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U.S. Court of Appeals Reaches Erroneous Conclusion in PHH Corporation challenge to CFPB

Washington, D.C. – Today the U.S. Court of Appeals for the D.C. Circuit issued a 2-1 ruling against the Consumer Financial Protection Bureau (CFPB) and its constitutional independent authority to protect consumers from Wall Street greed by regulating the financial industry.

Over the last five years, the CFPB has provided nearly [\\$12 billion in relief to 27 million consumers](#).

The case, *PHH Corporation vs. CFPB*, centers around the ability of the CFPB Director Richard Cordray to order a mortgage service company to pay \$109 million in restitution for illegal kickbacks it gave to mortgage insurers. The move caused unassuming homeowners to pay additional, unnecessary expenses for home insurance.

Consumer advocates and civil rights groups are calling the decision an unnecessary blow to the CFPB, an organization that works to keep the financial industry accountable every day, including in its recent investigation of Wells Fargo.

Here are what major groups have to say about today's decision:

"Americans for Financial Reform is disappointed by the D.C. Circuit's decision today. As the CFPB's work to stop the Wells Fargo's fraud demonstrated once again, the CFPB is doing exactly what Congress established it to do: serve as an effective enforcer of fair rules of the road to prevent unfair deceptive and abusive financial practices, practices that led to the financial crisis and cost trillions of dollars in lost homes, lost jobs, and lost wealth. Precisely because the CFPB is achieving that mission, Wall Street banks, predatory lenders, and their allies have worked determinedly to undermine and defang it, including by compromising its decision making structure, independence, and authority. Compromising the CFPB's independence would be a huge gift to Wall Street greed and a loss for consumers. We are hopeful that this erroneous decision will be overturned," **said Lisa Donner, Executive Director of Americans for Financial Reform.**

(See blog post, ["An Easy Case: Why a Federal Appeals Court Should Reject a Constitutional Challenge to the CFPB"](#))

"Today's ruling is disappointing, but not surprising. Conservative members of Congress have consistently tried to weaken CFPB's authority for meritless and political reasons. Today, these two judges have made common cause with that effort. If the 2008 financial crisis showed us anything, it's that consumers need an independent regulator to look after the interests of consumers. We've already seen the agency hard at work against bad actors like ITT Tech, car-title and payday lenders, and big banks that deceive their customers. Any efforts to change CFPB's structure would reduce its effectiveness and harm hardworking people across the country," **said Mike Calhoun, president of Center for Responsible Lending (CRL).**

"For years, the Consumer Financial Protection Bureau has cracked down on payday loan sharks, for-profit college scams, robo-filing debt collectors, shady overdraft charges, predatory home loans, and just several weeks ago, bank account fraud on a staggering scale. It's not clear to us why this court chose this moment to side with those interests and against American consumers, coming so soon after the Wells Fargo scandal and so soon before the election. But today's ruling, as poorly-timed and wrong as it is, will help Americans understand just what is at stake," **said Wade Henderson, president and CEO, The Leadership Conference on Civil and Human Rights.**

"The impact of unscrupulous and predatory financial services providers on the communities we serve and represent, which contributed immensely to the economic downturn of 2008, is well documented and continues to decimate our families, our neighborhoods, and our communities to this day. The NAACP is pleased to now have a federal agency whose sole purpose is to protect consumers in the financial marketplace. Furthermore, the fact that the CFPB's mission calls for it to uncover problems and deceptive practices and promulgate regulations which protect American consumers from problematic financial services practices which target a group or groups of people based on their race, ethnicity, religion, gender, age, disability, where they live, or other protected class makes it especially valuable to the NAACP and the communities we serve. The mission of the CFPB, much like that of the FBI or the Environmental Protection Agency, makes it imperative that it be able to take swift yet well-informed actions when they are warranted. It is no surprise that the CFPB has been attacked and vilified in Congress and now in the courts by narrow special interests which had heretofore run amok and nearly ruined the global economy. We are confident, however, that the crucial work performed by the CFPB will carry the day, and the NAACP remains committed to protecting the integrity of the Bureau," **said Hilary Shelton, NAACP Washington Bureau and Senior Vice President for Policy and Advocacy.**

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