

Statement of NCLC's Lauren Saunders re: Legal Standing of CFPB Director on Auto Lending Rule

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(WASHINGTON) The House Financial Services Committee today issued a report alleging that the CFPB Director Rich Cordray “failed to heed attorney advice on auto lending rule, likely violated federal law” as the CFPB drafted regulations in 2015 outlining which non-bank auto lenders it planned to supervise.

National Consumer Law Center Associate Director Lauren Saunders made the following statement:

“The half-baked allegation against consumer watchdog Rich Cordray seems aimed at building a case that President-elect Trump should fire Cordray for cause. This tempest in a teapot, much like past bogus allegations, is aimed at headlines but does not withstand scrutiny. The trumped up charges against the consumer watchdog do not remotely approach the egregious level of negligent conduct that would necessitate removing a presidential appointee for cause. The internal CFPB exchanges detailed in committee’s report show routine internal debate about how to best follow federal notice and comment regulations. Auto lenders were well aware that they could be supervised by the CFPB, and would easily be able to conduct their own analysis of whether they would meet the CFPB’s threshold for supervision. Critics attempting to build a case for the unprecedented removal of Richard Cordray as CFPB are on thin legal ground, lack public support, and are carrying water for powerful special interests.

National Consumer Law Center’s Working Cars for Working Families Project Director John W. Van Alst stated:

“The report repeats previous allegations that the CFPB use of disparate impact analysis to discover auto lending discrimination was improper. The disparate impact standard was upheld by the Supreme Court in 2015 and is an important tool to identify patterns of discrimination. The value of the use of disparate impact analysis was demonstrated by NCLC litigation from the 1990s to the early 2000s that used race-coded loans to show that African Americans paid hundreds of dollars more for auto loans in every region of the country. After courts found “the plaintiffs have proved their case,” the cases settled with limits on auto dealer markups, but the limits all expired by 2012 allowing discriminatory practices to continue without the watchful eye of the CFPB.

Related Resource

For a legal analysis on law related to the removal of a presidential appointee please see here: [No One Has Been Fired by the President for Cause. Richard Cordray Should Not be the First.](#)

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