

July 24, 2002

Opening Statement for Congressman Paul E. Gillmor
House Financial Services Committee Subcommittee on Financial Institutions and
Consumer Credit
Hearing on HR 3424, the Community Choice in Real Estate Act

I would like to thank Chairman Bachus for holding this hearing today to allow the House Financial Services Committee and specifically this subcommittee to begin consideration of this bill rightfully referred for our review.

The subject of this legislation is not new to me. As a member of the House Energy and Commerce Committee during the 106th Congress, I was directly involved in negotiations on the Gramm-Leach-Bliley Act (GLB). The GLB amended the Bank Holding Company Act to allow a bank holding company or other qualified financial holding company (FHC) to engage in a wide range of activities that are defined as financial in nature. The FHCs are now additionally authorized to engage in other activities that are financial in nature, or incidental to a financial activity, as established by regulation or order by the Federal Reserve Board in consultation with the Secretary of the Treasury.

The issue of banks engaging in real estate brokerage activities was addressed during the GLB deliberations. After extended negotiation it was determined that the decision on whether or not real estate brokerage or management is “financial in nature or incidental to a financial activity” should be left to the Federal Reserve and Treasury.

I stand by this determination and feel that the Federal Reserve and Treasury are in the best position to consider the varied factors involved in such a decision. In GLB, Congress adequately detailed the significant factors that must be addressed during consideration on a ruling of this type. They are directed to ensure that the overall purposes of GLB are upheld and I have every reason to believe they will do so.

The rule-making process regarding real estate brokerage and management was begun on January 3, 2001 and on May 2, 2001 and this subcommittee heard testimony from both the Federal Reserve Board and the Treasury Department on this issue.

I look forward to hearing the testimony of today's witnesses and feel this issue is worthy of additional debate to the extent that any proposed rule is subject to congressional oversight.