



Americans for Financial Reform
1629 K St NW, 10th Floor, Washington, DC, 20006
202.466.1885

February 27, 2015

Dear Representative/Senator,

On behalf of Americans for Financial Reform and the undersigned national, state and local organizations, we are writing to urge your strong opposition to any efforts to dismantle, weaken, or change the structure of the Consumer Financial Protection Bureau (“CFPB” or the “Bureau”) in this Congress. The CFPB was established by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010; it opened its doors as the nation’s only financial regulator completely devoted to consumer protection in July 2011, and its first Director, Richard Cordray, was confirmed in July 2013.

Since then, the CFPB has been protecting consumers by ensuring that markets work in an open, transparent, and fair way. The Bureau’s mission is to hold financial companies accountable for being upfront about the costs of, and risks associated with, their products, and also to ensure that consumers are treated with dignity and respect, rather than set up to fail. The Bureau has successfully gone to bat for consumers, delivering results that are making markets work more fairly and putting a stop to fraud and abuse. The CFPB has recovered billions of dollars in restitution for consumers, from Servicemembers to credit card holders. The Bureau has done this through their investigation of various companies for potential violations of consumer financial laws. In total, CFPB enforcements have resulted in over \$4.6 billion returned to over 12 million people who have been harmed by illegal, deceptive, and discriminatory practices of various companies.

The rollback proposals that have been debated in the past—and which we expect will be raised again in the new Congress—will not protect the public or increase agency accountability. Instead, these proposals would hamper the agency and interfere with its ability to fulfill its mission. The arguments to support them are part of a pattern of mischaracterizing the CFPB’s organization and processes. Unfortunately, opponents of consumer protection—including portions of the financial services industry that opposed the creation of the Bureau—have opposed its consumer protection efforts at every step, and possess a narrow self-interest in preventing effective consumer regulation. We strongly urge members of Congress to refrain from placing those narrow industry interests above the vital public interest in regulation of the consumer finance market place. And we urge you to be appropriately skeptical of arguments about what is in the public interest that are put forward by regulated industries, but opposed by

the broad array of organizations representing tens of millions of people from diverse constituencies that are the signatories of this letter.

Some expected proposals, such as those that would subject the CFPB to appropriations, making it the only bank regulator without independent funding, or that would replace its director with a five-member commission, are simply designed to destroy the agency. Others pursue a strategy of a ‘death by a thousand cuts.’ Below we discuss some of our major concerns about a number of the threats to the CFPB that were proposed last Congress. This is only a partial list, however, and we urge your strong opposition to all proposals to weaken or undermine the CFPB.

The CFPB’s leadership structure is critical to its accountability to the public and consumers:

We expect some members of Congress to again raise the issue of a single, accountable director versus a weak commission structure for the CFPB—a question that has already been asked and answered. In Dodd-Frank, Congress determined that a single-director structure, similar to the larger and more powerful OCC, was critical to carrying out the CFPB’s mandate to protect consumers. The Senate further ratified that decision when a majority confirmed Director Cordray as director, rather than changing the leadership structure of the CFPB.

It is notable that those who supported the creation of the Bureau overwhelmingly agree that a single director makes sense, whereas those who argue for a multi-person board mostly opposed the creation of a consumer protection agency in the first place. While there are financial regulators that are led by five-member boards, there is no evidence that this structure is more effective or increases accountability. In fact, five-member boards tend to increase gridlock, even with the presence of a strong chairman. We have seen several agencies with commissions effectively hobbled for extended periods by opponents blocking confirmation of the commissioners. Recent examples include the National Labor Relations Board and the Federal Election Commission. Having a strong director at the helm of the agency is vital in ensuring that the CFPB can effectively implement critical reforms to protect consumers, lower the risks of incurring another financial and housing crisis, and level the playing field between banks and non-banks. Revisiting this issue is a recipe for disaster—potentially delaying rule-making and enforcement actions in progress and threatening both the certainty and continuity that makes sense for the public and for the regulated industries.

The CFPB’s independent funding insulates it from partisan attacks:

It would also be a serious mistake for Congress to undo the CFPB’s current independent funding. Like the other bank regulatory agencies, the CFPB is currently funded in a way that insulates it from the pressures that Wall Street and other financial sectors—including payday and other high-cost lenders, as well as debt collectors and credit bureaus—can too easily manipulate. Changing this would leave the CFPB more vulnerable than the Federal Reserve, the OCC, and the FDIC to industry influence, once again treating consumer financial protection as a less important matter.

