



CALIFORNIA REINVESTMENT COALITION

April 24, 2017

Re: *CRC Strongly Opposes Financial CHOICE Act*

Dear Member of Congress:

The California Reinvestment Coalition (CRC) writes to express our strong opposition to the Financial CHOICE Act, and urge all members of the committee to vote against this harmful measure.

CRC builds an inclusive and fair economy that meets the needs of communities of color and low-income communities by ensuring that banks and other corporations invest and conduct business in our communities in a just and equitable manner. CRC has a membership of three hundred (300) nonprofit organizations and public agencies throughout California.

It is difficult to imagine how anyone who lived through the financial crisis could now propose to WEAKEN the regulatory framework that was designed to protect our economy from another crisis, and WEAKEN the one agency that has succeeded in both protecting American families from various forms of financial abuse and in holding bad actors accountable.

There are numerous provisions of the bill, that are highly problematic, representing threats to consumers and their financial wellbeing, and a gift to scammers and other financial predators who would seek to take advantage of the public.

CRC is especially concerned about any provisions that would:

- Weaken the position of CFPB Director, and/or jeopardize the tenure of current Director Cordray who has done an excellent job of protecting consumers;
- Weaken the funding of the CFPB and/or the salaries of its staff which need to be immune from politics and able to take all steps necessary to protect consumers and our financial system;
- Weaken the authority of the CFPB by diminishing its authority to take actions against unfair, deceptive and abusive practices. This authority goes to the heart of consumer need, as scammers will always seek to be one step ahead of existing rules;
- Weaken the authority of the CFPB by diminishing its supervisory authority, by which CFPB has effectively overseen financial institutions and prevented financial abuses (see the story of Wells Fargo, below);
- Weaken the integrity of the consumer complaint database, which has empowered over a million consumers to share their experiences, while educating both the public, as well as policymaking and enforcement agencies about the problems consumers are facing. We believe that going forward, the complaint database should be **expanded** to more effectively capture the problems and **needs of small business owners seeking credit to sustain and expand their businesses.**



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- Weaken the ability of most shareholders to bring shareholder resolutions and to otherwise participate as engaged investors. CRC has co-filed a shareholder resolution with other socially responsible investor groups, urging Wells Fargo to conduct a much needed comprehensive business standards review of the entire corporation to finally determine what enabled the corporation to so wildly ignore the rights and needs of its customers. This ability to engage as a shareholder would be restricted to a very small subset of investors under the Choice Act; and
- Weaken collection of racial, ethnic, and other data, or otherwise weaken efforts to investigate and enforce fair lending and fair housing obligations.

To provide just two recent examples of the importance of these protections:

1. The CFPB last week brought an enforcement action against Ocwen, a loan servicer that failed consumers at every stage of the foreclosure process. Nonprofit housing counselors in California had rated Ocwen poorly in the last two of CRC's survey of housing counselors. No other agency has been able to hold Ocwen accountable for processing unnecessary foreclosures and creating untold stress and heartache for thousands of working families.
2. Last year, the CFPB worked with the LA City Attorney's office and Office of the Comptroller of the Currency (OCC) to hold Wells Fargo accountable for opening over two million unauthorized bank accounts. In reviewing the bank's practices and uncovering fraudulent and egregious behavior, the CFPB presumably relied on its supervisory power, the very power the CHOICE Act seeks to take away from the CFPB. The egregious practices uncovered, including a high pressure sales environment that drove employees to commit fraudulent behavior, in some instances by reportedly targeting Limited English Proficient and immigrant communities, apparently existed for years before the creation of the CFPB, when Wells Fargo was mainly regulated by the OCC. To his credit, the Comptroller of the Currency ordered a review of the OCC's failed oversight of Wells Fargo during this time. That review yielded a report that acknowledged significant regulatory errors at the OCC. Consumers are left to wonder, if the CFPB did not exist in its current form, would Wells Fargo have been effectively held accountable, or would the egregious practices have continued to this day?

It is astonishing that we have to raise these questions. The CFPB and the Dodd Frank have been clear success stories for Americans of all stripes. Consumers and communities are clearly better off for Congress having determined in its wisdom that something had to be done to address the financial crisis, to ensure it would not be repeated, and to protect consumers from the greed of bad actors who are motivated only by money, regardless of the rules of law or decent values of the American people.

Yet, clearly, the CFPB and the Dodd Frank Act are not successes in the eyes of certain corporations and certain politicians. We understand that corporations will fight in their perceived interests, and politicians will vote in theirs.



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But no one should or will be fooled into thinking that the Financial Choice Act is in the interest of hard working families and consumers.

CRC must strongly object to the proposal and to all similar proposals that may yet come. Should you have any questions about this letter, feel free to contact Kevin Stein at (415) 864-3980. Thank you for your consideration of our views.

Very Truly Yours,

Kevin Stein
Deputy Director