




Consumer Protection or Consumer Prying?

It seems that every day we learn of some  new horror in the financial reform bill currently before Congress. This is not surprising given that the Senate version of the bill, for example, is 1,566 pages long. Those who voted on it probably have no clue as to most of its contents, as was the case with such monstrosities as ObamaCare and the Patriot Act.

CNSNews [reports](#) that the latest depredation discovered in the Senate bill is the creation of a Bureau of Consumer Financial Protection within the Federal Reserve. (The House version would [create](#) an independent Consumer Financial Protection Agency.) The bureau, says CNSNews, would be empowered to “gather information and activities of persons operating in consumer financial markets,” including the names and addresses of account holders, ATM and other transaction records, and the amount of money kept in each customer’s account.

The new bureaucracy is then allowed to “use the data on branches and [individual and personal] deposit accounts ... for any purpose” and may keep all records on file for at least three years and these can be made publicly available upon request.

Sen. Richard Shelby (R-Ala.) correctly said, “This new consumer bureaucracy is intended by its architects in the Treasury to begin the process of financial regulation with the intent of changing the behaviors of the American people,” though he is a little behind the times if he thinks the government is only beginning this process. It has been going on at least since the Federal Reserve was created, with the Wars on Drugs and Terror serving as fig leaves for much of the behavior-controlling financial regulation in recent decades, such as the requirement that banks report to the government any cash transactions of more than \$10,000.

The creation of this new bureaucracy with its unlimited powers to vacuum up individuals’ financial information is unequivocally a violation of the Fourth Amendment, which guarantees the “right of the people to be secure in their persons, houses, papers, and effects, against unreasonable searches and seizures.” Furthermore, it prescribes that searches shall only be conducted under a warrant “particularly describing the place to be searched, and the persons or things to be seized.” This specific language was included to prevent the government from engaging in general searches of persons and property as had occurred under British rule of the American colonies. King George would envy the power the U.S. Congress wants to vest in this new bureaucracy.

Even supposing that government functionaries would not abuse the power Congress wishes to give them, the danger of having Americans’ financial data in a single, centralized location cannot be overstated, especially when the federal government is in charge of securing the data. This is, after all, the same government that allowed a Department of Veterans Affairs employee to take home electronic data, including names, Social Security numbers, and dates of birth, on about 26.5 million U.S. military veterans, whereupon it was promptly [stolen](#). It is also the same government whose Department of Commerce [lost](#) over 1,000 laptops, many containing personal information on U.S. citizens, over a five-year period. Trusting the federal government to secure Americans’ personal data is like trusting the



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neighborhood gossip with your deepest, darkest secrets.

The government always uses a crisis, frequently one of its own making, to expand its power and contract its citizens' liberties. The financial crisis, almost wholly the responsibility of the Federal Reserve, Fannie Mae, Freddie Mac, and other government agencies, has been a bonanza for the potentates on the Potomac. The current financial "reform" bill is just the latest example; and as gigantic as the bill is, there are certain to be more constitutional violations discovered as people outside the hallowed halls of Congress actually get a look at the bill. Stay tuned.

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