Americans for Financial Reform

No More Giveaways to Big Banks and Predatory Lenders: Stop Wall Street's CHOICE Act

This legislation is a radical gift to Wall Street and predatory lenders. Not only does it eliminate major safeguards created in the wake of the disastrous financial crisis of 2008, it would also weaken regulatory powers that pre-date the 2010 Dodd-Frank act. It harms consumers, investors, and real economy businesses, and increases the likelihood of both another devastating financial crisis, and another big bank bailout. Call it what it is: Wall Street's CHOICE Act.

This legislation destroys the Consumer Financial Protection Bureau as an effective consumer regulator, making it impossible for it to act forcefully against unlawful practices in consumer markets. As a result, it would make it easier for predatory lenders, big banks, and other financial companies to rip people off.

- CFPB has obtained $11.8 billion in relief from financial companies that broke the law for 29 million consumers. It is putting in place rules to stop tricks and traps that cost billions of dollars a year.
- The legislation takes away key tools the CFPB needs to fulfill its mission, including its authority to supervise and bring enforcement actions against big banks; to prevent unfair, deceptive, and abusive practices; to regulate and enforce against lawbreaking by payday and car title lenders that charge sky-high interest rates; to maintain a public database of consumer complaints about financial firms; and much more.
- The bill would destroy the independence that has made it possible for the CFPB to serve the public interest. It would take away the Bureau's dedicated funding, allowing industry lobbyists to push Congress to defund any actions they don't like. It would also permit the President to fire the Director at any time without cause, instead of the Director serving for a fixed term like other bank regulators.

Wall Street's CHOICE Act would tie the hands of bank regulators and make it easier for banks to again take risks that endanger our economy.

- The bill would repeal the Volcker Rule, which prohibits banks from acting like hedge funds by gambling with customer money.
- The legislation sharply limits the ability of regulators to ensure that banks are managed in a safe and sound manner, and have adequate funds available to absorb potential losses without turning to the taxpayer for a bailout.

The bill exacerbates the "Too Big To Fail" problem by stripping agencies of the power to wind down megabanks without bailouts.

- It would eliminate the new authorities put in place to liquidate a bank without bailing it out or letting its failure crash the economy.
- The bankruptcy process proposed as a replacement for government liquidation authority is fundamentally unworkable, and could also immunize senior executives from responsibility for a failure, instead of holding them accountable.
- The legislation would gravely weaken the mechanisms for regulators to address emerging threats, eliminating their power to designate large non-bank financial institutions for greater supervision. A large non-bank, AIG, received the largest bailout in U.S. history.

The bill gives Wall Street a slew of new tools to overturn rules and make it harder for regulators to enforce the rules that remain.

- It requires every major rule to be approved by Congress. Political gridlock would stop regulators from ever keeping up with Wall Street shenanigans.
- It imposes dozens of additional requirements on agencies before they can take any new action, and vastly increases Wall Street's power to stop any regulatory action in court.

The Wall Street's CHOICE Act reduces protections for ordinary investors and the public in capital markets, and makes it easier for insiders to manipulate the system.

- The bill contains numerous provisions that weaken or eliminate laws designed to prevent fraud and abuse in capital markets. For example, it would prevent regulators from banning bad actors from financial markets and make it much more difficult to use regulatory enforcement powers when companies broke the rules.
- The bill would eliminate Dodd-Frank reforms permitting greater regulatory oversight of large private equity and hedge funds, which has thus far uncovered rampant abuse.

The bill would repeal a rule that requires retirement investment advisers to act in the best interest of their clients. It repeals the fiduciary rule, which could prevent Wall Street from siphoning more than $17 billion a year out of the savings of American workers and retirees.

This legislation would free up banks to charge more to use a debit card, costing more than $6 billion per year. The bill would repeal the Durbin Amendment, allowing big banks to rake in higher fees while doing nothing for community banks that are not covered by the provision.