



*Small business owners. Small business values.*

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June 8, 2010

To: House and Senate Conferees for the financial overhaul package

Re: Including the strongest small business protections in final reform package

Dear Conferees:

The financial meltdown has devastated small businesses. We have been hit by dwindling credit while our customer base has diminished due to levels of unemployment not seen in a quarter century. We encourage the Conferees to continue to strengthen the financial oversight bill currently before you and enact bold reforms that protect us for generations to come.

In particular, we urge your support for a strong, independent agency to ensure the safety of consumer financial products, inclusion of the Merkley-Levin amendment to curb proprietary trading by commercial banks and refocus banks on the core function of lending, and support for the Senate-passed provisions to reform credit and debit contracts and establish reasonable and proportional limits on debit card interchange fees for small businesses.

Small business owners and the customers we serve know firsthand the perils of unregulated consumer financial products. Unregulated lenders flooded the market with products known to be harmful and designed to fail and, as a result, many small businesses shuttered their doors. We encourage you to enact the House's version of a consumer financial protection agency that is completely independent and autonomous. In addition to the Federal Reserve's own objections to housing the consumer protection arm, we are deeply concerned with the Fed's poor track record concerning consumer protections.

Moreover, with the repeal of the Glass-Steagall Act, commercial banks zealously embraced their new license to engage in risky speculative trading activities. The proliferation of proprietary trading by commercial banks continues to pose a systemic risk to our financial system. It also continues to hinder access to capital for small businesses as the nation's big banks focus on the business of proprietary trading rather than on the core function of lending to worthy borrowers, including small businesses.

The Protect our Recovery through Oversight of Proprietary Trading Act of 2010 (or PROP Trading Act, S. 3098), encapsulated in the Merkley-Levin amendment will address this problem. This amendment takes crucial steps toward ensuring that the Main Street economy is no longer at the mercy of risky Wall Street speculation. By prohibiting proprietary trading by commercial banks, the Merkley-Levin amendment addresses one of the key causes of the economic meltdown and the resulting credit crunch that has put the squeeze on small businesses across America.

Small business owners want commercial banks to go back to focusing on that core function of lending. This is a necessary correction to ease the credit crunch, restore access to capital for start-ups and expanding businesses, and help small businesses create jobs, serve their customers, and foster economic recovery. We urge the inclusion of the Merkley-Levin amendment in the final conference agreement.

Finally, small businesses have experienced a tighter and tighter squeeze from restrictive clauses in credit and debit processing contracts, and from continually rising debit card interchange fees. We urge you to

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support the Senate-passed provisions that will restore to small businesses the right to make their own decisions about forms of payment and establish reasonable and proportional limits on debit transaction interchange fees.

The Main Street Alliance extends its support for inclusion of these measures in the final conference agreement to ensure that the reform package works for small businesses, and we look forward to working with you to see comprehensive financial reform enacted this summer.

Sincerely,

A handwritten signature in cursive script that reads "Melanie A. Collins".

Melanie Collins  
Melanie's Home Childcare, Falmouth, ME  
Main Street Alliance Executive Committee Member

Mike Draper  
Raygun, Des Moines, IA  
Main Street Alliance Advisory Council Member