 would prevent regulators from requiring additional capital to absorb potential losses in risky commercial real estate lending, which was a central driver of Lehman Brothers' collapse. This section applies to oversight of all banks, even the largest Wall Street megabanks. It is appalling that Congress would act to tie regulators' hands in policing this crucial piece of the lending markets, especially since the commercial real estate markets are booming.

Section 504 of the bill would exempt "qualifying venture capital funds" with as many as 250 investors and $10 million in assets from basic Securities and Exchange Commission (SEC) reporting and examination requirements, thereby exposing retail investors to increased risk of fraud. The AFL-CIO has repeatedly raised our major concerns with loosening SEC reporting requirements.

Section 602 of the bill does little for student loan borrowers even though the change is characterized as a new path for students to get relief from private student loan indebtedness. Because this section neither requires a financial institution to take steps towards removing a default from a consumer's credit report if payments are restarted, or ensures the affordability of new payment plans, students likely will see no benefit.

We once again urge you to vote against the Economic Growth, Regulatory Relief and Consumer Protection Act (S.2155) and stand with the millions of Americans who deserve strong and smart financial legislation and consumer protections.

Sincerely,

William Samuel, Director
Government Affairs Department