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Bill Would Undermine Independent Agencies, Weaken Dodd-Frank Protections and Threaten Consumer Product Safety

Coalition for Sensible Safeguards Warns of Legislation's Harms to Public

WASHINGTON, D.C. – The Independent Agency Regulatory Analysis Act (IARAA), re-introduced today, would weaken the Dodd-Frank Wall Street reform law and the ability of independent federal agencies to issue rules to protect the public, members of the Coalition for Sensible Safeguards (CSS) said today.

The bill would require federal agencies that Congress specifically created to be “independent” from White House control to submit their draft regulations for White House review, where they would be subject to political and industry interference. Independent agencies include the Consumer Product Safety Commission, Securities and Exchange Commission, Consumer Financial Protection Bureau and Nuclear Regulatory Commission, among others. Those agencies would effectively be required to cede significant control to the White House.

Gary Kalman, director of federal policy at the Center for Responsible Lending, said, “If this bill had been law last year, new rules protecting consumers from predatory payday loans and abusive mortgage lending practices might never have seen the light of day. Congress shouldn’t be putting up barriers to much-needed and long overdue consumer protections.”

Ross Eisenbrey, vice president of the Economic Policy Institute, said, “Regulations that protect consumers from accidental death or injury, that protect consumers from predatory banks and financial firms, and that protect investors from fraud or manipulation should not be jammed into the same bottleneck that has blocked worker safety regulations and key environmental regulations. This will benefit only those corporations that, in their own selfish interest, want to delay or escape sensible rules and safeguards.”

Rachel Weintraub, legislative director and senior counsel at Consumer Federation of America, said, “This bill would undercut the ability of independent federal agencies like the Consumer Financial Protection Bureau, the Consumer Product Safety Commission and the Federal Trade Commission to protect consumers from predatory financial schemes, dangerous consumer products and costly, anti-competitive practices.”

The IARAA came under heavy scrutiny when it was introduced in the previous Congress. In October 2012, six U.S. financial regulators sent a [letter](#) to senators objecting to the bill. They wrote:

“This would give any President unprecedented authority to influence the policy and rulemaking functions of independent regulatory agencies and would constitute a fundamental change in the role of independent regulatory agencies. Beyond injecting an Administration’s influence directly into our rulemaking, the bill also would interfere with our ability to promulgate rules critical to our missions in a timely manner and would likely result in unnecessary and unwarranted litigation in connection with our rules.”

The letter was signed by Ben Bernanke, chairman of the Board of Governors of the Federal Reserve System; Thomas Curry, comptroller of the currency; Richard Cordray, director of the Consumer Financial Protection Bureau; Mary L. Schapiro, then-chairman of the Securities and Exchange Commission; Martin Gruenberg, then-acting chairman (and now chairman) of the Federal Deposit Insurance Corporation; and Debbie Matz, chairman of the National Credit Union Administration.

The Administrative Conference of the United States (ACUS), an independent governmental body, recently concluded a project studying best practices for rulemaking policy at independent agencies, including possible legislative changes for the rulemaking process. The Conference’s report, issued last week, included various recommendations but did not call for amending the law to require independent agencies to submit their draft regulations for White House review.

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The Coalition for Sensible Safeguards is an alliance of consumer, labor, scientific, research, good government, faith, community, health, environmental, and public interest groups, as well as concerned individuals, joined in the belief that our country’s system of regulatory safeguards provides a stable framework that secures our quality of life and paves the way for a sound economy that benefits us all. For more information about the coalition, see http://www.sensible safeguards.org/about_us.