Press Releases

Committee Democrats Fight Republican Bill to Roll Back Wall Street Reform

Washington, May 4, 2017

On the second day of the House Financial Services Committee markup of H.R. 10, also known as the **Wrong Choice Act**, Committee Democrats continued to resist the Republican agenda to roll back consumer and investor protections in the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank). The Wrong Choice Act undermines and outright repeals critical safeguards in Dodd-Frank, unleashing the same behavior on Wall Street that led to the 2008 financial crisis.

Before Chairman Hensarling called a recess for the night, Democrats offered a series of amendments to highlight the significant harm that would result from the Wrong Choice Act. The amendments that were debated include the following:

- **Reps. Stephen Lynch (D-MA), Keith Ellison (D-MN), Al Green (D-TX), and Gwen Moore (D-WI)** introduced an amendment to protect retirement savers by restoring the Department of Labor's fiduciary rule, which would require those providing investment advice to actually work in the best interest of their clients. The Wrong Choice Act would eliminate the fiduciary rule, exposing seniors and hardworking Americans to self-serving financial advisors.

- **Rep. Michael Capuano (D-MA)** introduced an amendment that would halt the implementation of the Wrong Choice Act until the Office of Government Ethics certifies that the bill does not directly benefit Trump nor any executive branch appointee with influence over federal regulations. The reduced oversight included in the Wrong Choice Act paves the way for potential conflicts of interest within the Trump Administration.

- **Rep. Ed Perlmutter (D-CO)** introduced an amendment that would halt the implementation of the Wrong Choice Act until regulators report whether and how the rule being adopted, amended or repealed would directly benefit any creditor listed in Trump's previous seven years of tax returns. Since President Trump has still refused to release his tax returns, it is impossible for Congress or the American people to know how the Wrong Choice Act may personally benefit the President.

- **Reps. Gwen Moore (D-WI) and Jim Himes (D-CT)** offered an amendment that would protect the economy by striking the Fed Oversight Reform and Modernization (FORM) Act, a provision that attacks the independence of the Federal Reserve System (Fed). The Wrong Choice Act promotes increased uncertainty surrounding monetary policy decisions and hamstrings the Fed's role in a potential future financial crisis.

- **Reps. Bill Foster (D-IL) and Emanuel Cleaver (D-MO)** offered an amendment that would correct the Republicans' revisionist history by inserting into the bill factual information about the Great Recession and its impact on hardworking Americans, as well as the way those economic metrics have turned around since Dodd-Frank became law. The Wrong Choice Act would return us to a system that rewards short-term profits to the detriment of financial stability, leaving Americans

to foot the bill.

- **Rep. Jim Himes (D-CT) and Carolyn Maloney (D-NY)** introduced an amendment to protect investors by restoring the Securities and Exchange Commission's (SEC) enforcement powers. The Wrong Choice Act would completely devastate the SEC's enforcement authority by making the SEC jump through unnecessary and burdensome hoops in order to punish wrongdoers.

- **Reps. Denny Heck (D-WA), Vicente Gonzalez (D-TX), Joyce Beatty (D-OH), and Nydia Velázquez (D-NY)** introduced an amendment to protect investors by directing the SEC to create an Office of Servicemember Affairs. The amendment codifies the work underway at the SEC, in cooperation with the Department of Defense's Financial Readiness Campaign, to provide financial literacy and financial education on investment to our nation's heroes.

- **Rep. Brad Sherman (D-CA)** introduced an amendment to protect consumers by clarifying that forced arbitration clauses do not apply to checking and credit card accounts fraudulently opened without a customer's consent, closing the "Wells Fargo loophole." The Wrong Choice Act would prevent Wells Fargo customers from having their day in court to lawfully contest Wells Fargo for setting up fake accounts in their names without their consent.

- **Rep. Gregory Meeks (D-NY)** offered an amendment to ensure that financial regulators have the tools to manage risks to our financial system by restoring their ability to limit capital distributions. The Wrong Choice Act would tie the hands of financial regulators, prohibiting them from limiting a bank's dividend payout, even if the bank has demonstrated poor performance on their stress test.

- **Rep. Charlie Crist (D-FL)** offered an amendment to protect consumers by ensuring that the frivolous cost-benefit analysis in the Wrong Choice Act does not apply to any action taken by the Consumer Financial Protection Bureau (Consumer Bureau) related to the enforcement of fair lending laws, including discriminatory lending practices targeting minority-owned and women-owned small businesses. The Wrong Choice Act would strip the Consumer Bureau of its power to protect consumers and subject its work to a number of roadblocks.

- **Reps. Carolyn Maloney (D-NY), Gwen Moore (D-WI), Keith Ellison (D-MN), Gregory Meeks (D-NY)**, and Stephen Lynch (D-MA) introduced an amendment that would protect the economy by restoring the Orderly Liquidation Authority (OLA). The Wrong Choice Act replaces OLA with superficial changes to the Bankruptcy Code that fail to address the shortcomings exposed by Lehman Brothers' chaotic collapse.

- **Reps. Carolyn Maloney (D-NY), Michael Capuano (D-MA), and Keith Ellison (D-MN)** offered an amendment that would strike provisions of the Wrong Choice Act that would make it virtually impossible for ordinary shareholders to have a seat at the table at the biggest public companies. Under the Wrong Choice Act, only shareholders who own at least 1% of a company's stock for at least 3 years would be eligible to present a shareholder proposal. That means that a shareholder in Apple would have to own $7.5 billion in shares to present a proposal, a shareholder in Alphabet (Google's parent company) would have to own $6.18 billion, and a shareholder in Amazon would have to own $4.38 billion.

- **Reps. Josh Gottheimer (D-NJ), Denny Heck (D-WA), and Bill Foster (D-IL)** introduced an amendment that would protect the economy by restoring the Volcker rule, a rule enacted in

response to the economic crisis of 2008 to stop banks from gambling with taxpayer money. The Wrong Choice Act would repeal the Volcker rule.

Republicans ultimately rejected all Democratic amendments proposed on Wednesday, just as they voted down all Democratic amendments offered on Tuesday.

On Thursday, after a marathon 28-hour markup, the full Financial Services Committee voted on the passage of the Wrong Choice Act. Democrats unanimously voted against the Wrong Choice Act, which advanced to the House floor, with all 34 Republicans voting aye and all 26 Democrats voting nay.