It would give Wall Street and the worst elements of the financial services industry endless lobbying opportunities to deny the CFPB the funding to do its job if and when the regulator took action that a sector of the industry did not like.

The CFPB is accountable to Congress and, uniquely, its rules can already be overturned by other regulators:

The CFPB Director is appointed by the President, subject to Senate confirmation, can be removed for cause, and is required by statute to testify before Congress twice a year, a requirement that only the Federal Reserve Board shares amongst financial regulatory agencies. The CFPB itself is also subject to an annual GAO audit. In practice, senior CFPB officials have testified before Congress at least 52 times since the creation of the bureau—more than the staff of any other bank regulator. Congress can also vote to make new laws or to change existing ones if a majority believes specific CFPB actions are wrong.

The CFPB is already the only regulator (financial, environmental, consumer, etc.) whose rules can be overturned by other regulators. The veto standard is, however, quite high, as it should be. Harmful proposals in previous Congresses would have allowed CFPB regulations to be overturned by a simple majority vote of the Financial Stability Oversight Council, an inappropriately low standard that would return to the days when consumer protection was a lower priority than other kinds of bank regulation—with disastrous results. Other proposals have also attempted to lower the threshold for bringing a rule challenge and permitted virtually any individual financial institution to petition to overturn a rule it does not like, putting another strong thumb on the same side of a scale already outweighed by industry interests. These changes would undermine the public process of engagement in rulemaking through the notice and comment process by adding another step not subject to these requirements, and inappropriately further subordinate consumer protection to other regulatory approaches.

Curtailing the CFPB's oversight of major financial providers would put consumers at risk:

Last year, an ill-advised proposal was introduced in the Senate to raise the threshold for the CFPB's supervisory (examination) authority over large banks from \$10 billion to \$50 billion. Passage of such a measure would leave the CFPB directly supervising only 38 banks, exempting two-thirds of the nation's largest institutions it currently supervises (currently 112), and 99% of all banks. Supervision is a key regulatory tool, and limiting it in this way would dramatically weaken the CFPB's ability to protect consumers from abusive practices. More than 98% of all banks and credit unions have fewer than \$10 billion in assets; banks with between \$10 and \$50 billion in assets are not small, and they are not community banks. Over 99.5% of community banks, as defined by the FDIC, have less than \$5 billion in assets. Additionally, the supervision of mid-size banks gives the CFPB more sensitivity in its rulemaking and other activities to issues related to a larger range of banks.

Oppose other efforts to weaken the CFPB:

Last year, the House Financial Services Committee considered a variety of other proposals to weaken the CFPB or impose bureaucratic handcuffs on its efforts to protect the public. These included, among others, proposals to eliminate tools routinely available to other agencies, including general authority to issue guidance, to maintain the integrity of its research advisory boards, and to restrict its ability to collect data on the industries it regulates. Other proposals would seek to disrupt the strong CFPB small business oversight provisions, unique among financial regulators. Yet another would mandate that the Bureau provide statutory advisory opinions to any covered person or business on request, an unprecedented and impractical procedural requirement—one that to our knowledge is not imposed anywhere else in the government.

These and other proposals have been offered despite strong evidence that the CFPB already is among the most responsive and transparent government agencies. A series of OIG reports have found generally strong procedures, including for example the most recent one (September 2014) which assessed compliance with the requirements (a requirement shared, it is worth noting only with the EPA and OSHA—and not with any other regulatory agency) that it consider the views and impacts on small business in its rulemaking. An industry blog frequently critical of the Bureau noted: “CFPB’s Rulemaking Process Gets Good Report Card from OIG Report with Only Minor Criticisms.”

Failure to appropriately regulate the consumer financial marketplace was a central cause of the financial crisis that devastated the U.S. and global economies, costing tens of trillions of dollars, and many millions of jobs. The CFPB is a shining success story of the effort to correct the mistakes and close the gaps that led to that failure. It has required lenders who break the law to return billions of dollars directly to individual consumers, it is establishing a more level playing field in crucial areas of the market, it is providing information to consumers and research to the public, and it is doing these things in an accountable and transparent fashion.

