

Dear Senator,

We are writing to express our support for the 21st Century Glass-Steagall Act of 2013 (S. 1282), introduced by Senators Warren, Cantwell, McCain, and King and to ask you to co-sponsor this important legislation.

The proposal would narrow the scope of activities that banks are permitted to engage in, and refocus them on their traditional core functions of lending to businesses and individuals. This change would improve the safety of the banking system by simplifying banks' structure and activities so that they are easier for directors to manage, for regulators to supervise and for investors to evaluate.

The original Glass-Steagall law, also known as The Banking Act of 1933, was a key part of the response to the Crash of 1929. The 1933 law separated commercial banking, which consists of deposit taking and lending to individuals and business, from investment banking, which involves underwriting and trading assets on financial markets. That division served our nation's economy well for roughly fifty years. Beginning in the 1980s, however, the divisions between investment and commercial banking were gradually dismantled through financial deregulation, culminating in the formal repeal of Glass-Steagall through passage of the Gramm-Leach-Bliley Act of 1999.

The decade following repeal saw steady growth in the size and complexity of the major banks at the center of the U.S. financial system. During the 2008 financial crisis, as the largest, most complex financial institutions were failing, the government reacted by bailing out those institutions and sponsoring a flurry of further mergers and acquisitions. Today, the six biggest banks by assets are roughly 37 percent larger than they were before the crisis.

The 21<sup>st</sup> Century Glass-Steagall Act would reverse that growth in size and complexity by forbidding commercial banks, which take deposits and are eligible for Federal Deposit Insurance Corporation (FDIC) insurance, from engaging in activities such as speculative trading, market-making, and exotic financial engineering. Investment banks that participate in trading markets would not be allowed to take publicly-insured deposits. Their risks would not be supported by a public guarantee and would have to be funded by their own investors' capital. Separating commercial from investment banking would limit the public subsidy to speculative activity, and make financial institutions simpler and smaller.

By requiring banks to focus on lending to the real economy, the 21<sup>st</sup> Century Glass-Steagall Act would also help create a banking system that better serves consumers, small businesses and the overall economy. Insured lenders would have to make money by successfully lending to non-financial businesses, rather than by using their funds to engage in speculative trades that benefit only the banks themselves and their most highly paid traders and executives. Traditional banking is

based on a long-term customer relationship where the interests of the bank and the customer are aligned. Both the bank and the borrower benefit when sustainable loans are made and repaid. This contrasts with trading markets, which involve short-term, zero-sum interactions with counterparties. When banking and trading activities are intermingled, banks face incentives to sacrifice the well-being of their customers to short term benefits to themselves.

The 21<sup>st</sup> Century Glass-Steagall Act is an important step in addressing the problems in our financial system. We urge you to support and cosponsor this legislation.

Sincerely,

### **National Signatories**

AFL-CIO  
Alliance for a Just Society  
American Federation of State, County and Municipal Employees (AFSCME)  
Americans for Financial Reform  
Center for Effective Government  
Center for Popular Democracy  
Communication Workers of America  
Consumer Action  
Consumers Union  
Demos  
Gray Panthers  
Green America  
Institute for Agriculture and Trade Policy  
International Union, United Automobile, Aerospace and Agricultural Implement Workers of America (UAW)  
International Association of Machinists and Aerospace Workers  
International Brotherhood of Teamsters  
Jobs with Justice  
Main Street Alliance  
Missionary Oblates of Mary Immaculate, US Province  
National Association of Consumer Advocates  
National Community Reinvestment Coalition  
National Housing Law Project  
National People's Action  
New England Fuel Institute  
PICO National Network  
Public Citizen  
SAFER--Committee of Economists for Safe and Efficient Financial Reform  
Service Employees International Union (SEIU)  
The Leadership Conference on Civil & Human Rights  
U.S. PIRG  
United Church of Christ Justice and Witness Ministries  
United for a Fair Economy  
USAction

## **State and Local Signatories**

### **Alabama**

Adams Law Group  
Phillips Law Group, LLCV

### **Arkansas**

Arkansas Community Organizations  
Arnold, Batson, Turner & Turner

### **Arizona**

Arizona PIRG  
Choi & Fabian, LLP  
Heaney Law, PLC  
Mengadoth Law, PLLC

### **California**

Alliance of Californians for Community Empowerment (ACCE)  
As You Sow  
Bramson Plutzik Mahler & Birkhaeuser, LLP  
California Reinvestment Coalition  
CALPIRG  
CourageCampaign.org  
The Dzivi Law Firm, PC  
Housing and Economic Rights Advocates (HERA)  
Jenkins Mulligan & Gabriel, LLP  
People Organized for West Side Renewal (POWER)

