

GOVERNOR PATERSON CALLS ON CONGRESS TO INCLUDE STATES IN SHAPING REFORM AND OVERSIGHT OF THE RESCUE PLAN

GOVERNOR SCHEDULED TO GIVE TESTIMONY TO HOUSE WAYS & MEANS COMMITTEE; WILL CALL ON FEDERAL GOVERNMENT TO TAKE SPECIFIC ACTION TO ADDRESS FINANCIAL TURMOIL

Governor Paterson Invited to Participate in Wednesday's Hearing on "Economic Recovery, Job Creation and Investment in America"

In Letter to Congressional Leadership, Governor Urges Involvement for States to Keep Focus on Prevention of Unnecessary Foreclosures

In an open letter to Congressional leadership, Governor David A. Paterson today urged Congress to include state representation in oversight responsibilities for the implementation of the Emergency Economic Stabilization Act (EESA). Additionally, Governor Paterson announced that he will testify before the House Ways & Means Committee on Wednesday for a hearing on "Economic Recovery, Job Creation and Investment in America," in which he will urge the Federal Government to take specific action to address the national financial crisis.

In his letter to House Speaker Nancy Pelosi, Senate Majority Leader Harry Reid, Senate Minority Leader Mitch McConnell, and House Minority Leader John Boehner, Governor Paterson called for the states to have representation on the five-member Congressional Oversight Panel created as part of the EESA. This Oversight Panel is charged with overseeing the implementation of the Treasury's multifaceted program, including the effectiveness of its foreclosure mitigation efforts, and will issue a Special Report by January 20, 2009, which will assess the current financial regulatory system and make recommendations for improvement.

"Given the importance that financial institutions have to state economies, and the devastating impact that foreclosures are having on communities, state representation in the overview process would provide a unique perspective and valuable input," said Governor Paterson. "States are in a unique position with first-hand experience and should be considered a valuable contributor in future discussions about the regulatory framework for the 21st century."

New York was one of the first states in the country to take aggressive preventative action to address the subprime lending crisis. Under Governor Paterson's leadership, the State enacted landmark legislation to protect homeowners from foreclosure and prevent a future mortgage crisis.

On Wednesday, Governor Paterson will be the first speaker to testify before the House Ways & Means committee, and will provide recommendations on what the next steps should be to guide the nation out of financial turmoil. As early as March 20, Governor Paterson publicly stated that the nation was in a recession and has been the most consistent and honest voice to the public on the grim economic realities that they now face.

On October 14, Governor Paterson issued an open letter to the presidential candidates, Senators Barack Obama and John McCain, calling for the next President to reform the regulatory structure by rebuilding the partnership between the federal government and the states. Governor Paterson said in that letter: “The next President will oversee a new era in financial regulation. If this regime is to be effective, the historically strong regulatory partnership between the states and the federal government must be restored.”

The full text of the Governor’s October 21 letter follows.

LETTER:

October 27, 2008

Speaker Pelosi, Senator Reid, Senator McConnell, and Representative Boehner:

As the Congressional leaders with responsibility for appointing the Oversight Panel for the Emergency Economic Stabilization Act (EESA), I am writing to urge you to include a role for state involvement in the oversight of the effectiveness of the Treasury’s plan. Such involvement would provide significant benefit to the Panel and would ensure that states’ perspectives, particularly related to foreclosure mitigation efforts and regulatory reform, are heard.

As you know, the five-member Congressional Oversight Panel is charged with overseeing the implementation of EESA by the Treasury, including the effectiveness of efforts to avoid unnecessary foreclosures. Given the importance that financial institutions have to state economies, and the devastating impact that foreclosures are having on communities, state representation in the overview process would provide a unique perspective and valuable input. States have a strong track record as effective regulators, and have been at the forefront of identifying and implementing plans to address the mortgage crisis and avoid unnecessary foreclosures. New York was one of the first states to bring actions against predatory lenders and during my administration has pursued legislative and regulatory actions to address the crisis.

The Congressional Oversight Panel is also charged with issuing a Special Report on regulatory reform prior to January 20, 2009. The Panel will analyze the current state of the financial regulatory system in the U.S., including its effectiveness in oversight and consumer protection, and make recommendations to assure that this type of crisis never happens again. States like New York with progressive consumer protection laws remain committed to supporting you in this effort and request that you identify an appropriate role for state representation. States are in a distinct position with first-hand experience and should be considered a valuable contributor in future discussions about the regulatory framework for the 21st century.

Should you have any questions concerning this correspondence, please contact my Superintendent of Banks, Richard H. Neiman at (212) 709-3501.

Thank you for your consideration of this request.

Sincerely,

David A. Paterson
Governor
New York State