

RESOLUTION OF THE CITY COUNCIL

No. 107

Approved March 24, 2010

WHEREAS, Providence and local communities across the United States are struggling in the face of the worst economic crisis since the Great Depression, a crisis which has major and continuing impact on families, jobs, businesses, public services, and all institutions; and

WHEREAS, The current financial crisis has its roots in the reckless policies and practices of many segments of the financial services industry, in particular, many of the largest Wall Street firms; and

WHEREAS, In the aftermath of the global credit crisis and deepening recession, it has become obvious that policies of the financial services industry have an unavoidable and massive impact on every sector of the economy, and that the health of the financial services sector is central to the health of the economy as a whole; and

WHEREAS, The recent deep constriction of credit has undermined the ability of local businesses in the city of Providence, and city government itself, to maintain payrolls, sustain needed services, make sound investments for their future, and even to take steps to ameliorate the damage and suffering caused by the financial crisis; and

WHEREAS, Record home foreclosures – the most since the Great Depression – have forced hundreds of thousands of families out of their homes across the country, including families in the approximately 2,500 properties in Providence foreclosed upon during the past two years, and

WHEREAS, The public's trust has been severely shaken to a point where a great number of people are distrustful of banks and banking regulators; and

WHEREAS, Many national policymakers, economists, and leading figures in business and in the financial services industry itself now recognize that reasonable steps must be taken to avoid a repetition of these events, and that key reforms are needed in the oversight of the financial services industry; and

WHEREAS, A streamlined method for overseeing certain activities, and reporting to the public is clearly required for the industry to correct its abuses and to better serve the interest of investors, consumers, and taxpayers alike; and

WHEREAS, The lack of sufficient regulation has pressured thousands of community banks to struggle against unfair competitive practices, fostering a race to the bottom to the detriment of responsible lending practices; and

WHEREAS, Even with the appearance of some signs of economic recovery, it is clear that the deep impact of the recession will be felt for many months and can, in fact, cause even more damage, unless the credit crisis eases and investments resume in order to return to economic growth; and

WHEREAS, The pain is very real in the lives of everyday Americans, including many Rhode Islanders, as they struggle to hang on to their homes, their jobs, their health care and their standard of living; and

WHEREAS, To protect the public, the United States government must establish a Consumer Financial Protection Agency (CFPA) with robust authority and sufficient resources to clean up the types of abusive and unfair credit, savings, and payment products that led to financial meltdown; and

WHEREAS, The establishment of a CFPA would restore confidence in the financial services industry, and ensure that new safeguards are implemented to prevent a recurrence of the recent economic catastrophe; and

WHEREAS, The United States Congress is considering the creation of a federal CFPA which would be mandated to improve fairness and accountability, and consolidate and streamline key watchdog functions now spread over several agencies; and

WHEREAS, The CFPA would be charged with creating a fair playing field in the credit industry, promoting competition, innovation, and consumer access and choice, in accordance with principles of sound lending and management, while the CFPA's jurisdiction over both banks and non-banks would provide consolidated authority for supervision and enforcement, resulting in cost-effective oversight of the industry; and

WHEREAS, The proposed CFPA will send the important message to consumers that it is safe to start borrowing again, and will help to restore accountability, fairness, and security to our financial system.

NOW, THEREFORE BE IT RESOLVED, That the City Council of the City of Providence does hereby urge members of Congress to act expeditiously to approve and send to the President legislation that conforms to the principles stated in the findings of this resolution; and


BE IT FURTHER RESOLVED, That the City Council specifically urges Rhode Island's Representatives and Senators in Congress to:


- 1) Support the creation of an independent, stand-alone Consumer Financial Protection Agency that covers all financial products, has rulemaking, primary examination, and enforcement authority, and serves as a federal floor of protection, not a ceiling; and
- 2) Work with their colleagues and the President's administration to ensure authorization in this Congress of a CFPA, along with the necessary associated funding; and

BE IT FURTHER RESOLVED, That the City Clerk hereby is authorized and directed to transmit duly certified copies of this resolution to the members of the Rhode Island Congressional Delegation.

IN CITY COUNCIL
MAR 18 2010

READ AND PASSED


PRES.


CLERK

APPROVED


MAYOR

3/24/10