The public overwhelmingly supports the mission of the CFPB, and supports the kinds of action it has taken. Polling shows that two-thirds of voters overall agree that the CFPB is needed. Opponents of consumer protection insist on portraying the CFPB as a too-powerful agency that threatens consumer freedom and privacy, but the CFPB’s authority is already appropriately limited by the above described-provisions, and it has appropriately and effectively acted to improve markets and protect consumers. We see an agency responsibly undertaking the job given to it by Congress: making consumer financial markets fairer and more transparent, putting money back in the pockets of members of the public who were fleeced by illegal conduct, and policing rules of the road that make the financial system work better for responsible businesses and responsible consumers alike. Obstructing basic rules of the road only serves the interests of the worst elements of the financial industry, and also encourages law-breaking. We urge members of Congress to support the CFPB in fulfilling its consumer protection mission, rather than undermine it, and to use its time to explore ways to move forward on making sure that the U.S. financial system supports people’s ability to save, transact, and borrow prudently.

Sincerely,

National Organizations

Alliance for a Just Society
AFL-CIO
American Federation of State, County and Municipal Employees (AFSCME)
American Federation of Teachers
Americans for Financial Reform
Center for Digital Democracy
Center for Economic Justice
Center for Effective Government
Center for Popular Democracy
Center for Responsible Lending
Coalition on Human Needs
Consumer Action
Consumer Federation of America
Consumer Watchdog
Consumers Union
Demos
Fair Share
Generation Progress
Government Accountability Project
International Brotherhood of Teamsters
International Union, United Auto Workers, UAW
The Leadership Conference on Civil and Human Rights
Main Street Alliance
MoveOn Civic Action
MFY Legal Services, Inc.
N.e.r.v.e. Inc
NAACP
National Association of Consumer Advocates
National Coalition for Asian Pacific American Community Development
National Community Reinvestment Coalition
National Consumer Law Center (on behalf of its low income clients)
National Council of La Raza
National Fair Housing Alliance
National Housing Resource Center
National People's Action
National Urban League
Other98.org
PICO National Network
Public Citizen
TICAS
United Food and Commercial Workers, International Union
U.S. PIRG
United States Student Association
Young Invincibles

State & Local Organizations

Alaska

Alaska PIRG

Alabama

Alabama Appleseed Center for Law & Justice
Alabama Arise
Birmingham Faith in Action
Central Alabama Fair Housing Center
Fair Housing Center of Northern Alabama
First Presbyterian Church
Gowen Consulting
Tuscaloosa Citizens Against Predatory Practices

Arkansas

Arkansans Against Abusive Payday Lending
Arkansas Community Organization
Arkansas Interfaith Alliance
Arkansas Interfaith Worker Justice

Arizona

Arizona PIRG
Arizona Community Action Association
AZ Consumers Council
Campesinos Sin Fronteras
Center for Economic Integrity
Family Housing Resources
Neighborhood Housing Services of Phoenix, Inc.
Newtown Community Development Corporation
Old Pueblo Community Services
WHEAT

California

Alliance of Californians for Community Empowerment (ACCE)
California Reinvestment Coalition
CALPIRG
CCBHC, a public benefit non profit
Community Legal Services in East Palo Alto
Consumers for Auto Reliability and Safety
Courage Campaign
Fair Housing Council of Orange County
Fair Housing Council of Riverside County, Inc.
Fair Housing of Marin
Fair Housing Foundation
Faith in Community (Fresno)
Holmes Unlimited
Housing Equality Law Project (HELP)
Housing Resource Center of Monterey County
Housing Rights Center
HPP CARES
Inland Fair Housing and Mediation Board
Montebello Housing Development Corporation

NCCPA Inc.
NID-Housing Counseling Agency
Nuestra Casa de East Palo Alto
RCAC
Shalom Center for T.R.E.E. of Life
The Greenlining Institute
University of San Francisco School of Law

Colorado

Colorado Progressive Coalition
CoPIRG
Rocky Mountain Peace and Justice Center

Connecticut

CCAG
Connecticut Fair Housing Center
ConnPIRG
Legal Assistance Resource Center of Connecticut, Inc.

