Statement for the Record

On Behalf of

Americans for Financial Reform

to the

House Committee on Financial Services

"Dodd-Frank Turns 15: Lessons Learned and the Road Ahead"

July 15, 2025

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Americans for Financial Reform (AFR) appreciates the opportunity to provide a Statement for the Record for the House Financial Services Committee on "Dodd-Frank Turns 15: Lessons Learned and the Road Ahead." AFR is a nonpartisan and nonprofit organization founded by a coalition of more than 200 civil rights, consumer, labor, investor, faith-based, and civic and community groups. Formed in the wake of the 2008 crisis, AFR continues to work towards a stable, and ethical financial system that can contribute to a just and sustainable economy, and to fight inequities and systemic racism that stand in the way of this goal.

The Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank) was put in place to address the massive, systemic failures that led to the global financial crisis that had devastating impacts on millions of families. The root of these failures was decades of deregulation that allowed for dangerous recklessness, speculation, and abusive practices in the financial industry. The Financial Crisis Inquiry Commission concluded that:

> The sentries were not at their posts, in no small part due to the widely accepted faith in the self-correcting nature of the markets and the ability of financial institutions to effectively police themselves. More than 30 years of deregulation and reliance on self-regulation by financial institutions, championed by former Federal Reserve chairman Alan Greenspan and others, supported by successive administrations and Congresses, and actively pushed by the powerful financial industry at every turn, had stripped away key safeguards, which could have helped avoid catastrophe. This approach had opened up gaps in oversight of critical areas with trillions of dollars at risk, such as the shadow banking system and over-the-counter derivatives markets.[1]

The financial industry demanded deregulation and the Congress and the financial regulators delivered by weakening the oversight and supervision of banks, Wall Street, and other financial firms and allowing these firms to pursue more and more risky businesses. Many in industry, Congress, and regulatory agencies argued that regulatory safeguards had to be removed to foster financial innovation. Today's promotion of deregulation on behalf of cryptocurrencies and fintech products, and arguments in favor of rolling back rules on big banks and investment products sounds indistinguishable from the promotion of unregulated over-the-counter derivatives and eliminating the barriers between banking and commerce that contributed to and exacerbated the financial crisis.

Dodd-Frank was a restrained response to a devastating set of failures of legislative decision making and regulatory and corporate governance failures. Congress and financial regulators should be building on the pieces it put in place, not rolling them back. A 2020 study by Stanford and UCLA

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[1] Financial Crisis Inquiry Commission. "The Financial Crisis Inquiry Report." January 2011 at xviii.

economists that looked at recessionary periods over the past 150 years found that "recessions in the aftermath of financial crises are severe and protracted" and "longer and deeper than the recessions surrounding non-financial crises."[2] Effective regulation to serve the public interest remains critical to make the financial system work for everyone, not just for financial firms and executives but for customers, communities, and the real economy. These firms benefit from the public role in finance, from access to the Federal Reserve discount window, federal deposit insurance, maintaining the integrity of the public equities and commodities markets, and more. The financial stability guardrails and consumer protections in the Dodd-Frank Act were intended to prevent the financial industry from rigging the system into a heads-I-win-tails-you-lose proposition for the rest of us.

Severe economic costs of the financial crisis borne by working families: The costs of the financial crisis were severe and protracted. The financial companies reaped enormous profits in the lead up to the financial crisis and bounced back faster from the 2008 crisis than millions of households that lost their life savings, their homes, and their jobs. U.S. families generally did not share in the upside of financial deregulation, but they paid a dear price for the downside.

The financial crisis robbed millions of Americans of their wealth and homeownership, with particularly devastating impacts on people and communities of color.[3] The large bank failures and financial sector free-fall during and after the 2008 crisis set back the U.S. economy for years, cost millions of jobs, suppressed household earnings for years, erased retirement and household savings, and destroyed homeownership for millions of families.

Millions experienced sharp losses or declines in their property values, retirement savings, income, and overall prosperity. The stock market lost half its value and total household wealth fell by $17 trillion by 2011.[4] Between 2007 and 2013, median household net worth fell by more than 40 percent for Black and Latine families and 26 percent for white families.[5] Many families — especially Black and Latine families — barely began to make up for lost ground when the pandemic overturned their economic lives again.[6]

The impact was catastrophic in housing, driven by deregulation and speculation on mortgage-related derivatives and refusal by regulators to tame predatory mortgage practices. Millions of people were push-marketed into predatory mortgages that extracted equity and left homeowners unable to afford their loans when they reset to higher rates, leading to a wave of foreclosures. The Federal Reserve's "pivotal failure to stem the tide of toxic mortgages" exposed families to predatory and unaffordable mortgages *and* ignited a crisis that went far beyond the mortgage markets.[7] The financial crisis

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[2] Krishnamurthy, Arvind and Tyler Muir. National Bureau of Economic Research. "How Credit Cycles across a Financial Crisis." Working Paper No. 23850. September 2020.

[3] Bayer, Patrick, Fernando Ferreira, and Stephen L. Ross. "What Drives Racial and ethnic Differences in High-Cost Mortgages? The Role of High-Risk Lenders." Review of Financial Studies. Vol. 31, Iss. 1. January 2018 at 175 to 205.

