

FINANCIAL MARKETS AND COMMUNITY INVESTMENT

Our team supports Congress in two areas critical to the nation's economic and social well-being. First, we help ensure that U.S. financial markets function smoothly and effectively and work to identify ways to stem fraud and abuse that can endanger the financial security of businesses, households, and individuals. We help Congress respond to crises that threaten financial markets—for example, trading abuses at mutual funds. Our work also explores needed changes in financial market regulation in an increasingly global environment. Second, we help promote sound, sustainable community investment by assessing the effectiveness of federal initiatives aimed at small businesses, state and local governments, and community-based organizations. We provide performance evaluations that Congress uses in targeting funds to improve the supply of low- and moderate-income housing, encourage home ownership, and expand economic opportunities for small businesses and disadvantaged communities.

Our Work

We help Congress improve the effectiveness of regulatory oversight in financial and housing markets and the management of community development programs. We focus on determining whether regulators such as the Securities and Exchange Commission and other agencies are achieving sustainable outcomes that serve market participants, benefit recipients, and the federal government (whether as regulator, sponsor, guarantor, or grantor). Additional work with agencies such as the Federal Reserve, Small Business Administration (SBA), and Housing and Urban Development (HUD) examines the effectiveness of specific programs and administrative functions. A key theme of our work is balancing safety and soundness with the need to make capital available to individuals, businesses, and communities.

To help ensure financial stability and promote viable communities, we

- assess the ability of the financial services industry and its regulators to maintain a stable, well-functioning financial system by analyzing issues such as growing market competition, policies ensuring access to financial services, and regulators' ability to respond to innovations in financial products and technology;
- assess federal assistance in areas such as economic development and housing access and the impact of this assistance on households and communities; and
- evaluate the effectiveness of federal initiatives to assist small and minority-owned businesses by assessing SBA and other agencies.

KEY CONTACTS

MANAGING DIRECTOR

Thomas J. McCool

DIRECTORS

Richard J. Hillman
Yvonne D. Jones
William B. Shear
Orice M. Williams
David G. Wood

PHONE

(202) 512-8678

MAILING ADDRESS

U.S. Government
Accountability Office
*Financial Markets and
Community Investment*
Room 2440B
441 G Street, N.W.
Washington, D.C. 20548

Accomplishments and Key Projects

Our recent accomplishments include

- providing information to Congress that led to the recapture of \$3.49 billion in unexpended balances from HUD;
- identifying ways to detect, mitigate, and eliminate the ability of terrorist groups and others to launder money through the U.S. financial system;
- identifying actions that financial regulators can take to help financial markets protect themselves from terrorist attacks and develop the necessary capabilities to recover from catastrophic events;
- proposing a framework for strengthening government-sponsored enterprises by improving their corporate governance, risk management practices, safety and soundness, and mission oversight;
- making recommendations to improve transparency and disclosure practices related to the transaction costs of mutual funds and promote competition among these funds;
- improving the oversight and safety and soundness of the Federal Home Loan Bank System, Farmer Mac, and the National Credit Union System; and
- helping Congress assess consumers' understanding of credit reporting and scoring in order to better target financial literacy initiatives.

Our current work includes

- examining actions regulators have taken to curb abusive mutual fund practices,
- reviewing financial regulators' oversight of the USA Patriot Act and of anti-money laundering compliance and enforcement programs,
- analyzing the cost implications of the Sarbanes-Oxley Act's requirements for small public companies,
- assessing the potential implications of Ginnie Mae's declining market share,
- assessing the impact of the shift from fractions to decimal pricing in the stock and options markets on individual and institutional investors and market intermediaries,
- evaluating the adequacy of HUD's fair housing enforcement efforts, and
- identifying measures to assess the effectiveness of federal economic development assistance to empowerment zones and enterprise communities.