JEB HENSARLING, TX , CHAIRMAN

United States House of Representatives
Committee on Financial Services
2129 Rayburn House Office Building
Washington, D.C. 20515

MAXINE WATERS, CA, RANKING MEMBER

January 24, 2014

The Honorable Richard Cordray
Director
Bureau of Consumer Financial Protection
1700 G Street, NW
Washington, DC 20552

Dear Director Cordray:

The Committee on Financial Services will hold a hearing titled "The Semi-Annual Report of the Consumer Financial Protection Bureau" at 10:00 a.m. on Tuesday, January 28, 2014, in Room 2128 of the Rayburn House Office Building. This letter is your invitation to appear.

As you know, the Director of the CFPB is required by Section 1016 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (P.L. 111-203) to appear on a semi-annual basis before the Committee on Financial Services to deliver a report on the Consumer Financial Protection Bureau (CFPB). Your testimony should provide details on the following items: (1) significant problems faced by consumers in shopping for or obtaining consumer financial services; (2) the CFPB's budget request of the previous year; (3) significant rules and orders adopted by the CFPB, as well as other significant initiatives conducted by the CFPB; (4) an analysis of complaints about consumer products and services that the CFPB has received or collected; (5) a list, with a summary of the subject matter, of the public supervisory and enforcement actions to which the CFPB was a party during the preceding year; (6) the actions taken regarding rules, orders, and supervisory actions with respect to non-depository institutions; (7) an assessment of significant actions by state attorneys general or state regulators relating to federal consumer financial law; (8) an analysis of the CFPB's efforts to fulfill its fair lending mission; and (9) an analysis of the CFPB's efforts to increase workforce and contracting diversity consistent with the procedures established by the Office of Minority and Women Inclusion.

Thank you in advance for appearing before the Committee to present the fourth semi-annual report of the CFPB.

Please read the following material carefully. It is intended as a guide to your rights and obligations as a witness under the rules of the Committee on Financial Services.

The Form of your Testimony. Under the Rules of the Committee on Financial Services, each witness who is to testify before the Committee or its subcommittees must file with the Clerk of the Committee a written statement of proposed testimony of any reasonable length. Please also include with the testimony a current resume summarizing education, experience and affiliations pertinent to the subject matter of the hearing. This must be filed at least two business

days before your appearance. Please note that changes to the written statement will not be permitted after the hearing begins. Failure to comply with this requirement may result in the exclusion of your written testimony from the record. Your oral testimony should not exceed five minutes and should summarize your written remarks. The Chair reserves the right to exclude from the printed record any supplemental materials submitted with a written statement due to space limitations or printing expense.

Submission of your Testimony. Please submit at least 75 copies of your proposed written statement to the Clerk of the Committee not less than two business days in advance of your appearance. These copies should be delivered to: The Committee on Financial Services, Attn: Committee Clerk, 2129 Rayburn House Office Building, Washington, DC 20515.

Due to heightened security restrictions, many common forms of delivery experience significant delays in delivery to the Committee. This includes packages sent via the U.S. Postal Service, Federal Express, UPS, and other similar carries, which typically arrive 3 to 5 days later than normal. The United States Capitol Police have specifically requested that the Committee refuse deliveries by courier. The best method of delivery of your testimony is to have an employee from your organization deliver your testimony in an unsealed package to the address above. If you are unable to comply with this procedure, please contact the Committee to discuss alternative methods for delivery of your testimony.

The rules of the Committee require, to the extent practicable, that you also submit your written testimony in electronic form. The preferred method of submission of testimony in electronic form is to send it via electronic mail to fsctestimony@mail.house.gov. The electronic copy of your testimony may be in any major file format, including WordPerfect, Microsoft Word, or ASCII text for either Windows or Macintosh. Your electronic mail message should specify in the subject line the date and the Committee or subcommittee before which you are scheduled to testify. You may also submit testimony in electronic form on a disk or CD-ROM at the time of delivery of the copies of your written testimony. Submission of testimony in electronic form facilitates the production of the printed hearing record and posting of your testimony on the Committee's Internet site.

Your Rights as a Witness. Under the Rules of the House, witnesses may be accompanied by their own counsel to advise them concerning their constitutional rights. I reserve the right to place any witness under oath. Finally, a witness may obtain a transcript copy of his/her testimony given in open, public session, or in a closed session only when authorized by the Committee or subcommittee. However, by appearing before the Committee or its subcommittees, you authorize the Committee to make technical, grammatical, and typographical corrections to the transcript in accordance with the rules of the Committee and the House.

The Rules of the Committee on Financial Services, and the applicable rules of the House, are available on the Committee's website at http://financialservices.house.gov. Copies can also be sent to you upon request.

The Committee on Financial Services endeavors to make its facilities accessible to persons with disabilities. If you are in need of special accommodations, or have any questions regarding special accommodations generally, please contact the Committee in advance of the scheduled event (4 business days notice is requested) at (202) 225-7502; TTY: 202-226-1591; or write to the Committee at the address above.

Please note that space in the Committee's hearing room is extremely limited. Therefore, the Committee will only reserve one seat for staff accompanying you during your appearance (a total of two seats). In order to maintain our obligation under the Rules of the House to ensure that Committee hearings are open to the public, we cannot deviate from this policy.

Should you or your staff have any questions or need additional information, please contact Brian Johnson or Beth Zorc at 202-225-7502.

Sincerely,

JEB HENSARLING
Chairman

JH/

cc: The Honorable Maxine Waters, Ranking Member

JEB HENSARLING, TX, CHAIRMAN

United States House of Representatives
Committee on Financial Services
Washington, D.C. 20515

MAXINE WATERS, CA, RANKING MEMBER

December 19, 2013

VIA FIRST-CLASS MAIL

The Honorable Richard Cordray
Director
Bureau of Consumer Financial Protection
1700 G Street, NW
Washington, DC 20552

Dear Director Cordray:

As the first session of the 113th Congress comes to a close, the Committee on Financial Services is preparing its 2014 agenda. Conducting effective oversight of the agencies and programs within the Committee's jurisdiction will continue to be one of our highest priorities in the New Year. Only by asking the critical questions and demanding complete answers can we hold government accountable to the people it serves, and ensure that taxpayer funds are protected from waste, fraud, abuse, duplication, and mismanagement.

With these goals in mind, please provide a written copy of the Bureau of Consumer Protection's (CFPB) agenda for 2014, which should include plans for rulemaking, studies, and reports. Understanding that unforeseen events could impact the CFPB's planned agenda, please include a list of the major short-term and long-term rulemaking items the CFPB intends to consider next year.

Please provide the agenda in writing by January 6, 2014. If you or your staff have any questions, please contact Beth Zorc at (202) 226-2779 or Brian Johnson at (202) 226-3806.

Sincerely,

JEB HENSARLING
Chairman

JEB HENSARLING, TX, CHAIRMAN

United States House of Representatives
Committee on Financial Services
2129 Rayburn House Office Building
Washington, D.C. 20515

MAXINE WATERS, CA, RANKING MEMBER

February 4, 2014

The Honorable Richard Cordray
Director
Bureau of Consumer Financial Protection
1700 G Street, NW
Washington, DC 20552

Dear Director Cordray:

I am writing to seek additional information regarding testimony you provided the Committee on Financial Services at the hearing entitled "The Semi-Annual Report of the Consumer Financial Protection Bureau" on January 28, 2014. At that hearing, Representative Pittenger noted that significant portions of the Bureau's advisory committee meetings are held behind closed doors rather than being open to the public. In light of this fact, Representative Pittenger asked you why the Bureau denies the public the right to observe these closed sessions. In your response you testified:

> "...we always make it a point with every meeting to have an open portion, and there's a closed portion where we can get their unvarnished advice and we can speak candidly about *matters that are not yet public that the Bureau is working on, including things like enforcement actions and the like*." (Emphasis added).

Representative Pittenger further asked you whether you would commit to more openness and allow the public to witness what takes place in these closed sessions. You replied:

> "These are advisory meetings to discuss *matters that often are not yet public*. So they cannot – they cannot be made public easily." (Emphasis added).

It is deeply troubling that the Bureau would share non-public enforcement information with the members of its Consumer Advisory Board, Community Bank Advisory Council, Credit Union Advisory Council, and Academic Research Council in closed meetings. Confidential information relating to pending investigations or enforcement actions is potentially market-moving and could be used for financial gain. Consequently, I am concerned that the Bureau would release confidential information to persons who do not work for the Bureau and could be competitors or future legal adversaries of the party subject to the enforcement action.

In fact, the Bureau's own rules would seem to suggest that this disclosure of confidential information is prohibited.[1] For instance, under Bureau rules, "employees or former employees of the CFPB, or others in possession of a record of the CFPB that the CFPB has not already not made public, are prohibited from disclosing such records, without authorization, to any person who is not an employee of the CFPB."[2] Further, "no current or former employee or contractor or consultant of the CFPB, or any other person in possession of confidential information, shall disclose such confidential information by any means (including written or oral communications) or in any format (including paper and electronic formats) to...any person who is not an employee, contractor, or consultant of the CFPB."[3]

The Bureau's closed-door advisory committee meeting policy would also appear to be directly at odds with the Bureau's oft-stated commitment to transparency.[4] In September 2013, the Bipartisan Policy Center released a report that highlighted the Bureau's lack of transparency, noting that the Bureau does not provide adequate advance notice for field hearings and meetings in the *Federal Register*, provides select members of the media copies of final rules and guidance well in advance of distribution to consumer groups and other market participants, and limits public participation in meetings, including its closed-door advisory committee meetings.[5] The Bipartisan Policy Center report said that the Bureau "can easily demonstrate its commitment to

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[1] The Bureau defines "confidential information" as "confidential consumer complaint information, *confidential investigative information*, and confidential supervisory information, as well as any other CFPB information that may be exempt from disclosure under the Freedom of Information Act pursuant to 5 U.S.C. 552(b)." 12 C.F.R. 1070.2(f) (emphasis added). The Bureau's rule further states that "Confidential information does not include information contained in records that have been made publicly available by the CFPB or information that has otherwise been publicly disclosed by an employee with the authority to do so." *Id.* The Bureau defines "Confidential investigative information" as "(1) Civil investigative demand material; and (2) Any documentary material prepared by, on behalf of, received by, or for the use by the CFPB or any other Federal or State agency in the conduct of an investigation of or enforcement action against a person, *and any information derived from such documents*." See 12 C.F.R. 1070.2(h) (emphasis added).

[2] 12 C.F.R. 1070.4. Disclosure of confidential information may only be authorized "by the Director in writing." See 12 C.F.R. 1070.46(a).

[3] 12 C.F.R. 1070.41(a). Bureau rules only provide limited, enumerated exceptions to this prohibition. For instance, the Bureau may only disclose confidential investigative information and other confidential information, in accordance with applicable law, as follows: (1) to a CFPB employee; (2) to either House of the Congress or to an appropriate committee or subcommittee thereof; (3) in investigational hearings and witness interviews; (4) in an administrative court proceeding to which the CFPB is a party; (5) to law enforcement agencies and other governmental agencies; and (6) as required under any other applicable law. 12 C.F.R. 1070.45. No other confidential information can be disclosed to non-CFPB employees except "to the extent permitted by law and as authorized by the Director in writing." 12 C.F.R. 1070.46(a). This authority of the Director to disclose confidential information may not be delegated. 12 C.F.R. 1070.46(c).

[4] Various news articles, for instance, have detailed growing criticism of the Bureau's meeting policy. See, e.g., "*So Much For Obama 'Transparency' At CFPB*," INVESTORS BUSINESS DAILY ED. (June 24, 2013), available at http://news.investors.com/ibd-editorials/062413-661237-banks-charge-cfpb-meeting-secretly-with-advisers.htm; Brendan Bordelon, "*Consumer Financial Protection Bureau accused of violating transparency law*," THE DAILY CALLER (Sept. 23, 2013), available at http://dailycaller.com/2013/09/23/consumer-financial-protection-bureau-accused-of-violating-transparency-law/; Nicholas Ballasy, "*CFPB Transparency Lacking: Report*" CREDIT UNION TIMES (Sept. 26, 2013), available at http://www.cutimes.com/2013/09/26/cfpb-transparency-lacking-report.

[5] See Bipartisan Policy Council report entitled "*The Consumer Financial Protection Bureau: Measuring the Progress of a New Agency*" 38 (Sept. 2013), available at: http://bipartisanpolicy.org/sites/default/files/BPC%20Consumer%20Financial%20Protection%20Bureau%20Report.pdf.

transparency by emulating the transparency practices of other federal agencies," and suggests that the Bureau can improve the transparency of its advisory committee meetings by following the model established by the Federal Deposit Insurance Corporation's (FDIC's) Committee on Economic Inclusion, which, unlike the Bureau's advisory committees, publishes notices of its meetings in the *Federal Register*, makes all portions of its meetings open to public observation, and broadcasts its meetings on its website.[6] As a member of the FDIC Board of Directors, you are presumably familiar with this FDIC policy.

So that the Committee may further investigate this matter and fulfill its oversight responsibilities, please provide the Committee with the following information:

1. A list of every advisory committee meeting at which confidential information[7] was disclosed by the Bureau by any means or otherwise discussed;
2. A full description of any and all confidential information disclosed by the Bureau to any advisory committee member, whether in connection with an advisory committee meeting or otherwise, including but not limited to a description of every enforcement action mentioned or discussed at any meeting or otherwise disclosed to any member;
3. All records[8] and analyses prepared by any Bureau employee discussing or evaluating the legal permissibility of disclosing confidential information to the Bureau's advisory committees;
4. A list of every person, whether or not a Bureau employee, contractor, or consultant, who attended an advisory committee meeting at which confidential information was discussed or disclosed by any means;
5. Any written authorization permitting the disclosure of confidential information to any person who is not a Bureau employee;
6. Any written authorization in which the Bureau's General Counsel granted any person to whom the Bureau made confidential information available permission to further disclose such confidential information to any third party;
7. A list of every advisory committee meeting at which non-public information[9] was disclosed by the Bureau by any means or otherwise discussed; and
8. A full description of any and all non-public information disclosed by the Bureau to any advisory committee member, whether in connection with an advisory committee meeting or otherwise, including by not limited to a description of every enforcement action mentioned or discussed at any meeting or otherwise disclosed to any member.

In addition to providing the foregoing records, we ask that you:

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[6] Id. at 39.

[7] The term "confidential information" has the same meaning as under CFPB regulations. See Footnote 1 *supra*.

[8] The term "records" means any written, recorded, or graphic matter of any nature whatsoever, regardless of how recorded or preserved, and whether original or copy.

[9] Non-public information is any "matter[] that [is] not yet public that the Bureau is working on, including things like enforcement actions and the like," but does not include information that constitutes "confidential information" under Bureau regulations.

1. Provide written assurance that no individual, whether or not a Bureau employee, contractor, or consultant, has used confidential information disclosed by the Bureau to an advisory committee for financial gain;
2. Commit the Bureau to comply, as a matter of policy if not as a matter of affirmative statutory duty, with the Federal Advisory Committee Act;[10] and
3. Commit the Bureau to publish notices of its advisory committee meetings in the *Federal Register*, make all portions of these meetings open to public observation, and broadcast these meetings on its website.

Please provide any documentation in hard copy and electronic and searchable format no later than February 14, 2014. Any questions about this request should be directed to Brian Johnson of the Committee staff at 202-225-7502.

Yours Respectfully,

JEB HENSARLING
Chairman

cc: The Honorable Maxine Waters
Mr. Mark Bialek, Inspector General, Federal Reserve Board and CFPB

[10] See 5 U.S.C. App. 2.

JEB HENSARLING, TX, CHAIRMAN

MAXINE WATERS, CA, RANKING MEMBER

United States House of Representatives
Committee on Financial Services
Washington, D.C. 20515

February 11, 2014

The Honorable Richard Cordray
Director
Consumer Financial Protection Bureau
1500 Pennsylvania Avenue, NW
Washington, D.C. 20220

Director Cordray:

As you know, my colleagues and I are concerned about the impact of the Ability to Repay Rule on charitable low income housing providers. I am aware that the Consumer Financial Protection Bureau (the Bureau) worked diligently to address these concerns prior to finalization of the rule, and understand that other minor clarifications may need to be made in order to minimize the impact of the rule on these organizations' ability to continue to serve needy families.

I was encouraged by our conversation when you visited my office on January 14, 2014, and also by your testimony on January 28, 2014, in response to Representative Patrick Murphy, when you assured us you would continue to work to address this important issue.

I request that you provide a brief written update to me on the actions the Bureau will be taking on this matter.

Thank you for your continued service.

Sincerely,

Maxine Waters

MAXINE WATERS
Ranking Member

February 18, 2014

Thank you for testifying at the January 28, 2014, Committee on Financial Services hearing entitled, ``The Semi-Annual Report of the Consumer Financial Protection Bureau."

A copy of your transcript has been provided should you wish to make any corrections. Please indicate these corrections directly on the transcript. **Due to the disruption of mail service to the House of Representatives we ask that you fax or e-mail your corrections in lieu of mailing them. Please send your corrections within (15) business days upon receipt to:**

Terrie Allison, Editor
Committee on Financial Services
Fax (202) 225-4254
terrie.allison@mail.house.gov
Phone (202) 225-4548

Rule XI, clause 2(e)(1)(A) of the Rules of the House and Rule 8(a)(1) of the Rules of the Committee state that the transcript of any meeting or hearing shall be "a substantially verbatim account of the remarks actually made during the proceedings, subject only to technical, grammatical, and typographical corrections authorized by the person making the remarks involved." We therefore ask that you keep your corrections to a minimum.

Also included are questions for the record submitted by Chairman Hensarling and Representatives Huizenga, Mulvaney, Barr, Stivers, Luetkemeyer, and Velazquez. We ask that you respond to these questions in writing for the hearing record within 15 days of receipt.

If during the hearing you: (1) offered to submit additional material; or (2) were requested to submit additional material; please submit this material via electronic mail by sending it to terrie.allison@mail.house.gov. If you are unable to submit the material electronically, please contact the Committee staff to arrange for submission.

"The Semi-Annual Report of the Consumer Financial Protection Bureau"
House Committee on Financial Services Hearing
January 28, 2014

Questions for the Record Submitted by Chairman Jeb Hensarling:

Question 1: Director Cordray, page 39 of the Bureau's Financial Report for Fiscal Year 2013, released December 16, 2013, disclosed that the Bureau has entered into an "interagency agreement between the General Services Administration...to provide for services related to the planned renovation of CFPB's Headquarters office space located in Washington, D.C." Additionally, on December 19, 2013, the Bureau released its "CFO update report for the fourth quarter of fiscal year 2013," the first page of which disclosed that Bureau obligations made during the fourth quarter included:

> "$145.1 million to the General Services Administration to provide for a range of services related to the renovation of CFPB's headquarters building. In addition to the actual renovation of both the interior and exterior of the building, services also include project management, contract management, environmental management, construction oversight and administration, and other technical services."

(a) Please produce a copy of the interagency agreement that the Bureau has entered into with the GSA regarding the Bureau's planned renovation.
(b) Please produce copies of all renovation-related documents the Bureau has filed with the National Capital Planning Commission and U.S. Commission on Fine Arts.
(c) When do you plan to file the Bureau's final plans with the National Capital Planning Commission?

Question 2: The Occupancy Agreement between the Office of the Comptroller of the Currency (OCC) and the Bureau was signed on February 17, 2012, the month following your recess appointment as Director of the Bureau, which occurred on January 4, 2012. Yet in your testimony, you stated "That was an agreement signed before I became director." Were you mistaken about the date upon which the Occupancy Agreement was signed, or were you indicating that the circumstances of your recess appointment did not yet endow you with the legal authority to act as the Director of the Bureau?

Question 3: The Occupancy Agreement between the OCC and the Bureau provides that "The CFPB will be responsible for the cost of any improvements it may make to the Premises" and "The CFPB bears the responsibility for the cost of operation, maintenance, repair of the space as well as the capital improvement cost of replacement of all base building structures and systems necessary to keep the building structures and systems in good maintenance and repair." Why would you agree to these contract terms for a building the Bureau does not own?

Question 4: In your testimony, you described your headquarters building as a "tough building," a "deteriorated building" and a "classic white elephant" that "must have been used pretty heavily." You further stated that "If I were a consumer I would be complaining a lot about the building if I owned it."

(a) Did you have any inspection or appraisal reports or other information available to you at the time you committed the Bureau to its long-term Occupancy Agreement with the OCC that would have given you an indication of the condition of the building? If so, please produce dated copies of any such documents.
(b) If not, why did you not conduct due diligence on the condition of the building before committing the Bureau to an investment of over $250 million in total annual rent payments over the Occupancy Agreement's 20-year term?

Question 5: Regarding the Bureau's Occupancy Agreement with the OCC:

(a) Which specific Bureau employees were responsible for negotiating and approving the Bureau's Occupancy Agreement with the OCC?
(b) Does the buck stop with you or were other Treasury or Bureau employees also responsible for committing the Bureau to this Occupancy Agreement?

Question 6: According to an audit report released by the Treasury Department's Office of the Inspector General on December 20, 2013, the OCC engaged a private consulting firm in 2011 to perform a study to value the building at 1700 G Street, NW for sale and rental purposes. The Treasury IG report further states that:

> "The study valued the building at approximately $153.7 million. At the time of the study, OCC knew that CFPB was willing to occupy the entire building under triple-net rent terms, which requires the lessee to pay for net real estate taxes on the leased asset, net building insurance, and net common area maintenance. The results of the study found that the net present value of renting the property under a triple net rent contract for 10 years slightly exceeded the net present value of selling the building."

This IG report would seem to indicate that the Bureau's willingness to enter into lease terms favorable to the OCC induced the OCC to rent the building to the Bureau rather than sell it to another party. Do you agree or disagree with the Treasury IG's characterization of these events?

Question 7: The study referenced in the Treasury IG report was conducted by Ernst & Young and completed on February 4, 2011.

(a) Which individual served as the leader or acting Director of the Bureau on this date?
(b) Which Bureau or Treasury employee(s) negotiated or communicated with the OCC on behalf of the Bureau regarding lease terms during this time period?

Question 8: In your testimony regarding the Bureau's decision to lease the OCC building at 1700 G Street, NW, you indicated that "we worked with GSA to try to understand what space was available in Washington, D.C., and there's very limited space for an agency with over a thousand employees." You also stated that "we looked around at surrounding areas as well." Please provide this Committee with copies of all documents prepared by the Bureau, the General Services Administration or any private contractor or consultant prior to February 17, 2012 that reference or evaluate the Bureau's commercial real estate lease or purchase opportunities.

Question 9: In your testimony regarding the Bureau's planned renovation of the OCC building at 1700 G Street, NW, you indicated that "We're going to have to vacate the building while this is going on."

(a) When will the Bureau relocate its first employee from the headquarters building?
(b) How many total employees will be reassigned to another office location while the building at 1700 G Street NW is under renovation?
(c) Will all impacted employees be reassigned to a new location on a rolling basis or all at once?
(d) How long will CFPB employees currently working at 1700 G Street NW be reassigned to a temporary location?
(e) What will be the total costs of vacating the building and renting an alternate facility?
(f) What alternate office location has been selected for vacated employees?
(g) When was the contract for an alternate office location signed?
(h) Please provide us with a copy of these lease agreement.
(i) How many square feet of office space will be occupied by the Bureau and at what cost?
(j) Please provide this Committee with all relevant details and documents substantiating your responses to these questions.

Question 10: Please provide this Committee with copies of the Bureau's contract(s), including all amendments, with the architecture firm Skidmore, Owings & Merrill LLP.

Question 11: Please provide this Committee with copies of any documents, including but not limited to any architectural or design plans, renderings, illustrations, electronic files and e-mail communications, provided to the Bureau by Skidmore, Owings & Merrill concerning the renovation 1700 G Street, NW.

Question 12: Regarding the Bureau's planned renovations:

(a) When does the Bureau expect to award a design build contract to renovate 1700 Street, NW?
(b) What procurement process will be used?
(c) When will construction commence?

Question 13: During your testimony before the Committee on September 12, 2013, Rep. Rothfus asked you about salary levels for Bureau employees, and you responded by stating:

"Again, the federal banking agencies are on a different pay scale than the GS scale. One of the things I want to note that's very important here – our statute requires us, it requires us – this is the law of the land that we're bound to follow – that we are to have a pay scale comparable to that of the Federal Reserve. Last I checked on our statistics, we're one percent lower average salary than the Federal Reserve. So we're complying with the law."

(a) So that the Committee may properly compare the Bureau's compensation structure with that of the Board of Governors of the Federal Reserve System, please provide a copy of the Bureau's salary structure, including all pay classes, grades, steps, and locality adjustments.

(b) Additionally, please provide a Microsoft Excel file containing Bureau employee salary data, organized by the following column headings:

- Employee, Fellow, Intern Name,
- Title,
- Pay Class,
- Pay Grade,
- Division,
- Office,
- Hire Date,
- Starting Salary or Hourly Wage at Hire Date,
- Amount of any Signing Bonus Awarded,
- Amount of any Relocation Incentive Awarded,
- Amount of any additional financial incentive awarded,
- Date(s) of any Raises(s) Awarded
- Amount(s) of any Raise(s) Awarded
- Date of Promotion (if applicable),
- New Title after Promotion (if applicable),
- New Salary or Hourly Wage after Promotion (if applicable),
- Current Annual Salary or Hourly Wage,
- Departure Date (if applicable),
- Annual Salary or Hourly Wage at Departure Date (if applicable),
- Annual Bonus awarded in 2011 (indicate calendar or fiscal year),
- Annual Bonus awarded in 2012, and
- Annual Bonus awarded in 2013.

Question 14: The Bureau's contract service inventory list for FY 2013 shows that the Bureau paid Harvard University for two different programs held in Cambridge, Massachusetts: $37,500 for a "Harvard Law School Executive/Legal Education Program" and $69,000 for "registration fees for Bureau staff members to attend senior executive seminar(s)."

(a) Please produce copies of all records associated with these programs, including but not limited to any pre-solicitation requests for quotes, the quotes submitted to the Bureau by Harvard, any contracts signed between Harvard and the Bureau, any travel, lodging, and meal vouchers associated with any Bureau employee, a complete list of every Bureau employee who attended either of these programs, and any materials provided to program participants.
(b) Why were these programs not mentioned in the Bureau's December 2013 report on "Growing our Human Capital," even though the report listed fifteen other "training and workforce development initiatives" instituted by the Bureau in 2013?
(c) Why did you select Harvard to provide this program?
(d) There are many nationally-recognized Universities in the greater DC area with similar capabilities, the selection of which would have minimized travel expenses. Did you not consider these universities to provide the programs for your senior employees? Why was it necessary to send your senior employees to Cambridge, MA to receive this training?
(e) Why was this seminar not held at the Bureau's headquarters instead of in Cambridge, MA?
(f) How much money would have been saved if the Bureau had hosted this program rather than sending its employees to Harvard?

Question 15: On May 28, 2013, the CPFB published a pre-solicitation notice to solicit quotes for "various Senior/Executive Manager workshops similar to the Harvard Kennedy School of Government programs."

(a) Was this the pre-solicitation notice that resulted in the awards and programs referenced in question 14 above?
(b) How many quotes did the Bureau receive?
(c) With a pre-solicitation notice phrased in this way, it would appear that the Bureau's selection of Harvard's quotes was a foregone conclusion, was it not?

Question 16: The Bureau's contract service inventory lists for FY 2012 and FY 2013 list a number of contracts the Bureau has awarded to companies for "paid search marketing services." Please produce copies of any such contracts, including but not limited to the contracts associated with the following awards.

- $122,513 paid to Fleishman-Hillard, Inc. on 3/16/2012;
- $94,692 paid to PCG Enterprises on 6/8/2012;
- $237, 300 paid to Digital Firefly Marketing on 8/21/2012; and
- $280,637 paid to Fleishman-Hillard, Inc. on 6/14/2013.

Question 17: The Bureau's contract service inventory lists for FY 2012 and FY 2013 list a number of contracts the Bureau has awarded to a company named IDEO, LLC for "branding services." Please produce copies of any contracts awarded to any company for "branding services," including copies of all contracts awarded to IDEO, LLC.

Question 18: Please produce copies of any contracts awarded to GMMB, Inc., the Corporation for Enterprise Development, and the National Consumer Law Center.

Question 19: Section 1017(d)(2) of the Dodd-Frank Act provides that amounts deposited in the Bureau's Consumer Financial Civil Penalty Fund may be used only for "payments to the victims of activities for which civil penalties have been imposed" or "for the purpose of consumer education and financial literacy programs." However, page 25 of the Bureau's Fiscal Year 2013 Financial Report discusses the Bureau's Civil Penalty Fund and states that in Period 1, "$1.6 million was set aside for any administrative costs."

(a) What is the legal authority upon which the Bureau relied for using funds in the Civil Penalty Fund for "any administrative costs"?
(b) Please provide a full accounting of all administrative costs incurred specifically related to the Civil Penalty Fund.
(c) Please indicate whether the administrative costs will solely be used for purposes of the Civil Penalty Fund.

Question 20: On a subpage of the Bureau's website entitled "Doing Business With Us," the Bureau discloses that it plans to build a "national database on US households' use of consumer financial products." Further, the Bureau discloses that it planned to solicit bids for this database in the first quarter of Fiscal Year 2014. Please produceall records referencing or relating to this "national database on US households use of consumer financial products."

Question 21: On April 24, 2013, the Bureau released a "White Paper" on Payday Loans and Deposit Advance Products. Page 4 of this document states: "This white paper summarizes the *initial findings* of the CFPB's analysis of payday loans and deposit advance." (Emphasis added).

(a) In light of the fact that the Bureau's White Paper only presented "initial findings," why does the Bureau's unified rulemaking agenda already list "Payday Loans and Deposit Advance Products" in the Bureau's "Prerule" stage of rulemaking?
(b) Why is the Bureau, according to the Office of Information and Regulatory Affairs (OIRA), "considering whether rules governing these products are warranted under CFPB authorities, and if so what types of rules would be appropriate" without first completing its research and issuing a White Paper containing finalized research and findings?
(c) Will you commit to finalizing the Bureau's research before proposing any rule to regulate these products?
(d) The Bureau often cites its objective, data-driven approach topolicy research and analysis. In the name of transparency, will you immediately make all data, methodologies and analysis underlying the Bureau's initial research and findings available to the public for peer review?

Question 22: On December 12, 2013, the Bureau released a report entitled "Arbitration Study Preliminary Results." The Committee understands that the Bureau obtained

information that formed the basis of its findings by issuing orders to financial institutions to provide it with copies of their standard-form consumer account agreements.

(a) To how many financial institutions did the Bureau issue these orders?
(b) Why was this information collection not noticed in the *Federal Register*?
(c) Why was this collection not first approved by the Office of Information and Regulatory Affairs (OIRA)?
(d) Why did these orders not contain a valid OMB approval number?
(e) When does the Bureau plan to release a follow-up or subsequent study regarding arbitration?
(f) Will you make all data, methodologies, and analysis underlying this report available to the public for peer review?

Question 23: Will you please provide the Committee with a current list of every Bureau employee or contractor who has access to information contained within the Bureau's credit card database, national mortgage database, loan-level database, and consumer credit panel?

Question 24: Has any data collected as part of the Bureau's market monitoring efforts, including data collected or retained in its credit card database, national mortgage database, loan-level database, and consumer credit panel, ever led directly or indirectly to a Bureau investigation or enforcement action? If so, please fully describe all such instances in which this has occurred.

Question 25: Does the Bureau have a memorandum of understanding (MOU) with the Financial Stability Oversight Council, Office of Financial Research, U.S. Department of the Treasury or Internal Revenue Service? If so, please provide copies of all such memoranda to this Committee.

Question 26: Are you open to creating an advisory opinion process whereby lenders and other regulated entities can petition the Bureau for an opinion on whether a proposed product or service is likely to be found lawful and compliant by the Bureau? This process is used by many other regulatory agencies and provides greater certainty to market participants and encourages product innovation, which benefits consumers. In your view, could the Bureau adopt such an advisory opinion process by rule, or is legislation required?

Question 27: Are you open to providing the public advance notice of the release of any enforcement bulletin and regulatory guidance and affording the public the chance to comment on any such bulletin or guidance? Such a process could provide the public with an additional opportunity to provide the Bureau with helpful feedback, even in instances where the Bureau is simply restating its view of existing law and regulations. If you do not support providing the public with this opportunity, please articulate your reasons for opposing such a process. In your view, could the Bureau adopt such a notice-and-comment process by rule, or is legislation required?

Question 28: I am concerned that the Bureau is undertaking investigations that duplicate similar efforts undertaken by other state and federal agencies, which is an inefficient use of limited law enforcement resources.

(a) Without revealing the identity of any company under current investigation, please state the number of Bureau investigations currently underway in which another state or federal agency is conducting an investigation of the same company or of the same or similar activities.
(b) Please state the percentage of Bureau investigations in which another state or federal agency issued a subpoena, civil investigative demand, or otherwise obtained information from the same company being investigated before the Bureau did so?
(c) Finally, is the Bureau currently investigating any company that is not currently considered to be a financial services company? If so, please describe the products or services provided by any such company and the legal basis for the Bureau's authority to investigate such companies.

Questions for the Record Submitted by Rep. Bill Huizenga
"The Semi-Annual Report of the Consumer Financial Protection Bureau"
January 28, 2014

Questions for the Hon. Richard Cordray, Director, Consumer Financial Protection Bureau

Thank you for your appearance before the January 28, 2014, House Financial Services Committee hearing to discuss the semi-annual report of the CFPB. To follow up on the discussion, I would like to submit the below background and questions to the aforementioned witness and have the answers included in the official hearing record.

On January 14, 2014, the Financial Services Subcommittee on Financial Institutions and Consumer Credit held a hearing on the recently enacted Ability to Repay rule and its Qualified Mortgage (QM) definition.

In testimony, Bill Emerson, the Vice Chairman of the Mortgage Bankers Association (MBA) and CEO of Quicken Loans, which is headquartered in my home state of Michigan, made a series of recommendations for how the CFPB could improve the Ability to Repay rule so it better serves consumers and promotes the vibrant flow of safe and affordable mortgage credit. Among MBA's recommendations are increasing the threshold for smaller balance loans, establishing a "right to cure" calculation errors and other processing mistakes, providing better written guidance, and raising the APOR tolerances.

I understand the CFPB is considering making adjustments to the Ability to Repay rule later this year.

- What is the Bureau's timeframe for publishing amendments to the Ability to Repay (APR/QM) rule?

- Is the CFPB considering revising the "points and fee" threshold for smaller loans? Currently, loans with a balance of less than $100,000 are able to qualify as QM loans with higher "points and fees," ranging from 3 percent to as high as 8 percent for the smallest loans. Would you agree that setting the definition closer to the national average of $219,000 would improve access to credit for low- and moderate-income Americans?

- Is the CFPB considering providing lenders with the ability to "cure" mortgages that were intended to be QMs but, through a calculation error or other processing mistake, did not fit into the strict definition? Without such a procedure, lenders will tend to avoid transactions at the boundaries of QM – an outcome at odds with your stated goals for the new rule.

- Is the CFPB considering establishing a better process for the provision of written guidance? In his testimony, Mr. Emerson noted that the absence of timely, authoritative written guidance has resulted in industry confusion and understandable reluctance to offer consumers certain beneficial loan features such

as bona fide discount points that help them reduce their interest rate and monthly payment.

- Is the CFPB considering raising the APOR/APR thresholds to qualify as QM safe harbor loans? Only mortgages where the APR is less than 150 basis points over the applicable benchmark APOR qualify. Increasing the spread to 200-250 basis points would extend QM loans to a greater number of borrowers, satisfying their credit needs with sustainable and affordable loans.

Questions for the Record submitted by Rep. Mick Mulvaney (R-SC)
Committee on Financial Services
Hearing on "The Semi-Annual Report of the Consumer Financial Protection Bureau"
Witness: The Honorable Richard Cordray, Director, Consumer Financial Protection Bureau
Hearing Date: January 28, 2014

Question #1:

A recent report issued by the Philadelphia Federal Reserve Bank under its Working Paper Series found that stricter regulation of third-party collectors is associated with creditors extending fewer lines of credit and reducing the amount of credit offered – all of which ultimately harms consumers. The report concluded that "financial regulation that institutes strong consumer protection must be balanced with creditor rights in order for the latter to extend consumer credit in the first place." As the Bureau engages in its rulemaking on the debt collection industry, how will you ensure that there is balance between strong consumer protection and creditor rights?

Question #2:

In response to a question from Rep. Meeks about the importance of ensuring access to small-dollar credit, you mentioned several different products, including payday loans and "certain types of installment loans." I share your understanding that small-dollar lending serves an important function for many borrowers, especially those who may not utilize traditional banking services, and hope the Bureau will work to ensure the continued viability and availability of these products.

You indicated that the Bureau plans to "move ahead with making some policy judgments and regulations in this area." As you do so, please provide to me:

- The Bureau's definition of "installment loan" and how the Bureau is distinguishing between the different types of installment loans that you referred to during the hearing.
- The features of installment loans that, in the opinion of the Bureau, provide value to consumers.
- The features of installment loans that are of concern to the Bureau.

Question #3:

In response to questions from Rep. Luetkemeyer, you emphasized that "online lenders that are legitimate and valid deserve protection against online lenders that are undercutting them, violating the law, not complying with the same requirements that they comply with." I applaud you for this statement, and for your recognition that "there's a lot of online lending that is perfectly proper and valid, and may even cut some costs over physical, in-person lending."

You also mentioned that you have been working with state attorneys general to resolve issues that arise from the complex nature of online regulation. In addition to state attorneys general, are you working on these issues in cooperation with the Federal Deposit Insurance Corporation or the Department of Justice?

As the primary regulator for payday lenders, how will you ensure that recourse is available to legitimate online lenders who may have been negatively impacted by enforcement or regulations intended to stamp out illegitimate lenders?

Question #4:

The CFPB's April 2013 white paper on "Payday Loans and Deposit Advance Products" looks at "sustained use" of payday loans, and then states that such use "may become harmful for consumers when they are used to make up for chronic cash flow shortages."

- If "chronic cash flow shortages" are the underlying problem, it seems unlikely that regulating "sustained use" is the solution. Do you agree?

- Isn't the potential regulation of sustained use simply another way of regulating the cost that consumers may pay for a particular financial product, in this case payday loans?

- Doesn't Dodd-Frank, by prohibiting the CFPB from setting a usury rate, prohibit regulation of the cost of a financial product?

The same white paper also fails to provide sufficient granular data to explain the measure of sustained use, which is necessary in order to determine if such use is beneficial or harmful to the consumer.

- How do you respond to this significant oversight, and don't you agree it must be addressed before the white paper can be part of the basis for CFPB rulemaking?

- Do you foresee any other research being released by CFPB regarding payday lending prior to any rulemaking?

Question #5:

The Bipartisan Policy Center published a report in September 2013 that listed several concerns with the CFPB's transparency efforts. In part, BPC found that after a June 2013 forum, "CFPB held an ostensibly public follow-up meeting. The meeting, however, was open only to those consumer groups, industry members and government officials who received a personal invitation from the CFPB."

BPC also noted that CFPB fails to publish notices of its field hearings in the *Federal Register* and often referred to hearings in blog posts just a few days in advance of a hearing without providing the level of disclosure found in Federal Register notices from other regulators. BPC also criticized the CFPB for occasionally providing vague descriptions of the hearing topics.

Alarmingly, BPC found that there were instances where CFPB did not provide **any** notice at all of public hearings, including for its hearings on overdraft fees and payday lending.

- What federal regulations must CFPB comply with regarding notice of public meetings and hearings?
- Does CFPB have any additional internal requirements for publishing notice of public meetings?
- How does the CFPB define a public meeting? Does a meeting where attendance was limited to invitees meet the definition of a public meeting?
- If the public is excluded from CFPB meetings, either directly by exclusive invitations or indirectly by inadequate notice, how is the Bureau accomplishing your stated goal of increased transparency?
- Are you willing to submit to the Committee a plan of action for the upcoming months to improve transparency at the CFPB?

Rep. Andy Barr, Questions for the Record

Pertaining to the 1/28/14 Cordray Hearing

Director Cordray –

As the CFPB is aware, many community banks originated balloon loans as the bulk of their consumer real estate lending portfolio. These banks must take action when a balloon loan they currently have in their portfolio matures.

Unfortunately some borrowers may not show a verifiable income sufficient to qualify for a new loan under the ability-to-repay standards, even though they have never actually missed a payment on their existing balloon loan and have a clean credit history.

- **The community banks in my district are wondering whether the ability-to-repay rule requires them to foreclose on a borrower who has never missed a payment. Should the community bank, mindful of past performance of the loan, willfully disregard the ability-to-repay rule and rewrite the loan based on its best judgment and close knowledge of the borrower, or should the bank begin foreclosure proceedings, notwithstanding the borrower's prior record, since the borrower cannot pay off the matured loan?**

- **Given these concerns, would you support a legislative fix that would grandfather into the qualified mortgage safe harbor balloon loans with a history of performance and which are currently held in portfolio by the community bank?**

In addition, during the hearing, I asked you about a series of nondiscriminatory factors that could explain why one consumer might pay less for an auto loan obtained through an auto dealer, compared to another consumer. If one of these factors is the reason why prices vary from consumer to consumer, there is no unlawful discrimination. Hence, to do a proper comparison, these variables need to be pulled out of the CFPB's analysis when alleging disparate impact.

You conceded during the hearing that some of these factors are "relevant." My question concerns whether these "relevant" factors were properly considered in CFPB's analysis of disparate impact.

Please answer Yes or No to the following (if "No" please state a reason why):

- **Is the amount financed considered when CFPB's is alleging disparate impact discrimination in indirect auto financing?**

- **Is borrower creditworthiness considered, including the efforts by the dealer to arrange financing for the consumer?**

- **Is the presence of a competing offer from another financing source considered?**

- **Is the length of the loan considered?**

- **Is the presence of a manufacturer's discount of the rate considered?**

Finally, the Bureau has repeatedly asserted, including in a response to my office, that the Indirect Auto Bulletin is exempted from the Administrative Procedure Act's (APA) Notice of Proposed Rulemaking (NPRM) requirements. Specifically, the Bureau stated that the Bulletin falls under the exemption "for general statements of policy, non-binding informational guidelines, or interpretive memoranda."

- **Under which of these exceptions to the APA does the Bureau feel it can circumvent the standard rulemaking procedures, particularly NPRM? Simply, which of the following categories does the Bulletin fall under: a general statement of policy, a non-binding informational guideline, or interpretive memoranda?**
    - **Even under this exemption, the APA requires agencies to publish these rules within the *Federal Register*. Has the Bureau published a notification of the issuance of the Bulletin in the *Federal Register?* If not, does the Bureau intend to?**
    - **It is clear from the legislative history of the APA that Congress did not intend for these exceptions from the law's notice and comment requirements to be a loophole for the agencies to expedite the promulgation of rules. What is the agency's rationale for using this exception?**
    - **Since the Bulletin appears to be intended to change behavior with the force of law, how can the Bureau claim that it only applies to intra-agency behavior in the manner of a statement of policy, informational guidelines, or rules of agency organization, procedure or practice?**
    - **How does the agency intend to keep Congress, the public, and industry stakeholders notified on the proposal, promulgation, and implementation of rules addressing disparate impact and the justification of these rules?**

Congressman Steve Stivers
Questions for the Record
"Semi-Annual Report of the Consumer Financial Protection Bureau"
January 28, 2014

Questions for Dir. Cordray:

1.) A recent *Washington Post* story quoted Deepak Gupta, the Bureau's former Litigation Counsel and Senior Counsel for Enforcement Strategy as saying:

> "Sometimes you couldn't write down your thinking, because it could wind up in front of some hostile congressional committee...I would use the word paranoia, except paranoia implies that it's not justified."

This admission comes on the heels of a July 2013 report that the Bureau is coaching its employees to "FOIA-proof" their Outlook calendars by instructing them to "avoid annotating entries with agendas, detailed discussions," and "minimize attachments to your calendar appointments."

- **Is it a widespread practice at the Bureau to avoid documenting its activities so as to evade Congressional scrutiny? Was Professor Gupta acting contrary to Bureau policy? Have you made it clear to Bureau staff that it is not in the Bureau's interest to frustrate a Congressional inquiry?**

- **I have a bill that creates a Senate confirmed independent inspector general for the CFPB (H.R. 3770). Would you agree or support this bill which would provide Congress additional oversight of your agency?**

2.) In the same *Washington Post* story, Leonard Chanin, the former head of rulemaking at the CFPB made the following comments about your organization: "I lost faith that the agency would become a truly independent entity and carefully balance consumer costs and access to credit with consumer protection," Chanin said..." There is great risk in assuming you know what is best for the consumer..."

- **Do these comments trouble you in any regard? Do you see it as your job to remove decision making ability from consumers and transfer it to the Bureau staff? Why would Mr. Chanin make these comments if this was not an issue at the Bureau?**

3.) In response to questions about forms of "nondiscretionary compensation" of dealers that indirect auto lenders can evaluate, Bureau staff has indicated that "flat fees" are but one form of such compensation. At the auto finance forum in November 2013, Bureau staff said that other forms of "nondiscretionary compensation" could include flat percentages per amount financed and/or tying dealer compensation to the amount financed and the loan term. Both of these options seem like variation of flat fees.

- **Are there examples of "nondiscretionary compensation" that the CFPB can share with industry?**

- **Should the vehicle finance industry expect a "large participant" rulemaking in 2014?**

Proposed Questions
Rep. Blaine Luetkemeyer (M0-03)
"The Semi-Annual Report of the Consumer Financial Protection Bureau"
Committee on Financial Services
January 28, 2014

1. The No FEAR Act requires federal agencies to post quarterly summaries on its public website pertaining to EEO complaints filed with the agency. Is it correct that in the most recent No FEAR Act report 23 employees filed an Equal Employment Opportunity complaint against the bureau?

2. The No FEAR Act disclosure indicates 11 out of the 23 complaints are either pending or have been withdrawn. This means that 12 of these complaints have been disposed of in some manner. What happened with these complaints, and were they resolved favorably for the employees?

3. The Bureau seems to have taken it upon itself to regulate certain financial products based on the notion that they could contain an element of discrimination. Should Congress be conducting more rigorous oversight of CFPB to ensure the Bureau is not violating principles it claims to represent?

4. After meeting with officials from both the Department of Justice (DOJ) and the Federal Deposit Insurance Corporation (FDIC), both agencies have admitted to some sort of wrongdoing by their respective staffs regarding online lenders. DOJ and FDIC have both clarified in writing that legal lenders should have no problem maintaining relationships with financial institutions. Will you issue any formal or informal guidance or correspondence which indicates that it is acceptable for institutions to do business with online lenders operating within the law?

5. A report recently released by the Inspector General of the United States Postal Service (USPS) suggested that USPS move into the lending space and offer small dollar short-term loans. How do you respond to this report? Does CFPB support the notion that USPS is a qualified lender or should consider entry into the lending and/or financial services space? If it was to move into this or a similar business, how would CFPB oversee USPS?

6. I found several of your responses to my Questions for the Record, submitted following your appearance before the Committee on September 12th, troubling and nonresponsive. Below, you will find one such response illustrating my concern:

   Luetkemeyer Question: "Do you believe that tribal governments have the right to use the internet to make loans".

   Cordray Response: "All lenders should be mindful of state and federal law and must comply with all of the laws applicable to them. Full compliance with the law is essential to the operation of a fair, transparent, and competitive market."

Please answer the following question with either "yes" or "no": Do you believe tribal governments have the right to use the Internet to make loans?

7. It has come to my attention that there has been and continues to be coordination between the Department of Labor (DOL) and CFPB on the DOL fiduciary rulemaking. Please explain in detail the coordination that exists on this matter between DOL and your Bureau, and all roles, including formal and information roles, CFPB is taking in conjunction with this rulemaking.

8. Has CFPB coordinated with the Securities and Exchange Commission (SEC) on the SEC fiduciary rulemaking? If so, in what capacity?

Name: Nydia Velazquez

Hearing: The Semi-Annual Report of the Consumer Financial Protection Bureau

Date of Hearing: January 28, 2014, 10 am

Question for the Record:

We have learned that as a consequence of CFPB implementation of Dodd-Frank requirements for background checks under the Loan Officer Compensation provisions, lenders and loan servicing companies have started to add additional employee validation requirements as a standard for any and all vendors, including subcontractors and their sub-agents. In fact, such requirements are now being applied to such routine property preservation services as mowing lawns or inspections of vacant property that are performed by thousands of small businesses. These activities are well outside the normal duties performed by a loan officer. Overly-broad application of the background checks policy is costly to small businesses and does not materially affect the quality of lending practices. Can and will CFPB issue a guidance document that will clarify the intent and scope of the DFA Loan Officer Compensation provisions regarding background checks, clarifying that the employee validation requirements are limited to loan officers and individuals who perform the normal duties of loan officers?

JEB HENSARLING, TX, CHAIRMAN

United States House of Representatives
Committee on Financial Services
Washington, D.C. 20515

MAXINE WATERS, CA, RANKING MEMBER

February 19, 2014

The Honorable Thomas J. Curry
Comptroller
Office of the Comptroller of the Currency
400 7th Street SW, Suite 3E-218
Washington, DC 20219

Joseph A. Smith, Jr.
Monitor of the National Mortgage Settlement
Office of Mortgage Settlement Oversight
301 Fayetteville St., Suite 1801
Raleigh, NC 27601

Dear Comptroller Curry and Mortgage Settlement Monitor Smith:

I write to you to request that you carefully scrutinize the sale of mortgage servicing rights (MSRs) from banks to nonbank servicers to ensure that nonbank servicers have the capacity to handle the increased volume in loans, and that borrowers are not suffering from deterioration in the protections afforded to them because of such transfers.

As you are likely aware, the New York Department of Financial Services recently took action to halt the sale of $39 billion in MSRs from Wells Fargo to Ocwen Financial Corporation, because the Department had concerns about the operational capacity of Ocwen to manage the servicing of an additional 184,000 loans. This comes shortly after the Consumer Financial Protection Bureau (CFPB) entered into a $127 million settlement with Ocwen related to improper mortgage loan servicing, unauthorized fees, and engagement in illegal foreclosure practices.

More generally, consumer advocates, housing counselors and other stakeholders have raised concerns about the transfer of MSRs to nonbank servicers from the banks that are subject to the National Mortgage Settlement (the Settlement), the February 2012 agreement between five mortgage servicing companies and 49 state attorneys general. When these servicing rights are transferred to an entity not covered by the Settlement, the underlying loans are no longer subject to the servicing protections afforded by the Settlement. And while the CFPB has recently implemented servicing standards to cover the entire market, including for nonbank servicers, I am concerned that these standards offer fewer borrower protections than those contained in the Settlement.

I request that you closely scrutinize all transfer of MSRs from banks to nonbank servicers to ensure that these nonbank servicers have the operational capacity to manage the increased volume. Additionally, I request you to exam the extent to which these servicing transfers are potentially

being used to evade the modification of loans for borrowers who would benefit most from the terms of the Settlement, and to work to ensure that borrowers are not subject to any degradation in the protections afforded to them because of an MSR sale.

Sincerely,

MAXINE WATERS
Ranking Member

cc: The Honorable Richard Cordray, Director, Consumer Financial Protection Bureau
The Honorable Shaun Donovan, Secretary, Department of Housing and Urban Development
The Honorable Melvin Watt, Director, Federal Housing Finance Agency
Ms. Katherine Porter, Katherine Porter, California Monitor, National Mortgage Settlement

Questions for the Record
Congressman Dennis Ross
Hearing entitled "The Semi-Annual Report of the Consumer Financial Protection Bureau"
Full Committee
January 28, 2014 10:00 AM

1. In your last visit, I questioned you on the April White Paper on Payday lending. I'm still concerned about the Bureau's activities in this area, particularly as it might unduly prevent the good actors in that space from fulfilling the financial needs of the underbanked.

   The CFPB's fall 2013 list of upcoming rulemakings, payday loan products were listed, indicating that your agency intends to take action in the near term. Can you provide the committee with any indication on the timing of proposing regulations for alternative or payday loan products?

2. Another area of concern for many Americans is access to mortgage credit and restriction of consumer choice. A woman from Brandon, Florida called my office the other day, nearly in tears because of the skyrocketing premiums she faces with her new Obamacare-approved plan. She had been unable to keep the healthcare she liked and confessed to my office "I'm afraid of my government." I'm worried that in telling families we know what is best for them--we are making the same mistakes in mortgages that were made in health insurance.

- Example: A credit union in my area made a loan to a credit worthy, self-employed individual. That credit union is doubtful they would have had the confidence to make the loan under the new QM regulations.
- Another example—Bay Cities Bank in Tampa recently announced it would stop originating mortgages all together, according to the banks President: "When you make it hard enough for a company to offer residential loans, eventually they are going to say we can't make economic sense of this line of business anymore."

What is the legal liability a lender faces for originating a non-QM loan that does not comply with the ability-to-repay requirement? If you operated a bank and were responsible for the fiscal health of that institution, would you take on that liability?

3. Short of providing financial education and preventing fraud, why should it be the CFPB's job to determine which products and terms will be provided to consumers?
4. Won't the overall effect of the QM rule be to advantage certain types of products and certain terms in the market place over others?
5. As a father of college-age sons, I'm concerned about the effect of the Debt-to-Income qualification for QM loans. It seems to me that mortgage credit options for young people with student loan debt will be severely limited, if not eliminated, by the 43% Debt-to-Income threshold. The Federal Reserve did not require lenders to consider this ratio, why did the CFPB?
6. Once the GSE exemption expires, where will consumers with DTI's above 43% go to get a loan?