[4] Financial Crisis Inquiry Commission. "The Financial Crisis Inquiry Report." January 2011 at xviii; Emmons, William R. and Bryan J. Noeth. Federal Reserve Bank of St. Louis. "Household financial stability: Who suffered most from the crisis." July 1, 2012; Greenstone, Michael et al. Brookings Institution. "Unemployment and Earnings Losses: A Look at Long-Term Impacts of the Great Recession on American Workers." November 4, 2011.

[5] Federal Reserve Board. Survey of Consumer Finances. Median Household Net Worth in Real 2022 Dollars. Accessed July 2025.

[6] Adejumo, Vincent. "African Americans' economic setbacks from the Great Recession are ongoing — and could be repeated." The Conversation. February 5, 2019.

[7] Financial Crisis Inquiry Commission. "The Financial Crisis Inquiry Report." January 2011 at xvii.

destroyed the homeownership and home equity of millions of families. More than 16 million families lost their homes between 2007 and 2015.[8] The losses were especially pronounced for lower-income Black and Latine families who disproportionately lost savings, homes and home equity to predatory lending and the subsequent tsunami of foreclosures.

Many Black and Latine families were pushed into subprime, toxic, and predatory mortgages even though they should have qualified for more affordable and safe mortgage loans.[9] Between the beginning of 2008 and 2015, the homeownership rate fell 11.0 percent for Black households, 9.8 for Latine households, and 4.0 percent for white households..[10] For those that didn't lose their homes, the housing crisis devoured home equity and household net worth; from 2007 to 2016, real median home equity for Black, Latine, and white homeowners fell 28.8 percent, 24.3 percent, and 13.8 percent respectively.[11]

Job losses were severe, persistent, and disproportionately harmed communities of color. By 2011, 26 million people were still out of work, unable to find jobs, or had given up trying to find a job.[12] Unemployment and poverty rates rose faster and fell slower for Black and Latine families than for white families.[13] Fifteen years later, the economic reverberations of the Great Recession are still keenly felt by many U.S. families.

Dodd-Frank changes have increased financial stability and protected consumers and investors: Congress passed Dodd-Frank to reduce the likelihood and severity of future financial crises and to protect people from financial predation and it has made a difference. New and improved guardrails have prevented the financial system from facing the kind of severe crisis that had been seen repeatedly during the deregulatory era from the S&L collapse to the accounting scandals to the dot com bubble bursting to the 2008 crash. For example, the improved capital and safety and soundness safeguards put the banking system in a more secure place to weather the pandemic economic crisis, providing economic stability when it was desperately needed.

On the other side of the ledger, deregulatory efforts undermine these safeguards and expose the financial system and the real economy to potential financial crises. The 2019 Economic Recovery, Relief and Consumer Protection Act weakened Dodd-Frank capital requirements for larger banks with at least $100 billion in assets, opening the door to lower levels of capital that left a set of institutions vulnerable after the 2022 crypto crash. The 2023 failures of Silicon Valley Bank, First Republic, and Signature Bank demonstrated how quickly contagion can take hold and be propagated

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[8] ATTOM. [Press release]. "U.S. foreclosure activity increases from 2022 but still below pre-pandemic levels." January 11, 2024. There were 16.6 million foreclosures between 2007 and 2015 before foreclosures dropped below 1 million a year.

[9] Perkins, Olivera. "Minority homebuyers often got risky loans even though they qualified for better mortgages, study says." *Plain Dealer*. August 12, 2013.

[10] U.S. Census Bureau via Federal Reserve Economic Data. Federal Reserve Bank of St. Louis. Homeownership Rates by Race and Ethnicity. Accessed July 2025.

[11] Federal Reserve Board. Survey of Consumer Finances. Primary Residence Asset in real 2022 dollars. Accessed July 2025.

[12] Financial Crisis Inquiry Commission. "The Financial Crisis Inquiry Report." January 2011 at xv.

[13] Cunningham, Evan. Bureau of Labor Statistics. "Great Recession, great recovery? Trends from the Current Population Survey." *Monthly Labor Review*. April 2018.

by and through this size class of banks, just as critics predicted in advance of the rollbacks. These three collapses were the second (First Republic), third (Silicon Valley Bank), and fourth (Signature Bank) biggest bank failures in U.S. history in the span of only a few weeks.[14] As then-Federal Reserve Vice Chair Michael Barr elaborated, "[o]ne factor motivating the depositors' run on SVB was a concern about its solvency, particularly the risk that the unrealized losses on the firm's securities holdings were larger than the firm's equity. This loss of confidence underscores the importance of credible and robust capital standards and prompt regulatory intervention."[15]

Another Dodd-Frank success was the creation of the Consumer Financial Protection Bureau (CFPB). Prior to the financial crisis, banking regulators repeatedly failed to protect people from financial predation, barely enforced consumer protection and fair lending laws, prevented state regulators from enforcing their own consumer financial protection laws, and were seemingly indifferent to consumer complaints about financial products. Congress created the CFPB to monitor the financial marketplace for unfair and abusive practices and enforce consumer protection and fair lending laws.

