

NEWS RELEASE

Luther Strange

Alabama Attorney General



FOR IMMEDIATE RELEASE

February 13, 2013

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AG STRANGE JOINS LAWSUIT CHALLENGING CONSTITUTIONALITY OF FEDERAL DODD-FRANK ACT

(MONTGOMERY) – Attorney General Luther Strange today announced that Alabama is joining a lawsuit challenging the constitutionality of Dodd-Frank, a sweeping financial overhaul designed to “fix” the financial crisis.

The lawsuit was filed in U.S. District Court for the District of Columbia in 2012 by a group of private plaintiffs, and it was later joined by the States of Oklahoma, South Carolina, and Michigan. In addition to the State of Alabama, the lawsuit is being joined today by Georgia, Kansas, Ohio, Nebraska, Montana, Texas and West Virginia. The state attorneys general are specifically challenging Title II of Dodd-Frank, which gives power to the Treasury Secretary to liquidate banks with only 24 hours’ notice and no notice to creditors or shareholders.

Attorney General Strange said that he decided to join the lawsuit to protect the assets of Alabama’s pension funds and other state interests. “Dodd-Frank violates important rights that we all have in the marketplace and will make it harder to protect the State’s investments when companies go bankrupt,” Strange said. “Dodd-Frank is Obamacare for the financial sector. It replaces the rule of law with the rule of politics and gives authority to unaccountable federal regulators to make decisions that will affect Alabama families and businesses,” Strange said.

In 2009, when the federal government replaced “Old Chrysler” with “New Chrysler,” one set of Chrysler’s creditors, Indiana’s state pension funds, were forced to take \$6 million in losses so that other creditors could be treated more favorably. Indiana challenged the reorganization in court, but the federal government closed “Old Chrysler” before the Supreme Court could hear the case. “Because of Dodd-Frank, each state now faces the same threat,” Strange explained, “What happened in Indiana could happen here, and Alabama taxpayers would bear the burden to make up for lost assets that were intended to cover retired state employees or to fund government services.”

The lawsuit’s original plaintiffs are the Competitive Enterprise Institute, the 60 Plus Association and a Texas community bank. The plaintiffs argue that Dodd-Frank violates the United States Constitution because it gives too much power to unelected executive officials, does not offer due process to regulated entities, and creates bankruptcy rules that are not uniform. More information about the case is available at <http://cei.org/doddfrank>.

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