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**Statement of Lauren Saunders  
Managing Attorney, National Consumer Law Center  
on Dodd-Carper Deal on Preemption and Attorney General Enforcement  
in Wall Street Reform Bill**

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“Senator Dodd and Senator Carper have reached a deal to modify Senator Carper’s amendment #3949 on the role of states in protecting consumers under the Wall Street reform bill. The deal compromises a bill further that is already full of concessions to the banks and the bank regulators who failed us, but it does not give in to the bank demands to remove the states entirely from their responsibility to protect their residents.

“State attorneys general will be able to take action to enforce new consumer rules against banks that violate those rules if the new Bureau or bank regulators do not. But the deal makes it harder for states to play their traditional role as first responders if banks engage in unfair or deceptive actions that are not yet covered by federal protections.

“The deal preserves the standard of the 1996 *Barnett* case, when the Supreme Court held that national banks must comply with state laws unless those laws substantially interfere with the business of banking. The bill continues to give bank regulators too much authority to immunize banks from state law, and the deal makes it easier for bank regulators to preempt state law even if there is no federal protection in place. But it does curb the preemption excesses of the last ten years, when bank regulators wiped out consumer protection laws governing mortgages, credit cards and other products, without even looking at whether particular laws that address gaps in federal protection impose a significant burden on banking.”

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