



Americans for Financial Reform

1629 K St NW, 10th Floor, Washington, DC, 20006
202.466.1885

AARP * Americans for Financial Reform * AFL-CIO * California Reinvestment Coalition * Campaign for a Fair Settlement * Center for American Progress * Center for Digital Democracy * Center for Economic Justice * Center for NYC Neighborhoods * Center for Responsible Lending * Connecticut Fair Housing Center * Consumer Action * Consumer Federation of America * Consumers Union * Demos * Empire Justice Center * Empowering and Strengthening Ohio's People * Greenlining Institute * International Brotherhood of Teamsters * International Union, United Automobile, Aerospace & Agricultural Implement Workers of America (UAW * Leadership Conference on Civil and Human Rights * NAACP * National Association of Consumer Advocates * National Consumer Law Center (on behalf of its low-income clients) * National Council of La Raza * National Fair Housing Alliance * National People's Alliance * National Urban League * New Economy Project * Public Citizen * U.S. PIRG * Woodstock Institute *

19 November 2013

Groups Urge Strong Opposition To CFPB Rollback Package Under Consideration in House Financial Services Committee

Dear Representative,

On behalf of Americans for Financial Reform and other undersigned organizations, we urge you to oppose any of a package of bills designed to gut the Consumer Financial Protection Bureau that are scheduled for markup as soon as Wednesday, 20 November in the House Financial Services Committee. We urge you not to co-sponsor or support these or any similar bills.

The CFPB was established as a centerpiece of the Wall Street Reform and Consumer Protection Act in 2010 and took over as the nation's lead consumer financial regulator on 21 July 2011. Any remaining uncertainty over its authority to protect consumers in both the bank and non-bank financial marketplaces was erased upon the Senate confirmation of its director, Richard Cordray, on 16 July 2013 by a vote of 66-34.

Since July 2011, the CFPB has been protecting consumers and making markets work in an open, transparent and fair way. It has already won refunds of over \$700 million to consumers from credit card companies that had treated them unfairly. It has been on the job helping service members and veterans, seniors, students and other consumers at high risk of financial fraud. It is

the only federal financial regulator that has met all of its regulatory deadlines, and it has received praise from industry leaders for its transparency and openness.

Legislation under consideration in the Financial Services Committee would harm the CFPB's ability to protect the public in a variety of ways. We urge you to oppose each of these bills and any similar proposals designed to hobble the CFPB and prevent it from doing its job.

HR 2385, the so-called CFPB Pay Fairness Act, would reduce CFPB pay schedules and thereby make the CFPB the only federal financial regulator where salaries are not based on the Federal Reserve Board's salary schedules. This will have the effect of making it harder for the CFPB to attract and keep qualified employees, and would also send the message that consumer protection is a lower priority than other bank regulatory functions. Congress recognized the necessity of allowing the CFPB to hire above General Schedule salary levels in order to compete for employees with banking sector experience, and it is important that the agency maintain this ability.

HR 2446, the so-called Responsible Consumer Financial Protection Regulations Act, would revisit the issue of a director vs. a commission structure for the CFPB; a question that has been asked and answered. Congress determined that a single director structure, identical to that used by both the regional Federal Reserve banks and the larger and more powerful national bank regulator, the OCC (the OCC can actually shut down financial institutions), was proper for the CFPB. Furthermore, while there are financial regulators that are led by five-member boards, there is no evidence that this structure is more effective. In fact, five-member boards can tend towards more gridlock, even with the presence of a strong chairman. Revisiting this issue is a recipe for disaster—delaying rule-making and enforcement actions in progress and threatening both the certainty and continuity that makes sense for the regulated industry – as well as for consumers. 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 a repeat financial and housing crisis, and level the playing field between banks and non-banks.

H.R. 3519, the Bureau of Consumer Financial Protection Accountability and Transparency Act of 2013 (Neugebauer) would undo the CFPB's independence from the often-politicized Congressional appropriations process, again, radically singling it out from protections against political interference that are currently granted to the Federal Reserve, the OCC and the FDIC. Subjecting the CFPB to the appropriations process 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 the industry did not like.

