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NEWS RELEASE

FOR IMMEDIATE RELEASE

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IDAHO LEGISLATURE VOICES OPPOSITION TO FEDERAL PREEMPTION RULES

Congress Urged to Review Federal Action that Restricts Idaho's Consumer Protection Laws

BOISE, IDAHO – Gavin Gee, Director of the Idaho Department of Finance, and Attorney General Lawrence Wasden express appreciation for the Idaho Legislature's support of House Joint Memorial No. 20. The purpose of the Memorial is to inform Congress that the Idaho Legislature is opposed to the recently finalized rules of the Office of the Comptroller of the Currency (OCC) that purport to preempt state consumer protection laws and enforcement of those laws as they apply to national banks and their operating subsidiaries.

According to the OCC, its rules, effective February 12, mean that Idaho's consumer protection laws will no longer apply to national banks or their operating subsidiaries. Gee stated: "The OCC's rules do more harm to our nation's consumers, states' rights and our dual banking system than any rules I have seen in 26 years as a state financial services regulator." Mortgage companies, finance companies, and similar businesses that are currently licensed, examined and regulated by the Department of Finance will no longer be under the Department's authority if they are or become subsidiaries of national banks.

The Department and the Attorney General's Office will no longer be able to protect Idaho consumers by conducting investigations and bringing civil enforcement actions against national banks

or their subsidiaries for fraud, predatory lending, illegal disclosure of private information, and other deceptive practices. “Customers of these companies located in Idaho will not know, when they walk into these companies, that Idaho law will not protect them. If these borrowers have complaints, their first instinct will be to call the Attorney General’s Office or the Department of Finance. Unfortunately, the OCC’s goal is to prohibit us from being able to provide any meaningful help,” said Gee.

“I welcome this strong statement of the legislature’s support for Idaho’s consumers. Idaho is committed to maintaining the role of the states in enforcement of consumer protection laws and in dual regulation of financial institutions,” Attorney General Lawrence Wasden said. “Idaho urges Congress to carefully review the actions of the OCC, reestablish a balance of power between state and federal laws in a way that benefits consumers, all financial institutions and our economy, restore the dual banking system, and reassert its authority over federal banking policy.”

The Memorial states that the OCC finalized the rules while Congress was in recess, ignoring calls from members of Congress, the National Governors Association, National Association of Attorneys General, National Conference of State Legislatures, Conference of State Bank Supervisors, major consumer groups and state financial regulators, for congressional oversight and review of the impact of the rules.

The Memorial also recognizes that the OCC has no office in Idaho, is not listed in Idaho telephone books, and has no local presence in Idaho; under the rules, Idaho consumers with complaints regarding national banks and their subsidiaries would be referred to one OCC office in Texas.

Recently, both Houses of Congress have either held or scheduled oversight hearings to address the rules. The Senate Banking, Housing, and Urban Affairs Committee has scheduled a hearing for April 7, 2004. Gee is scheduled to appear as a witness at the Senate hearing representing the state banking system as immediate past chairman of the Conference of State Bank Supervisors and chairman of its Anti-Predatory Lending Taskforce.

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