Waters: Trump's Changes to Wall Street Rules Will Lead to Another Crisis

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Congresswoman Maxine Waters (D-CA), Ranking Member of the Committee on Financial Services, released the following statement today on President Trump's executive orders to delay the Department of Labor's conflict of interest rule and roll back financial reforms put it place after the financial crisis of 2008.

"These latest actions from the Trump administration should show the American public that Trump and his cabinet of billionaires is putting the interests of Wall Street above the needs of the rest of us. Today's executive actions, which are an attempt to roll back the most significant regulations on Wall Street since the Great Depression, should come as no surprise. President Trump may have claimed to be a rust belt hero during the divisive campaign he ran but his true colors are shining through for the entire world to see.

"Trump's first action, a memorandum to the Department of Labor, seeks to delay crucial rules that require that financial advice be in customer's best interest. Why doesn't the President explain to the people of Ohio, Pennsylvania, Michigan, and Wisconsin how delaying and repealing rules that protect seniors' hard-earned savings from unscrupulous financial advisers is a good thing? In the past our nation's workers and retirees have been swindled out of $17 billion in retirement savings each year because of conflicted financial advice from advisers seeking to fatten their own bottom line through excessive fees, high commissions, and kickback schemes. So, the Department of Labor stepped in and, after six years of careful consideration, finalized rules last year to require advisers to put the interests of their clients ahead of their own. Trump's actions today delay those rules so that his cronies in the Administration and on Wall Street can ultimately repeal them. A repeal of these common sense rules will only benefit powerful lobbyists representing insurance companies, big business, brokers and banks, not the millions of working families across the country who would be left vulnerable to their predatory practices.

"Trump's executive order on financial regulation also puts Wall Street first. The 2008 financial crisis brought this country to the brink of collapse. In the years leading up to the Great Recession, Wall Street engaged in predatory lending practices, fraudulent mortgage servicing practices, and essentially gambled with taxpayer money to line the pockets of their executives-- people like the President's nominee for Treasury Secretary,

Steve Mnuchin, who got rich by foreclosing on thousands of homeowners. The result? Dodd-Frank was signed into law to prevent another crisis and another bailout. Its reforms prevent banks from engaging in shady practices that could lead to another crisis, provide for a stable wind down for an institution if it happens to get into trouble, and empowers regulators to keep a close eye on banks so they don't step out of line.

“One of the key components of the Dodd-Frank financial reforms was the creation of the Financial Stability Oversight Council (FSOC) to better oversee all financial markets and address risks wherever they emerge. The crisis showed risks can emerge in any segment of the financial industry. FSOC is led by the Treasury Secretary, and consists of the heads of all of the financial industry regulators including the Federal Reserve, the Federal Deposit Insurance Corporation, the Securities and Exchange Commission, the Federal Housing Finance Agency, the Office of the Comptroller of the Currency, the National Credit Union Administration, and the Consumer Financial Protection Bureau. FSOC meets frequently to discuss the emerging risks they see -- whether it is in asset management or money market funds or any other part of the system -- and takes action to mitigate those risks before they lead to another costly crisis. FSOC has been a big success - we've had a stable financial system, paving the way for the longest job creation streak in history the past 6 years. So it is strange to ask this very important group of regulators to come up with a plan to roll back the very protections for taxpayers established by Dodd-Frank.

“Without Dodd-Frank, the consequences for America are dire. $13 trillion in household wealth was lost as a direct result of the crisis. 11 million people lost their homes to foreclosures as the result of predatory subprime loans. And the government had to pump $12.3 trillion into banks to keep the financial markets afloat. Without Dodd-Frank and the regulations it put in place to rein in Wall Street’s predatory behavior, the taxpayers will be footing the bill all over again, just as we did when we were forced to bailout the banks.

“The President may say that killing Dodd-Frank and the fiduciary rule is about creating jobs. But that’s a lie. Rolling back these important protections will not create jobs. It will send us right back to the dark days of 2008 or worse, when blocks upon blocks of boarded up homes and high rates of unemployment were the norm. If the American people ever had any doubts about whose side Donald Trump was on, with this executive order he's telling us all, loud and clear, that he is 100 percent for the banks. And not for us.”

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