

THOMAS P. DiNAPOLI
STATE COMPTROLLER



110 STATE STREET
ALBANY, NEW YORK 12236

STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER

July 12, 2010

Honorable Gary Ackerman
U.S. House of Representatives
2243 Rayburn House Office Building
Washington, DC 20515

Dear Congressman Ackerman:

I am writing to express my support for the Wall Street Reform and Consumer Protection Act ("Act") now before Congress. I have long advocated for many of the provisions in this bill related to corporate and financial accountability, and transparency and consumer protections.

The health of the financial services industry is vital to the growth of our nation's economy generally, and to New York State's economy in particular. In fact we rely on the financial services industry for up to 20 percent of the State's revenue. The legislation will implement reforms that will help to rebuild confidence in markets and enhance the long term health of the economy, including the advance warning system to identify and address systemic risk, the end of "too big to fail" bailouts, risk disclosure and accountability for exotic instruments, and transparency and accountability for rating agencies.

These reforms are similarly critical to the New York State Common Retirement Fund, of which I am trustee. As a long-term investor, the Common Retirement Fund relies on investment returns for 80 percent of the benefits paid to retirement system pensioners. It is critical that we avoid future market upheavals like the one that led to the Great Recession and harmed institutional and individual investors alike. The recent downturn not only eroded the value of the Fund, but has also further harmed taxpayers by necessitating significant contribution increases for State and local government employers.

While markets are inherently volatile, the freezing of credit, which cascaded into a profound stock market panic and general economic malaise leading to the Great Recession, was not inevitable. Moreover, the impact of the lack of access to information, failure to enforce rules and inadequate investor recourse subverted the long-term interests of the financial industry, its investors, and the public. As a result the national economy suffered. The numerous oversight, transparency, and risk assessment provisions in this Act will ameliorate many of the conditions that gave rise to the Great Recession.

Provisions contained in this bill will provide a much-needed framework for sustained profitability, while still allowing innovation. Giving consumers and investors access to the relevant information necessary to make informed decisions is entirely consistent with the efficient functioning of markets.

Thank you for your consideration of this very important matter. Please feel free to contact me if you would like to discuss these issues further.

Sincerely,

Thomas P. DiNapoli
State Comptroller