Delaware

Delaware Alliance for Community Advancement
HOND, INC
NCALL RESEARCH INC
Neighborhood House, Inc.

Florida

Alliance Legal Group
AmStar Litigation
Central Florida Community Development Corporation
Consumer Debt Association
Fair Housing Center of the Greater Palm Beaches
Fair Housing Continuum, Inc.
Florida Alliance for Consumer Protection
Florida PIRG
Grand Central Law, PLLC
H.E.L.P. CDC
Housing and Education Alliance
Housing Opportunities Project for Excellence, Inc.
Jacksonville Area Legal Aid, Inc.
Jacobs Keeley, PLLC
NANAY CEDC
Organize Now
R. John Cole, II, & Associates, PA
Rebecca J Covey LLC
St. Petersburg Neighborhood Services, Inc. dba Neighborhood Home Solutions
The First Community Christian Pentecostal Church of God, Inc.
War on Poverty-Florida / RAISE Florida Network

Georgia

Dalton-Whitfield Community Development Corporation
GA Sustainable Community Ventures

Georgia PIRG
Georgia Rural Urban Summit
Green Forest CDC
Gwinnett Habitat for Humanity
Morningstar Urban Development Inc.
Savannah-Chatham County Fair Housing Council, Inc.
TAPP Lumber

Hawaii

Habitat for Humanity West Hawaii

Iowa

Iowa Citizens for Community Improvement
Iowa PIRG
South Central Iowa Federation of Labor, AFL-CIO

Idaho

Idaho Community Action Network

Illinois

Brighton Park Neighborhood Council
Chestnut Credit Counseling Services
Chicago Appleseed Fund for Justice
Chicago Consumer Coalition
Debt Counsel for Seniors and Disabled
Family Credit Management Services
Global Network CDC
Gospel Justice Initiative
Greater Southwest Development Corporation
Heartland Alliance for Human Needs & Human Rights
HOPE Fair Housing Center
Housing Action Illinois
Illinois Asset Building Group
Illinois PIRG
MJK Legal Group LLC
National Community Investment Fund
NHS of Chicago
NWSHC
Oak Park Regional Housing Center
Open Communities
Partners In Community Building, Inc. (PICB)
Project IRENE
Sargent Shriver National Center on Poverty Law
South Suburban Housing Center
Spanish Coalition for Housing
The Chicago Urban League
The Resurrection Project
Woodstock Institute

Indiana

Fair Housing Center of Central Indiana

HomesteadCS
IACED
Indiana Assets & Opportunity Network
Jeffersonville Housing Services Corporation

Kansas

Sunflower Community Action

Kentucky

Kentucky Equal Justice Center
Louisville Urban League

Louisiana

Greater New Orleans Fair Housing Action Center
Lower 9th Ward NENA
NZBC Urban Corporation
PREACH

Massachusetts

Allston Brighton Community Development Corporation
Consumer Assistance Council, Inc.
Consumer World
MA Affordable Housing Alliance
Mass. Assoc. of Community Development Corporations
MASSPIRG
The Midas Collaborative
United for a Fair Economy
WBZ Call For Action

Maryland

Anne Arundel County Community Action Agency
Asian-American Homeownership Counseling, Inc.
Baltimore Neighborhoods, Inc.
HomeFree-USA
Maryland Consumer Rights Coalition
Maryland PIRG
Progressive Maryland
Public Justice Center
St. Ambrose Housing Aid Center
The Development Corporation of Northwest Baltimore

Maine

Coastal Enterprise, Inc.
Maine Center for Economic Policy
Maine People's Alliance
Massachusetts Consumers' Council, Inc.

Michigan

Michigan Economic Impact Coalition
PIRG in Michigan (PIRGIM)
Telamon Corporation

Minnesota

TakeAction Minnesota

Missouri

Beyond Housing

Credit & Homeownership Empowerment Services, Inc.

Metropolitan Congregations United

Missouri Faith Voices

Missourians Organizing for Reform and Empowerment

MoPIRG

Mississippi

Coalition for a Prosperous Mississippi

Covenant Faith Outreach Ministries-Covenant Community Development

Mississippi Center for Justice

Mississippi Faith Leaders United for Fair Lending

Mississippians for Fair Lending

Montana

First Congregational UCC Billings

Greater Yellowstone Central Labor Council

Indian People's Action

RDI Financial Inc

Rural Dynamics, inc

Montana Fair Housing

Montana Organizing Project

Nebraska

Fair Housing Center of NE-IA

North Carolina

CCCS of Greater Greensboro, A division of Family Service of the Piedmont Inc.

