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## Obama-Dodd Financial Reform Helps Wall Street, Hurts Everyone Else

#### by Capitol Confidential

The more details that emerge about the Obama-Dodd financial "reform" bill, the worse it smells. The bill is most certainly an attempt to give the government vastly more power and control over the economy. And despite the vocal, condescending, even mocking protestations from Democrats and their allies, this bill does in fact contain unlimited bailout authority for the Fed. It's right there in the bill for the world to see.



But it is increasingly evident that there may be something more sinister going on behind the scenes that is driving this debate. The President trotted up to New York to give a big televised speech and scolded Wall Street for "resisting reform" saying that if we are to prevent another crisis, we must pass his bill.

The whole charade amounted to little more than political theater. Big Wall Street banks actually WANT this bill. Executives for <u>Citigroup</u> and <u>Goldman Sachs</u> (two firms that both received bailout funds) have both made statements in favor of Obama's financial reform bill.

So, one must ask, if this is so draconian on Wall Street, why do they want it so badly? The answer to this question is in the details of the bill: Not only does this bill not rein in big Wall Street banks, its actually a very big gift to Big Banks and other special interests—gifts that will cost Main Street, the taxpayers and consumers.

The large financial institutions at the root of the financial crisis wouldn't even be regulated by the CFPA. Their oversight would remain at the porn-surfing Securities and Exchange Commission. But of course the bill is full of burdensome regulations for smaller institutions with which they will struggle to comply and also remain profitable. The larger banks that are covered will not only have the resources to adapt but will also likely grow even larger by swallowing up smaller institutions that can't make it.

But big banks aren't the only ones receiving special favors. Mark Calabria of the Cato Institute highlighted some egregious examples of special interests using this bill as a vehicle for their own desires in a recent <a href="NY Post article">NY Post article</a>, saying:

Remember the mortgage crisis? Well, the primary consumer-protection law for homebuyers is the 1974 Real Estate Settlement Procedures Act. The law requires the timely, accurate disclosure of relevant closing costs and prohibits "kickbacks" for the steering of settlement services.

For example, your real-estate agent cannot, under RESPA, be paid a fee for steering you toward a certain home inspector, title company or other closing service. Yet, under the Dodd bill, real-estate agents would be exempted from RESPA. If that weren't bad enough, the Dodd bill exempts insurers and attorneys — both now subject to RESPA — from its consumer protections, too.

So, the big banks are not only getting off scott-free, but they, real estate agents, title companies, lawyers and other special interests are attempting to further rig the system permanently in their favor.

And if all the advantages given to the banks in this bill still aren't enough to help weather the consequences of their risky behavior? Well, that's what the bailout language is for. The Barney Frank bill authorizes up to \$4 trillion dollars in lending authority for the Fed. Dodd's bill gives them a blank check with no limit.

But these gifts come at a cost. And the bailouts are only the down payment. The Obama-Dodd bill would give the government unprecedented reach into the business place and create real harms on Main Street.

- Local community banks will be subject to at least 27 new regulations that could put many of them out of business.
- Harley-Davidson is worried that its dealer-financed loans to bikers will fall victim to new federal financing regulations.
- · eBay may be harmed by restrictions on PayPal, a subsidiary, in moving money in the Internet marketplace.
- Small businesses that rely on credit cards, small credit lines, home equity loans and other types of credit
  will lose access to these life lines that keep their businesses operating—and employing workers.

But, Wall Street gets the bill that it wants. And that's what's important right? Apparently it is for those pushing this bill.

Everyone wants to avoid a new financial crisis (except perhaps Goldman Sachs and John Paulson who made billions on it). But the manner in which that is done is crucial.

Rather than addressing the root causes of the crisis, this bill avoids them entirely. Rather than addressing the entities involved with causing the crisis, this bill rewards them and harms Main Street. Rather than doing away with too big to fail, this bill encourages risky behavior and makes big firms even bigger by rigging the system in their favor against community banks and other small lending institutions.

All of which is why Wall Street wants it so badly. Because as anyone who watched the Senate hearing with Goldman CEO Blankfein understands, Wall Street knows how to spot a "sh\$%^y deal" so this one must be a sweetheart.

