



State of Connecticut
GENERAL ASSEMBLY
STATE CAPITOL
HARTFORD, CONNECTICUT 06106-1591

March 8, 2016

Honorable U.S. Senator Richard Blumenthal

Honorable U.S. Senator Chris Murphy

Honorable Congressman John B. Larson

Honorable Congressman Joe Courtney

Honorable Congresswoman Rosa DeLauro

Honorable Congressman Jim Himes

Honorable Congresswoman Elizabeth Esty

Dear Connecticut Congressional Delegation:

We the undersigned write in support of efforts by the U.S. Congress to reinstate the separation of commercial and investment banking functions in effect under the Banking Act of 1933.

Since the repeal of Glass Steagall, and related measures which removed regulation and restraint on financial speculation, the financial system has been turned into a casino. It collapsed in 2007-2008, and is on the verge to collapse again today, with even more devastating results. The top five Wall Street banks are now holding over \$300 trillion in derivatives and other bad securities on their books, which are "the elephant in the room". Over the last several years, the Federal Reserve has bailed out these banks by extending over \$3 trillion in purchases of treasuries and mortgage-backed securities from them. This was supposed to stimulate lending into Main Street, yet during the same time the amount of lending has gone down by \$1 trillion. In the 1990's, 95% of bank deposits were lent out; today 72%.

Unlike various other proposals that have never been tried, Glass Steagall worked for 66 years, and prevented any banking collapse like the one we recently experienced. It is 37 pages and simple. It separates commercial banking from investment banking and all forms of gambling schemes. Only commercial banking will receive federal protection and FDIC insurance. The government will no longer be on the hook for the gambling debts of the large Too Big To Fail banks. It is structural; it does not require cumbersome regulatory schemes; and it works.

Nothing summarizes the need to go back to Glass-Steagall more than the principles in its succinct preamble: "To provide for the safer and more effective use of the assets of banks, to regulate interbank control, to prevent the undue diversion of funds into speculative operations, and for other purposes..."

Thank you for your Consideration,

Sincerely,

Edwin Vargas/G

Edwin Vargas

Minnie Gonzalez/3

Minnie Gonzalez

David Zoni

DAVID ZONI 8/5/5

Jerry B. Butler

Jerry B. Butler

Gregory Haddad

Gregory Haddad

Sonnie Reed

Sonnie Reed

Marilyn Moore

Marilyn Moore

Mike Demicco

Mike Demicco 7/1st

Joe Crisco

Joe Crisco 1/7th

Widig

David Shady

Roberta Willis

Bob Godfrey 110th

David Alexander #58

Roberta Willis 69th