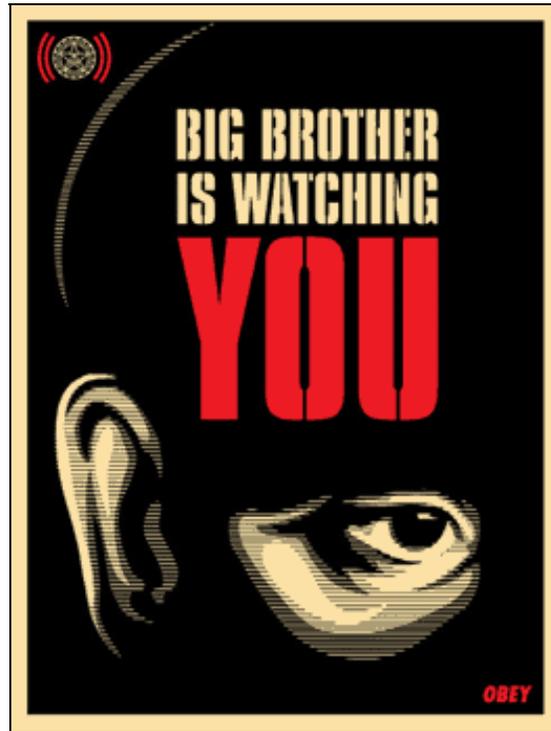


“Big Brother is Watching You”



The Threat Posed by the Dodd Bill to Privacy



May, 2010

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Summary

Americans for Limited Government has undertaken an analysis of specific provisions of the [Dodd financial sector takeover bill](#), S. 3217, related to the establishment of an Office of Financial Research and the power of a Consumer Financial Protection Bureau to monitor every bank account in the country.

S. 3217 would:

- Authorize Consumer Financial Protection Bureau to monitor every bank account in the country.
- Authorize the Office of Financial Research (OFR) to “collect, validate, and maintain all data necessary” to maintain financial stability of the United States.
- Authorize the Treasury Secretary to levy unlimited assessments on \$50 billion and larger financial and non-financial companies supervised by the Fed Board of Governors to fund the OFR off-budget through assessments levied.
- Authorize the OFR to “require the submission of periodic and other reports from any financial company for the purpose of assessing the extent to which a financial activity or financial market in which the financial company participates, or the financial company itself, poses a threat to the financial stability of the United States.”
- Grant the Director of the OFR with subpoena power to require “the production of the data requested ... upon a written finding by the Director that such data is required” to maintain financial stability.
- Authorize the OFR to share the technology and software developed for monitoring the financial system, and the data it produces, with the Financial Stability Council and its member agencies.

Power to Oversee, Monitor, and Control Financial System

[According to the American Spectator](#), “The Office of Financial Research is a companion entity to the Consumer Financial Protection Bureau (CFPB)...” and “would be allowed to collect any financial data it chooses, whether from individual citizens or businesses. Under the language of the bill, the data center can collect and maintain ‘all data necessary’ to monitor the financial system.”¹

Coupled with Section 1071² of [the Dodd bill](#), which gives the CFPB the power to gather data from banks on every bank account in the country, the Office of Financial Research (OFR) will have the ability to know about every transaction in the country, large and small.

¹ <http://spectator.org/archives/2010/04/30/financial-regulatory-windfall/print>.

² pp. 1417-1420.

The OFR would be tasked with the power to “collect, validate, and maintain all data necessary” to maintain financial stability “obtained from member agencies, commercial data providers, publicly available data sources, and financial entities.”³

The OFR will be funded off-budget through assessments levied by the Treasury Secretary on those \$50 billion and larger financial and non-financial companies supervised by the Fed Board of Governors⁴. Therefore, the Office will have an unlimited budget to put together technology to monitor the financial system, including whatever trades, transactions, deposits, and withdrawals it deems necessary.

Specifically, the OFR would “require the submission of periodic and other reports from any financial company for the purpose of assessing the extent to which a financial activity or financial market in which the financial company participates, or the financial company itself, poses a threat to the financial stability of the United States.”⁵

The Director of the OFR would be given subpoena power to require “the production of the data requested ... upon a written finding by the Director that such data is required” to maintain financial stability.⁶

The OFR would be tasked with “collecting data on behalf of the Council, and providing such data to the [Financial Stability] Council and member agencies; standardizing the types and formats of data reported and collected; performing applied research and essential long-term research; developing tools for risk management and monitoring... making the results of the Office available to financial regulatory agencies; and assisting such member agencies in determining the types and formats of data authorized by this Act to be collected by such member agencies.”⁷

The technology and software developed for monitoring the financial system, and the data it produces, would be shared with the Financial Stability Council and member agencies, including the Federal Reserve, the Treasury Secretary, and the Federal Deposit Insurance Corporation.

Conclusion

This is essentially the creation of a financial intelligence agency to monitor, and in extension, control all economic activity in the country without regards to an individual’s reasonable expectation of privacy. How this information is used — for good or ill — will depend almost entirely upon the discretion of the OFR and the agencies with access to the data and technology used to produce the data. As reported by the American Spectator, an executive at JP Morgan Chase had an ominous warning, saying, “That’s not the kind of information anyone would want to have being shared, particularly if the government could in some way be a competitor. And the way things are going with financial institutions, that’s increasingly a real possibility.”

³ pp. 73.

⁴ pp. 79-80.

⁵ pp. 73.

⁶ pp. 71.

⁷ pp. 68-69.