Congress of the United States
House of Representatives
Washington, DC 20515

February 28, 2014

Hon. Richard Cordray, Director
Consumer Financial Protection Bureau

Dear Director Cordray,

Thank you for your service at the Consumer Financial Protection Bureau (CFPB). As Members of the Committee on Financial Services, we write to commend to you the Florida model of regulation and strong enforcement that protects consumers and urge that any national effort to protect consumers does not undermine or preempt the good work that our state has done to preserve access to credit while prohibiting predatory practices.

Your prior comments recognizing the legitimate need for emergency credit temper concerns that excessive regulation could drive demand outside of the regulated sphere. Whether the product comes from banks or non-bank financial institutions, we believe that a thoughtful approach, like the one Florida has adopted after years of research, debate, and compromise among stakeholders, would foster a regulatory environment that balances important consumer safeguards with continued access to these financial products, all while crowding out bad actors that operate offshore or outside the law.

The Florida model allows for a $500 per loan maximum, limiting loans to one at a time, and caps on origination fees. The Division of Consumer Finance within the Florida Office of Financial Regulation (OFR) provides to consumers a clear, simple-to-follow outline that addresses the major consumer protection points related to payday lending beginning with reminding consumers of alternative solutions. Having lenders urge responsible use of credit is an important statement that consumers come first in Florida and that payday lending is not a long-term solution to financial problems. Additionally, Florida sponsors free budgeting tools available on mymoney.gov and provides a direct way to verify a lender's license on the OFR website. Finally, enforcement remains the key to success in the Florida model. Loans cannot be originated before a real-time screening against a comprehensive database that verifies compliance with our state's loan amount and frequency limits.

We recognize that in all industries, bad actors exist within the system and seek to prey on regulatory weaknesses; thus, we support your efforts to protect consumers by targeting rampant illegal lending schemes, designed to evade regulation and leave consumers with little or no

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protections. We strongly believe that the Florida regulatory system works well for Florida and could serve as a sound example as the Bureau develops a workable national consumer protection model. This is why we urge you to support, not preempt, the proven regulatory framework that Florida established to protect consumer access to short-term credit.

Thank you in advance for your consideration of our request. We look forward to your timely response.

Sincerely yours,

Patrick Murphy

Patrick E. Murphy
MEMBER OF CONGRESS

Dennis A. Ross
MEMBER OF CONGRESS

CHRIS HUNTER
[illegible]

Washington Office: [illegible]
Texas Office: [illegible]
[illegible]

Congress of the United States
House of Representatives
Washington, DC 20515-1317

March 4, 2014

Director Richard Cordray
Consumer Financial Protection Bureau
1700 G Street, NW
Washington, D.C. 20552

Re: *The use of Debit Cards in lieu of a paycheck or direct deposit*

Dear Director Cordray:

We are writing today to express our concern for the growing practice by employers of issuing debit cards, also known as "payroll cards," in lieu of a paycheck or direct deposit. These payroll cards are generally issued by third-party financial institutions and carry with them various fees and charges that are often not explained up-front to the newly-hired employee, many of whom are low-to-middle-income, and the cards effectively reduce their take-home pay.

Employers may claim that payroll cards are less expensive than issuing a traditional printed payroll check or setting up a direct deposit. However, these cards often carry with them an exorbitant amount of hidden fees for everything from checking the balance, speaking with a bank representative, and using an A.T.M. to withdraw funds, to even transferring funds to an existing bank account.

As you know, current law prohibits employers from offering a payroll card as the only form of payment to employees and also requires employers to inform workers of any fees related to the use of payroll cards. However, as recent reports have pointed out, many employers are not giving their employees the option of choosing another form of payment while also failing to inform them of the various fees associated with these cards.

Many of the workers who are given payroll cards are those that earn minimum wage, and they are least able to afford these additional charges. These workers oftentimes are unaware of their rights and even if they do know that by law they are allowed to receive a different form of payment, they may fear losing their job if they complain or ask too many questions.

It has come to our attention that the Consumer Financial Protection Bureau (CFPB) issued a bulletin last year alerting employers of federal regulations that prohibit them from only offering employees a payroll card to receive their wages. However, we are concerned that not enough is being done to enforce these regulations.

We respectfully urge you to further investigate this disturbing practice, and at the very least ensure that employers are complying with current federal regulations, by providing conspicuous notice to employees as to their options of how they may receive their paycheck, and in the case of using payroll cards, by providing the employee with an upfront list of all associated fees.

The growing issue of employers taking advantage of employees through payroll cards is a serious one, and we respectfully urge you make this a top priority. Please respond within ten business days with an update on the present and future steps the CFPB has and will be taking to curtail this practice. In the midst of this still-recovering economy when the middle class and working families continue to get squeezed by stagnant wages while Wall Street banks are making record profits, employees shouldn't be asked to take even more of hit in their take home pay.

Sincerely,

Cheri Bustos
Member of Congress

Charles B. Rangel
Member of Congress

Eleanor Holmes Norton
Member of Congress

Niki Tsongas
Member of Congress

Rubén Hinojosa
Member of Congress

Raúl M. Grijalva
Member of Congress

Dave Loebsack
Member of Congress

Juan Vargas
Member of Congress

Carol Shea-Porter
Member of Congress

John Lewis
Member of Congress

Michelle Lujan Grisham
Member of Congress

Mark Pocan
Member of Congress

Ann McLane Kuster
Member of Congress

Matthew A. Cartwright
Member of Congress

James P. McGovern
Member of Congress

Tony Cárdenas
Member of Congress

John Yarmuth
Member of Congress

Ed Perlmutter
Member of Congress

Lois Frankel
Member of Congress

Frank Pallone, Jr.
Member of Congress

Robert C. "Bobby" Scott
Member of Congress

Mike Quigley
Member of Congress

Alan Grayson
Member of Congress

Chellie Pingree
Member of Congress

Sanford Bishop
Member of Congress

James P. Moran
Member of Congress

Wm. Lacy Clay
Member of Congress

John Tierney
Member of Congress

Ann Kirkpatrick
Member of Congress

Mark Takano
Member of Congress

Dina Titus
Member of Congress

Karen Bass
Member of Congress

Eric Swalwell
Member of Congress

Julia Brownley
Member of Congress

Bruce Braley
Member of Congress

Alan S. Lowenthal
Member of Congress

Keith Ellison
Member of Congress

Janice D. Schakowsky
Member of Congress

Timothy J. Walz
Member of Congress

Loretta Sanchez
Member of Congress

Jim Matheson
Member of Congress

Marcy Kaptur
Member of Congress

John Garamendi
Member of Congress

Daniel B. Maffei
Member of Congress

Kyrsten Sinema
Member of Congress

Ron Kind
Member of Congress

Ron Barber
Member of Congress

Jim McDermott
Member of Congress

Jackie Speier
Member of Congress

John Dingell
Member of Congress

Peter DeFazio
Member of Congress

Raul Ruiz
Member of Congress

Janice Hahn
Member of Congress

Dan Kildee
Member of Congress

John P. Sarbanes
Member of Congress

Donna F. Edwards
Member of Congress

Sheila Jackson Lee
Member of Congress

William L. Owens
Member of Congress

Allyson Y. Schwartz
Member of Congress

Jerrold Nadler
Member of Congress

Gwen Moore
Member of Congress

Betty McCollum
Member of Congress

Carolyn McCarthy
Member of Congress

Earl Blumenauer
Member of Congress

Joe Garcia
Member of Congress

William L. Enyart
Member of Congress

Judy Chu
Member of Congress

Bill Foster
Member of Congress

JEB HENSARLING, TX, CHAIRMAN

United States House of Representatives
Committee on Financial Services
Washington, D.C. 20515

MAXINE WATERS, CA, RANKING MEMBER

March 6, 2014

BY FIRST CLASS AND ELECTRONIC MAIL

The Honorable Richard Cordray
Director
Bureau of Consumer Financial Protection
1700 G Street, NW
Washington, DC 20552

Dear Director Cordray:

A recent article in the *American Banker* entitled "CFPB Staff Evaluations Show Sharp Racial Disparities"[1] raises significant concerns about the Bureau of Consumer Financial Protection's (Bureau's) internal management practices. We are further concerned by the most recent No FEAR Act disclosure released by the Bureau for the period ending December 31, 2013, which revealed a number of formal discrimination claims filed by Bureau employees against the Bureau on the basis of race, age, religion, sex, disability, and national origin.[2] We are also concerned by the results of the Bureau's 2013 Annual Employee Survey, which revealed that fewer than half of Bureau employees are satisfied with the policies and practices of senior leaders, that fewer than half of Bureau employees agree that promotions and pay raises at the Bureau are based on merit, and that fewer than 3-in-5 Bureau employees agree that in their most recent performance appraisals, they understood what they had to do to be rated at different performance levels.[3] Finally, we note that the Bureau's employee union, NTEU Chapter 335, has identified the need for fair and transparent performance appraisals as an area of focus for ongoing bargaining between the union and the Bureau.[4] So that this Committee can fulfill its oversight responsibilities, please provide the following records[5] relating to the Bureau's most recent performance management review completed on or about November 15, 2013[6]:

1. Records depicting the aggregate number of employees receiving a rating within each category of the Bureau's five-point performance rating scale (i.e., the aggregate number of employees receiving a "1," a "2," a "3," a "4," and a "5");

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[1] Rachel Witkowski, "*CFPB Staff Evaluations Show Sharp Racial Disparities*," AMERICAN BANKER (Mar. 6, 2014), available at http://www.americanbanker.com/issues/179_44/cfpb-staff-evaluations-show-sharp-racial-disparities-1066045-1.html?ET=americanbanker:e18357:659691a:&st=email&utm_source=editorial&utm_medium=email&utm_campaign=AB_PDF_Daily_Briefing_030514.

[2] See http://files.consumerfinance.gov/f/201401_cfpb_no-fear-act_quarterlydatareport_q1.pdf.

[3] See http://files.consumerfinance.gov/f/201312_cfpb_report_annual-employee-survey.pdf.

[4] See http://www.nteu.org/cfpb/.

[5] The term "records" means any written, recorded, or graphic matter of any nature whatsoever, regardless of how recorded or preserved, and whether original or copy.

[6] For purposes of this request, responsive records include but are not limited to all data related to the Bureau's 2013 performance management review prior to any later emendation, expungement or other manipulation by the Bureau.

2. Records depicting the distribution of employee performance ratings by any demographic factor;

3. Records depicting the distribution of employee performance ratings by office and division;

4. Records depicting the number of ratings that have been expunged after being assigned or otherwise calculated as part of the Bureau's 2013 performance review; and

5. Records depicting the number of ratings that have been increased after being initially assigned or otherwise calculated (excluding ratings that were increased as a result of a formal request or other "appeal" of the employee receiving the rating).

In addition to the records described above, please provide the following information:

6. The number of complaints, whether formal or informal, filed by Bureau employees with the Bureau's Office of Equal Employment Opportunity or the Equal Employment Opportunity Commission;

7. The number of Bureau managers who have had one or more Equal Employment Opportunity (EEO) complaints, whether formal or informal, filed against them by a Bureau employee;

8. The number of informal EEO complaints by Bureau employees that have been settled prior to the filing of a formal complaint;

9. The number of instances in which the Bureau declined to mediate or arbitrate an EEO complaint filed by a Bureau employee;

10. The number of complaints filed by Bureau employees with the U.S. Office of Special Counsel (OSC);

11. The number of grievances filed by Bureau employees against the Bureau with NTEU Chapter 335;

12. The number of employee grievances filed against the Bureau with NTEU Chapter 335 that are currently outstanding;

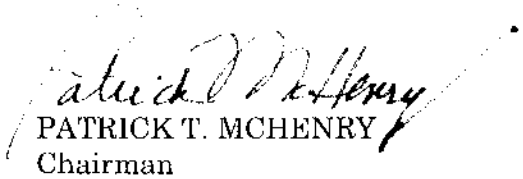
13. The number of employee grievances that the Bureau has denied; and

14. The number of employee grievances that the Bureau has denied without providing written justification for its denial.

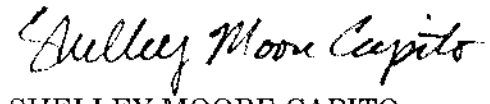
Please provide any documentation in hard copy and electronic and searchable format not later than March 13, 2014. Any questions about this request should be directed to Brian Johnson of the Committee staff at 202-225-7502.

Yours respectfully,

JEB HENSARLING
Chairman



PATRICK T. MCHENRY
Chairman
Subcommittee on Oversight and Investigations



SHELLEY MOORE CAPITO
Chairman
Subcommittee on Financial
Institutions and Consumer Credit

cc: Hon. Maxine Waters, Ranking Member
Hon. Al Green, Ranking Member, Subcommittee on Oversight and Investigations
Hon. Gregory W. Meeks, Ranking Member, Subcommittee on Financial Institutions and Consumer Credit
Mr. Mark Bialek, Inspector General, Federal Reserve Board and CFPB

JEB HENSARLING, TX, CHAIRMAN

United States House of Representatives
Committee on Financial Services
2129 Rayburn House Office Building
Washington, D.C. 20515

MAXINE WATERS, CA, RANKING MEMBER

March 7, 2014

The Honorable Richard Cordray
Director
Bureau of Consumer Financial Protection
1700 G Street, NW
Washington, DC 20552

Dear Director Cordray:

I am writing you regarding the Bureau's March 21, 2013 bulletin entitled "Indirect Auto Lending and Compliance with the Equal Credit Opportunity Act." As you are no doubt aware, this bulletin has raised significant and ongoing concerns among the public, auto dealers, lenders, and Members of Congress.

On May 28, 2013, 13 Democratic members of the Financial Services Committee wrote you requesting information about the methodology the Bureau of Consumer Financial Protection has adopted to determine whether fair lending violations exist in indirect auto lending. Specifically, these Members sought to know "the method the Bureau is using to identify different groups of consumers, the factors it is holding constant to ensure its findings of pricing differentials are attributable to a consumer's background, and the numerical threshold at which the Bureau determines that disparate impact is present." In your June 20, 2013 response to these Members, you stated "Our agency is committed to being open and transparent in all appropriate circumstances, including in our review of indirect auto lending." However, you ignored the Members' specific request for information regarding the regression analysis the Bureau employs to isolate non-discriminatory variables affecting buy rate and dealer markup differentials, and the threshold triggering liability.

On June 20, 2013, Representative Bachus and 34 other House Republican Members, including 27 members of the Financial Services Committee, wrote a letter to the Bureau specifically requesting "the full set of details concerning its statistical disparate impact methodology, including (i) the proxies used to determine the background of consumer credit applicants; (ii) the factors held constant to isolate the applicant's background as the sole reason for any alleged pricing disparity; (iii) the metric used to measure whether pricing disparities exist (e.g., basis points, the dollar amount of the finance charge, etc.); and (iv) the numerical threshold at which it was determined that a pricing disparity on a prohibited basis constitutes an ECOA violation." In your August 2, 2013 response to these Members, you stated "Our agency is committed to being open and transparent, including in our review of indirect auto lending." However, you provided these Members only cursory information concerning the sources of data informing the Bureau's surname and geocode racial proxy methodology, and ignored entirely the remainder of their request, stating only that "in our analysis we consider analytical controls

which are appropriate to each particular case in reviewing data to determine whether a specific policy results in disparities" and that "we typically look to whether there is a statistically significant basis point disparity in the dealer markups received by the prohibited basis group as compared to the control group."

On September 24, 2013, Representative Bachus wrote you again regarding the Bureau's compliance bulletin, noting that he considered your response to his previous letter to be very general, and specifically sought your detailed response to sixteen separate requests, including your identification of "each control the Bureau applies to its analysis of the amount of dealer participation paid by different groups of consumers to ensure that the consumers who are being compared are 'similarly situated'" and a "description in quantitative terms (i.e., a number) what the Bureau has determined is the statistically significant basis point disparity applicable to each prohibited basis group that it has examined using its disparate impact methodology." In your November 4, 2013 response, you stated only that "each supervisory examination or enforcement investigation is passed upon the particular facts presented by the entity under review" and that "[b]ecause of this case-by-case determination we cannot identify each control that we apply in the analysis to ensure that borrowers are similarly situated."

On October 30, 2013, 22 United States Senators, including eleven Democrats and eleven Republicans, wrote you seeking "complete details concerning the statistical methodology the Bureau employs to determine whether disparate impact is present in an auto creditor's portfolio, including: (1) the quantitative degree of accuracy that applies to that methodology for each group of consumers the Bureau has examined; (2) a complete list of any analytical controls the Bureau considers to ensure that consumers being compared are similarly situated; and (3) the numerical basis point threshold at which the Bureau concludes that statistically significant pricing disparities exist for each group of consumers that the Bureau has examined." These Senators noted that "a bipartisan majority of the House Financial Services Committee recently asked for information about the CFPB's methods and analysis used to justify the March 21 guidance. Unfortunately, the Bureau has not provided complete responses to several of the questions presented by our House colleagues. Given your statements that the CFPB will operate as a transparent and data-driven agency, we request that the data used to support the March 21 guidance be made public." In your November 4, 2013 response to these Senators, you again discussed the Bureau's surname and geocode racial proxy methodology, but did not reveal the quantitative degree of accuracy of the Bureau's methodology, nor did you disclose the analytical controls or numerical threshold sought by the Senators. Instead, you again stated that "in our analyses we consider analytical controls which are appropriate to each particular entity" and that "the Bureau makes case-by-case assessments of whether to pursue supervisory or enforcement activity in response to statistically significant disparities."

In light of your repeated insistence that the Bureau's regression analyses, analytical controls, and numerical thresholds governing its fair lending compliance investigations are dependent upon a particular lender's policies, practices, and procedures, I noted with interest the Bureau's December 19, 2013 announcement of the resolution of an enforcement action taken against Ally Financial, Inc. and Ally Bank for allegedly overcharging auto borrowers on the basis of race or national origin. On December 20, 2013, I instructed my staff to request a

briefing from Bureau employees concerning the details of the Bureau's investigation and findings and the terms of the consent order. At the briefing, which occurred on January 24, 2014, your senior advisor, Mike Gordon, provided my staff with a general overview of the Bureau's Ally investigation and consent agreement. However, neither he nor your legislative affairs staff members in attendance were willing to answer specific questions posed by my staff. These questions, which were memorialized in writing shortly following the briefing, included the following:

- Per paragraph 20 on page 6 of the consent order, what were the "potential explanatory variables offered by Respondents"?
- Per paragraph 20 on page 6 of the consent order, for each variable, how did "Respondents fail to provide adequate evidence that additional variables appropriately reflected legitimate business needs"?
- Please provide the regression analysis model used by the Bureau in its Ally investigation to estimate any disparities in dealer markup on the basis of race or national origin.

In a response from your legislative affairs staff on March 4, 2014, the Bureau stated emphatically that it would not disclose the explanatory variables offered by Ally publicly and that "[t]he Bureau does not plan to make the statistical analyses conducted in Ally public or otherwise release them."

The Bureau's continued refusal to provide any details related to its disparate impact regression analyses and associated methodologies stands in stark contrast to your explicit promise to at least 48 Members of Congress to be open and transparent in the Bureau's review of indirect auto lending. By refusing to disclose this information, the Bureau has deliberately deprived indirect auto lenders of any meaningful way to tailor their company's lending practices and compliance systems so as to mitigate or eliminate the fair lending risk the Bureau asserts to be present. By refusing to disclose this information, the Bureau has also introduced unnecessary uncertainty into the auto lending market, which can only detrimentally affect consumers' access to affordable credit. Only the Bureau's increased transparency, as opposed to its pattern of obfuscation detailed above, will advance our shared goal of eliminating potential discrimination in the auto lending market.

An agency that professes to hold itself accountable to the American people should not withhold documents requested by its elected representatives in furtherance of a valid legislative purpose. To that end, please provide the following information no later than March 13, 2014:

1) As requested by 13 Democratic Members of Congress: "the method the Bureau is using to identify different groups of consumers, the factors it is holding constant to ensure its findings of pricing differentials are attributable to a consumer's background, and the numerical threshold at which the Bureau determines that disparate impact is present."
2) As requested by 35 Republican Members of Congress: "the full set of details concerning its statistical disparate impact methodology, including (i) the proxies used to determine the background of consumer credit applicants; (ii) the factors held

constant to isolate the applicant's background as the sole reason for any alleged pricing disparity; (iii) the metric used to measure whether pricing disparities exists (e.g., basis points, the dollar amount of the finance charge, etc.); and (iv) the numerical threshold at which it was determined that a pricing disparity on a prohibited basis constitutes an ECOA violation."

3) As requested by Rep. Bachus: "each control the Bureau applies to its analysis of the amount of dealer participation paid by different groups of consumers to ensure that the consumers who are being compared are 'similarly situated'" and a "description in quantitative terms [] what the Bureau has determined is the statistically significant basis point disparity applicable to each prohibited basis group that it has examined using its disparate impact methodology."
4) As requested by 22 Senators: (1) the quantitative degree of accuracy that applies to that methodology for each group of consumers the Bureau has examined; (2) a complete list of any analytical controls the Bureau considers to ensure that consumers being compared are similarly situated; and (3) the numerical basis point threshold at which the Bureau concludes that statistically significant pricing disparities exist for each group of consumers that the Bureau has examined.
5) As requested by my Committee staff: (1) the potential explanatory variables offered by Respondents in the Ally case; (2) for each variable offered, the Bureau's reasons for asserting that Ally failed to provide adequate evidence that additional variables appropriately reflected legitimate business needs; and (3) the regression analysis model used by the Bureau in its Ally investigation to estimate any disparities in dealer markup on the basis of race or national origin.

With almost a year having elapsed since members of the Financial Services Committee first sought information about the Bureau's policies on indirect auto lending, further delay in providing the Committee with information needed to fulfill its oversight responsibilities is unacceptable. Accordingly, if the Bureau persists in its refusal to provide this information by the March 13 deadline, the Committee will have no choice but to consider invoking its compulsory process. Any questions about this request should be directed to Brian Johnson of the Committee staff at 202-225-7502.

Yours Respectfully,

Jeb Hensarling
Chairman

cc: The Honorable Maxine Waters
Mr. Mark Bialek, Inspector General, Federal Reserve Board and CFPB

SEAN P. DUFFY
7TH DISTRICT, WISCONSIN

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WASHINGTON, DC 20515-1307
PH: (202) 225-3365 • TOLL FREE: (888) 888-4281
WEBSITE: duffy.house.gov

Congress of the United States
House of Representatives

COMMITTEE ON
FINANCIAL SERVICES
SUBCOMMITTEES
VICE CHAIRMAN, FINANCIAL
INSTITUTIONS AND CONSUMER CREDIT
INSURANCE, HOUSING AND
COMMUNITY OPPORTUNITY
CHAIRMAN
VA CONSTITUTIONS
COMMITTEE ON THE BUDGET
JOINT ECONOMIC
COMMITTEE

March 11, 2014

Director Richard Cordray
Consumer Financial Protection Bureau
1700 G St Nw
Washington, DC 20552-0003

Dear Director Cordray:

Once again, I am hearing from my constituents regarding the unintended consequences of a one-size fits all rule released by the CFPB. As a Member of Congress deeply concerned about preserving access to credit needed by those seeking to purchase affordable manufactured housing, I am writing to implore the Bureau to make targeted revisions to mortgage rules that impact credit availability in the manufactured housing market.
I am fully committed to protecting consumers throughout the home loan process; however, I am concerned key mortgage rules CFPB has issued do not account for the unique financing challenges inherent to the manufactured housing market. I am concerned these rules will inadvertently curtail the abilityof families in Wisconsinto access manufactured home loans or receive adequate assistance in the manufactured home-buying process.

In particular, CFPB rules expanded the coverage of the Home Ownership and Equity Protection Act (HOEPA) to include mortgages on manufactured homes. Under these guidelines, a large percentage of small-balance loans used for the purchase of affordable manufactured housing would be unfairly classified as predatory and High-Cost. Due to the increased lender liabilities associated with making and obtaining a HOEPA High-Cost Mortgage, it is unlikely these loans would be offered to homebuyers, thus denying access to necessary credit for both new and existing manufactured homes.

Eliminating this important source of financing would unfairly penalize low- and moderate-income homebuyers who may not qualify for traditional mortgage financing needed for single family home ownership; do not have access to limited government-insured and GSE secondary market programs; or live in rural areaslike Wisconsin's 7th district where affordable rental housing is scarce or non-existent.

In addition, CFPB's loan originator definition is based on traditional mortgage market roles that do not equate with the business model of the manufactured housing market, including lending and retail sales practices. Manufactured home retailers are fundamentally in the business of *selling* homes, not *originating loans*. Unless they are compensated by a lender or creditor, retailers should not be penalized for providing vital sales assistance to consumers in the home-buying process. Without clarification, low- and moderate-income manufactured home buyers would be unable to receive vital home buying information and assistance.

WAUSAU
205 GRANDVIEW
WAUSAU, WI 54403
PH: (715) 298-9511 • FAX: (715) 298-9518

SUPERIOR
815 BELKNAP STREET, SUITE 225
SUPERIOR, WI 54880
PH: (715) 392-3981 • FAX: (715) 392-3993

HUDSON
502 2ND STREET, SUITE 202
HUDSON, WI 54016
PH: (715) 808-8101 • FAX: (715) 808-8107

The manufactured housing market is already being impacted by the Bureau's High-Cost Mortgage and Loan Originator guidelines. As the weight of these rulemakings is fully realized, I fear the already credit-constrained manufactured housing market is likely to experience even greater retraction, and the industry will be able provide fewer sustainable housing options for low- and moderate-income families.

Therefore, I urge you to use the Bureau's broad authority to make adjustments to these rules. Further,I would like a response to this letter within two weeks of receipt so that I can let the residents of my district know the Bureau understand their unique situation and is taking the steps necessary to ensure they will continue to have to viable living options like manufactured housing.

Sincerely,

Sean P. Duffy
Member of Congress

Congress of the United States
Washington, DC 20515

March 13, 2014

The Honorable Richard Cordray
Director
Consumer Financial Protection Bureau
1700 G Street, NW
Washington, DC 20552

Dear Mr. Cordary,

As Members of Congress deeply concerned about preserving access to credit needed by those seeking to purchase affordable housing, we respectfully request you make targeted revisions to mortgage rules that impact credit availability in the manufactured housing market.

While we are fully committed to protecting consumers throughout the home loan process, we are concerned key mortgage rules issued by the Consumer Financial Protection Bureau (CFPB) do not adequately account for the unique financing challenges inherent to the manufactured housing market. Such rules inadvertently curtail consumers' ability to access manufactured home loans or receive effective assistance in the manufactured home-buying process.

In particular, the CFPB rules expand the coverage of the Home Ownership and Equity Protection Act (HOEPA) to include mortgages on manufactured homes. Under these guidelines, a large percentage of small-balance loans used for the purchase of affordable manufactured housing would be unfairly classified as High-Cost. Due to the increased lender liabilities associated with making and obtaining a HOEPA High-Cost Mortgage, it is unlikely these loans would be offered to homebuyers. denying access to necessary credit for both new and existing manufactured homes.

Eliminating this important source of financing unfairly penalizes low-and moderate-income homebuyers who may not qualify for traditional mortgage financing needed for single family home ownership. These homebuyers do not have access to limited government-insured and GSE secondary market programs or live in rural areas where affordable rental housing is scarce or non-existent.

Additionally, CFPB's loan originator definition is based on traditional mortgage market roles that do not equate with the business model of the manufactured housing market. Manufactured home retailers are fundamentally in the business of selling homes, not originating loans. Unless they are compensated by a lender or creditor, retailers should not be penalized for providing vital sales assistance to consumers in the home-buying process. Without clarification, low and moderate-income manufactured homebuyers would be unable to receive such vital guidance.

The manufactured housing market is already impacted by the Bureau's High-Cost Mortgage and Loan Originator guidelines. As the impact of these rulemakings is fully realized, the already credit-constrained manufactured housing market is likely to experience even greater retraction, meaning there will be fewer sustainable housing options for low- and moderate-income families.

For these reasons, we urge you to use the Bureau's broad authority to make adjustments to the above mentioned rules. Thank you for your consideration.

Sincerely,

Matt Salmon
Member of Congress

Kyrsten Sinema
Member of Congress

JEB HENSARLING, TX, CHAIRMAN

United States House of Representatives
Committee on Financial Services
2129 Rayburn House Office Building
Washington, D.C. 20515

MAXINE WATERS, CA, RANKING MEMBER

March 14, 2014

The Honorable Richard Cordray
Director
Bureau of Consumer Financial Protection
1700 G Street, NW
Washington, D.C. 20552

Dear Director Cordray:

We are writing to request that the Bureau of Consumer Financial Protection produce a complete and unredacted copy of the following:

Investigation Report

Investigation of Discrimination and Retaliation
Consumer Financial Protection Bureau/Office of Consumer Response
(b)(6)

December 11, 2013

Please produce the above-described item by not later than 5:00 p.m. on Monday, March 17, 2014. If you have questions regarding this request, please contact Uttam Dhillon, the Committee's Chief Oversight Counsel, at (202) 225-7502.

Sincerely,

JEB HENSARLING
Chairman

PATRICK McHENRY
Chairman
Subcommittee on Oversight
and Investigations

cc: The Honorable Maxine Waters,
Ranking Member

The Honorable Al Green
Ranking Member
Subcommittee on Oversight and Investigations

JEB HENSARLING, TX, CHAIRMAN

United States House of Representatives
Committee on Financial Services
2129 Rayburn House Office Building
Washington, D.C. 20515

MAXINE WATERS, CA, RANKING MEMBER

March 18, 2014

The Honorable Richard Cordray
Director
Bureau of Consumer Financial Protection
1700 G Street, NW
Washington, D.C. 20552

Dear Director Cordray:

We are writing to request that the Bureau of Consumer Financial Protection ("CFPB") produce the following:

1) All e-mail communications (and any attachments thereto) in the custody or control of the CFPB relating to the December 11, 2013, report entitled:

Investigation Report

Investigation of Discrimination and Retaliation
Consumer Financial Protection Bureau/Office of Consumer Response
(b)(6)

December 11, 2013

2) All other reports or work product, whether in draft or final form, prepared by a contractor and received by the CFPB's Office of Human Capital, the Office of Minority and Women Inclusion, or the Office of Equal Opportunity Employment.

Please produce the requested materials by not later than 5:00 p.m. on Thursday, March 20, 2014. If you have questions regarding this request, please contact the Committee's Chief Oversight Counsel, Uttam Dhillon, at (202) 225-7502.

Sincerely,

JEB HENSARLING
Chairman

PATRICK McHENRY
Chairman
Subcommittee on Oversight
and Investigations

cc: The Honorable Maxine Waters,
Ranking Member
cc: The Honorable Al Green
Ranking Member Subcommittee on Oversight and Investigations

BLAINE LUETKEMEYER
MEMBER OF CONGRESS
3RD DISTRICT, MISSOURI

COMMITTEE ON
SMALL BUSINESS
VICE CHAIRMAN

HEARTLAND CAUCUS

COMMITTEE ON
FINANCIAL SERVICES

HOUSE ADMINISTRATION
VETERANS' AFFAIRS

FINANCIAL INSTITUTIONS
SUBCOMMITTEE

Congress of the United States
House of Representatives
Washington, DC 20515

March 18, 2014

The Honorable Richard Cordray
Director
Consumer Financial Protection Bureau (CFPB)
1700 G Street, NW
Washington, D.C. 20552

Dear Director Cordary:

I write to express my continued concern regarding the mortgage rules issued by the Consumer Financial Protection Bureau (CFPB) and the impact they have on those living throughout Missouri and rural America.

It has come to my attention that CFPB rules expanded coverage under the Home Ownership and Equity Protection Act (HOEPA) to include mortgages on manufactured homes. Under these revised guidelines, a significant number of small loans used for the purchase of manufactured housing would be considered predatory and high-cost by CFPB standards, resulting in additional liability for lenders. Your actions will undoubtedly push financial institutions out of this lending space, leaving a considerable gap for consumers, many of whom live in rural or low- to moderate-income areas.

The elimination of this financing unfairly penalizes homebuyers that may not be able to access the traditional housing finance market. Adding to this pressure is CFPB's loan originator definition, which is based on traditional mortgage market roles that do not reflect in any way business models used in the manufactured housing industry. Under your rules, as I understand them, manufactured housing retailers that might have nothing to do with the lending could be viewed as loan originators and therefore subject to liability for providing sales assistance to customers. This presents yet another barrier to an industry serving a population with already limited options.

These rules should be adjusted to reflect the reality of manufactured housing and ensure that Americans can continue to access credit needed to enter the manufactured housing market. I encourage you to work with the manufactured housing industry and to give this issue serious consideration, particularly with respect to the manner in which CFPB is impacting young families and those living in rural and low- and moderate-income communities.

Thank you for your consideration of these concerns. I look forward to your response.

Sincerely,

Blaine Luetkemeyer
Member of Congress

2440 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515
(202) 225-2956
FAX: (202) 225-5712

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WENTZVILLE, MO 63385
PHONE: (636) 327-7056
FAX: (636) 327-3754

516 JEFFERSON STREET
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PHONE: (636) 239-7276
FAX: (636) 239-0478

2117 MISSOURI BOULEVARD
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FAX: (573) 635-8347

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JEB HENSARLING, TX, CHAIRMAN

United States House of Representatives
Committee on Financial Services
2129 Rayburn House Office Building
Washington, D.C. 20515

MAXINE WATERS, CA, RANKING MEMBER

March 21, 2014

The Honorable Richard Cordray
Director
Bureau of Consumer Financial Protection
1700 G Street, NW
Washington, D.C. 20552

Dear Director Cordray:

The Financial Services Committee continues to investigate the headquarters selection process of the Bureau of Consumer Financial Protection (CFPB), including the CFPB's plans to extensively renovate a headquarters building it does not own. I am writing to request that the CFPB produce the following records:

1) All e-mail communications (and any attachments thereto), including but not limited to internal communications and external communications between the CFPB and the Securities and Exchange Commission, the General Services Administration, the U.S. Department of the Treasury, or any private entity, sent or received between July 28, 2010 and February 18, 2011, that refer or relate to the lease or sublease of office space at the Constitution Center building located at 400 7th Street SW in Washington, DC.

2) All e-mail communications (and any attachments thereto), including but not limited to internal communications and external communications between the CFPB and the Office of the Comptroller of the Currency, sent or received between July 21, 2010 and February 18, 2011, that refer or relate to the lease of office space located at 1700 G Street NW in Washington, DC.

3) Any commercial real estate market study conducted by the CFPB between July 21, 2010 and February 18, 2011.

Please produce the requested materials by not later than 5:00 p.m. on Friday, April 4, 2014. If you have questions regarding this request, please contact Brian Johnson of the Committee Staff at (202) 225-7502.

Sincerely,

JEB HENSARLING
Chairman

cc: The Honorable Maxine Waters, Ranking Member
Mr. Mark Bialek, Inspector General, Federal Reserve System and CFPB

GWEN MOORE
4TH DISTRICT, WISCONSIN

COMMITTEE ON
FINANCIAL SERVICES
CAPITAL MARKETS AND GSEs
MONETARY POLICY AND TRADE

COMMITTEE ON BUDGET

DEMOCRATIC STEERING AND
POLICY COMMITTEE

DEMOCRATIC CAUCUS REGIONAL WHIP

Congress of the United States
House of Representatives

WASHINGTON OFFICE:
2245 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515
(202) 225-4572
FAX: (202) 225-8135

DISTRICT OFFICE:
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March 27, 2014

The Honorable Richard Cordray
Director
Consumer Financial Protection Bureau
1700 G Street, NW
Washington, D.C. 20552

RE: In Support of Case No. 1:14-cv-292 Against ITT Educational Services, Inc.

Dear Director Cordray:

I am writing to express my gratitude and support to the Consumer Financial Protection Bureau ("CFPB" or "Bureau") for initiating the action against ITT Educational Services ("ITT"), a for-profit college. The abusive practices and fraud uncovered by the Bureau, if true, are a shocking distortion of the pursuit of higher education, which puts American taxpayers and students at risk. The action against ITT serves as a reminder of the positive impact the CFPB is having protecting people and promoting fair and transparent markets.

As the proud recipient of private and federal financial assistance that enabled me to attend college, I understand the value and importance of both financial aid and higher education. In fact, I firmly believe that social investments in education transform individual lives and promote the overall economic growth of our country. Therefore, it is vitally important to ensure that the investment Americans make in education, through various federal student loan and grant programs, are being utilized to promote individual and social growth, and are not being sapped or siphoned through fraud.

Student loans account for over $1 trillion in consumer debt, second only to home mortgages, indicating that for most Americans student loans will be the second largest investment they make at any given time. According to public Security and Exchange Commission ("SEC") filings by ITT, the college derives the majority of its revenue from tuition, which in turn is overwhelmingly reliant on federal aid to students. Furthermore, the SEC filings show that ITT invested less than half the total revenue on students, with most going toward profits and marketing. In fact, other investigations into for-profit colleges show they get an outsized percent of federal student aid dollars relative to total students enrolled, despite dismal outcomes, such as 47 percent of total federal student loan defaults and high drop out rates. The practices documented in the CFPB action by ITT, which took place from 2009-present, harmed not only the students directly impacted, but also served to defraud taxpayers.

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The complaint against ITT is consistent with findings in reports released by the Government Accountability Office and the Senate Committee on Health, Education, Labor, and Pensions related to for-profit colleges. The complaint is also consistent with an investigation by more than a dozen state attorney general offices. This action against ITT shines a bright light on the work that remains to be done to protect consumers and why I have been such a strong advocate for the Bureau.

Thank you again for your hard work on this problem that has gone unaddressed for too long.

Best,

Gwen S. Moore
Member of Congress
4th District of Wisconsin

JEB HENSARLING, TX , CHAIRMAN

United States House of Representatives
Committee on Financial Services
2129 Rayburn House Office Building
Washington, D.C. 20515

MAXINE WATERS, CA, RANKING MEMBER

March 30, 2014

The Honorable Richard Cordray
Director
Bureau of Consumer Financial Protection
1700 G Street, NW
Washington, D.C. 20552

Dear Director Cordray:

I write regarding reports of very disturbing actions by certain employees of the Consumer Financial Protection Bureau ("CFPB") following the Committee's release of the witness list for Wednesday's Oversight and Investigations Subcommittee ("Subcommittee") hearing entitled "Allegations of Discrimination and Retaliation within the Consumer Financial Protection Bureau."

First, the Committee has learned that on Thursday, March 27, 2014, several CFPB employees, including Liza Strong, the CFPB's Director of Employee Relations, contacted the Defense Investigators Group – the company that conducted the investigation of allegations of discrimination and retaliation by (b)(6) (b)(6) – and threatened litigation and otherwise acted in order to prevent (b)(6) from testifying before the Subcommittee at Wednesday's hearing. Obstruction of a Congressional investigation and witness tampering are serious violations of federal law and will not be tolerated by this Committee. *See* 18 U.S.C. §§ 1505 and 1512.[1] Accordingly, this Committee will thoroughly investigate this allegation and ensure that if it is true, those responsible are referred to the appropriate law enforcement authorities. In furtherance of the Committee's investigation, please provide, by no later than 5:00 p.m., Monday, March 31, 2014, the names of the CFPB employees who contacted Defense Investigators Group on Thursday, March 27, 2014.

Second, a recent media report indicates that after (b)(6) was publicly announced as a witness at this Wednesday's hearing, the CFPB provided confidential personnel information to the media about (b)(6) in violation of the Privacy Act. (b)(6) is

[1] 18 U.S.C. § 1505 states, in pertinent part, as follows: "Whoever corruptly, or by threats or force, or by any threatening letter or communication influences, obstructs, or impedes or endeavors to influence, obstruct, or impede the due and proper administration of the law under which any pending proceeding is being had before any department or agency of the United States, or the due and proper exercise of the power of inquiry under which any inquiry or investigation is being had by either House, or any committee of either House or any joint committee of the Congress—shall be fined under this title, imprisoned not more than 5 years or, if the offense involves international or domestic terrorism (as defined in section 2331), imprisoned not more than 8 years, or both."; 18 U.S.C. § 1512 states, in pertinent part, as follows: "b) Whoever knowingly uses intimidation, threatens, or corruptly persuades another person, or attempts to do so, or engages in misleading conduct toward another person, with intent to—(1) influence, delay, or prevent the testimony of any person in an official proceeding; . . .shall be fined under this title or imprisoned not more than 20 years, or both."

clearly a whistle blower under federal law. Accordingly, CFPB's release of this information to the media is not only illegal, but constitutes additional retaliation against (b)(6) In furtherance of the Committee's continuing investigation of illegal retaliation by the CFPB, please provide, by no later than 5:00 p.m., Monday, March 31, 2014, the names of the CFPB employees who provided this information to the media.

These are potentially serious breaches of the law which demand your personal and immediate attention. If you have questions regarding these requests, please contact the Committee's Chief Oversight Counsel, Uttam Dhillon, at (202) 225-7502.

Sincerely,

PATRICK McHENRY
Chairman
Subcommittee on Oversight
and Investigations

cc: The Honorable Al Green

SPENCER BACHUS
6TH DISTRICT, ALABAMA

COMMITTEES
FINANCIAL SERVICES
CHAIRMAN EMERITUS

JUDICIARY
SUBCOMMITTEE CHAIRMAN
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AND ANTITRUST LAW

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April 1, 2014

Mr. Richard Cordray
Director
Consumer Financial Protection Bureau
1801 L Street Northwest
Washington, DC 20036-3811

Dear Mr. Cordray,

This letter is a follow-up to previous communications that I have had with the Consumer Financial Protection Bureau (CFPB) regarding the agency's guidance on mechanisms of nondiscretionary compensation for indirect auto lenders. It is a matter that I raised most recently with you during the hearing on the semi-annual report of the CFPB held by the House Financial Services Committee on January of this year. As you know, many of my colleagues and I have expressed concern over a lack of detailed information contained in the CFPB's March 2013 guidance and specifically about the options for compensation available to these lenders. During your testimony on January xx, you agreed in response to a request that I made, to provide examples of acceptable alternatives to the flat fee compensation structure.

In a February 28, 2014 conference call, the CFPB staff, in response to my question, provided my office with three possible compensation options that are at this time considered satisfactory by the Bureau: flat fee per transaction, flat percentage of amount financed, or some combination of the two flat fee structures. The purpose of this letter is to seek clarification on the response that was delivered by your staff.

It would be my request to be supplied with specific and detailed responses for the following questions:

1. The Bureau has identified variations on flat fees of acceptable non-discretionary mechanisms for compensating auto dealers for arranging financing for consumers. However, other than a flat fee or some variation on a flat fee, such as a flat percentage of the amount financed, the agency has not identified any discretionary dealer compensation mechanisms that it would officially define as acceptable. It should be noted that the Equal Credit Opportunity Act does not contain prohibitions on discretionary compensation mechanisms. Other than a potential flat fee or a variation of it, please provide at least one example of a specific discretionary dealer compensation mechanism lenders can adopt that is consistent with your March 2013 guidance to indirect finance sources.

2. If the example of a discretionary dealer compensation mechanism involves monitoring, how should the lender monitor dealers and their portfolio? Please include the precise proxy methodology and regression factors lenders should employ.

Thank you for your continued attention to this important matter. It is my request that the Bureau provide a response to these questions within 30 days of your receipt of this letter.

Sincerely,

Spencer Bachus
Member of Congress

BILL FOSTER
CONGRESSMAN, 11TH DISTRICT, ILLINOIS

April 2, 2014

The Honorable Richard Cordray
Director
Consumer Financial Protection Agency
1700 G Street, NW
Washington, DC 20552

Dear Director Cordray:

As a member of the House Financial Services Committee, I would like to first thank you for your public service and responsiveness to issues before the committee. As someone who helped craft the Dodd-Frank Act, I share your commitment to making consumer financial markets work better for the American people.

The financial crisis and collapse of the housing market was particularly acute in Illinois. A recent report from RealtyTrac found that Illinois has the second most owner-vacated foreclosures of any state in the country, preceded only by Florida. Consequently, many community banks and credit unions in my congressional district are eager to hear from you about the Bureau's mortgage servicing rules. These rules are an important step in providing stability to Illinois' recovering housing market and preventing a repeat of the deceptive practices that led to the housing crash that wiped out more than $16 trillion of net worth for American families.

I invite you to participate in a discussion with community banks and credit unions in my congressional district to discuss the Bureau's consumer regulations and their impact on local, financial institutions.

Thank you for your consideration of this request. If you have any questions, please contact Adam Elias on my staff at 202-225-3515.

Sincerely,

Bill Foster

BILL FOSTER
Member of Congress

JEB HENSARLING, TX, CHAIRMAN

United States House of Representatives
Committee on Financial Services
2129 Rayburn House Office Building
Washington, D.C. 20515

MAXINE WATERS, CA, RANKING MEMBER

April 10, 2014

VIA FIRST-CLASS MAIL

The Honorable Richard Cordray
Director
Bureau of Consumer Financial Protection
1700 G Street, NW
Washington, D.C. 20552

Dear Director Cordray:

This letter is to follow up on the Subcommittee on Oversight and Investigations' April 2 hearing examining allegations of discrimination and retaliation at the Consumer Financial Protection Bureau ("CFPB"). The Subcommittee invited M. Stacey Bach and Liza Strong to participate in that hearing but, unfortunately, the CFPB refused to allow them to appear.

The Subcommittee intends to notice additional hearings to further investigate allegations of discrimination and retaliation at the CFPB and will once again seek the testimony of CFPB employees. Accordingly, by not later than April 15, 2014, please provide written assurances that you will authorize any CFPB employee to appear and testify pursuant to the Subcommittee's invitation. If you cannot provide such assurances, the testimony of CFPB employees will be compelled by the issuance of a subpoena.

If you have questions regarding this letter, please contact Uttam Dhillon, the Committee's Chief Oversight Counsel, at (202) 225-7502.

Sincerely,

Patrick McHenry

PATRICK MCHENRY
Chairman
Subcommittee on Oversight
and Investigations

cc: The Honorable Al Green

JEB HENSARLING, TX, CHAIRMAN

United States House of Representatives
Committee on Financial Services
Washington, D.C. 20515

MAXINE WATERS, CA, RANKING MEMBER

April 11, 2014

The Honorable Richard Cordray
Director
Consumer Financial Protection Bureau
1700 G Street, NW
Washington, D.C. 20552

The Honorable Martin J. Gruenberg
Chairman
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, D.C. 20429

The Honorable Janet L. Yellen
Chair
Board of Governors, Federal Reserve Board
Constitution Avenue & 20th Street, N.W.
Washington, D.C. 20551

The Honorable Debbie Matz
Chair
National Credit Union Administration
1775 Duke Street
Washington, D.C. 22314-3428

The Honorable Thomas J. Curry
Comptroller of the Currency
Office of the Comptroller of the Currency
Independence Square, 250 E Street, SW
Washington, D.C. 20219

The Honorable Mary Jo White
Chair
U.S. Securities & Exchange Commission
100 F Street, N.E., Room 10700
Washington, D.C. 20549

Dear Director Cordray, Chairman Gruenberg, Chair Yellen, Chair Matz, Comptroller Curry, and Chair White:

We write to express support for, and some concerns about, the comments submitted in response to the joint statement issued by the Consumer Financial Protection Bureau (CFPB), the Federal Deposit Insurance Corporation (FDIC), the Board of Governors of the Federal Reserve System (Federal Reserve), the National Credit Union Administration (NCUA), the Office of Comptroller of the Currency (OCC), and the Securities and Exchange Commission (SEC) (hereafter referred to as "the Agencies") proposing standards for assessing the diversity and practices of the regulated entities as required under Section 342 of the Dodd-Frank Wall Street Reform and Consumer Protection (Dodd-Frank) Act.

Introduction

Section 342 was the culmination of extensive legislative history established by the House Financial Services Committee (Committee) about the lack of workforce and supplier diversity among the Agencies and in the financial services industry and the need for a new, federal initiative to monitor and assess these activities. Given that many of the Democratic Members on the Committee, who have signed on to this letter are among the architects of Section 342, we are uniquely qualified to express the congressional intent which led to the establishment of this statutory provision. We believe it is necessary to achieve both the spirit and plain letter of Section 342, that the final standards include: (1) mandatory diversity assessments and disclosures from all regulated entities; (2) information on both workforce and supplier diversity practices and policies of the regulated entities; and (3) that the diversity data be made available to the public.

We are sensitive to the Agencies' concerns about the possibility of increasing the regulatory burden on institutions due to these new diversity requirements. However, we share the view expressed by the African-American Credit Union Coalition (AACUC) that "diversity should not be considered a burden; it is an effective business strategy that provides value added resources and also serves to mitigate workforce concentration risk." Like AACUC, we maintain that diversity matters are just as important as other operational and institutional goals and should be considered an integral component of all regulated entities' strategic plans.

Mandatory Assessments and Reporting of Workforce and Supplier Diversity Data Required

We reject claims that Section 342 does not (1) allow the Agencies to conduct diversity assessments themselves, or (2) compel a regulated entity to either conduct, or produce, a self-assessment to the Agencies. Further, we strongly disagree with comments that the provision is intended, as some maintain, to merely allow the Agencies to establish guidance.

We also disagree with the position that voluntary, self-assessments would establish more effective and appropriate methodology for evaluating diversity than would traditional examination or supervisory assessment. If Congress had been satisfied with the financial services industry's efforts on diversity matters, it would not have enacted Section 342 requiring the Agencies, not the regulated entities, to create standards to assess the private sector's activities. The Committee's extensive legislative history demonstrates Members' longstanding concerns about the lack of workforce and supplier diversity within the Agencies and the financial services industry. The Members' increasing awareness about the need for, and commitment to, improved transparency with respect to these matters is a high priority.

The Subcommittee on Oversight and Investigations (Oversight Subcommittee) of the Committee held a hearing on July 15, 2004 entitled, "Diversity in the Financial Services Industry and Access to Capital for Minority-Owned Businesses: Challenges and Opportunities," in which some Members and witnesses expressed concern about the industry's lack of workforce diversity. In particular, Members expressed concern that financial institutions had failed to make sufficient progress in recruiting minority and women candidates for management-level positions. As a result of these findings, some Members[1] requested that the Government Accountability Office (GAO) conduct a comprehensive review of workforce diversity in the private sector. The GAO was tasked, among other things, with identifying the available data about diversity at the management level in the industry from 1993 through 2003, along with the types of initiatives that the industry and related organizations had taken to promote workforce diversity, and the challenges they faced in doing so.

[1] These Members included Representative Michael Oxley, then Chairman of the Committee; Representative Barney Frank, then Ranking Minority Member; Representative Sue Kelly, then Chairwoman of the Oversight Subcommittee; Representative Louis Gutierrez, then Ranking Minority Member of the Oversight Subcommittee and Representative David Scott.

In June 2006, GAO published the report entitled, "FINANCIAL SERVICES INDUSTRY: Overall Trends in Management-Level Diversity and Diversity Initiatives, 1993-2004" (GAO-06-617). In response, the Oversight Subcommittee held a hearing on July 12, 2006 entitled, "Diversity: The GAO Perspective," to review the findings in the report. In its analysis, GAO found that, from 1993 through 2004, overall diversity at the management level in the industry had not changed substantially despite increasing diversity in the racial and ethnic composition of U.S. population. GAO relied on the Equal Employment Opportunity Commission (EEOC) Employer Information Report (EEO-1) data for financial services industry for employees with 100 or more employees for the years 1993, 1998, 2000, and 2004 in crafting the report. However, GAO noted that EEO-1 data could be slightly misleading as an accurate representation of women and minorities in senior management and board positions within the industry because of the overly broad categories used to capture certain positions. GAO found that while industry and trade associations had initiated programs to increase workforce diversity, these efforts failed to significantly increase the representation of diversity within the industry. Some industry officials noted that gaining employees' "buy-in" to diversity programs was one challenge to achieving workforce diversity, particularly among middle managers who were often responsible for implementing key aspects of these programs.

Representative Gregory Meeks introduced House Concurrent Resolution 140, the "Financial Services Diversity Initiative," on May 5, 2007, which provided several of the findings from the GAO 2006 report on the low representation of minorities and women in the industry. The resolution expressed the sense of Congress that: active measures should be taken to increase the demographic diversity of the financial services industry and that diversity within this industry is vitally important, not only to promoting innovation and creativity in the industry, but to developing a more inclusive workforce for a fair and just economy. This resolution passed the full House by voice vote on September 24, 2007.

On February 7, 2008, GAO testified before the Oversight Subcommittee about the, "FINANCIAL SERVICES INDUSTRY: Overall Trends in Management-Level Diversity and Diversity Initiatives, 1993 – 2006," (GAO-08-445T). Once again, GAO found that the overall workforce diversity at the management level in the industry had not changed substantially. GAO concluded that, without a sustained commitment to overcoming challenges such as recruiting and retaining minority candidates, diversity at the management level in the industry could remain generally unchanged over time.

On May 12, 2010, GAO testified before the Oversight and Housing and Community Opportunity Subcommittees about the "FINANCIAL SERVICES INDUSTRY: Overall Trends in Management-Level Diversity and Diversity Initiatives, 1993 – 2008" (GAO-10-736T). GAO found that diversity in senior management positions remained limited. The revised EEOC data, reported in 2008 for senior-level positions only, showed that minorities held 10 percent of such positions compared with 17.4 percent of all management positions. While white males held 64

percent of senior positions in 2008, African-Americans held just 2.8 percent, Hispanics held 3 percent, and Asians held 3.5 percent.

The financial services industry has been unsuccessful in its attempts to substantially improve workforce diversity at the senior management level, in particular, for more than a ten year period. Extensive data compiled by the Committee, through both hearings and on-going reviews requested from the GAO to track the industry's overall trend in workforce diversity dating back to 2004, resulted in a recognition among Committee Members that more federal oversight of, and involvement with, these efforts was appropriate. The subsequent enactment of Section 342 was designed to empower the OMWI Directors at the Agencies to develop standards to assess the diversity practices and policies of regulated entities.