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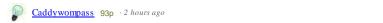
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Posted Apr 28th 2010 at 6:13 am in <u>Congress</u>, <u>Federal Spending</u>, <u>Financial Services</u>, <u>News</u>, <u>Obama</u>, <u>Politics</u> | Comments (36)

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Thanks Barry and Chris. I didn't really NEED all that money I had been saving via my 401 K anyway. And that new roof I need on the house I own (because I pay my bills and live within my means so I can have nice things)....I guess that can wait too as there are people who refuse to work, but we wouldn't want them to live in a box on the side of the road.

Idiots!

Reply Report



+2

So much for protecting Main Street from Wall Street. But of course, we knew that there wouldn't be anything good for the individual and little guys in this piece of crap. Seriously, it doesn't even begin to address GSEs like Fannie and Freddie and for the same reason that health care wouldn't address tort reform: that would be going too far ...

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+3

We're all just too dumb to understand - when the Democrats say this bill doesn't institutionalize permanent bailout authority in the Treasury, they mean "doesn't" in the leftist sense. You know, the same way the health care bill "doesn't" mean people will have fewer options for insurance and care, and "doesn't" call for rationing. Words are fun!

No reasonable concerns are "reasonable" when a bill results in bigger government: if the Democrats support it, we're supposed to take their word that however many hundreds of pages of rules, restrictions, and favoritism it contains will have only the good results they're advertising.

Reply



FreeKirk 58p · 2 hours ago

**±**4

It's amazing that the leftist kool-aid drinkers all demonize industry then write laws that help them. When will the left realize they are not helping the working class. Hmmm, didn't the Glass Steagle Act (GSA), repealed by Clinton, promote the monsterous size of banks now? Aren't the banks now part of the problem?

Imagine that; the left really needs to stop drinking kool-aid and switch to tea. Speaking of the GSA, it always kills me that they want more regulation, but destroyed a major peice of legislation that was regulation.

Reply <u>1 reply</u> · active 32 minutes ago

Report



HumanPersonJr 98p · 1 hour ago

+2

I appreciate this article, very much!

The material is unsurprising, given the rotting-from-the-top-down government we "enjoy" in present-day USA.

Reply



jbird · 1 hour ago

+2

So the Goldman Sachs CEO said that he want the financial bill to pass because it will help them and Wall Street. It will help more than we know because it will get rid of their competitors, the little guys. In addition to that remember that they really benefit from the Cap and Trade bill.

Another special interest paid off by Obama. Check out the link between Goldman and the cap and trade bill on <a href="http://www.americanparchment.com/library/financia...">http://www.americanparchment.com/library/financia...</a>

Reply Report



Anon · 1 hour ago

-2

I do not agree with this. The big banks do not in fact want this bill. They are simply trying to curry favor with the Democrats and stay out of PR trouble. Behind the scenes, they are actively trying to undermine it, at least where their own interests are concerned. Instead of pretending to be some sort of proletariat hero and engaging in phony grandstanding against the big banks, which the left perceives as moral and psychological weakness, conservatives would best spend their time being conservative for once, advocating the concept of free markets and opposing the bill on the grounds that there should be NO consumer protection bureau, NO more regulation of financial instruments, NO Volcker rule, NO totalitarian authority for the Fed or other bureaucracies, NO bailout fund, etc.

Remember, the banks have only influence, not actual political power. What happens in politics is YOUR responsibility as a citizen. Maybe you should redirect your wrath at the left and their statist ideas.

Reply <u>2 replies</u> · active 53 minutes ago

Report



AmericanDawg 61p · 1 hour ago

+2

Ya Know, A couple of weeks ago RUSH started saying that Goldman /Sachs and The O'bama administration are in cahoots and all this is a dog and pony show to gather support for this bill....Sounds about right!

Reply <u>1 reply</u> · active 33 minutes ago

Report



Tony 37p · 1 hour ago

+1

I've got to say that I've been making a real, concerted effort not to see graft and dishonesty everywhere I look when considering this administration. And I try very hard to treat insinuations of anything "sinister" with skepticism. But sometimes they don't make it easy.

### » Obama-Dodd Financial Reform Help...

That the big banks like this bill is such an example where the instinct is to wonder what's really going on here. However, I remind myself, just because Wall Street likes it and is lobbying for it doesn't necessarily make it a bad bill. I feel like I owe even this president that much, and more importantly I feel like it is in the interest of the loyal opposition not to throw around charges that are trivial or won't stick, because to do so diminishes our credibility when the big obvious stuff hits.