The CFPB has helped everyday people when they are hit with junk fees, scammed, misled, and preyed upon by financial companies. The Bureau has obtained $21 billion in relief for over 200 million people through restitution or cancelled debts[16] and has saved families tens of billions of dollars more through its rulemaking and other actions. As the primary agency charged with enforcing the Military Lending Act, the CFPB returned $363 million to servicemembers and veterans through 39 enforcement actions (including 6 Military Lending Act violations).[17] The CFPB put in place sustainable mortgage rules as well as procedures to help homeowners facing financial hardship stay in their homes foreclosure prevention and mortgage and enforced fair lending laws to prevent discrimination. It protected student loan borrowers, returning over $165 million in fees and debt relief from predatory lenders and servicers, helping young people invest in their futures and families.

Deregulation will expose people and the financial system to substantial risks: The current congressional leadership and the administration are recklessly pursuing a deregulatory agenda that will put the financial system and economy at risk, harm the economic security of U.S. families, and give a green light to unlawful predatory practices. The administration is aggressively trying to dismantle the CFPB through mass firings, budget cuts, and dropped enforcement cases.[18] Congress' budget reconciliation law reduced the CFPB's budget by half, while giving tax breaks to the richest and cuts to health care and nutrition programs. The dropped enforcement actions alone have cost the public an estimated $18 billion.[19]

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[14] Stewart, Jackie. "Hall of shame: 10 biggest bank failures." *American Banker*. April 26, 2023.

[15] Barr, Michael S. Vice Chair for Supervision. Board of Governors of the Federal Reserve System. "Letter Regarding Review of the Federal Reserve's Supervision and Regulation of Silicon Valley Bank." April 28, 2023.

[16] Consumer Financial Protection Bureau (CFBP). About the Bureau. Accessed July 8, 2025.

[17] *Ibid.*

[18] Wamsley, Laurel. "Judge blocks mass layoffs at CFPB in the latest twist over the fate of the agency." *National Public Radio*. April 18, 2025.

[19] Gillison, Douglas. "Trump's CFPB rollback has cost Americans $18 billion, consumer groups say." *Reuters*. June 24, 2025.

The financial industry has launched well-funded lobbying and litigation efforts to prevent the regulators from implementing the remaining Dodd-Frank safety and soundness rules and now the administration and Congress are trying to unravel existing protections as well. There have been staff cuts and deregulatory efforts at the financial agencies as well and a total abandonment of any enforcement of investor protection, money laundering, or other cases against the crypto industry. The proposed reduction of the supplementary leverage ratio for the very largest handful of banks is only the latest of these deregulatory drives that will imperil financial stability and put families' economic security at risk.

Congress should heed the warning of the Financial Crisis Inquiry Commission when it noted that the financial industry and its congressional allies "may be tempted to wipe from memory the events of this crisis."[20] Congress should take heed and halt regulatory rollbacks that weaken the financial system, make it less resilient and durable during times of economic stress, and expose people and the real economy to unnecessary risks as well as to predatory and unscrupulous practices. The emerging and novel risks from financial technology, cryptocurrency, shadow banks, and private credit and private offering require more not less vigilance from financial regulators. Failing to confront those risks will reward powerful financial companies and Wall Street insiders and punish everyone else.

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Today's hearing noticed a raft of legislation that would undermine Dodd-Frank protections to guard against systemic risks and financial sector abuses. Members of Congress must oppose bills driven by big banks, Wall Street, and predatory financial companies that will ultimately make it harder for families to make ends meet and imperil financial stability that households and small businesses depend on.

Congress must not undermine the structure and authority of the CFPB. Several pieces of legislation noticed for today's hearing attack the CFPB's structure and authority and undermine the agency's ability to pursue its statutory mission to protect consumers and enforce the law. When Congress created the CFPB in the wake of the 2008 financial crisis, it transferred many of the consumer protection and civil rights enforcement powers from the prudential regulators such as the Federal Reserve, the Office of the Comptroller of the Currency (OCC), and the Federal Deposit Insurance Corporation (FDIC) to CFPB. Like other bank regulatory agencies, the CFPB was given a stable funding stream from a dedicated Federal Reserve transfer to make sure the financial sectors the Bureau regulates—including big banks, payday and other high-cost lenders, as well as debt collectors and credit bureaus and more—are consistently supervised and comply with the law. The bills described below are being pushed precisely because they would tie the agency's hands, and put barriers in the way of it taking action to stand up for families and communities when powerful financial institutions behave in abusive ways, rip people off, and break the law.

- **"Taking Account of Bureaucrat's Spending (TABS) Act of 2025" (H.R. 654)**[21] offered by Rep. Andy Barr (Ky.), would subject the CFPB to the deeply flawed annual appropriations process, which would leave the CFPB's funding vulnerable to congressional shutdowns, budget

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[20] Financial Crisis Inquiry Commission. "The Financial Crisis Inquiry Report." January 2011 at xv.

[21] Taking Account of Bureaucrat's Spending Act of 2025. TABS Act. H.R. 654. 119th Cong. (2025).

paralysis, deregulatory appropriations riders, and constant threats to the funding it needs, unlike its partner bank regulators the Federal Reserve, the OCC, and the FDIC. It would also imperil the CFPB's consumer protection mission and provide Wall Street and the worst members of the financial industry with endless lobbying opportunities to deny the CFPB stable funding to protect people.