Durham Regional Finance Center

Episcopal Diocese of North Carolina

Financial Pathways of the Piedmont

Max Gardner Law

NCPIRG

North Carolina Consumers Council

OnTrack Financial Education & Counseling

Reinvestment Partners

Robeson County Community Development Corporation, Inc.

New Hampshire

Granite State Organizing Project

NHPIRG

United Valley Interfaith Project

New Jersey

Fair Housing Council of Northern NJ

Housing & Community Development Network of New Jersey

Law Offices of Lee M. Perlman
New Jersey Citizen Action
NJ PIRG

New Mexico
NMPIRG

Nevada
Community Services of Nevada (CSNV)

New York
Albany County Rural Housing Alliance, Inc.
Bankruptcy Law Center
Buffalo Urban League
Center for NYC Neighborhoods
Central New York Citizens in Action, Inc.
Cypress Hills Local Development Corp.
Empire Justice Center
Friends of the North Country, Inc.
Genesee Co-op FCU
Housing Help Inc.
Human Development Services of Westchester
Long Island Housing Services, Inc.
Margert Community Corporation
MFY Legal Services, Inc.
New Economy Project
NYPIRG
Pratt Area Community Council
RUPCO
Syracuse Habitat for Humanity, Inc.
Westchester Residential Opportunities, INC
Western New York Law Center
Zeno Gloro Law Office

Ohio
COHHIO
Communities United For Action
Cozmyk Law Offices
Cuyahoga County Land Reutilization Corp.
ESOP (Empowering & Strengthening Ohio's People)
Fair Housing Resource Center, Inc.
Famicos Foundation
HOLA Ohio
HomeOwnership Center of Greater Dayton
Housing Opportunities Made Equal
Housing Research & Advocacy Center
Miami Valley Fair Housing Center
Mills Mills Fiely and Lucas
Neighborhood Housing Services of Greater Cleveland
Ohio CDC Association
Ohio PIRG

WIN
Working In Neighborhoods

Oklahoma
Oklahoma Policy Institute

Oregon
Innovative Changes
NEDCO (Neighborhood Economic Development Corporation)
Oregon Consumer League
Oregon PIRG (OSPIRG)
Portland Housing Center
Willamette Neighborhood Housing Services

Pennsylvania
ACTION Housing, Inc.
Affordable Housing Centers of Pennsylvania
Bucks County Housing Group
Bucks County Women's Advocacy Coalition
Clarifi
Community Legal Services, Philadelphia
Gemini Consultants
Integra Home Counseling, Inc.
Keaveney Legal Group
Keystone Research Center
Northwest Counseling Service, Inc.
PennPIRG
Pennsylvania Council of Churches
Pennsylvania National Organization for Women
Schuylkill Community Action
THE ONE LESS FOUNDATION
One Stop Career Center of PR Inc

Rhode Island
NeighborWorks Blackstone River Valley
RI Coalition for Payday Lending Reform
RI State Council of Churches
RIPIRG

South Carolina
Cantrell Legal PC
Columbia Consumer Education Council
SC Appleseed Legal Justice Cen

Tennessee
Binghampton Development Corporation
Good Neighbor Foundation
New Level Community Development Corp
Residential Resources, Inc.
Tennessee Citizen Action

Texas

Austin Tenants' Council

Project LIFT

Strong Families Coalition of Greater Tarrant County

Texas Appleseed

TexPIRG

Utah

Coalition of Religious Communities

Vermont

Vermont Legal Aid

VT PIRG

Virginia

Virginia Citizens Consumer Council

Virginia Poverty Law Center

Washington

Main Street Alliance

Northwest Fair Housing Alliance

Parkview Services

Washington Statewide Poverty Action Network

WASHPIRG

Wisconsin

Legal Aid Society of Milwaukee

Metropolitan Milwaukee Fair Housing Council

WISPIRG

West Virginia

West Virginia Center on Budget and Policy

West Virginia Citizen Action Group