H.R. 3193, the so-called Consumer Financial Protection Safety and Soundness Improvement Act, would weaken the CFPB's independence by strengthening the Financial Stability Oversight Council's already-unique authority to overturn CFPB rules. This bill would weaken the structure of the CFPB and would go against Congressional intent to unify consumer protection in one

body clearly defined as part of the overall bank regulatory system. It is additionally unnecessary as CFPB is already the only agency whose rules can be overturned by other agencies.

The remaining two bills under consideration are apparently designed to address a non-problem, the CFPB's collection and use of data. As the director and his colleagues have repeatedly testified, the CFPB does not collect information to study consumers; rather it collects data—as other regulators do – in order to study markets. Indeed, a number of privacy organizations have previously indicated that they have no concerns with the CFPB's collection and use of data. The bulk of the CFPB's data collection is of de-identified datasets from industry vendors. The CFPB cannot identify individual consumers from these data because the personally identifiable information (PII) has already been stripped. (Attached find a copy of that memo from privacy groups).

H.R. 3183, a bill to provide consumers with a free annual disclosure of information the Bureau of Consumer Financial Protection maintains on them is unnecessary. The only time that the CFPB obtains specific personally identifiable information (PII) about consumers is when the consumer has provided it herself, for example in a complaint to the CFPB Complaints Database, or when the information is collected through the already-protected supervisory process.

H.R. 2571, the so-called Consumer Right to Financial Privacy Act is redundant; it would require the CFPB to protect consumer privacy, something it already does when consumers submit PII to it, under existing privacy protection requirements of Section 1022 of the Dodd-Frank Act of 2010. Its further amendment to the 1978 Right to Financial Privacy Act (eliminating 12 USC Section 3413(r) of RFA) would illogically limit the CFPB's supervisory access differently than that of all the other prudential regulators, including the OCC, Federal Reserve, Federal Reserve Banks and the FDIC, among numerous other exceptions provided by Section 3413 (exceptions (a)-(q) would be retained, only (r), affecting the CFPB, would be removed).

The agency's data resources help it to fulfill its mandate to examine financial products and act as an advocate for consumers. This is important in allowing the agency to counteract the information edge enjoyed by large banks, which are too often able to offer consumers products that add nothing of value but whose fees add considerably to bank profitability.

Thank you for your consideration of our views. If accepted, each of these proposed bills would weaken the Consumer Bureau, prevent it from doing its job and instead serve the interests of Wall Street. We urge you to oppose these and similar bills designed to handcuff the CFPB at the expense of consumers. The CFPB is the first federal agency with only one job — protecting consumers in the financial marketplace — and for the agency to fulfill its mission it needs to continue to possess the tools necessary to be able to do its job effectively.

Sincerely,

AARP
Americans for Financial Reform
AFL-CIO
California Reinvestment Coalition
Campaign for a Fair Settlement
Center for American Progress
Center for Digital Democracy
Center for Economic Justice
Center for NYC Neighborhoods
Center for Responsible Lending
Connecticut Fair Housing Center
Consumer Action
Consumer Federation of America
Consumers Union
Demos
Empire Justice Center
Empowering and Strengthening Ohio's People
Greenlining Institute
International Brotherhood of Teamsters
International Union, United Automobile, Aerospace & Agricultural Implement Workers of America (UAW)
The Leadership Conference on Civil and Human Rights
NAACP
National Association of Consumer Advocates
National Consumer Law Center (on behalf of its low-income clients)
National Council of La Raza
National Fair Housing Alliance
National People's Alliance
National Urban League
New Economy Project
Public Citizen
The Institute for College Access & Success
U.S. PIRG
Woodstock Institute

Following are the partners of Americans for Financial Reform.