- **The "CFPB Budget Integrity Act" (H.R. 3141)**[22] offered by Rep. Downing (Mont.) limits the CFPB's ability to save unused funds in any given fiscal year. Any unobligated balances over 5 percent in any fiscal year would go straight back to the Treasury, limiting the CFPB's ability to fulfill its mission.

Congress must protect the CFPB's single director structure and oppose bills such as the "Commission of the Consumer Financial Protection Commission Act," which would turn the CFPB into a commission. The CFPB's single director structure has allowed the Bureau to successfully fulfill its public interest mission similar to single directors leading the Office of the Comptroller of the Currency (OCC), the Federal Housing Finance Agency (FHFA), and the Social Security Administration (SSA). The single director is also fully accountable to answer to the President and to Congress. Congress must oppose Rep. Bill Huizenga's (Mich.) "Commission of the Bureau of Consumer Financial Protection Act" (H.R. 3445),[23] which would establish a five-member bipartisan commission to lead the CFPB, with at least two commissioners selected for their financial industry experience.

A commission structure would subject the CFPB to gridlock, infighting and inertia, and make it more difficult for the Bureau to act to protect consumers. The supposed benefits of a commission are also questionable as members of bipartisan commissions such as the Federal Trade Commission (FTC) and National Credit Union Administration (NCUA) have been illegally fired, leaving the commissions boards largely empty.

Congress must oppose the "CFPB–Inspector General (IG) Reform Act of 2025" (H.R. 2513),[24] which would unnecessarily establish a new inspector general for the CFPB. The CFPB already reports to Congress twice a year and is accountable to the independent Inspector General for the Federal Reserve Board of Governors and to the Government Accountability Office. H.R. 2513, offered by Rep. Meuser (Pa.) only hinders the Bureau's mission and would force the CFPB to address wasteful, duplicative oversight demands, which is especially unnecessary as the CFPB already operates under more oversight than other financial regulators.

Congress must oppose the bills below, which add wasteful, duplicative and unnecessary hurdles to the CFPB's enforcement and regulatory functions. The Bureau must be able to continue fulfilling its consumer protection mandate through robust enforcement, regulation, and supervision. The bills below only serve to create cumbersome requirements that would greatly slow down or even stop CFPB enforcement and rulemaking efforts.

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[22] The CFPB Budget Integrity Act. H.R. 3141. 119th Cong. (2025).

[23] Commission of the Bureau of Consumer Financial Protection Act. H.R. 3445. 119th Cong. (2025).

[24] Bureau of Consumer Financial Protection-Inspector General Reform Act of 2025. CFPB-IG Reform Act of 2025. 119th Cong. (2025).

- **The "CFPB Dual Mandate and Economic Analysis Act" (H.R. 2183)**[25] offered by Rep. Tom Emmer (Minn.) frustrates the CFPB's ability to fulfill its mission by subjecting all proposed guidance, rules, regulations, and orders to an additional layer of bureaucratic approval and unnecessary analysis through a newly created Office of Economic Analysis. The CFPB is already subject to numerous analytical and review requirements, including extra requirements not applied to other financial regulators, and this bill would add unnecessary and wasteful time and expense to the rulemaking process.

- **The "Transparency in CFPB Cost-Benefit Analysis Act" (H.R. 2331)**[26] offered by Rep. Barry Loudermilk (Ga.), creates extra requirements for proposed CFPB rules, including requiring quantitative and qualitative assessments on the costs of each proposed regulation, alternatives to the regulation, and effects of the regulation on "economic activity, efficiency, competition and capital formation" as well as "costs imposed on State, local and tribal entities." This bill is wholly unnecessary as the Dodd-Frank Act and the Administrative Procedure Act (APA) already require the CFPB to consider and explain benefits and costs, the potential reduction of access, the impact of proposed rules on companies, reasonable alternatives, and the basis and purpose of any proposed rules.

- **The "Making the CFPB Accountable to Small Business Act of 2025" (H.R. 1606)**[27] offered by Rep. Scott Fitzgerald (Wis.), requires the CFPB to jump through additional hoops to minimize small business impacts. These steps are wholly unnecessary as the Small Business Regulatory Enforcement Fairness Act of 1996 (SBREFA) already requires the CFPB to assess the impact on small businesses, to consult early with representatives of small business entities likely to be impacted by CFPB regulations, and to consider their feedback. Under SBREFA, the CFPB also must report on the feedback received on likely impacts to small entities.