Furthermore, we reject any view that Section 342 only provides the Agencies' authority to obtain the employment data of regulated entities. Both legislative history and a plain reading of the statute demonstrate that Congress sought information on both workforce and supplier diversity within the financial services industry.

House Concurrent Resolution 140, which was discussed above, extensively addresses employment and supplier diversity matters. Under Section 2(a)(6) of House Concurrent Resolution 140, for example, Congress encourages financial institutions, as well as public and private pension funds, to seek qualified minority- and women-owned firms as investment managers, underwriters, and in *other business relationships*.

If Congress had solely wanted information on regulated entities' employment diversity, the statute's text would only have tasked the Agencies' OMWI Directors to develop standards to collect workforce diversity. However, under Section 342, the OMWI Directors are instructed to develop standards to assess "*diversity policies and practices*" of regulated entities. Diversity policies and practices are broad terms that obviously incorporate both workforce and supplier diversity data.

Disclosure of Assessment Findings is required under the Rule of Construction and Legislative History

When the legislative history of Section 342 is considered in conjunction with the plain reading of Sections 342(b)(2)(C) and 342(b)(4), it becomes evident that disclosure of the diversity assessment findings is required.

The legislative history establishing the need for Section 342 – discussed above – clearly demonstrates a congressional desire for improved diversity within the financial services industry.[2] The text of the statute, however, requires only that the Agencies' OMWI Directors

[2] *See*, H. Con. Res. 140 [110th Congress], expressing the sense of Congress that "active measures should be taken by employers and educational institutions to increase the demographic diversity of the financial services industry".

develop standards for assessing the diversity policies and practices of regulated entities. Further, the rule of construction under Section 342(b)(4), specifically prohibits the OMWI Directors from using the findings of the assessments under Section 342(b)(2)(C) to mandate any requirement on or otherwise affect the lending policies and practices of, or require any specific action by the regulated entities. Given the intent of Section 342, there would be no benefit to including the language mandating standards for assessments under Section 342(b)(2)(C), if such assessments were not expected to drive the regulated entities toward the congressional goal of improving workforce and supplier diversity within the industry. In consideration that the Agencies are specifically prohibited from taking action as a result of the assessments, the public disclosure of the assessment findings is, in effect, the only way to achieve the congressional objective of Section 342.

In short, the disclosure of the assessment findings are designed to motivate the regulated entities to take pro-active, good-faith measures to recruit, hire, and promote more women and minorities and to conduct business with diverse suppliers by increasing transparency on regulated entities' efforts with these matters. Through enhanced public disclosure about the diversity practices and policies of regulated entities, the public is provided essential insights of which entities effectively seek to employ diverse and inclusive workforces and conduct business with minority- and women-owned firms and by extension which entities fail in this respect. Consequently, we believe that, when read in conjunction with the legislative intent behind Section 342, the plain language of the statute mandates that the findings of the diversity assessments be made publicly available.

Notwithstanding the legislative history establishing congressional intent for the mandatory disclosure of diversity assessments under Section 342, even a plain reading of the statute's text, clearly demonstrates that the Agencies must require regulated entities to collect and submit information, in a manner prescribed by the Agencies, in order for the Agencies to be able to achieve *their statutory obligation* to develop standards to assess diversity policies and practices.

Section 342(b)(2)(C) provides that the OMWI Directors of the Agencies "*shall* develop *standards* for *assessing* the diversity practices and policies of entities regulated by the agency." The term "standard" is defined in the Merriam-Webster Dictionary (Dictionary) as "a level of quality, achievement . . . that is considered acceptable or desirable." This contrasts with the term "guidance", which is defined in the Dictionary as "the act or process of guiding someone or something."

It is important to note the statutory difference between requiring Agencies to obtain information and prescribing specific enforcement actions that Agencies must take based on the results of these disclosures. The rule of construction under Section 342(b)(4) provides that no specific action must be taken based on the *"findings of the assessment"* alone. In this case, the definition of the noun "findings" from the Dictionary means the "results of an investigation" and

an "investigation" is defined as "to try to get information about something." The definition of the noun "assessment" means "the act of making judgment about something: an idea or opinion about something." Taken together, the phrase "findings of the assessment" under Section 342(b)(4), read in conjunction with the mandatory requirement to develop standards imposed under Section 342(b)(2)(C), suggests that the Agencies will obtain information about the diversity policies and practices of regulated entities. As such, a plain reading of the statute's text demonstrates that the Agencies are required to develop standards about what type of information is considered acceptable for entities to collect and report and to establish how and when the data must be submitted, in order for the Agencies to comply with their statutory obligation under Section 342(b)(2)(C).

Some comments argued that the Agencies do not have authority to develop mandatory disclosures by pointing to the differences in the statutory language in the requirements for Agencies to promote their own workforce and supplier diversity efforts under Section 342 and the less expansive provision, viewed in conjunction with the rule of construction, for the Agencies to develop standards for assessing the diversity practices and policies of regulated entities.

Section 342(b)(2) mandates three specific duties for the Agencies' OMWI Directors. The fact that only one of the three specific duties addresses the Agencies' authority to assess the diversity practices and policies of regulated entities, does not diminish its importance. The differences in the statute's text under Section 342 for the Agencies' internal and external duties should not be viewed as restricting the scope of the Agencies' authority to compel regulated entities to submit information, in a manner that the Agencies deem desirable. The narrower, prescriptive text about the Agencies' internal activities, if anything, should be viewed as a congressional signal giving the Agencies even *broader regulatory authority* to implement mandatory disclosures.

Meaningful, Consistent, Specific, and Public Data Critically Important

The Agencies propose that the information should be compiled on a periodic basis. We believe that the diversity disclosures should, at a minimum, be provided on an annual basis.

We agree with comments that it is critically important that the Agencies require regulated entities to collect and report diversity data in a way that is consistent, specific, uniform and public to ensure meaningful information is obtained to be able to assess the diversity practices and policies of entities, as required under Section 342.

While some comments argued vigorously that the diversity data should not be publicly available, one of the main tenets behind Section 342 is the congressional desire for more transparency about diversity policies and practices within the financial services industry. Although some cited potential privacy concerns with releasing diversity data, we are not persuaded by these arguments. A good analogy to the value of making personal characteristic

data publicly available can be seen through the success of the disclosures required under the Home Mortgage Disclosure Act (HMDA).

Under HMDA, certain financial institutions are required to collect and report loan and personal characteristic data on mortgage loans. The increased transparency of mortgage lending patterns and trends has facilitated enhanced scrutiny and enabled Congress, the Agencies, and the public to conduct independent analysis of racial, ethnic, and gender barriers to obtaining mortgage loans. Section 342 should enable interested stakeholders to perform the same independent analysis with respect to employment and supplier diversity data within the financial services sector, as can be done through HMDA data.

No Exemptions for Reporting

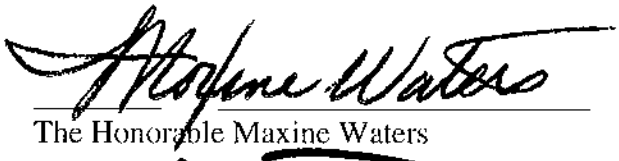
While we are sympathetic to the concerns of smaller institutions, we believe that the purpose of Section 342 can only be achieved by requiring all regulated entities to comply with the assessment requirements. However, we recognize that there may be geographic differences among the regulated entities and, therefore, we support the inclusion of a narrative, along with diversity assessments, describing successes and challenges to identifying diverse employees and clients.

Conclusion

In 1960, when he accepted the Democratic Party Nomination for President, then-Senator John F. Kennedy said, "We are not here to curse the darkness, but to light a candle that can guide us through the darkness." Interagency assessment standards that require mandatory workforce and supplier diversity statistics that are meaningful, specific, and publically-available provide the light that Congress is seeking. In doing so, we expect to bring transparency to a hiring and contracting process which has heretofore remained opaque and – to the extent that it has unjustly excluded women and minorities from opportunities to which they were entitled – fundamentally flawed.

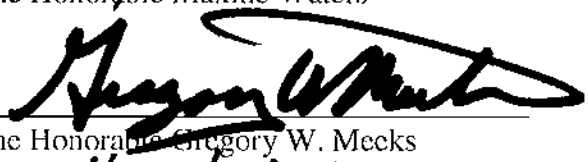
We remain committed to the full implementation of Section 342, and applaud the efforts of the Agencies to develop standards for assessing the diversity policies and practices as required by the statute. We also recognize that in addition to the efforts of the Agencies, a complete implementation of Section 342 requires an active commitment to workplace and supplier diversity by the regulated entities. We, therefore, encourage firms to go beyond the minimum standards that are required in any final standards that are issued. We challenge the financial services industry to work closely with federal agencies, state and local governments, diversity experts and academia to develop a deep pool of diverse employees and contractors that can enhance the richness of our financial dialogue, and exploit the wealth of opportunities that are often overlooked right here at home. This is a genuine opportunity to make substantive change, and we are anxious to continue advocating for diversity and inclusion in all facets of our financial industry.

Sincerely,

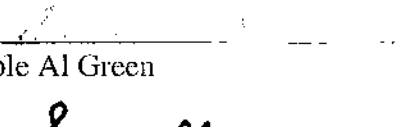


The Honorable Maxine Waters

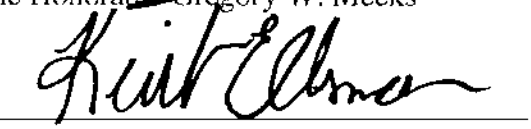
The Honorable Joyce Beatty



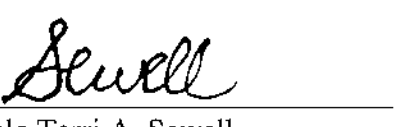
The Honorable Gregory W. Meeks



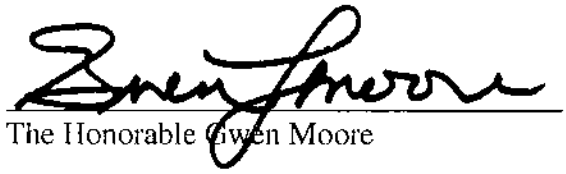
The Honorable Al Green



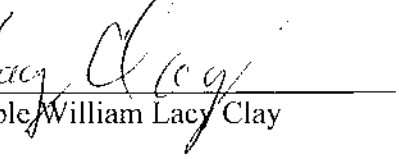
The Honorable Keith Ellison



The Honorable Terri A. Sewell



The Honorable Gwen Moore



The Honorable William Lacy Clay

JEB HENSARLING, TX , CHAIRMAN

United States House of Representatives
Committee on Financial Services
2129 Rayburn House Office Building
Washington, D.C. 20515

MAXINE WATERS, CA, RANKING MEMBER

April 17, 2014

The Honorable Richard Cordray
Director
Bureau of Consumer Financial Protection
1700 G Street, NW
Washington, D.C. 20552

Dear Director Cordray:

The Committee on Financial Services' Subcommittee on Oversight and Investigations is investigating the consumer complaint process administered by the Consumer Financial Protection Bureau. Accordingly, please provide the Subcommittee with the following information no later than 5:00 p.m., Thursday, April 24, 2014:

> The percentages of consumer complaints that are assigned to an investigator and investigated, when compared to both the total number of complaints filed by consumers and the number of company responses disputed by consumers.

This request pertains only to the number of complaints investigated, not the number of complaints subjected to dispute review. If you have any questions regarding this matter, please contact Gisele Roget or Brian Johnson of Committee staff at (202) 225-7502.

Sincerely,

Patrick McHenry

PATRICK McHENRY
Chairman
Subcommittee on Oversight
and Investigations

cc: The Honorable Al Green, Ranking Member

JEB HENSARLING, TX , CHAIRMAN

United States House of Representatives
Committee on Financial Services
2129 Rayburn House Office Building
Washington, D.C. 20515

MAXINE WATERS, CA, RANKING MEMBER

April 17, 2014

The Honorable Richard Cordray
Director
Bureau of Consumer Financial Protection
1700 G Street, NW
Washington, D.C. 20552

Dear Director Cordray:

The Committee on Financial Services' Subcommittee on Oversight and Investigations is investigating hiring practices at the Consumer Financial Protection Bureau. Accordingly, please provide the Subcommittee with the following records[1] no later than 5:00 p.m., Thursday, April 24, 2014:

> All e-mail communications contained within the e-mail accounts associated with (b)(6) that were sent or received between January 1, 2012 and April 2, 2014, and which contain any of the following key words: "Hatch," "Democrat," "liberal," "Republican," "conservative," "hire," "hired," (b)(6) "interview," "party," "solid," or (b)(6)

If you have any questions regarding this matter, please contact Gisele Roget or Brian Johnson of Committee staff at (202) 225-7502.

Sincerely,

PATRICK McHENRY
Chairman
Subcommittee on Oversight
and Investigations

cc: The Honorable Al Green, Ranking Member

[1] The term "records" means any written, recorded, or graphic matter of any nature whatsoever, regard less of how recorded or preserved, and whether original or copy.

JEB HENSARLING, TX , CHAIRMAN

United States House of Representatives
Committee on Financial Services
2129 Rayburn House Office Building
Washington, D.C. 20515

MAXINE WATERS, CA, RANKING MEMBER

April 17, 2014

The Honorable Richard Cordray
Director
Bureau of Consumer Financial Protection
1700 G Street, NW
Washington, D.C. 20552

Dear Director Cordray:

The Committee on Financial Services' Subcommittee on Oversight and Investigations is investigating the Equal Employment Opportunity ("EEO") process within the Consumer Financial Protection Bureau ("CFPB"). Accordingly, please provide the Subcommittee with the following information no later than 5:00 p.m., Thursday, April 24, 2014:

> The aggregate dollar amount of monetary payments agreed to by the CFPB to settle EEO claims filed by employees, whether formal or informal, from CFPB's inception through March 31, 2014.

If you have any questions regarding this matter, please contact Gisele Roget or Brian Johnson of Committee staff at (202) 225-7502.

Sincerely,

PATRICK McHENRY
Chairman
Subcommittee on Oversight
and Investigations

cc: The Honorable Al Green, Ranking Member

MICHAEL G. FITZPATRICK
8TH DISTRICT, PENNSYLVANIA

COMMITTEE:
FINANCIAL SERVICES
SUBCOMMITTEES:
OVERSIGHT AND INVESTIGATIONS
VICE CHAIRMAN

FINANCIAL INSTITUTIONS
AND CONSUMER CREDIT

Congress of the United States
House of Representatives
Washington, DC 20515–3808

WASHINGTON OFFICE:
2406 RAYBURN HOUSE OFFICE BUILDING
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DISTRICT OFFICE:
1717 LANGHORNE NEWTOWN ROAD, SUITE 400
LANGHORNE, PA 19047
(215) 579-8102
FAX: (215) 579-8109

April 17, 2014

The Honorable Richard Cordray
Director
Consumer Financial Protection Bureau
1700 G Street N.W
Washington, DC 20552

Dear Director Cordray,

I am writing on behalf of Jeane Coyle who has applied for the Consumer Financial Protection Bureau's Community Bank Advisory Council. I believe that Ms. Coyle would be an excellent member of the board and would highly recommend her appointment.

Over the past 30 years Jeane has held numerous positions in the banking industry. She is currently the President/CEO of First Federal of Bucks County, a $700 million community bank headquartered in Bristol, Pennsylvania in the 8th Congressional District. This extensive experience would provide valuable knowledge of the industry to the CFPB.

Additionally Jeane has been active in the community as a volunteer and has acted as a resource to my office on financial services matters. I am confident that Jeane Coyle would provide exceptional insight on banking issues from an industry as well as a consumer perspective.

Sincerely,

Mike Fitzpatrick
Member of Congress

PRINTED ON RECYCLED PAPER

HOUSE OF REPRESENTATIVES
WASHINGTON, D.C. 20515

TERRI A. SEWELL
7TH DISTRICT
ALABAMA

April 23, 2014

Rachel Bisi
Consumer Finance Protection Bureau
1700 G Street, NW
Washington, DC 20552

Ms. Bisi:

Thank you so much for participating in the Financial Literacy Forum at Stillman College. Your contributions helped to make the Forum an incredible success. It is my hope that the conversations started during the Forum provided students with sufficient knowledge and resources to make responsible financial decisions that will ensure their long-term success.

Once again, thank you for your participation and for your hard work and commitment to financial literacy. If my office can ever be of assistance to you in the future, please do not hesitate to contact us.

Sincerely,

Terri Sewell

TERRI A. SEWELL
Member of Congress

JEB HENSARLING, TX , CHAIRMAN

United States House of Representatives
Committee on Financial Services
2129 Rayburn House Office Building
Washington, D.C. 20515

MAXINE WATERS, CA, RANKING MEMBER

April 25, 2014

The Honorable Richard Cordray
Director
Bureau of Consumer Financial Protection
1700 G Street, NW
Washington, D.C. 20552

Dear Director Cordray:

This is in response to an e-mail of April 22, 2014, sent to Financial Services Committee staff (a copy is attached for your convenience) regarding the Oversight and Investigations Subcommittee's request of April 10, 2014, that the Consumer Financial Protection Bureau ("CFPB") voluntarily produce any witness invited by the Subcommittee to testify at future hearings examining allegations of employment discrimination and retaliation at the CFPB. Your response of April 15, 2014, failed to assure the Subcommittee that all such witnesses would be made available. In addition, you implied that the CFPB may be unable to voluntarily produce witnesses given the CFPB's "obligations to protect [employees'] privacy and due process rights, to abide by the Privacy Act, and to protect the integrity of the Bureau's Equal Employment Opportunity program."[1]

Because the CFPB has failed to provide the requested assurances and has determined that statutory and/or prudential obligations may preclude it from voluntarily assisting the Subcommittee in its investigation, the Subcommittee will, as a matter of policy, use compulsory process to obtain the testimony of all appropriate CFPB employees. Accordingly, on April 29, 2014, the Subcommittee will hold a business meeting to authorize the issuance of subpoenas.

If you have questions regarding this matter, please contact Jennifer Flitton or Joseph Clark of Committee staff at (202) 225-7502.

Sincerely,

PATRICK McHENRY
Chairman
Subcommittee on Oversight
and Investigations

cc: The Honorable Al Green, Ranking Member

---

[1] Your April 15 letter asserts that the CFPB previously offered to "provide comprehensive and confidential *testimony* about even individual personnel matters before Subcommittee members[.]" (Emphasis added). I am unaware of having received any such offer from the CFPB. As you know, in an e-mail dated March 20, 2014, the CFPB offered to provide "a bipartisan closed-door briefing [to] the Members of the Subcommittee"; a closed-door "briefing" for which no formal record exists is not equivalent to the provision of "testimony."

JEB HENSARLING, TX, CHAIRMAN

United States House of Representatives
Committee on Financial Services
2129 Rayburn House Office Building
Washington, D.C. 20515

MAXINE WATERS, CA, RANKING MEMBER

April 25, 2014

The Honorable Richard Cordray
Director
Bureau of Consumer Financial Protection
1700 G Street, NW
Washington, D.C. 20552

Dear Director Cordray:

The Committee on Financial Services' Subcommittee on Oversight and Investigations is investigating the Equal Employment Opportunity process within the Consumer Financial Protection Bureau ("CFPB"). Accordingly, please provide the Subcommittee with the following records[1] no later than 5:00 p.m., Tuesday, April 29, 2014:

> Initial, interim, and/or final reports provided to the CFPB by Deloitte Consulting LLP regarding employee listening sessions conducted by the company in or around the summer of 2013.

If you have any questions regarding this matter, please contact Gisele Roget or Brian Johnson of Committee staff at (202) 225-7502.

Sincerely,

Patrick McHenry

PATRICK McHENRY
Chairman
Subcommittee on Oversight and Investigations

cc: The Honorable Al Green, Ranking Member

[1] The term "records" means any written, recorded, or graphic matter of any nature whatsoever, regard less of how recorded or preserved, and whether original or copy.

JEB HENSARLING, TX , CHAIRMAN

United States House of Representatives
Committee on Financial Services
2129 Rayburn House Office Building
Washington, D.C. 20515

MAXINE WATERS, CA, RANKING MEMBER

April 28, 2014

The Honorable Richard Cordray
Director
Bureau of Consumer Financial Protection
1700 G Street, NW
Washington, D.C. 20552

Dear Director Cordray:

This is to advise you that (b)(6) an employee of the Consumer Financial Protection Bureau ("CFPB"), has disclosed information to Committee staff pursuant to the Federal whistleblower laws that (b)(6) believes evidences one or more improper actions or other wrongdoing occurring at the CFPB. The Whistleblower Protection Act ("WPA") affords broad protections to employees disclosing such information.[1] Accordingly, the Committee fully anticipates that the CFPB will assiduously comply with the WPA and any other applicable whistleblower laws with reference to (b)(6)

In addition to prohibiting whistleblower retaliation, Congress has passed criminal prohibitions against threatening and tampering with witnesses testifying before congressional proceedings.[2] The Committee will not tolerate any intimidation of potential witnesses by the CFPB, whether through efforts to retaliate against potential witnesses or otherwise.

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[1] With respect to disclosures to entities other than the CFPB's Inspector General or the Special Counsel, the WPA protects employees provided that the disclosed information is not otherwise prohibited by law nor required to be kept secret by executive order in the interest of national defense or foreign affairs. In recognition of Congress's constitutional oversight responsibilities, however, the WPA affords special protections to federal employees who disclose even "confidential" information to Congress. 5 U.S.C. § 2302(b) (providing that the WPA is not to be interpreted as "authorize[ing] the withholding of information from the Congress or the taking of any personnel action against an employee who discloses information to the Congress"); *see also* H.Rept. 95-1717 (Conference Report) (1978) ("The provision is intended to make clear that by placing limitations on the kinds of information any employee may publicly disclose without suffering reprisal, there is no intent to limit the information an employee may provide to Congress or to authorize reprisal against an employee for providing information to Congress.").

[2] 18 U.S.C. § 1505 ("Whoever corruptly, or by threats of force, or by any threatening letter or communication influences, obstruct, or impedes or endeavors to influence, obstruct, or impede the due and proper administration of the law . . . or the due and proper exercise of the power of inquiry under which any inquiry or investigation is being had by either House, or any committee of either House or any joint committee of the Congress - Shall be fined under this title, imprisoned not more than 5 years . . . or both)

If you have any questions about this matter, you should contact me personally.

Sincerely,

PATRICK McHENRY
Chairman
Subcommittee on Oversight
and Investigations

cc: The Honorable Al Green
The Honorable Carolyn Lerner, Special Counsel, Office of Special Counsel
Mr. Mark Bialek, Inspector General, Federal Reserve System

JEB HENSARLING, TX , CHAIRMAN

United States House of Representatives
Committee on Financial Services
2129 Rayburn House Office Building
Washington, D.C. 20515

MAXINE WATERS, CA, RANKING MEMBER

April 29, 2014

The Honorable Richard Cordray
Director
Bureau of Consumer Financial Protection
1700 G Street, NW
Washington, D.C. 20552

Dear Director Cordray:

I am writing regarding a very disturbing allegation that has come to the attention of the Committee. The allegation is that a manager employed by the Consumer Financial Protection Bureau ("CFPB") used a racial epithet in reference to certain CFPB employees. Due to the sensitive nature of this inquiry, however, the Committee will provide your staff with the identity of the manager in question by telephone.

I am sure that you will agree that this is a serious allegation demanding this Committee's immediate attention and a prompt response from CFPB. Accordingly, by no later than noon, Wednesday, April 30, 2014, please confirm whether the allegation is true.

Sincerely,

Patrick McHenry

PATRICK MCHENRY
Chairman
Subcommittee on Oversight and Investigations

cc: The Hon. Al Green, Ranking Member

JEB HENSARLING, TX , CHAIRMAN

United States House of Representatives
Committee on Financial Services
2129 Rayburn House Office Building
Washington, D.C. 20515

MAXINE WATERS, CA, RANKING MEMBER

May 8, 2014

The Honorable Richard Cordray
Director
Bureau of Consumer Financial Protection
1700 G Street, NW
Washington, D.C. 20552

Dear Director Cordray:

The Committee on Financial Services' Subcommittee on Oversight and Investigations is investigating discrimination of all kinds within the Consumer Financial Protection Bureau ("CFPB"). Accordingly, please provide the report on performance management reviews that compared ratings of management to non-management CFPB employees requested by the CFPB's employee union. Please provide this report no later than 5:00 p.m., Monday, May 12, 2014. If you have any questions regarding this request please contact Gisele Roget of the Committee staff at (202) 225-7502.

Sincerely,

Patrick McHenry

PATRICK MCHENRY
Chairman
Subcommittee on Oversight and Investigations

cc: The Hon. Al Green, Ranking Member

JEB HENSARLING, TX , CHAIRMAN

United States House of Representatives
Committee on Financial Services
2129 Rayburn House Office Building
Washington, D.C. 20515

MAXINE WATERS, CA, RANKING MEMBER

May 8, 2014

The Honorable Richard Cordray
Director
Bureau of Consumer Financial Protection
1700 G Street, NW
Washington, D.C. 20552

Dear Director Cordray:

The Committee on Financial Services' Subcommittee on Oversight and Investigations is investigating discrimination of all kinds within the Consumer Financial Protection Bureau ("CFPB"). Accordingly, please provide the Subcommittee with the following information no later than 5:00 p.m., Monday, May 12, 2014:

1. The aggregate dollar amount of monetary payments agreed to by the CFPB to settle all Equal Employment Opportunity ("EEO") claims filed by prospective CFPB employees, whether formal, informal or resulting from a lawsuit, from July 21, 2010 through April 30, 2014, inclusive.

2. The aggregate dollar amount of monetary payments agreed to by the CFPB to settle all EEO claims filed by CFPB employees[1], whether formal, informal or resulting from a lawsuit, from July 21, 2010 through April 30, 2014, inclusive.

3. The aggregate dollar amount of all monetary payments agreed to by the CFPB to settle claims of discrimination based on sexual orientation, marital status, parental status, or political affiliation filed by prospective CFPB employees from July 21, 2010 through April 30, 2014, inclusive.

4. The aggregate dollar amount of all monetary payments agreed to by the CFPB to settle claims of discrimination based on sexual orientation, marital status, parental status, or political affiliation filed by CFPB employees from July 21, 2010 through April 30, 2014, inclusive.

If you have any questions regarding this matter, please contact Gisele Roget of Committee staff at (202) 225-7502.

Sincerely,

PATRICK MCHENRY
Chairman
Subcommittee on Oversight and Investigations

cc: The Hon. Al Green, Ranking Member

[1]The term "CFPB employee" includes current and former CFPB employees.

Congress of the United States
Washington, DC 20510

May 9, 2014

The Honorable Richard Cordray
Director
Consumer Financial Protection Bureau
1700 G Street, NW
Washington, D.C. 20552

Dear Director Cordray,

We are writing to express our appreciation for the Consumer Financial Protection Bureau's decision to examine consumer debt collection practices in the United States. As you know, millions of Americans are affected by consumer debt and debt collection practices. Households owe trillions in debt,[i] while debt collection is a multi-billion dollar industry.[ii] An examination of consumer debt collection practices is therefore a worthwhile and productive endeavor.

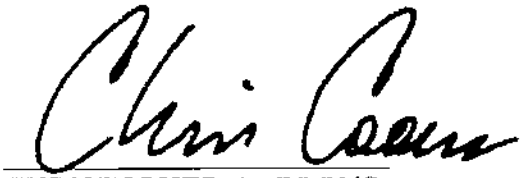
As the CFPB considers rulemaking in the debt collection sector, we urge you to approach any new regulations with an eye toward protecting consumers. In particular, there have been many reports of consumers being asked to repay debts that are incorrectly documented, or that they simply do not owe.[iii,iv] Some of the judges who preside over these cases have publicly shared their concerns as well.[v]

Poor record keeping can be painful to families and individuals that owe debt, while also harmful to creditors. One solution private markets have explored is the concept of a global debt registry. Such a registry would establish the use of one or more secure, centralized repositories for tracking the flow of information and ownership of consumer accounts. We would encourage the CFPB to give this concept thoughtful and thorough consideration.

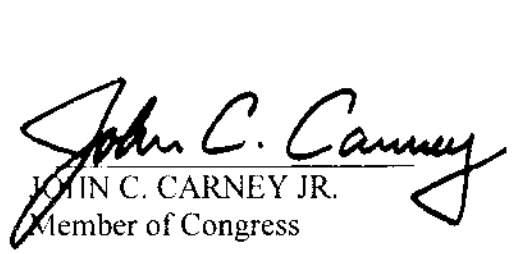
As you consider the merits of a consumer debt registry and alternative standards, the CFPB should be mindful that any new consumer debt information practices should employ the highest privacy standards, while also mitigating compliance costs for all involved.

Thank you for your work in protecting consumers and we look forward to working with you.

Sincerely,



CHRISTOPHER A. COONS
United States Senator



JOHN C. CARNEY JR.
Member of Congress

[i] Quarterly Report on Household Credit and Debt. (2014, February). Federal Reserve Bank of New York. Retrieved April 23, 2014, from http://www.newyorkfed.org/householdcredit/2013-Q4/HHDC_2013Q4.pdf.
[ii] Advance Notice of Proposed Rulemaking. (2013, November 6). Bureau of Consumer Financial Protection. Retrieved April 23, 2014, from http://files.consumerfinance.gov/f/201311_cfpb_anpr_debtcollection.pdf.
[iii] Repairing a Broken System: Protecting Consumers in Debt Collection Litigation and Arbitration. (2010, July 1). Federal Trade Commission. Retrieved April 23, 2014, from http://www.ftc.gov/sites/default/files/documents/reports/federal-trade-commission-bureau-consumer-protection-staff-report-repairing-broken-system-protecting/debtcollectionreport.pdf.
[iv] Attorneys push for change in debt collection. (2013, May 01). ABA Journal. Retrieved April 23, 2014, from http://www.abajournal.com/magazine/article/attorneys_push_for_change_in_debt_collection/.
[v] Silver-Greenberg, J. (2012, August 12). Problems Riddle Moves to Collect Credit Card Debt. The New York Times. Retrieved April 23, 2014, from http://dealbook.nytimes.com/2012/08/12/problems-riddle-moves-to-collect-credit-card-debt/.

JEB HENSARLING, TX, CHAIRMAN

United States House of Representatives
Committee on Financial Services
2129 Rayburn House Office Building
Washington, D.C. 20515

MAXINE WATERS, CA, RANKING MEMBER

May 13, 2014

The Honorable Richard Cordray
Director
Bureau of Consumer Financial Protection
1700 G Street, NW
Washington, DC 20552

Dear Director Cordray:

I write to seek additional information regarding your responses to questions I submitted for the record following your testimony at the Financial Services Committee hearing held on January 28, 2014. In particular, the Bureau of Consumer Financial Protection (CFPB) provided redacted copies of documents in response to questions questions 10 and 18. Please provide unredacted copies of these documents. Regarding question 20, the CFPB did not attach a contract document to the order sheet for CFP-14-K-00012. Please provide this contract. I had also requested detailed employee compensation information in question 13(b), yet the CFPB provided only a small portion of this information. Please provide this information in full and in the format I requested. Finally, the CFPB's answer to question 24 is unresponsive. Please provide a full and complete answer to this question.

Yours Respectfully,

JEB HENSARLING
Chairman

cc: The Honorable Maxine Waters

JEB HENSARLING, TX , CHAIRMAN

United States House of Representatives
Committee on Financial Services
2129 Rayburn House Office Building
Washington, D.C. 20515

MAXINE WATERS, CA, RANKING MEMBER

May 14, 2014

The Honorable Richard Cordray
Director
Bureau of Consumer Financial Protection
1700 G Street, NW
Washington, D.C. 20552

Dear Director Cordray:

The Subcommittee on Oversight and Investigations of the Committee on Financial Services is investigating discrimination of all kinds within the Consumer Financial Protection Bureau ("CFPB"). Accordingly, please provide the Subcommittee with the following records[1] no later than 5:00 p.m., Friday, May 16, 2014:

> CFPB's internal analyses of racial, age and gender disparities relating to CFPB's 2013 performance management reviews including, but not limited to, briefing slide decks produced for internal CFPB use and internal analyses conducted by CFPB economists.

If you have any questions regarding this matter, please contact Gisele Roget of Committee staff at (202) 225-7502.

Sincerely,

PATRICK MCHENRY
Chairman
Subcommittee on Oversight and Investigations

cc: The Hon. Al Green, Ranking Member

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[1] The term "records" means any written, recorded, or graphic matter of any nature whatsoever, regard less of how recorded or preserved, and whether original or copy.

JEB HENSARLING, TX, CHAIRMAN

United States House of Representatives
Committee on Financial Services
2129 Rayburn House Office Building
Washington, D.C. 20515

MAXINE WATERS, CA, RANKING MEMBER

May 14, 2014

The Honorable Richard Cordray
Director
Bureau of Consumer Financial Protection
1700 G Street, NW
Washington, D.C. 20552

Dear Director Cordray:

The Subcommittee on Oversight and Investigations of the Committee on Financial Services is investigating discrimination of all kinds within the Consumer Financial Protection Bureau ("CFPB"). Accordingly, please provide the Subcommittee with the following no later than 5:00 p.m., Friday, May 16, 2014:

1. A briefing slide deck presented by Stacey Bach, Assistant Director, Office of Equal Employment Opportunity ("EEO Office"), on or about February 14, 2013, to Victor Prince, then-Chief Operating Officer.

2. A memorandum sent on or about March 6, 2013 by Dennis Slaghter, then-Chief Human Capital Office, providing a partial grant of resources requested by the CFPB's EEO Office.

3. A quarterly briefing slide deck presented by Ms. Bach on or about April 24, 2013 to Director Richard Cordray.

4. A briefing memorandum sent by Ms. Bach on or about July 15, 2013 to Stephen Agostini, Chief Financial Officer, through Sartaj Alag, Chief Operating Officer.

5. A quarterly briefing slide deck presented by Ms. Bach on or about September 2013 to Director Richard Cordray.

6. A request made by Ms. Bach on or about October 4, 2013 for a Dodd-Frank analyst to serve in the EEO Office.

7. An e-mail communication sent by Ms. Bach on or about March 6, 2014 to Mr. Chris D'Angelo, Chief of Staff, recommending suggested language for communications regarding the CFPB EEO Office's response to an article appearing in the March 6, 2014 edition of the *American Banker*.

8. A resource request memorandum sent by Ms. Bach on or about April 15, 2014 to Chris D'Angelo, Chief of Staff, through Sartaj Alag, Chief Operating Officer.

If you have any questions regarding this matter, please contact Gisele Roget of Committee staff at (202) 225-7502.

Sincerely,

PATRICK MCHENRY
Chairman
Subcommittee on Oversight and Investigations

cc: The Hon. Al Green, Ranking Member

May 19, 2014

Thank you for testifying at the April 8, 2014, Committee on Financial Services hearing entitled, ``Who's in Your Wallet: Examining How Washington Red Tape Impairs Economic Freedom."

A copy of your transcript has been provided should you wish to make any corrections. Please indicate these corrections directly on the transcript. **Due to the disruption of mail service to the House of Representatives we ask that you fax or e-mail your corrections in lieu of mailing them. Please send your corrections within (15) business days upon receipt to:**

Terrie Allison, Editor
Committee on Financial Services
Fax (202) 225-4254
terrie.allison@mail.house.gov
Phone (202) 225-4548

Rule XI, clause 2(e)(1)(A) of the Rules of the House and Rule 8(a)(1) of the Rules of the Committee state that the transcript of any meeting or hearing shall be "a substantially verbatim account of the remarks actually made during the proceedings, subject only to technical, grammatical, and typographical corrections authorized by the person making the remarks involved." We therefore ask that you keep your corrections to a minimum.

Also included are questions for the record submitted by Representatives Barr, Ellison, Garrett, Huizenga, Murphy, Pittenger, and Sinema. We ask that you reply in writing for the record within 15 business days.

If during the hearing you: (1) offered to submit additional material; or (2) were requested to submit additional material; please submit this material via electronic mail by sending it to terrie.allison@mail.house.gov. If you are unable to submit the material electronically, please contact the Committee staff to arrange for submission.

Rep. Andy Barr, Questions for the Record

Pertaining to the 4/8/14 Full Committee Hearing

Ms. Fuchs, in previous hearings before this Committee, Director Cordray indicated that the CFPB is looking at possible changes to mortgage rules, including a re-evaluation of the definition of rural areas. When can we expect these revisions to become finalized? In this evaluation, will the Bureau look at minimizing burdens on community financial institutions? If not, why not?

Question for the Record

Congressman Keith Ellison
Meredith Fuchs, General Counsel, Consumer Financial Protection Bureau
"*Who's in Your Wallet: Examining How Washington Red Tape Impairs Economic Freedom*"
April 8, 2014,

Question 1: Violations of the Equal Credit Opportunity Act

I have reviewed the consent order between the Department of Justice, CFPB and Ally Financial Inc. and Ally Bank, which required Ally to pay $80 million in damages to 235,000 minority borrowers who paid higher interest rates for their auto loans relative to similarly situated non-Hispanic white borrowers. In addition, Ally was also ordered to pay $18 million in penalties: http://www.consumerfinance.gov/newsroom/cfpb-and-doj-order-ally-to-pay-80-million-to-consumers-harmed-by-discriminatory-auto-loan-pricing/ This order is the federal government's largest-ever auto loan discrimination settlement. I am pleased to see CFPB's strong response to discriminatory practices in lending markets.

- I understand that the CFPB cannot discuss current investigations, however, can you tell me how many cases the CFPB referred to the Department of Justice as possible violations of the Equal Credit Opportunity Act regarding possible discrimination in auto lending?

- Can you tell us what the CFPB has discovered generally with regard to policies that exist in the indirect auto lending market that may have resulted in higher interest rates or less favorable loans provided to African American, Latino and Asian Pacific American borrowers?

- On March 21, 2013, the CFPB published guidance on Fair Lending Practices to Indirect Auto Lenders: http://www.consumerfinance.gov/newsroom/consumer-financial-protection-bureau-to-hold-auto-lenders-accountable-for-illegal-discriminatory-markup/. What led the Bureau to issue this guidance? Why was guidance issued instead of a regulation?

Question 2: Research showing disparities

Is the CFPB familiar with the Center for Responsible Lending's (CRL) January 2014 research, *Non-negotiable: Negotiation Doesn't Help African Americans and Latinos in Dealer-Financed Car Loans?* http://www.responsiblelending.org/other-consumer-loans/auto-financing/research-analysis/CRL-Auto-Non-Neg-Report.pdf

The study surveyed more than 900 consumers who recently bought cars. CRL found that African Americans and Latinos attempt to negotiate loan pricing with car dealers more often than white consumers: 39% of Latinos and 32% of African Americans reported negotiating their interest rate, compared to only 22% of white respondents. Yet white car buyers reported receiving lower interest rates even those who didn't try to negotiate at all. Previous research has shown that interest rate disparities persist even when controlling for credit differences. The report identifies three factors that can add unnecessary costs to car loans made by dealers: 1) hidden dealer increases in the interest rate ("markups"), 2) misleading information that leads consumers to stop negotiating the interest rate, and 3) add-on products, such as insurance and warranties. In addition to getting higher interest rates, African Americans and Latinos also reported more instances of receiving misleading information, and they were nearly twice as likely as white consumers to be sold multiple add-on products.

- Will the CFPB review the research from consumer groups whose research shows disparities in pricing by ethnicity? How will the CFPB build on this research?

Congressman Scott Garrett

Date of Hearing – 4/8/14

The following question is to the FRB, CFPB, OCC, FDIC and NCUA (the Agencies) regarding the nonbank SIFI designation process.

I'm interested in the Agencies' positions regarding the non-bank SIFI designation process. Specifically, are there rules, regulations or statutory language that restrict FSOC voting members (the Agencies' principals), from meeting with firms that are under consideration for non-bank SIFI designation? Does the firm under consideration meet with the FSOC voting members, including Chair Yellen, Comptroller Curry, Chairman Gruenberg, and Chairman Matz before voting on a Notice of Proposed Designation (NPD) or is it after such a vote? It's my understanding that the process, thus far, has not included an opportunity for a firm to make their case that they are not systemic to the FSOC voting members prior to the FSOC voting to designate a firm via a NPD. Do the Agencies support the opportunity for a firm to meet with FSOC voting members prior to a NPD vote, if the firm requests such opportunity? If not, please explain why any of the Agencies opposes the opportunity for a firm to meet with Agency principals prior to their vote on a NPD.

The following Questions are to the Fed regarding concerns about transparency.

During your testimony, you stated that you would work with my office regarding the release of the final 2003-2008 Operations Report of the Federal Reserve Banks. Given the Fed's expansive supervisory and prudential oversight functions, the release of these reports will facilitate appropriate Federal Reserve transparency and accountability. Will you provide the committee these reports for 2003-2008 period?

There have been several recent reports expressing concern about the Federal Reserve refusing to publicly disclose the salaries of its employees. One of these reports also found that the Fed's banking regulatory counterparts were being paid exponentially more than other federal government employees on the GS-Scale of similar experience and time of service. Given the federal government's current debt of over $17 trillion and ongoing annual budget deficits in the hundreds of billions, it is critically important that Congress is able to conduct its critical oversight function on how all taxpayer dollars are being allocated. Will you agree to please provide either public reports of all of the individual employees of the Federal Reserve (similar to the U.S. Congress) or to the Committee?

QUESTIONS FOR THE RECORD SUBMITTED BY REP. BILL HUIZENGA

House Financial Services Committee

Hearing on Who's In Your Wallet: Examining How Washington Red Tape Impairs Economic Freedom

April 8, 2014

Questions for Meredith Fuchs, General Counsel, Consumer Financial Protection Bureau

1. The Dodd Frank Act gives the CFPB the authority to provide exemptions from its rules for certain classes of institutions. We have heard from credit unions and small banks about the ever-increasing regulatory burden the Bureau's rules place on them, even though there is little – if any – evidence to support an argument that they are treating consumer poorly. Why hasn't the Bureau done more to focus its rulemaking on the bad actors in the financial services sector, as oppose to imposing additional burden on credit unions and small banks? Does the Bureau intend to use its authority to exempt these institutions from its rulemaking in the future? If not, why not?

2. There are many who are concerned that the QM rule will constrain mortgage credit after the exemption for GSE-compliant loans expires. One recommendation would be to increase the threshold for "small loans" from $100,000, as the rule now allows, to $200,000. This would increase the availability of credit to first-time and moderate-income borrowers.

a. Do you have the legal authority to increase this amount?

b. If so, why haven't you increased this threshold?

c. If not, would you support legislation that would require that you increase the threshold for small loans to ensure low-income consumers can have access to mortgage credit?

3. What legal liability does a lender face for originating a non-Qualified Mortgage that is ultimately found not to comply with the ability-to-repay requirement? Given these risks, do you believe that lenders will originate non-Qualified Mortgages? Or will they avoid these mortgages altogether?

4. We are already seeing the first signs that some smaller community financial institutions are throwing their hands up in frustration and exiting the mortgage business rather than trying to navigate the liability risk and excessive compliance costs inflicted by the CFPB's QM rule. Indeed, a recent American Banker headline has suggested that "QM" will come to stand for "Quitting Mortgages."

a. How do you reconcile the one-size-fits-all approach taken by the CFPB in promulgating the QM rule with your statutory obligation to promote consumer choice and facilitate access and innovation in the marketplace?

Congressman Patrick E. Murphy (FL-18)
Questions for the Record
4/8/14 hearing on "Who's In Your Wallet: Examining How Washington Red Tape Impairs Economic Freedom"

1. Ms. Fuchs, the Bureau has been thoughtful in its approach to protecting consumers and responsive to industry concerns about unintended consequences of regulations like QM. The thoughtfulness with which the Bureau is approaching regulation of the payday loan industry is also commendable. I believe that consumers must be protected from predatory lenders and unlawful actors. As you know, my home State of Florida combines good consumer protections with great enforcement. This protects consumers from abuse without constricting access to capital. Our well-regulated system crowds out offshore and unlawful online lenders that prey on consumers. How is the Bureau doing outreach to stakeholders and consumers in regulating this industry?

2. Mr. Osterman and Ms. Friend, Operation Chokepoint was designed to go after unlawful short-term lenders. I strongly support efforts to protect Floridians from predatory, illegal lenders. However, I'm hearing from banks that they are dumping legitimate, lawfully operating short-dollar lenders due to reputational risk. While reputational risk is an extremely important consideration for the health and well-being of a financial institution, the consequence of an overly broad reputational risk determination would have the impact of completely putting an end to low-dollar short-term loans. Without access to banking services, the short term, low dollar loan industry is done.

   Not only will that undermine the good work that my state has done in regulating this industry, it will assume the authority, given by Congress to CFPB, which is taking a comprehensive, thoughtful approach. If financial regulators, under the guise of reputational risk, assume jurisdiction over short-term loans and effectively eliminate the product, it will cost Floridians both their hard-earned protections and their access to this type of credit.

   - Is the agency intending to cut off banking services from low dollar lenders?
   - Is the agency intending to shut down payday lending?
   - If not, how are examiners working to protect institutions from reputational risk without assuming jurisdiction via enforcement and restricting access to short-term credit?

3. Mr. Osterman, more than 5 years after the financial crisis, proper safeguards are absolutely necessary to preserve the stability of our financial system. As a small business owner, I know and appreciate that regulation carries a cost and that even the best-intended regulatory intentions can have unnecessary, unintended consequences. The biggest banks earned this additional burden, which can be absorbed and budgeted. But for smaller lenders like community banks and credit unions, new compliance costs can be prohibitive. Community banks are hiring, but far too often, they are hiring compliance officers, which do little to pump capital into the community so small businesses can grow and create jobs. Perhaps relatedly, FDIC has only approved deposit insurance for one new bank since 2010, leading some to question whether there is a place for community banks in the twenty-first century.

   What is FDIC doing to maintain a proper balance between the actual risk of the smallest institutions and the community banking sector as a whole and a relatively steep regulatory burden?

Rep. Robert Pittenger
April 8, 2014
Who's In Your Wallet: Examining How Washington Red Tape Impairs Economic Freedom
Questions Directed to Consume Financial Protection Bureau

Question 1
I appreciated that your written statement indicated that the Bureau is, "committed to ensuring that our rules are effective at protecting consumers and making consumer financial markets work better, and that they do not unduly burden the institutions participating in those markets." Your statement also indicated that among the strategies the Bureau employ to achieve those goals is to consider input from a wide variety of stakeholders and you said that you seek targeted input on specific regulations. You mentioned the Bureau's use of Small Business Regulatory Enforcement Fairness Act (SBREFA) to solicit feedback from small businesses.

1. Why does the Bureau provide just two weeks notice of the meetings to SBREFA participants? Some SBREFA participants have said they had to spend a lot of money to make last minute travel arrangements. Would the Bureau give small entity representatives at least one months' notice so that they can make travel arrangements to attend SBREFA panel meetings in person?

2. Why does the Bureau not consult with industry trade associations before SBREFA panels are convened to better prepare the small entity representatives for the SBREFA panels? One of the main goals of these panels is to help determine how costly a regulation will be to implement for small business and to identify less-costly alternatives. Industry groups can help the Bureau measure factors included in these cost estimates (including differences in regional practice and vendor practices) or information about alternatives that can reduce costs for small businesses. A small business owner can provide more effective information to the SBREFA process when they have the assistance from their trade association or their vendors. Conducting outreach to trade associations before holding the panel (including inviting trade associations to observe the panel meeting in person) ensures that the SBAR gets the most accurate cost data available.

3. Why does the Bureau not make the SBREFA panel report public once it is complete and wait until the final regulation is published? By publicizing the report earlier in the regulatory process, the Bureau can provide crucial information to industry stakeholders. This will allow industry to develop more useful data for the Bureau to consider about the impact of their proposals on small business.

4. Would the Bureau broaden the way it looks at the impact of a regulation on small business. The SBREFA panel focused heavily on the direct costs of this rule on small business, such as software costs, productivity and training but glanced over the parts of this rule that could have indirect but very serious costs on small business. These indirect costs can be extraordinary, including potentially preventing small business from being able to compete in the future marketplace.

5. An example is the panel's review of the proposals related to who completes the Closing Disclosure. Under the rule, the Bureau makes the lender ultimately liable for the accuracy of the Closing Disclosure even if they partner with a settlement agent to complete the form. While the panel focused on the direct costs of their new form, the indirect costs (namely that lenders would be incentivized to limit the number of small entities with whom they work) will be much more devastating to small business. The Bureau should take greater care to determine whether a proposal will cause business-model shifts that could be harmful to small-business competitiveness.

Question 2

SBREFA panels are a one shot event that comes late in the regulatory process. The SBAR occurs after the Bureau has decided on the need for a regulation, conducted research to support the regulation, and developed the substantive pieces of the regulation and just prior to a regulation being formally proposed in the Federal Register. This is fairly late in the game and precludes the Bureau from considering, researching and testing alternatives that will be less costly to small business before publishing their proposal. A more effective process would be to have the Bureau consult with small businesses throughout the entire regulatory process.

1. While I am not asking the Bureau to endorse specific legislation, does the Bureau see a benefit in the establishment of an advisory board for small businesses that are non-depository institutions similar to those established for outreach to community banks and credit unions? If no, why not?

Questions for the Record – Full Committee

From: Congresswoman Kyrsten Sinema

Date: Tuesday, April 8, 2014

Title: "Who's In Your Wallet: Examining How Washington Red Tape Impairs Economic Freedom"

Question for Richard J. Osterman, Acting General Counsel, Federal Deposit Insurance Corporation or Amy Friend, Senior Deputy Comptroller and Chief Counsel, Office of the Comptroller of the Currency

It is my understanding that Operation Choke Point is intended to eliminate fraud and illegal transactions from our nation's payment system. However, it has come to my attention that an online lead marketplace based in my district has been forced to lay off employees as a direct result of Operation Choke Point. What is being done to ensure that regulators are effectively eliminating predatory actors who are breaking existing laws and not unintentionally harming legitimate, lawful businesses?

Question for Meredith Fuchs, General Counsel, Consumer Financial Protection Bureau

It is my understanding that the CFPB is going to begin a formal regulatory process aimed at pay day lending. Is the CFPB coordinating with DOJ, the OCC and the FDIC, regarding the potential interaction between Operation Choke Point and rules intended to regulate pay day lending?

JEB HENSARLING, TX , CHAIRMAN

United States House of Representatives
Committee on Financial Services
2129 Rayburn House Office Building
Washington, D.C. 20515

MAXINE WATERS, CA, RANKING MEMBER

May 22, 2014

The Honorable Richard Cordray
Director
Bureau of Consumer Financial Protection
1700 G Street, NW
Washington, D.C. 20552

Dear Director Cordray:

The Financial Services Committee is investigating the consumer response system operated by the Bureau of Consumer Financial Protection (CFPB). Accordingly, please provide the Subcommittee with the following no later than 5:00 p.m., Monday, June 2, 2014:

1. A copy of the "PII Incident Report Log" maintained by the CFPB Office of Consumer Response (OCR); and
2. A copy of the "PII Breach Report Log" maintained by the CFPB OCR.
3. Copies of all emails sent to privacy@cfpb.gov, CFPB_sirt@cfpb.gov, CFPB_CRLegal@cfpb.gov, or Christi.Monk@cfpb.gov reporting a breach or suspected breach of personally identifiable information (PII).[1]

If you have questions regarding this matter, please contact Brian Johnson or Gisele Roget of Committee Staff at (202) 225-7502.

Sincerely,

PATRICK McHENRY
Chairman
Subcommittee on Oversight and Investigations

cc: The Honorable Al Green, Ranking Member

[1] "Breach" means "a situation where one gains or has the potential to gain access to personally identifiable information or other sensitive information for an unauthorized purpose." "Suspected breach" means "a reasonable belief that an unauthorized disclosure or acquisition of PII or other sensitive information has occurred or will be imminent." "Personally identifiable information (PII)" means "[a]ny information that identifies or may be used to identify, contact or locate an individual. This includes not only personal financial information, but also includes information as basic as a personal e-mail address."

JEB HENSARLING, TX , CHAIRMAN

United States House of Representatives
Committee on Financial Services
2129 Rayburn House Office Building
Washington, D.C. 20515

MAXINE WATERS, CA, RANKING MEMBER

May 30, 2014

The Honorable Richard Cordray
Director
Bureau of Consumer Financial Protection
1700 G Street, NW
Washington, D.C. 20552

Dear Director Cordray:

This is to request that you produce copies of all e-mails sent by (b)(6) from April 3, 2014, to April 7, 2014, inclusive. Please produce the requested records by no later than 5:00 p.m. Wednesday, June 4, 2014. If you have questions regarding this request, please contact Joseph Clark of Committee staff at (202) 225-7502.

Sincerely,

Patrick McHenry

PATRICK McHENRY
Chairman
Subcommittee on Oversight
and Investigations

cc: The Honorable Al Green, Ranking Member

JEB HENSARLING, TX , CHAIRMAN

United States House of Representatives
Committee on Financial Services
2129 Rayburn House Office Building
Washington, D.C. 20515

MAXINE WATERS, CA, RANKING MEMBER

May 30, 2014

The Honorable Richard Cordray
Director
Bureau of Consumer Financial Protection
1700 G Street, NW
Washington, D.C. 20552

Dear Director Cordray:

I write to seek more information concerning the Deloitte Report on "Diversity and Inclusion" prepared at the direction of the Bureau's Office of Minority and Women Inclusion and submitted on or about September 2013 (hereinafter "Deloitte Report"). So that the Subcommittee on Oversight and Investigations might better understand how senior CFPB managers disseminated and reviewed the report after it was received by the CFPB, please provide the following by no later than Friday, June 6, 2014:

1) All e-mail communications sent or received by Liza Strong containing one or more of the following keywords: "Deloitte," "Diversity and Inclusion," "Diversity & Inclusion," and "D&I"; and
2) All "Outlook" meeting records relating to the Deloitte Report associated with each of the following custodian accounts: Stuart Ishimaru, Liza Strong.

