

Resolution Calling for Financial Regulatory Reform

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3 **WHEREAS** the United States and the rest of the world are currently struggling to
4 recover from the Republican-led Great Recession, the worst economic debacle
5 experienced in the United States since the Republican-Hoover Great Depression of 1929-
6 1933;

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8 **WHEREAS** a major contributor to the current Great Recession was the dismantling of
9 many financial regulatory laws enacted under the leadership of President Franklin D.
10 Roosevelt and the Democratic Congress of 1933-40 during the years of the New Deal;
11 and

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13 **WHEREAS** enforcement of those financial regulatory laws which were not foolishly
14 repealed since 1981 were ignored by federal regulators under the administrations of
15 President Ronald Reagan and all his successors until 2009, or those regulatory laws
16 were interpreted in irrational ways by regulators, with the exception of the 2002
17 Sarbanes-Oxley Act of 2002, passed in the wake of the Enron collapse;

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19 **THEREFORE BE IT RESOLVED** that the Washington State Democratic Party urges
20 President Obama to direct full enforcement of the Sarbanes-Oxley Act, which holds
21 corporate senior executives to take personal responsibility for the accuracy and
22 completeness of their financial reports;

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24 **THEREFORE BE IT FURTHER RESOLVED** that the Washington State Democratic
25 Party supports Obama Administration support for and Congressional passage of the
26 strongest possible financial reform laws, based on the Wall Street Reform and
27 Consumer Protection Act of 2009, HR 4173, the House of Representatives bill, and
28 currently being considered by the Senate; and

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30 **THEREFORE BE IT FURTHER RESOLVED** that the Washington State Democratic
31 Party urge the Washington delegation to Congress work to include these provisions in
32 the final legislation:

- 33 • Creation of a free-standing Consumer Financial Protection Agency, with broad
34 powers to write and enforce rules for banks, credit unions and other financial
35 companies.
- 36 • Gives shareholders a right to nominate corporate directors using company proxy
37 ballots
- 38 • Gives shareholders an advisory vote on compensation and 'golden parachute'
39 severance packages, and requires that compensation committees be composed
40 entirely of independent directors.
- 41 • Require companies to rescind executive compensation when it is found to be
42 based on inaccurate financial statements.

- 43 • Directs regulators to restrict banks from proprietary trading and from investing
44 in or owning hedge funds and private equity funds
- 45 • Requires hedge funds and private equity funds with more than \$100 million to
46 register with the Securities and Exchange Commission (SEC) and to provide
47 information about their trades and portfolios.
- 48 • Merges the Office of the Comptroller of the Currency, which supervises federally
49 chartered banks, with the Office of Thrift Supervision, which supervises savings
50 and loans.
- 51 • Establishes a Financial Services Oversight Council to detect and assess risks to
52 the financial system.
- 53 • Imposes stricter standards and regulations, including high capital and liquidity
54 requirements, on financial services companies that are big enough or
55 interconnected enough to put the entire economy at risk.
- 56 • Calls for the president of the U.S. to appoint the president of the Federal Reserve
57 Bank of New York to a five-year term, instead of having the New York Fed board
58 – which includes member banks – to make the appointment.
- 59 • Subjects the Federal Reserve Bank to greater auditing requirements and
60 oversight by the Government Accountability Office, the investigative arm of
61 Congress.
- 62 • Imposes tighter restrictions on the largely unregulated derivatives market,
63 requiring most derivatives to be traded through exchanges or clearinghouses,
64 monitored by the SEC and the Commodity Futures Trading Commission
- 65 • Creates an Office of Credit Ratings in the SEC to oversee credit rating agencies
- 66 • Requires creditors to retain at least 5% of the credit risk associated with any loans
67 that are transferred, sold or securitized.
- 68 • Requires lenders to retain a portion of the risk they generate in order to provide
69 some market discipline for underwriting decisions; and
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71 **THEREFORE BE IT FINALLY RESOLVED** that a copy of this resolution be
72 transmitted to relevant officials along with a request for response within thirty days,
73 listing the actions they are willing to take to support this resolution or a list of the
74 reasons explaining why it cannot be supported.
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77 Submitted by the Pierce County Democrats to the Democratic Central Committee for
78 consideration at its June 26 convention in Vancouver. (Date Submitted 4/20/2010)

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80 Recommended Pass with amendments by the Subcommittee on the Corporate Power
81 and Media Reform, Economic Justice and Development, and Labor. (Date Considered
82 5/2/2010)
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84 Recommended Pass with amendments by the State Convention Platform Committee.
85 (Date Considered 6/5/2010)
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87 The Washington State Democratic Convention "PASSED" this resolution at its June 26,
88 2010 meeting in Vancouver.