Statement by the Institute for Agriculture and Trade Policy on U.S. Senate Bill 2155, "The Economic Growth, Regulatory Relief, and Consumer Protection Act" (S. 2155)

March 12, 2018

The Institute for Agriculture and Trade Policy (IATP), a member of Americans for Financial Reform (AFR) since 2011, strongly supports AFR's March 5 letter in opposition to S. 2155, a bill that would eviscerate "The Dodd-Frank Wall Street Reform and Consumer Financial Protection Act of 2010." IATP urges the Senate to reject S. 2155, scheduled for a vote today.

The bill's proponents claim an urgent need to weaken regulations governing community banks, very large banks and the foreign subsidiaries of U.S. headquartered mega-banks to increase bank profits and lending. However, as the AFR letter points out, "Both overall commercial bank lending and overall bank business lending have been growing more rapidly than historical averages since the passage of the Dodd-Frank Act. Bank revenues have increased to record levels, and over 95% of community banks showed a profit in 2016, up from just 79% in 2010, the year Dodd-Frank was passed."

IATP, as a member of the Commodity Markets Oversight Coalition, in 2009 supported bills that would form part of Dodd-Frank, particularly its Title VII on derivatives contracts, used by farmers and agribusiness processors to manage agricultural contract price volatility. During the Obama administration, IATP characterized attempts by Republicans and their big bank donors to weaken Dodd-Frank as "Congress: Defending Wall Street in the Name of Defending Main Street, Again."

S. 2155 contains few provisions that would benefit the community banks that serve Main Street and many provisions to benefit the large banks that are often major commodity derivative contract counterparties, including Barclays and Deutsche Bank. Even the one part of the bill intended to help rural residents buy homes (Sec. 103), will loosen mortgage appraisal standards, one of the enablers of the mortgage derivatives market collapse.

Deutsche Bank is among five banks that in January were granted Department of Labor waivers to continue to manage pension funds and individual retirement accounts, despite repeated criminal convictions. Indeed, Better Markets has compiled a list of the big bank beneficiaries of S. 2155, who received $2.5 trillion in federal emergency loans to save them from bankruptcy. Twenty-six of the biggest S. 2155 beneficiaries have violated federal and state law 193 times, paying about $40 billion in fines, settlements and penalties. And these S. 2155 beneficiaries don't even include the largest 13 banks, who also received trillions of dollars of bailout loans and have their own criminal rap sheet.

For example, Barclays was convicted of conspiracy to manipulate the foreign exchange market, which affects the value of agricultural commodities, among other assets. BNP Paribas was convicted of evasion of international sanctions on financial transactions in Iran, Sudan and Cuba. Deutsche Bank has been convicted of fraudulent securitizing, marketing, sales and issuing of

mortgage-backed securities. S. 2155 Senate backers show a malign neglect of due diligence in granting regulatory relief that weakens the financial system so that these and other repeat offenders can prey upon it and financial consumers.

Candidate Donald Trump campaigned against Wall Street; President Donald Trump promised in January 2017 to "do a big number on Dodd-Frank." S. 2155 is a "big number." It is disturbing that many of the Democratic Senate co-sponsors of S. 2155 own financial assets that may benefit from the bill's passage, and have received hundreds of thousands of Wall Street dollars for their campaign war chests.

IATP prefers to believe that these Senators do not understand the criminal backgrounds of S. 2155 industry proponents, the history of bailouts to these proponents and the future damage to the U.S. economy and that of their states that S. 2155 will not prevent. IATP urges all Senators to vote against this deceptive and dishonest legislation.