

BOTH DODD AND FRANK CALL ON ADMIN TO USE POWERS OF DODD- FRANK

DDay has a really important post that—along with a great interview with Brad Miller—includes a letter from Miller and other members of Congress, urging the Financial Stability Oversight Council to take action to prevent the foreclosure fraud problem from becoming a systemic crisis. The letter reminds the FSOC that Dodd-Frank gives them the power to avoid a systemic crisis.

An important purpose of the Dodd-Frank Act is to identify risks to the financial system as early as possible, so that regulators can take corrective action or minimize the disruption to the financial system that results from the insolvency of systemically significant financial companies. It is also a purpose of the Act to make risk to our nation's financial system transparent in order to restore the confidence of the American people in the financial system and in their government.

And lists three things the FSOC should do to prevent the foreclosure fraud problem from becoming a systemic crisis:

1. Examine a representative sample of loans to see whether they comply with legal requirements and pooling and servicing agreements.
2. Determine whether the second liens servicers have on

loans have led them to act contrary to the interests of the first lien holders.

3. Require big banks to divest themselves of servicing businesses.

House Financial Services Committee Chair Barney Frank is one of the first ten people to sign this letter.

Put together with Senate Banking Committee Chair Chris Dodd's call on Tim Geithner to consider how the FSOC can mitigate the risks of this crisis, you've got both Chairmen of the relevant committees urging the FSOC to do something about the potential systemic risk of this crisis. You've got Dodd and Frank, the two guys with their name on the financial reform bill, calling on the Administration to use the authority granted under Dodd-Frank to prevent another meltdown.

And thus far?

Crickets. From both the Administration and the media.