- **The "Rectifying UDAAP Act" (H.R. 1652)**[28] offered by Rep. Andy Barr (Ky.), would significantly limit the CFPB's UDAAP (unfair, deceptive, abusive acts and practices) authority and heighten standards of proof required for the CFPB to successfully bring enforcement actions. For example, to demonstrate "abusiveness," the CFPB would be required to show an act or practice "intentionally" interferes with a consumer's ability to understand a material term or condition, which may be nearly impossible to show despite documented harm.[29] Institutions that have engaged in misconduct would also be given a free pass to "cure" misconduct rather than face accountability for harmful practices.[30]

- **The "Civil Investigative Demand Reform Act of 2025" (H.R. 1653)**[31] offered by Rep. Andy Barr (Ky.) adds burdensome steps that will slow down and make it more difficult for the CFPB

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[25] CFPB Dual Mandate and Economic Analysis Act. H.R. 2183. 119th Cong. (2025).
[26] Transparency in CFPB Cost-Benefit Analysis Act. H.R. 2331. 119th Cong. (2025).
[27] Making the CFPB Accountable to Small Business Act of 2025. H.R. 1606. 119th Cong. (2025).
[28] Rectifying UDAAP Act. H.R. 1652. H.R. 1652. 119th Cong. (2025).
[29] Rectifying UDAAP Act. H.R. 1652. H.R. 1652. 119th Cong. §5(d)(1)(A). (2025).
[30] Rectifying UDAAP Act. H.R. 1652. H.R. 1652. 119th Cong. §6.
[31] Civil Investigative Demand Reform Act of 2025. H.R. 1653. 119th Cong. (2025).

to obtain civil investigative demands (CIDs) that are needed to begin timely investigations into wrongdoing. The CFPB already provides a detailed description of potential violations when it issues a CID and has a robust meet and confer process. Companies already use challenges to the CIDs to hinder and slow investigations into lawbreaking, and this bill would give them more tools to block compliance.

- **The draft "Business of Insurance Regulatory Reform Act of 2025"**[32] offered by Rep. Bryan Steil (Wis.) would not meaningfully change or reduce the actual federal oversight of the insurance industry. Currently, the CFPB conducts extremely minimal insurance-related work that is focused on consumer financial education[33] and ensuring that credit cards and other loan products do not tack on costs for credit insurance that consumers do not want or need. The draft legislation is unnecessary given the CFPB's essentially non-existent oversight of the insurance industry and is solely intended to chill any regulatory efforts by any federal agency over the insurance industry, including consumer protection.

- **The discussion draft to require federal financial institutions to jointly review the cumulative impact of regulations** (currently without a sponsor)[34] creates unnecessary and duplicative mandates. Federal statutes that govern federal agency rulemaking such as the Administrative Procedures Act (APA) and the Paperwork Reduction Act already require agencies to consider the impact of their regulations.

- **The discussion draft to amend the Consumer Financial Protection Act to provide procedures for guidance** (currently without a sponsor)[35] would create additional bureaucratic and unnecessary hurdles when the agency issues guidance documents. This bill would also create an unnecessary procedural barrier for assessing civil money penalties and limit the CFPB's flexibility in handling civil money penalties.

- **The "Restoring Court Authority Over Litigation Act of 2025 (H.R. 3213)"** offered by Rep. Fitzgerald (Wis.)[36] limits the ability of the CFPB and other agencies to enforce the law, and hold financial institutions accountable for unfair, deceptive, and abusive conduct. Agencies are within their full authority to sanction misconduct, regardless of the bad actor. Limiting an agency's ability to enforce the law would hurt the effort to hold repeat offenders accountable for misconduct.

Congress must oppose any legislation that would repeal or weaken Dodd-Frank authorities that help the CFPB make the financial marketplace more stable, transparent, and safe.

- **The "Small Lenders Exempt from New Data and Excessive Reporting (LENDER) Act" (H.R. 941)** offered by Rep. Hill significantly weakens Dodd-Frank Section 1071 by exempting

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[32] Business of Insurance Regulatory Reform Act of 2025. Draft bill. 119th Cong. (2025).
[33] CFPB. "Learning about insurance." August 25, 2022.
[34] To require the Federal financial institutions regulatory agencies to jointly review the cumulative impact of regulations issued by such agencies, and for other purposes. [Discussion draft]. 119th Cong. (2025).
[35] To amend the Consumer Financial Protection Act of 2010 to provide procedures for guidance issued by the Bureau of Consumer Financial Protection, and for other purposes. [Discussion draft]. 119th Cong. (2025).
[36] The Restoring Court Authority Over Litigation Act of 2025. H.R. 3213. 119th Cong. (2025).

financial institutions from Section 1071 requirements and making them voluntary. Such an extreme measure would only hurt small businesses and farms, both of which are important engines for economic growth and household wealth building. Dodd-Frank Section 1071 and the CFPB's final 1071 rule make it possible to identify community development, small business, and farm capital needs, to improve transparency in small business and farm credit and lending markets, and to assess and enforce compliance with fair lending and anti-discrimination statutes. Further undermining and delaying the collection of data will make it harder to address the credit needs of communities and to see patterns of discrimination in small business and farm credit markets — discrimination which disadvantages certain small businesses and farms, which results in a less competitive marketplace that hurts all small business owners and farmers and the communities they serve.

- **The Bank Loan Privacy Act (H.R. 2885)** offered by Rep. Ross (N. Car.) would delay or ultimately prevent the collection and disclosure of the critical small business and farm loan data under Section 1071. The legislation would require the CFPB to re-promulgate rules on whether to delete or modify data collected under 1071, a statutory requirement that has already been delayed for 15 years, purportedly to protect privacy, although the data mirrors the Home Mortgage Disclosure Act data disclosure and, like HMDA, does not disclose any information that identifies loan applicants or borrowers.