### **Colorado**

Colorado Progressive Coalition  
CoPIRG

### **Connecticut**

Community Capital Fund/Bridgeport  
Connecticut Citizen Action Group (CCAG)  
ConnPIRG  
Consumer Law Group  
The Law Firm of Jijon-Caamano and Young, LLC  
Law Offices of Joshua Cohen

### **Delaware**

Delaware Alliance for Community Advancement

### **Florida**

Florida Consumer Action Network  
Florida PIRG  
Law Office of Robert Murphy  
Organize Now  
Progress Florida  
Varnell & Warwick, PA

**Georgia**

Addleton Ltd. Co.  
Georgia PIRG  
Georgia Rural Urban Summit  
Law Offices of A. Thomas Stubbs, LLC

**Idaho**

Idaho Civic Engagement Project  
Idaho Community Action Network  
National Association of Social Workers, Idaho Chapter  
United Action for Idaho

**Illinois**

Chicago Consumer Coalition  
Citizen Action/Illinois  
Edelman, Combs, Lattuner & Goodwin, LLC  
Illinois PIRG  
IIRON - Illinois Indiana Regional Organizing Network  
Law Office of David S. Morris  
Philipps & Philipps, Ltd.  
Woodstock Institute

**Indiana**

IIRON - Illinois Indiana Regional Organizing Network

**Iowa**

Iowa Citizen Action Network  
Iowa Citizens for Community Improvement  
Iowa PIRG

**Kansas**

Kansas Appleseed  
Sunflower Community Action

**Maine**

State Representative Andrea Boland  
Maine People's Alliance  
Maine Small Business Coalition

**Maryland**

Maryland Consumer Rights Coalition  
Maryland PIRG  
Progressive Maryland

**Massachusetts**

MASSPIRG

**Michigan**

State Representative Jeff Irwin  
State Representative Rashida Tlaib  
State Representative Sarah Roberts  
Michigan Citizen Action

PIRGIM

**Minnesota**

Institute for Agriculture and Trade Policy  
Lyons Law Firm, PA

**Missouri**

GrassRoots Organizing  
Healey Law  
Missouri Citizen Education Fund  
Missouri Progressive Vote Coalition (Missouri ProVote)  
MoPIRG

**Montana**

Montana Organizing Project  
Montana Small Business Alliance (Main Street Alliance)

**Nevada**

Legal Aid Center of Southern Nevada

**New Hampshire**

NHPIRG

**New Jersey**

New Jersey Citizen Action  
NJPIRG

**New Mexico**

NMPIRG

**New York**

Citizen Action of New York  
Cooper Square Committee  
Fishman & Mallon, LLP  
New Economy Project  
New York City AIDS Housing Network  
Voices of Community Activists & Leaders (VOCAL-NY)

**North Carolina**

NCPIRG  
Reinvestment Partners (Community Reinvestment Association of North Carolina)

**Ohio**

Empowering and Strengthening Ohio's People  
Miami Valley Fair Housing Center, Inc.  
Ohio Organizing Collaborative  
Ohio PIRG  
Progress Ohio

**Oregon**

The Main Street Alliance of Oregon  
Oregon Action

OSPIRG  
National Association of Social Workers, Oregon Chapter

**Pennsylvania**

State Representative Bryan Cutler  
State Representative RoseMarie Swanger  
Donovan Axler, LLC  
Keystone Progress  
PennPIRG

**Rhode Island**

RIPIRG

**South Carolina**

South Carolina Appleseed Legal Justice Center  
SC Small Business Chamber of Commerce

**Tennessee**

Appalachian Consumer Law Center  
Caney Fork Headwaters Association  
Cornucopia Network/NJ/TN Chapter  
Cumberland Countians for Ecojustice  
Law Office of Steven A. Taterka  
Network for Environmental & Economic Responsibility of United Church of Christ  
Tennessee Citizen Action

**Texas**

Center for Economic Justice  
Texans Together  
TexPIRG

**Virginia**

State Senator Richard H. Black  
State Senator John S. Edwards  
Len Bennet Law Firm  
Virginia Organizing

**Washington**

CELP  
Leslie Christian Financial, LLC  
Washington Community Action Network  
WashPIRG

**West Virginia**

West Virginia Center on Budget and Policy  
West Virginia Citizen Action Group

**Wisconsin**

Citizen Action of Wisconsin  
Consumer Justice Law Center, Big Bend  
Law Offices of Rollie Hanson  
WISPIRG