

A key House committee will vote Thursday on whether to include the nation's 20,000 auto dealers under a new, financial watchdog agency.

The House Financial Services Committee is debating the Consumer Financial Protection Act, which would revise the nation's financial regulatory system in light of the collapse of financial institutions last year and the \$700 billion Wall Street bailout.

**Rep. John Campbell, R-Calif.**, a former auto dealer, has drafted an amendment to exempt dealer transactions from the oversight of the new Consumer Financial Protection Agency. Instead, dealer lending would be regulated by the Federal Trade Commission and the Federal Reserve. A vote is expected midday on Thursday.

David Regan, vice president for legislative affairs for the National Auto Dealers Association, wrote to Rep. Barney Frank, D-Mass., chairman of the House Financial Services Committee, today urging the committee to back the amendment.

"Last year's credit meltdown, which is still severely hampering the retail auto market, was not caused by auto dealers," Regan wrote. "The carefully crafted consumer financial regulation of auto lending has protected consumer interests for decades while historically providing the most efficient and affordable auto credit market in the world."

Without the amendment, dealers will lobby against the bill when it comes up for a vote by the full House.

Earlier this week, a group of consumer groups urged the committee to regulate dealers.

"We strongly urge you to ensure that all activities of auto dealers related to the financing of cars are fully included under the jurisdiction of the (proposed) Consumer Financial Protection Agency," said the letter from about 30 groups, including the Consumer Federation of America, Consumers Union, National Council of La Raza and Public Citizen, released Monday.

"Consumers desperately need federal protection from ubiquitous predatory auto lending practices and multibillion-dollar auto sales frauds."

On Sept. 22, Frank's discussion draft exempted dealers from some new regulations -- if buyers got their own financing or paid cash. The Obama administration's proposal called for regulating all dealer transactions.

The consumer groups said they "agree that the sale of just a car, where car buyers pay cash or obtain their own financing, should not fall under the supervision of the agency."

But the NADA said Frank's exemption is too narrowly drawn -- and would still subject dealer financing to regulation. The dealers group notes that auto lending is already regulated by all 50 states, the Federal Reserve Board and Federal Trade Commission. It also takes issue with the consumer groups, saying auto-related complaints were just 1 percent of all FTC complaints last year.