Consumer Advisory Board Members of Consumer Financial Protection Bureau Alarmed by Bureau's Shift to Deregulate Industry Rather than Protect Consumers

FOR IMMEDIATE RELEASE: June 4, 2018 || Media Contacts: Jan Kruse, National Consumer Law Center, (617) 542-8010, jkruse@nclc.org; Kelli Johnson, Texas Appleseed, (512) 473-2800, x103, kjohnson@texasappleseed.net; Nehama Rogozen, California Reinvestment Coalition, (415) 864-3980, nrogozen@calreinvest.org

Washington – 11 consumer advocates and professors* who serve on the Consumer Financial Protection Bureau's (Bureau) Consumer Advisory Board (CAB) expressed deep concern about the policies and direction of the Bureau. "We can't forget that American families lost one-third of their wealth just a decade ago, due to reckless market practices that hurt individuals, communities, and honest businesses alike," **said Ann Baddour, chair of the CAB and director of the Fair Financial Services Project at Texas Appleseed**. "As the Bureau unilaterally shifts its mission from one prioritizing consumer protection and upholding fair market practices to one focused on industry regulatory relief—we see families, once again, being left behind."

On May 18, the chair of the CAB sent a letter to Acting Director Mick Mulvaney regarding their concerns and on May 25, 15 members of the CAB sent a follow-up letter to Mulvaney urging him to hold the June 6-7 meeting (which was subsequently cancelled). The letter noted that under the direction of Mulvaney, the Bureau is failing in its mandate to convene in-person meetings of the Consumer Advisory Board, as required by the governing law for the Bureau, the Dodd-Frank Act. The current Administration has taken further harmful actions, such as changing the mission of the organization and restructuring key offices without stakeholder or public input. The group has yet to receive a response to its letter.

Members of the CAB have a broad range of expertise related to consumer financial products and services, come from many regions of the United States, including urban and rural areas, and represent a diversity of races, ethnicities, ages, and genders. They include industry representatives, academics, and consumer advocates, whose work together has led to fruitful conversations and unexpected points of agreement. This diverse CAB has informed the Bureau of trends in financial products occurring across industries, demographics, and geography. This vital information from diverse groups is unavailable in any other forum and can lead to important interventions before serious harm is done to American families and the economy. Since he was appointed last November, the only interaction CAB members have had with Acting Director Mulvaney was a phone call on March 6, 2018, for 20 minutes.

When the Bureau was created in 2011 in the wake of the Great Recession, the initial CAB members were deeply involved in advising the Bureau regarding the many rules that the Dodd-Frank Act required the Bureau to issue. Subsequently, CAB members have had productive and open discussions on debt collection in preparation for an upcoming rulemaking, small business lending as part of the Bureau's required study under Section 1071 of the Dodd-Frank Act, mortgage lending and servicing, and credit reporting.

Each year, one-third of the members complete their service to the CFPB and a new group of people are appointed to the CAB. The next round of appointments to the CAB will likely take place in the next few months. The group of concerned CAB members fears that the current leadership will eliminate this diversity of perspectives by appointing partisans who share only one viewpoint. The result will be a less robust body and, if the body is not well-balanced in terms of point of view as contemplated by the Dodd-Frank Act, or if it is “inappropriately influenced by” Mulvaney, the Bureau could violate the law.

Furthermore, the current administration has not engaged with the CAB, in its statutorily created advisory role to the Bureau, regarding the radical changes it has made to the Bureau. Some of these changes include effectively shutting down the Office of Students and Young Consumers, failing to bring any new enforcement actions except some already in the pipeline before the change in Administration, stripping enforcement authority from the statutorily-required Office of Fair Lending and Equal Opportunity, and joining with payday loan trade groups to seek a court order delaying compliance with the Bureau’s own payday loan rule.

*The 11 members (affiliations for informational purposes only) are:

Ann Baddour, Texas Appleseed; Consumer Advisory Board Chair
Lynn Drysdale, Jacksonville Area Legal Aid, Inc. Consumer Advisory Board Vice Chair
Seema M. Agnani, National CAPACD
Sylvia Alvarez, Housing and Education Alliance
Kathleen Engel, Suffolk University Law School
Judith Fox, Notre Dame Law School
Paulina Gonzalez, California Reinvestment Coalition
Julie Kalkowski, Creighton University
Ruhi Maker, Empire Justice Center
Lisa Servon, University of Pennsylvania
Chi Chi Wu, National Consumer Law Center
Josh Zinner, Interfaith Center on Corporate Responsibility