We appreciate your prompt attention to this matter. If you have questions regarding this request, please contact Joseph Clark of Committee staff at (202) 225-7502.

Sincerely,

PATRICK McHENRY
Chairman
Subcommittee on Oversight
and Investigations

cc: The Honorable Al Green, Ranking Member

JEB HENSARLING, TX, CHAIRMAN

United States House of Representatives
Committee on Financial Services
2129 Rayburn House Office Building
Washington, D.C. 20515

MAXINE WATERS, CA, RANKING MEMBER

June 9, 2014

The Honorable Richard Cordray
Director
Bureau of Consumer Financial Protection
1700 G Street, N.W.
Washington, DC 20552

Dear Director Cordray,

On June 6, 2014, staff of the Financial Services Committee reviewed with your staff six outstanding requests for information and records still pending with the Consumer Financial Protection Bureau. Your staff indicated your commitment to respond in full to the following six requests for information and records:

1. Letter regarding CFPB budget details sent January 7, 2014; requested response date January 21, 2014.

2. Letter requesting records related to Report of Investigation of Discrimination and Retaliation, Office of Consumer Response sent March 18, 2014; requested response date March 20, 2014.

3. Letter requesting records related to hiring sent April 17, 2014; requested response date April 24, 2014.

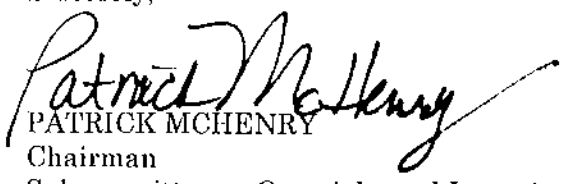
4. Letter requesting information related to breaches and incidents concerning personally identifiable information sent May 22, 2014; requested response date June 2, 2014.

5. Letter requesting certain e-mails from (b)(6) sent May 30, 2014; requested response date June 4, 2014.

6. Letter requesting certain records related to Deloitte Report on "Diversity and Inclusion" sent May 30, 2014, requested response date June 6, 2014.

Copies of the foregoing letters are enclosed for your convenience. As you can see, one of the outstanding requests is almost five months old. Accordingly, please provide complete responses to all of the outstanding requests by no later than Friday, June 13, 2014 at 5:00 p.m. If you have any questions please contact Matt Mulder of the Committee staff at (202) 225-7502.

Sincerely,



PATRICK MCHENRY
Chairman
Subcommittee on Oversight and Investigations

cc: The Hon. Al Green, Ranking Member

JEB HENSARLING, TX , CHAIRMAN

United States House of Representatives
Committee on Financial Services
2129 Rayburn House Office Building
Washington, D.C. 20515

MAXINE WATERS, CA, RANKING MEMBER

June 11, 2014

The Honorable Richard Cordray
Director
Bureau of Consumer Financial Protection
1700 G Street, NW
Washington, DC 20552

Dear Director Cordray:

The Committee on Financial Services will hold a hearing titled "The Semi-Annual Report of the Consumer Financial Protection Bureau" at 10:00 a.m. on Wednesday, June 18, 2014, in Room 2128 of the Rayburn House Office Building. This letter is your invitation to appear.

As you know, the Director of the CFPB is required by Section 1016 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (P.L. 111-203) to appear on a semi-annual basis before the Committee on Financial Services to deliver a report on the Consumer Financial Protection Bureau (CFPB). The members of this Committee will be particularly interested in your testimony concerning, among other things, the following items: (1) significant problems faced by consumers in shopping for or obtaining consumer financial services; (2) the CFPB's budget request of the previous year; (3) significant rules and orders adopted by the CFPB, as well as other significant initiatives conducted by the CFPB; (4) an analysis of complaints about consumer products and services that the CFPB has received or collected; (5) a list, with a summary of the subject matter, of the public supervisory and enforcement actions to which the CFPB was a party during the preceding year; (6) the actions taken regarding rules, orders, and supervisory actions with respect to non-depository institutions; (7) an assessment of significant actions by state attorneys general or state regulators relating to federal consumer financial law; (8) an analysis of the CFPB's efforts to fulfill its fair lending mission; and (9) an analysis of the CFPB's efforts to increase workforce and contracting diversity consistent with the procedures established by the Office of Minority and Women Inclusion.

Please read the following material carefully. It is intended as a guide to your rights and obligations as a witness under the rules of the Committee on Financial Services.

The Form of your Testimony. Under the Rules of the Committee on Financial Services, each witness who is to testify before the Committee or its subcommittees must file with the Clerk of the Committee a written statement of proposed testimony of any reasonable length. Please also include with the testimony a current resume summarizing education, experience and affiliations pertinent to the subject matter of the hearing. This must be filed at least two business days before your appearance. Please note that changes to the written statement will not be permitted after the hearing begins. Failure to comply with this requirement may result in the exclusion of your written testimony from the record. Your oral testimony should not exceed five

minutes and should summarize your written remarks. The Chair reserves the right to exclude from the printed record any supplemental materials submitted with a written statement due to space limitations or printing expense.

Submission of your Testimony. Please submit at least 75 copies of your proposed written statement to the Clerk of the Committee not less than two business days in advance of your appearance. These copies should be delivered to: The Committee on Financial Services, Attn: Committee Clerk, 2129 Rayburn House Office Building, Washington, DC 20515.

Due to heightened security restrictions, many common forms of delivery experience significant delays in delivery to the Committee. This includes packages sent via the U.S. Postal Service, Federal Express, UPS, and other similar carries, which typically arrive 3 to 5 days later than normal. The United States Capitol Police have specifically requested that the Committee refuse deliveries by courier. The best method of delivery of your testimony is to have an employee from your organization deliver your testimony in an unsealed package to the address above. If you are unable to comply with this procedure, please contact the Committee to discuss alternative methods for delivery of your testimony.

The rules of the Committee require, to the extent practicable, that you also submit your written testimony in electronic form. The preferred method of submission of testimony in electronic form is to send it via electronic mail to fsctestimony@mail.house.gov. The electronic copy of your testimony may be in any major file format, including WordPerfect, Microsoft Word, or ASCII text for either Windows or Macintosh. Your electronic mail message should specify in the subject line the date and the Committee or subcommittee before which you are scheduled to testify. You may also submit testimony in electronic form on a disk or CD-ROM at the time of delivery of the copies of your written testimony. Submission of testimony in electronic form facilitates the production of the printed hearing record and posting of your testimony on the Committee's Internet site.

Your Rights as a Witness. Under the Rules of the House, witnesses may be accompanied by their own counsel to advise them concerning their constitutional rights. I reserve the right to place any witness under oath. Finally, a witness may obtain a transcript copy of his/her testimony given in open, public session, or in a closed session only when authorized by the Committee or subcommittee. However, by appearing before the Committee or its subcommittees, you authorize the Committee to make technical, grammatical, and typographical corrections to the transcript in accordance with the rules of the Committee and the House.

The Rules of the Committee on Financial Services, and the applicable rules of the House, are available on the Committee's website at http://financialservices.house.gov. Copies can also be sent to you upon request.

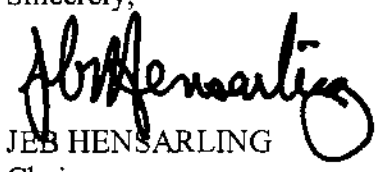
The Committee on Financial Services endeavors to make its facilities accessible to persons with disabilities. If you are in need of special accommodations, or have any questions regarding special accommodations generally, please contact the Committee in advance of the

scheduled event (4 business days notice is requested) at (202) 225-7502; TTY: 202-226-1591; or write to the Committee at the address above.

Please note that space in the Committee's hearing room is extremely limited. Therefore, the Committee will only reserve one seat for staff accompanying you during your appearance (a total of two seats). In order to maintain our obligation under the Rules of the House to ensure that Committee hearings are open to the public, we cannot deviate from this policy.

Should you or your staff have any questions or need additional information, please contact Brian Johnson or Beth Zorc at 202-225-7502.

Sincerely,



JEB HENSARLING
Chairman

cc: The Honorable Maxine Waters, Ranking Member

BLAINE LUETKEMEYER
MEMBER OF CONGRESS
[illegible]

COMMITTEE ON
SMALL BUSINESS
VICE CHAIRMAN
[illegible]

COMMITTEE ON
FINANCIAL SERVICES
[illegible]

Congress of the United States
House of Representatives
Washington, DC 20515

June 19, 2014

The Honorable Richard Cordray
Director
Consumer Financial Protection Bureau
1700 G Street, NW
Washington, D.C. 20552

Dear Director Cordray:

Thank you for your testimony before the Financial Services Committee. I appreciate your willingness to consider my concerns.

As we discussed during yesterday's hearing, I remain extremely troubled by the chilling effect of Operation Choke Point and potentially other federal programs designed to push legally-operating and regulated industries out of the U.S. banking system.

I have stated to you numerous times my belief that businesses operating inside the confines of applicable law should not be forced out of the banking industry. Banks fear the onslaught of regulatory scrutiny and the potential for referral to the Department of Justice (DOJ). Yet that is what we continue to see with Operation Choke Point. Documents produced by the DOJ for the House Oversight and Government Reform Committee show beyond the shadow of a doubt that the DOJ has made the decision, in concert with federal financial regulators, to target certain licensed and legal industries based not on reasonable suspicion of inappropriate or illegal activity on the part of individual actors, but rather based exclusively on the line of work in which a business or industry operates. What is more concerning is the admission that these industries are targeted based not on legitimate grounds but on moral objections from Executive Branch employees. You stated today that you "don't believe in a scorched earth approach" when it comes to regulation. I appreciate and share that sentiment, and again encourage you to make your position on this unjust regulatory scrutiny more publicly known.

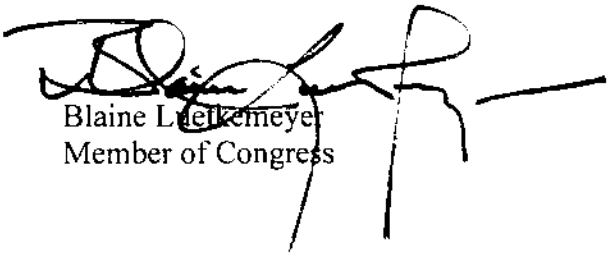
In response to bipartisan Congressional attention on this issue, both the Federal Deposit Insurance Corporation and the DOJ have issued written statements indicating that entities operating inside the confines of the law should not be targeted for increased scrutiny without evidence of wrongdoing.

In yesterday's hearing you requested that I submit to you in writing a request for a formal, written response articulating the Consumer Financial Protection Bureau's (CFPB) position on Operation Choke Point and federal regulatory efforts broadly targeting legally-operating industries. It is my hope that a written response will allow businesses and the financial institutions that count them as customers to clearly understand that the CFPB will not pursue

enforcement actions against companies operating inside the confines of the law or the institutions by which they are served.

I thank you for your cooperation on this front and look forward to your response.

Sincerely,



Blaine Luetkemeyer
Member of Congress

July 3, 2014

Thank you for testifying at the June 18, 2014, Committee on Financial Services hearing entitled, ``The Semi-Annual Report of the Consumer Financial Protection Bureau."

A copy of your transcript has been provided should you wish to make any corrections. Please indicate these corrections directly on the transcript. **Due to the disruption of mail service to the House of Representatives we ask that you fax or e-mail your corrections in lieu of mailing them. Please send your corrections within (15) business days upon receipt to:**

Terrie Allison, Editor
Committee on Financial Services
Fax (202) 225-4254
terrie.allison@mail.house.gov
Phone (202) 225-4548

Rule XI, clause 2(e)(1)(A) of the Rules of the House and Rule 8(a)(1) of the Rules of the Committee state that the transcript of any meeting or hearing shall be "a substantially verbatim account of the remarks actually made during the proceedings, subject only to technical, grammatical, and typographical corrections authorized by the person making the remarks involved." We therefore ask that you keep your corrections to a minimum.

Also included are questions for the record submitted by Representatives Bachus, Barr, Pittenger, and Royce. We ask that you respond to these questions in writing for the hearing record within 15 days of receipt.

If during the hearing you: (1) offered to submit additional material; or (2) were requested to submit additional material; please submit this material via electronic mail by sending it to terrie.allison@mail.house.gov. If you are unable to submit the material electronically, please contact the Committee staff to arrange for submission.

Hon. Spencer Bachus
Questions for the Record to Director Cordray
June 18, 2014

1. In your letter to me dated November 4, 2013, you stated that, when conducting a disparate impact analysis of an auto lender's portfolio, you consider "analytical controls" to ensure that the groups of consumers you are comparing are similarly situated. You further stated that because this is a case-by-case determination, "you cannot identify each control that we apply in the analysis...." Now surely that are at least some analytical controls that apply to all of the various portfolios that the Bureau examines. Can you identify to me the analytical controls that the Bureau always applies to ensure the consumers you are comparing are similarly situated?

2. With regard to the consent order the Bureau entered into with Ally --
   a. what specific analytical controls did the Bureau apply to determine the pricing disparities that you set forth in your consent order with Ally?
   b. what were the pricing differentials between these groups before the Bureau applied the analytical controls?

3. As you know, the Department of Justice (DOJ) entered into consent orders with two auto dealers in 2007 to resolve allegations of disparate impact discrimination. As part of those consent orders, the dealers agreed to establish a standard dealer participation rate that it would include in all offers of credit unless a "good faith, competitive reason that is consistent with the Equal Credit Opportunity Act" is present in the transaction. If such a reason is present in the transaction and DOJ identified 7 such reasons - the dealer could include a different amount of dealer participation in the credit offer provided it is properly documented. If pricing differentials between different groups of consumers in an auto lender's portfolio are attributable solely to these 7 reasons, has the auto lender acted in a manner that is consistent with the Equal Credit Opportunity Act?

Rep. Andy Barr Submission of Questions for the Record

To accompany the June 18, 2014 Hearing with Richard Cordray

1. Director Cordray, when you appeared before this committee in January, I asked you about the March 2013 Indirect Auto Lending Bulletin. You asserted your belief that the bulletin was not new policy, but rather a "restatement of law." My impression, however, is that this is in fact a de facto rulemaking, done outside of the process required by the Administrative Procedure Act. While guidance is supposed to clarify an issue in simple terms, it's clear that the Auto Lending Bulletin has done the opposite.
    a. Would you be open to revisiting the guidance? If not, would you at least be willing to consider following the informal rulemaking process, as outlined in the Administrative Procedure Act, as is required for any new policy?

2. Do you believe that the Equal Credit Opportunity Act can be used to either require or prohibit discretion in pricing among auto dealers?

Hon. Robert Pittenger (NC-09)
Questions for the Record
Semi-Annual Report of the Consumer Financial Protection Bureau
June 18, 2014

Director Cordray:
Although technology has made tremendous changes in the financial services industry—regulatory definitions have not kept pace. For example, there is no uniform definition of the terms "lead generator" or "mortgage application". For non- bank companies that are licensed as mortgage brokers in multiple states under the SAFE Act who encourage consumer comparison shopping, but do not collect traditional information provided by mortgage brokers, this creates a serious compliance problem. As part of the CFPB's commitment to streamlining, clarifying and updating details of the mortgage lending process, can the Bureau develop uniform definitions that reflect the new mortgage marketplace?

Rep. Ed Royce (CA-39)
Full Committee Hearing entitled: "The Semi-Annual Report of the Consumer Financial Protection Bureau."
Questions for the Record
06.18.2014

The Honorable Richard Cordray, Director, Consumer Financial Protection Bureau

Director Cordray:

During the hearing on June 18, 2014, I asked you a question about the potential for confusion when regulation is conducted through enforcement. Specifically, I used as an example the four enforcement orders against banks in connection with the marketing of debt protection products. As I mentioned at the hearing, because each of the enforcement actions impose different business reforms as remedial measures, banks are not certain what is required of them to safely sell these products, and many have stopped offering these products to consumers. Can you please clarify the agency's position on debt protection products so the industry can understand what is expected in connection with debt protection product? Does the CFPB have concerns about debt protection products themselves or just how these products are marketed?

THE SPENCER BACHUS PORTRAIT COMMITTEE

invites you

to the portrait unveiling of

The Honorable Spencer Bachus

in celebration of his tenure as chair of
The House Committee on Financial Services, 2011-2012,
and his 22 years of service in Congress.

Tuesday, September 16, 2014
5:30 to 7:30 pm
Rayburn Foyer

RSVP to bachusportrait@gmail.com

This event is non-transferable and by invitation only. A formal invitation will follow.

JEB HENSARLING, TX , CHAIRMAN

United States House of Representatives
Committee on Financial Services
2129 Rayburn House Office Building
Washington, D.C. 20515

MAXINE WATERS, CA, RANKING MEMBER

July 17, 2014

The Honorable Richard Cordray
Director
Consumer Financial Protection Bureau
1700 G Street, N.W.
Washington, D.C. 20552

Dear Director Cordray:

The Committee on Financial Services continues to investigate allegations of discrimination, retaliation, and related matters at the Consumer Financial Protection Bureau. We therefore write to request that the Bureau make the following CFPB employees available for transcribed interviews with the Committee's staff:

1. Sartaj Alag, Chief Operating Officer
2. Jim Carley, Southeast Regional Director, Division of Supervision, Enforcement and Fair Lending
3. Robert Cauldwell, President, National Treasury Employees Union
4. Dane D'Alessandro, Section Chief, Investigations, Office of Consumer Response
5. Cordelia Holmes, Office of Consumer Response
6. Stuart Ishimaru, Assistant Director, Office of Minority and Women Inclusion
7. Richard Lepley, Deputy General Counsel
8. Christi Monk, Quality Assurance Manager, Office of Consumer Response
9. Scott Pluta, Assistant Director, Office of Consumer Response
10. Paul Sanford, Assistant Director, Office of Supervision Examinations, Division of Supervision, Enforcement and Fair Lending
11. Dennis Slagter, former Chief Human Capital Officer

By 5:00 p.m. on Thursday, July 24, 2014, please provide your assurance that you will make the identified individuals available to be interviewed. If you have questions about this request, please contact Joseph Clark of Committee staff at (202) 225-7502. Thank you for your attention to this matter.

Sincerely,

Patrick McHenry
Chairman
Subcommittee on Oversight and Investigations

cc: The Honorable Darrell Issa, Chairman, Committee on Oversight and Government Reform
The Honorable Al Green, Ranking Member, Subcommittee on Oversight and Investigations

JEB HENSARLING, TX, CHAIRMAN

United States House of Representatives
Committee on Financial Services
2129 Rayburn House Office Building
Washington, D.C. 20515

MAXINE WATERS, CA, RANKING MEMBER

July 18, 2014

The Honorable Richard Cordray
Director
Consumer Financial Protection Bureau
1700 G Street, NW
Washington, D.C. 20552

Dear Director Cordray:

The Financial Services Committee continues to investigate the CFPB's space planning activities and headquarters renovation plans. Please provide full, unredacted copies of the following records by not later than Thursday, July 31, 2014:

1) All e-mail communications, and all attachments to such emails, listed in the appendix to this letter.
2) The CFPB's Investment Review Board (IRB) charter and all other documents that provide internal guidance for making a sound business case for an investment.
3) The IRB business case for the headquarters renovation submitted on July 23, 2013.
4) Decision memoranda and approvals governing all renovation budget amounts, including but not limited to the $55 million, $95 million, $111.4 million, and $145.1 million amounts approved in fiscal years 2012 and 2013.
5) All program office control sheets approving the obligation of funds related to the headquarters renovation.
6) The identity of the individual who made the decision to renovate the building owned by the Office of the Comptroller of the Currency and located at 1700 G Street, NW in Washington, DC.

If you have questions regarding this request, please contact Brian Johnson at (202) 225-7502.

Yours Respectfully,

JEB HENSARLING
Chairman

cc: The Honorable Maxine Waters

Appendix

To/Cc	From	Document Description	Date
Jeff Swartz; Erika Moritsugu	Suzanne Tosini	Email on Hearing preparation notes	02-06-13
Stephen Agostini; Rumana Ahmad; Alicia McDonald; Freddy Velez	Elizabeth Reilly	Email on Hearing preparation notes	02-06-13
Elizabeth Reilly; Stephen Agostini; Rumana Ahmad; Alicia McDonald	Freddy Velez	Email on Hearing preparation notes	02-06-13
BCC	BCC	"Hearing prep- Building" Document, offering notes on new renovations for the building	N/a
Suzanne Tosini; Michael Davis; Amye Brown-Curtis	David Gragan	Email on Control Sheet for the Bureau's Building Renovation Project	07-22-13
BCC	BCC	Control Sheet	07-22-13
Suzanne Tosini; Stephen Agostini; Michael Davis	Tyrone Anderson (GSA)	Email on "CFPB Update" regarding renovation tasks	07-16-13
Tyrone Anderson (GSA)	Suzanne Tosini	Response Email discussing MOU	07-16-13
Suzanne Tosini; Stephen Agostini; Michael Davis	Tyrone Anderson (GSA)	Response Email discussing renovation options and estimated costs	07-16-13
Suzanne Tosini; Stephen Agostini	Tyrone Anderson (GSA)	Response Email discussing renovation options and estimated costs	07-17-13
BCC	BCC	Draft memo of the Agreement between Bureau and GSA on Project management, procurement, construction management and environmental contracting and other services	N/a
Suzanne Tosini	Suzanne Tosini	Draft memo on whether or not to lease or renovate office	04-29-13
Stephen Agostini	Elizabeth Reilly	Email on proposed changes to Draft memo	04-29-13
Meredith Fuchs; Catherine West; Joshua Galicki; Amy	David Gragan	Email Exchange on attached documents with information on building renovations	02-03-12

Williams; Angela Puri; Chris Willey; Ethan Bernstein; Chris D'Angelo			
Richard Cordray; Raj Date; Anna Canfield; Chris D'Angelo	Meredith Fuchs	Email forwarding attached documents with comments	02-04-12
BCC	BCC	Draft Statement of architectural and engineering work services for renovation	N/a
BCC	BCC	"Process Outline for Attached Architect- Engineer (A&E) Public Announcement" Document	N/a
Meredith Fuchs; Catherine West; Joshua Galicki; Amy Williams; Angela Puri; Chris Willey; Ethan Bernstein; Chris D'Angelo	David Gragan	Email entitled "Draft Statement of Work for Design of 1700 G Street NW."	02-03-12
Meredith Fuchs; Catherine West; Joshua Galicki; Amy Williams; Angela Puri; Chris Willey; David Gragan; Chris D'Angelo	Ethan Bernstein	Chain Email Response with comments on the Draft Statement of Work	02-05-12
Meredith Fuchs; Catherine West; Joshua Galicki; Amy Williams; David Gragan; Chris Willey; Ethan Bernstein; Chris D'Angelo	Angela Puri	Chain Email Response with comments on the Draft Statement of Work	02-06-12
Meredith Fuchs; Catherine West; Joshua Galicki; Amy Williams; Angela Puri; Chris Willey; David Gragan; Chris D'Angelo	Ethan Bernstein	Chain Email Response with comments on the Draft Statement of Work	02-06-12
David Gragan; Catherine West; Joshua Galicki; Amy	Meredith Fuchs	Chain Email Response with comments on the Draft Statement of Work	02-06-12

Williams; Angela Puri; Chris Willey; Ethan Bernstein; Chris D'Angelo			
Meredith Fuchs; Catherine West; Joshua Galicki; Amy Williams; Angela Puri; Chris Willey; Ethan Bernstein; Chris D'Angelo	David Gragan	Chain Email Response with comments on the Draft Statement of Work	02-08-12
BCC	BCC	"CFPB Renovation Project Estimated Cost Comparisons" Chart that reflects the estimated cost between one phase and two-phase construction during the headquarters renovations	N/a
Suzanne Tosini	Michael Davis	Email Entitled "Comparison Cost Summary" discussing cost comparison estimates for one-phase and two- phase construction during the headquarters renovations	12-05-12
Garry Reeder	Suzanne Tosini	Chain Email Response with comments on various renovation options	12-05-12
Suzanne Tosini	Garry Reeder	Chain Email Response with comments on various renovation options	12-05-12
Garry Reeder	Suzanne Tosini	Chain Email Response with comments on various renovation options	12-05-12
Suzanne Tosini	Garry Reeder	Chain Email Response with comments on various renovation options	12-05-12
Peggy Twohig; Steve Antonakes; Patrice Ficklin; David Silberman; Gail Hillebrand; Kent Markus; Zixta Martinez; Camille Busette; Jesse Leary; Paul Sanford; Meredith Fuchs, Kelly Cochran	Garry Reeder	Email Entitled "Feedback About Construction Phasing Options" commenting on a variety of renovation options	12-07-12

Peggy Twohig; Garry Reeder; Patrice Ficklin; David Silberman; Gail Hillebrand; Kent Markus; Zixta Martinez; Camille Busette; Jesse Leary; Paul Sanford; Meredith Fuchs, Kelly Cochran	Steve Antonakes	Chain Email Response with comments on Construction Phasing Options	12-07-12
Peggy Twohig; Steve Antonakes; Patrice Ficklin; David Silberman; Gail Hillebrand; Kent Markus; Zixta Martinez; Camille Busette; Jesse Leary; Paul Sanford; Garry Reeder; Kelly Cochran	Meredith Fuchs	Chain Email Response with comments on Construction Phasing Options	12-07-12
Peggy Twohig; Steve Antonakes; Patrice Ficklin; David Silberman; Gail Hillebrand; Kent Markus; Zixta Martinez; Camille Busette; Jesse Leary; Paul Sanford; Meredith Fuchs; Kelly Cochran	Garry Reeder	Chain Email Response with comments on Construction Phasing Options	12-07-12
Garry Reeder; Steve Antonakes; Patrice Ficklin; David Silberman; Gail Hillebrand; Kent Markus; Zixta Martinez; Camille Busette; Jesse Leary; Paul Sanford; Meredith Fuchs; Kelly Cochran	Peggy Twohig	Chain Email Response with comments on Construction Phasing Options	12-08-12
Peggy Twohig; Steve Antonakes; Patrice Ficklin; David Silberman; Gail Hillebrand; Kent Markus; Zixta	Camille Busette	Chain Email Response with comments on Construction Phasing Options	12-09-12

Martinez; Garry Reeder; Jesse Leary; Paul Sanford; Meredith Fuchs; Kelly Cochran			
Peggy Twohig; Steve Antonakes; Patrice Ficklin; David Silberman; Gail Hillebrand; Garry Reeder; Zixta Martinez; Camille Busette; Jesse Leary; Paul Sanford; Meredith Fuchs; Kelly Cochran	Kent Markus	Chain Email Response with comments on Construction Phasing Options	12-09-12
Peggy Twohig; Steve Antonakes; Patrice Ficklin; Garry Reeder; Gail Hillebrand; Kent Markus; Zixta Martinez; Camille Busette; Jesse Leary; Paul Sanford; Meredith Fuchs; Kelly Cochran	David Silberman	Chain Email Response with comments on Construction Phasing Options	12-09-12
Peggy Twohig; Steve Antonakes; Patrice Ficklin; David Silberman; Gail Hillebrand; Kent Markus; Zixta Martinez; Camille Busette; Jesse Leary; Garry Reeder; Meredith Fuchs; Kelly Cochran	Paul Sanford	Chain Email Response with comments on Construction Phasing Options	12-09-12
Peggy Twohig; Steve Antonakes; Patrice Ficklin; David Silberman; Garry Reeder; Kent Markus; Zixta Martinez; Camille Busette; Jesse Leary; Paul Sanford; Meredith Fuchs; Kelly Cochran	Gail Hillebrand	Chain Email Response with comments on Construction Phasing Options	12-10-12
Peggy Twohig; Garry Reeder; Patrice Ficklin;	Steve Antonakes	Chain Email Response with comments on Construction	12-10-12

David Silberman; Gail Hillebrand; Kent Markus; Zixta Martinez; Camille Busette; Jesse Leary; Paul Sanford; Meredith Fuchs; Kelly Cochran		Phasing Options	
Peggy Twohig; Steve Antonakes; Patrice Ficklin; David Silberman; Gail Hillebrand; Kent Markus; Zixta Martinez; Camille Busette; Jesse Leary; Paul Sanford; Meredith Fuchs; Kelly Cochran	Garry Reeder	Email Entitled "Feedback About Construction Phasing Options" Commenting on a variety of constructions phasing options that need feedback	12-07-12
Peggy Twohig; Garry Reeder; Patrice Ficklin; David Silberman; Gail Hillebrand; Kent Markus; Zixta Martinez; Camille Busette; Jesse Leary; Paul Sanford; Meredith Fuch;, Kelly Cochran	Steve Antonakes	Chain Email Response with comments on Construction Phasing Options	12-07-12
Peggy Twohig; Steve Antonakes; Patrice Ficklin; David Silberman; Gail Hillebrand; Kent Markus; Zixta Martinez; Camille Busette; Jesse Leary; Paul Sanford; Garry Reeder; Kelly Cochran	Meredith Fuchs	Chain Email Response with comments on Construction Phasing Options	12-07-12
Peggy Twohig; Steve Antonakes; Patrice Ficklin; David Silberman; Gail Hillebrand; Kent Markus; Zixta Martinez; Camille Busette; Jesse Leary; Paul Sanford; Meredith	Garry Reeder	Chain Email Response with comments on Construction Phasing Options	12-07-12

Fuchs; Kelly Cochran			
Garry Reeder; Steve Antonakes; Patrice Ficklin; David Silberman; Gail Hillebrand; Kent Markus; Zixta Martinez; Camille Busette; Jesse Leary; Paul Sanford; Meredith Fuchs; Kelly Cochran	Peggy Twohig	Chain Email Response with comments on Construction Phasing Options	12-08-12
Peggy Twohig; Steve Antonakes; Patrice Ficklin; David Silberman; Gail Hillebrand; Kent Markus; Zixta Martinez; Garry Reeder; Jesse Leary; Paul Sanford; Meredith Fuchs; Kelly Cochran	Camille Busette	Chain Email Response with comments on Construction Phasing Options	12-09-12
Peggy Twohig; Steve Antonakes; Patrice Ficklin; David Silberman; Gail Hillebrand; Garry Reeder; Zixta Martinez; Camille Busette; Jesse Leary; Paul Sanford; Meredith Fuchs; Kelly Cochran	Kent Markus	Chain Email Response with comments on Construction Phasing Options	12-09-12
Peggy Twohig; Steve Antonakes; Patrice Ficklin; Garry Reeder; Gail Hillebrand; Kent Markus; Zixta Martinez; Camille Busette; Jesse Leary; Paul Sanford; Meredith Fuchs; Kelly Cochran	David Silberman	Chain Email Response with comments on Construction Phasing Options	12-09-12
Peggy Twohig; Steve Antonakes; Patrice Ficklin; David Silberman; Gail Hillebrand; Kent	Paul Sanford	Chain Email Response with comments on Construction Phasing Options	12-10-12

Markus; Zixta Martinez; Camille Busette; Jesse Leary; Garry Reeder; Meredith Fuchs; Kelly Cochran			
Peggy Twohig; Steve Antonakes; Patrice Ficklin; David Silberman; Garry Reeder; Kent Markus; Zixta Martinez; Camille Busette; Jesse Leary; Paul Sanford; Meredith Fuchs; Kelly Cochran	Gail Hillebrand	Chain Email Response with comments on Construction Phasing Options	12-10-12
Peggy Twohig; Steve Antonakes; Patrice Ficklin; David Silberman; Gail Hillebrand; Kent Markus; Zixta Martinez; Camille Busette; Jesse Leary; Paul Sanford; Garry Reeder; Kelly Cochran	Meredith Fuchs	Chain Email Response with comments on Construction Phasing Options	12-10-12
Peggy Twohig; Steve Antonakes; Patrice Ficklin; David Silberman; Gail Hillebrand; Kent Markus; Zixta Martinez; Camille Busette; Jesse Leary; Paul Sanford; Meredith Fuchs; Kelly Cochran	Garry Reeder	Email Entitled "Feedback About Construction Phasing Options" Commenting on a variety of constructions phasing options that need feedback	12-07-12
Peggy Twohig; Garry Reeder; Patrice Ficklin; David Silberman; Gail Hillebrand; Kent Markus; Zixta Martinez; Camille Busette; Jesse Leary; Paul Sanford; Meredith Fuchs; Kelly Cochran	Steve Antonakes	Chain Email Response with comments on Construction Phasing Options	12-07-12
Peggy Twohig; Steve	Meredith Fuchs	Chain Email Response with	12-07-12

Antonakes; Patrice Ficklin; David Silberman; Gail Hillebrand; Kent Markus; Zixta Martinez; Camille Busette; Jesse Leary; Paul Sanford; Garry Reeder; Kelly Cochran		comments on Construction Phasing Options	
Peggy Twohig; Steve Antonakes; Patrice Ficklin; David Silberman; Gail Hillebrand; Kent Markus; Zixta Martinez; Camille Busette; Jesse Leary; Paul Sanford; Meredith Fuchs; Kelly Cochran	Garry Reeder	Chain Email Response with comments on Construction Phasing Options	12-08-12
Garry Reeder; Steve Antonakes; Patrice Ficklin; David Silberman; Gail Hillebrand; Kent Markus; Zixta Martinez; Camille Busette; Jesse Leary; Paul Sanford; Meredith Fuchs; Kelly Cochran	Peggy Twohig	Chain Email Response with comments on Construction Phasing Options	12-08-12
Peggy Twohig; Steve Antonakes; Patrice Ficklin; David Silberman; Gail Hillebrand; Kent Markus; Zixta Martinez; Camille Busette; Jesse Leary; Paul Sanford; Meredith Fuchs; Kelly Cochran	Garry Reeder	Chain Email Response with comments on Construction Phasing Options	12-10-12
Peggy Twohig; Steve Antonakes; Patrice Ficklin; David Silberman; Gail Hillebrand; Kent Markus; Zixta	Garry Reeder	Chain Email Response with comments on Construction Phasing Options	12-07-12

Martinez; Camille Busette; Jesse Leary; Paul Sanford; Meredith Fuchs; Kelly Cochran			
Peggy Twohig; Garry Reeder; Patrice Ficklin; David Silberman; Gail Hillebrand; Kent Markus; Zixta Martinez; Camille Busette; Jesse Leary; Paul Sanford; Meredith Fuchs; Kelly Cochran	Steve Antonakes	Chain Email Response with comments on Construction Phasing Options	12-07-12
Steve Antonakes	Peggy Twohig	Chain Email Response with comments on Construction Phasing Options	12-07-12
Peggy Twohig	Steve Antonakes	Chain Email Response with comments on Construction Phasing Options	12-07-12
Richard Cordray	Suzanne Tosini; Victor Prince	Draft memo " Occupancy Agreement "	12-18-12
Richard Cordray	Suzanne Tosini; Victor Prince	Draft memo "Renovation of the CFPB Headquarters Building"	12-18-12

JEB HENSARLING, TX , CHAIRMAN

United States House of Representatives
Committee on Financial Services
2129 Rayburn House Office Building
Washington, D.C. 20515

MAXINE WATERS, CA, RANKING MEMBER

July 24, 2014

The Honorable Richard Cordray
Director
Bureau of Consumer Financial Protection
1700 G Street, NW
Washington, D.C. 20552

Dear Director Cordray:

As you know, the Subcommittee on Oversight and Investigations of the Financial Services Committee has been investigating allegations of discrimination and retaliation at the Consumer Financial Protection Bureau. To date, we have heard from three Bureau employee whistleblowers and an independent investigator who have testified regarding widespread mistreatment of employees at your agency and a toxic management culture. In addition, we heard testimony from a union official and your chief labor relations officer, both of whom appeared pursuant to subpoena.

On April 15, you sent me a letter stating:

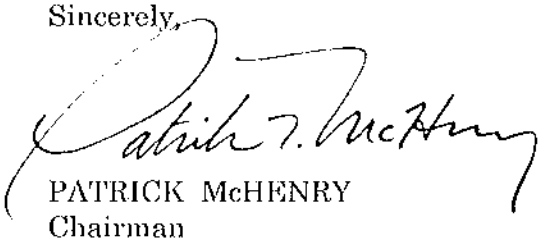
> At this point, I stand prepared to come before the Subcommittee at your earliest convenience and answer questions that you and your colleagues may have about these matters. As the Director of the Consumer Bureau, I am ultimately responsible for its management and I welcome discussion of these issues.

In light of your request to testify regarding these deeply troubling issues, Committee staff contacted your legislative affairs staff on Wednesday, July 15, to ascertain your availability to appear before our Subcommittee on July 28, 29, or 30. We were informed that you would not be available because staff would have insufficient time to brief you prior to the hearing, and were specifically informed that you could not testify on July 30 due to prior obligations to attend unspecified "external meetings."

Mr. Director, with all due respect, discrimination and retaliation by your managers against Bureau employees require your prompt and serious attention, and should take precedence over other commitments. Delaying this hearing until September, as your legislative affairs staff insists, would countenance the continued suffering of employees on your watch. I

therefore formally request that you provide the Subcommittee in writing, no later than 5:00pm today, Thursday, July 24, your commitment to appear at a Subcommittee hearing to explore these allegations on Wednesday, July 30, at 10:30 am.

Sincerely,



PATRICK McHENRY
Chairman
Subcommittee on Oversight
and Investigations

cc: The Honorable Al Green, Ranking Member

Congress of the United States
Washington, DC 20515

July 29, 2014

The Honorable Richard Cordray
Director
Bureau of Consumer Financial Protection
1700 G Street, NW
Washington, D.C. 20552

Dear Director Cordray,

We write to you today regarding the recent United States Supreme Court decision in National Labor Relations Board ("NLRB") v. Noel Canning,[1] a unanimous decision striking down President Obama's use of the Recess Appointment Clause[2] to appoint individuals to independent agency positions. On January 4, 2012, the President gave you a recess appointment to be Director of the Consumer Financial Protection Bureau ("CFPB" or "Bureau"). This action was taken on the same day and in the same manner as the NLRB nominees in Canning.[3] Further, the CFPB, like the NLRB, is as an independent agency of the Federal government. For these reasons, the Supreme Court's decision in Canning could determine the outcome of decisions made by you during your 2012-2013 tenure at the CFPB.

The Dodd-Frank Wall Street Reform and Consumer Protection Act (Pub. L. 111-203) transferred primary consumer financial protection authority historically held by Federal banking regulators to the CFPB. Specifically, it transferred authority over 18 consumer financial laws and supervisory powers over large insured depository institutions. However, Dodd-Frank also bestowed upon the CFPB newly established powers such as supervision over non-bank entities,[4] research and market monitoring authority,[5] and authority to prevent unfair, deceptive, or abusive acts or practices.[6] Since its creation, the CFPB has been very active in exercising both its transferred and newly established powers. As a result of the Canning decision, two primary legal questions now exist regarding the authority used to carry out many of these actions.

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[1] National Labor Relations Board v. Noel Canning, 573 U.S. __ (2014).

[2] U.S. Const., art. II, § 2, cl. 3.

[3] *See* "President Obama announces recess appointments to key administration posts", White House Press Release (January 4, 2012), available at http://www.whitehouse.gov/the-press-office/2012/01/04/president-obama-announces-recess-appointments-key-administration-posts.

[4] *See* Dodd-Frank Sec. 1024.

[5] *See* Dodd-Frank Sec. 1013(b)(1).

[6] *See* Dodd-Frank Sec. 1031.

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First, CFPB actions taken during the time of your unconstitutional recess appointment may be invalid. The Constitution's Recess Appointment Clause authorizes the President "to fill up all Vacancies that may happen during the Recess of the Senate." Such appointments allow the President to temporarily fill key subordinate positions when the Senate is not in session to ensure the proper functioning of government. In your case, if a constitutional recess appointment was made then you would have been authorized to utilize all CFPB powers until the end of the next session of the Senate, nomination by the President, or confirmation by the Senate. In Canning, the Court held that President Obama violated the Constitution's Recess Appointment Clause when he made three recess appointments to the NLRB board when the Senate was not in recess.[7] As noted above, your recess appointment was made on the same day and in the same manner as the NLRB appointees in Canning. The Court's decision raises questions as to whether you had authority to exercise CFPB powers as a recess appointee between January 4, 2012 and July 16, 2013.

Second, your ratification of past CFPB actions taken during your 2011-2013[8] tenure also may be invalid. The Senate confirmed you as CFPB Director on July 16, 2013. On August 30, 2013 you published a Notice of Ratification in the Federal Register.[9] However, it remains unclear whether you had ratification authority. In Federal Election Com'n v. NRA Political Victory Fund, the Supreme Court noted that in order to exercise ratification authority "it is essential that the party ratifying should be able not merely to do the act ratified at the time the act was done, but also at the time the ratification was made."[10] In 2010, Congress vested the Bureau with power to regulate, supervise, and enforce activities in the consumer financial market place. These authorities could be exercised by a Senate-confirmed director, a constitutional recess appointee, or the Treasury Secretary or his designee exercising narrow interim authority. At no time between July 17, 2011 and July 16, 2013 did you serve as a Senate-confirmed director, a constitutional recess appointee, or an official designee of the Treasury Secretary.[11,12,13] As a result, there remains serious doubt as to your authority to ratify actions that took place during that time period.

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[7] Noel Canning, 573 U.S. at 41. "[...] the Recess Appointments Clause does not give the President constitutional authority to make the appointments here at issue."

[8] You were nominated to be CFPB Director on July 17, 2011.

[9] Notice of Ratification, 79 Fed. Reg. 53734 (2013).

[10] *See* Federal Election Com'n v. NRA Political Victory Fund, 513 U.S. 88, 98 (1994) (*quoting* Cook v. Tullis, 18 Wall. 332, 338 (1874)).

[11] *See* "President Obama names Elizabeth Warren Assistant to the President and Special Advisor to the Secretary of the Treasury on the Consumer Financial Protection Bureau", White House Press Release (September 17, 2010), available at http://www.whitehouse.gov/the-press-office/2010/09/17/president-obama-names-elizabeth-warren-assistant-president-and-special-a.

[12] *See* "Treasury Department announces plans for leadership transition at the Consumer Financial Protection Bureau" Treasury Press Release (July 26, 2011), available at http://www.treasury.gov/press-center/press-releases/Pages/tg1258.aspx.

[13] Between July 17, 2011 and July 16, 2013, Secretary Geithner never officially authorized Richard Cordray to act on his behalf, or otherwise serve as a representative of the Treasury Department.

In the absence of a confirmed director or a constitutional recess appointee, some have suggested that the Treasury Secretary or his designee was authorized to take action for the CFPB. Congress contemplated a potential delay in the nomination and confirmation of a new director. Sec. 1066 of the Dodd-Frank Act grants the Treasury Secretary interim authority to perform functions of the Bureau in the event that a director has not been confirmed by the Senate. However, Sec. 1066(a) expressly limits the functions the Treasury Secretary may perform to those powers enumerated in Subtitle F of Dodd-Frank, Title X. Subtitle F concerns those powers transferred from the seven "transfer" agencies.[14] Sec. 1066 does not authorize the Treasury Secretary to perform actions under the Bureau's newly established powers. For example, on July 17, 2012, the Bureau filed its first enforcement action alleging violation of Dodd-Frank Sec. 1031, which prohibits unfair, deceptive, or abusive acts or practices. Sec. 1031 is a newly established authority and would not be enforceable by the Treasury Secretary, or his designee. As a result, all Bureau actions taken by the Treasury Secretary, or his designees, between July 21, 2010[15] and July 16, 2013 that are not derivative of Dodd-Frank, Title X, Subtitle F authorities also may be invalid.

As the Chairman and Ranking Member of the Committees of jurisdiction, it is incumbent upon us to get a complete and proper accounting of the CFPB's exposure to legal challenges. Further, it is necessary to understand how past Bureau regulations and actions may be affected by the Canning decision. For these reasons, we respectfully request the following:

- A full accounting of all CFPB actions taken between January 4, 2012 and July 16, 2013 that are not derivative of Dodd-Frank, Title X, Subtitle F authorities.

- Any and all documents, communications and analyses, undertaken by CFPB officials and/or outside counsel related to the validity or standing of CFPB actions taken between January 4, 2012 and July 16, 2013 that are not derivative of Dodd-Frank, Title X, Subtitle F authorities.

- Any and all documents, communications and analyses, undertaken by CFPB officials and/or outside counsel authorities justifying the CFPB's authority and your standing to ratify past Bureau actions.

- Any and all documents, communications and analyses, undertaken by CFPB officials and/or outside counsel related to the impact of Canning on the effective dates for all regulations promulgated by the CFPB between January 4, 2012 and July 16, 2013.

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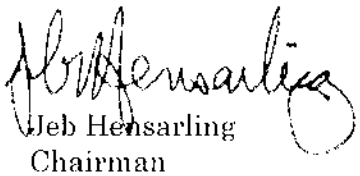
[14] *See* CRS Report R75700, *Limitations on the Secretary of the Treasury's Authority to Exercise the Powers of the Bureau of Consumer Financial Protection*, by David H. Carpenter, pp. 3-5.

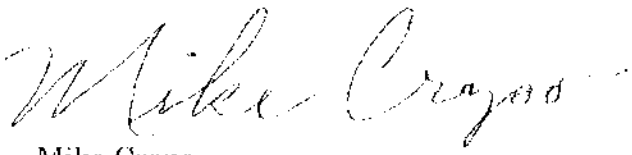
[15] The Treasury Secretary's Sec. 1066 authority became effective on Dodd-Frank's date of enactment.

Please submit all responsive documents and materials to our Committees by Monday, September 1, 2014. Should you have any questions, please contact Brian Johnson from Chairman Hensarling's staff at (202) 226-3806, or Jared Sawyer from Ranking Member Crapo's staff at (202) 224-9209.

Sincerely,



Jeb Hensarling
Chairman
House Committee on Financial Services



Mike Crapo
Ranking Member
Senate Committee on Banking, Housing, and Urban Affairs

Cc: The Honorable Tim Johnson, Chairman, Senate Committee on Banking, Housing, and Urban Affairs

The Honorable Maxine Waters, Ranking Member, House Committee on Financial Services

Congress of the United States

House of Representatives

Washington, DC 20515-3212

July 29, 2014

The Honorable Jacob Lew
Chairman
Financial Stability Oversight Council
1500 Pennsylvania Avenue NW
Washington, DC 20220

Dear Chairman Lew:

I am writing with regard to the Financial Stability Oversight Council's (the "Council") process for identifying and designating non-bank financial companies as systemically important.

I strongly support the Council, and I believe that its mission of identifying, monitoring, and mitigating risks to financial stability is critical to preventing another financial crisis. While Congress provided the Council with a number of tools to address systemic risks, the most significant tool at the Council's disposal is its authority to designate particular non-bank financial companies as systemically important; once so designated, the financial company is subject to Federal Reserve supervision, as well as enhanced prudential standards.

Because designating a financial company as systemically important is so consequential for the company, it is critical that the designation *process* be as robust and transparent as possible. In designing the designation process, the Council — to its credit — went through a lengthy rulemaking process that included three separate public comment periods. This public rulemaking was entirely voluntary, and I applaud the Council for its decision to actively engage with the public in creating its designation process. As a result, the final rule and interpretive guidance governing the Council's designation process for non-bank financial companies creates a clear, three-stage process that is designed to balance the industry's desire for transparency and predictability with the Council's need to maintain flexibility in identifying and mitigating systemic risks.

While well-intentioned, I am concerned that the Council's designation process has, in practice, created needless uncertainty for companies that are under consideration for designation as systemically important. To that end, I believe there are four improvements that the Council should make to ensure that the designation process is as robust, fair, and transparent to the companies under consideration as possible.

First, I believe that the Council should provide notice to companies that they are in Stage 2, either affirmatively or upon request. While most companies will be able to apply the simple

quantitative thresholds described in the final rule to determine if they have automatically advanced to Stage 2, this will not be the case for all companies — the Council expressly reserved the right in the final rule to advance a company to Stage 2 even if it does *not* meet the automatic quantitative thresholds. This reservation of authority necessarily creates uncertainty for companies that don't meet the automatic quantitative thresholds, because unlike companies that *do* meet the automatic quantitative thresholds, they have no way of knowing whether they have advanced to Stage 2.

Second, the Council should begin its engagement with a company that is under consideration once the company has advanced to Stage 2, rather than waiting until Stage 3. Even though the Council is only analyzing existing public information about the company in Stage 2, important misconceptions can form if the Council's analysis of this public information is inaccurate or incomplete. The easiest way to avoid these misconceptions is to engage with companies in Stage 2. Further, because the Stage 2 analysis is based on public information, the Council could also share its analysis, as well as the public documents reviewed, with the company when it votes to advance the company to Stage 3. This should not raise significant confidentiality concerns, if the analysis is based on existing public and regulatory information, and is only shared with the company.

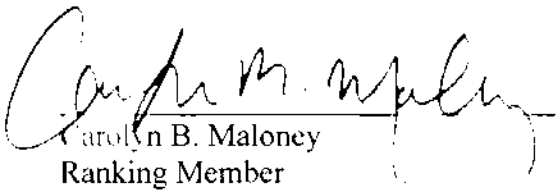
Third, when the Council provides a company with notice that it has advanced to Stage 3, the Council should, to the extent feasible, identify the particular issues that the Council believes merit further review in order to determine whether the company is systemically important. Some companies operate in many different markets, and perform many different roles in these markets. Without some indication of the areas that are of interest to the Council, these companies will have no way of knowing which of their diverse business lines the Council is examining — and thus will not know what kind of information to submit to the Council to aid its analysis.

Finally, once the Council votes on a proposed designation for a particular company, I believe that the Council should adopt a policy of automatically granting an oral hearing to the company upon request. Despite requests for such a policy from commenters, the Council's final Hearing Procedures did not incorporate this right to an oral hearing upon request, citing the statutory language that grants the Council discretion to grant or deny an oral hearing after a proposed designation. While I recognize that the Council technically has the authority to deny an oral hearing under the statute, I believe that the Council would be better served by adopting a formal policy of granting an oral hearing to any company that requests one. Such a formal policy would demonstrate the Council's commitment to fairness in the designation process, and would protect the Council from charges of favoritism by removing the opportunity for disparate treatment of companies under consideration for designation.

I am strongly supportive of the Council's efforts to create a fair, thorough, and transparent designation process for non-bank financial companies. I understand that creating such a process requires the Council to strike a careful balance between transparency and flexibility, and that certain aspects of the designation process must, by necessity, remain confidential in order to protect the integrity of the Council's work.

As the Council considers ways to improve the designation process for non-bank financial companies, I respectfully urge the Council to consider the changes outline in this letter. I believe that these modest changes would improve the designation process without undermining the Council's ability to identify, monitor, and mitigate systemic risks.

Sincerely,



Carolyn B. Maloney
Ranking Member
Subcommittee on Capital Markets and
Government Sponsored Enterprises

PATRICK F. MURPHY

FRANK A. SERPICO

SMALL BUSINESS

Congress of the United States
House of Representatives
Washington, DC 20515-0918

July 30, 2014

The Honorable Jacob J. Lew, Secretary
U.S. Department of the Treasury

The Honorable Janet Yellen, Chair
Board of Governors of the Federal Reserve System

The Honorable Mary Jo White, Chair
U.S. Securities and Exchange Commission

The Honorable Thomas J. Curry,
Comptroller of the Currency
Office of the Comptroller of the Currency

The Honorable Richard Cordray, Director
Consumer Financial Protection Bureau

The Honorable Martin J. Gruenberg,
Chairman
Federal Deposit Insurance Corporation

The Honorable Timothy G. Massad,
Chairman
U.S. Commodity Futures Trading Commission

The Honorable Melvin L. Watt, Director
Federal Housing Finance Agency

The Honorable Debbie Matz, Chairman
National Credit Union Administration

The Honorable S. Roy Woodall, Jr.,
Independent Member
Financial Stability Oversight Council

Dear voting members of the Financial Stability Oversight Council:

I write regarding the Financial Stability Oversight Council's (FSOC's) consideration of non-bank firms for a possible determination as systemically important nonbank financial institutions (SIFI). A recent article suggests that the FSOC is nearing a decision on whether to designate MetLife as a SIFI[1]. As a Member of Congress who shares FSOC's commitment to preserving faith in the designation process, I believe that openness and accessibility strengthens that trust. To that end, the FSOC voting members should make every reasonable effort to meet with representatives of firms prior to voting on a notice of proposed designation of a potential non-bank SIFI.

[1] Ian Katz and Robert Schmidt, "MetLife Designation as Systemically Important Expected Soon," Bloomberg, (July 23, 2014).

To achieve its mission to identify risks and potential emerging threats to the financial stability of the United States, which I strongly support, the FSOC should conduct its own risk analysis with respect to any company under consideration for a proposed SIFI determination. To complement this work, I believe that FSOC should provide a company in the designation process with a meaningful opportunity to meet to respond to and comment on the materials under consideration prior to rendering a determination. I do not believe that simply reviewing files to identify perceived shortcomings in the evidence submitted by a company is sufficient. A meeting would aid the FSOC in reaching a reasoned decision. Further, it would inject a greater sense of transparency and due process to the work of the FSOC. By substantiating its conclusions that a company poses a material threat to the stability of the U.S. financial system and giving the company under consideration the ability to respond in a face-to-face meeting, the FSOC would silence critics who claim that the designation process is arbitrary and opaque. I appreciate the consideration of this request.

