

BARNEY FRANK, MA, CHAIRMAN

PAUL E. KANJORSKI, PA
MAXINE WATERS, CA
CAROLYN B. MALONEY, NY
LUIS V. GUTIERREZ, IL
NYDIA M. VELAZQUEZ, NY
MELVIN L. WATT, NC
GARY L. ACKERMAN, NY
JULIA CARSON, IN
BRAD SHERMAN, CA
GREGORY W. MEEKS, NY
DENNIS MOORE, KS
MICHAEL E. CAPUANO, MA
RUBÉN HINOJOSA, TX
WM LACY CLAY, MO
CAROLYN MCCARTHY, NY
JOE BACA, CA
STEPHEN F. LYNCH, MA
BRAD MILLER, NC

DAVID SCOTT, GA
AL GREEN, TX
EMANUEL CLEAVER, MO
MELISSA L. BEAN, IL
GWEN MOORE, WI
LINCOLN DAVIS, TN
ALBIO SIREN, NJ
PAUL W. HODES, NH
KEITH ELLISON, MN
RON KLEIN, FL
TIM MAHONEY, FL
CHARLES WILSON, OH
ED PERLMUTTER, CO
CHRISTOPHER S. MURPHY, CT
JOE DONNELLY, IN
ROBERT WEXLER, FL
JIM MARSHALL, GA
DAN BOREN, OK

JEANNE M. ROSLANOWICK
STAFF DIRECTOR AND
CHIEF COUNSEL

U.S. House of Representatives
Committee on Financial Services
2129 Rayburn House Office Building
Washington, DC 20515

February 7, 2008

SPENCER BACHUS, AL, RANKING MEMBER

RICHARD H. BAKER, LA
DEBORAH PRYCE, OH
MICHAEL N. CASTLE, DE
PETER T. KING, NY
EDWARD R. ROYCE, CA
FRANK D. LUCAS, OK
RON PAUL, TX
STEVEN C. LATOURETTE, OH
DONALD A. MANZULLO, IL
WALTER B. JONES, JR., NC
JUDY BIGGERT, IL
CHRISTOPHER SHAYS, CT
GARY G. MILLER, CA
SHELLEY MOORE CAPITO, WV
TOM FEENEY, FL
JEB HENSARLING, TX

SCOTT GARRETT, NJ
GINNY BROWN-WAITE, FL
J. GRESHAM GARRETT, SC
JIM GERLACH, PA
STEVEN PEARCE, NM
RANDY NEUGEBAUER, TX
TOM PRICE, GA
GEOFF DAVIS, KY
PATRICK T. McHENRY, NC
JOHN CAMPBELL, CA
ADAM PUTNAM, FL
MICHELE BACHMANN, MN
PETER J. ROSKAM, IL
KENNY MARCHANT, TX
THADDEUS G. McCOTTER, MI
KEVIN MCCARTHY, CA

Dear Republican Colleague:

Earlier this week, Chairman Frank and Financial Institutions Subcommittee Chair Maloney circulated a Dear Colleague letter seeking support for legislation that they intend to introduce shortly to regulate credit card industry practices. ***We are writing to urge you to reserve judgment and not cosponsor this legislation until the Financial Services Committee has held hearings to carefully examine its merits.***

Last May, the Federal Reserve proposed regulations to require far-reaching changes to credit card industry practices, with a final rule expected to be issued later this year. Additionally, many major credit card issuers have modified their business practices prior to the regulatory changes going into effect, at least in part because of scrutiny of those practices by the Financial Services Committee and others. There is also a broad consensus that a lack of liquidity and a decline in consumer spending are two of the most serious contributors to the current economic slow down. A large bipartisan majority in the House has approved a \$150 billion stimulus package principally intended to revive consumer spending.

In short, this is not the time to undermine the effort to stimulate spending by adopting restrictive legislation that could have the effect of denying American consumers the unparalleled convenience, security and access to credit provided by credit cards. Before acting on any credit card legislation, at a minimum we should review the regulatory and industry initiatives referenced above and consider their effect on the market place and consumers. In addition, the Financial Services Committee should hold hearings to receive input from regulators, industry, consumer groups, and other stakeholders to ensure that Members understand the implications – and potential unintended consequences – of the Maloney-Frank approach. In order to facilitate this deliberative and carefully considered process, we ask that you join us in *not* cosponsoring the Maloney-Frank legislation at this time.

Please feel free to contact the Financial Services Committee Republican staff at x5-7502 with any questions on this matter.

Sincerely,



SPENCER BACHUS
Ranking Member



JUDY BIGGERT
Ranking Member
Subcommittee on Financial
Institutions and
Consumer Credit