

Ellison secures \$150,000 for Northside Economic Opportunity Network

Written by

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WASHINGTON, D.C. – US Rep. Keith Ellison (D-MN) secured a \$150,000 appropriation for the Northside Economic Opportunity Network (NEON). These funds will be used to promote invaluable small business development in North Minneapolis.

“Securing funds such as these are essential because they provide opportunities and jobs for the people of the Fifth district,” Ellison said. “I am pleased this federal funding will be used to help create and sustain jobs right here in our community and give our small businesses the tools they need to be successful.”

“We sincerely appreciate Congressman Ellison for the appropriations commitment to the residents of North Minneapolis,” stated Grover Jones, Executive Director of NEON. “This will allow us to provide the needed technical assistance and training to improve the viability and sustainability of business activity in North Minneapolis.” He added, “Congressmen Ellison’s vision and commitment for a vibrant North Minneapolis Community is sorely needed and appreciated.”

Small businesses often need support with training, counseling, and other technical assistance like web design, tax preparation, and business plan development. NEON funds help with such assistance. Expertise in these areas is often a sign of a strong and prosperous business community.

The bill is in the draft Fiscal Year 2010 House Financial Services and General Government appropriations bill and is expected to be considered on the floor next week.

Ellison introduces Credit Rating Agency Reform Bill

Ellison recently introduced important legislation that will strengthen the regulation of credit rating agencies in anticipation of upcoming Congressional action on comprehensive financial regulatory reform. Rating agencies are currently subject only to limited oversight by the Securities and Exchange Commission (SEC).

“Although credit rating agencies are given some regulatory status by practice, the oversight to which they are subjected is wholly inadequate,” Ellison stated. “When these agencies put their mark of approval on complex products they confer a legitimacy that may not actually exist. We’ve learned of instances where credit rating agencies have given top ratings to products backed by dubious mortgages and other loans. Under current law there was really no one looking over the agencies’ shoulders to make sure that they were making reasonable

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assumptions or had even a basic understanding of the risks they were assessing,” Ellison indicated.

Credit rating agencies are critical elements of our financial system. They rate and analyze a wide array of credit products, everything from corporate and municipal bonds to complex structured products like collateralized debt obligations (CDOs). Investors rely upon the ratings and analysis of credit rating agencies as a basis for their investment decisions, while regulators use ratings as a means of assessing the quality of bank assets and the adequacy of bank capital.

The Ellison legislation would help address the lack of oversight by giving the Federal Reserve authority over the credit rating agencies when they analyze and rate structured financial products. This authority would build upon powers that the Federal Reserve has already assumed as part of its administration of the Term Asset-Backed Securities Loan Facility (TALF) program. In response to a Congressional letter (from Ellison, House Financial Services Committee Chairman Frank and several other Members of Congress) on the TALF program, the Federal Reserve indicated that it: “ha[s] carefully reviewed the methodologies that the rating agencies are employing to analyze the types of [asset backed securities (ABS)] that are eligible to be financed in the TALF program.” This legislation would extend these oversight powers to all ABS, not just those financed through TALF.

“Credit rating agencies are a weak link in the chain. Subjecting them to enhanced supervision by a regulator with relevant expertise when they rate products that vary from their traditional business of rating corporate bonds provides a sensible guard rail for our financial system,” Ellison said.