Sincerely,

Patrick Murphy

Patrick E. Murphy
MEMBER OF CONGRESS

JEB HENSARLING, TX , CHAIRMAN

United States House of Representatives
Committee on Financial Services
2129 Rayburn House Office Building
Washington, D.C. 20515

MAXINE WATERS, CA, RANKING MEMBER

July 30, 2014

The Honorable Richard Cordray
Director
Bureau of Consumer Financial Protection
1700 G Street, NW
Washington, D.C. 20552

Dear Director Cordray:

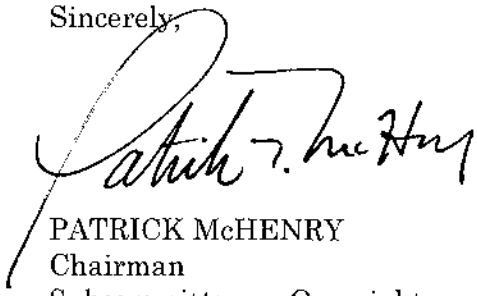
This is in response to the Consumer Financial Protection Bureau's ("CFPB's") letter dated June 17, 2014, responding to the Committee on Financial Services' April 17, 2014 request to produce certain records relating to three CFPB employees. In its June 17th response, the CFPB did not produce the records as requested by the Committee and instead offered to provide a briefing and *in camera* review of the requested documents, citing purported "obligations to protect employee privacy."

I respectfully insist that the CFPB produce all responsive records without further delay. Congress's oversight authority derives from the grant of legislative power contained within Article I of the U.S. Constitution, and the House of Representatives has delegated that authority to this Committee on matters relating to financial services.[1] The CFPB has not stated a legal interest that might conceivably qualify the Committee's right to request and receive the records in question.

The Committee is unable to accept the CFPB's offer of *in camera* review given that the documents are not subject to a valid confidentiality interest. Moreover, to the extent that the Committee has participated in *in camera* reviews in other matters, it participated in such reviews as an accommodation to the CFPB without waiving its right to obtain custody and control of records in other cases.

Please work with the Financial Services Committee staff to immediately provide the requested records. If you have questions regarding this request, please contact Joseph Clark of Committee staff at (202) 225-7502.

Sincerely,



PATRICK McHENRY
Chairman
Subcommittee on Oversight
and Investigations

cc: The Honorable Al Green, Ranking Member

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[1] Rules of the House of Representatives, 113th Cong., Rule X.

SEAN P. DUFFY
7TH DISTRICT, WISCONSIN

Congress of the United States
House of Representatives

COMMITTEE ON
FINANCIAL SERVICES

COMMITTEE ON THE BUDGET

JOINT ECONOMIC
COMMITTEE

July 31, 2014

The Honorable Richard Cordray
Director
Federal Deposit Insurance Corporation
1700 G Street, NW
Washington, DC 20552

Dear Voting Members of the Financial Stability Oversight Council:

I am writing to you in your capacity as voting members of the Financial Stability Oversight Council ("FSOC") regarding the FSOC's consideration of MetLife Inc. ("MetLife") for a possible proposed determination as a systemically important nonbank financial institution ("SIFI") pursuant to Section 113 of the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act"). It appears that the FSOC members are nearing a decision on whether to issue a proposed determination of MetLife as a SIFI. *See* Ian Katz and Robert Schmidt, *MetLife Designation as Systematically Important Expected Soon*, Bloomberg (July 23, 2014). I am informed that MetLife has requested an in-person meeting with the voting members of the FSOC on more than one occasion to discuss its consideration pursuant to Section 113. I urge you to grant MetLife's request before a decision is made on a proposed determination.

Several reasons underlie my request. As the voting members of the FSOC, you are charged with the responsibility to identify existing risks and potential emerging threats to the financial stability of the United States. Providing a company under consideration with a forum to engage directly with FSOC members prior to rendering a proposed determination decision would provide the FSOC with crucial information necessary to make the most appropriate determination. This action would also further the goals of transparency and due process.

As an additional matter, I remain concerned by the FSOC's contention that it is not subject to the transparency and good government protocols set forth in the Sunshine Act. It is my understanding that the FSOC contends that the Council's voting members serve on the FSOC in an "ex officio" capacity from their primary roles as Presidentially-Appointed, Senate confirmed heads of their respective regulatory agencies. This rationale is absurd given the fact that Title I of the Dodd-Frank Act sets forth specific statutory responsibilities for the Secretary of the Treasury to fulfill in his capacity on the FSOC. Furthermore, one of the FSOC's voting members is a Presidentially-Appointed, Senate confirmed expert on the business of insurance who lacks any additional regulatory responsibilities independent of his FSOC duties. As you know, I am an aggressive champion of transparency in government and I intend to pursue this issue further.

In conclusion, I commend to your attention comments made last week in a hearing before the House Financial Services Committee on "Assessing the Impact of the Dodd-Frank Act Four Years Later" by former House Financial Services Committee Chairman Barney Frank. At that hearing, Chairman Frank repeatedly noted that he does not believe insurance companies focused on selling insurance pose the level of systemic risk that would warrant SIFI designation. While I do not seek to influence the FSOC's decision with respect to any company, I do want to make sure that each decision is the result of a transparent, procedurally correct process designed to ensure that the FSOC is fully informed before making a determination. I urge you to permit MetLife an opportunity to meet with FSOC voting members in advance of a decision on a notice of proposed designation and I strongly advise the FSOC to reconsider its position on its supposed exemption from the Sunshine Act.

Respectfully,

Sean P. Duffy
Member of Congress

JEB HENSARLING, TX, CHAIRMAN

United States House of Representatives
Committee on Financial Services
2129 Rayburn House Office Building
Washington, D.C. 20515

MAXINE WATERS, CA, RANKING MEMBER

August 27, 2014

The Honorable Richard Cordray
Director
Bureau of Consumer Financial Protection
1700 G Street, NW
Washington, D.C. 20552

Dear Director Cordray,

On July 30, 2014, the Subcommittee on Oversight and Investigations held its fourth hearing examining racial and gender discrimination allegations at the Consumer Financial Protection Bureau ("Bureau").[1] During the hearing, you indicated your commitment to respond in full to the following questions and records[2] requests:

1. Has any job applicant ever been disqualified from a job at the Bureau because he or she did not "believe in the mission" of the Bureau?[3]

2. Have any Bureau employees ever interviewed any candidates for a position at the Bureau before a job announcement was formally posted?[4]

3. Has any Bureau employee or contractor ever written a job description for a position into which he or she was then directly hired?[5]

4. How many other federal agencies offer blanket indemnity policies for managers and supervisors, such as the Interim Indemnification Policy offered at the Bureau?[6]

5. Does the Inspector General of the Board of Governors of the Federal Reserve System have independent access to Bureau e-mail servers?[7]

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[1] Subcmte. on Oversight & Investigations, Cmte. on Financial Services, Hearing entitled "Allegations of Discrimination and Retaliation and the CFPB Management Culture," 113th Cong., 2nd Session, (hereinafter "Hearing Transcript").
[2] The term "records" means any written, recorded, or graphic matter of any nature whatsoever, regardless of how recorded or preserved, and whether original or copy.
[3] Hearing Transcript, *supra* note 1, at 20. The Committee has been informed that certain Bureau managers use or have used the phrase "doesn't believe in the mission" to disqualify applicants on the basis of known or perceived political affiliation. In responding to this question, please document each instance in which the phrase or similar phrases have been used during the consideration of any applicant for employment with the Bureau.
[4] *Id.* at 20-21.
[5] *Id.* at 21.
[6] *Id.* at 29; CONSUMER FINANCIAL PROTECTION BUREAU, *Interim Indemnification Policy*, (April 22, 2014), *available at* http://s3.documentcloud.org/documents/1208286/indemnification-policy-interim-2.pdf,(hereinafter "Interim Indemnification Policy").
[7] *Id.* at 39-40.

6. How many managers and/or supervisors have been indemnified under the Bureau's Interim Indemnification Policy, and how much money has the Bureau spent to date reimbursing these employees as a result of the Indemnification Policy?[8]

   i. The Interim Indemnification Policy states that "[t]he Bureau will only reimburse for "reasonable" attorney fees, and has discretion to determine what hourly rates and total hours are reasonable under the circumstances."[9] Please provide: (1) a full explanation justifying the reasonableness of all reimbursements made to date under this policy, and (2) all records pertaining to each and every Bureau determination that a reimbursement made under this policy was either reasonable or unreasonable.

   ii. The Interim Indemnification Policy states that "[t]he Bureau will not reimburse for attorney fees incurred obtaining advice and representation that could have been provided by the Legal Division."[10] Please provide all records pertaining to each and every Bureau determination that a reimbursement for attorney fees under this policy either could or could not be made because advice or representation either could or could not have been provided by the Legal Division.

   iii. The Interim Indemnification Policy states that "[t]he Bureau will not reimburse for attorney fees and expenses when the employee's actions that resulted in the claim were outside the scope of employment."[11] Please provide all records pertaining to each and every Bureau determination that a reimbursement for attorney fees under this policy either could or could not be made because the employee's actions that resulted in the claim were either outside or within the scope of employment.

   iv. The Interim Indemnification Policy states that "[t]he Bureau will not reimburse for attorney fees and expenses when the event giving rise to the claim was the result of gross negligence."[12] Please provide all records pertaining to each and every Bureau determination that a reimbursement for attorney fees under this policy either could or could not be made because the event giving rise to the claim either was or was not the result of gross negligence.

   v. The Interim Indemnification Policy states that "[t]he Bureau will not reimburse for fees when the employee's defense will likely require taking a legal position that is adverse to the legal position taken by the Bureau in a like or similar proceeding."[13] Please provide all records pertaining to each

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[8] *Id.* at 29.
[9] Interim Indemnification Policy, *supra* note 6, at 1.
[10] *Id.* at 1.
[11] *Id.* at 1.
[12] *Id.* at 1.
[13] *Id.* at 1.

and every Bureau determination that a reimbursement for attorney fees under this policy either could or could not be made because the employee's defense either would or would not likely require taking a legal position adverse to the legal position taken by the Bureau in a like or similar proceeding.

7. Please provide a complete list of the "over 50 promotions of people in the intake section," including previous and current titles, effective dates of new employment and copies of each employee's Standard Form 50 (SF-50).[14] In addition, please specify: (1) how many of these promotions were to a department outside of Intake and how many were internal promotions in Intake, (2) how many of these employees were promoted to a manager position within or outside of the Intake section, and (3) how many of these promotions were based on performance reviews.

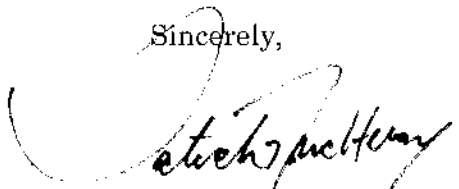
8. Please provide a list describing attendance of employees within the Bureau's Intake department at various employee training events before and after April 2, 2014.

9. Please produce all records pertaining to an alleged event involving managers in the Bureau's Office of Consumer Response describing the hiring of a former congressional staffer as "doing the party a solid."[15]

10. Please produce a copy of the contract between the Bureau and Deloitte for the audit work that Deloitte conducted on diversity and inclusion at the Bureau.[16]

Please provide all requested responses and information to all of these outstanding requests as soon as practicable but no later than September 10, 2014. Any questions regarding this request should be directed to Joe Gammello of Committee staff at (202) 225-7502.

Sincerely,



PATRICK MCHENRY
Chairman
Subcommittee on Oversight
and Investigations

cc: The Hon. Al Green, Ranking Member

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[14] Hearing Transcript, *supra* note 1, at 40.
[15] *Id.* at 20.
[16] *Id.* at 24.

BILL HUIZENGA
2nd District, Michigan

COMMITTEE ON FINANCIAL SERVICES

Congress of the United States
House of Representatives
Washington, DC 20515–2202

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Fax: 202-226-0779

1 South Harbor
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4905 Walcott Ave
Suite 3
Grandville, MI 49418
Phone: 616-570-0917
Fax: 616-570-0934

www.huizenga.house.gov

September 9, 2014

The Honorable Richard Cordray
Director
Consumer Financial Protection Bureau
1700 G Street, NW
Washington, D.C. 20552

Dear Director Cordray,

As a member of the Financial Services Committee, I am writing to you today regarding low dollar amount lending services and to support the Michigan model of regulation and strong enforcement that protects consumers. I urge you to consider that any national effort to protect consumers does not undermine or preempt the good work that the State of Michigan or other states have done to preserve access to credit while prohibiting predatory practices. I strongly believe that the Michigan regulatory system works well for Michigan and could serve as a sound example as the Bureau develops a workable national consumer protection model.

Specifically, the Michigan model of regulation allows for a $600 per loan maximum, the lender can only have one outstanding payday loan per customer, and limits the caps on origination fees. The Michigan Department of Insurance and Financial Services (DIFS) provides consumers with a clear, simple-to-follow outline that addresses the major consumer protection points related to payday lending. This includes reminding consumers about alternative solutions. Lenders urge responsible use of credit and recognize that payday lending is not a long-term solution to financial problems.

Michigan also took efforts to pro-actively protect consumers by passing legislation that included a state-controlled database designed to provide effective real-time enforcement and set limitations on the transaction dollar amount, the fees charged to consumers, and the number of open transactions a consumer may have at any one time. Licensees in the State of Michigan will perform internet-based checks on the secure database to verify customer eligibility. To ensure the consumer's privacy, the Michigan law imposes strict limitations on the use of the data by anyone accessing the database.

I urge you to support, not preempt, the proven regulatory framework that states like Michigan have established to protect consumer access to short-term credit.

Thank you in advance for your consideration and I look forward to your timely response.

Sincerely,

Bill Huizenga

Bill Huizenga
MEMBER OF CONGRESS

PRINTED ON RECYCLED PAPER

JEB HENSARLING, TX , CHAIRMAN

United States House of Representatives
Committee on Financial Services
2129 Rayburn House Office Building
Washington, D.C. 20515

MAXINE WATERS, CA, RANKING MEMBER

September 9, 2014

The Honorable Richard Cordray
Director
Bureau of Consumer Financial Protection
1700 G Street, NW
Washington, D.C. 20552

Dear Director Cordray:

The Committee on Financial Services ("Committee") has learned that the Consumer Financial Protection Bureau ("Bureau") has hired an outside firm—Hollowell, Foster & Herring, P.C. ("Hollowell")—to conduct what appears to be a reinvestigation of certain claims brought by (b)(6) relating to allegations of retaliation (hereinafter, (b)(6) Reinvestigation"). In view of the Bureau's settlement with (b)(6) of all of her previously outstanding claims on June 13, 2014, the Committee is seeking to understand the purpose and nature of the (b)(6) Reinvestigation. Accordingly, please provide the Committee with the following no later than September 16, 2014:

1. All records[1] pertaining to the engagement of Hollowell in connection with the (b)(6) Reinvestigation, including without limitation a copy of the contract entered into between Hollowell and the Bureau.
2. All records relating to the Bureau's solicitation of bids for the (b)(6) Reinvestigation, the bids received by the Bureau, the Bureau's evaluation of all such bids, and the award of the contract for the (b)(6) Reinvestigation to Hollowell.

In addition to the foregoing, please provide narrative responses to the following:

3. Who at the Bureau requested the (b)(6) Reinvestigation?
4. To the extent that the Bureau received multiple bids in connection with the (b)(6) Reinvestigation, please state, with respect to each entity that was not awarded the contract for the (b)(6) Reinvestigation, why the Bureau did not select such entity.

[1] The term "records" means any written, recorded, or graphic matter of any nature whatsoever, regardless of how recorded or preserved, and whether original or copy.

If you have any questions regarding this matter, please contact Joe Gammello of Committee staff at (202) 225-7502.[2]

Sincerely,

PATRICK MCHENRY
Chairman
Subcommittee on Oversight and Investigations

cc: The Hon. Al Green, Ranking Member
Mr. Mark Bialek, Inspector General, Federal Reserve System

[2] The Committee will not consider the Bureau's production as complete until a representative of the Bureau certifies in writing that the Bureau conducted a search reasonably calculated to locate all responsive records and that the Bureau produced to the Committee all known responsive records in its or any agent's custody or control. In addition, the Bureau's obligation to produce records is continuing in nature; if, after tendering the written certification required herein, the Bureau becomes aware of any responsive record in its or any agent's custody or control, the record should be promptly produced.

JEB HENSARLING, TX , CHAIRMAN

United States House of Representatives
Committee on Financial Services
2129 Rayburn House Office Building
Washington, D.C. 20515

MAXINE WATERS, CA. RANKING MEMBER

September 9, 2014

The Honorable Richard Cordray
Director
Bureau of Consumer Financial Protection
1700 G Street, NW
Washington, D.C. 20552

Dear Director Cordray,

The Committee on Financial Services ("Committee") has learned that the Consumer Financial Protection Bureau ("Bureau") is attempting to identify Bureau employees who have reported allegations of discrimination, retaliation, and/or mismanagement at the Bureau to the Committee pursuant to federal whistleblower protection laws. Moreover, the Bureau is evidently mandating the completion of a questionnaire that would require certain Bureau employees to disclose whistleblowing communications made to Congress. Such actions by the Bureau can serve no legitimate purpose and may constitute illegal retaliation against whistleblowers and obstruct lawful congressional oversight. The Committee will not tolerate the intimidation of such whistleblowers, the obstruction of the Committee's oversight activities, or any other effort to discourage the Bureau's employees from reporting malfeasance to the appropriate authorities. The Committee further expects the Bureau to assiduously comply with federal whistleblower protection laws with respect to all employee-whistleblowers.[1]

To allow the Committee to thoroughly investigate these serious matters and thereby fulfill its oversight responsibilities under the House Rules[2], please provide, not later than September 16, 2014:

(1) Written assurance that the Bureau will immediately suspend all efforts to identify whistleblowers who have come forward to the Committee;
(2) Written assurance that the Bureau will take no action that could be reasonably construed as an attempt to intimidate employees or prevent them from cooperating with investigations by the Committee, the Government Accountability Office, the Federal Reserve Office of Inspector General, the U.S. Office of the Special Counsel, or the U.S. Commission on Civil Rights; and

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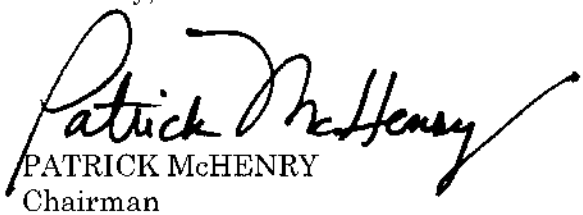
[1] In addition to prohibiting whistleblower retaliation, Congress has passed criminal prohibitions against threatening and tampering with persons giving evidence before congressional investigations. *See* 18 U.S.C. 1505 ("18 U.S. C.§ 1505 ("Whoever corruptly, or by threats of force, or by any threatening letter or communication influences, obstruct, or impedes or endeavors to influence, obstruct, or impede the due and proper administration of the law . . . or the due and proper exercise of the power of inquiry under which any inquiry or investigation is being had by either House, or any committee of either House or any joint committee of the Congress - Shall be fined under this title, imprisoned not more than 5 years . . . or both.").
[2] Rule X, Rules of the House of Representatives, 113th Cong.

(3) All records[3] generated by or in the custody or control of the Bureau's Office of General Counsel containing the terms "litigation hold," "questionnaire," or (b)(6) that also contain one or more of the following additional terms: "identity," "whistleblower," "Congress," or "Republican."

Please contact Joe Gammello of Committee staff at (202) 225-7502 should you have questions concerning this request.[4]

Sincerely,



PATRICK McHENRY
Chairman
Subcommittee on Oversight and Investigations

cc: The Hon. Al Green, Ranking Member
The Hon. Carolyn Lerner, Special Counsel, Office of Special Counsel
The Hon. Gene Dodaro, Comptroller General, Government Accountability Office
Mr. Mark Bialek, Inspector General, Federal Reserve System

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[3] The term "records" means any written, recorded, or graphic matter of any nature whatsoever, regardless of how recorded or preserved, and whether original or copy.

[4] The Committee will not consider the Bureau's production as complete until a representative of the Bureau certifies in writing that the Bureau conducted a search reasonably calculated to locate all responsive records and that the Bureau produced to the Committee all known responsive records in its or any agent's custody or control. In addition, the Bureau's obligation to produce records is continuing in nature; if, after tendering the written certification required herein, the Bureau becomes aware of any responsive record in its or any agent's custody or control, the record should be promptly produced.

CAROLYN B. MALONEY

Congress of the United States

House of Representatives

Washington, DC 20515-3212

September 10, 2014

The Honorable Richard Cordray
Director
Consumer Financial Protection Bureau
1700 G Street NW
Washington, DC 20552

Dear Director Cordray:

I am writing with regard to the Bureau's recent report on checking account overdraft practices.[1] As the author of H.R. 1261, the Overdraft Protection Act of 2013, I want to thank you for taking the time to study this important issue, and to highlight two key findings from the overdraft report that I believe provide compelling evidence that additional consumer protections from the Bureau are necessary.

As you know, some progress has been made in protecting consumers from unfair and abusive overdraft fees. For example, in 2009, the Federal Reserve amended Regulation E to require consumers to opt-in to overdraft protection for ATM and non-recurring point-of-sale (POS) debit card transactions. However, as the Bureau's report notes, significant problems remain.

In particular, the Bureau's report provides indisputable evidence that consumers who have not opted-in to overdraft protection are still paying substantial overdraft fees, and that financial institutions are still charging overdraft fees that are disproportionate to the amount of the overdraft. That is why I hope that the Bureau will take action to address these specific problems by expanding opt-in rules to checks and ACH transactions, and by requiring overdraft fees to be "reasonable and proportional."

Expand Opt-In Rules to Checks and ACH Transactions

First, the report found that even among consumers who had not "opted-in" to overdraft protection under the Regulation E rules, overdraft and non-sufficient funds (NSF) fees *still* constituted 41 percent of their total checking account fees. As noted above, the Federal Reserve's 2009 amendment to Regulation E required consumers to affirmatively opt-in to overdraft protection before a financial institution can charge a fee for covering an overdraft, but this rule only covers ATM and non-recurring POS debit card transactions.

[1] *See* Consumer Financial Protection Bureau, *Data Point: Checking Account Overdraft* (July 31, 2014).

The fact that overdraft and NSF fees account for such a large percentage of the total account fees even for consumers who have not opted-in strongly suggests that the current Regulation E rules need to be expanded to cover *all* transaction types where overdraft is prevalent. As the Bureau's report shows, overdrafts are just as likely to occur for checks and ACH transactions as they are for debit card and ATM transactions. Thus, at a minimum, the Bureau should expand the current Regulation E opt-in rules to checks and ACH transactions.

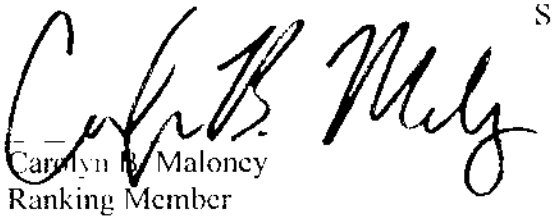
Require Overdraft Fees to be "Reasonable and Proportional"

Second, the report found that most debit card overdraft fees were incurred on small purchases of $24 or less, and yet consumers are charged a median overdraft fee of $34 for these small overdrafts. Such disproportionate fees might be acceptable if it took consumers a long time to pay back the bank. However, according to the Bureau's report, 29 percent of all overdrafts are brought current the next day, more than half are brought current within 3 days, and 76.1 percent are brought current within a week.

As the Bureau itself pointed out, if a consumer borrows $24 for three days and pays a $34 finance charge, that's the equivalent of a loan with a *17,000 percent* annual percentage rate (APR). Unfortunately, the Bureau's report reveals that these 17,000 percent APR loans are commonplace in overdraft programs. The Overdraft Protection Act of 2013 would protect consumers from these outrageous practices by requiring that overdraft fees be "reasonable and proportional" to the amount of the overdraft — thus prohibiting a $34 fee for a $1 overdraft. In light of the data in the Bureau's report, I believe that the Bureau should follow suit and require, by rule, that all overdraft fees be reasonable and proportional to the amount of the overdraft.

As the Bureau continues to weigh additional consumer protections for overdraft practices, I respectfully urge the Bureau to consider adopting the protections described in this letter. I look forward to your response.

Sincerely,



Carolyn B. Maloney
Ranking Member
Subcommittee on Capital Markets and
Government Sponsored Enterprises

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Congress of the United States
House of Representatives

COMMITTEE ON
FINANCIAL SERVICES
SUBCOMMITTEES:
VICE CHAIRMAN, FINANCIAL
INSTITUTIONS AND CONSUMER CREDIT
INSURANCE, HOUSING AND
COMMUNITY OPPORTUNITY
OVERSIGHT
AND INVESTIGATIONS
COMMITTEE ON THE BUDGET
JOINT ECONOMIC
COMMITTEE

September 11, 2014

Director Richard Cordray
Consumer Financial Protection Bureau
1700 G Street NW
Washington, DC 20552-0004

Dear Director Cordray:

On July 24, 2014, CFPB released its proposed rule regarding revisions to Regulation C, which as you know implements the Home Mortgage Disclosure Act (HMDA), to incorporate changes under section 1094 of the Dodd-Frank Act (DFA). During the comment period, CFPB heard from the Small Entity Representatives (SERs), which included a member from one of Wisconsin's smaller financial institutions. These SERs made several recommendations that would "help reduce unnecessary regulatory burdens and streamline the manner in which financial institutions collect and report HMDA data," two of the stated goals of CFPB's rulemaking.

I find it troubling many of these recommendations specific to smaller financial institutions were ignored and in no way incorporated into the proposed rule. Instead, CFPB is proposing that these institutions collect and report an additional layer of discretionary items without regard to the recommendations expressed by the SERs. In fact, this new layer of data collection will significantly add to the cost of compliance to smaller institutions, like those in Wisconsin, without any added benefit of consumer protection.

The only consolation on behalf of the Bureau in the proposed rule offers diminutive relief for small financial institutions—an exemption from quarterly data reporting. While such an exemption offers time, which small institutions need, the exemption offers no economic relief as small institutions would still be required to collect, audit, report, and incur costs associated with implementing any new requirements.

As a result of all of the new mortgage-related rules issued under the Dodd-Frank Wall-Street Reform Act, small financial institutions in Wisconsin have had to merge, cease offering certain mortgage products or mortgage servicing, and have even considered whether to exit the mortgage market to remain competitive. These actions only provide consumers with fewer options, not more.

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502 2ND STREET, SUITE 202
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Some recommendations made by the SERs that were ignored by the CFPB include:

- *Raising the proposed loan threshold for institutional coverage of 25 loans in the previous year (approximately 2 mortgages loans/month) to a minimum of 250 loans per year.* This recommendation was made because there is not enough data contained within a HMDA Loan Application Register (LAR) with less than 250 LAR entries per year for a regulator to perform a fair lending test in examinations.

- *Minimizing cost increases associated with the implementation and ongoing compliance with revised HMDA* .The SER from Wisconsin and the others recommended CFPB implement a rule to *only* collect those data points specifically identified as required under the Dodd-Frank Act and recommended CFPB adjust the compliance burden to be proportionate to the size and complexity of any given HMDA-reporting entity.

- *Exempting commercial purpose loans, loans to trusts, and loans to bank employees from HMDA.* As the SERs explained, it is difficult to collect HMDA data on commercial loans, and that data significantly skews the reported data. The CFPB should be seeking the best, most accurate data under HMDA to protect consumers – not all data – and exempting these loans from HMDA collection will ensure that.

- *Exempting home equity lines of credit (HELOCs) from HMDA LAR, or at least make their reporting optional.* Since reporting HELOCs is optional today, mandating it will require smaller institutions to hire and/or train staff, diverting valuable resources from consumers. Additionally, since this is new reporting and many of the data points are unavailable for this type of reporting, there could be a high level of confusion and errors in the process, further eroding the integrity of the data CFPB is collecting to protect consumers.

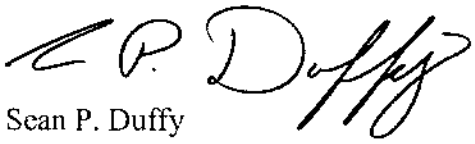
- *Reporting data as ranges where possible to remove a substantial amount of errors currently found in HMDA LAR.* With the increased amount of data to be collected and reported, smaller financial institutions will be required to spend more money for review of the expanded data and will still be subject to civil money penalties when applicable. These increased costs will most assuredly be passed on to the consumer with limited increased consumer protections. Reporting data in ranges, where possible, will reduce these error concerns and ultimately data reporting errors.

I would like a response within 30 days as to how CFPB is working to include the above recommendations into its proposed rule.

As currently written, the proposed rule does little to reduce unnecessary burdens on small financial institutions that ultimately come at the cost of consumers. While the CFPB continues to write rules affecting smaller financial institutions, I hope the Bureau begins to understand the vast differences, intricacies and challenges they face in contrast to their large counterparts.

Until then, CFPB should incorporate the recommendations offered by the SERs into its HMDA proposal.

Sincerely,



Sean P. Duffy
Member of Congress

JEB HENSARLING, TX CHAIRMAN

United States House of Representatives
Committee on Financial Services
2129 Rayburn House Office Building
Washington, D.C. 20515

MAXINE WATERS CA, RANKING MEMBER

September 16, 2014

The Honorable Richard Cordray
Director
Bureau of Consumer Financial Protection
1700 G Street, NW
Washington, D.C. 20552

Dear Director Cordray:

I write regarding federal laws protecting employees from prohibited personnel practices, especially retaliation for whistleblowing. In particular, Congress enacted 5 U.S.C. 2302(c) as part of the Civil Service Reform Act of 1978.[1] This provision, as amended, reads in pertinent part:

> The head of each agency shall be responsible for the prevention of prohibited personnel practices, for the compliance with and enforcement of applicable civil service laws, rules, and regulations, and other aspects of personnel management, and for ensuring (in consultation with the Office of Special Counsel) that agency employees are informed of the rights and remedies available to them under this chapter and chapter 12 of this title.

In 2002, the Office of Special Counsel (OSC) established a "2302(c) Certification Program" to provide agencies with a process for meeting this statutory requirement.[2] The Obama Administration made this certification program mandatory for federal agencies in its Second Open Government Action Plan, which was released on December 5, 2013.[3] Additionally, in a February 24, 2014, memorandum for agency heads, the White House Chief Technology Officer required agencies to update their Open Government Plans to include strategies for achieving OSC certification and to discuss progress toward ensuring that employees are informed of their rights and remedies.[4] Updated plans were to be publicly posted on agency websites by June 1, 2014.[5]

I am concerned that the Bureau has taken no discernible action to implement these important legal protections for its employees. The Bureau's Open Government website[6] contains no reference to 5 U.S.C. 2302(c), for instance, nor has the Bureau completed (or

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[1] P.L. 95-454.
[2] https://osc.gov/Pages/Outreach-2302Cert.aspx.
[3] http://www.whitehouse.gov/sites/default/files/docs/us_national_action_plan_6p.pdf.
[4] http://www.whitehouse.gov/sites/default/files/microsites/ostp/open_gov_plan_guidance_memo_final.pdf.
[5] *Id.*
[6] *See* http://www.consumerfinance.gov/open/.

even registered to complete) the OSC's certification program.[7] Additionally, the OSC confirmed with Committee staff that the Bureau has made no request for employee or manager training.

It is incumbent upon the heads of Executive Branch agencies to assiduously comply with the law. In the case of the Bureau, recent revelations of management misconduct make it imperative that employees be fully apprised of their rights concerning prohibited personnel practices and whistleblower retaliation. As the Obama Administration's Second Open Government Action Plan states, "Employees with the courage to report wrongdoing through appropriate, legally authorized channels are a government's best defense against waste, fraud, and abuse." I agree.

I respectfully request that you provide the Committee the following information no later than September 23, 2014:

1. The date by which the Bureau will complete the OSC's 2302(c) certification program; and
2. An indication whether the Bureau will request agency-wide OSC educational training for both employees and supervisors.

If you have questions regarding this request, please contact Joe Gammello of Committee staff at (202) 225-7502.

Sincerely,

PATRICK MCHENRY
Chairman
Subcommittee on Oversight and Investigations

cc: The Hon. Al Green, Ranking Member
Mr. Mark Bialek, Inspector General, Federal Reserve Board and CFPB

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[7] *See* https://osc.gov/Resources/agencies%20currently%20registered%20to%20complete%20the%202302c%20Program.pdf; https://osc.gov/Resources/Agencies%20that%20have%20completed%202302c%20certification%20program.pdf.

JEB HENSARLING, TX, CHAIRMAN

United States House of Representatives
Committee on Financial Services
2129 Rayburn House Office Building
Washington, D.C. 20515

MAXINE WATERS, CA, RANKING MEMBER

September 17, 2014

The Honorable Richard Cordray
Director
Bureau of Consumer Financial Protection
1700 G Street, NW
Washington, DC 20552

Dear Director Cordray:

I am writing you regarding the Bureau of Consumer Financial Protection's March 21, 2013 enforcement bulletin entitled "Indirect Auto Lending and Compliance with the Equal Credit Opportunity Act." As you know, no fewer than 89 Members of Congress, on both sides of the Capitol and both sides of the political aisle, have written to you over the past year requesting detailed information regarding the Bureau's so-called "disparate impact" methodology.[1] We both agree that invidious discrimination is illegal and businesses that break the law should be held accountable. However, unless or until the Bureau makes its "disparate impact" methodology public, the American people cannot be assured of the integrity of the Bureau's fair lending enforcement process. Moreover, in order to best serve consumers, indirect auto lenders need to be able to understand the legal rules of the road. Continuing to deny these lenders the essential information with which to build compliance systems could make them less likely to extend financing to some borrowers, which could limit competition and make it harder or more expensive for Americans around the country to purchase an automobile.

I understand that the Bureau may soon propose a rule defining larger participants in the indirect auto lending market, which would empower the Bureau to supervise such lenders. It would be inappropriate for the Bureau to finalize its proposed rule or subject a company to

[1] The following Members of Congress have written you: Rep. Terri A. Sewell, Rep. David Scott, Rep. Joyce Beatty, Rep. Daniel T. Kildee, Rep. Lacy Clay, Rep. Patrick Murphy, Rep. John K. Delaney, Rep. Gary C. Peters, Rep. Bill Foster, Rep. Ed Perlmutter, Rep. Denny Heck, Rep. Kyrsten Sinema, Rep. Gregory W. Meeks, Rep. Jeb Hensarling, Rep. Spencer Bachus, Rep. Shelley Moore Capito, Rep. Gary Miller, Rep. Lynn A. Westmoreland, Rep. Scott Garrett, Rep. Randy Neugebauer, Rep. Patrick T. McHenry, Rep. John Campbell, Rep. Peter T. King, Rep. Edward R. Royce, Rep. Michelle Bachmann, Rep. Stevan Pearce, Rep. Blaine Leutkemeyer, Rep. Bill Huizenga, Rep. Sean P. Duffy, Rep. Robert Hurt, Rep. Michael G. Grimm, Rep. Steve Stivers, Rep. Stephen Fincher, Rep. Marlin A. Stutzman, Rep. Mick Mulvaney, Rep. Dennis A. Ross, Rep. Robert Pittenger, Rep. Ann Wagner, Rep. Garland "Andy" Barr, Rep. Tom Cotton, Rep. Keith Rothfus, Rep. Tom Latham, Rep. Jack Kingston, Rep. Steve King, Rep. Mark Meadows, Rep. Steve Stockman, Rep. George Holding, Rep. Walter Jones, Rep. Tom Marino, Rep. Alcee L. Hastings, Rep. Bill Posey, Rep. Ileana Ros-Lehtinen, Rep. Corrine Brown, Rep. John L. Mica, Rep. Jeff Miller, Rep. Mario Diaz-Balart, Rep. Debbie Wasserman Schultz, Rep. Theodore E. Deutch, Rep. Richard B. Nugent, Rep. Ron DeSantis, Rep. Lois Frankel, Rep. Joe Garcia, Rep. Colleen Hanabusa, Rep. David N. Cicilline, Rep. Frederica S. Wilson, Sen. Jeff Merkley, Sen. Rob Portman, Sen. Jeanne Shaheen, Sen. David Vitter, Sen. Heidi Heitkamp, Sen. Pat Roberts, Sen. Amy Klobuchar, Sen. Kelly Ayotte, Sen. Kay Hagan, Sen. Deb Fischer, Sen. Mark Begich, Sen. John Thune, Sen. Joe Manchin, Sen. Richard Burr, Sen. Mark Pryor, Sen. Jerry Moran, Sen. Joe Donnelly, Sen. Mike Crapo, Sen. Bill Nelson, Sen. Jeff Sessions, Sen. Mary Landrieu, Sen. Rand Paul, Sen. Mazie Hirono, and Sen. Max Baucus.

enforcement based solely on that company's failure to comply with the reinterpretation of law embodied in the Bureau's March 21, 2013 enforcement bulletin without first providing lenders and the public at large with the information necessary to comply with the Bureau's dictates.

I last wrote you on March 7, 2014 to specifically request that you provide the information sought by the other Members of Congress to the Financial Services Committee. When we met the following week, you offered to make this information available for review by Committee staff *in camera* at Bureau headquarters. While I accepted your offer, my staff made clear to your staff that acceptance in no way limited or waived the Committee's right to full, unconditional production of any and all records responsive to my request, and that the Committee may still decide after its *in camera* review that additional information must be provided by the Bureau. A bipartisan staff review of certain documents *in camera* occurred at Bureau headquarters on March 28, 2014. Following this review, my staff requested copies of all documents provided at the review. While the Bureau did produce such copies on April 28, 2014, you advised me via cover letter that:

> "Some of these documents may contain confidential information of the Bureau, including confidential information that pertains to its supervisory and law enforcement activities. The Bureau's regulations, *see* 12 C.F.R. § 1070.40 et seq., prohibit recipients of the CFPB's confidential information from further disclosing the information either orally or in writing, except in specified circumstances, without first obtaining the prior permission of the CFPB's General Counsel. The enclosed information also may be subject to disclosure restrictions set forth in other Federal laws and/or regulations, the confidential business information of third parties, and/or material protected by the attorney work-product doctrine. We therefore respectfully request that the Committee prevent any disclosure that would cause an unwarranted invasion of privacy or harm to the interests secured by the laws and policies protecting these documents. Although some of the materials included in this production may implicate the Bureau's confidentiality interests, we are providing these materials to you without forgoing those interests now or in the future, and with the understanding that they are subject to the protections afforded by House and Committee rules."

To be clear, the Committee did not accede to the Bureau's privilege claims – which do not rest against a congressional committee in any event – and did not waive any of its constitutional prerogatives. Nor is the Committee bound by the Bureau's regulations. Nevertheless, the Committee has proceeded in good faith with the expectation that the Bureau would, as a matter of basic transparency and accountability, make public in full detail the manner by which the Bureau purports to assess so-called "disparate impact" liability under the Equal Credit Opportunity Act with respect to indirect auto lenders. Regrettably, that expectation has not been met.

You indicated in testimony before the Committee on June 18, 2014 that the Bureau is "working on a white paper on the proxy methodology...that we expect to have out later this

summer." To ensure that this forthcoming white paper conveys meaningful information to the public, the Committee demands that it include, at a minimum, the following information:

1. A complete analysis of the Bureau's legal support for applying the "disparate impact" theory of liability to indirect auto lenders under the Equal Credit Opportunity Act;
2. A complete explanation of the process by which the Bureau's Supervision, Enforcement, and Fair Lending division identifies, prioritizes, and selects indirect auto lenders for ECOA examination, including an explanation of factors that may be considered in its risk-based prioritization process;
3. A complete explanation of the process by which the Bureau selects loan file samples for fair lending analysis, including all controls employed by the Bureau to ensure that samples are random and representative;
4. A complete description of all policies and procedures governing the Bureau's pre-examination information requests, on-site examinations, and off-site analysis;
5. A complete quantitative analysis of the predictive accuracy of the "Bayesian Improved Surname Geocoding" (BISG) process by which the Bureau assigns race and gender proxies to auto loan applicants, including the threshold for determining that an applicant is a member of a protected class and the results of applying the BISG process to representative control groups where the race or ethnicity and sex are known;
6. Any formulas or computer code employed by the Bureau to generate BISG proxies for race, ethnicity, and sex;
7. Any formulas or computer code employed by the Bureau to run regression analyses;
8. A description of the number of and types of standard deviations sufficient to support a finding of discrimination;
9. A complete list of all factors, other than a borrower's creditworthiness, that the Bureau acknowledges may affect, influence, or introduce error into observed disparities in dealer rate spreads; and
10. A complete explanation of the process by which the Bureau determines whether observed disparities are statistically significant.

Any questions about this letter should be directed to Brian Johnson of the Committee staff at 202-225-7502.

Yours Respectfully,

JEB HENSARLING
Chairman

cc: The Honorable Maxine Waters

CAROLYN B. MALONEY

Congress of the United States

House of Representatives

Washington, DC 20515-3212

September 17, 2014

The Honorable Richard Cordray
Director
Consumer Financial Protection Bureau
1700 G Street NW
Washington, DC 20552

Dear Director Cordray:

I am writing to express my continued concerns with the provision of SAFE Act education courses.

As you know, I previously wrote to you about this issue on August 2013. In your response letter, dated November 4, 2013, you stated that "The Bureau will continue to work with stakeholders to assure that [mortgage loan originators] receive the education and training needed to protect consumers and public interests."

Unfortunately, as the attached letter from OnCourse Learning indicates, potentially serious problems in this area still remain. I am concerned that the lack of rigorous federal oversight of SAFE Act education courses will lead to significant harm to consumers, and I urge the Bureau to take preventive steps to avoid this outcome.

I hope that you will take the legitimate concerns expressed in the attached letter seriously, and I would be happy to discuss this issue further with you.

Sincerely,

Carolyn B. Maloney
Ranking Member
Subcommittee on Capital Markets and
Government Sponsored Enterprises

Please sign up for Rep. Maloney's e-newsletter at maloney.house.gov/contact/e-newsletter

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Congress of the United States
House of Representatives
Washington, DC 20515–1013

COMMITTEE ON
AGRICULTURE

COMMITTEE ON
FINANCIAL SERVICES

September 17, 2014

Richard Cordray
Director
Consumer Financial Protection Bureau
1700 G Street, NW
Washington, DC 20552

Dear Director Cordray,

We applaud the efforts of you and your staff to solicit input from the broad stakeholder community in crafting a Notice of Proposed Rulemaking on general purpose reloadable (GPR) prepaid cards. Over the past three years, deposits on these innovative financial products have more than doubled and the market has grown to serve a diverse cross-section of over 12 million consumers with diverse needs. During this time, the prepaid industry has been able to lower fees and enhance offerings to provide all consumers the opportunity to be full participants in the modern financial services marketplace.

As the Bureau looks to enhance fee disclosures, extend deposit insurance, and bolster other consumer protections on these products, efforts that we fully support, regulators must be careful not to stifle innovation or limit features that consumers want and need. New regulations on financial products should always be analyzed through the eyes of the consumers that use them. We worry that actions taken without this lens may unintentionally produce negative effects on low-income prepaid card users who rely on these products in their daily financial lives.

According to the Federal Deposit Insurance Corporation (FDIC), there are 68 million unbanked and underbanked adults in the United States. These consumers either have no access to a checking account or rely on products outside of the traditional banking sector to meet their unique financial needs. Prepaid cards were developed, in part, to bring these consumers out of the expensive cash economy while not sacrificing product quality because account holders carry low balances. In fact, the average prepaid customer lives more than $20,000 below the median household income and almost half have no access to emergency savings. These consumers are savvy, often managing their budget down to the last penny but at times needing a bridge to make it until their next paycheck.

This brings us to the main purpose of the letter, preserving access to prepaid features that meet the short-term spending needs of consumers. Today, some prepaid providers are offering responsible, opt-in overdraft protection that many of our constituents want to have available. Those providers have voluntarily adopted the FDIC overdraft guidance, putting in place fee limits, as well as cooling-off period to prevent habitual use. They have also instituted fee-free buffers and cure periods. Companies are also ensuring consumers are making informed financial decisions by requiring users to sign up for real time mobile balance alerts and providing free

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access to account information. We support these voluntary efforts and believe these protections should be instituted across the industry.

Providers are showing that overdraft protection, when done right, can serve as a valuable tool for many consumers. More importantly, low-income consumers do not want to be relegated to a second tier financial system with limited choice. Instead, they demand access to features that help them meet their short-term spending needs, whether it be purchasing gas or buying groceries. In fact, recently studies show that nearly 30 percent of prepaid consumers want to have overdraft protection available to them. During the Bureau's field hearing on prepaid cards in Durham, NC, as well as in comments submitted to the Advance Notice of Proposed Rulemaking, consumers made clear that regulations should not limit features available to them.

As the Bureau prepares to release its Notice of Proposed Rulemaking, it is important that prepaid cards not be viewed as a second-tier financial product. GPR prepaid cards are bank-issued and account-linked products that deserve parity with identically situated traditional checking accounts. We encourage staff to listen to consumers and preserve the prepaid features they demand to confidently self-bank. We look forward to being continuously appraised of your continued efforts.

Sincerely,

David Scott
Member of Congress

John Barrow
Member of Congress

Sanford D. Bishop, Jr.
Member of Congress

Yvette D. Clarke
Member of Congress

Gregory W. Meeks
Member of Congress

Congress of the United States
Washington, DC 20515

September 19, 2014

The Honorable Richard Cordray
Director
Consumer Financial Protection Bureau
1700 G Street, NW
Washington, D.C. 20552

Re: Consumer Financial Protection Bureau's definition of "underserved areas"

Dear Director Cordray:

The undersigned Illinois members of the United States House of Representatives are writing you with respect to the Consumer Financial Protection Bureau's (CFPB) proposed definition of "underserved" in the final rulemaking for the Ability-to-Repay and Qualified Mortgage standards under the Truth in Lending Act (Reg Z).

We urge the CFPB to consider more than the number of competitors in a county for the definition of "underserved areas." We support the CFPB's special accommodation to small creditors, including community financial institutions, in the current Rules, which provide these lenders with greater flexibility to address the needs of "underserved areas."

We also agree with the Bureau that further study of the existing definition of "underserved area" is warranted. We urge the CFPB to expand the definition of "underserved areas" to encompass existing definitions of economically challenged areas, such as those in the state of Illinois.

As you know, financial regulators and federal agencies use a number of definitions to identify economically challenged areas and "rural areas." Our understanding is that community financial institutions are most familiar with low-and moderate-income census tracts for purposes of the Community Reinvestment Act, and distressed and underserved nonmetropolitan middle-income geographies for Federal Financial Institutions Examination Council purposes.

Other criteria we request that you consider include, but are not limited to, counties with high poverty rates; qualified, distressed or highly distressed census tracts for New Market Tax Credit programs; high migration rural counties; and designated distressed areas by the Delta Regional Authority.

Revising the definition of underserved areas to include the criteria identified above would provide a reasonable exception to portions of the Ability-to-Repay and Qualified Mortgage standards under Reg Z. As Congress intended, authority to make this adjustment falls within the discretion of the CFPB, and would provide additional lending opportunities for community financial institutions in the communities they serve.

Thank you for your consideration of this important issue.

Sincerely,

Randy Hultgren
Member of Congress

Bill Foster
Member of Congress

Rodney Davis
Member of Congress

Tammy Duckworth
Member of Congress

Aaron Schock
Member of Congress

Mike Quigley
Member of Congress

Peter J. Roskam
Member of Congress

Bradley S. Schneider
Member of Congress

John Shimkus
Member of Congress

William Enyart
Member of Congress

Adam Kinzinger
Member of Congress

Danny Davis
Member of Congress

Bobby Rush
Member of Congress

Cheri Bustos
Member of Congress

Jan Schakowsky
Member of Congress

Luis Gutierrez
Member of Congress

Robin Kelly
Member of Congress

Dan Lipinski
Member of Congress

CAROLYN B. MALONEY
[illegible]
FINANCIAL SERVICES
[illegible]

Congress of the United States

House of Representatives

Washington, DC 20515-3212

[illegible]

October 2, 2014

The Honorable Richard Cordray, Director
Consumer Financial Protection Bureau
1700 G Street NW
Washington, DC 20552

Dear Director Cordray,

Creating a professional, respectful, and non-discriminatory workplace is an ascertainable goal we share. As you know, during the 113th Congress, the issue of discrimination in our federal financial regulatory agencies has been the focus of many hearings before the House Financial Services Subcommittee on Oversight and Investigations. As Ranking Member of the Oversight and Investigations Subcommittee and Ranking Member of the Capital Markets and Government Sponsored Enterprises Subcommittee, we request your leadership and your assistance on this very serious issue.

Our preliminary research indicates that each of the federal financial agencies have their own unique personnel policies and practices. To gain a more comprehensive understanding of your agency's employment policies, we request an opportunity for your Human Resources Directors to meet with our staff in the near future. We are not seeking the sort of information now being compiled by the federal financial regulatory agency inspector generals. Rather, we are requesting an opportunity to collect information and ask questions of your Human Resources Directors, and any other personnel you deem appropriate, to gain a better understanding of each agency's personnel policies generally, as well as specific practices regarding personnel complaints of discrimination and/or abuse.

We are hopeful that these staff-level meetings will cover topics such as hiring procedures, minority recruitment programs, and the employee complaint processes, including advocacy, if any, provided for employees who assert they have been discriminated against. We are also interested in the number of discrimination/abuse complaints reported to the Human Resources Division during the last two years, the number of formal discrimination/abuse complaints actually filed, and the number of cases resolved with or without a complaint being filed, including the total number of federal dollars expended to settle any discrimination/abuse claims.

We are concerned that perhaps we have not adequately prepared our federal financial regulatory workforce by requiring fundamentals of management training. Thus, we would like to learn more about what, if any, mandatory management training is now offered, at every level of management, from first-time supervisors to the second-in-command, at the agency.

Please sign up for Rep. Maloney's enewsletter at maloney.house.gov/contact/enewsletter
[illegible]

In addition, we request that you share with us, to the extent that you are permitted to, any information or allegations of employment discrimination at the entities you regulate that have been reported to you, including, but not limited to banks.

To schedule these meetings, please contact our staff, Mr. Gregg Orton, in Congressman Green's office at Gregg.Orton@mail.house.gov or Mr. Ben Harney, in Congresswoman Maloney's office at Ben.Harney@mail.house.gov at your earliest convenience.

As Dr. Martin Luther King, Jr proclaimed, "The ultimate tragedy is not the oppression and cruelty by the bad people, but the silence over that by the good people." We have all been put on notice that some of our federal financial workforce believes they are experiencing discrimination and/or abusive practices. We must not remain silent at a time when the potential for positive change in federal workforce practices is readily attainable.

We appreciate your assistance with this request and look forward to continuing to work with you on this important issue.

Sincerely,

Congressman Al Green
Ranking Member
Subcommittee on Oversight and Investigations

Congresswoman Carolyn B. Maloney
Ranking Member
Subcommittee on Capital Markets and
Government Sponsored Enterprises

JEB HENSARLING, TX , CHAIRMAN

United States House of Representatives
Committee on Financial Services
2129 Rayburn House Office Building
Washington, D.C. 20515

MAXINE WATERS, CA, RANKING MEMBER

October 7, 2014

The Honorable Richard Cordray
Director
Bureau of Consumer Financial Protection
1700 G Street, NW
Washington, D.C. 20552

Dear Director Cordray:

On September 9, 2014, *The Washington Examiner* published an article entitled "Obama's chief ad agency lands $5.7 million CFPB contract that has produced no ads to date," which reported that the Bureau of Consumer Financial Protection ("Bureau") awarded an "open-ended contract valued at $5.7 million" ("Blanket Purchase Agreement") to GMMB – the advertising and political consulting firm "that handled campaign advertising for President Obama's 2012 re-election campaign."[1] Among other things, the article noted that: (1) GMMB was awarded the contract after a "Request for Quote" period of only two business days; (2) GMMB is not required to participate in a competitive bidding or selection process when receiving future work projects from the Bureau; and (3) "no GMMB-designed advertising campaigns have been made public to date," despite the fact that the Bureau conferred the $5.7 million award to GMMB on August 14, 2013.[2]

To allow the Subcommittee on Oversight and Investigations ("Subcommittee") to carry out its oversight responsibilities under the House Rules,[3] please provide the Subcommittee with the following no later than October 15, 2014:

1. All records[4] relating to the engagement of GMMB in connection with the Blanket Purchase Agreement, including without limitation a copy of the contract entered into between GMMB and the Bureau.
2. All records relating to the Bureau's solicitation of bids for the Blanket Purchase Agreement, the bids received by the Bureau, the Bureau's evaluation of all such bids, and the award of the contract for the Blanket Purchase Agreement to GMMB.

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[1] Richard Pollock, *Obama's chief ad agency lands $5.7 million CFPB contract that has produced no ads to date*, The WASHINGTON EXAMINER (Sep. 9, 2014), http://washingtonexaminer.com/obamas-chief-ad-agency-lands-5.7-million-cfpb-contract-that-has-produced-no-ads-to-date/article/2553024.
[2] *Id.*
[3] Rule X, Rules of the House of Representatives, 113th Cong.
[4] The term "records" means any written, recorded, or graphic matter of any nature whatsoever, regardless of how recorded or preserved, and whether original or copy.

If you have any questions regarding this matter, please contact Joe Gammello of the Financial Services Committee staff at (202) 225-7502.[5]

Sincerely,

PATRICK MCHENRY
Chairman
Subcommittee on Oversight and Investigations

cc: The Hon. Al Green, Ranking Member

[5] The Committee will not consider the Bureau's production as complete until a representative of the Bureau certifies in writing that the Bureau conducted a search reasonably calculated to locate all responsive records and that the Bureau produced to the Committee all known responsive records in its or any agent's custody or control. In addition, the Bureau's obligation to produce records is continuing in nature; if, after tendering the written certification required herein, the Bureau becomes aware of any responsive record in its or any agent's custody or control, the record should be promptly produced.