All the organizations support the overall principles of AFR and are working for an accountable, fair and secure financial system. Not all of these organizations work on all of the issues covered by the coalition or have signed on to every statement.

- AARP
- A New Way Forward
- AFL-CIO
- AFSCME
- Alliance For Justice
- American Income Life Insurance
- American Sustainable Business Council
- Americans for Democratic Action, Inc
- Americans United for Change
- Campaign for America's Future
- Campaign Money
- Center for Digital Democracy
- Center for Economic and Policy Research
- Center for Economic Progress
- Center for Media and Democracy
- Center for Responsible Lending
- Center for Justice and Democracy
- Center of Concern
- Center for Effective Government
- Change to Win
- Clean Yield Asset Management
- Coastal Enterprises Inc.
- Color of Change
- Common Cause
- Communications Workers of America
- Community Development Transportation Lending Services
- Consumer Action
- Consumer Association Council
- Consumers for Auto Safety and Reliability
- Consumer Federation of America
- Consumer Watchdog
- Consumers Union
- Corporation for Enterprise Development
- CREDO Mobile
- CTW Investment Group
- Demos
- Economic Policy Institute
- Essential Action
- Green America
- Greenlining Institute
- Good Business International

- HNMA Funding Company
- Home Actions
- Housing Counseling Services
- Home Defender's League
- Information Press
- Institute for Agriculture and Trade Policy
- Institute for Global Communications
- Institute for Policy Studies: Global Economy Project
- International Brotherhood of Teamsters
- Institute of Women's Policy Research
- Krull & Company
- Laborers' International Union of North America
- Lawyers' Committee for Civil Rights Under Law
- Main Street Alliance
- Move On
- NAACP
- NASCAT
- National Association of Consumer Advocates
- National Association of Neighborhoods
- National Community Reinvestment Coalition
- National Consumer Law Center (on behalf of its low-income clients)
- National Consumers League
- National Council of La Raza
- National Council of Women's Organizations
- National Fair Housing Alliance
- National Federation of Community Development Credit Unions
- National Housing Resource Center
- National Housing Trust
- National Housing Trust Community Development Fund
- National NeighborWorks Association
- National Nurses United
- National People's Action
- National Urban League
- Next Step
- OpenTheGovernment.org
- Opportunity Finance Network
- Partners for the Common Good
- PICO National Network
- Progress Now Action
- Progressive States Network
- Poverty and Race Research Action Council
- Public Citizen
- Sargent Shriver Center on Poverty Law
- SEIU
- State Voices
- Taxpayer's for Common Sense
- The Association for Housing and Neighborhood Development
- The Fuel Savers Club

- The Leadership Conference on Civil and Human Rights
- The Seminal
- TICAS
- U.S. Public Interest Research Group
- UNITE HERE
- United Food and Commercial Workers
- United States Student Association
- USAction
- Veris Wealth Partners
- Western States Center
- We the People Now
- Woodstock Institute
- World Privacy Forum
- UNET
- Union Plus
- Unitarian Universalist for a Just Economic Community

List of State and Local Partners

- Alaska PIRG
- Arizona PIRG
- Arizona Advocacy Network
- Arizonans For Responsible Lending
- Association for Neighborhood and Housing Development NY
- Audubon Partnership for Economic Development LDC, New York NY
- BAC Funding Consortium Inc., Miami FL
- Beech Capital Venture Corporation, Philadelphia PA
- California PIRG
- California Reinvestment Coalition
- Century Housing Corporation, Culver City CA
- CHANGER NY
- Chautauqua Home Rehabilitation and Improvement Corporation (NY)
- Chicago Community Loan Fund, Chicago IL
- Chicago Community Ventures, Chicago IL
- Chicago Consumer Coalition
- Citizen Potawatomi CDC, Shawnee OK
- Colorado PIRG
- Coalition on Homeless Housing in Ohio
- Community Capital Fund, Bridgeport CT
- Community Capital of Maryland, Baltimore MD
- Community Development Financial Institution of the Tohono O'odham Nation, Sells AZ
- Community Redevelopment Loan and Investment Fund, Atlanta GA
- Community Reinvestment Association of North Carolina
- Community Resource Group, Fayetteville A
- Connecticut PIRG
- Consumer Assistance Council
- Cooper Square Committee (NYC)
- Cooperative Fund of New England, Wilmington NC

