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CONSUMER FEDERATION OF AMERICA

SEC Issues Weakened Corporate Reform Rules

Operating under the tight deadlines imposed by last year's corporate reform legislation, the Securities and Exchange Commission (SEC) wrapped up its key implementation responsibilities in January, adopting a variety of audit reform rules.

The results for investors were mixed.

"While this is not the disaster that we witnessed earlier, when accounting firms appeared to have been given veto authority over appointments to the new accounting oversight board, it is also not the bold, pro-reform statement needed to restore investor confidence," said CFA Director of Investor Protection Barbara Roper.

Because enhancing auditor independence is essential to achieving real reform, CFA had urged the commission to strengthen the modest independence reforms mandated by Congress, in particular by codifying the principles for determining auditor independence that served as the basis for the legislation's list of prohibited services.

This would have had the effect both of making those principles directly enforceable and of ensuring that services that create identical conflicts are not permitted or approved by audit committees.

Pre-approval Requirement Undermined

CFA also called on the Commission to remove the provision of the rule that allows audit committees to "pre-approve" non-audit services through policies and procedures.

"The legislation, the report language, and the legislative history all make clear that Congress intended audit committees to individually review and expressly approve all non-audit services," Roper said.

"The accounting firms sought repeatedly to weaken this language, but Congress rejected those appeals," she added. "It is incomprehensible that the SEC would undermine this key reform."

In its comments, CFA also urged the SEC to:

- limit the scope of permitted tax services;
- eliminate language in several of the definitions of prohibited services that require subjective judgements about what is "reasonably likely" to be subject to audit procedures;
- lengthen the cooling off period before a member of the audit team could be employed in a key financial reporting position at an audit client without triggering a change of auditors; and
- restore clear distinctions in mandatory fee disclosures between audit and non-audit services.

Investor Concerns Ignored

None of these strengthening amendments was adopted. Instead, the commission:

- removed language objected to by the accounting firms that suggested audit committees should consider auditor independence principles when deciding whether to hire their auditor to perform tax-consulting services;
- "reaffirmed" its view that tax consulting does not create a conflict for auditors; and
- after tinkering with the wording, added the objectionable language on likelihood a service will be subject to audit procedures to two more of the definitions of prohibited services.

The Commission made similar concessions to the accountants in its record retention rules. In that instance, the issue involved the extent of documentation auditors will be required to provide with respect to the work they perform on the audit.

The proposed rule would have required auditors to document when they had evidence that cast doubt on their final report. Strongly objected to by the accounting firms, that provision was removed from the final rule.

"As a result, at this important stage in the corporate reform bill's implementation, investors are left with the same disturbing impression created by the bungled appointment of the accounting oversight board — that, despite their badly tarnished reputation, the accounting firms continue to exercise enormous influence over commission decisions and use that power to undermine investor protections," Roper said.

Donaldson Urged To Reopen Issue

Shortly after the rules were finalized, Sprint fired its two top executives (rather than dismiss its auditor) because of conflicts resulting from the auditor's highly lucrative sale of controversial tax shelters to those executives.

Then, the Joint Committee on Taxation released the report of its investigation into the collapse of Enron, which showed the substantial role that promoters of and advisers on tax strategies played in the downfall of that company.

In response to those developments, CFA, U.S. PIRG, Consumer Action, Consumers Union, and Common Cause wrote to newly installed SEC Chairman William Donaldson urging him to reopen the issue of prohibited non-audit services.

Specifically, the groups called on the commission:

- to prohibit auditors from acting as advocates for audit clients regarding tax matters, including consulting with clients regarding tax shelters, and from providing tax advisory services to audit clients' executives; and
- to codify the principles for determining auditor independence in the rule language in order to avoid similar problems in the future.

"Chairman Donaldson has said he is committed to restoring the market integrity on which investor confidence depends," Roper said. "Taking up this issue, and appointing a strong, pro-reform chairman to the auditor oversight board, would send a powerful signal that he is serious."

