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## **Proposed Funding Cuts Put Consumer Protections and Economy in Peril** *Durbin, small business leader join AFR in opposing CFPB cuts that would not subtract a dime from the deficit*

**Washington, DC** – Despite the U.S. House passing a temporary budget resolution funding the federal government for two weeks, a controversial provision remains in the House 2011 Continuing Resolution (CR) that would effectively cut the new Consumer Financial Protection Bureau (CFPB) budget by 40 percent – from \$143 million to \$80 million.

“The House-passed Continuing Resolution would take a sledgehammer to the three watchdogs that are supposed to oversee what Wall Street does and how it does it and will prevent the cops from getting on to the beat to ensure that Wall Street can never bring our economy to its knees again,” said **U.S. Senator Dick Durbin (IL), Assistant Majority Leader**. “We need strong agencies like the SEC, CFTC and especially the Consumer Financial Protection Bureau to ensure that consumers on Main Street are protected from the excesses of Wall Street. I will fight any attempts to weaken these vital watchdog agencies.”

Durbin joined Americans for Financial Reform in a news conference calling for the Senate to reject the House action and fully fund an independent Consumer Financial Protection Bureau (CFPB). [AFR also strongly supports funding for the SEC and CFTC and plans a future call focused on this issue.] A small business leader and AFR members joined Durbin in arguing that consumers and small businesses are cornerstones of our economic recovery. These budget cuts raise the threat of a repeat of the Wall Street-caused financial crisis that cost Americans millions of lost jobs, billions of dollars in taxpayer-funded bailouts and trillions of dollars in lost home values and retirement savings.

“The bottom line for me has to do with trust. Small businesses across America are built on trust, said **David Borris, Owner, Hel’s Kitchen Catering in Northbrook, IL** and a leader with the **Illinois Main Street Alliance**. “When you walk in my door, a handshake is a commitment. We succeed by earning the trust of our customers, again and again. The financial sector lost sight of this basic principle of good business, and we’ve all paid a very steep price.”

The CFPB is the first federal agency with only one job -- protecting consumers in the financial marketplace -- and these budget cuts would stand in the way of the CFPB being able to:

- Examine the biggest banks to ensure they are following overdraft, credit card and mortgage rules.
- Repair the inadequate financial supervision that failed taxpayers, depositors, investors, homeowners and other consumers.
- Create fair rules of the road for financial products and protect consumers slammed by unfair practices

Small businesses have felt the effects of:

- Deceptive financial products and abusive lending practices.
- Their customers being trapped in bad mortgages or deceptive credit arrangements that drain disposable income and erode customer base.
- Shadow lenders and smaller banks trying to compete on an uneven playing field where deception has been allowed to trump competition for customers on transparent prices and services.

AFR explained that these proposed budget cut would take away money designated to protect American consumers from financial fraud and to rebuild trust in our financial system. Funding for the CFPB is not appropriated through the federal budget but comes from the Federal Reserve Board. This attempt to cut the non-appropriated budget of an independent bank supervisory agency is unacceptable; no other federal bank regulators have their budgets manipulated in this way.

“Reducing CFPB’s funding as proposed in the House CR would not subtract a dime from the deficit,” stated **Lisa Donner, Executive Director of AFR**, “but it would undermine the work of protecting American consumers - and the American economy - from financial fraud.”

“Let’s hope what happens in the House stays in the House because what happened on Wall Street wrecked the economy and killed jobs, home values and retirement incomes,” added **Ed Mierzwinski, Consumer Program Director at U.S. PIRG**. “We need a strong CFPB to protect consumers and the economy.”

“The politicians behind this move seem to have a bad case of amnesia,” said **Nancy Zirkin, Executive Vice President of The Leadership Conference on Civil and Human Rights**. “Millions of Americans are still coping with the misery of a financial system run amok, with no safeguards for average consumers, and they want to eliminate the CFPB -- the one agency dedicated to giving consumers a fair shake.”

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Americans for Financial Reform, is an unprecedented coalition of over 250 consumer, civil rights, investor, retiree, community, labor, religious and business groups and Nobel Prize winning economists that fought for Wall Street reform.

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