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Statement from Congresswoman Maxine Waters
Black Economic Council's 5th Annual Urban Economic Conference
Thursday, October 14, 2010

I regret that I am unable to be personally present as the keynote speaker for this year's Urban Economic Conference themed "Maximizing Opportunities in Today's Environment."

I am aware that you are honoring Chairman Barney Frank today. Chairman Frank has been a strong advocate for diversity in financial services. In fact, without his support and leadership the diversity provisions described below would not have been possible. I am pleased that he will be receiving this well deserved honor today.

Major reforms relating to diversity, which I authored, are now parts of the Dodd-Frank Wall Street Reform and Consumer Protection Act signed into law by President Obama in July of this year. The Dodd-Frank Act requires twenty federal agencies including all those regulating or scrutinizing the banking industry to promote both employment, contracting and supplier diversity among minorities and women. This is through the creation of separate Offices of Minority and Women Inclusion at each of these federal financial services agencies. These Offices are designed to increase contracting opportunities to minority- and women-owned businesses, meaning that if any company seeks to contract with the Federal financial services agencies, it must sign a written assurance that it will provide for the fair inclusion of women and minorities in its workforce and among its subcontractors. By changing the dynamic at the Federal level, firms will develop an infrastructure of inclusion and accordingly could be more inclined to work more closely with both minority businesses and corporations subject to the CPUC General Order 156 in providing technical assistance and capacity building for small minority owned businesses.

Today, while the typical CPUC regulated corporation awards 15-25% of its contracts to minority owned businesses, the typical corporation has only 3%. Most important, financial institutions have the funds and receive Community Reinvestment Act (CRA) credit for providing technical assistance, capacity building and capital funds to minority owned businesses. It is my hope that all of the corporations represented here today as well as the CPUC will take advantage of this opportunity for additional technical assistance and capacity building.

Another diversity element I am working on with the support of the Chairman of the House Financial Services Committee relates to major changes in CRA, which has brought trillions of

dollars in investments to underserved communities and billions of dollars to nonprofits working in underserved communities. I recently introduced the American Community Investment Reform Act of 2010, along with other leading Democrats on the Financial Services Committee. This bill will enlarge CRA to cover all types of financial institutions including giant investment banks such as Goldman Sachs and Morgan Stanley. Banks that participate in CRA have acknowledged that community investments are at least as profitable as other investments. I would argue that based upon the last five years, community investments have been far safer than derivatives and foreign investments. I am therefore pleased that some CPUC commissioners have urged that 2% of pretax profits of corporations subject to its scrutiny be allocated for philanthropy to underserved communities. This is a model that if embraced by the financial industry would not only enhance their profitability but enable them to secure CRA credit and assist them in expediting mergers and acquisitions.

As we work on the implementation of the regulations for the Dodd/Frank Act and the terms of the just-announced legislation to expand CRA, my office specifically invites all of the CPUC commissioners and the corporations that have flourished under the CPUC diversity model to provide their input to my office.

Thank you for extending an invitation to me and allowing me to participate today even though I could not be physically present. I wish the Black Economic Council and all of the participants of today's conference a most productive and successful event.