



## Bureau of Consumer Financial Protection Looms

Tuesday's hearing of the House Oversight Committee gave Chairman Patrick McHenry (R-N.C.) a chance to vent, and witness Elizabeth Warren, President Obama's Special Advisor for the Bureau of Consumer Financial Protection (BCFP), a chance to defend, and for the entire hearing to accomplish nothing. The BCFP was the brainchild of Warren, and the centerpiece of the Dodd-Frank Wall Street Reform and Consumer Protection Act which was signed into law last July. Its Orwellian title hides the fact that the new agency will do little to reform Wall Street and nothing at all to protect the consumer.



Warren has all the insider credentials to be in charge of creating this agency, which is tasked with combining the responsibilities of seven other agencies into one, inside the Federal Reserve. A lawyer from Harvard, she chaired the congressional oversight panel which "investigated" the efficiency of the Troubled Assets Relief Program (TARP). She has pushed long and hard for this further incursion into consumers' financial affairs, all in the name of protecting them from themselves. Her seminal document, written in 2007, is entitled "[Unsafe at Any Rate](#)," and reveals her concerns and purposes. Her fundamental problem is that while consumers are "safe when they purchase tangible consumer products with cash[,] ... when they sign up for routine financial products like mortgages and credit cards, they are left at the mercy of their creditors. ..." She says:

Nearly every product sold in America has passed basic safety regulations well in advance of reaching store shelves [but] credit products, by comparison, are regulated by a tattered patchwork of federal and state laws that have failed to adapt to changing markets.

It didn't matter that her analogy and assumptions were false, enough support for such an agency was gained from the Obama administration and the Democrat-controlled Congress that her wish became law, with her in charge of getting it off the ground.

When the agency is fully operational (by July 21), it will, according to [SourceWatch](#), take "regulatory responsibility of financial products from seven other agencies and centralize it in one office. [It will] have the authority and accountability to supervise, examine, and enforce consumer protection laws. It will be empowered to make rules, examine balance sheets, and issue subpoenas."

Any institution that provides consumer financial products such as mortgages, credit cards, student loans, auto loans, payday loans, and other consumer products, including payday lenders and mortgage brokers, will fall under the agency's jurisdiction. The agency [will] ban deceptive practices and oversee new consumer financial products.

SourceWatch makes it sound so benign and attractive: "[T]he agency will establish guidelines for consumer disclosure, collect and report data about the uses of difference financial products, review any



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new financial products for safety, and require modification of dangerous products before they can be marketed to the public.” This must be done in order “to protect and inform consumers of financial products, which by their nature can be too complex for non-professionals to understand.” And of course this will all be done “in a fair, sustainable and transparent manner.”

However, once one gets past the PR fluff, the real nature of the beast is revealed. The BCFP would impact each and every household, family, or person using any of these products, and the agency would

Have the power to determine that products, features, or practices are unfair, deceptive, abusive or unsustainable. Its powers would include banning, restricting, or imposing conditions on practices, products or features, creating product standards, and requiring special monitoring, reporting and impact review of certain products, features or practices.

Once the basic regulations [are in place](#), says Warren, “we can still dial the rest of the regulation[s] up or down as needed.” She has no problem enforcing these regulations *by force*. In discussing the problem of excessive foreclosures clogging the recovery of the real estate market, she commented: “There are only two solutions to the foreclosure problem: either the government does more, *or the government forces investors to do more.*” [Emphasis added.]

In order to do all these things and solve all these imaginary problems, the agency has to have information — massive, detailed, and personal information about every financial transaction that every citizen in the United States engages in. CNSNews.com noted icily that the government allows the agency “to collect data on any person operating in financial markets at any level, including the collection of personal transaction records from local banks that list customers’ addresses and ATM records.” The agency may use this data collected “for any purpose.”

Senator Richard Shelby (R-Ala., pictured above) blew the whistle on this totalitarian takeover back when the bill was being debated on the Senate floor: “The American people are being misled. The authors of this bill are telling them that this legislation has been drafted to address the recent financial crisis and that it will ‘tame’ Wall Street. I am afraid that they are going to be disappointed.” He explained:

Mr. President, make no mistake, behind the veil of anti-Wall Street rhetoric is an unrelenting desire to manage every facet of commerce under the guise of consumer protection. They may [say they are] interested in protecting consumers, but they are more interested in managing them.

This new consumer bureaucracy is intended by its architects in the Treasury to begin the process of financial regulation with the intent of changing the behaviors of the American people.

This is the natural course of any government that is not restrained in its efforts to “do good,” “solve problems,” “create fairness,” and “maintain justice.” The restraints built into the Constitution through the separation of powers — executive, legislative, and judicial — have here all neatly been recombined into this one massive totalitarian agency. The BCFP is the next iteration of expanding government.

*Photo: Senator Richard Shelby (R-Ala.,) has been a staunch opponent of the Bureau of Consumer Financial Protection (BCFP).*



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