- **The discussion draft to eliminate the market monitoring functions of the CFPB** (currently without a sponsor)[37] would gut the CFPB's market monitoring authority, which critically helps the CFPB identify and address emerging and novel consumer risks including new technologies in non-traditional markets. This authority helps the CFPB monitor key risk areas, such as risks in credit card markets and scams targeted toward servicemembers.

- **The discussion draft to limit the civil penalty fund** (currently without a sponsor)[38] would undermine the CFPB's ability to fully and flexibly use the civil penalty fund to address consumer harms. This bill significantly limits who is entitled to collect from the civil penalty fund and pushes non-disbursed money straight back to the Treasury instead of setting the money aside for future victims of financial malfeasance. This would mean that consumers who have been unlawfully financially harmed by firms that enter bankruptcy would be unlikely to receive compensation for their losses.

- **The discussion draft to amend the Consumer Financial Protection Act to revise the structure and maximum amounts of civil money penalties, and to provide incentives for the self-reporting of violations** (without a sponsor)[39] would let financial wrongdoers off the hook simply because they admitted to wrongdoing and stop the CFPB from being able to break up abusive contract terms.

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[37] To amend the Consumer Financial Protection Act of 2010 to eliminate the market monitoring functions of the Bureau of Consumer Financial Protection, and for other purposes. [Discussion draft]. 119th Cong. (2025).

[38] To amend the Consumer Financial Protection Act of 2010 to direct civil penalties to victims and transfer excess funds to the Treasury, and for other purposes. [Discussion draft]. 119th Cong. (2025).

[39] To amend the Consumer Financial Protection Act of 2010 to revise the structure and maximum amounts of civil monetary penalties, and to provide incentives for the self-reporting of violations. [Discussion draft]. 119th Cong. (2025).

- **The discussion draft that requires the Secretary of the Treasury to submit a list of unused Dodd-Frank authorities** (without a sponsor)[40] may inaccurately identify authorities that may not have had a final rulemaking, but are still nonetheless critical to avoid a repeat of another 2008 financial crisis.

Congress should not support legislation that further undermines consumer protections and consumer rights. Several pieces of legislation noticed for today's hearing will further chip away at important consumer protections for some of the most preyed upon communities, including older adults and military families.

- **The Credit Access and Inclusion Act** offered by Rep. Kim (Cal.) would preempt stronger state privacy protections for utility customers and tenants, which could potentially lower their credit scores.[41] This is a bill that consumer, utility rights, and housing groups have opposed for over a decade.

- **The Small Dollar Loan Certainty Act** offered by Rep. Kim (Cal.)[42] only offers certainty for consumers to get ripped off by exempting small-dollar loans from Truth in Lending Act protections such as APR disclosures. The bill also undermines the CFPB's ability to order civil money penalties for TILA violations and would strip individuals of their right to hold small dollar lenders accountable in court for TILA violations.

- **The discussion draft to amend the Consumer Financial Protection Act to require the attestation of certain information as part of the consumer complaint submission process**[43] (currently without a sponsor) would greatly decrease transparency and accountability for financial bad actors. This bill would allow financial institutions to unilaterally close filed complaints and seals currently publicly available complaint narratives on the consumer complaints database. The bill threatens people who file complaints with possible perjury charges. Not only does the bill seek to intimidate people from filing complaints, sealing the narratives will protect repeat offenders and hide patterns of wrongdoing.

- **The "FCRA Liability Harmonization Act"** offered by Rep. Loudermilk (Ga.)[44] is an anti-consumer bill that would dramatically reduce accountability for credit reporting agencies when they violate the Fair Credit Reporting Act (FCRA) by eliminating punitive damages, no matter how egregious the violation. The bill also caps both statutory damages and actual damages for class actions to $500,000, no matter how many thousands or millions of consumers have been

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[40] To require the Secretary of the Treasury to submit a report that contains a list of unused authorities in the Dodd-Frank Wall Street Reform and Consumer Protection Act and in the amendments made by such Act, and for other purposes. [Discussion draft]. 119th Cong. (2025).

[41] The Credit Access and Inclusion Act. [Discussion draft]. 119th Cong. (2025).

[42] The Small Dollar Loan Certainty Act. [Discussion draft]. 119th Cong. (2025).

[43] To amend the Consumer Financial Protection Act of 2010 to require the attestation of certain information as part of the consumer complaint submission process, and for other purposes. [Discussion draft]. 119th Cong. (2025).

[44] The FCRA Liability Harmonization Act. [Discussion draft]. 119th Cong. (2025). *See also* Warmbrodt, Zachary. "Finance industry's deregulation drive faces new threat with Equifax." *Politico.* September 13, 2017. ("The congressman instructed the committee that 'he would like to see no further action on H.R. 2359, pending a full and complete investigation into the Equifax breach,' according to Loudermilk spokeswoman Shawna Mercer").

harmed or the extent of their losses. This bill has been opposed by consumer advocates since it was first introduced around the time of the 2017 Equifax data breach that compromised the data of 147 million individuals.