On the **Web**
http://www.consumerfed.org/auditreformeval.pdf

Consumers Win One, Lose One at FCC

In a move strongly favored by CFA and other consumer advocates, the Federal Communications Commission (FCC) voted 3-2 in February to protect local telephone competition by preserving the requirement that regional Bell companies lease their networks to competitors at discount rates.

By the same margin, however, the commission ruled that the Bells do not have to share new high-speed communications networks that they build.

"The Commission gave us competition for the 20th Century service and monopoly for the 21st Century service," said CFA Research Director Mark Cooper.

The leasing requirement was included in the Telecommunications Act of 1996 in recognition of the fact that local competition was unlikely to emerge if competitors were forced to duplicate, using private capital, the networks that the Bell companies had built with revenues from monopoly ratepayers.

Long distance companies, such as AT&T and WorldCom, have used the provision to enter the local phone market, driving down rates in a number of areas.

Despite that progress, local competition remains in its infancy, a fact that is reflected in the new FCC rule.

The rule leaves it to the states to decide challenges to the leasing rules based on a determination of whether the rules continue to be necessary in specific markets. Where states determine that the rules are no longer needed, competitors would be given three years to make the transition to using their own equipment.

FCC Chairman Michael Powell voted in opposition to the rule. He favored a plan to remove the leasing requirements immediately in all but the most sparsely populated rural areas.

"Chairman Powell wants to force a competitive sector already weakened by Baby Bell foot dragging to build their own networks," Cooper said. "His forced march to facilities-based competition is a death march to monopoly for consumers."

Broadband Decision Undermines Competition

Although the decision on network leasing should help to protect competition, the decision to lift broadband restrictions will mean higher prices and fewer choices for high-speed Internet access, Cooper said.

The debate is far from over. The Bell companies, which lobbied hard in favor of Chairman Powell's plan, have already announced their intention to challenge the new local leasing rules in court.

They have been successful in challenging previous agency attempts to revise the rules.

They are also expected to take their case to Congress, where at least one influential member, House Commerce Committee Chairman W. J. "Billy" Tauzin (R-LA), has expressed his opposition to the FCC action.

Meanwhile, the willingness of Kevin Martin to split with the Chairman on such a high profile issue and vote with the panel's two Democrats has raised questions about the position he is likely to take on other issues pending before the commission.

Fate of Media Ownership Rules Questioned

Among the most important of these are media ownership rules, which are due to come up in the near future.

The FCC is actively considering proposals to allow broadcasters to own newspapers and radio stations in markets where they also own television stations and to eliminate or relax the limit on how many subscribers a single cable operator can serve or a television station can reach.

CFA has consistently opposed these proposals on the grounds that they "would

(Continued on Page 4)

New Federalists Undercut State Powers

Despite their professed belief in returning power to the states, the administration and Republican leaders in Congress have systematically undercut state efforts to enforce the law and protect consumers, New York Attorney General Eliot Spitzer said in a keynote address at Consumer Assembly '03.

Although not himself a believer in the new federalist philosophy, which seeks to limit federal power, Spitzer said that when he took office he decided that "power is a zero sum game, and if they're giving it away, I'll be happy to accept it."

"We began to pursue an agenda that in our view defined the public interest," he said.

His office did that, he said, by enforcing labor laws, going after predatory lending, Midwest power companies in violation of Clean Air Act, and credit card companies that were facilitating online gambling, supporting Michigan in its affirmative action case, and exposing abuses among Wall Street analysts.

"In every one of those contexts we are now battling the administration," Spitzer said. "They are out to shackle the hands of those of us who are out there fighting for consumers, equity, and enforcement."

The Office of the Comptroller of the Currency, for example, has advised credit card companies and banks not to respond to state inquiries. The Environmental Protection Agency has undercut long-standing interpretations of the Clean Air Act relied on by the states. And states have faced preemption threats in Congress aimed at their enforcement authority.