The problem is that the administration, in defense of their bill, has chosen to make arguments that are manifestly not true. We've known for months that the "too big to fail" investment banks are backing this reform package, yet the president chooses to try to paint the opposition as being somehow "in the pockets" of Wall Street. Frankly, given that Wall Street supports the bill - particularly the bailout provisions that the Republicans oppose - it would seem like a poor investment on their part putting the Republicans in their pockets to begin with. Much like the health insurance industry and he health care bill...

Reply



 $\underline{mikatollah} \quad \textbf{113p} \quad \cdot \textit{I hour ago}$ 

0

I don't think this guy watched the same senate hearing yesterday that the rest of us saw. Goldman Sachs was skewered by senate Democrats and opposed the reform bill on the grounds that they need unregulated derivatives to "make markets". Don't believe "Capitol Confidential"... Wall Street is spending \$500 million on lobbyists, campaign contributions and marketing to fight this bill. It is bad for Wall Street and good for America.

Reply 2 replies - active 4 minutes ago Report



Joe Doakes · 1 hour ago

+1

Not only are the regulators charged with protecting the hen house - they have decided to pimp the hens!

Reply Report



Indy 1826 78p · I hour ago

+2

The whole Goldman Sachs and the scolding of Wall Street was a bad attempt at a at a dog and pony show. Goldman Sachs is so in bed with Obama that it is getting hard to tell where one stops and the other starts, the same applies to several other companies and unions.

The (D)s keep saying that they are the party for the little people, the workers, the everyday Joe. What a joke! If you could find an honest (D) right now, good luck, they would tell you that they are for THEIR little group, the Liberal/Progressive elite.

(R)s, your in this too. Many of you have fallen for this Progressive utopia BS as well. It is up to the GOP to purge its ranks of the ones that label themselves Progressive or Liberal. Remind those that are left, as well as, those who join your ranks that the GOP is there to uphold the Constitution, the Rule of Equal Law not Social Justice, that ALL men are created equal not some men are more equal than others, that you ARE expected to be held to a higher standard both morally and ethically and that you work for US, you are OUR employees, then do you have a real chance this November to regain control and the respect of the people.

Reply 1 reply active 12 minutes ago



StanH 112p · I hour ago

+3

"Thick as thieves," the bunch of them. The whole damn thing is a charade to make the public feel like congress is watching out for them, when nothing could be further from the truth. These clowns all got together for drinks and campaign contributions after the "hearing," you can be certain nothing will happen too Goldman-Sachs! Follow the money!

Reply 2 replies - active 6 minutes ago



Sanmon 89p · 1 hour ago

Report

After watching the Senate hearing yesterday. It was obvious that the Senate does not understand the issues that caused the housing "crisis". Yet the senate already has legislation written and they want to pass it. Talk about having the cart before the horse. The Wall Street reform bill has to be the most flagrant misguided bill ever written when you do nothing to rein in Wall Street, yet do everything to make sure community banks will fail.

Kill The Bill!

Reply Report



biancaneve 67p · 1 hour ago

+2

As a real estate agent, I can't believe that this proposed law eliminates the no-kickback feature of RESPA. That's a huge deal. As bad as the subprime mess was, can you imagine how much worse it would have been if unethical real estate agents had extra incentive to steer their gullible clients to dishonest settlement attorneys? Why would Dodd want to remove that safeguard?

Reply 1 reply - active 59 minutes ago

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Reply 1 reply active 29 minutes ago	
	Repor
welovetheUSA 78p · 43 minutes ago +1	
Don't kid yourselfObama and the Dems are in bed with Wall Street and they plan to take America down in the near futurethis is a circus and a scam, period. Impeach Obama nowwe cannot take three more years of this communist Presidentyou idoits that voted for him should pay twice their share.	
Reply 1 reply - active 6 minutes ago	Repor
SDgal · 11 minutes ago 0	
Everyday is OPPOSITE DAY with this RegimeIt is really amazing that they can keep a straight face while they say to crap!	his
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Guest · 5 minutes ago 0	
These people all have the "Merda" touch. Like the infamous Latin King Merda, everything they touch turns into merd Curiously, merda sounds a lot like Murtha, and they also have a lot in common.	a.
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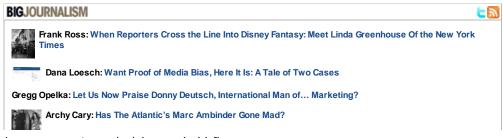
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