JEB HENSARLING, TX, CHAIRMAN

United States House of Representatives
Committee on Financial Services
2129 Rayburn House Office Building
Washington, D.C. 20515

MAXINE WATERS, CA, RANKING MEMBER

October 24, 2014

The Honorable Richard Cordray
Director
Bureau of Consumer Financial Protection
1700 G Street, NW
Washington, DC 20552

Dear Director Cordray:

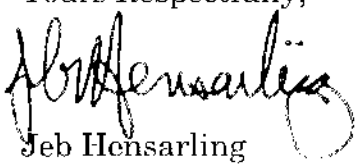
I write to memorialize outstanding requests made by my staff in furtherance of existing Committee investigations into the operations of the Consumer Financial Protection Bureau (CFPB). Please provide the following no later than Friday, October 31, 2014:

1. The full agenda (including all non-public sessions) for the most recent Consumer Advisory Board meeting, the public portion of which occurred on September 11, 2014;
2. The full agenda (including all non-public sessions) for the most recent Credit Union Advisory Council meeting, the public portion of which occurred on October 1, 2014;
3. The full agenda (including all non-public sessions) for the most recent Community Bank Advisory Council meeting, the public portion of which occurred on October 15, 2014;
4. Your assent to a member of my staff attending all non-public sessions of future meetings of the Consumer Advisory Board, the Credit Union Advisory Council, the Community Bank Advisory Council, and the Academic Research Council;
5. An unredacted copy of the report provided by Skidmore, Owings & Merrill LLP to CFPB on April 12, 2013 detailing a variety of specific estimates for project costs related to the headquarters renovation. As you may recall, I specifically sought copies of all documents provided to the CFPB by Skidmore, Owings & Merrill in questions for the record submitted to you following your testimony before the Committee on January 28, 2014, yet this document was not provided to the Committee.
6. An explanation of why the Skidmore, Owings & Merrill document referenced above was not provided to the Committee in accordance with my request;
7. An unredacted copy of the shuttle bus service contract CFPB awarded to RHG Group, Inc. for transporting staff during your renovation of the headquarters building owned by the Office of the Comptroller of the Currency (OCC);

8. An unredacted copy of the "Diversity Compliance Support Services" contract CFPB recently awarded to Charles River Associates International, Inc.;
9. Unredacted copies of contracts and task orders awarded to G4S Integrated Facilities Services, LLC for extended Operations and Maintenance (O&M) services for 1700 G Street NW, as well as an unredacted copy of the Bureau's recent public notice of intent to award a sole source contract to this company;
10. Unredacted copies of the "Office of Procurement Quarterly View" reports distributed by Chief Operating Officer Sartaj Alag or the Office of Procurement for the four most recent fiscal quarters (Q1-Q4, FY 2014), as well as the most recent version of the "Contract Pipeline" referenced and hyperlinked to in these Quarterly View reports.

Thank you for your prompt attention to these outstanding matters. If you have any questions about this request, please feel free to have your staff contact Brian Johnson of the Committee staff at (202) 225-7502.

Yours Respectfully,



Jeb Hensarling
Chairman

cc: The Honorable Maxine Waters

Congress of the United States

Washington, DC 20515

October 29, 2014

The Honorable Richard Cordray
Director
Consumer Financial Protection Bureau
1700 G Street, N.W.
Washington, D.C. 20552

Dear Mr. Cordray:

The Committee on Financial Services and the Committee on Oversight and Government Reform continue to investigate allegations of discrimination, retaliation, and related matters at the Consumer Financial Protection Bureau. Therefore, we write to request that the Bureau make the following employees available for transcribed interviews with the Committees' staff:

1. Sartaj Alag, Chief Operating Officer
2. Jim Carley, Southeast Regional Director, Division of Supervision, Enforcement and Fair Lending
3. Robert Cauldwell, President, National Treasury Employees Union
4. Dane D'Alessandro, Section Chief, Investigations, Office of Consumer Response
5. Cordelia Holmes, Office of Consumer Response
6. Stuart Ishimaru, Assistant Director, Office of Minority and Women Inclusion
7. Richard Lepley, Deputy General Counsel
8. Christi Monk, Quality Assurance Manager, Office of Consumer Response
9. Scott Pluta, Assistant Director, Office of Consumer Response
10. Paul Sanford, Assistant Director, Office of Supervision Examinations, Division of Supervision, Enforcement and Fair Lending
11. Dennis Slagter, former Chief Human Capital Officer

By no later than 5:00 p.m. on Wednesday, November 5, 2014, please provide your assurance that the identified individuals will be made available to be interviewed. If you do not provide your assurance, the Committee on Oversight and Government Reform will consider the use of compulsory process. If you have questions about this request, please

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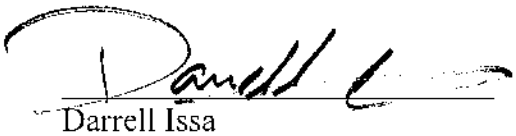
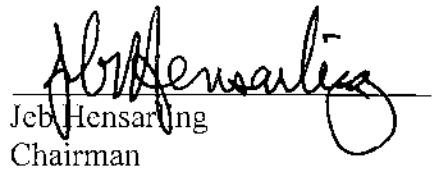
contact Joseph Clark of the Financial Services Committee staff at (202) 225-7502 or Christopher Hixon of the Oversight and Government Reform Committee staff at (202) 225-5074.

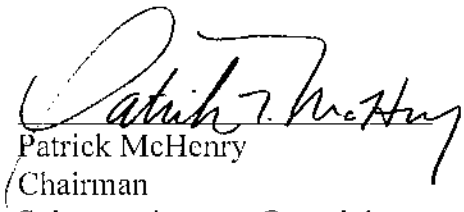
Sincerely,



Darrell Issa
Chairman
Committee on Oversight and
Government Reform



Jeb Hensarling
Chairman
Committee on Financial Services



Patrick McHenry
Chairman
Subcommittee on Oversight
and Investigations
Committee on Financial Services

cc: The Honorable Elijah E. Cummings, Ranking Minority Member
Committee on Oversight and Government Reform

The Honorable Maxine Waters, Ranking Minority Member
Committee on Financial Services

The Honorable Al Green, Ranking Minority Member
Subcommittee on Oversight and Investigations
Committee on Financial Services

JEB HENSARLING, TX , CHAIRMAN

United States House of Representatives
Committee on Financial Services
2129 Rayburn House Office Building
Washington, D.C. 20515

MAXINE WATERS, CA, RANKING MEMBER

November 17, 2014

The Honorable Richard Cordray
Director
Bureau of Consumer Financial Protection
1700 G Street, NW
Washington, D.C. 20552

Dear Director Cordray:

The Rules of the House of Representatives require the Committee on Financial Services to review, on a continuing basis, the application and effectiveness of laws and programs addressing matters within its jurisdiction, and to examine the organization and operation of agencies having responsibility for the execution of such laws and programs.[1] Because the Committee's oversight duties often require the review of electronically-stored information ("ESI") in the possession of the Executive Branch, the Committee is seeking to determine the methods used by agencies to respond to congressional requests for ESI.

Accordingly, by November 24, 2014, please provide the names of the tools, whether in the nature of software or otherwise, currently used by your agency to identify, collect, preserve, process, review, analyze, and produce ESI pursuant to any congressional committee request or subpoena.

If you have questions regarding this request, please contact Joseph Clark of Committee staff at (202) 225-7502.

Sincerely,

PATRICK McHENRY
Chairman
Subcommittee on Oversight
and Investigations

cc: The Honorable Al Green, Ranking Member

[1] Rule X, Rules of the House of Representatives.

Congress of the United States
Washington, DC 20515

November 19, 2014

The Honorable Richard Cordray
Director, Consumer Financial Protection Bureau
1700 G Street, N.W.
Washington, D.C. 20552

Director Cordray,

Over the next two years, hundreds of thousands of Americans will install rooftop solar panels on their homes, according to the U.S. Energy Information Administration's *Annual Energy Outlook 2014*. We are supportive of this trend because solar is a key component of America's energy future. However, as the industry rapidly expands, we must be vigilant in protecting consumers from any misleading sales practices.

While the cost of rooftop solar systems dropped 12-15 percent last year, the up-front cost of rooftop solar panels is beyond the financial means of most U.S. households. As a result, many Americans are drawn into the solar market by the promise of a zero-money-down solar lease. Industry analysts predict that 68 percent of rooftop solar installations will be financed through third-party leases in 2014, a growth of over 20 percent since 2011. A customer who signs a solar lease does not own the panels but contracts for the electricity produced by the system for 20 or more years. The initial attractiveness of a "no money down" long-term lease may incentivize the installation of rooftop solar. However, as was the case with the subprime mortgage crisis – easy initial financial terms, increased demand and a rapidly expanding industry can be high risk and ultimately harmful to consumers and the industry.

At the core of my concerns are reports that solar leasing companies may be overstating the economic benefits of signing a long-term solar lease while failing to disclose important information during the sales process. For example, customers are quoted savings each month on their utility bills. However, who calculates those estimations and are they accurate? Also, it is my understanding that early solar lease payments are teaser rates that make solar energy payments seem affordable. However, do these rates escalate over time and are consumers made aware of those potential increases?

Accordingly, I would appreciate your responses to the following questions:

1. What steps has the Consumer Financial Protection Bureau taken to investigate the possibility that misleading sales techniques are being employed in the rooftop solar industry?

2. What protections are in place to ensure that consumers who are considering entering into long-term solar leasing arrangements are made fully aware of the long-term implications of these transactions? For example, reports suggest that third-party leases may result in

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escalating payments to home sellers in the event that subsequent buyers do not want the solar system or cannot assume the lease, thus complicating real estate transactions.

3. What has the Consumer Financial Protection Bureau done to investigate complaints that have arisen about the marketing techniques employed by some rooftop solar leasing operations?

4. Has the Consumer Financial Protection Bureau considered performing a staff review of third-party-leases in the rooftop solar industry and issuing recommendations on how we can better educate and protect consumers contemplating these transactions?

Given the rapid expansion of the rooftop solar industry underway and the importance of effective protections to the continued well-being of U.S. consumers, we look forward to your response to these questions within 30 days.

Sincerely,

Ann Kirkpatrick
Member of Congress

Ron Barber
Member of Congress

Kyrsten Sinema
Member of Congress

Gene Green
Member of Congress

JEB HENSARLING, TX , CHAIRMAN

United States House of Representatives
Committee on Financial Services
2129 Rayburn House Office Building
Washington, D.C. 20515

MAXINE WATERS, CA, RANKING MEMBER

November 24, 2014

The Honorable Richard Cordray
Director
Bureau of Consumer Financial Protection
1700 G Street, NW
Washington, D.C. 20552

Dear Director Cordray:

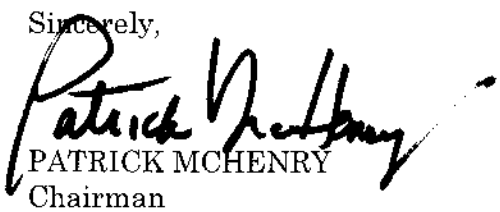
The Committee on Financial Services continues to investigate deficiencies in the Consumer Financial Protection Bureau's (Bureau's) internal management practices. In that regard, it has recently come to the Committee's attention that the management of the Bureau may have undermined the integrity of the process for awarding promotions and pay increases to employees in the Office of Enforcement or the Office of Supervision Examination, by conditioning the availability of commissions-based salary increases on decisions made by those employees during the bank supervision and enforcement processes.

As two of the core divisions at the Bureau, it is important that these offices follow the highest standards of integrity, objectivity, and professionalism in making employee compensation decisions. Accordingly, by December 5, 2014, please answer the following question:

> Does the Bureau provide, or are you considering providing, employees in the Office of Enforcement or the Office of Supervision Examination a commissions-based salary increase based upon whether they find violations of laws or regulations or other matters of concern or criticism at the companies that the Bureau oversees?

If you have any questions regarding this matter, please contact Matthew Mulder of Committee staff at (202) 225-7502.

Sincerely,



PATRICK MCHENRY
Chairman
Subcommittee on Oversight and Investigations

cc: The Hon. Al Green, Ranking Member

JEB HENSARLING, TX, CHAIRMAN

United States House of Representatives
Committee on Financial Services
2129 Rayburn House Office Building
Washington, D.C. 20515

MAXINE WATERS, CA, RANKING MEMBER

December 3, 2014

The Honorable Richard Cordray
Director
Bureau of Consumer Financial Protection
1700 G Street, NW
Washington, DC 20552

Dear Director Cordray:

I write to remind you of documents I have requested during the past nine months that the Bureau has not provided to the Financial Services Committee. Please provide all outstanding documents without delay. These documents include:

1. **March 18, 2014** letter requesting "[a]ll email communications (and any attachments thereto) in the custody and control of the CFPB relating to" the December 11, 2013 investigative report produced by the Defense Investigators Group.

2. **May 13, 2014** letter requesting full responses to questions 13(b) and 24 from questions for the record I submitted following your appearance before the Committee on January 28, 2014.

3. **July 18, 2014** letter requesting the identity of the individual who made the decision to renovate the building owned by the Office of the Comptroller of the Currency and located at 1700 G Street, NW in Washington, DC.

4. **October 24, 2014** letter requesting:

    a. Your assent to a member of my staff attending all non-public sessions of future meetings of the Consumer Advisory Board, the Credit Union Advisory Council, the Community Bank Advisory Council, and the Academic Research Council;
    b. An unredacted copy of the report provided by Skidmore, Owings & Merrill LLP to the Bureau on April 12, 2013 detailing a variety of specific estimates for project costs related to the headquarters renovation (as you may know, the Procurement Integrity Act is inapplicable to information requests made by Congress or a Committee thereof);

c. An explanation of why the Skidmore, Owings & Merrill document referenced above was not provided to the Committee in accordance with my prior request in a question for the record; and
d. Unredacted copies of the "Office of Procurement Quarterly View" reports for the four most recent fiscal quarters (Q1-Q4, FY 2014), as well as the most recent version of the "Contract Pipeline" identified in the reports (as noted above, the Procurement Integrity Act is inapplicable to information request made by Congress or a Committee thereof).

Thank you for your prompt attention to these outstanding matters. If you have any questions about this request, please feel free to have your staff contact Brian Johnson of the Committee staff at (202) 225-7502.

Yours Respectfully,

JEB HENSARLING
Chairman

cc: The Honorable Maxine Waters

Congress of the United States
Washington, DC 20515

December 4, 2014

The Honorable Richard Cordray
Director, Consumer Financial Protection Bureau
1700 G Street, NW
Washington, D.C. 20552

Dear Director Cordray:

We write to bring your attention to the Financial Distress Research Project, a study being conducted in Maine and Massachusetts by the law schools at the University of Maine, and the University of Connecticut, and Harvard University. This study is researching low cost measures that empower financially distressed individuals to defend themselves in debt collection proceedings.

According to the Urban Institute, in 2013, more than 77 million Americans nationwide had debt in or subject to the collections process. These debts are often bundled and sold in a secondary market, and record keeping practices for these transactions often do not hold up to legal scrutiny. That means consumers are sometimes sued on the wrong amount of debt, by the wrong company, or past the statute of limitations. But a shortage of legal aid resources in this area means that many consumers do not receive help to protect them from unlawful debt collections.

The Financial Distress Research Project is developing innovative, evidence based self-help resources that encourage consumers to defend themselves from unlawful debt collection. The project is also developing materials to help consumers balance their budgets, manage their debts, and, if appropriate, file for bankruptcy. If this cost effective method of delivering legal aid is successful, this project could be replicated across the country and help millions of Americans.

The Financial Distress Research Project is an exciting innovation, and we strongly encourage you to lend this groundbreaking project your support.

Sincerely,

Katherine M. Clark
Member of Congress

Michael E. Capuano
Member of Congress

Edward J. Markey
United States Senator

JEB HENSARLING, TX , CHAIRMAN

United States House of Representatives
Committee on Financial Services
2129 Rayburn House Office Building
Washington, D.C. 20515

MAXINE WATERS, CA, RANKING MEMBER

December 5, 2014

The Honorable Richard Cordray
Director
Bureau of Consumer Financial Protection
1700 G Street, NW
Washington, D.C. 20552

Dear Director Cordray:

Honoring a commitment to provide requested records[1] and information is an inherent responsibility of executive branch representatives testifying before Congress. Our records indicate that the Consumer Financial Protection Bureau ("Bureau") has not provided the following records or information requested by Members of the Subcommittee on Oversight and Investigations at a hearing held on June 18, 2013[2]:

1. What percentage of Bureau employees currently make more than the mean per capita income in the United States, which is approximately $43,000?[3] Please provide the position titles and exact salaries of these individuals.

2. According to FedScope data collected by the Office of Personnel Management, the Bureau employs two psychologists who both make a six-figure salary. Please provide the exact salary of these individuals, a complete justification for why the CFPB needs two psychologists and a description of their exact job duties.[4]

3. The most updated salary breakdown for employees at the Bureau.[5]

4. The pay scale at the Bureau is $54,000 more than that of the Federal Reserve (with the top pay at the Bureau being around $259,000, compared to approximately $232,000 at the Federal Reserve).[6] Please confirm whether this is still the case and what efforts the Bureau has taken to remedy the situation.

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[1] The term "records" means any written, recorded, or graphic matter of any nature whatsoever, regardless of how recorded or preserved, and whether original or copy.
[2] Oversight and Investigations hearing entitled "CFPB Budget Review," (June 18, 2013), available at http://financialservices.house.gov/uploadedfiles/113-33.pdf.
[3] *Id.* during questioning by Representative Ann Wagner of Mr. Stephen Agostini, Chief Financial Officer, the Consumer Financial Protection Bureau, p. 16-8.
[4] *Id.*
[5] *Id.* during questioning by Representative Sean Duffy of Mr. Agostini, p. 13-4.
[6] *Id.*

5. Does the Bureau have a budget for interns? How many interns are currently at the Bureau and, how much is each intern currently paid?[7]

6. Bonuses at the Bureau were approximately $750,000 as of June 2013. Please explain how the Bureau decides how bonuses are distributed. To whom were bonuses of $11,000 or $12,000 given? [8] Have any bonuses been distributed since June 2013? If so, please provide the specific amounts and to whom each bonus was given.

7. Please provide a breakdown of how much money the Bureau budgets for its storage of data collection in terms of what the Bureau purchases in services from the Treasury Department for purposes of running its network infrastructure.[9]

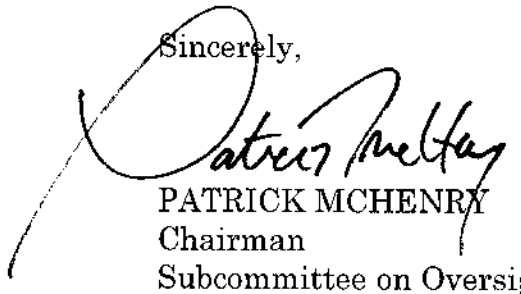
8. What percentage of the total employees at the Bureau have any experience in the private sector working for either a bank or a credit union or a financial institution that is subject to the Bureau's regulatory oversight?[10]

9. What safeguards does the Bureau's Legal Division have in place to ensure that there is no political bias in decision-making processes?[11]

10. Is the Bureau subject to external review by the Small Business Administration and the Office of Management and Budget? If so, please describe the nature of that review.[12]

Please provide all requested records and information by no later than 5:00 p.m. on Friday, December 19, 2014. Any questions regarding this request should be directed to Katelyn Christ of the Majority staff at (202) 225-7502.

Sincerely,



PATRICK MCHENRY
Chairman
Subcommittee on Oversight and Investigations

cc: The Hon. Al Green, Ranking Member

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[7] *Id.*
[8] *Id.*
[9] *Id.* during questioning by Representative Sean Duffy of Mr. Agostini, p. 29-30.
[10] *Id.* during questioning by Representative Andy Barr of Mr. Agostini, p. 21.
[11] *Id.* during questioning by Representative Randy Hultgren of Mr. Agostini, p. 37.
[12] *Id.* during questioning by Ranking Member Al Green of Mr. Agostini, p. 37.

Congress of the United States

Washington, DC 20510

December 9, 2014

The Honorable Richard Cordray
Director
Consumer Financial Protection Bureau
1700 G Street, NW
Washington, D.C. 20552

Dear Director Cordray:

We write to bring your attention to the Financial Distress Research Project, a study being conducted in Maine by the law schools at the University of Maine, the University of Connecticut, and Harvard University. The study is seeking out how to best assist individuals suffering from severe financial distress and put them back on a sound financial footing. We believe that the questions the Project seeks to answer are of paramount importance, and we encourage you to learn more about the critical work they are doing.

According to the Urban Institute, 29 percent of people in Maine with credit files have debt in collections. In Connecticut, more than 26 percent of this group have debt in collections, with an average amount of $4,643. In Massachusetts, the figures are similar – 23 percent of individuals with credit files have an average of $4,602 of debt in collections. In 2013, more than 77 million Americans nationwide had debt in or subject to the collections process.

These millions of debts are often bundled and sold in a secondary market, and the record-keeping along the way does not always hold up to legal scrutiny. That means consumers can be, and sometimes are, sued on the wrong amount of debt, by the wrong company, or past the statute of limitations. Some consumers might pay these "debts" using assets or income that the law protects from court seizure (*e.g.*, disability payments) because they are not aware of their rights. But a shortage of legal aid resources combined with the sheer volume of legal need in this area means that many consumers do not get the help that could protect them from unlawful debt collections. In fact, most consumers do not show up to defend themselves in small claims court at all, which can lead to otherwise unwarranted default judgments, asset seizures, and wage garnishing.

Academic researchers have an important role to play in finding effective and efficient solutions to protect consumers and deter unlawful and abusive practices. The Consumer Financial Protection Bureau has the authority and the resources to spur research into potential solutions. For example, the Bureau can support research using its Civil Penalty Fund, through its Office of Research, or through its Office of Financial Education. We ask you to use the tools at your disposal to encourage research to develop and test policy interventions designed to give individuals facing small claims court actions the ability to defend their legal rights.

The Financial Distress Research Project is an example of this promising research. This project is developing evidence-based self-help resources to encourage consumers in Maine to show up and defend themselves when they are sued on credit card debt. The researchers will run a randomized controlled trial, and if their resources are successful, they will introduce a simple and cost-effective method of delivering legal aid that could help millions of Americans. The project is also developing materials that could help consumers in other states better balance their budgets, manage their debts before they become delinquent, and, if appropriate, go through bankruptcy proceedings.

The federal government needs all the partners it can get to protect consumers facing financial distress and improve financial literacy. Academic research can and should play a role in developing programs with the potential to better protect consumers. Please use the authority and resources at your disposal to support promising research in this area.

Sincerely,

RICHARD BLUMENTHAL
United States Senator

EDWARD J. MARKEY
United States Senator

CHRISTOPHER MURPHY
United States Senator

ELIZABETH WARREN
United States Senator

JOE COURTNEY
Member of Congress

ROSA L. DELAURO
Member of Congress

ELIZABETH ESTY
Member of Congress

JIM HIMES
Member of Congress

JOHN B. LARSON
Member of Congress

MICHAEL MICHAUD
Member of Congress

CHELLIE PINGREE
Member of Congress

JEB HENSARLING, TX , CHAIRMAN

United States House of Representatives
Committee on Financial Services
2129 Rayburn House Office Building
Washington, D.C. 20515

MAXINE WATERS, CA, RANKING MEMBER

December 9, 2014

The Honorable Richard Cordray
Director
Bureau of Consumer Financial Protection
1700 G Street, NW
Washington, D.C. 20552

Dear Director Cordray:

In *Consumer Financial Protection Bureau v. Morgan Drexen, Inc.*, the Bureau of Consumer Financial Protection ("Bureau") argued that it should not be required to submit to depositions because "requiring the [B]ureau to designate any individual to appear at deposition would only serve to annoy, oppress, and cause undue burden on the [B]ureau."[1] The court denied the Bureau's motion.[2]

To allow the Subcommittee on Oversight and Investigations ("Subcommittee") to carry out its oversight responsibilities under the House Rules,[3] please provide the Subcommittee with unredacted transcripts of all depositions taken in the course of the above-referenced litigation by no later than December 16, 2014.

If you have any questions regarding this matter, please contact Joe Gammello of the Financial Services Committee staff at (202) 225-7502.

Sincerely,

PATRICK MCHENRY
Chairman
Subcommittee on Oversight and Investigations

cc: The Hon. Al Green, Ranking Member

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[1] Plaintiff's *Ex Parte* Motion for Protective Order to Prevent 30(b)(6) Deposition of the Bureau, No. SACV13-01267 (C.D. Cal. Sept. 11, 2014), ECF No. 136.
[2] Order re *Ex Parte* Motion for Protective Order to Prevent 30(b)(6) Deposition of the Bureau, No. SACV13-01267 (C.D. Cal. Sept. 11, 2014), ECF No. 139.
[3] Rule X, Rules of the House of Representatives, 113th Cong.

JEB HENSARLING, TX , CHAIRMAN

United States House of Representatives
Committee on Financial Services
2129 Rayburn House Office Building
Washington, D.C. 20515

MAXINE WATERS, CA, RANKING MEMBER

December 9, 2014

The Honorable Stuart Ishimaru
Director of the Office of Minority and Women Inclusion
Bureau of Consumer Financial Protection
1700 G Street, NW
Washington, D.C. 20552

Dear Director Ishimaru:

As you know, the Bureau of Consumer Financial Protection's ("Bureau's") Office of Minority and Women Inclusion ("OMWI") submitted its Annual Report to Congress on March 1, 2014 ("Annual Report"). Notably absent from the Annual Report, however, was any mention of the deeply troubling findings of the Diversity and Inclusion Assessment ("Deloitte Report"), which your office commissioned Deloitte Consulting to conduct for the purpose of "establish[ing] a data-based approach to understanding the current state of diversity and inclusion (D&I) at the Bureau."[1] Among other things, the Deloitte Report found sharp racial and/or gender disparities in performance ratings, employee pay, and hiring at the Bureau. Moreover, the Deloitte Report also notified your office of serious operational inefficiencies and challenges facing the OMWI. It gave your office the lowest possible rating in four of the five categories it analyzed, noting an "absence of support from leadership," "no workforce awareness or engagement," and "no impact or results" in each category.[2]

Notwithstanding the statutory obligations set forth in 12 U.S.C. § 5452(e) requiring your office to include such information in its Annual Report,[3] your office did not furnish this

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[1] The Annual Report's sole reference to the Deloitte Report is misleading—failing to discuss any of the negative findings of the Deloitte Report: "In 2013, the OMWI conducted an assessment of the agency to review the workforce demographics. The assessment included three employee focus groups and over 30 interviews with senior leaders as well as extensive quantitative data analysis. The OMWI learned valuable information that will inform programmatic processes and future initiatives, as well as provide leadership with a better understanding of individual employee motivators and incentives. For instance, we learned that, overall, CFPB employees are extremely dedicated to the mission of the Bureau; given this, a conscious effort should be made to ensure that employee assignments continue to flow from the core mission of the Bureau to drive employee engagement."
[2] OMWI received the lowest possible rating in the following four categories: "OMWI Communications and Awareness"; "OMWI Organizational Capability and Capacity"; "D&I Analytics, Reporting, and Technology"; and "D&I Governance and Structure." In the category of "Learning & Development Opportunities," OMWI received the second lowest score, denoting "marginal support of leadership," "minimal engagement/awareness of workforce," and "limited impacts/results."
[3] Among other things, 12 U.S.C. § 5452(e) requires the OMWI to include in its Annual Report "the challenges the agency may face in hiring qualified minority and women employees." Accordingly, as should be apparent, the findings of sharp racial and/or gender disparities in performance ratings, employee pay, and hiring at the Bureau outlined in the Deloitte Report—an assessment commissioned by the OMWI to "establish a data-based approach to understanding the current state

highly relevant information to Congress. Your office's failure to disclose any of the damaging findings contained in the Deloitte Report raises concerns about the truthfulness and transparency of not only the most recent Annual Report but also of future reports issued by your office.

To allow the Subcommittee on Oversight and Investigations ("Subcommittee") to carry out its responsibilities under the House Rules,[4] please provide the Subcommittee with the following by no later than December 16, 2014:

1. A complete explanation of your office's failure to disclose the findings of the Deloitte Report in the Annual Report.
2. Whether your office intends to amend the Annual Report to include the findings of the Deloitte Report and/or any additional information that you failed to report pursuant to 12 U.S.C. § 5452(e).

In addition to the foregoing, the Subcommittee also requests a briefing from you regarding your obligation to provide Congress with annual reports that comply with the provisions of 12 U.S.C. § 5452(e).

If you have any questions regarding this matter, please contact Joe Gammello of the Financial Services Committee staff at (202) 225-7502.

Sincerely,

PATRICK McHENRY
Chairman,
Subcommittee on Oversight and Investigations

cc: The Hon. Al Green, Ranking Member

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of diversity and inclusion" at the Bureau—unquestionably indicate "challenges the agency may face in hiring qualified minority and women employees" and, consequently, should have been fully disclosed to Congress pursuant to 12 U.S.C. § 5452(e).

[4] Rule X, Rules of the House of Representatives, 113th Cong.

JEB HENSARLING, TX, CHAIRMAN

United States House of Representatives
Committee on Financial Services
2129 Rayburn House Office Building
Washington, D.C. 20515

MAXINE WATERS, CA, RANKING MEMBER

December 11, 2014

The Honorable Richard Cordray
Director
Bureau of Consumer Financial Protection
1700 G Street, NW
Washington, DC 20552

Dear Director Cordray:

So that the Financial Services Committee can evaluate the Bureau's recently-released report entitled "2014 CPFB Annual Employee Survey," please produce the following documentation not later than December 19, 2014:

1. The full survey results maintained by the Organizational Design and Effectiveness Team in the Office of Human Capital; and
2. *Verbatim* copies of all narrative comments submitted by survey respondents.

Thank you for your prompt attention to this matter. If you have any questions about this request, please feel free to have your staff contact Brian Johnson of the Committee staff at (202) 225-7502.

Yours Respectfully,

JEB HENSARLING
Chairman

cc: The Honorable Maxine Waters

Congress of the United States
Washington, DC 20515

December 12, 2014

The Honorable Richard Cordray
Director
Consumer Financial Protection Bureau
1700 G Street, NW
Washington, D.C. 20552

Dear Director Cordray,

We write to request that the Consumer Financial Protection Bureau ("CFPB") provide a 60-day extension of the initial 90-day comment period for the proposed rule on prepaid financial products so that industry and consumers can provide reasoned, meaningful comments.

Prepaid financial products provide secure, cost-effective, and flexible payment options for consumers, businesses, and governments. While we appreciate the importance of ensuring adequate consumer protections in this market, it is essential that any final rule provide clear, practical protections without placing an unnecessary burden on the industry, constraining innovation, or otherwise limiting consumer access to these important products and services. This can only be done if stakeholders have sufficient time to review and draft comments on the over 800-page proposed rule.

First, the scope and breadth of the CFPB's proposed rule would significantly transform the regulatory framework for the prepaid industry. Further, the proposed rule covers all manner of prepaid products, including traditional plastic prepaid cards, general-purpose reloadable cards, payroll cards, government benefits cards, mobile and other electronic prepaid accounts, peer-to-peer payment products, and others.

Second, the CFPB has proposed complex requirements related to credit and overdraft services provided in connection with prepaid products. It will take significant time and effort for the industry and the public to review the proposed rules to provide the CFPB with comments on the costs, benefits, and justifications for the credit and overdraft requirements. We want to ensure that any final rule can be implemented in a manner that will protect consumers without driving up the costs of these products.

Third, the CFPB has proposed "Know Before You Owe" disclosures that would require use of model disclosure forms. Many prepaid providers already provide consumers with disclosures of material terms and conditions that are tailored to their specific products. It will take considerable time and effort for these providers to review their current practices to assess the operational challenges, costs, and benefits of implementing these proposed disclosure requirements and harmonizing them with current best practices.

Thank you for your consideration of this request.

Sincerely,

Rep. Sean P. Duffy (WI-07)
Member of Congress

Rep. Gary C. Peters (MI-14)
Member of Congress

Rep. Lynn A. Westmoreland (GA-03)
Member of Congress

Rep. Marlin A. Stutzman (IN-03)
Member of Congress

Rep. Scott Garrett (NJ-05)
Member of Congress

Rep. David Scott (GA-13)
Member of Congress

Rep. Robert Pittenger (NC-09)
Member of Congress

Rep. Blaine Luetkemeyer (MO-03)
Member of Congress

Rep. Sanford D. Bishop Jr. (GA-02)
Member of Congress

Rep. Patrick Murphy (FL-18)
Member of Congress

Rep. Ann Wagner (MO-02)
Member of Congress

Rep. Randy Neugebauer (TX-19)
Member of Congress

Rep. Bill Huizenga (MI-02)
Member of Congress

Congress of the United States
Washington, DC 20515

December 12, 2014

The Honorable Martin J. Gruenberg
Chairman
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429

Dear Chairman Gruenberg:

As Members of Congress who are dedicated to consumer protection and the financial health of our constituents, we write to express our continued support for robust legal and regulatory oversight of all institutions that provide checking accounts and other traditional banking services.

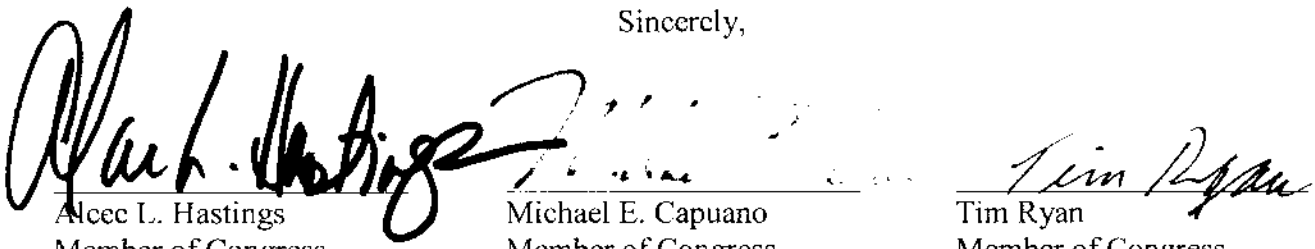
On September 24, 2014, retail chain Walmart announced that it would partner with Green Dot Bank to offer checking account services through its GoBank mobile platform nationwide by the end of October. While we appreciate efforts to meet the unique financial needs of unbanked and underbanked individuals, we must ensure that banking products and services are regulated appropriately in order to protect all stakeholders. All FDIC members, including every Walmart store through which Green Dot Bank offers demand deposit checking accounts, should comply with all applicable federal and state consumer protection and disclosure laws. In addition, in order to protect the integrity and safety of our payments and financial system, federal bank regulators should ensure that each Walmart store complies with all applicable Anti-Money Laundering (AML) and Bank Secrecy Act (BSA) regulations in the same manner as all other regulated financial institutions.

Furthermore, large-scale data breaches at retailers in recent years have impacted tens of millions of consumers, and we remain deeply concerned about threats to data security and its impact on all consumers. As non-traditional institutions expand their financial services to new online and mobile platforms and partner with retailers to deliver them, we hope that the FDIC will exercise effective and consistent oversight of all providers within this space.

Freedom of access to a wide range of financial services, including those offered by credit unions, community banks, and traditional banking institutions, is vitally important to our nation's finance system. However, we also recognize that many middle and low-income individuals – especially those living in underserved communities – rely on non-traditional banking services to provide for their families.

Chairman Gruenberg, we stand ready to work with you to protect consumers and support fairness and healthy competition in the financial service industry. Thank you for your attention to this critical matter and we look forward to your response.

Sincerely,



Alcee L. Hastings
Member of Congress

Michael E. Capuano
Member of Congress

Tim Ryan
Member of Congress

Cc:

The Honorable Richard Cordray
Director, Consumer Financial Protection Bureau

Congress of the United States
House of Representatives
Washington, DC 20515

December 17, 2014

The Honorable Richard Cordray, Director
Consumer Financial Protection Bureau
1700 G Street, NW
Washington, DC 20552

Re: Docket No. CFPB-2014-0024

Dear Director Cordray:

We are writing to respectfully provide feedback on the inclusion of motorcycles within the Consumer Financial Protection Bureau's (CFPB) proposed rule Defining Larger Participants of the Automobile Financing Market and Defining Certain Automobile Leasing Activity as a Financial Product or Service, Docket No. CFPB-2014-0024 (Rule). We appreciate the intent of the rulemaking, and agree with many aspects of the Rule, but we believe that motorcycle financing should be treated under the Rule like recreational vehicles, all-terrain vehicles, and watercraft. Treating motorcycles as recreational vehicles (RV) is consistent with CFPB intent, consumer usage findings, and the treatment of motorcycles for other purposes under federal law.

In comments related to the Rule, the CFPB has primarily focused on the indispensable role cars and light trucks play in the lives of most Americans as basic necessities to work and live, with auto loans being the third largest category of household debt in the U.S. Nonetheless, the question of how to treat motorcycles is raised in the Rule. We appreciate the CFPB's acknowledgment of uncertainty over how, or if, to include motorcycles under the Rule.

As foundation for the proposed rule, the CFPB's commentary makes it clear that cars and light trucks play a central role in the lives of most Americans and are a gateway to opportunity for many in our society. And because cars and trucks are so very important to most consumers as primary means of transportation, the CFPB concludes that larger participants in the auto finance industry should be closely supervised. We agree with the CFPB's fundamental premise in the Rule as applied to cars and trucks; however, the rationales advanced by the CFPB regarding cars and light trucks do not apply to the motorcycle finance market. Motorcycles are discretionary purchases and are not generally utilized as a primary means of transportation for consumers. The Rule excludes the financing of other discretionary purchases, such as RVs and watercraft, so it would be consistent and proper for the CFPB to view motorcycle financing in the same way.

Indeed, the CFPB noted that cars and light trucks are essential to millions of Americans, particularly as a means to get to and from work. The facts support this position and point to the overwhelming majority of Americans who need and depend on their cars and trucks to commute. This fact, however, stands in stark contrast with the usage patterns of motorcycles, which are almost exclusively used for recreational purposes. In fact, in a census report released in 2011 (summarizing 2009 data), over 119,393,000 commuters indicated they used cars and light trucks to get to/from work (just under 90% of commuters); 3,966,000 people commuted by walking, 766,000 rode bicycles to/from work, and <u>only 294,000 rode motorcycles</u>. That means less than ¼ of 1% of all commuters in the U.S. actually used their motorcycles for commuting.

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The census findings are supported by examining the size of the various markets. The motorcycle, RV, and personal watercraft markets, individually and aggregated, absolutely pale in comparison to the car and light truck market. According to Department of Transportation (DOT) statistics, there were over 233 million cars and light trucks registered in the United States in 2011, compared to only 8.3 million motorcycles, which means motorcycles were only 3.56% the size of the car and light truck market. Furthermore, the motorcycle market is even smaller than other markets that have already been excluded by the CFPB. That same DOT report states that there were 30% fewer registered motorcycles (8.3 million) than the number of recreational boats (12.7 million). Additionally, a 2012 report by the Recreational Vehicle Industry Association shows that 9 million registered RVs also outnumber registered motorcycles.). Again, RVs have already been excluded by the CFPB. All told, even if one were to aggregate the number of RVs, registered recreational boats, and registered motorcycles in the U.S., they would still comprise less than 13% of the car and light truck market.

Differentiating between car and light truck loans from recreational vehicle loans was also recently done by six independent agencies within the scope of the recently finalized credit risk retention rule (the six agencies are the Board of Governors of the Federal Reserve System, the Department of Housing and Urban Development, the Federal Deposit Insurance Corporation, the Federal Housing Finance Agency, the Office of the Comptroller of the Currency, and the Securities and Exchange Commission). This rule classifies motorcycle loans separately from car and light truck loans, with motorcycles treated as recreational vehicles, or vehicles not used to commute to work or typically used in everyday life. In the commentary by these agencies, motorcycles were repeatedly referred to as "recreational." For example, in the commentary supporting the August, 2013, re-proposed rule, the agencies stated: "[t]he agencies believe it continues to be appropriate to restrict the definition of automobile loan to not include loans on vehicles that are more frequently used for recreational purposes, such as motorcycles or other recreational vehicles." In the commentary supporting the final rule, the agencies went on to conclude that "[t]he agencies believe it continues to be appropriate to restrict the definition of automobile loan to light passenger vehicles employed for personal use, not including motorcycles and other vehicles that are commonly used for recreational purposes, as well as everyday personal transportation." We believe the same standard is appropriate in this case.

In summary, we believe the evidence makes a clear case that motorcycles should not be included as part of the larger participant rule. Motorcycles have never been the focus of the CFPB in public statements and hearing testimony; instead, the foundation on which the rule has been built is to regulate those companies who finance the cars and light trucks that consumers so heavily rely for their daily lives. Lastly, treating motorcycles as recreational in the Rule is consistent with other recent federal rulemakings related to vehicle financing and would create a consistent regulatory framework for motorcycles and recreational vehicles.

We look forward to a further conversation on this matter as you consider changes to the rule.

Sincerely,

Gwen Moore
Member of Congress

Ruben Hinojosa
Member of Congress

Blaine Luetkemeyer
Member of Congress

Gary Peters
Member of Congress

Steve Stivers
Member of Congress

United States Senate

WASHINGTON, DC 20510

February 12, 2014

The Honorable Richard Cordray
Director
Consumer Financial Protection Bureau
1700 G Street NW
Washington, DC 20552

Dear Director Cordray:

As the CFPB continues to examine its mortgage rules, we urge you to carefully consider the impact of those rules on rural areas and the small lenders serving those communities.

Given the particular circumstances of rural homeowners and the difficulty of appraising their properties, rural mortgages are harder to sell on the secondary market. As a result, many rural lenders – community banks, credit unions, and other financial institutions – provide mortgages with balloon payments and keep those mortgages in portfolio. The Truth in Lending Act, as amended in 2010, recognizes the uniqueness of the rural lending market. With regards to balloon loans, the CFPB is permitted to include such loans as "qualified mortgages" if the creditor "operates predominantly in rural or underserved areas" and fulfills other specified criteria.[1]

Despite the intention to account for the needs of rural communities, the rules proposed by the CFPB in January 2013 contained a definition of "rural" that in fact excluded many rural lenders. The definition left out counties that, while adjacent to urban areas, are still largely rural in character. Furthermore, the county-level classification scheme poorly characterized geographically large counties that have both rural and non-rural communities. Such a definition would have in effect reduced access to mortgages in these areas. The CFPB wisely determined in its September 2013 amendments to the final rule that it should provide a broad exemption for small lenders as it reexamines this definition.

As the CFPB considers further revisions, we urge the CFPB to adopt definitions of "rural" and "underserved" that fully include the community banks, credit unions, and other small lenders serving rural homeowners. More generally, we urge the CFPB to provide sufficient flexibility for small lenders, as these institutions are often the sole source of credit for rural communities

The CFPB has engaged in a difficult task as it seeks to protect homeowners from risky mortgage products while preserving sufficient access to mortgage credit. As the agency proceeds, we urge the CFPB to be aware of the diverse needs of both borrowers and lenders as

[1] Truth in Lending Act, 15 U.S.C. 1639C(b)(2)(E)

the agency works to ensure that consumers in all communities have access to safe, affordable mortgages.

Sincerely,

Al Franken
United States Senator

Mike Johanns
United States Senator

Heidi Heitkamp
United States Senator

Mark Kirk
United States Senator

Jon Tester
United States Senator

David Vitter
United States Senator

Mark Begich
United States Senator

Roger F. Wicker
United States Senator

Tom Harkin
United States Senator

Lisa Murkowski
United States Senator

Mark L. Pryor
United States Senator

Tom Udall
United States Senator

Congress of the United States
Washington, DC 20510

February 26, 2014

Hon. Eric Holder
Attorney General of the United States
U.S. Department of Justice
950 Pennsylvania Avenue, NW
Washington, DC 20530

Dear Attorney General Holder:

We write today to encourage the Department of Justice (the Department) to continue a vigorous review of potential payment fraud, anti-money-laundering violations, and other illegal conduct involving payments by banks and third-party payment processors. We believe this review is particularly important to preventing banks and third-party payment processors from facilitating illegal lending, such as predatory payday lending. Stopping that facilitation, along with preventing other payment system violations, is vital to protecting consumers across the country and especially in many of the states we represent, where state laws outlaw abusive lending practices.

The nation's payment system, which clears millions of transactions every day, is the backbone of the U.S. financial and economic infrastructure. Banks and third-party payment processors play a central role in the operation of the payment system, and all Americans depend on the vigilance of banks and payment processors to ensure they do not become unwitting victims of fraudulent schemes.

Because of the importance of this task, the law obligates banks and payment processors to be on the lookout for "red flags" that may indicate a payment is improper or illegal. Department enforcement plays a critical role in ensuring banks and payment processors meet these legal obligations. Unfortunately, recent cases demonstrate the seriousness of the consequences when those obligations are not met.[1] Accordingly, we urge the Department to enforce vigorously applicable laws pertaining to payment fraud, money-laundering, and other illegal payments, and we highlight below several issues of particular concern.

For example, know-your-customer obligations are critical to ensuring that banks do not process payments for unlawful purposes, such as consumer scams, money-laundering, or unlawful

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[1] *See* Complaint for Injunctive Relief and Civil Monetary Penalties, United States v. Four Oaks Fincorp, Inc., and Four Oaks Bank & Trust Company, (E.D. N.C. Jan. 8, 2014), available at http://www.courthousenews.com/2014/01/09/USvFourOaks.pdf.

payday lending.[2] Many of the states we represent have passed strong consumer protection laws that require small dollar lenders to be licensed and impose caps on rates those lenders can charge, as well as other protections. Accordingly, when banks and payment processors process payments for small dollar lenders, know-your-customer due diligence should include a review of whether the lenders hold all required state licenses and lend in conformity with state laws.

We are also concerned by lenders' growing use of "lead generators" to develop business. Lead generators do not make loans but instead collect and auction a consumer's application to the highest bidder.[3] In some cases, this auction process can result in predatory payday lending that does not comply with state law. In other cases, consumer information is purchased by entities that fraudulently attempt to collect "debts" the consumer does not owe. Given this history, payments that are connected to lead generation should be closely scrutinized.

High rates of returned, contested, or otherwise failed debits or the regular use of remotely created checks may also be signs of payment fraud and related violations by the banks or processors that encounter them. In some scams, fraudsters deceive consumers into believing that they are taking out a one-time loan with a one-time payment but their accounts are then repeatedly debited, even after the consumer has sought to stop payment or even closed the account.

Finally, failure to incorporate or maintain a business presence in the U.S. can also be indicative of fraud and other payment system violations, including money-laundering. The use of shell entities or other business structures that seek to evade relevant federal and state law is particularly problematic as that can make it difficult for law enforcement and regulators to do their jobs.

Banking regulators have appropriately deemed processing payments for many payday lenders as a "high risk" activity for banks.[4] The Department plays a critical role in ensuring system-wide compliance with anti-fraud, anti-money-laundering, and related laws, especially as it applies to the unique risks associated with our payments system and we urge the Department to continue its vigorous oversight.

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[2] *See* Jessica Silver-Greenberg, *Major Banks Aid in Payday Loans Banned by States*, N.Y. TIMES, Feb. 23, 2013, available at http://www.nytimes.com/2013/02/24/business/major-banks-aid-in-payday-loans-banned-by-states.html?_r=0.

[3] *See* Carter Dougherty, *Data from Payday Loan Applicants Sold in Online Auctions*, BLOOMBERG NEWS, Jun. 8, 2012, available at http://www.bloomberg.com/news/2012-06-08/data-from-payday-loan-applicants-sold-in-online-auctions.html.

[4] FDIC Financial Institutions Letters, *Payment Processor Relationships, Revised Guidance*, Jan. 31, 2012, available at http://www.fdic.gov/news/news/financial/2012/fil12003.html.

Thank you for your time and continued attention to this issue.

Sincerely,

Jeffrey A. Merkley

Tom Udall

Dan Boren

Mazie K. Hirono

Elizabeth Hahn

Michael Bennet

Eliot L. Engel

Donna Edwards

Peter King

John Conyers Jr.

Maxine Waters

George Miller

Henry A. Waxman

cc: Hon. Jacob Lew, Secretary of the Treasury
Hon. Richard Cordray, Director, Consumer Financial Protection Bureau
Hon. Tom Curry, Comptroller of the Currency
Hon. Martin Gruenberg, Chairman, Federal Deposit Insurance Corporation
Hon. Thomas M. Hoenig, Vice Chairman, Federal Deposit Insurance Corporation
Hon. Jeremiah O. Norton, Director, Federal Deposit Insurance Corporation
Hon. Janet Yellen, Chair, Board of Governors of the Federal Reserve System
Hon. Daniel K. Tarullo, Governor, Board of Governors of the Federal Reserve System
Hon. Sarah Bloom Raskin, Governor, Board of Governors of the Federal Reserve System
Hon. Jeremy C. Stein, Governor, Board of Governors of the Federal Reserve System
Hon. Jerome H. Powell, Governor, Board of Governors of the Federal Reserve System

ROBERT MENENDEZ
[illegible]

COMMITTEES:
Banking, Housing, and Urban Affairs
Finance
Foreign Relations, Chairman

United States Senate

WASHINGTON, DC 20510-3005

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(973) 645-3030

208 White Horse Pike
Suite 18-19
Barrington, NJ 08007
(856) 757-5353

February 27, 2014

The Honorable Richard Cordray
Director
Consumer Financial Protection Bureau
1700 G Street, NW
Washington, D.C. 20552

Dear Director Cordray:

I write to you today to recommend J. Patrick O'Shaughnessy, Chief Executive Officer of Advance America, for membership on the Consumer Financial Protection Bureau's (CFPB) Consumer Advisory Board (CAB).

Though I recognize that there is a genuine debate over how to meet the needs of the millions of Americans who lack access to the traditional banking system and mainstream sources of credit, I think it is important to have a wide range of perspectives represented in the discussion. Mr. O'Shaughnessy is the CEO of a non-bank provider of consumer financial services, and the current chairman of the Board of Directors for the Community Financial Services Association of America (CFSA), the national association representing short-term lenders. He is well-positioned to share industry and customer insight into consumer financial services, especially with respect to the millions of unbanked Americans.

In passing the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act), Congress included authorization for the establishment of the Consumer Advisory Board to ensure the Bureau remains informed of "emerging practices in the consumer financial products or services industry." With his extensive experience in financial services – including as CEO and CFO of Advance America since joining the company in 2007 and 15 years in investment banking – Mr. O'Shaughnessy would provide the CAB and CFPB with first-hand knowledge of, and expertise on, the latest developments and trends in non-bank consumer financial services. Mr. O'Shaughnessy would offer perspective on consumer lending's past, present, and future, as well as the role of federal and state regulations in preserving consumers' ability to access credit. Mr. O'Shaughnessy would bring an important perspective as a provider of services to the unbanked and underbanked, and offer insight into their financial decisions in engaging non-bank providers.

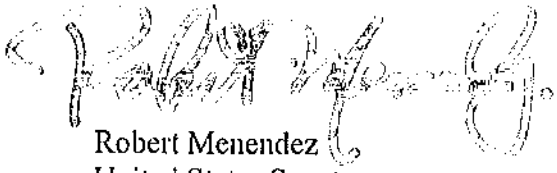
In addition to offering a first-hand view into the latest developments in non-bank financial services, Mr. O'Shaughnessy brings a research-oriented philosophy to financial services. In the CAB's meetings, he would provide important industry perspective with the goal of preserving consumers' ability to access valued financial services with meaningful and

essential consumer protections, while improving their creditworthiness and providing them with expanded opportunities to migrate toward mainstream banking services.

Throughout my career, I have supported access to affordable, sustainable sources of credit for all Americans. In recent years, we have experienced an economic crisis that severely constricted access to capital. Efforts to find solutions can benefit from having stakeholders of all perspectives represented in the discussion.

I hope you will give his application to the CAB the consideration it merits.

Sincerely,



Robert Menendez
United States Senator

United States Senate
COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS
WASHINGTON, DC 20510-6075

February 28, 2014

The Honorable Richard Cordray
Director
Consumer Financial Protection Bureau
1700 G Street, NW
Washington, DC 20552

Dear Director Cordray:

I am writing regarding the application of Angela Beilke to serve on the Consumer Financial Protection Bureau's (CFPB) Consumer Advisory Board.

Ms. Beilke is the vice president and mortgage department manager at American Bank & Trust in Huron, South Dakota. As indicated on her resume, Ms. Beilke has gained valuable experience and familiarity with rural lending and the mortgage market through her current role and previous positions as a real estate loan officer and mortgage broker. She currently assists American Bank & Trust's compliance manager in audits and examinations, and she provides guidance and advice to loan officers concerning a range of federal consumer financial protection laws. She also manages and directs the mortgage production of eight branches throughout South Dakota, including origination, processing, underwriting, packaging, closing, funding, and services of mortgage loans.

Since the creation of the CFPB, I have been pleased with the important outreach the Bureau has conducted with consumer groups, the financial services industry, and the general public. I have consistently heard positive feedback about the Bureau's outreach efforts, and I commend your commitment to a high level of public engagement to ensure the CFPB is transparent and accountable to the public. As you consider applications, I hope that you will continue to seek input from those familiar with the unique aspects of lending and borrowing in rural areas.

Attached, please find Ms. Angela Beilke's application to serve on the panel. Thank you for your consideration of Ms. Beilke's application.

