

U.S. House of Representatives
Washington, D.C. 20515

December 10, 2009

Dear Representative,

Within the next 48 hours, you will have the opportunity to vote on the most ambitious set of financial reforms since the New Deal. As advocates for comprehensive financial reform, we have grown alarmed at the US Chamber of Commerce's vehement opposition to reform in general and to the proposed Consumer Financial Protection Agency (CFPA) in particular. In public statements and letters to Congress, Chamber spokespeople have asserted that as the representative of over 3 million companies, including many small businesses, their opposition to the CFPA and other reforms stems from small business owners' alleged concern that increased consumer protections would harm their bottom lines.

In evaluating the Chamber's claims, it is necessary to consider mounting evidence that the Chamber's agenda neither represents small businesses, nor that it formulates policy positions based on the considered views of either its membership as a whole or even its board of directors. Instead, the Chamber appears to be exaggerating the size of its membership, putting its policy positions up for sale to the highest bidder, and thereby providing cover for the giant financial services firms whose past recklessness Congress rightly seeks to reform through the CFPA and other measures. Indeed, members of the Chamber include banks and financial services firms that received over \$140 billion in TARP funds.

Modernizing our financial regulatory structure is an essential step toward rebuilding our economy and ensuring that Americans who work hard and play by the rules won't lose their homes or their jobs because of the reckless and deceptive practices of Wall Street. I urge you to disregard the Chamber's dishonest posturing and support financial reform, including a strong CFPA.

Change to Win is a federation of five unions and 5.5 million workers united to face the challenges of the 21st century and restore the promise of the American dream. The members of Change to Win unions participate in pension funds that invest over \$240 billion in the US and global economies, and vigorously advocate for shareholder accountability, strict financial regulation, and rational executive pay.

The Chamber Misrepresents its Membership

While the US Chamber of Commerce frequently claims to represent 3 million businesses nationwide, a recent *Mother Jones* article forced the Chamber to lower its estimated membership to 300,000. But even this revised figure is misleading: last year, the Chamber's top 50 contributors accounted for 47% of its total revenue. Moreover, in each of the past three years, the Chamber has reported between 1,400 and 2,200 contributors of at least \$5,000 annually. These contributions equaled an average of 89% of the Chamber's reported direct public support, suggesting that the remaining 298,000 members claimed by the Chamber each contribute an average of less than \$45 a year to the organization. This analysis strongly suggests that the

Chamber is not only extraordinarily reliant on a small number of companies willing and able to make large annual payments, but that even its revised membership claims substantially exaggerate its actual reach among American businesses.

This view has been further supported by the frequency with which prominent business leaders have been rejecting the Chamber's extreme positions on high profile issues such as climate change legislation and health care. As has been extensively reported, numerous companies including Apple, PG&E, GE, Nike, and Exelon have either discontinued membership in the Chamber, resigned from its board, or have publicly distanced themselves from the Chamber's position on climate change. Similarly, prominent business leaders including the Chairman of the Business Roundtable, the CEO of Comcast, and the Chairman and CEO of GE have rejected the Chamber's position on health care reform. And just this week, the CEO of the US Women's Chamber of Commerce endorsed the CFPA.

Time and again, these companies and business leaders have stressed that the Chamber's policy positions fail to reflect the diversity of views either among the membership as a whole or even among those companies represented on its board. In resigning from the Chamber's board, Nike stated "on the issue of climate change the Chamber has not represented the diversity of perspective held by the board of directors," while Nike's director of government relations stated that the Chamber's climate change policy was "not being made at the board-of-director level, because we're a member of the board of directors. We were not consulted. We're convinced that's not really where the action on climate change is being made." Commenting on the Chamber's multi-million dollar ad campaign against health care reform, GE Chairman and CEO Jeffrey Immelt argued that "the notion that businesses are going to put a bunch of money in ads to protect the status quo is just lunacy. It's just not what we should be doing right now."

The Chamber's unresponsive attitude toward its actual members and reliance on large contributions from a handful of companies reinforces the *Wall Street Journal's* assessment of Chamber policy making and fundraising made earlier this decade. In a 2001 article, the *Journal* found that the Chamber was setting up separate accounts to accept contributions for specific campaigns or projects conducted on behalf of individual companies or industries. Through these accounts the Chamber then allows members "to use the Chamber as a means of anonymously pursuing their own political ends." The Chamber's multi-million dollar campaign to defeat the CFPA has all the hallmarks of this pay-to-play scheme.

The Chamber's Real Constituency

Who, then, does the Chamber's anti-CFPA campaign really represent? While the Chamber neither discloses its members nor the identities of its reported contributors, responses to client surveys reveal that many prominent US financial services firms are Chamber members, including Citigroup, Bank of America, JP Morgan, Morgan Stanley, PNC Financial Services, and M&I Bank.

These firms participated heavily in the origination of subprime mortgages, the issuance of toxic securities backed by subprime mortgages, and the resulting boom and crash in house prices. They are among the largest credit card issuers and the most aggressive in driving up interest rates, fees, and hidden charges. And these firms have also been extremely reluctant to restructure consumer mortgages in order to prevent foreclosures and keep families in their homes. Nevertheless, these six Chamber members received over \$140 billion in capital injections from

the federal government through the TARP program, or 57% of the total support provided to troubled banks. Moreover, they benefit from FDIC loan guarantees, participation in Federal Reserve lending programs, and (in the case of Citigroup and Bank of America) backstop arrangements with the Fed and the Treasury to limit losses on toxic loans and securities.

Furthermore, AIG was at least up until September 2008 a member of the Chamber; prior to 2005, AIG's then-Chairman and CEO Maurice "Hank" Greenberg sat on the Chamber's board. In 2003 AIG and Greenberg contributed \$24.25 million to the Chamber to roll back accounting reforms instituted in the wake of the Enron and WorldCom scandals. As you know, AIG's failure to maintain adequate internal controls allowed its Financial Products division to accumulate billions in unfunded liabilities through credit default swap transactions that have resulted in a bailout by US taxpayers of at least \$70 billion. AIG's credit default swap operation played a pivotal role in enabling investment banks such as Bear Sterns, Lehman Brothers, and Merrill Lynch to issue hundreds of billions in toxic securities. AIG's failure to ensure that its liabilities could be met generated a panic that froze financial markets, sent the economy off a cliff, and dealt a devastating blow to working people and their families.

These financial services giants played an instrumental role in generating the recent financial crisis through their recklessness and greed. They have availed themselves of immense taxpayer support but have been very reluctant to extend comparable forbearance to working families struggling with rising unemployment, stagnant wages, and falling home prices. And the most notorious of them, AIG, has a documented track record of paying the Chamber to lobby and campaign to kill reform measures that increase corporate transparency and accountability. It thus appears that the Chamber's current opposition to the CFPA represents an effort by these banking titans to anonymously thwart Congress's effort to prevent abusive and deceptive, but profitable, financial practices from leading to yet another crisis.

I urge you not to allow the Chamber's duplicitous campaign to succeed, and instead to vote for financial reform, including a strong CFPA. The consolidation and strengthening of consumer protection in the financial services industry is essential both to rebuild our economy and to restore confidence in our financial markets. Moreover, members should insist that the Chamber cease providing cover for the largest and most reckless progenitors of the financial crisis and call on the Chamber to reveal who is funding its campaign against the CFPA. Neither Congress nor the American public should have to accept the Chamber's misleading and self-serving misrepresentations of its membership, their views, and its sources of support. We deserve to know who is really bankrolling this effort to keep a broken status quo in place.

Sincerely,



Chris Chafe
Executive Director