

Statement of Senator Kohl for Banking Committee Mark-Up  
For Restoring American Financial Stability Act of 2010

Two years ago our economy felt the first shock in what would be a series of economic earthquakes. As financial giant Bear Stearns fell apart, the foundations of Wall Street's giants began to crack. We know now that those foundations were not built on stone, but on sand. As more information came out, and the housing market tumbled, Wall Street's bad decision making hit Main Street hard. The entire country is now suffering through the worst economic downturn in seventy years, with millions out of work, foreclosures at all time highs, and families' retirement savings in shambles.

The conditions that led to this mess did not occur suddenly in 2008. The housing bubble inflated over years, while traders developed new risky financial products to expand it even further. New financial reforms are necessary to avoid future financial meltdowns and protect jobs. We didn't get here overnight, and it will take us time to work our way out of this mess. But this bill helps greatly in our effort to achieve an economic recovery.

Jobs will be saved because this bill is aimed at Wall Street – where the problems began – and not Main Street. Small and medium sized banks and credit unions made smart, prudent decisions and should not be required to meet additional onerous regulations to avoid the repeat of a crisis they didn't create. The Consumer Financial Protection Bureau focuses primarily on banks with more than \$10 billion, while allowing smaller banks to continue being overseen by their usual regulator.

As part of this bill I would like to thank Senator Akaka for working with me on an amendment that would help consumers gain access to mainstream financial services and also help banks and credit unions establish affordable small dollar loan programs. This amendment will help increase credit for Americans who are underserved by the financial services industry.

Additionally, I would like to thank Senator Dodd for including a GAO study investigating regulation and oversight of the financial planning industry. In the Aging Committee, I have looked at the use of certain financial advisor designations and the impact on elderly consumers. This study would not only help expose any gaps in state and federal regulations, but also look at the use of other designations that are being used to take advantage of consumers.

Mr. Chairman you should be proud of this effort and of all your work to protect the economy. This bill is not a panacea, and it will not restore faith in the banking system overnight. But it is necessary. After seeing our economy forced to the edge of a new great depression, we need strong action to make sure Wall Street's risky behavior never again threatens Main Street's prosperity.