Sincerely,

Tim Johnson

TIM JOHNSON
Chairman

United States Senate

WASHINGTON, DC 20510

May 14, 2014

Hon. Richard Cordray
Director
Consumer Financial Protection Bureau
1700 G Street NW
Washington, DC 20552

Dear Director Cordray:

Thank you for your attention to the issue of payday lending. We have been pleased with the efforts of the Consumer Financial Protection Bureau (CFPB) to examine the small-dollar lending market since some of us first contacted the CFPB regarding this issue. As CFPB prepares rules governing the small dollar lending market, we urge you to move forward with reforms that ensure consumers can repay any borrowing they make and also to include critical consumer protections for the online lending market.

Payday loans that hurt rather than help consumers struggling to pay their bills are predatory and deceptive. Recent CFPB findings show that over 80 percent of payday loans are rolled over or renewed within 14 days, and a separate survey shows that only 14 percent of payday borrowers are able to repay the average payday loan. These results clearly indicate that these products are not designed to provide emergency financial relief to consumers.[1] Sadly, the evidence shows that these loans trap consumers in a cycle of debt in which consumers end up owing more than the initial loan amount, an appalling practice that exploits the financial hardship of hard working families and exhibits a deeply flawed business model that does not consider borrowers' ability to repay the loan. The CFPB was established precisely to crack down on these types of predatory practices and to provide strong consumer financial protections our families need and deserve. We urge you to swiftly take action.

We also encourage you to learn from the experience of the jurisdictions that have already established important consumer protections for their small-dollar lending markets. For example, Oregon law includes a minimum loan term, fee and renewal limitations, and a waiting period between loans. One analysis of the impact of Oregon's full set of reforms showed a $165 million

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[1] Consumer Financial Protection Bureau, *CFPB Data Point: Payday Lending*, March 2014, available at http://files.consumerfinance.gov/f/201403_cfpb_report_payday-lending.pdf ; Pew Charitable Trusts, *How Borrowers Choose and Repay Payday Loans*, February 2013, available at http://www.pewstates.org/uploadedFiles/PCS_Assets/2013/Pew_Choosing_Borrowing_Payday_Feb2013.pdf; A Pew Charitable Trust survey shows that 69 percent of borrowers turn to payday lanes for ordinary living expenses, not for extraordinary expenses: *Who Borrows, Where They Borrow, and Why*, July 2012, available at http://www.pewstates.org/uploadedFiles/PCS_Assets/2012/Pew_Payday_Lending_Report.pdf.

reduction in loan fees in the first four years of implementation.[2] Although your authorities may differ from that of the states, one especially critical lesson is that laws should apply not only to payday loans but also to auto title loans and other consumer loans. This broad scope of coverage has been essential to ensuring that regulating predatory payday lending does not create opportunities for similarly harmful products disguised in different formats. We urge the CFPB to follow a similarly broad approach for any rules it crafts in the small dollar lending market.

While predatory lending has been significantly curtailed in places that have cracked down on small dollar loans, it has not entirely gone away, in part due to the growth of online payday lending. *The Wall Street Journal* has reported that online payday lending grew to $18.6 billion in 2012, 10 percent more than in 2011, and that online payday lending now accounts for around 40 percent of all payday loans.[3] Moreover, online payday lending is just as predatory as its storefront cousin. A survey of 20 online payday lender websites found that a typical two-week $500 loan comes with an average cost of $125 or 652 percent APR.[4] Furthermore, online lenders may be actively creating practical obstacles to law enforcement. Unscrupulous online lenders are also able to exploit loopholes in the payment system to force repayment of loans even when a borrower tries to stop the payment or even close the bank account. Other complexities include the dominant use of lead generators, who solicit and auction online payday applications to the highest bidder. These practices create consumer confusion, aggravate opportunities for fraud, and undermine law enforcement against illegal online lending.

In constructing proposed rules for the small dollar lending market, we encourage you to address the challenge of online payday lending and to support the efforts of states and tribes that have acted to protect consumers. The proposals set forth in the Stopping Abuse and Fraud in Electronic (SAFE) Lending Act (S.172) are designed to do precisely that, and we urge you to consider them closely. They would give CFPB support to states and tribes that are seeking to enforce their own laws, particularly against those entities that may be difficult for states or tribes to reach. They also would include limits on online lead generators and additional protections for consumers from abusive withdrawals of funds. We believe that many of these proposals can be implemented through CFPB regulation. Moreover, it is also critical here to take a holistic approach to the small-dollar lending market and ensure that rules are not too narrowly constructed so as to push deceptive or abusive practices from one form into another. Consultation with key stakeholders, including tribes, is also imperative.

Predatory payday lending has taken advantage of the fragile financial position of far too many hard working families. We encourage the CFPB to move as quickly as possible to propose rules that put a stop to predatory small-dollar lending practices, while preserving safer, more affordable alternatives.

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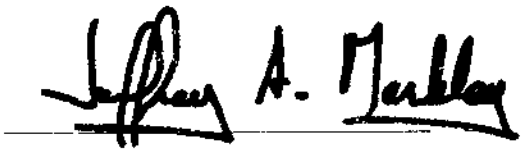
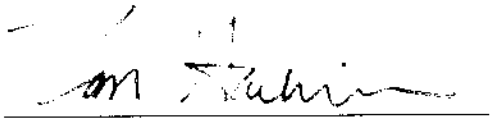
[2] The analysis also included the impact of Oregon's 36% usury cap. Economic Fairness Oregon, *Payday Lenders Lose Interest; Oregon Consumers Pocket Savings: A look at the impact of the Oregon Payday Loan Reform Act*, May 2013, available at http://www.economicfairnessoregon.org/downloads/Payday%20Report%20Final.pdf

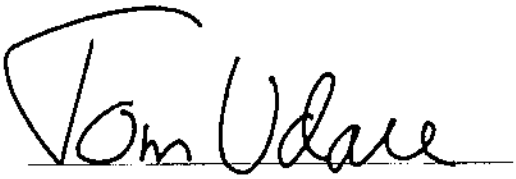
[3] Alan Zibel and Brent Kendall, "Probe Turns Up Heat on Banks," WALL STREET JOURNAL, August 7, 2013, available at http://online.wsj.com/article/SB10001424127887323838204578654411043000772.html

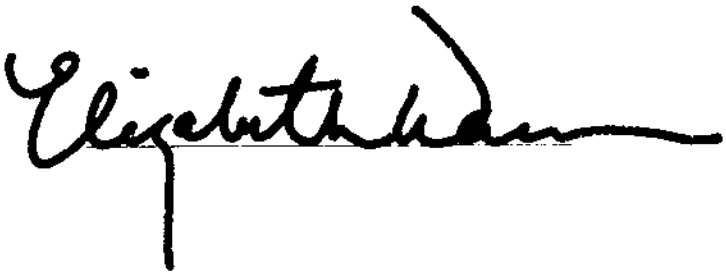
[4] Consumer Federation of America, *CFA Survey of Online Payday Loan Websites*, August 2011, available at http://www.consumerfed.org/pdfs/CFAsurveyInternetPaydayLoanWebsites.pdf

Sincerely,









United States Senate

COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS

WASHINGTON, DC 20510-6075

June 20, 2014

The Honorable Richard Cordray
Director
Consumer Financial Protection Bureau
1700 G Street, NW
Washington, D.C. 20552

Dear Director Cordray:

Thank you for testifying before the Committee on Banking, Housing, and Urban Affairs at our hearing on June 10, 2014 entitled *"The Consumer Financial Protection Bureau's Semi-Annual Report to Congress."* In order to complete the hearing record, we would appreciate your answers to the enclosed questions as soon as possible. When formatting your response, please repeat the question, then your answer, single spacing both question and answer. Please do not use all capitals.

Send your reply to Ms. Dawn L. Ratliff, the Committee's Chief Clerk. She will transmit copies to the appropriate offices, including the Committee's publications office. Due to current procedures regarding Senate mail, it is recommended that you send replies via e-mail in a MS Word or .pdf attachment to Dawn_Ratliff@banking.senate.gov.

If you have any questions about this letter, please contact Ms. Ratliff at (202)224-3043.

Sincerely,

Tim Johnson
Chairman

TJ/dr

Committee on Banking, Housing, and Urban Affairs
The Consumer Financial Protection Bureau's Semi-Annual Report to Congress
June 10, 2014

Questions for the Honorable Richard Cordray, Director, Consumer Financial Protection Bureau, from Chairman Johnson:

1. Many have raised concerns about the mortgage rules' definitions of rural and underserved. Director Cordray, you have stated that you will revisit these definitions over the next two years. Can you provide an update on this process, including when you think your review may be complete and what information or existing definitions you may be reviewing or plan to review to determine how to define a rural area?

Committee on Banking, Housing, and Urban Affairs
The Consumer Financial Protection Bureau's Semi-Annual Report to Congress
June 10, 2014

Questions for the Honorable Richard Cordray, Director, Consumer Financial Protection Bureau, from Ranking Member Crapo:

1. As I have raised on several occasions, many basic questions concerning the CFPB's data collection activities remain unanswered. Using its supervisory authority, how many credit card accounts does the Bureau collect data about on a monthly basis?

2. In 2013, the U.S. Department of Justice (DOJ) announced a consumer protection initiative called "Operation Choke Point". Its stated mission is to stop fraudulently operating merchants from accessing the payments and banking system. DOJ is using the Financial Institutions, Reform, Recovery and Enforcement Act of 1989 (FIRREA) as its principle tool to stop fraudulent activity. News reports suggest federal banking regulators are making referrals to DOJ when a bank is believed to have violated FIRREA. Has the Bureau made any referrals to DOJ to enforce FIRREA? If so, how many referrals have been made?

3. The CFPB has noted in several publications that it uses its Consumer Complaint Database to help identify concerning consumer financial products and services, which should be addressed through rulemaking. Rulemaking for payday loans is a high priority for the Bureau, but only accounts for 1% of total consumer complaints. Please explain how the CFPB reconciles low consumer complaints and high consumer demand for this product with the Bureau's goal of taking regulatory action in this market.

4. The CFPB uses the concept of "behavioral economics" to guide its market monitoring and rulemaking activities. At its core, this philosophy says policymakers should make certain choices for consumers because they can't be expected to make rational decisions. That is concerning because it places decision making in the hands of the government and not every day citizens. Under behavioral economics theory, please explain how the CFPB balances its view that a consumer financial product or service is harmful to consumers with a product or service that has high consumer demand and low consumer complaints.

5. At a 2013 Urban Institute conference, the Federal Housing Finance Agency's project manager for the National Mortgage Database, Bob Avery, stated the information contained in the Database would be "easy to reverse engineer".[1],[2] Does the CFPB share

[1] https://www.youtube.com/watch?v=xeHuSwb7bG8
[2] http://www.urban.org/events/Lunchtime-Data-Talk-National-Mortgage-Database.cfm

the assessment of the FHFA? Additionally, what steps is the CFPB taking to assist the FHFA in preventing the reverse engineering of information in the National Mortgage Database?

6. The April 2014 FHFA System of Records Notice (SORN) states the information in the National Mortgage Database may be sourced from "other Federal government systems of records". Will the CFPB populate the database with any information it obtained through its supervisory and/or examination authorities?

7. In March, the Federal Reserve/ CFPB Inspector General issued a report concerning the effectiveness and efficiency of the CFPB's supervision programs. Specifically, the report found the CFPB needs to improve its reporting timeliness and reduce the number of backlogged, open exams. The Inspector General made 12 recommendations to improve supervision. Please describe the progress the Bureau has made in implementing these recommendations and an estimated timeframe for full implementation of all 12 recommendations. Additionally, please include a current assessment of the average number of days to complete a CFPB examination.

8. Last year, the National Automobile Dealers Association (NADA) developed a comprehensive fair credit compliance program for its members. The NADA Program is based on a fair credit compliance program that the Department of Justice (DOJ) developed to resolve disparate impact allegations against two dealers in 2007. More recently, DOJ has described the approach taken in the program as an effective way to manage the risk of a fair credit violation. Do you see the release of the NADA program as a positive development?

9. In February, the CFPB sent a letter to 18 card issuing banks "strongly encouraging" them to adopt the practice of offering their consumer's free credit scores with each statement. Unfortunately, the CFPB did not solicit public input before the letter was sent. It did not perform any cost-benefit analysis. Finally, it did not provide guidance on how a company may legally adopt this practice. During examinations of these 18 card issuing banks, will the CFPB examine for adoption of this "best practice"?

Committee on Banking, Housing, and Urban Affairs
The Consumer Financial Protection Bureau's Semi-Annual Report to Congress
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Questions for the Honorable Richard Cordray, Director, Consumer Financial Protection Bureau, from Senator Menendez:

Improving access for unbanked and underbanked households:

According to a 2011 report from the FDIC, about 1 in 12 American households is "unbanked," meaning they do not have a checking or savings account at an insured depository institution. One in 5 American households is considered "underbanked," meaning they have access to a deposit account, but also rely on alternative financial services such as non-bank check cashing or lending. Together, these groups account for about 34 million households.
I raised concerns at a hearing a few weeks ago on short-term consumer lending about the need for real, meaningful efforts to help these households who lack access to traditional banking services access credit when they need it and build credit histories.

1. Can you please provide an update on what the CFPB plans to propose in terms of new regulations for short-term lending?
2. When families with lower incomes have credit needs, what are some of the solutions available to them that are most effective? What should we be looking to as successful models?
3. In looking to develop credit products for lower-income consumers, can mission-driven lenders alone achieve sufficient scale to fully serve the market? Or do we also need profit-seeking capital for the market to be self-sustaining – and if so, how do we achieve that goal in a way that meets consumer demand with effective loan structures and consumer protections?

Committee on Banking, Housing, and Urban Affairs
The Consumer Financial Protection Bureau's Semi-Annual Report to Congress
June 10, 2014

Questions for the Honorable Richard Cordray, Director, Consumer Financial Protection Bureau, from Senator Moran:

1. The National Automobile Dealers Association (NADA) recently brought to my attention a comprehensive fair credit compliance program it developed for its members. The NADA Program is based on a fair credit compliance program that the Department of Justice (DOJ) developed to resolve disparate impact allegations against two auto dealers in 2007. It is my understanding that the DOJ has been complimentary of the program as an effective way to manage the risk of a fair credit violation. Do you see the release of the NADA program as a positive development?

2. As I understand the issue, retailers typically set their retail margin based on cost and competition considerations in their local market. Retailers also serve different demographic populations. This means that the portfolio of an auto lender that buys credit contracts from dealers around the country could reflect a pricing difference between various groups of consumers for no other reason than the fact that different dealers set different retail margins and they each serve different groups of consumers. If dealers broadly and faithfully adopt an approach to managing the risk of fair credit violations at the retail level, what is the policy justification for holding lenders accountable for any pricing imbalances that exist solely at the portfolio level?

3. In previous responses to my questions on indirect auto lending, you have repeatedly mentioned that auto lenders may eliminate their fair credit risk by compensating dealers for originating the credit contract with a flat fee or a fee based on some other "non-discretionary" pricing formula. Even if every lender were to adopt such a compensation approach, is it the CFPB's conclusion that this would "eliminate" dealer pricing discretion when multiple auto lenders would continue to compete for the dealer's business by offering different payment amounts and the dealer would still select the lender to which it would sell the credit contract? And if getting auto lenders to adopt fixed payment formulas fails to eliminate the dealer's pricing discretion, then how would the CFPB's flat fee solution offer consumers any more protection from a fair credit violation than the present system of compensation for dealers?

4. Auto lenders and dealers have been asking for additional information and clarification from the CFPB's guidance issued last year. As you well know, I have been seeking additional information regarding the statistical accuracy of the data the CFPB used to arrive at the conclusion that this guidance was necessary. Do you intend to provide clarifications so that lenders (1) more clearly understand what is expected of them and (2) can more effectively comply?

Committee on Banking, Housing, and Urban Affairs
The Consumer Financial Protection Bureau's Semi-Annual Report to Congress
June 10, 2014

Questions for the Honorable Richard Cordray, Director, Consumer Financial Protection Bureau, from Senator Reed:

1. Could you explain why it is so important for the Department of Defense to finalize its update of the Military Lending Act rules and how these updated rules would protect our service members and their families?

Committee on Banking, Housing, and Urban Affairs
The Consumer Financial Protection Bureau's Semi-Annual Report to Congress
June 10, 2014

Questions for the Honorable Richard Cordray, Director, Consumer Financial Protection Bureau, from Senator Toomey:

1. According to the RFP put out by the CFPB, the 9 issuers you intend to collect data from are different from the 9 issuers the OCC is collecting data from. My understanding is that gathering data from 10 issuers would trigger an OMB review and a period for public comment. With a data mining exercise of this size and scope, shouldn't it be reviewed and shouldn't the public have the opportunity to express their opinions on what is happening with their data?

2. Why does the Bureau think that it needs access to data on over 900 million credit card accounts?

    a. If your goal is to study trends and usage behavior, why not just sample anonymously rather than collect information on every account?

    b. Will the CFPB commit to dumping or deleting data that it doesn't need to conduct a meaningful analysis?

3. Given the number of fields this database will have, what's to stop a contractor or the government itself from matching up supposedly "anonymized accounts" with individual consumers?

4. In an answer to one of my questions at your last appearance before this committee, you stated that it was your understanding that "bulletins" are merely restatement of existing law. If you recall, we respectfully disagreed. In hearing from regulated entities, many do not believe they have sufficient clarity in knowing who these bulletins apply to, and what they must do to avoid an enforcement action.

    a. Do you still maintain that these are not substantive in nature?

    b. Have you received requests from regulated entities asking for additional clarity with regards to the application and substance of previously published bulletins?

5. When the Bureau decides to publish a Bulletin, does it follow an established process?

    a. What process (either established, or ad-hoc) does the CFPB go through when putting out a bulletin?

    b. Does the CFPB solicit or otherwise receive input from stakeholders prior to publishing them?

6. A recent report issued by the Philadelphia Federal Reserve Bank under its "Working Paper Series" found that tighter regulation of third-party collectors is associated with creditors extending less credit to consumers and at higher interest rates. The report concluded that "financial regulation that institutes strong consumer protection must be balanced with creditor rights in order for the latter to extend consumer credit in the first place."

    a. Given the research on the economic implications, why shouldn't the CFPB consider addressing specific concerns rather than an expansive rule that may ultimately hamper a consumer's access to credit?

    b. As the Bureau engages in its debt collection rulemaking, how will you ensure that there is balance between strong consumer protection and creditor rights?

7. In its report to Congress, the CFPB purports that it is using debt collection complaint data to shape its public policy direction. At the same time, the CFPB clearly states that complaints received are not reviewed or investigated to determine whether actual wrongdoing or illegal activity has occurred. If that's the case, how is it that this inherently subjective data you are collecting can be credibly used to shape meaningful public policy decisions?

8. How would a provider of a consumer financial product or service go about determining whether a new product or the business process they use complies with federal consumer financial law? Does the Bureau have a procedure to receive questions from regulated institutions and provide participants in the market with some certainty that they're following the law?

Committee on Banking, Housing, and Urban Affairs
The Consumer Financial Protection Bureau's Semi-Annual Report to Congress
June 10, 2014

Questions for the Honorable Richard Cordray, Director, Consumer Financial Protection Bureau, from Senator Brown:

In January, the Consumer Financial Protection Bureau (CFPB) implemented new high-cost mortgage loan provisions of the Home Ownership and Equity Protection Act (HOEPA) that expand the types of loans covered by HOEPA and further defined the interest rate and "points and fees" triggers for HOEPA's protections.

I have heard concerns that this is having a particularly detrimental effect on the manufactured housing industry, where home prices are lower and fixed fees make up a larger percentage of the overall loan amount.

1. What steps has CFPB taken to monitor the effects of new high-cost mortgage loan provisions on the manufactured housing market?

2. Have these new provisions restricted access to credit and, if so, what steps with the CFPB take to protect consumer access to affordable mortgage loans, including manufactured home loans?

SHERROD BROWN

United States Senate

WASHINGTON, DC 20510-3505

June 16, 2014

Mr. Richard Cordray
Director
Consumer Financial Protection Bureau
1700 G Street, N.W.
Washington, D.C. 20552

Dear Director Cordray:

Small-dollar credit products affect the lives of millions of Americans. The United States now has an estimated 30,000 payday loan stores, more than the number of McDonalds and Starbucks combined.[1] The Federal Deposit Insurance Corporation (FDIC) estimates that nearly 43 percent of U.S. households have used some type of alternative credit product in the past.[2] The Center for Financial Services Innovation estimates that alternative financial products generated approximately $89 billion in fees and interest in 2012 -- $7 billion from payday loan fees alone.[3]

The Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) authorizes your agency, the Consumer Financial Protection Bureau (CFPB), to examine all payday lenders, and any other non-bank lenders that are larger participants in their credit markets.[4] The CFPB has authority to prevent any covered financial service provider from "committing or engaging in an unfair, deceptive, or abusive act or practice" and to write rules identifying such practices by particular covered financial services providers.[5] As the CFPB noted in its Regulatory Agenda, you are also in the pre-rulemaking stage of issuing new regulations for payday loans and other small-dollar products.

As you develop these rules, it is essential that all of these like products are treated equally. In your testimony last week before the Senate Committee on Banking, Housing, and Urban Affairs, you noted that payday lenders were able to skirt the 36 percent interest rate cap in the Military Lending Act of 2007.[6] As you know, in 2008, our home state of Ohio also enacted the Short Term Loan Act imposing a

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[1] *See* Paige Marta Skiba & Jeremy Tobacman, *Do Payday Loans Cause Bankruptcy?* 1, Vanderbilt Law and Economics Research Paper No. 11-13 (Feb. 23, 2011) available at http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1266215.
[2] *See* Fed. Deposit Ins. Corp., 2011 FDIC National Survey of Unbanked and Underbanked Households 29, Sept. 2012 available at http://www.fdic.gov/householdsurvey/2012_unbankedreport.pdf.
[3] *See* Ctr. for Fin. Servs. Innovation, 2012 Financially Underserved Market Size Study 1, Dec. 2013 available at http://www.cfsinnovation.com/RES_2012-Market-Size-Knowledge-Brief-Dec2013.pdf; *see also* Prepared Remarks by Richard Cordray, Director of the Consumer Financial Protection Bureau, Payday Loan Field Hearing, Birmingham, AL, Jan. 19, 2012 available at http://www.consumerfinance.gov/newsroom/remarks-by-richard-cordray-at-the-payday-loan-field-hearing-in-birmingham-al/.
[4] *See* PUB. L. NO. 111-203 (2010) at § 1024(a)(1)(B), (E); *see also* Bureau of Consumer Fin. Prot., Defining Larger Participants in Certain Consumer Financial Products and Services Markets, 76 Fed. Reg. 38059, 38061-62 (June 29, 2011) available at http://www.gpo.gov/fdsys/pkg/FR-2011-06-29/pdf/2011-15984.pdf.
[5] PUB. L. NO. 111-203 at § 1031(a), (b).
[6] *See* 10 U.S.C. § 987(b) (2012).

28 percent interest cap on payday loans.[7] After that law passed, payday lenders reorganized to continue lending under the state's thrift charter.[8] This action was challenged by local legal aid organizations, but the Ohio Supreme Court recently upheld these predatory loans.[9] Ohio has also seen a rise in auto title lending since the passage of the 2008 law.[10]

Because most small-dollar, short-term loans possess three of the "Four Ds" that negatively affect consumers – deception, debt traps, and dead ends[11] – the CFPB must address the full spectrum of products being offered to consumers, including:

A. **Auto Title Loans** – Auto title loans contain similar features to traditional payday loans. Instead of providing a postdated check, borrowers must provide their car's title as collateral.[12] Auto lending advertisements may tend to promote the speed with which consumers will have access to cash, but may not generally mention the interest rate of the loans, the likelihood a loan will result in a vehicle being repossessed, or the likely amount of time it will take for the borrower to repay the debt.[13] One study described the pricing terms as "shrouded by the timing in which the borrower receives it," namely at the time that the loan is made, rather than the beginning of the application process.[14] The same study noted that laws governing title loans generally do not disclose the "pattern of usage information to inform borrowers about the likely consequences of having taken out a loan."[15] Researchers note that the proceeds from interest and fees are much more profitable to lenders than the value of repossessed collateral.[16]

B. **Online Payday Loans** – While online payday loans make up a minority of the total loan volume, their market share has been growing in recent years.[17] Online loans tend to be offered with fees equal to or higher than storefront loans – their major cost drivers are customer acquisitions (often through

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[7] *See* Sheryl Harris, *Payday Battle Reaches Ohio Supreme Court*, THE PLAIN DEALER, Dec. 11, 2013 available at http://www.cleveland.com/consumeraffairs/index.ssf/2013/12/payday_battle_reaches_ohio_sup.html.

[8] *See id.*

[9] *See Ohio Neighborhood Fin., Inc. v. Scott*, Slip Opn. No. 2014-Ohio-2440 (Ohio, June 11, 2014) available at http://www.supremecourt.ohio.gov/rod/docs/pdf/0/2014/2014-ohio-2440.pdf.

[10] *See* David Rothstein, Keys for Collateral How Auto-Title Loans Have Become Another Vehicle for Payday Lending in Ohio, Policy Matters Ohio, Dec. 2012 available at http://www.policymattersohio.org/wp-content/uploads/2012/12/AutoTitle-Dec2012.pdf.

[11] *See* Prepared Remarks of Richard Cordray, Director of the Consumer Financial Protection Bureau, American Banker Regulatory Symposium, Sept. 24, 2013 available at http://www.consumerfinance.gov/newsroom/director-cordray-remarks-at-the-american-banker-regulatory-symposium/.

[12] *See* David Rothstein, *Keys for Collateral: How Auto-Title Loans Have Become Another Vehicle for Payday Lending in Ohio* 4, Policy Matters Ohio, Dec. 2012 available at http://www.policymattersohio.org/wp-content/uploads/2012/12/AutoTitle-Dec2012.pdf.

[13] *See* Kathryn Fritzdixon, Jim Hawkins & Paige Marta Skiba, "Dude, Where's My Car Title?: The Law, Behavior, and Economics of Title Lending Markets" 39-40, Soc. Sci. Research Network, Feb. 25, 2013 available at http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2224247

[14] *Id.*, at 40.

[15] *Id.*

[16] *See id.*, at 43.

[17] *See* Alan Zibel & Brent Kendall, *Probe Turns Up Heat on Banks*, WALL ST. J., Aug. 7, 2013 ("The volume of online payday lending … [is] up 10% from the previous year, accounting for nearly 40% of industrywide payday-loan volume[.]") available at http://online.wsj.com/news/articles/SB10001424127887323838204578654411043000772.

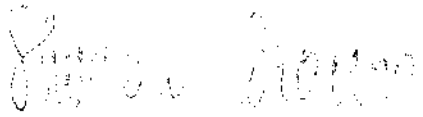
lead generation) and loss rates that are higher than brick-and-mortar payday lending.[18] Some online payday lenders have been establishing operations offshore or in states with permissive lending laws in order to argue that they are not subject to more stringent restrictions.[19]

C. **Installment Loans** – A number of payday loan companies have expressed their interest in or intent to move to an installment loan model.[20] In states with more restrictive lending laws, installment lenders may tend to sell add-on products – such as credit, auto, and health insurance policies – the associated costs of which are not necessarily required to be disclosed to consumers under the Truth in Lending Act (TILA).[21] Some have expressed concerns about certain features of installment loans, including high origination fees and front-loading of interest, that create incentives for repeated roll-overs, also known as "flipping."[22] For example, one installment lender reported that rolling over existing loans makes up more than three-quarters of its loan volume.[23]

The CFPB is charged with "ensuring that all consumers have access to … consumer financial products and services [that] are fair, transparent, and competitive." It is clear that the state-based system of regulating alternative financial products contains deficiencies that run counter to the CFPB's mission. Therefore, the CFPB must use its robust consumer protection authority to write rules for small-dollar loans that will fill the gaps left by inadequate state laws.[24]

Thank you for your attention to this matter of great importance to Ohio consumers.

Sincerely,



Sherrod Brown
United States Senator

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[18] *See* Bureau of Consumer Fin. Prot., *Payday Loans and Deposit Advance Products: A White Paper of Initial Data Findings* 10, Apr. 24, 2013 (hereinafter CFPB White Paper) available at http://files.consumerfinance.gov/f/201304_cfpb_payday-dap-whitepaper.pdf.

[19] *See* Zibel & Kendall, *supra*.

[20] *See* Carter Dougherty, *Payday Lenders Evading Rules Pivot to Installment Loans*, BLOOMBERG, May 29, 2013 available at http://www.bloomberg.com/news/2013-05-29/payday-lenders-evading-rules-pivot-to-installmant-loans.html.

[21] *See* Paul Kiel, *The 182 Percent Loan: How Installment Lenders Put Borrowers in a World of Hurt*, PROPUBLICA, May 13, 2013 available at http://www.propublica.org/article/installment-loans-world-finance. One large installment lender reported in its SEC filings that 30 percent of its annual profits came from offering credit insurance. *See* Herb Greenberg, *Keep An Eye on This 204% Lender*, CNBC.com, July 19, 2012 available at http://www.cnbc.com/id/48238771.

[22] *See* Nick Bourke, Alex Horowitz, Walter Lake & Tara Roche, *Payday Lending in America: Policy Solutions* 34, The Pew Charitable Trusts, Oct. 30, 2013 available at http://www.pewstates.org/uploadedFiles/PCS_Assets/2013/Pew_Payday_Policy_Solutions_Oct_2013.pdf.

[23] *See* Greenberg, *supra*.

[24] It is notable that the CFPB has also used its enforcement authority to bring an enforcement action against an online payday lender affiliated with tribal lenders for allegedly engaging in unfair, deceptive, and abusive acts and practices by attempting to collect on high-cost loans that violated state licensing requirements and usury caps. *See* Bureau of Consumer Fin. Prot., Press Release, CFPB Sues CashCall for Illegal Online Loan Servicing, Dec. 16, 2013 available at http://www.consumerfinance.gov/newsroom/cfpb-sues-cashcall-for-illegal-online-loan-servicing/.

United States Senate

COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS

WASHINGTON, DC 20510-6075

July 28, 2014

The Honorable Richard Cordray
Director
Consumer Financial Protection Bureau
1700 G Street, NW
Washington, D.C. 20552

Dear Director Cordray:

On behalf of the Senate Committee on Banking, Housing and Urban Affairs, I am writing to confirm that you will testify before the Committee at our hearing entitled "Wall Street Reform: Assessing and Enhancing the Financial Regulatory System." The hearing is scheduled for Tuesday, September 9, 2014 at 10:00 A.M., in Room 538 of the Dirksen Senate Office Building.

As the Committee continues its oversight of the implementation of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Act), we request that your testimony discuss your agency's progress in completing the rulemakings required by the Act. Please list the rules required by the Act that your agency has not completed and outline the timing for your agency to finalize these rules. Please provide your assessment of how rules completed by your agency have improved financial stability, reduced systemic risk, enhanced transparency, or better protected consumers or investors. Please outline steps your agency has taken to ensure effective supervision of those financial institutions under its jurisdiction and full compliance by those institutions with the law. Please also summarize actions your agency has taken to eliminate any regulatory gaps in oversight of the U.S. financial system as well as efforts your agency has taken to better coordinate with other domestic and international regulators.

For purposes of the Committee Record and printing, your written statement must be submitted in electronic form by e-mail to laura_swanson@banking.senate.gov and dawn_ratliff@banking.senate.gov, or on a CDRW in WordPerfect (or other comparable program) format, double spaced. Also, two ORIGINAL copies of the statement must be included for the printers, along with 73 copies for the use of Committee members and staff. Your statement should be sent no later than 24 hours prior to the hearing. Your oral statement should be approximately 5 minutes in duration. Your full statement will be made part of the hearing record.

If you have any questions regarding the hearing, please contact Laura Swanson at (202) 224-1646.

Sincerely,

Tim Johnson

Tim Johnson
Chairman

United States Senate
WASHINGTON, DC 20510

August 5, 2014

The Honorable Richard Cordray
Director
Consumer Financial Protection Bureau
1700 G Street Northwest
Washington, D.C. 20552

The Honorable Edith Ramirez
Chairwoman
Federal Trade Commission
600 Pennsylvania Avenue Northwest
Washington, D.C. 20580

Dear Director Cordray and Chairwoman Ramirez:

We write to express grave concern about a loophole in the Fair Debt Collection Practices Act (FDCPA) that has made servicemembers vulnerable to abusive loan contracts, and urge you to use your authority to close this loophole and take any enforcement actions consistent with the law.

Last week, ProPublica reported on a business that appears to be using an FDCPA loophole to sue thousands of servicemembers in a venue where they often cannot adequately defend themselves. In their contracts, the business has required borrowers to agree that any resulting legal action against the borrowers could be brought in a single court in the same location as the company headquarters, regardless of where the transaction takes place or where the servicemember lives, even if he or she is deployed. The business has reportedly obtained thousands of default judgments against servicemembers who cannot be present and have no meaningful legal representation.

Courts ought not to be issuing or enforcing judgments in cases that are brought through the use of such unfair practices, and your agencies have a role in ensuring that they do not do so. For third-party debt collectors, forcing consumers into such venues would be unequivocally illegal, as the FDCPA already contains strict requirements that legal action against consumers be undertaken either in a jurisdiction where the consumer signed the contract or where the consumer resides when the action is initiated. As the business brings these actions itself, rather than using an attorney, the FDCPA does not apply. But suing consumers in places far away from where they live is clearly an unfair practice (UDAP) that your agencies have the power to explicitly prohibit for original creditors, as well.

As the National Consumer Law Center makes clear in its UDAP manual, there is ample precedent for this decision in numerous legal cases that have established such venue rigging as unfair under both state laws and in federal circuits. We therefore urge your agencies to issue regulations that expressly forbid such suits against consumers – and the binding clauses that purport to allow this litigation -- by original creditors. Courts need to know, unambiguously, that they cannot allow such suits to proceed. We also strongly encourage you to use your enforcement powers to stop such predatory schemes where they exist.

More broadly, we urge the Bureau to review the broad range of unfair, abusive, and deceptive practices by original creditors that the Bureau may capture in its upcoming rulemaking. As a group of Senators noted in a comment letter five months ago regarding the Bureau's Advance Notice of Proposed Rulemaking on debt collection practices, original creditors often get away with the sorts of harassment and intimidation that are already illegal for third-party collectors under the FDCPA. This is wrong, and the Bureau has the power to stop it. The ProPublica story is a wake up call that where loopholes in the laws and regulations on debt collection exist, predatory collectors can and will use them. We look forward to working with you over the coming months to make sure the updated regulations put stronger, more effective protections in place.

Sincerely,

RICHARD BLUMENTHAL
United States Senate

ED MARKEY
United States Senate

TOM UDALL
United States Senate

MAZIE K. HIRONO
United States Senate

TIM KAINE
United States Senate

MARK R. WARNER
United States Senate

United States Senate
WASHINGTON, DC 20510

August 5, 2014

The Honorable Barack Obama
President of the United States
1600 Pennsylvania Avenue
Washington, DC 20500

Dear Mr. President:

In light of the financial collapse of Corinthian Colleges we write to express our serious concern with the financial integrity and stability of a number of companies operating large for-profit colleges and ask for an expedited response to a number of important questions this issue raises.

The recent announcement that Corinthian Colleges Inc. will largely cease operating while currently serving over 70,000 students has revealed a startling lack of liquidity and an unacceptable reliance on federal financial aid dollars for day-to-day operations. It is also extremely troubling that recent press accounts revealed that the Department of Education did not have ample information, resources, or the expertise needed to properly assess Corinthian's dire fiscal condition. Though financial analysts were well-aware of the precarious financial situation of Corinthian, the Department apparently was not. As one Department of Education official noted in a recent press article, the government's financial monitoring system "didn't work in the case of Corinthian." Even with the receipt of billions of taxpayer dollars, it is simply remarkable that Corinthian was unable to continue operations in the absence of additional federal financial aid funds for a mere three weeks.

In broader terms, Corinthian Colleges Inc.'s failure raises serious questions about the financial integrity of other similarly situated, publicly traded, for-profit colleges. The Department's own records indicate that more than 23 additional companies that enroll 4,000 or more students currently have failing or close to failing financial integrity scores. One publicly traded company, ITT Tech, for instance, has already notified investors of significant financial concerns. Given that students attending such schools, including Corinthian, hold a combination of Title IV, institutional, and other private loans, we believe it is absolutely critical to protect these students from a repeat of Corinthian.

We urgently need to bring all relevant federal agency expertise to bear in assessing the risk to students and taxpayers of another massive institutional failure. To this end, we urge the Administration, and especially the Department of Education, to undertake a full assessment of the risk posed by institutions that have a similar profile to Corinthian, addressing at minimum the following questions:

- Does the federal government have adequate tools to determine the solvency of for-profit education companies on a real-time or reasonable basis?
- If so, to what extent does the relatively insolvent nature of these corporations pose a substantial risk for students, taxpayers, and investors?

- If placed under heightened cash monitoring status like Corinthian, to what extent could peer for-profit companies continue to operate on credit or cash reserves without federal funds for extended periods of time?
- To what extent do "goodwill" accounting metrics mask or understate fiscal responsibility problems as part of the Department of Education's formal review process?
- To what extent do "goodwill" calculations at these schools need to be reassessed in light of the financial demise of Corinthian Colleges?
- To what extent are these firms capitalized to withstand pending state and federal lawsuits?
- To what extent are these firms capitalized to withstand likely regulatory and statutory changes?
- What steps has the Department alongside other agencies taken to protect veterans, servicemembers, and other beneficiaries that are less likely to participate in the Title IV programs?
- What steps are needed to strengthen the Department of Education's current financial responsibility procedures to better protect students, taxpayers and investors?

Unfortunately, we are just beginning to understand the true ramifications to students and taxpayers of the Corinthian house of cards. For the sake of all stakeholders, it is imperative that we receive timely information to these critical questions

Sincerely,

Tom Harkin
United States Senator

Richard J. Durbin
United States Senator

Chris Murphy
United States Senator

Brian Schatz
United States Senator

Jack Reed
United States Senator

Kay Hagan
United States Senator

cc: Hon. Arne Duncan, Secretary of Education
Hon. Mary Jo White, Chair, United States Securities and Exchange Commission
Hon. Jacob J. Lew, Secretary of the Treasury

Hon. Rich Cordray, Director, Consumer Financial Protection Bureau
Cecilia Muñoz, Director, White House Domestic Policy Council
Jeffrey Zients, Director, White House National Economic Council
Hon. Sean Donovan, Director, Office of Management and Budget

United States Senate

WASHINGTON, DC 20510

August 5, 2014

The Honorable Richard Cordray
Director
Consumer Financial Protection Bureau
1700 G Street, NW
Washington, D.C. 20552

The Honorable Charles T. Hagel
Department of Defense
1000 Defense Pentagon
Washington, DC 20301-1000

Dear Director Cordray and Secretary Hagel,

We write to call your attention to a recent report that certain retailers have undertaken aggressive debt collection actions against active duty servicemembers without affording them, arguably, a real opportunity to defend themselves. We urge you to investigate these claims, educate our servicemembers about these practices and look into potential actions we can take to ensure that active duty servicemembers are able to defend themselves.

The Servicemember Civil Relief Act (SCRA) protects the legal interests of our servicemembers who often face unique financial circumstances as a result of their deployment or service to our nation. SCRA allows servicemembers to devote their full attention to protecting our country and seeks to prevent unscrupulous actors from taking advantage of financial challenges that may result from a deployment.

A recent report from *ProPublica* and the *Washington Post* alleges that certain retailers may have violated the spirit of this law. According to the report, these retailers seemingly included a provision in the fine print of their contracts that allows the retailers to bring suit against servicemembers in certain jurisdictions in the Commonwealth of Virginia, even though they may not be based there or, in fact, ever have been based there. Since many active duty servicemembers are often transferred out-of-state – or even out-of-country – it is more difficult for them to defend themselves. As a result, the retailers are alleged to have used these cases to force involuntary garnishment of servicemembers' wages while they are serving our country. The report also calls into question the adequacy of the defense provided by the courts in these instances.

We urge you to fully investigate these claims and educate our servicemembers about their rights and the debt collection practices used by these retailers. In addition, we encourage you to determine whether there are any actions we can take to ensure due process for our servicemembers, especially the practice of including contractual provisions that may limit servicemembers' ability to defend themselves while they are on active duty.

Thank you for your attention to this matter.

Jeanne Shaheen
United States Senator

Jack Reed
United States Senator

Richard Blumenthal
United States Senator

Mark R. Warner
United States Senator

Tim Kaine
United States Senator

ROBERT MENENDEZ
NEW JERSEY

CHAIRMAN
BANKING, HOUSING, AND URBAN AFFAIRS
FINANCE
FOREIGN RELATIONS, CHAIRMAN

United States Senate

WASHINGTON, DC 20510–3005

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ONE GATEWAY CENTER
11th FLOOR
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SUITE 19
ASBURY PARK, NJ 08007
(848) 267-5282

August 11, 2014

The Honorable Arne Duncan
Secretary
U.S. Department of Education
400 Maryland Avenue, SW
Washington, DC 20202

The Honorable Richard Cordray
Director
Consumer Financial Protection Bureau
1700 G Street, NW
Washington, DC 20220

Dear Secretary Duncan and Director Cordray:

I write regarding the need for strong consumer protections relating to "campus banking product" or "campus card" arrangements between educational institutions and financial service providers. In particular, as the Department of Education prepares to move forward with new rules governing colleges' and universities' arrangements with financial service providers to deliver student financial aid, students need strong protections relating to the fees they can be charged to access their financial aid funds, fair choice in how funds are delivered, protection from potential conflicts of interest for a university or its officials, and privacy of student information.

As you know, many educational institutions are increasingly partnering with financial service providers to deliver student financial aid through campus banking products or campus cards, which typically involve a prepaid card loaded with the student's financial aid credit balance or a debit card linked to a checking account opened for a student. While these arrangements can sometimes offer benefits, such as helping some schools to reduce payment processing expenses or expanding student options for receiving funds, they also present challenges.

Most notably, campus cards can expose students to hidden or abusive fees, including overdraft fees, swipe fees, ATM fees, inactivity fees, account closure fees, and fees to transfer the student's money from the campus card to his or her own account.[1] Even worse, students may not be fully aware of these fees up front or of their alternatives for receiving financial aid funds, or the school or financial institution may sign them up through a process that disfavors lower-cost options. Some card providers, for example, will provide a student with an inactive card and allow students to access their aid money immediately if they use the provider's product, but make them wait several days for their funds if they opt for a direct deposit or check instead.[2] At least one school's website also allowed students to sign up for a partner provider's product

[1] See U.S. General Accountability Office, *College Debit Cards: Actions Needed to Address ATM Access, Student Choice, and Transparency*, Feb. 2014, at 45-48 and US PIRG Education Fund, *The Campus Debit Card Trap: Are Bank Partnerships Fair to Students?*, May 2012, at 32-34.

[2] See U.S. Department of Education, Office of the Inspector General, "Third-Party Servicer Use of Debit Cards to Deliver Title IV Funds," March 10, 2014 ("OIG Report"), at 9.

directly through its main page, while burying alternatives under a much more cumbersome process many clicks away.[3]

Put simply, students should not be charged extra fees to access their financial aid funds, whether at account opening or later, and schools should not be steering students towards high-fee products. The Department of Education and Consumer Financial Protection Bureau (CFPB) can remedy these problems by requiring clear disclosures of all fees and prohibiting the most abusive fees—especially overdraft—for all prepaid cards and other accounts established in connection with the financial aid process or relationship with the school and receipt of student aid funds. In addition to overdraft fees, other examples include charges for customer service, inactivity, to use or transfer the money in an account or close an account, or for failure to maintain a minimum balance. In the case of prepaid cards, which are not yet required to have the same protections as debit cards despite their similar use by consumers, I also urge the Department and CFPB to require Regulation E protections if a card is lost or stolen and FDIC or NCUA insurance.

The structuring of student options also matters. What selection is made for students, for example, when they fail to make an affirmative choice at enrollment or account closure? Does a school or financial institution make it more difficult for students to sign up for lower-fee options than higher-fee ones? Students should have a fair choice to receive funds by direct deposit to an account of their choice, in a manner that is no more onerous or less timely than for a sponsored campus card option. While banks may wish to use campus account relationships to market other services, students' accounts and cards should not be linked to or converted into credit cards or other credit products; the distinction between a campus card and any credit products should be clear, so that students are not inadvertently steered into arrangements that can create additional debt and fees. And when a student closes his or her account, any balance remaining should be transferred to an account of the student's choice without additional charge.

In addition, because many financial service providers pay schools to be the preferred or exclusive provider of campus banking products such as campus cards, there is a clear need for strong rules to address potential conflicts of interest, both at the institutional level and regarding incentives for university personnel involved in the selection of campus banking partners and the financial aid process. Earlier this year, the Department of Education's Office of the Inspector General reported that three of four schools whose campus banking agreements it reviewed "had contractual relationships that included some form of financial incentive that could create the potential for conflicts of interest."[4] As the CFPB has noted, cases in the private student loan and credit card contexts have also sharply illustrated the conflicts that can arise at both the institutional and personal levels.[5] The financial aid system exists for the benefit of students, and students and their parents should have no doubt that school officials are putting the best interests of students first.

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[3] See OIG Report at 9-10.

[4] OIG report at 15.

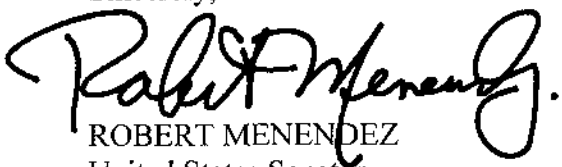
[5] Consumer Financial Protection Bureau, *Banking on Campus Forum*, Sept. 30, 2013, at 4, http://files.consumerfinance.gov/f/201309_cfpb_banking-on-campus-forum.pdf. See also, e.g., Jonathan D. Glater, "College Officers Profited by Sale of Lender Stock," *The New York Times*, April 5, 2007, available at: http://www.nytimes.com/2007/04/05/education/05loans.html?_r=0&pagewanted=all.

Finally, because campus financial product arrangements can involve the use of students' personal information, I also encourage the Department of Education and CFPB to require strong safeguards and oversight to protect students' privacy and data security. Schools should not be providing, for example, and third-party financial companies should not be collecting, information from students beyond what is necessary to perform their contracted functions.

In an era of tight budgets, schools may be seeking to reduce their costs whenever possible. It is unacceptable, however, if the result means greater expenses or vulnerability for students, particularly those receiving financial aid who, by definition, have the least capacity to bear additional expenses.

I appreciate your attention to this important matter.

Sincerely,



ROBERT MENENDEZ
United States Senator

Committee on Banking, Housing, and Urban Affairs
Wall Street Reform: Assessing and Enhancing the Financial Regulatory System
September 9, 2014

Questions for Director Cordray, Director, Consumer Financial Protection Bureau, from Senator Johnson:

1) In your testimony before this Committee in June, you discussed the progress being made on coming up with a rural definition for the Bureau's mortgage rules. Can you provide an update on that process?

2) Although the CFPB does not have examination authority over financial institutions with total assets of less than $10 billion, its rules can have an impact on smaller institutions. Can you describe what you have done to ensure that the needs and concerns of community banks and credit unions are considered at the Bureau?

Committee on Banking, Housing, and Urban Affairs
Wall Street Reform: Assessing and Enhancing the Financial Regulatory System
September 9, 2014

Question for Director Cordray, Director, Consumer Financial Protection Bureau, from Senator Heller:

3) Recently, the Treasury Department indicated that the Financial Stability Oversight Council was switching the focus of its asset management examination toward activities and products rather than individual entities.

   Question: Will you confirm that individual asset management companies are no longer being considered for possible systemically important designation?

Committee on Banking, Housing, and Urban Affairs
Wall Street Reform: Assessing and Enhancing the Financial Regulatory System
September 9, 2014

Questions for Director Cordray, Director, Consumer Financial Protection Bureau, from Senator Kirk:

4) As we examine Wall Street regulation and soundness, it is critical that we be alert to outside threats as well. Over the past year, there have been a number of extensive cyberattacks on American companies, including large financial institutions. Combatting these transnational crimes requires cooperation across government and industry.

   Question: As I have previously asked both Secretary Lew and Chair Yellen-Do you pledge to make cybersecurity a priority?

   Question: Do you believe FSOC can fulfill its statutory mandate to identify risks and respond to emerging threats to financial stability without making cybersecurity a priority?

   Question: As a member of FSOC, can you identify any deficiencies in the U.S.'s ability to prevent cyberattacks that require Congressional action?

   Question: What steps has FSOC taken to address the prevention of future cyberattacks on financial institutions, such as the recent breach at JPMorgan Chase?

Committee on Banking, Housing, and Urban Affairs
Wall Street Reform: Assessing and Enhancing the Financial Regulatory System
September 9, 2014

Questions for Director Cordray, Director, Consumer Financial Protection Bureau, from Senator Crapo:

5) The issue of FSOC accountability and transparency is one that I have raised numerous times. Given the magnitude of the regulatory burden and other costs imposed by a SIFI designation, it is imperative that the designation process be as transparent and objective as possible.
    a. Do you object to the public disclosure of your individual votes, including an explanation of why you support or oppose such designation?
    b. Will you commit to pushing for greater accountability and transparency reforms for FSOC? Specifically, will you commit to push the FSOC to allow more interaction with companies involved in the designation process, greater public disclosure of what occurs in FSOC principal and deputy meetings, publish for notice and comment any OFR report used for evaluating industries and companies, and publish for notice and comment data analysis used to determine SIFI designations? If you do not agree with these proposed reforms, what transparency and accountability reforms would you be willing to support?

6) In the July FSOC meeting, the Council directed staff to undertake a more focused analysis of industry-wide products and activities to assess potential risks associated with the asset management industry.
    a. Does the decision to focus on "products and activities" mean that the FSOC is no longer pursuing designations of asset management firms?
    b. Did the FSOC vote on whether to advance the two asset management companies to Stage 3? If so, why was this not reported? If not, why was such a vote not taken in order to provide clarity to the two entities as well as the industry?

7) I understand that the Department of Education (DOE) has been collaborating with the CFPB on a rulemaking for student bank accounts so I want to raise the same concerns with you that I raise in a letter to Secretary Duncan last month. Specifically, I am concerned that a final DOE rule that fails to take into account existing prudential and consumer finance regulations for the underlying banking products will create regulatory confusion and cause some financial institution to exit this market to the detriment of students.
    a. Please explain the scope and extent of CFPB's collaboration with the DOE on this rulemaking. Specifically, please explain how the CFPB has advised the DOE on ensuring that DOE's regulations are not in conflict with existing laws and guidance.
    b. Has the CFPB conducted any analysis on the cost and availability of credit and banking products to students as a result of the DOE's proposed rules? If not, why not and will the CFPB undertake such analysis at a future date?

Committee on Banking, Housing, and Urban Affairs
Wall Street Reform: Assessing and Enhancing the Financial Regulatory System
September 9, 2014

Questions for Director Cordray, Director, Consumer Financial Protection Bureau, from Senator Toomey:

On Data Gathering

8) In questions for the record following the Senate Committee on Banking, Housing, and Urban Affairs hearing on "The Consumer Financial Protection Bureau's Semi-Annual Report to Congress", I noted that both the CFPB and the OCC had each gathered similar data from nine credit card issuers. I also noted that gathering data from ten issuers would have tri ggered an OMB review and a period for public comment. It would appear that the decision to gather data from nine issuers each and then share that data, as agreed to in a memorandum of understanding, was made to circumvent the important safeguards of OMB review and public comment.
My question to you was "With a data mining exercise of this size and scope, shouldn't it be reviewed and shouldn't the public have the opportunity to express their opinions on what is happening with their data?" Unfortunately, your response that the "Bureau made the determination that the PRA does not apply…" did not directly address my question. Can you please provide a more thorough answer to my question? Does the CFPB believe that there is no value in being transparent and gathering public comment before a large-scale data collection effort begins?

9) In questions for the record following the Senate Committee on Banking, Housing, and Urban Affairs hearing on "The Consumer Financial Protection Bureau's Semi-Annual Report to Congress, I asked the question, "When the Bureau decides to publish a Bulletin, does it follow an established process?" The answer I received stated that the Administrative Procedure Act does not apply to bulletins and that the CFPB values public input. Setting aside the APA, could you please elaborate on what process (either established or ad-hoc) the CFPB goes through when putting out a bulletin?

United States Senate
COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS
WASHINGTON, DC 20510-6075

October 22, 2014

The Honorable Richard Cordray
Director
Consumer Financial Protection Bureau
1700 G Street, NW
Washington, DC 20552

Dear Director Cordray:

I am following up on our discussion at the September 9, 2014 "Wall Street Reform: Assessing and Enhancing the Financial Regulatory System" hearing. In my opening statement and in later questions to the panel, I stressed that it is imperative for federal financial regulators to review existing regulations to ensure that they are still appropriate and as minimally burdensome as possible while maintaining statutory and regulatory objectives. This type of review is not new, in fact, such a review led to the Financial Services Regulatory Relief Act of 2006.

As noted by the federal banking regulators at the hearing, their agencies have commenced the Economic Growth and Regulatory Paperwork Reduction Act of 1996 (EGRPRA) mandated interagency review of existing regulations to identify "outdated, unnecessary, or unduly burdensome regulations." As an independent agency, I asked whether you would commit to undertake a meaningful review of outdated regulations, as the prudential regulators have undertaken. In your response, you noted your involvement in FFEIC as well as your statutorily mandated "five-year look-back on all rules that the CFPB promulgates."

In order to have a better understanding of how the CFPB plans to proceed upon a retrospective review and any future evaluation of outdated, unnecessary or unduly burdensome regulations, I respectfully request the following:

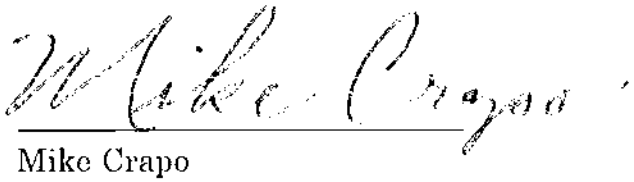
1) Please provide what current review process is being undertaken to ensure that the CFPB's existing regulations, including those transferred under the Wall Street Reform and Consumer Protection Act of 2010, are no longer outdated, unnecessary or unduly burdensome?