- Corporacion de Desarrollo Economico de Ceiba, Ceiba PR
- Delta Foundation, Inc., Greenville MS
- Economic Opportunity Fund (EOF), Philadelphia PA
- Empire Justice Center NY
- Empowering and Strengthening Ohio's People (ESOP), Cleveland OH
- Enterprises, Inc., Berea KY
- Fair Housing Contact Service OH
- Federation of Appalachian Housing
- Fitness and Praise Youth Development, Inc., Baton Rouge LA
- Florida Consumer Action Network
- Florida PIRG
- Funding Partners for Housing Solutions, Ft. Collins CO
- Georgia PIRG
- Grow Iowa Foundation, Greenfield IA
- Homewise, Inc., Santa Fe NM
- Idaho Nevada CDFI, Pocatello ID
- Idaho Chapter, National Association of Social Workers
- Illinois PIRG
- Impact Capital, Seattle WA
- Indiana PIRG
- Iowa PIRG
- Iowa Citizens for Community Improvement
- JobStart Chautauqua, Inc., Mayville NY
- La Casa Federal Credit Union, Newark NJ
- Low Income Investment Fund, San Francisco CA
- Long Island Housing Services NY
- MaineStream Finance, Bangor ME
- Maryland PIRG
- Massachusetts Consumers' Coalition
- MASSPIRG
- Massachusetts Fair Housing Center
- Michigan PIRG
- Midland Community Development Corporation, Midland TX
- Midwest Minnesota Community Development Corporation, Detroit Lakes MN
- Mile High Community Loan Fund, Denver CO
- Missouri PIRG
- Mortgage Recovery Service Center of L.A.
- Montana Community Development Corporation, Missoula MT
- Montana PIRG
- Neighborhood Economic Development Advocacy Project
- New Hampshire PIRG
- New Jersey Community Capital, Trenton NJ
- New Jersey Citizen Action
- New Jersey PIRG
- New Mexico PIRG
- New York PIRG
- New York City Aids Housing Network
- New Yorkers for Responsible Lending

- NOAH Community Development Fund, Inc., Boston MA
- Nonprofit Finance Fund, New York NY
- Nonprofits Assistance Fund, Minneapolis M
- North Carolina PIRG
- Northside Community Development Fund, Pittsburgh PA
- Ohio Capital Corporation for Housing, Columbus OH
- Ohio PIRG
- OligarchyUSA
- Oregon State PIRG
- Our Oregon
- PennPIRG
- Piedmont Housing Alliance, Charlottesville VA
- Michigan PIRG
- Rocky Mountain Peace and Justice Center, CO
- Rhode Island PIRG
- Rural Community Assistance Corporation, West Sacramento CA
- Rural Organizing Project OR
- San Francisco Municipal Transportation Authority
- Seattle Economic Development Fund
- Community Capital Development
- TexPIRG
- The Fair Housing Council of Central New York
- The Loan Fund, Albuquerque NM
- Third Reconstruction Institute NC
- Vermont PIRG
- Village Capital Corporation, Cleveland OH
- Virginia Citizens Consumer Council
- Virginia Poverty Law Center
- War on Poverty - Florida
- WashPIRG
- Westchester Residential Opportunities Inc.
- Wigamig Owners Loan Fund, Inc., Lac du Flambeau WI
- WISPIRG

Small Businesses

- Blu
- Bowden-Gill Environmental
- Community MedPAC
- Diversified Environmental Planning
- Hayden & Craig, PLLC
- Mid City Animal Hospital, Pheonix AZ
- The Holographic Repatterning Institute at Austin
- UNET