- **The discussion draft to amend FCRA to limit liability for data resellers** offered by Rep. Lawler (New York)[45] unnecessarily lets these companies off the hook for errors. Data resellers are already covered under the FCRA's accuracy requirements. What the bill does is limit the reseller's liability if the company from which it purchased the data made the same error, even if the reseller knew or should have known that the information was inaccurate.

- **The discussion draft to undo current SEC authority to regulate forced arbitration**[46] (currently without a sponsor) would strip away any ability for the SEC to consider how and when to regulate forced arbitration, a practice that funnels investor cases into a private and non-transparent proceeding rather than allowing an investor to file their case in court.

Congress should oppose legislation that weakens regulatory oversight of banks, the financial system, and securities markets that create unnecessary bureaucratic hurdles or further hinders the financial regulators from fulfilling their statutory missions. Several pieces of legislation noticed for today's hearing attack the financial regulatory architecture or roll back critical protections that would harm investors and financial stability. Congress should oppose these measures.

- **The discussion draft to amend the Financial Stability Act of 2010 to authorize appropriations for the Office of Financial Research and the Financial Stability Oversight Council** (currently without a sponsor)[47] subjects FSOC and the OFR to the whims of Congress and politics by subjecting what should be independent functions that provide critical assessments of emerging stresses to the financial system to the appropriations process. Federal financial regulators rely on the independent, nonpartisan, and objective evaluations of the OFR and FSOC to reduce the likelihood and severity of financial crises which should be free from political interference in the annual appropriations process.

- **The "Financial Stability Oversight Council Improvement Act of 2025 (H.R. 3682)** offered by Rep. Foster (Ill.)[48] creates another burdensome hurdle before FSOC may designate a nonbank financial company as a systematically important financial institution (SIFI) by requiring FSOC to first consult with the company and its primary financial regulator, and also demonstrate that alternative regulatory actions are impractical and inadequate to address risks before moving

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[45] To amend the Fair Credit Reporting Act to require resellers of information contained in consumer reports to follow reasonable procedures to assure maximum possible accuracy of such information before transmitting such information, and for other purposes. [Discussion draft]. 119th Cong. (2025).

[46] To repeal unused authority of the Securities and Exchange Commission related to restricting certain mandatory predispute arbitration, and for other purposes. [Discussion draft]. 119th Cong. (2025).

[47] To amend the Financial Stability Act of 2010 to authorize appropriations for the Office of Financial Research and the Financial Stability Oversight Council, and for other purposes. [Discussion draft]. 119th Cong. (2025).

[48] The Financial Stability Oversight Council Improvement Act of 2025. H.R. 3682. 119th Cong. (2025).

forward with a SIFI determination. This would prevent the FSOC from appropriately overseeing nonbanks that could pose risk to the entire financial system.

- **The "FDIC Board Accountability Act" (H.R. 3446)**[49] offered by Rep. Bill Huizenga (Mich.) would remove the CFPB Director as a voting member of the Federal Deposit Insurance Corporation board, which would weaken crucial consumer protection oversight at a time when banks are growing larger and being deregulated—increasingly becoming prone to fraudulent and abusive practices. The CFPB has been instrumental in holding big banks accountable and protecting the public against junk fees, excessive overdraft charges, and credit card late fees. Eliminating the CFPB Director's voting authority on the FDIC board directly undermines these protections, further empowering big banks and jeopardizing financial stability and consumer welfare. Consumer protection is not merely an individual financial issue—it is a systemic risk issue that directly impacts overall financial and economic stability.[50] This legislation represents efforts to diminish consumer-focused oversight and marginalize the voice of consumer protection advocates, ultimately benefiting big banks.

- **The discussion draft to amend the Federal Reserve Act to assign additional supervisory and regulatory responsibilities to a Board of Governors of the Federal Reserve System member with experience working in or supervising community banks** (currently without a sponsor)[51] would undermine the authority and effectiveness of the Vice Chair for Supervision—a role created by the Dodd-Frank Act to protect financial stability by ensuring banks operate safely, soundly, and with accountability—by inserting a bank-friendly Board member into the development of policy related to bank supervision and regulation. This risks the weakening critical oversight intended to safeguard the broader financial system and would be a gift to big banks, which have long used community banks as a smokescreen to promote deregulation. Most community and small banks under $10 billion in assets are already exempt from a lot of the Federal Reserve Board regulatory framework, which by law is tailored to different types of banks, differing in content and stringency based on a bank's activities and size.

- **The "Business Owners Protection Act" (H.R. 3484)**[52] offered by Rep. Andy Barr (Ky.) would terminate any authority Dodd-Frank provides the Securities and Exchange Commission to regulate private entities if the Commission had not used such authority by issuing a notice of proposed rulemaking or guidance before January 1, 2025. Eliminating mandates that the SEC has yet to implement—many delayed by political obstruction, industry lawsuits, and partisan gridlock—would undermine its mission of protecting investors and maintaining fair, orderly, and efficient markets. In particular, this overly broad measure could inadvertently terminate crucial authorities to regulate opaque and risky private markets, which now rival public securities

[49] The FDIC Board Accountability Act. H.R. 3446. 119th Cong. (2025).

[50] Prepared Remarks of CFPB Director Rohit Chopra at the Better Markets Conference on the 15th Anniversary of the Collapse of Lehman Brothers and the Onset of the Global Financial Crisis. September 13, 2023.

