CALIFORNIA STATE TREASURER JOHN CHIANG

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Treasurer Chiang Issues Statement on President Trump's Executive Order to Gut Financial Protection Laws

Key Reforms Passed in the Wake of 2008 Financial Crisis Threatened

SACRAMENTO -- *State Treasurer John Chiang issued the following statement today in response to presidential executive orders to scale back the Dodd-Frank Wall Street Reform and Consumer Protection Act, as well as a Department of Labor fiduciary rule for retirement investment advisory services:*

"President Donald Trump campaigned as a populist who would 'drain the swamp' of special interests in Washington.

Now, barely three weeks into his presidency, he has revealed himself to be a handmaiden for Wall Street bankers, leaving Main Street consumers to fend for themselves.

Last Friday, Trump met with a room full of billionaires, where he announced his intention to water down vital financial safeguards and oversight passed by Congress in 2010 to ensure a safer and sounder American banking system. Dodd-Frank, the shorthand name for these reforms adopted in the wake of the 2008 banking collapse that ignited the Great Recession, was supposed to diminish the odds of another financial meltdown.

Maybe President Trump hopes that we have so soon forgotten that regrettable chapter in U.S. history, when 8.7 million more Americans found themselves standing in unemployment lines. At the same time, homeowners lost an average of $30,000 per household in property value, resulting in massive foreclosures and evictions. Seniors, who had saved a lifetime in hope of a dignified retirement, helplessly watched nest eggs crack as stocks plummeted 54 percent.

Dodd-Frank also created the Consumer Financial Protection Bureau, an important watchdog that proved its worth last year by exposing and penalizing Wells Fargo Bank for secretly opening more than two million fraudulent consumer accounts. Without Dodd-Frank, consumers will be left with little recourse when fleeced by banks more interested in serving themselves than their clients.

Trump's Dodd-Frank giveaway, cloaked as a pro-business stimulus that will create prosperity, is not the only gift he gave to Wall Street. He also wants to delay a pending Department of Labor rule that would require financial retirement advisers to make their clients' interest paramount, ahead of their own and their companies' profits.

This opens the door for some advisers to steer their customers to bad investments that carry high fees and lower returns. Rolling back this rule will compromise retirement security for millions of Americans at a time when traditional pensions are disappearing and they must, instead, rely on riskier 401(k) savings and individual retirement accounts.

Trump and the Goldman Sachs alumni he has picked to join his administration, want to take us back to the pre-Dodd-Frank days. Wall Street moguls rolled the dice with a series of risky and reckless securities that collapsed the United States economy. The result was double-digit unemployment, record mortgage foreclosures, plunging home values and vanished retirement savings.

As a leader in the financial marketplace, I cannot stand by and let this happen again. I will fight to preserve Dodd-Frank and other financial protections."

Treasurer John Chiang is the chief banker for the State of California, overseeing the investing, banking, and borrowing needs of the world's sixth largest economy.

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