The only conclusion, Spitzer said, is that, despite what they say, "they don't really believe in federalism. What they believe in is a corporate world view that supports the status quo and that opposes enforcement."

Campaign Reform Remains Pressing Need

One reason that is true is the influence that money continues to have in politics, Center for Public Integrity Executive Director Charles Lewis said in a keynote address.

Because of the passage of the McCain-Feingold campaign finance reform law, "there is a misimpression by many Americans that we have now cleaned up politics," he said. "The bitter irony is that today things honestly are probably as bad as they have ever been."

The McCain-Feingold law is being challenged in court, and the Federal Election Commission, with a long history of weak enforcement, proposed rules to implement the law that "eviscerate" it, he said.

Even if it were fully and forcefully implemented, McCain-Feingold "doesn't really deal ... with the back door of American politics — money that comes in through the states," he added.

Finally, the media gives inadequate attention to the influence of money on politics and the issues that affect people's lives, he said. As a result, there is "less scrutiny and less accountability than ever, and that's a really bad combination in my mind," Lewis said.

The one positive sign, he said, is that "sometimes a little sunshine gets through. There are people out there who are starting to notice some of these things, and they are starting to get angry. That gives me some hope."

Growing Distrust of Business Noted

Pollster Nancy Belden of Belden, Russonello and Stewart picked up that theme in comments during a session on consumer priorities and concerns.

Although it is taken "as an article of faith" that consumer preferences drive markets and voter concerns drive politics, in reality "public policy is shaped by political interests and large voting blocks and by influential blocks that don't reflect the views of all or what might be best for all," she said.


New York Attorney General Eliot Spitzer

Not surprisingly in light of recent corporate scandals, research conducted by Consumers Union (CU) indicates a growing distrust of corporations and business interests, according to CU Executive Vice President Joel Gurin. That is accompanied by a growing willingness to "see a strong government role," he said.


Center for Public Integrity Executive Director Charles Lewis

On the other hand, "while consumers care about a lot of the same issues that consumer organizations do, they may not see them in the same ways," he said. "What consumers really want is pragmatic, effective help."

One area where consumers continue to need help is in improving their financial knowledge, said AARP's Director of Consumer Protection Bridget Small.

While scores on basic knowledge tests have improved in recent years, research conducted by AARP with consumers 45 and older continues to uncover disturbing gaps in their financial knowledge. Even where their knowledge is good, their behavior often doesn't follow, she said.

Benefits of Deregulation Debated

The growing tendency to look to government for solutions is misguided, argued Peter Van Doren, Editor of *Regulation Magazine* for the Cato Institute.

The theory relied on by consumer advocates that government intervention is needed and "sufficient" to fix market failures "is not consistent with the evidence," he said.

Instead, research indicates that government intervention in the form of regulation "tends to aid incumbent firms against competition" and to redistribute resources from disenfranchised firms to favored firms with no significant benefit for consumers, he said.

CU President James Guest countered that, in a number of key areas, deregulation's promise of lower prices and better services "turned out to be a myth."

"What we're saying is, it's time to step back and look at what happened under deregulation and have a mid-course correction," he said.

The problem is that "there's never enough competition to achieve" the perfect market on which deregulation advocates base their theories, said CFA Research Director Mark Cooper. "His imperfect market is just as ugly as our imperfect regulation," he said.

In general, however, consumer advocates need to stop complaining out deregulation, Cooper said, and start explaining the benefits of public interest regulation based on a reaffirmation of our public values.

CPSC Chair Supports Risk-based Approach

Consumer Product Safety Commission (CPSC) Chairman Harold D. Stratton, Jr. discussed his plans to change the way the agency operates in a keynote speech at Consumer Assembly '03.

Given the agency s limited resources, Stratton said a primary goal of his is to adopt a more "risk-based" approach to setting the agency's agenda.

"We don't see any systemized way that anybody is looking at how we allocate resources around the agency," he said. "We think there should be a system to do that ... so we can get more bang for the buck."

