



## T H E M I L I T A R Y C O A L I T I O N

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Alexandria, Virginia 22314  
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April 15, 2010

The Honorable Christopher J. Dodd  
Chairman  
Banking, Housing & Urban Affairs  
United States Senate  
Washington, DC 20510

The Honorable Richard C. Shelby  
Ranking Member  
Banking, Housing & Urban Affairs  
United States Senate  
Washington, DC 20510

Dear Chairman Dodd and Ranking Member Shelby:

The Military Coalition, a consortium of nationally prominent military and veterans organizations, representing more than 5.5 million current and former service members and their families and survivors, would like to express our opposition to Senator Brownback's amendment to the Restoring American Financial Stability Act of 2010. Senator Brownback's amendment would exclude auto dealers and their lending practices from the financial reform bill.

The most significant financial obligation for the majority of service members is auto financing. Including the auto dealers financing and sales in the financial reform bill will provide greater protections for our service members and their families.

Providing a "carve-out" for auto dealers does just the opposite – it will allow unscrupulous dealers to continue to take advantage of service members and their families.

In a recent letter from the Under Secretary of Defense for Personnel and Readiness (USD P&R) to the Department of the Treasury's Assistant Secretary for Financial Institutions (attached), Dr. Clifford Stanley states that the Department of Defense would welcome protections provided to service members and their families with regard to unscrupulous automobile sales and financing practices.

Additionally, Dr. Stanley highlights the extent of the problem in a recent informal polling of installation attorneys and personal financial managers/counselors. Of the 659 counselors and attorneys who responded, 72% stated that they counseled service members in the past six months on one or more unscrupulous practices (e.g., "bait and switch" financing, falsification of loan documents, failure to pay-off liens, and "packing loans") when covering auto financing with their client.

Again, the Coalition wishes to reiterate our collective opposition to any "carve-out" of auto dealership financing from the financial reform bill and we thank you for your attention to this important issue impacting military members and their families.

Sincerely,

The Military Coalition  
(signatures enclosed)

Attachment: USD P&R letter dated February 26, 2010

Michael M. D...  
Air Force Association

John ...  
Air Force Sergeants Association (AFSA)

Patricia M. ...  
Air Force Women Officers  
Associated

Richard ...  
American Logistics Association

James B. King  
AMVETS

Rodney ...  
Army Aviation Assn. of America

George K. ...  
Assn. of Military Surgeons  
of the United States

William B. Lopez  
Assn. of the US Army

Malvin  
Association of the United States Navy

AMA  
Commissioned Officers Assn. of  
the US Public Health Service, Inc

Edward B. ...  
CWO & WO Assn. US Coast Guard

Michael P. Cline  
Enlisted Association of the  
National Guard of the US

John ...  
Fleet Reserve Assn.

Ruth Miller  
Gold Star Wives of America, Inc.

...  
Iraq & Afghanistan Veterans  
of America

...  
Jewish War Veterans of the USA

Michael ...  
Marine Corps League

Mark Ryan  
Military Officers Assn. of America

...  
Military Order of the Purple Heart

...  
National Guard Assn. of the US

Mary K. ...  
National Military Family Assn.

Gilbert H. ...  
National Order of  
Battlefield Commissions

...  
Naval Enlisted Reserve Assn.

Gene ...  
Non Commissioned Officers Assn.  
of the United States of America

...  
Reserve Enlisted Assn. of the US

...  
Society of Medical Consultants  
to the Armed Forces

Gary R. ...  
The Military Chaplains Assn. of the USA

...  
The Retired Enlisted Assn.

...  
US Army Warrant Officers Assn.

J. R. Scaramastro  
USCG Chief Petty Officers Assn.

...  
Veterans of Foreign Wars of the US



UNDER SECRETARY OF DEFENSE  
4000 DEFENSE PENTAGON  
WASHINGTON, D.C. 20301-4000

PERSONNEL AND  
READINESS

The Honorable Michael S. Barr  
Assistant Secretary for Financial Institutions  
United States Department of the Treasury  
1500 Pennsylvania Avenue, NW  
Washington, DC 20220

FEB 26 2010

Dear Secretary Barr:

This letter is provided in response to your February 10, 2010 discussion with Deputy Under Secretary of Defense (Plans) Gail McGinn regarding the legislation before the Senate which would establish the Consumer Financial Protection Agency (CFPA) and delineate the limits of its authority.

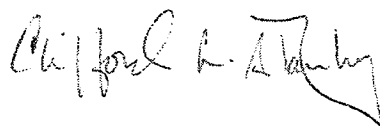
The Department of Defense would welcome and encourage CFPA protections provided to Service members and their families with regard to unscrupulous automobile sales and financing practices, provided such protections would not limit access to legitimate products. While each Military Service includes car buying and financing classes as part of its normal financial educational curriculum, there are still documented cases of Service members falling victim to predatory practices and prohibitively expensive products. To complement case studies conducted by consumer advocacy groups such as Consumers for Auto Reliability and Safety (CARS), the Department conducted an informal, non-scientific polling of military installation Personal Financial Managers, legal assistance officers, and DoD-contracted Personal Financial Counselors about practices they had encountered when counseling military clients such as "bait and switch" financing, falsification of loan applications or other documents, failure to pay-off liens on trade-in vehicles, "packing" loans with items whose price tag bears little or no relationship to their actual cost or value, and discriminatory lending. Seventy-two percent of the 659 counselors and attorneys who responded to this question said that they had counseled Service members in the past six months on one or more of these issues when covering auto financing with the client.

We recognize Service members and their families are under increasing stress. When we have asked in surveys about the causes, Service members responded that finances were second only behind work and career concerns and ahead of deployments, health, life events, family relationships, and war/hostilities. Since auto financing represents the most significant financial obligation for the majority of Service members, particularly in the junior enlisted grades, we believe the intervention of the CFPA in

overseeing auto financing and sales for Service members will help protect them and will assist us in reducing the concerns they have over their financial well-being.

The Department of Defense fully believes that personal financial readiness of our troops and families equates to mission readiness. Therefore, any legislation that would enable and empower our military to be financially ready would be welcomed.

Sincerely,

A handwritten signature in black ink, appearing to read "Clifford L. Stanley". The signature is written in a cursive style with a large, sweeping flourish at the end.

Clifford L. Stanley