



Americans for Financial Reform
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July 20, 2011

***RE: H.R.1315 WOULD HANDCUFF CONSUMER FINANCIAL PROTECTION BUREAU
AND GIVE DISCREDITED BANKING REGULATORS VAST POWER TO BLOCK
NEEDED PROTECTIONS***

Dear Representative:

The diverse array of national and state-based consumer, business, civil rights, labor and community organizations listed below strongly urge you to oppose legislation that would dramatically undermine the Consumer Financial Protection Bureau (CFPB) just as it is opening its doors. This legislation sharply decreases accountability and muddles decision-making at the CFPB. It would prevent the CFPB from doing anything until the Senate confirms a director, a process that could take many months. It would also vastly expand the power of disgraced banking regulators to stop strong consumer protection measures. **If enacted, this bill would virtually guarantee that the CFPB would be a weak and timid agency, without the will or ability to curb the kind of financial abuses that caused the nation's worst financial crisis since the Great Depression.**

Astonishingly, this legislation completely disregards and denies the causes of the regulatory failures that led to the current financial crisis. The bill also ignores the unprecedented limits on CFPB powers that already exist in the Dodd-Frank Act. Nowhere else in federal law can one set of regulators – in this case two-thirds of the members of the Financial Stability Oversight Council (FSOC) – veto the actions of another agency. The Dodd-Frank Act also caps the amount of funding provided to the CFPB, a statutory limit imposed on no other financial regulator. The CFPB is also the only financial regulator that must comply with rulemaking procedures under the Regulatory Flexibility Act, which will add at least six months to the already lengthy rulemaking process and make it more difficult for the agency to effectively address serious financial abuses that spread quickly.

H.R. 1315 would grant the same regulators who failed so spectacularly to protect consumers and stop the financial crisis broad leeway to block CFPB rules. Bank regulators did not bother stopping dangerous mortgage lending and credit card practices because they were not independent of the lenders they regulated and because they subordinated consumer protection to a dangerously shortsighted focus on the near-term profitability of these institutions. (They called it “safety and soundness.”)

The bill would allow a simple majority of bank regulators and others on the FSOC to veto CFPB rules under the exceedingly vague and easily-manipulated standard that the rules are “inconsistent” with “safe and sound operations.” If we have learned anything from the financial crisis, it is that strong consumer

protections would have reduced, rather than increased, systemic financial risk. Consumers would have had less unsustainable debt. Banks would have had fewer losses and been more financially stable. The economy would not have been pushed to the brink of collapse. But that did not stop financial regulators like the Office of the Comptroller of the Currency (OCC) from claiming that protecting consumers from unfair and deceptive practices would harm bank “safety and soundness”.¹ The bill would ensure that bank regulators who want to block the CFPB from curbing abusive but lucrative practices – like unjustified credit card interest rate increases or exploding ARM loans – have an easy excuse and a very good chance of succeeding.

H.R. 1315 would make the CFPB less accountable and more likely to slide into gridlock and inaction, by altering the leadership of the agency from that of a single director to a five-member commission. The fractured and unaccountable nature of the current regulatory system allowed consumer protection to fall through the cracks and regulators to blame each other for inaction. That is why Congress consolidated authority within a single agency fully accountable to the President, Congress, the judiciary and the American people. The agency must be able to act in a timely manner when problems arise and to then be fully accountable for its actions. Directors who do not do enough to protect consumers or who overstep their authority will not be able to deflect blame for their actions on other commissioners. Given all of the unprecedented limits on the CFPB’s ability to act to protect consumers described above, putting a commission in charge would be a debilitating blow to the agency’s ability to do anything in a timely manner. Moreover, the CFPB director structure is exactly the same as that of the OCC, which regulates national banks. Why should the CFPB be less able to act quickly and decisively on behalf of consumers than an agency that has a history of bias toward large banks and of indifference or outright hostility to consumer problems?

H.R. 1315 would also prevent the CFPB from assuming any powers until a Director is confirmed by the Senate. Such a measure would freeze the Bureau in its tracks during the period in which the Senate considers the President’s nominee to head it, Richard Cordray. This provision is a gift to opponents of the CFPB in the Senate who do not want to see the agency open its doors. If they block Cordray’s nomination for months or years, they can stop the Bureau from doing anything.

This bill ignores the lessons that have been learned about the regulatory failures that triggered a housing and economic crisis and caused extraordinary pain for millions of Americans. **The message that this bill sends is that once again, big banks and financial firms are more important to Congress than families who need a “cop on the beat” to protect them and to keep these failures from ever happening again.** Our organizations strongly urge you to vote against this very destructive piece of legislation.

Sincerely,

AFL-CIO
AFSCME
Alliance for a Just Society

¹ For example, in August of 2008, the Comptroller of the Currency wrote to the Federal Reserve in opposition to core provisions of a proposed rule to prohibit unfair and deceptive credit card interest rate increases. These protections and more were ultimately adopted by Congress in 2009 in the Credit Card Accountability, Responsibility and Disclosure Act.

Americans for Financial Reform
Arizona Public Interest Research Group
Business for Shared Prosperity
California Reinvestment Coalition
CALPIRG
Center for Digital Democracy
Center for Responsible Lending
Community Reinvestment Association of North Carolina
Consumer Action
Consumer Federation of America
Consumers Union
Demos
Empowering & Strengthening Ohio's People
Florida PIRG
Global Policy Solutions
Greenlining Institute
Insight Center for Community Economic Development
The Leadership Conference on Civil and Human Rights
Main Street Alliance
Maryland PIRG
MASSPIRG
MFY Legal Services, Inc.
NAACP
National Association of Consumer Advocates
National Community Reinvestment Coalition
National Consumer Law Center (on behalf of its low income clients)
National Council of La Raza
National Fair Housing Alliance
National People's Action
Neighborhood Economic Development Advocacy Project (NEDAP)
New Jersey Citizen Action
North Carolina PIRG
Ohio PIRG
OSPIRG
PennPIRG
PIRG in Michigan
Project On Government Oversight
Public Citizen
Rhode Island PIRG
Sargent Shriver National Center on Poverty Law
SEIU
Texas Public Interest Research Group
The Institute for College Access & Success and its Project on Student Debt (TICAS)
U.S. PIRG
US SIF: The Forum for Sustainable and Responsible Investment
WISPIRG
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
- AARP
- AFL-CIO
- AFSCME
- Alliance For Justice
- Americans for Democratic Action, Inc
- American Income Life Insurance
- 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 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
- 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
- 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
- Lake Research Partners
- Lawyers' Committee for Civil Rights Under Law
- Move On
- 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 Fair Housing Alliance
- National Federation of Community Development Credit Unions
- National Housing Trust
- National Housing Trust Community Development Fund
- National NeighborWorks Association
- National People's Action
- National Council of Women's Organizations
- Next Step
- OMB Watch
- OpenTheGovernment.org
- Opportunity Finance Network
- Partners for the Common Good
- PICO
- 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

Partial list of State and Local Signers

- 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
- 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