As part of that, he indicated that petitions are likely to play a less important role in setting the agency agenda.

"To do our job, we don't need any petitions. That doesn't mean you can't do it or shouldn't do it," he said. But he added that "our commission will be driven more by what we need to be doing, not by what people are filing petitions about."

Stratton outlined other operational priorities, including: bringing more of a "due process" approach to the commission's hearing process; making decisions based on "good science;" improving recall effectiveness; working toward international harmonization of standards; doing more to educate consumers, particularly underserved populations; and working with customs to do a better job of keeping illegal products from entering the country.

"Our mission is to eliminate as many consumer products as cause an unreasonable risk," he said.

Media Panel Criticizes Regulatory Coverage

Regulatory agencies make decisions that have enormous effects on the safety and well-being of consumers, but the media generally does not do a very good job of informing the public about that process, according to several panelists in a general session discussion of the issue.

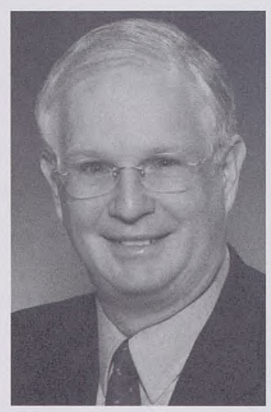
"Most of the business of government happens at the regulatory agencies," said Trudy Lieberman, Contributing Editor to *Columbia Journalism Review* and Health Policy Editor of *Consumer Reports*.

But "most consumers don't know beans about what happens at the regulatory agencies that is going to affect their health and well-being," she added, "and the media is not doing a very good job of telling them ... The agencies today are clearly not being covered in any systematic way."

Former *Washington Post* reporter and author Morton Mintz said part of the problem lies with Congress, which today fails to provide the kind of aggressive oversight of federal agencies that it has at times in the past.

"Under our system, Congress is supposed to oversee the federal agencies," he said. "What we have now is members of Congress heavily financed by the pharmaceutical industry whose only question of FDA is, 'why aren't you getting out new drugs faster.'"

On the other hand, "the record of noncoverage of what Congress was doing when it was doing its job is almost staggering," he said.


CPSC Chairman Harold Stratton, Jr.

Former *New York Times* reporter and author Martin Tolchin attributed lack of aggressive coverage of key regulatory issues in part to a changed public mentality.

"We see today a real resurgence of the law of the jungle," he said, "and that puts business interests first in so many areas."

Another factor is the high cost of in-depth, investigative reporting, he said. "Publishers have become much more focused on the bottom line."

Future May Bring Improvement

"But I think things do ebb and flow," Tolchin added. "I think history has taught us that the pendulum swings both ways."

James Asher, Investigative Team Editor for Knight Ridder Newspapers, said his unit is designed to provide exactly the kind of in-depth reporting that the other panelists advocate.

As such, the team "will be looking just as critically at the regulatory apparatus as it does at the legislative apparatus as it does at other institutions of our society," he said.

"I come to the table as the bearer of good news," he concluded. "Journalism has not lost its way."

Congressional Leaders Outline Priorities

Two senators and three members of the House of Representatives outlined a varied congressional consumer agenda in keynote speeches at Consumer Assembly '03.

Newly installed House Minority Leader Nancy Pelosi (D-CA) took as her theme protecting "the safety and soundness of the American people."

That means ensuring that homeland security is adequately funded and that the Constitution is not trampled on in the name of security, she said, but it "also applies to the economy."

In that sense, it means creating jobs, improving food safety, providing consumer credit protections, preventing corporate scandals, providing a meaningful prescription drug benefit through Medicare, and ensuring that efforts to provide "flexibility" to states in the administration of Medicaid do not come at the expense of guaranteed coverage for "the most needy citizens," she said.

"While Democrats fight to protect consumers, Republicans put forth the interests of industry at the expense of consumers," Rep. Pelosi said.

