



**Americans for Financial Reform**  
1629 K St NW, 10th Floor, Washington, DC, 20006  
202.466.1885

March 11, 2013

**RE: Confirmation of Richard Cordray to full term as director of the CFPB**

Dear Senator,

We are writing to you on behalf of national and statewide public interest groups to urge you to confirm Richard Cordray to a full term as director of the Consumer Financial Protection Bureau (CFPB). AFR is a coalition of more than 250 national, state, and local groups who have come together to advocate for a fairer and safer financial system. Members of AFR include consumer, civil rights, investor, retiree, community, labor, faith based, and business groups along with academics and independent experts.

Director Cordray has clearly demonstrated that he is the right man for the job. His fitness for the post was apparent when he was first nominated 18 months ago, and his performance has only ratified that conclusion. Support for his re-nomination has come from far and wide. Consumer, community, civil rights, labor, senior and small business and local government organizations have praised his work. Bank and financial industry leaders have also commended the Bureau for its openness, thoughtfulness, and balanced and responsible approach under his leadership. Director Cordray's swift confirmation is needed both to eliminate any uncertainty about the CFPB's authority and to enable the agency to deliver on its promise to "make markets for consumer financial products and services work for Americans."

In that context, we are deeply troubled by the recent letter from 43 Senators declaring their refusal to consider – or even allow a vote to consider – any nominee to lead the Consumer Bureau unless it is dramatically weakened. This position amounts to an attempt by a minority in the Senate to overturn a bill passed by both the House and the Senate, signed into law by the President, and supported by large majorities of the American people, across lines of party and geography. If the signers follow through on their threat, they will be putting the economic security of American families at risk, introducing a damaging new element of uncertainty into the consumer finance markets, and subverting the democratic process.

The letter describes the CFPB director as having "nearly unprecedented powers." One full year into the operation of the Bureau with a Director at its head, that claim has no credibility. Independent funding is a feature of all the bank regulatory agencies. Indeed, the CFPB is the only such agency with a hard-cap limit on its funding. Arthur E. Wilmarth of George Washington University, one of the country's leading authorities on administrative law, points out that stable and independent funding is important because it makes it easier for agencies to resist

industry pressure and the protect the public interest. The CFPB also shares its single-director structure with another crucial bank regulator, the Office of Comptroller of the Currency (OCC). Agencies with five-member commissions, as the CFPB's critics advocate, often fall into partisan gridlock. And the CFPB already faces a number of serious checks on its power. Its rules, unlike those of its peer agencies, can be vetoed by a committee of the financial regulators known as the Financial Stability Oversight Council. The Bureau's operations are also subject to regular oversight by Congress. And it is the only bank regulator that must comply with an additional set of small-business regulatory review requirements.

The Bureau's current funding mechanism and structure are important to its functioning effectively to make the consumer financial markets fairer and more transparent. Moreover, it is particularly hard to see how even disagreeing with this well supported view justifies the extreme political brinksmanship of refusing to consider a well qualified nominee in order to extract changes in the law. To follow through on this position in an effort to relitigate policies that were debated and defeated in 2010 would hold hostage not just the CFPB director, but the future well-being of consumers, financial markets, and the economy.

While we believe there are good arguments that the CFPB can exercise its authority even without a Director in place, there is debate about the extent of that authority. By indefinitely blocking confirmation, therefore, Senators would be creating significant uncertainty about the validity of the Bureau's actions and rules. This kind of uncertainty is harmful to consumers and industry alike. Consumers, already suffering from a near-depression caused by inadequate financial regulation, could suffer yet more harm. Financial companies that seek to follow the rules faithfully would be left at the mercy of unregulated, predatory competitors. The overall economy would be put at risk by an inability to take forceful action against abusive lending at a particularly vulnerable time.

The country needs a fully functioning CFPB to underpin a sustained and shared economic recovery. Unfair banking and lending practices helped bring on the financial crisis and the economic free-fall that followed. Some of those practices are ongoing, including unfair payday loans that trap consumers in a cycle of debt; deceptive private student lending by schools that make hollow promises of jobs while saddling students with mountains of debt; and robo-calling by debt buyers in pursuit of money that is no longer (or never was) owed. Without a confirmed director, the CFPB's ability to address these and other serious problems remains in doubt.

To the extent that the greatest uncertainty over the CFPB's authority without a director concerns non-banks, blocking the Cordray nomination is particularly pernicious in creating an unlevel playing field – to the benefit of payday lenders, debt collectors, credit reporting agencies, mortgage companies, and others. The strategy of the 43 Senators thus stands in the way of establishing fair rules of the road for all players, which ultimately will undermines good practices at community banks and larger depository institutions as well.

The focused mission of the CFPB is to protect consumers in the financial marketplace. The Bureau was created after it became evident that, without fair rules of the road, families were losing uncounted billions of dollars a year, and abusive practices were taking over crucial markets, from mortgages on down to credit cards, payday loans, and the other “last-dollar” providers who prey on consumers with no hope. Rejecting a nominee who has so obviously done an excellent job would needlessly put consumers and the economy at risk. Failing to confirm Director Cordray to a full term in 2013 would create even more uncertainty now than leaving him to a recess appointment in December 2011 did.

Under Director Cordray’s leadership, the CFPB has proved to be an open and accessible agency that moves carefully to make markets work better, considering the views of industry players as well as consumers before it acts. We urge you to give top priority to the need to protect consumers and the economy, eliminate uncertainty, and treat both banks and non-banks the same – and vote to confirm Richard Cordray to a full term as director of the CFPB.

Sincerely,

AFL-CIO

American Federation of State, County and Municipal Employees (AFSCME)

Americans for Financial Reform

Consumer Action

Consumer Federation of America

Consumers Union

Demos

Empire Justice Center

ESOP: Empowering and Strengthening Ohio's People

Greenlining Institute

International Brotherhood of Teamsters

NAACP

National Association of Consumer Advocates

National Community Reinvestment Coalition

National Fair Housing Alliance

National People's Action

NEDAP

New Jersey Citizen Action

Public Citizen

The Closing the Racial Wealth Gap Initiative at the Insight Center

The Institute for College Access & Success (TICAS)

The International Union, United Automobile, Aerospace and Agricultural Implement Workers of America (UAW)

The Leadership Conference on Civil and Human Rights

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.*

- 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 Effective Government
- Center for Media and Democracy
- Center for Responsible Lending
- Center for Justice and Democracy
- Center of Concern
- 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
- Greenlining Institute
- Good Business International
- HNMA Funding Company
- Home Actions

- Housing Counseling Services
- Home Defender's League
- Information Press
- 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 Affiliates*

- 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

