



January 28, 2011

ATTORNEY GENERAL MADIGAN: FEDERAL REPORT SHOWS NEED FOR TRUE FINANCIAL REFORM, COORDINATED ENFORCEMENT

Chicago — Attorney General Lisa Madigan today called on the federal government and regulators to commit to stronger consumer protection in light of the Financial Crisis Inquiry Commission’s findings.

Last January, Madigan testified before the FCIC, a bi-partisan 10-member panel established by Congress to examine the causes of the financial crisis. Today, the Attorney General issued the following statement in response to the commission’s report:

“The report from the Financial Crisis Inquiry Commission dispels the myth that this crisis was the fault of consumers and couldn’t have been prevented.

Had federal regulators done their jobs, we could have averted the global economic meltdown that now has resulted in millions of Americans losing their savings, jobs and homes.

Instead, federal regulators not only ignored warnings from the states, they actively sought to thwart efforts to bring predatory lenders to justice. As the report bears out, Illinois and other state attorneys general were sounding the alarm bells from the frontlines years before the meltdown.

Worse still, even after trillions in taxpayer bailouts, the same banks and lenders who eagerly put people into toxic mortgages are now under investigation by my office and others for using fraudulent tactics to kick families out of their homes.

The problems persist because regulators have failed to address them at their source. The housing market is still a mess and the banks that largely caused this crisis are not doing enough to fix it because the federal government isn’t willing to fix it. National loan modification programs are foundering, and foreclosure rates continue to reach new all-time highs, year after year.

The bottom line is this: If we fail to use these findings as leverage to implement true reforms that target the cause of our economic ills, then we will persist in a perpetual boom-and-bust cycle in which Wall Street seizes all the winnings and hard-working families suffer all the losses.”

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