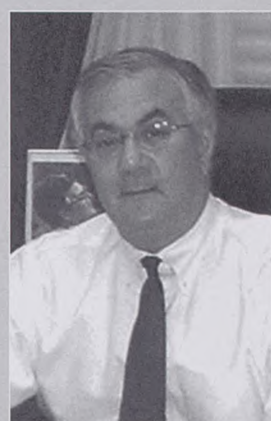
She cited as examples inadequate funding for food safety, "harsh and punitive" bankruptcy legislation, "unfair" medical malpractice legislation, and energy policy that gives scant attention to conservation or the abuses that caused the California energy crisis.

"We have a real battle of values and priorities," she said.

House Minority Leader Nancy Pelosi

Senate Judiciary Chairman Orrin Hatch

Sen. Hillary Rodham Clinton



Rep. Barney Frank

Rep. Harold Ford, Jr.

Sen. Hatch Calls for Bipartisan Cooperation

Senate Judiciary Committee Chairman Orrin Hatch (R-UT) provided a very different perspective, focused on the need for bipartisan cooperation to achieve pro-consumer policies.

"There are some good points on the conservative side. There are some good points on the liberal side. And if we can mesh them together, we can do things that improve the lives of consumers," he said.

Among the issues on his agenda are elder abuse, improved child care, and increased funding for the Food and Drug Administration, he said. Also, as co-author of the Hatch-Waxman Act, Sen. Hatch has a particular interest in efforts to address pharmaceutical industry practices that impede generic competition.

While acknowledging the need for reform, Sen. Hatch expressed strong opposition to the approach taken in legislation by Sen. John McCain (R-AZ) and Sen. Charles Schumer (D-NY).

That legislation would "upset the delicate balance" established in the Hatch-Waxman Act between brand name pharmaceutical companies and their generic competitors, he said.

Instead, legislation should limit to one the number of stays drug companies can impose on generic competitors seeking approval of their products, he said, and use antitrust laws to prevent anti-competitive mergers and clandestine agreements designed to keep generic alternatives off the market.

Sen. Hatch also presented a very different view of the bankruptcy bill than that of most other conference speakers. The bill is needed, he said, "to encourage people to live within their means and ... repay their debts."

"Our current bankruptcy system is broken," he said. "It allows the wealthy to abuse the system at the expense of everyone else."

Sen. Hatch indicated that he will attempt to bring last year's bill — without the abortion clinic violence provision that prevented its passage in the House — directly to the Senate floor. Acknowledging consumer advocates' opposition to such a move, he added, "Hopefully we can improve the bankruptcy bill and get you to feel better about it."

Sen. Clinton Makes Safe Food A Priority

Sen. Hillary Rodham Clinton (D-NY) focused on the need to improve food safety in her keynote address.

Instead of stepping up food safety efforts to meet new terrorism threats, however, the current administration is undermining progress made in recent years, she said.

Sen. Clinton was particularly critical of the Bush administration's proposal to rely on user fees to fund food safety inspections, its failure to push for USDA authority to close meat processing plants that fail inspections, and its failure to move forward with Listeria regulations.

"Although this administration has talked about making progress in certain areas, when you look at where they are actually willing to spend money, that progress is an illusion," she said. "Inspections paid for by the companies being inspected would not improve food safety."

Sen. Clinton pledged to continue to push for increased funding and authority for food safety agencies, including regulatory authority "to shut down dirty meat plants," for consolidation of food safety functions in a single agency, for new regulations to address Listeria threats, and for added protections against threats associated with imported foods.

"This is a fight we can and should wage," she said. "This is a fight we can and should win. We have to put it back on the front burner where it belongs."

Rep. Frank Criticizes States' Rights Hypocrisy

The Republican agenda on such key financial issues as predatory lending makes clear that party's "hypocrisy" on the issue of states' rights, said Ranking Member of the House Financial Services Committee Barney Frank (D-MA) in his keynote address.

Despite all their professed support for states' rights, congressional Republicans are prepared to preempt strong state predatory lending laws. They do so even though "a loan is inherently local," and the case for state control in this area is exceptionally strong, he said.

