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It s a TARP! Fin-Reg Exempts SEC from Transparency Requirements

By Danfel Foster

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–No one will know until this is actually in place how it works.“ With each passing day, Senator Dodd s appraisal of the Democrats Fin-Reg bill get truer and truer.

Today s example? Turns out that Dodd-Frank exempts the Securities and Exchange Commission from the vast majority of Freedom of Information Act requests:

The law, signed last week by President Obama, exempts the SEC from disclosing records or information derived from surveillance, risk assessments, or other regulatory and oversight activities.“ Given that the SEC is a regulatory body, the provision covers almost every action by the agency, lawyers say. Congress and federal agencies can request information, but the public cannot.

That argument comes despite the President saying that one of the cornerstones of the sweeping new legislation was more transparent financial markets. Indeed, in touting the new law, Obama specifically said it would increase transparency in financial dealings.“

The SEC cited the new law Tuesday in a FOIA action brought by FOX Business Network. Steven Mintz, founding partner of law firm Mintz & Gold LLC in New York, lamented what he described as the backroom deal that was cut between Congress and the SEC to keep the SEC s failures secret. The only losers here are the American public.“

If the SEC s interpretation stands, Mintz, who represents FOX Business Network, predicted the next time there is a Bernie Madoff failure the American public will not be able to obtain the SEC documents that describe the failure,“ referring to the shamed broker whose Ponzi scheme cost investors billions.

*Here we debut our new –It s a TARP“ logo. Stephen Spruiell and I had an intense meeting this morning to establish parameters for when to employ it. Should it be used only for items strictly related to the fallout of the now wound-down TARP? Should it cover successor bailouts? Or should it be applied to the whole panorama of the politicization of the finance? After much debate, we ve decided to apply it as broadly as possible because it is that awesome.

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