

Statement of the Honorable Sue Kelly

Thank you Chairwoman Biggert for holding this important hearing. As one of the leaders of the Congressional Financial Literacy Caucus you are to be commended for your commitment to ensuring that every American understands their finances and has the resources to protect themselves and their families from unscrupulous lenders.

One group of Americans is especially hard hit by unscrupulous lenders, our military. Frequent changes of station and separations from family leave them vulnerable to scam artists offering easy solutions to financial problems. Young men and women are afraid to admit to their superiors and that they need help.

I chaired a hearing of the Oversight and Investigations Subcommittee on May 18, 2006 that looked into the financial services needs of our military, which included Elise Walther of NASD as a witness. GAO testified at that hearing that the Defense Department lacks metrics on the financial health of its personnel, and that strong barriers existed to making troops, especially junior enlisted, feel comfortable with the financial counseling services DOD could make available.

Subsequent to that hearing DOD issued a report urging a 36 percent interest rate cap on loans to military personnel. We in this committee have passed, and sent to the President, legislation that will crack down on insurance and securities scams against our fighting men and women. I am also pleased that this cap will be included in the 2007 Defense Authorization bill conference report, but it only goes so far. 36 percent interest rates are still far higher than most Americans pay on their credit cards, and troops are still allowed to go off base for loans without any specific counseling beyond a generic course they received at or shortly after basic training. I am developing legislation to help address these continuing problems, and I urge each of the witnesses to explain to the committee in particular what they are doing to help military personnel.