Privacy will also be raised in the preemption context, through reauthorization of the Fair Credit Reporting Act (FCRA) preemption provisions, he said. However, in the area of privacy, it is more difficult to make the case for state control, Rep. Frank said.

He urged privacy advocates to focus their message. We call too many things privacy issues, he said. For example, too much junk mail is a nuisance, he said, but it is "not an invasion of privacy."

On the other hand, the issues on health information and identity theft are much stronger, he said. "I think we need to go at privacy strong, but I think we have to differentiate," he said.

If the FCRA legislation does not include strong federal provisions on medical information and identity theft, it will be "easier to oppose preemption," he said.

"Now, the question is whether we will be able to get the other side to pay attention," he said.

Rep. Ford Focuses On Financial Issues

Financial Services Committee member Rep. Harold E. Ford, Jr. (D-TN) also discussed consumer issues related to credit scores, bankruptcy, and predatory lending in his keynote address.

"One of the great travesties that big business pulls on consumers is this credit score thing," said Rep. Ford, who is author of legislation that would make it easier for consumers to find out their credit score and correct errors.

Although his bill has "met strong resistance ... we're now at a point where progress is being made," he said.

Rep. Ford also predicted progress on the issue of predatory lending, calling legislation introduced by Rep. Bob Ney (R-OH) and strongly opposed by consumer groups "a start."

"I don't think it will be the end point. I don't think his bill is strong enough," Rep. Ford said.

In discussing bankruptcy legislation, which he has supported in the past, Rep. Ford acknowledged that the legislation could be more balanced.

"Credit card companies ... say people should be more responsible. At some point, the credit card companies have to be responsible as well," he said. "There might be some other things we might be able to add or take out."

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CFA Files Comments, Releases Reports

The following is a wrap-up of comments filed and reports recently released by CFA.

Evaluating Variable Life Insurance

Variable Life Insurance is extremely difficult to understand and comparison shop, but it can provide good value if intelligently purchased, held, and managed, according to a report released by CFA in February.

Variable universal life — the most popular type of cash value life insurance sold in recent years — combines features of term insurance and a mutual fund.

"Many consumers who several years ago replaced whole life policies by transferring policy values to variable life policies have lost billions of dollars" as stock prices plummeted, said CFA Life Insurance Actuary and report author James H. Hunt.

"On the other hand, those who are now replacing variable life with universal life policies could also lose billions of dollars if stock prices increase in the future," he said.

In addition to the insurance protection, the main attraction of variable life is as a tax shelter. Under current law, the policies' investment earnings do not represent taxable income. If the policy is held to death, no income taxes are ever assessed.

On the other hand, an array of charges can more than offset tax benefits. As a result, "those seeking tax sheltered investments should look first to 401(k)s or even to Roth IRAs," Hunt said.

The report offers detailed advice both to those considering purchasing a variable life policy and to those who have bought such a policy in recent years.

In addition, CFA offers personalized advice, including evaluation of new or existing variable life or other cash value policies, through a Rate of Return Service provided by Hunt. The cost of this analysis ranges from $55 to $75 per policy.

Consumers can learn more about the service by calling CFA at 202-387-6121 or by consulting the service website at www.evaluatelifeinsurance.org.

Halt of Abusive Overdraft Charges Urged

CFA, along with other leading consumer organizations, filed comments with the Federal Reserve Board in January calling on that agency to act quickly to stop banks from targeting low- and moderate-income consumers with extremely expensive, deceptively advertised "bounce protection" on checking accounts.

Under these plans, banks advertise that they will cover overdrafts up to a set dollar limit. However, the banks then charge the usual bounced check fee, ranging from about $20 to $35, for each transaction that overdraws the account. Some also charge a per-day fee of $2 to $5 until the account has a positive balance.

As a result, a $100 advance for 30 days would typically carry at least a 243 percent annual percentage rate (APR). APRs of over 1000 percent have been charged.