[51] To amend the Federal Reserve Act to specify additional responsibilities of the member of the Board of Governors of the Federal Reserve System who was appointed as the member with experience working in or supervising community banks, and for other purposes. [Discussion draft]. 119th Cong. (2025).

[52] To terminate unused authorities of the Securities and Exchange Commission that were established pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act. H.R. 3484. 119th Cong. (2025).

markets in size. Rather than dismantling safeguards intended to protect investors and promote transparency, Congress should ensure the SEC fulfills its obligations under Dodd-Frank.

- **Discussion draft to remove existing SEC authority to consider imposing additional fiduciary obligations on broker-dealers and investment advisers** (currently without a sponsor).[53] It would severely weaken investor protections at the worst possible moment—precisely when the White House and the majority in Congress are willing to open risky private markets to retail investors and also allow private equity into retirement accounts like 401(k)s. Existing SEC authority is essential to establish fiduciary duty and require advisers to prioritize clients' interests above their own financial incentives. Eliminating the SEC's authority now would exacerbate conflicts of interest, misleading sales practices, and unfair compensation structures, endangering transparency and investor trust just as trillions of dollars in retirement savings could flow into opaque, lightly regulated private funds. Congress should enhance, not dismantle, protections for investors facing these emerging risks.

- **The discussion draft to repeal the disclosure requirement applicable to payments by resource extraction issuer** (currently without a sponsor)[54] would repeal key anti-corruption and transparency measures that require oil, gas, and mining companies to disclose payments to both U.S. and foreign governments for resource extraction projects. Eliminating these disclosure requirements—some dating back almost a century—would weaken efforts to combat bribery, enable illicit financial flows, and obscure the financial relationships that often underpin environmental degradation and political instability in resource-rich countries.

- **The discussion draft to repeal certain unused authority of the Securities and Exchange Commission related to standards of conduct** (currently without a sponsor)[55] would strip the SEC of its authority to impose a uniform fiduciary standard for broker-dealers and investment advisers—an authority granted under Dodd-Frank to close longstanding regulatory gaps. While the SEC's current Regulation Best Interest (Reg BI) requires brokers to act in their clients' best interests, it falls far short of the full fiduciary duties that apply to investment advisers, leaving investors exposed to self-serving advice and hidden conflicts of interest. Notably, Reg BI is limited to recommendations to retail customers about securities. But some investment products such as some insurance products (like fixed annuities), real estate, or cryptocurrencies are not considered securities and thus fall through a loophole that allows advisers to legally put their own financial interests ahead of the best interests of their clients, which frequently are retirement savers and older people. Repealing this authority would lock in a weak fiduciary standard and block the SEC from strengthening protections for retail investors in the future.

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[53] To remove certain authority of the Securities and Exchange Commission over other matters related to fiduciary duties, and for other purposes. [Discussion draft]. 119th Cong. (2025).

[54] To amend the Securities Exchange Act of 1934 to repeal the disclosure requirement applicable to payments by resource extraction issuers, and for other purposes. [Discussion draft]. 119th Cong. (2025).

[55] To repeal certain unused authority of the Securities and Exchange Commission related to standards of conduct. [Discussion draft]. 119th Cong. (2025).

- **The discussion draft to amend the Securities Exchange Act of 1934 to repeal certain disclosure requirements related to conflict minerals** offered by Rep. Bill Huizenga (Mich.)[56] would repeal critical conflict minerals disclosure requirements, undermining investors' ability to assess supply chain risks, human rights practices, and long-term sustainability. Transparent disclosures are essential for informed decision-making and efficient capital allocation. Without insight into whether companies source minerals from conflict zones, investors may unknowingly support unethical practices or expose their portfolios to reputational, legal, and operational risks and disruptions. Weakening these disclosures would not only erode investor protections but also distort markets and misallocate capital by enabling investments to flow to wasteful projects or companies with opaque, high-risk practices. It's a dream bill for executives and companies that rely on rare and often exploitatively-sourced minerals, but justify these ethical shortcomings and sidestep accountability for child labor and conflict financing by promoting futurist innovation and social progress.

- **The "Protecting Private Job Creators Act" (H.R. 3959)** offered by Rep. Downing (Mont.)[57] would exempt fixed-income securities from certain regulatory requirements. This legislation would severely undermine investor protection and market integrity by permanently exempting all fixed-income securities from SEC Rule 15c2-11, which requires issuers to make key financial and operational information publicly available. This exemption would make it even harder for investors to assess creditworthiness, pricing accuracy, and risk exposure—particularly in complex products like mortgage- or asset-backed securities and corporate bonds. Stripping away these disclosure requirements would lead to less informed investment decisions, greater vulnerability to fraud, and inefficient capital allocation, ultimately distorting capital markets. This bill would benefit issuers seeking to obscure material risks at the expense of investors such as older people and pension funds who often rely on fixed income to generate steady income streams.

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[56] To amend the Securities Exchange Act of 1934 to repeal certain disclosure requirements related to conflict minerals, and for other purposes. [Discussion draft]. 119th Cong. (2025).

[57] The Protecting Private Job Creators Act. H.R. 3959. 119th Cong. (2025).