"Banks are encouraging consumers to overdraw their accounts, then charging penalty fees when they do," said CFA Consumer Protection Director Jean Ann Fox. "Bounce protection is payday lending without the middleman."

The consumer groups called on the Federal Reserve to: require Truth in Lending credit disclosures for bounce protection; prohibit banks from encouraging customers to write checks without making a firm commitment to pay the overdraft; prohibit banks from imposing bounce protection plans on consumers without their consent; require banks to inform consumers about more reasonably priced alternatives; and prohibit banks from seizing Social Security, SSI, and veterans' benefits to repay bounce protection loans.

Quick Tax Loans Cost Almost $2 Billion

Consumers are paying nearly $2 billion just to get their tax refunds a little sooner, according to a report released in January by CFA and the National Consumer Law Center (NCLC).

Instant tax refund loans — marketed by commercial tax preparers and their partner banks — typically cost between $35.95 and $89.95 in loan fees and about $40 in electronic filing fees for loans that last about ten days, according to the report.

That translates to an APR of 222.5 percent for the average refund of $1,980. The report found APRs ranging from 97.4 percent to over 2000 percent.

"Quick tax loans cost consumers about $907 million last year, up almost $100 million from the year before," Fox said. "When you add in the $484 million in electronic filing fees and $400 million in other charges, consumers are paying almost $2 billion just to get their own money faster than the IRS sends it."

The report also examines the effect of these loans on low-income workers who receive Earned Income Tax Credits, promotion of new high-cost products targeted at taxpayers who do not have bank accounts, and costs imposed by check cashers to cash refund and refund anticipation loan checks.

In a separate release, CFA and NCLC criticized the IRS's new Free File program for allowing participating commercial tax preparers to target those who use the program with refund anticipation loans.

"Free File could be used as a loss leader for commercial tax preparers," Fox said. "Although the program's rules prohibit tying the free offer to purchases of expensive extras, there is nothing in the agreement to stop companies from heavily marketing refund anticipation loans."

CPSC Data Support CFA's ATV Petition

The Consumer Product Safety Commission (CPSC) released a report in February on all-terrain vehicles (ATVs) that lends strong support to a petition filed last year by CFA and eight other medical, consumer and conservation groups.

That petition called on the agency to prohibit the sale of adult-size, four-wheel ATVs for use by children under 16.

The report, which assesses trends between 1997 and 2001, found, for example: that the number of injuries has more than doubled during that time period; that the number injuries caused by bigger, faster ATVs has grown more than twice as much as the growth in the number of such ATVs; and that children under 16 continue to suffer significantly more injuries than older riders.

"CPSC's own data provides even more evidence of the need for the agency to act to prevent the increasing number of injuries from all-terrain vehicles," said CFA Assistant General Counsel Rachel Weintraub.

CPSC's public comment period on the petition ended in mid-March.

On the Web

http://www.consumerfed.org/012803bounce.html
http://www.consumerfed.org/022403ror.html
http://www.consumerfed.org/quicktaxloans.pdf
http://www.consumerfed.org/2003_RAL_report.pdf
http://www.consumerfed.org/020503atvbleak.html

FCC Vote

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allow the large media conglomerates to increase their ownership and control of newspapers, broadcast TV, and cable franchises," Cooper said.

"The entire structure of mass media in America is on the table, and, if the FCC rules are approved, two or three companies could end up owning it all," he added.

Despite his vote on local leasing rules, Commissioner Martin's support for consumers cannot be taken for granted. He has reportedly indicated his support for eliminating the rule that prevents a company from owning both a television station and a newspaper in the same market.

However, he has not made public his views on market caps for television and cable operators.

As a result, some have held out the possibility that the deregulatory juggernaut launched by Chairman Powell can be slowed if not stopped.

Cooper expressed caution over that view.

"The members of the commission are frequently in different places on different issues," he said, "but the chairman rarely loses a vote. So, there will have to be strong convictions or differences of opinion to repeat the split that emerged over network leasing."

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