2) Will you commit to having the CFPB engage in a retrospective review of its regulations as set forth in Executive Order 13579?

3) Will you commit to conducting your retrospective review of regulations in the same fashion as prudential banking regulators are required under EGRPRA?

Given that the other agencies are committed to such reviews, it is important that the CFPB also aid in assisting American consumers and businesses by reviewing its regulations on a periodic basis to ensure that they are appropriately tailored. This also aids Congress in preparation for any legislative reforms that are necessary.

Sincerely,



Mike Crapo
Ranking Member

United States Senate

WASHINGTON, DC 20510

November 25, 2014

The Honorable Chuck Hagel
Secretary
U.S. Department of Defense
1000 Defense Pentagon
Washington, D.C. 20301-1000

Re: Limitations on Terms of Consumer Credit Extended to Service members and Dependents
Docket ID: DoD-2013-OS-0133

Dear Mr. Secretary:

We are writing in response to the Department of Defense (DOD) proposal to update the implementing rules for the Military Lending Act (MLA).

By enacting the MLA as part of the John Warner National Defense Authorization Act for Fiscal Year 2007, Congress sent a clear bipartisan message that protecting service members and their families from predatory and high cost lending was of paramount importance to their financial security and military readiness.

This concern was reiterated in the Conference Report for the National Defense Authorization Act for Fiscal Year 2013, which stated that "the conferees are concerned that the Department must remain vigilant to eliminate continuing, evolving predatory lending practices targeting service members and their families, and believe the Department should review its regulations implementing section 987, to address changes in the industry and the evolution of lending products offered since 2007, continuing use of predatory marketing practices, and other abuses identified by consumer protection advocates, including the Consumer Financial Protection Bureau's Office of Servicemember Affairs."

As a result of this required review of the current MLA rule, DOD in its proposal now recommends closing existing MLA loopholes. We believe this strikes a significantly better balance than the current MLA rule between protecting service members and their families on the one hand and maintaining access to non-predatory credit on the other. As such, this proposal also does a much better job of reflecting Congressional intent.

Specifically, we support the proposal to expand the MLA's "definition of 'consumer credit' to cover a broader range of closed-end and open-end credit products." In so doing, the rule proposes that these products be treated in a manner generally consistent with the decades-old requirements of the Truth in Lending Act.

This comprehensive approach is essential to preventing future evasions. As DOD notes in its proposed rule, "the extremely narrow definition of 'consumer credit' permits creditors to structure credit products in order to reduce or avoid altogether the obligations of the MLA." For

example, MLA protections currently can be avoided by simply adding a day to the term of a payday loan or by lending just one additional cent so that the payday loan no longer qualifies as "consumer credit" subject to the MLA protections.

Contrary to Congressional intent, these evasions threaten military readiness. According to DOD, "each separation of a service member is estimated to cost the Department $57,333, and the Department estimates that each year approximately 4,703 to 7,957 service members are involuntarily separated due to financial distress." In addition to the estimated cost savings DOD has identified, we give great weight and deference to DOD's statement that the proposed MLA rule "would reduce non-quantifiable costs associated with financial strains on service members. High-cost debt can detract from mission focus, reduce productivity, and require the attention of supervisors and commanders." As a result, we strongly agree with DOD's view that the proposed MLA rule not only has the potential to produce substantial cost savings, but also enhance military readiness.

In August of last year, a number of us wrote, "service members and their families deserve the strongest possible protections and swift action to ensure that all forms of credit offered to members of our armed forces are safe and sound." Indeed, as our service members are asked to take on even more tasks in defense of our nation, we should take every opportunity to protect them and their families here at home, especially from unscrupulous lenders.

For all these reasons, we strongly support the proposed MLA rule and urge that the final MLA rule be similarly robust in enhancing protections for service members and their families, producing significant cost savings for DOD, and improving military readiness.

Sincerely,

Jack Reed

Dianne Feinstein

Carl Levin

Sherrod Brown

Mazie K. Hirono

Angus King

Mark R Warner

Al Franken

Tammy Baldwin

Bill Nelson

Chris Murphy

Richard Blumenthal

Jeffrey A. Merkley

Mazie Hirono

Elizabeth Warren

Kirsten Gillibrand

Patty Murray

Sheldon Whitehouse

Ron Wyden

Barbara Boxer

Kay R Hagan

Chris Coons

Edward J. Markey

Brian Schatz

Joe Donnelly

Jon Tester

Claire McCaskill

Ben Cardin

Tom Carper

Heidi Heitkamp

Dianne Feinstein

Amy Klobuchar

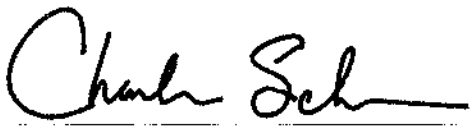
Tom Udall

Jeanne Shaheen

Mark R. Warner

Tim Kaine

Tom Harkin



Cc: Hon. Thomas J. Curry, Comptroller of the Currency
Hon. Janet L. Yellen, Chairwoman, Board of Governors of the Federal Reserve
Hon. Martin J. Gruenberg, Chairman, Federal Deposit Insurance Corporation
Hon. Debbie Matz, Chairwoman, National Credit Union Administration
Richard Cordray, Director, Consumer Financial Protection Bureau
Hon. Edith Ramirez, Chairwoman, Federal Trade Commission

Congress of the United States

Washington, DC 20510

December 9, 2014

The Honorable Richard Cordray
Director
Consumer Financial Protection Bureau
1700 G Street, NW
Washington, D.C. 20552

Dear Director Cordray:

We write to bring your attention to the Financial Distress Research Project, a study being conducted in Maine by the law schools at the University of Maine, the University of Connecticut, and Harvard University. The study is seeking out how to best assist individuals suffering from severe financial distress and put them back on a sound financial footing. We believe that the questions the Project seeks to answer are of paramount importance, and we encourage you to learn more about the critical work they are doing.

According to the Urban Institute, 29 percent of people in Maine with credit files have debt in collections. In Connecticut, more than 26 percent of this group have debt in collections, with an average amount of $4,643. In Massachusetts, the figures are similar – 23 percent of individuals with credit files have an average of $4,602 of debt in collections. In 2013, more than 77 million Americans nationwide had debt in or subject to the collections process.

These millions of debts are often bundled and sold in a secondary market, and the record-keeping along the way does not always hold up to legal scrutiny. That means consumers can be, and sometimes are, sued on the wrong amount of debt, by the wrong company, or past the statute of limitations. Some consumers might pay these "debts" using assets or income that the law protects from court seizure (*e.g.*, disability payments) because they are not aware of their rights. But a shortage of legal aid resources combined with the sheer volume of legal need in this area means that many consumers do not get the help that could protect them from unlawful debt collections. In fact, most consumers do not show up to defend themselves in small claims court at all, which can lead to otherwise unwarranted default judgments, asset seizures, and wage garnishing.

Academic researchers have an important role to play in finding effective and efficient solutions to protect consumers and deter unlawful and abusive practices. The Consumer Financial Protection Bureau has the authority and the resources to spur research into potential solutions. For example, the Bureau can support research using its Civil Penalty Fund, through its Office of Research, or through its Office of Financial Education. We ask you to use the tools at your disposal to encourage research to develop and test policy interventions designed to give individuals facing small claims court actions the ability to defend their legal rights.

The Financial Distress Research Project is an example of this promising research. This project is developing evidence-based self-help resources to encourage consumers in Maine to show up and defend themselves when they are sued on credit card debt. The researchers will run a randomized controlled trial, and if their resources are successful, they will introduce a simple and cost-effective method of delivering legal aid that could help millions of Americans. The project is also developing materials that could help consumers in other states better balance their budgets, manage their debts before they become delinquent, and, if appropriate, go through bankruptcy proceedings.

The federal government needs all the partners it can get to protect consumers facing financial distress and improve financial literacy. Academic research can and should play a role in developing programs with the potential to better protect consumers. Please use the authority and resources at your disposal to support promising research in this area.

Sincerely,

RICHARD BLUMENTHAL
United States Senator

EDWARD J. MARKEY
United States Senator

CHRISTOPHER MURPHY
United States Senator

ELIZABETH WARREN
United States Senator

JOE COURTNEY
Member of Congress

ROSA L. DELAURO
Member of Congress

ELIZABETH ESTY
Member of Congress

JIM HIMES
Member of Congress

JOHN B. LARSON
Member of Congress

MICHAEL MICHAUD
Member of Congress

CHELLIE PINGREE
Member of Congress

United States Senate

COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS

WASHINGTON, DC 20510-6075

December 17, 2014

The Honorable Richard Cordray
Director
Consumer Financial Protection Bureau
1700 G Street, NW
Washington, D.C. 20552

Dear Director Cordray:

As many have noted, student loan debt has swelled to be the largest form of consumer debt after mortgage debt and currently stands at $1.2 trillion. My home state of South Dakota stands as one of the states with the highest proportion of students graduating with debt, with over 72% graduating with an average $25,750 in debt in 2013. In addition to high levels of debt, students are defaulting at historically high rates, with the most recent data showing that the three-year federal student loan cohort default rate stands at 13.7%. As Chairman of the Senate Committee on Banking, Housing and Urban Affairs, I have held a number of hearings on student loans and campus financial products and have heard extensively about the impact of student loan debt on the ability to save for a home, form a household, save for retirement, or live in rural areas such as South Dakota.

Many borrowers are unable to take advantage of the low interest rate environment, as refinancing options for student loans are limited. Moreover, many borrowers face challenges during the servicing of their student loans. A recent report by your agency, the Consumer Financial Protection Bureau (CFPB), on student loan servicing found that the largest student loan servicers, who service loans for more than 40 million Americans, were engaging in concerning behavior, including: allocating payments to maximize late fees; misrepresenting minimum payments; charging illegal late fees; failing to provide accurate tax information; misleading consumers about bankruptcy protections; and making illegal debt collection calls to consumers. The record $97 million settlement entered into by Sallie Mae and Navient for overcharging servicemembers and misrepresenting late fees on student loans earlier this year shows that vigorous oversight over student loan servicers is necessary.

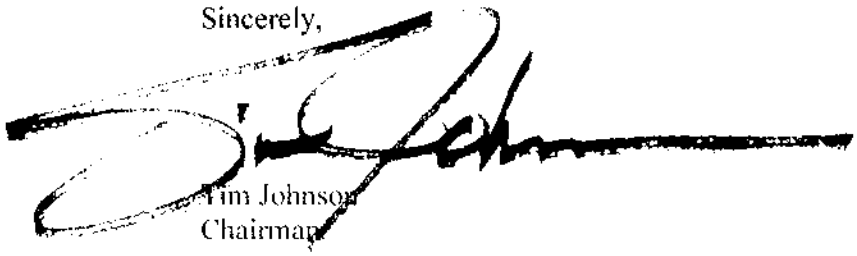
I am encouraged by the work of the Bureau's Student Loan Ombudsman and the actions that the agency has taken to improve protections for borrowers of student loans. The Bureau's designation of the largest nonbank student loan servicers as larger participants under the CFPB's supervision and enforcement purview was an important step in increasing transparency and oversight to this market, bringing 49 million borrower accounts into federal oversight. However, more needs to be done to create enforceable consequences for servicers that do not comply with their responsibilities. I ask that the Bureau ensure that student loan servicers are held responsible, and that servicers are expected to treat borrowers fairly and transparently, which includes ensuring loan information is correct, fees are accurately assessed, and borrowers are given all relevant information about their loans. The Bureau has a unique responsibility in caretaking for student borrowers in what is often the first large financial decision in an individual's life, and it must conduct meaningful and regular oversight over student loan servicers to carry out this responsibility. Because of the Department of Education's role in contracting with large student loan servicers that service federal loans, the Bureau also plays a unique role in supervising these servicers that service loans made by the federal government. I ask that you coordinate effectively with the Department of Education on student loan servicing to ensure that borrowers' rights are prioritized and that taxpayers' investment in higher education is responsibly managed.

In addition to contracts with private student loan servicers, the Department of Education also contracts with private collection agencies (PCAs) to collect on defaulted federal student loans. Debt collection complaints represent one of the most frequent complaints the CFPB receives in its Consumer Complaint Database. Debt collectors are governed by the Fair Debt Collection Practices Act (FDCPA), which prohibits debt collectors from using abusive, unfair, or deceptive practices to collect from borrowers. Ensuring debt collectors comply with the FDCPA is particularly important in the student loan space, as borrowers are often young and relatively inexperienced with consumer credit. In 2012, the CFPB finalized a rule establishing its supervision of larger participants in the debt collection market. However, this rule only covered about 60% of the industry's annual receipts in the consumer debt collection market. Last year, the CFPB announced an advanced notice of proposed rulemaking on debt collection. I ask that your agency implement a strong rule on debt collection that covers all debt collectors, including the PCAs that may collect on federal student loans. I further ask that you coordinate with the Department of Education in their oversight over PCAs and ensure that the FDCPA protections are safeguarded and enforced in the case of student loan debt collection.

As we saw in the Sallie Mae settlement and in the recent Memorandum of Understanding between the Departments of Education, Veterans Affairs, and Defense, and the CFPB, student loans pose cross-agency challenges in both the federal and private student loan space. Indeed, as stated by the OIG, the Department of Education "disburses about $140 billion in student aid annually and manages an outstanding loan portfolio of $1 trillion. This makes it one of the largest financial institutions in the country. As such, effective oversight and monitoring of its programs, operations, and program participants are critical."[1]

I hope you can work diligently to address these challenges in the student loan market, including improved oversight over student loan servicers and debt collectors, and more effective coordination with the Departments of Education and Treasury. I also ask that you consider requiring more transparent disclosures to students before taking on student loan debt, mandatory certification for private student loans, release of co-signers upon the death or disability of a borrower, and improved credit reporting for education loans. Finally, I ask that the CFPB, in coordination with Education and Treasury, undertake a serious study of the market for refinancing student loans and develop a plan to enable borrowers to take advantage of the current low interest rate environment.

Sincerely,



Tim Johnson
Chairman

[1] http://www2.ed.gov/about/offices/list/oig/semiann/sar68.pdf.

United States Senate

WASHINGTON, DC 20510

March 13, 2014

The Honorable Richard Cordray
Director
Consumer Financial Protection Bureau
1700 G Street, NW
Washington, D.C. 20220

Dear Director Cordray:

We write regarding your Advanced Notice of Proposed Rulemaking (ANPR) on debt collection practices. Repeatedly, we are presented with stories from our constituents about unfair, deceptive, and abusive behaviors by those seeking to collect on a debt. Thankfully, in many instances, the Fair Debt Collection Practices Act (FDCPA) imposes meaningful restrictions on the tactics that third-party debt collectors can employ and enshrines important rights that consumers can assert to protect themselves. In other cases, however, the protections, rights, and tools that consumers enjoy under the FDCPA may be insufficient in both strength and scope. Accordingly, we urge the Bureau to use its rulemaking to address the following issues in order to set tighter standards for debt-collection practices and to give consumers better tools to protect themselves:

First, the Bureau should extend the FDCPA's prohibitions on deceptive, harassing, and abusive communications to cover original creditors. Such communications practices that are already banned for third-party debt collectors – including but not limited to visits to home and workplaces, communication with third parties, caller ID masking, and repeated or late-night phone calls intended to harass – should also be off-limits for original creditors. We recognize that certain creditors, such as small financial institutions, have ongoing communications with their customers that may or may not involve debt collection. While new rules should allow for such routine and ongoing communication, no consumer should face the prospect of strangers knocking at their door or confronting them in front of bosses or coworkers in an effort to collect on a debt. These practices – along with all deceptive, harassing, and abusive tactics – are clearly over the line and should be banned for all debt collection, no matter who is doing the collecting.

Second, the Bureau should also pay special attention to strengthening key protections for servicemembers that may not currently apply to their dealings with original creditors. In recent testimony before the Senate Banking Committee, the Bureau's Assistant Director of Servicemember Affairs, Holly Petraeus, related a particularly galling example of intimidation: collectors seeking to intimidate servicemembers by contacting their commanding officers. In the absence of the servicemember's express consent, we believe such actions would already be prohibited for debt collectors under the FDCPA's limitations on communications with third parties. But we also urge the Bureau to explicitly ban such intimidation tactics for original creditors, as well as to tighten the rules governing whether, when, and how creditors can seek to secure such consent in advance through contracts.

Third, even for third-party debt collectors already covered under the FDCPA, existing bans on unfair and deceptive practices must be strengthened to explicitly cover a number of misleading promises, threats, and traps. These include but are not limited to (a) misleading consumers about the effect of payment or non-payment on their credit report; (b) seeking to collect on a time-barred debt by threatening consumers with actions, such as lawsuits, that collectors are not legally entitled to take under state law; and (c) luring unsuspecting consumers into reviving their own liability for time-barred debt through partial payment or acknowledgement. While the Bureau's recent enforcement action against American Express for false claims about credit reporting was a step in the right direction, we urge the Bureau to go further in its rulemaking by explicitly prohibiting these and other deceptive practices.

Fourth, we urge the Bureau to set higher standards for the information provided about debts by debt collectors. In many instances, particularly involving medical debt, collectors forward derogatory information to a consumer reporting agency before a consumer has even had the chance to learn or pay what they personally owe. We believe this should be categorized as an unfair practice as prohibited by Dodd-Frank. The Bureau should therefore require collectors of medical debts – and other debts passed on to a debt collector or debt buyer more quickly than the standard 180 days – to provide consumers with specific information about the debt and a reasonable time to pay *before* communicating with consumer reporting agencies.

Fifth, consumers must be made better aware of their rights. When communicating by phone, collectors should be required to notify consumers orally of their rights to request an end to communication, dispute the debt, or refuse to pay a time-barred debt. To ensure consumers can understand the written information they receive, the Bureau should also write a clear, standard "Know Your Rights" disclosure that all collectors must provide to consumers upon their first written communication, and ideally before any oral communication.

Finally, when consumers do believe their rights have been violated, the Bureau's rules should allow them to hold collectors accountable for *each such violation*. Given the FDCPA's maximum statutory damages of merely $1000 – unchanged since the law passed in 1977 – many debt collectors may now feel they have a financial incentive to be non-compliant in many cases. By making debt collectors liable for each individual violation, the Bureau will ensure that a strong incentive is in place to comply with the law.

Thank you for your attention to this matter. We commend the Bureau for taking on this issue, and we look forward to working with you to ensure consumers are protected from deceptive, harassing, and abusive practices.

Sincerely,

RICHARD BLUMENTHAL
United States Senate

RICHARD J. DURBIN
United States Senate

TOM UDALL
United States Senate

JEFFREY A. MERKLEY
United States Senate

MAZIE K. HIRONO
United States Senate

ELIZABETH WARREN
United States Senate

EDWARD J. MARKEY
United States Senate

Congress of the United States

Washington, DC 20515

August 21, 2015

The Honorable Richard Cordray
Director
Consumer Financial Protection Bureau
1275 First Street, NE
Washington, DC 20020

Dear Director Cordray:

We are writing to urge the Consumer Financial Protection Bureau (CFPB) to expedite rulemaking on the implementation of Section 1071 of the Dodd-Frank Wall Street Reform and Consumer Protection Act. For three years, the CFPB has listed Section 1071 rulemaking (Regulation B) as a Long Term Action item on its Unified Agenda and Regulatory Plan. Section 1071 mandates the CFPB to centralize small business lending data to help lending institutions gain a broader understanding of the credit needs of small businesses. Now is the time for CFPB to initiate rulemaking on Section 1071.

We were encouraged by your remarks that "in theory and practice" the collection and disclosure of small business lending data would be similar to the collection and disclosure of mortgage credit data under the Home Mortgage Disclosure Act (HMDA). As the agency finalizes the HMDA regulation, we urge you to initiate a comparable Section 1071 rulemaking. Analyzing access to credit and removing barriers to small business creation becomes imperative when considering the significant role of small business on job creation; small business lending has plummeted since the Great Recession.

Transparency in small business lending data is the key to understanding the credit needs of women-owned and minority-owned small businesses. Public and private entities are collecting data on various aspects of small business lending. However, these groups offer a fragmentary and incomplete picture of lending in the small business marketplace. Regulation B is essential for facilitating the enforcement of fair lending laws.

We respectfully urge the Consumer Financial Protection Bureau to move forward this year with its Regulation B rulemaking without further delay.

Sincerely,

Rep. Donald M. Payne, Jr.
Member of Congress

Rep. Chris Van Hollen
Member of Congress

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Rep. Eddie Bernice Johnson

Rep. Bill Pascrell

Rep. Raul Grijalva

Rep. Jose Serrano

Rep. Bennie Thompson

Rep. Cedric Richmond

Rep. Chaka Fattah

Rep. Yvette Clarke

Rep. Eleanor Holmes Norton

Rep. Sheila Jackson Lee

Rep. John Conyers

Rep. Janice Hahn

Rep. Judy Chu

Rep. G.K. Butterfield

Rep. Gregorio Kilili Camacho Sablan

Rep. Bobby Scott

Rep. Adam Schiff

Rep. Grace Meng

Rep. Donna F. Edwards

Rep. Maxine Waters

Rep. Mark Pocan

Rep. Ted W. Lieu

Rep. Tony Cárdenas

Rep. Frank Pallone, Jr.

Rep. Hank Johnson

Rep. Adam Smith

Rep. Bonnie Watson Coleman

Rep. John Lewis

Rep. Gregory W. Meeks

Rep. Brenda L. Lawrence

Rep. Marcia L. Fudge

Rep. Keith Ellison

Rep. Jim McDermott

Rep. James P. McGovern

Rep. Albio Sires

Rep. Sam Farr

Rep. Mark Takano

Rep. Marc Veasey

Rep. Barbara Lee

Rep. Bobby Rush

Rep. Charles B. Rangel

Rep. Joyce Beatty

Rep. Alcee L. Hastings

Rep. Norma J. Torres

Rep. Ruben Hinojosa

Rep. Wm. Lacy Clay

Rep. Corrine Brown

Rep. Doris Matsui

Rep. Suzan DelBene

Rep. André Carson

Rep. Rosa L. DeLauro

Rep. Suzanne Bonamici

Rep. Marcy Kaptur

Rep. Betty McCollum

Rep. Michael M. Honda

Rep. Juan Vargas

Rep. Mike Doyle

Rep. Tammy Duckworth

Rep. Alma Adams

Rep. Stacey Plaskett

Rep. Emanuel Cleaver II

Rep. Robin L. Kelly

Rep. Hakeem Jeffries

Rep. Frederica S. Wilson

Rep. Elijah E. Cummings

Rep. Al Green

Rep. Gwen Moore

Rep. Sanford D. Bishop, Jr.

Rep. Julia Brownley

Rep. Karen Bass

Rep. Anna G. Eshoo

Rep. Danny K. Davis

Rep. Terri Sewell

Rep. Mark DeSaulnier

Rep. Earl Blumenauer

Rep. Tim Ryan

Rep. Zoe Lofgren

Rep. John Garamendi

Rep. Jackie Speier

Rep. Seth Moulton

Rep. Nydia Velázquez

Rep. Peter DeFazio

RAÚL M. GRIJALVA
3RD DISTRICT, ARIZONA

COMMITTEE ON NATURAL RESOURCES
RANKING MEMBER

COMMITTEE ON EDUCATION AND THE WORKFORCE

EARLY CHILDHOOD, ELEMENTARY, AND SECONDARY EDUCATION

HIGHER EDUCATION AND WORKFORCE TRAINING

CONGRESSIONAL PROGRESSIVE CAUCUS
CO-CHAIR

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FACEBOOK: Facebook.com/Rep.Grijalva
TWITTER: Twitter.com/RepRaulGrijalva

September 22, 2015

The Honorable Richard Cordray
Director
Consumer Financial Protection Bureau
1700 G Street, NW
Washington, D.C. 20552

Dear Director Cordray:

We are writing to urge the Consumer Financial Protection Bureau to add military veteran identification as a data-collection point on the Home Mortgage Disclosure Act. This would provide a better snapshot of the veteran lending experience and could encourage adoption of a veteran's status question on uniform lending forms. Veteran consumers deserve an accurate and thorough comparison of the loans they are eligible for including VA loans. Collecting this data will help military and veteran consumers make informed decisions based on all of their mortgage loan options.

The VA home loan has several advantages, including the potential for no down payment as long as the sales price doesn't exceed the appraised value, no private mortgage insurance premium requirement, limits on closing cost charges, as well as protection from lenders penalty fees for paying a loan off early. Further, a veteran does not have to be a first-time homebuyer to get a VA loan and they are able to reuse the benefit. These VA home loan guarantees are all earned benefits that each veteran has earned through their service to our country.

The limited available data demonstrates that we must do more to disclose the availability of this benefit to our servicemen and women. In 2014 a Veterans Association of Real Estate Professionals housing survey found that 85 percent of veterans said that they did not receive VA Loan training during service, transitioning out, or post service separation. In a 2010 VA survey, 62 percent of older veterans and 25 percent of younger veterans said their lender never discussed the VA loan option with them. According to National Mortgage News in 2014, less than 12 percent of active-duty service members and military veterans with mortgages have a loan guaranteed by the Department of Veterans Affairs.

With veteran homelessness, unemployment and persistent wage stagnation across our country, the federal government must work to ensure that all veterans are educated on their benefits. Adding veteran status to the HMDA will provide the information necessary to engage with veterans regarding the VA home loan process, creating knowledgeable consumers, and responsible homeowners. We respectfully urge the Consumer Financial Protection Bureau to act swiftly to address this pressing issue.

Sincerely,

Raúl M. Grijalva
Member of Congress

Frank Pallone, Jr.
Member of Congress

Grace F. Napolitano
Member of Congress

Henry C. "Hank" Johnson, Jr.
Member of Congress

Jim McDermott
Member of Congress

Eleanor Holmes Norton
Member of Congress

Michael M. Honda
Member of Congress

Juan Vargas
Member of Congress

Rubén Hinojosa
Member of Congress

Luis V. Gutiérrez
Member of Congress

Ruben Gallego
Member of Congress

Mark Takano
Member of Congress

John Garamendi
Member of Congress

Alan Lowenthal
Member of Congress

Michelle Lujan Grisham
Member of Congress

Wm. Lacy Clay
Member of Congress

Yvette D. Clarke
Member of Congress

Aumua Amata Coleman Radewagen
Member of Congress

Judy Chu
Member of Congress

Madeleine Z. Bordallo
Member of Congress

Ed Perlmutter
Member of Congress

Louise M. Slaughter
Member of Congress

Paul Cook
Member of Congress

Charles B. Rangel
Member of Congress

Anna Eshoo
Member of Congress

Betty McCollum
Member of Congress

Sam Farr
Member of Congress

Jim Costa
Member of Congress

José E. Serrano
Member of Congress

Ann McLane Kuster
Member of Congress

Jackie Speier
Member of Congress

Adam B. Schiff
Member of Congress

John Lewis
Member of Congress

Ann Kirkpatrick
Member of Congress

Jeff Fortenberry
Member of Congress

Mark Pocan
Member of Congress

Brian Higgins
Member of Congress

Mark Takai
Member of Congress

James P. McGovern
Member of Congress

Ben Ray Luján
Member of Congress

Dan Kildee
Member of Congress

Suzan DelBene
Member of Congress

Frederica S. Wilson
Member of Congress

Steve Cohen
Member of Congress

Jared Polis
Member of Congress

Karen Bass
Member of Congress

Congress of the United States
Washington, DC 20515

September 24, 2015

The Honorable Richard Cordray
Director
Consumer Financial Protection Bureau
1700 G Street, N.W.
Washington, D.C. 20552

Dear Director Cordray,

We write regarding the Consumer Financial Protection Bureau (CFPB)'s implementation of the TILA-RESPA Integrated Disclosure (TRID) regulation, which becomes effective on October 3, 2015. After hearing from many stakeholders in New Hampshire, we respectfully request that the CFPB announce and implement a grace period through January 1, 2016, for lenders that make a good faith effort to tailor their disclosures to the new requirements.

While the original implementation date was pushed back from August 1, 2015, to October 3, 2015, our constituents tell us that the additional time, while helpful, is insufficient to fully implement and properly test all of the systems required to implement the new disclosures.

Although your June 3, 2015 letter states that you will be "sensitive to the progress made" by lenders' good-faith efforts to comply with the TRID Rule, our constituents need more certainty that their good faith efforts to comply with these regulations will not expose them to litigation during this transition period.

We appreciate the CFPB's efforts to make it easier for consumers to understand their options and make smart decisions when buying a home. The integrated disclosure effort will help eliminate confusion for consumers making an important financial decision for their families. For this effort to be effective, we must ensure that lenders have the appropriate systems in place to comply with the rule and provide clear, concise information to potential homebuyers.

Since these forms and processes have not been used in real-time, a grace period would allow the CFPB and stakeholders to determine whether forms and processes need to be adjusted during the transition period. In addition, providing certainty to stakeholders who work in good faith to properly utilize TRID will encourage a more seamless implementation of the new disclosures, while still protecting consumers from unfair trade practices.

Thank you for your consideration.

Sincerely,

Jeanne Shaheen
U.S. Senator

Kelly A. Ayotte
U.S. Senator

Ann McLane Kuster
Member of Congress

Frank Guinta
Member of Congress

Congress of the United States
Washington, DC 20515

September 29, 2015

The Honorable Richard Cordray
Director
Consumer Financial Protection Bureau
1700 G Street, NW
Washington, D.C. 20552

Re: CFPB Should Work with Stakeholders on Prepaid Account Rule

Dear Director Cordray:

We are writing today to express our concerns with the Consumer Financial Protection Bureau's (the "Bureau's") Notice of Proposed Rulemaking for Prepaid Accounts (the "Proposed Rule"). The Bureau should avoid imposing overly burdensome restrictions on providers that would prevent them from meeting the growing and diverse consumer demand for innovative prepaid products.

Prepaid cards provide a broad array of consumers, including students, workers, and government benefit recipients, with revolutionary ways to access, spend, and manage their money. In fact, prepaid cards are such a safe and effective payment tool, the U.S. Department of Treasury uses them as an alternative to paper checks to disburse federal benefits saving millions of dollars on an annual basis. Below you will find recommendations we believe will ensure that the Bureau meets our shared goal of empowering consumers with valuable financial tools while maintaining a vibrant prepaid marketplace.

Coverage of the Proposed Rule. The Proposed Rule casts a wide net through its extremely broad definition of prepaid accounts, which even includes products outside of the prepaid sphere such as mobile wallets, and person to person (P2P) transfers. We believe the definition of prepaid account should only cover prepaid products that consumers use as primary transaction accounts, where they would expect to receive similar protections as debit cards connected to traditional checking accounts.

Consumer Disclosures. The Bureau should work to develop ***a single,*** easy to understand pre-acquisition fee disclosure. The Proposed Rule requires multiple fee disclosures (a short-form and long-form disclosure) to be made available before a consumer "acquires" a prepaid card. According to the Bureau's own research, consumers do not find the long-form disclosure helpful when comparing products. As a result, the Bureau should not mandate the use of the long-form disclosure, and it should work with industry stakeholders to better define the contents of the short form disclosure to be more useful to consumers in comparing prepaid products.

Implementation Deadline. The Bureau should extend its implementation deadline until 24 months following publication of the final rule. With all of the new disclosure and packaging requirements for such a complex financial product as well as the development and operational

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changes necessary to comply with the Proposed Rule, a nine-month effective date is unrealistic and does not take into account that millions of prepaid cards in the marketplace today will need to be destroyed or replaced.

Overdraft. Lastly, the CFPB should continue to allow discretionary overdrafts on prepaid accounts without subjecting prepaid accounts with these features to full Regulation Z coverage, which could lead to their elimination from the market. Instead, the Bureau should provide common sense guard rails that protect consumers while enabling the continued access to short-term micro credit (e.g., amounts less than $150) so that consumers have the ability to purchase items, such as necessities, in between pay checks.

We strongly encourage the Bureau to work closely with stakeholders and Congress as your staff drafts the final rule. We believe more external engagement with prepaid market participants will be essential in helping the Bureau reach the appropriate balance between protecting consumers and ensuring the continued growth of America's fastest growing form of payment.

Sincerely,

M. Michael Rounds
U.S. Senator

Mike Crapo
U.S. Senator

Tom Cotton
U.S. Senator

Michael B. Enzi
U.S. Senator

Scott Tipton
Member of Congress

Randy Neugebauer
Member of Congress

Roger Williams
Member of Congress

Sanford Bishop
Member of Congress

Andy Barr
Member of Congress

Mick Mulvaney
Member of Congress

Lynn Westmoreland
Member of Congress

French Hill
Member of Congress

Frank Lucas
Member of Congress

Kenny Marchant
Member of Congress

Steve Stivers
Member of Congress

Blaine Luetkemeyer
Member of Congress

Paul Gosar
Member of Congress

Bill Huizenga
Member of Congress

Dennis Ross
Member of Congress

Luke Messer
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Scott Garrett
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Frank Guinta
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Lamar Smith
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Ann Wagner
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Sean Duffy
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Pete Sessions
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Stephen Fincher
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Trent Franks
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David Schweikert
Member of Congress

Robert Hurt
Member of Congress

Randy Hultgren
Member of Congress

Tom Price
Member of Congress

Keith Rothfus
Member of Congress

Steve Pearce
Member of Congress

Robert Pittenger
Member of Congress

Mia Love
Member of Congress

Matt Salmon
Member of Congress

Pete Olson
Member of Congress

Tom Emmer
Member of Congress

Sam Johnson
Member of Congress

Mike Bishop
Member of Congress

Patrick McHenry
Member of Congress

Kristi Noem
Member of Congress

JEB HENSARLING, TX, CHAIRMAN

United States House of Representatives
Committee on Financial Services
2129 Rayburn House Office Building
Washington, D.C. 20515

MAXINE WATERS, CA, RANKING MEMBER

October 1, 2015

The Honorable Richard Cordray
Director
Bureau of Consumer Financial Protection
1700 G Street, NW
Washington, D.C. 20552

Dear Director Cordray:

On December 5, 2014, the Bureau of Consumer Financial Protection (Bureau) provided the Subcommittee on Oversight and Investigations (Subcommittee) with records relating to work performed by a vendor, GMMB, under a Blanket Purchase Agreement (BPA).[1] Specifically, the Bureau provided the Subcommittee with the solicitation, the BPA and task orders issued against the BPA as of the date of the production.[2]

As part of its ongoing oversight of the Bureau, the Subcommittee is reviewing the Bureau's advertising and marketing. Accordingly, to allow the Subcommittee to carry out its oversight responsibilities under the House Rules,[3] please provide the following by not later than October 15, 2015:

1. A list or table of all advertising or marketing work performed by vendors[4] between Fiscal Year 2013 through the present that includes (a) the name

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[1] Letter from Richard Cordray, Dir., Consumer Financial Protection Bureau, to Patrick McHenry, Chairman, Subcomm. on Oversight and Investigations of the H. Comm. on Fin. Services (Dec. 5, 2014).

[2] *See id.*

[3] Rule X, Rules of House of Representatives, 114th Cong.

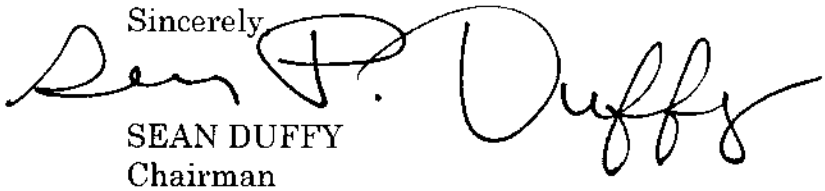
[4] The Subcommittee reviewed a summary worksheet of the Bureau's ten largest service contract obligations for FY 2014 and identified the category "Support - Management: Advertising" among them. *See* Consumer Financial Protection Bureau, *FY 2014 Service Contract Inventory Summary: Appendix C* (2015), http://files.consumerfinance.gov/f/201505_cfpb_summary_service-contract-inventory-fiscal-year-2014.pdf. Further, the Subcommittee reviewed the inventory list for FY 2014 and found contracts awarded to Information Experts Incorporated, TMP Worldwide Advertising and Communications Limited Liability Company, in addition to GMMB. *See* Consumer Financial Protection Bureau, *FY 2014 Service Contract Inventory List: Appendix B* (2015) 2, 5–6, http://files.consumerfinance.gov/f/201505_cfpb_summary_service-contract-inventory-fiscal-year-2014-appendix-b.pdf. When preparing documents for production, include all contracts in the category with Product Service Code (PSC) "R701" and do not ignore contracts valued under $25,000. Also, importantly, this request is not limited to those contracts with PSC R701. Consider all vendors who otherwise performed advertising or marketing work.

of the contractor and/or subcontractor, (b) the contact information of employees at the vendors with whom the Bureau works, (c) the date when the contract was signed, (d) the date or projected date of completion, and (e) the cost or projected cost of the contracted work;

2. A list or table of all advertising or marketing work performed by the Bureau between Fiscal Year 2013 through the present that includes (a) the name of the employee who authorized a particular project, (b) the date when the project was initiated, (c) the date or projected date of completion, and (d) the cost or projected cost of the work;[5]
3. All records[6] generated by GMMB that were presented to the Bureau as final products of the task orders issued under the BPA with GMMB;[7]
4. All records generated by other vendors providing advertising and marketing services that were presented to the Bureau as final products of the contracts between those vendors and the Bureau;[8] and
5. All records generated by the Bureau for any internally produced advertising and marketing services that represent the final products of those services.[9]

If you have any questions regarding this request, please contact Elie Greenbaum or Kelly McGrath of the Committee staff at (202) 225-7502.

Sincerely,



SEAN DUFFY
Chairman
Subcommittee on Oversight
and Investigations

cc: The Honorable Al Green, Ranking Member

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[5] In determining costs, if the figure is not readily calculable, identify how many full-time equivalent (FTE) hours were spent on each project.

[6] The term "records" means any written, recorded, or graphic matter of any nature whatsoever, regardless of how recorded or preserved, and whether original or copy.

[7] This includes, but is not limited to, any reports submitted by the vendor that detail "recommendations on appropriate advertising and marketing media (e.g. television, radio, or print media) the Bureau is to pursue," and any "output materials" that have been or have yet to be produced for publication. Consumer Financial Protection Bureau, *Request for Quote – CFP-12-Q-00020 – Advertising and Integrated Marketing Services Blanket Purchase Agreement* (May 10, 2013), HFSC CFPB GMMB 0007.

[8] *See supra* text accompanying note 7.

[9] *See supra* text accompanying note 7.

United States House of Representatives
Committee on Financial Services
2129 Rayburn House Office Building
Washington, DC 20515

October 6, 2015

The Honorable Richard Cordray
Director
Bureau of Consumer Financial Protection
1700 G Street, NW
Washington, D.C. 20552

Dear Director Cordray:

A recent series of *American Banker* articles examining internal documents of the Bureau of Consumer Financial Protection (Bureau) indicate that the Bureau knowingly overestimates disparities when identifying alleged discrimination by indirect auto lenders[1] and has been strategizing how to eliminate dealer reserves.[2] We are deeply troubled by the findings detailed in these press reports.

We are also dismayed by the Bureau's long-standing disregard for the Committee's information requests pertaining to the Bureau's policies on indirect auto lending, including the methodology the Bureau uses to determine fair lending violations in indirect auto lending generally and in the Ally Financial, Inc. and Ally Bank (Ally) enforcement action specifically. It is remarkable and upsetting that the Bureau has not produced records that this Committee has been requesting from the Bureau for more than two years and is entitled to receive and review.[3]

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[1] *See* Rachel Witkowski, *CFPB Overestimates Potential Discrimination, Documents Show*, AMERICAN BANKER, Sept. 17, 2015, http://www.americanbanker.com/news/law-regulation/cfpb-overestimates-potential-discrimination-documents-show-1076742-1.html; *see also* Rachel Witkowski, *CFPB's Outside Expert on Disparate Impact Also Advises Banks*, AMERICAN BANKER, Sept. 28, 2015, http://www.americanbanker.com/news/law-regulation/cfpbs-outside-expert-on-disparate-impact-also-advises-banks-1076979-1.html.

[2] Rachel Witkowski, *The Inside Story of the CFPB's Battle Over Auto Lending*, AMERICAN BANKER, Sept. 24, 2015, http://www.americanbanker.com/news/law-regulation/the-inside-story-of-the-cfpbs-battle-over-auto-lending-1076940-1.html.

[3] *See e.g.*, Letter from the Hon. Spencer Bachus et al., Members of the House of Representatives, to Patrice Ficklin, Assistant Director of Fair Lending, Bureau of Consumer Financial Protection (June 20, 2013)(Rep. Bachus and 34 Members of the House, including 27 Members of the Committee, requesting "the full set of details concerning [the Bureau's] statistical impact methodology, including (i) the proxies used to determine the background of consumer credit applicants; (ii) the factors held constant to isolate the applicant's background as the sole reason for any alleged pricing disparity; (iii) the metric used to measure whether pricing disparities exist (e.g., basis points, the dollar amount of the finance charge, etc.); (iv) the numerical threshold at which it was determined that a pricing disparity on a prohibited basis constitutes an [Equal Credit Opportunity Act) violation . . . [and] all studies, analysis, and information [the Bureau] relied upon in developing its [March 21, 2013, indirect auto lending] guidance."); Committee staff briefing with Michael Gordon, Senior Counselor to the Director, Bureau of Consumer Financial Protection (January 24, 2014) (Committee

Withholding the requested information stands in stark contrast to your explicit promise to at least 48 Members of Congress to be open and transparent in the Bureau's review of indirect auto lending.[4] Moreover, your failure to comply with the Committee's information requests constitutes the improper withholding of information the Committee is entitled to review to aid the Committee's examination of Bureau operations, including its administration of laws or programs within the Committee's jurisdiction. Accordingly, to allow the Committee to carry out its oversight responsibilities under the House Rules,[5] please produce the following information by not later than October 20, 2015:

1. All records[6] requested in Chairman Hensarling's letter of March 7, 2014.
2. All e-mails contained in the e-mail account(s) associated with Patrice Ficklin that were sent or received between August 15, 2015, and October 6, 2015, pertaining to the *American Banker* articles described above.
3. All e-mails contained in the e-mail account(s) associated with Patrice Ficklin that were sent or received between August 15, 2015, and October 6, 2015, and which contain any of the following key words: "banker," "reporter," "Witkowski," "markup," "disparities," "PARR," "Siskin," "BLDS," "proxy," "Ally," "Honda," or "Fifth Third."[7]

Additionally, to further investigate this matter, the Committee intends to conduct transcribed interviews of relevant Bureau staff. Accordingly, by not later than October 13, 2015, please advise whether you will make Patrice Ficklin of the Office of Fair Lending available for a transcribed interview.

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staff requesting, among other things, the following information from the Bureau: "Per paragraph 20 on page 6 of [Ally's] consent order, what were the 'potential explanatory variables offered by Respondents'?; Per paragraph 20 on page of the consent order, for each variable, how did 'Respondents fail to provide adequate evidence that additional variables appropriately reflected legitimate business needs'?; Please provide the regression analysis model used by the Bureau in its Ally investigation to estimate any disparities in dealer markup on the basis of race or national origin."); Letter from the Hon. Jeb Hensarling, Chairman, Comm. on Fin. Serv., to the Hon. Richard Cordray, Director, Bureau of Consumer Financial Protection (March 7, 2014) (requesting that the Bureau provide the Committee with long-requested information pertaining to the Bureau's policies and methodologies concerning indirect auto lenders and the Bureau's enforcement action with Ally).

[4] *See, e.g.*, Letter from the Hon. Richard Cordray, Director, Bureau of Consumer Financial Protection, to the Hon. Terri Sewell et al. (June 20, 2013); Letter from the Hon. Richard Cordray, Director, Bureau of Consumer Financial Protection, to the Hon. Spencer Bachus et al. (August 2, 2013).

[5] Rule X, Rules of the House of Representatives, 114th Cong.

[6] The term "records" means any written, recorded, or graphic matter of any nature whatsoever, regardless of how recorded or preserved, and whether original or copy.

[7] The Committee will not consider the Bureau's production as complete until a representative of the Bureau certifies in writing that the Bureau conducted a search reasonably calculated to locate all responsive records and that the Bureau produced to the Committee all known responsive records in its or any agent's custody or control. In addition, the Bureau's obligation to produce records is continuing in nature; if, after tendering the written certification requested herein, the Bureau becomes aware of any responsive record in its or any agent's custody or control, the record should be promptly produced.

If you have any questions regarding this request, please have your staff contact Joe Gammello of the Committee staff at (202) 225-7502.

Sincerely,

JEB HENSARLING
Chairman

SEAN DUFFY
Chairman
Subcommittee on Oversight
and Investigations

cc: The Honorable Maxine Waters
Ranking Member
cc: The Honorable Al Green
Ranking Member, Subcommittee on Oversight and Investigations

Congress of the United States
Washington, DC 20515

October 14, 2015

The Honorable Arne Duncan
Secretary
United States Department of Education
1990 K Street, NW
Washington, DC 20006

The Honorable Robert Cordray
Director
Consumer Financial Protection Bureau
1700 G Street, NW
Washington, DC 20552

The Honorable Jacob Lew
Secretary
United States Department of Treasury
1500 Pennsylvania Ave, NW
Washington, DC 20220

Dear Secretary Duncan, Secretary Lew, and Director Cordray:

We write to you, as members of the Future Forum, to express our support for your recently proposed actions to strongly enforce existing regulations on student loan servicing companies. Our group is comprised of 16 young Democratic members of the House working to address the issues faced by millennials, including the burden of student loan debt.

We believe it is of the utmost importance to create clear, defined, and reasonable industry standards. Student loan borrowers deserve to have a fair shot at repaying their loans.

Specifically, we commend you for establishing consistent industry-wide practices for the repaying of all types of loans. As you know, the terms and conditions of loans being serviced by investors, banks, and the federal government can vary; the variance becomes greater when taking into account different companies' repayment policies. Many borrowers deal with multiple servicers through the lifetime of a loan. A set of consistent standards across all forms of loans and companies is thus essential in ensuring that borrowers can navigate the repayment process.

Additionally, holding service companies accountable to the public is essential to improve upon the current system. Borrowers are entitled to full and accurate information regarding their loans. The enforcement of regulations that would allow for greater transparency within the industry and increase access to customer service for borrowers would greatly help them in making responsible decisions regarding their loans.

Finally, we support and encourage your efforts to fully explore additional ways to improve protections for student loan borrowers through the rule making process. New and effective rules

could provide needed clarity and security for the nearly 40 million Americans with a total of $1.3 trillion in student loan debt.

The Future Forum is dedicated to improving the lives of America's millennial generation. Crushing student loan debt is one of the greatest obstacles this generation faces. We look forward to working with the Department of Education, Department of the Treasury, and the Consumer Financial Protections Bureau to provide relief to the millions of Americans bogged down with burdensome student loan debt.

Sincerely,

Eric Swalwell
Member of Congress

Derek Kilmer
Member of Congress

Patrick Murphy
Member of Congress

Jared Polis
Member of Congress

Tulsi Gabbard
Member of Congress

Ruben Gallego
Member of Congress

Seth Moulton
Member of Congress

Marc Veasey
Member of Congress

Brendan Boyle
Member of Congress

Pete Aguilar
Member of Congress

Congressman Patrick E. Murphy

Questions for the Record

House Financial Services Committee

Hearing: "The Semi-Annual Report of the Bureau of Consumer Financial Protection"

September 29, 2015

Florida model

Director Cordray, I appreciate your efforts to protect consumers from abusive payday lenders and fundamentally unfair terms of credit. You have indicated on numerous occasions that the mission to protect consumers should not come at the expense of restricting access to emergency credit and shifting this demand from the regulated space into the dark. You and I have had numerous conversations about the "Florida model" of protecting consumers and preserving access to emergency credit for borrowers in need. I understand you are particularly concerned, as am I, about the problem of "rollovers", or people re-borrowing into a sequence of loans when they are not able to repay their initial loan when due. The Florida model, as you know, attempts to address this problem by strictly regulating both the lender and the borrower, and with compliance monitored through a loan database. Florida's law prevents rollovers and requires a 24-hour cooling off period between loans. In this regulatory environment, Florida has developed a payday lending industry that is relatively small compared to other states and has seen an 82% decrease in multiple outstanding loans since the database came online. If protecting consumers and preserving access to credit are indeed the two goals, Florida is a case study.

1. Why shouldn't Florida and other states that have implemented successful solutions to payday lending abuses continue their work without pre-emption by the Bureau?
2. Do you believe that the Bureau's objectives can be achieved through a framework in which states like Florida can be left to their own successes instead of a prescriptive rule in which they would be ignored?
3. If you believe Florida's 24-hour cooling off period is not sufficient, please explain why not and what would be an appropriate cooling off period to protect consumers while preserving access to needed emergency credit?

4. In the interest of exploring alternative ways to provide access to emergency credit in a regulated environment, please detail the work that the Bureau has done with prudential banking and credit union regulatory agencies to address safety and soundness concerns associated with making low-dollar, short-term, uncollateralized loans to borrowers with troubled credit histories?

Student loan servicing

Student loans are one of the most pressing concerns for the millions of Americans who owe money or are in default. Private student loan servicers in particular have been the subject of numerous complaints for failing to work with borrowers in distress or default, and the Bureau's Student Loan Ombudsman recently identified concerns with respect to private student loan servicing.

5. What can the Bureau do to meaningfully address concerns that private student loan providers are not working with distressed borrowers? What steps have been taken to date?

United States Senate

WASHINGTON, DC 20510

September 22, 2015

Richard Cordray
Director
Consumer Financial Protection Bureau
1700 G Street, NW
Washington, D.C. 20552

John Koskinen
Commissioner
Internal Revenue Service
1111 Constitution Avenue, NW
Washington, D.C. 20224

Edith Ramirez
Chair
Federal Trade Commission
600 Pennsylvania Avenue, NW
Washington, D.C. 20580

Mary Jo White
Chair
Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549

Dear Director Cordray, Commissioner Koskinen, Chair Ramirez, and Chair White:

We write regarding a recent Washington Post article,[1] which describes how individuals who settled lead-paint lawsuits in exchange for monthly future payments over the course of several years, may have sold the rights to these future payments for an immediate one time lump-sum payment that grossly undervalued the financial value of the original settlement. For example, the article alleges that the rights to a structured settlement of 420 monthly lead checks to be paid between 2017 and 2052, which totaled nearly $574,000 in aggregate and had a value of roughly $338,000 in today's dollars, was sold to a company for less than $63,000. In short, this company may have unfairly reaped a gain of more than $275,000. As such, we ask each of you to utilize your existing authorities to investigate these allegations and take steps to curb these unscrupulous activities.

Over the past several years, nearly every state has enacted some measure of protection when it comes to the sale of structured settlements, also known as factoring transactions. Congress has also acted, by passing in 2002 the Victims of Terrorism Tax Relief Act, which imposed an excise tax of 40% on the purchaser of these structured settlement transactions, unless the transaction itself is approved in advance by a state judge or in accordance with state law.[2]

Several federal agencies also appear to have a potential role in protecting consumers in the sale of structured settlements. The Internal Revenue Service enforces the requirements under the Victims of Terrorism Tax Relief Act; the Securities and Exchange Commission and the Federal Trade Commission have published guidance on factoring transactions; and the Consumer Financial Protection Bureau is responsible for protecting against unfair, deceptive, or abusive

---

[1] "How companies make millions off lead-poisoned, poor blacks" by Terrence McCoy, *The Washington Post*, August 24, 2015, http://www.washingtonpost.com/local/social-issues/how-companies-make-millions-off-lead-poisoned-poor-blacks/2015/08/25/7460c1de-0d8c-11e5-9726-49d6fa26a8c6_story.html?hpid=z1.

[2] Pub. L. 107-134 § 115 (26 U.S.C. §5891).

practices in consumer financial products, such as payday loans. Though many agencies may have a role in policing these types of factoring transactions, it would be helpful to understand better how each of the agencies are working together to protect consumers from unscrupulous settlement purchasers.

With this in mind, we would appreciate responses from each of you to the following questions:

1. What existing authorities does your agency currently have with respect to factoring transactions?

2. What actions have been taken, to date, against purchasers of settlement rights who engage in abusive tactics? What further actions can your agency take?

3. To the extent you have jurisdiction over some aspect of factoring transactions, how does your agency coordinate with other federal and state agencies that may also have jurisdiction?

4. Are there any legislative proposals that would be helpful to your agency in protecting consumers in factoring transactions?

Thank you in advance for your attention to this request, and we would appreciate a response no later October 16, 2016.

Sincerely,

Susan M. Collins

United States Senate

WASHINGTON, DC 20510

September 29, 2015

Richard Cordray
Director
Consumer Financial Protection Bureau
1700 G Street, NW
Washington, D.C. 20552

John Koskinen
Commissioner
Internal Revenue Service
1111 Constitution Avenue, NW
Washington, D.C. 20224

Edith Ramirez
Chair
Federal Trade Commission
600 Pennsylvania Avenue, NW
Washington, D.C. 20580

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Chair
Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549

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Several federal agencies also appear to have a potential role in protecting consumers in the sale of structured settlements. The Internal Revenue Service enforces the requirements under the Victims of Terrorism Tax Relief Act; the Securities and Exchange Commission and the Federal Trade Commission have published guidance on factoring transactions; and the Consumer Financial Protection Bureau is responsible for protecting against unfair, deceptive, or abusive practices in consumer financial products, such as payday loans. Though many agencies may

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[2] Pub. L. 107-134 § 115 (26 U.S.C. §5891).

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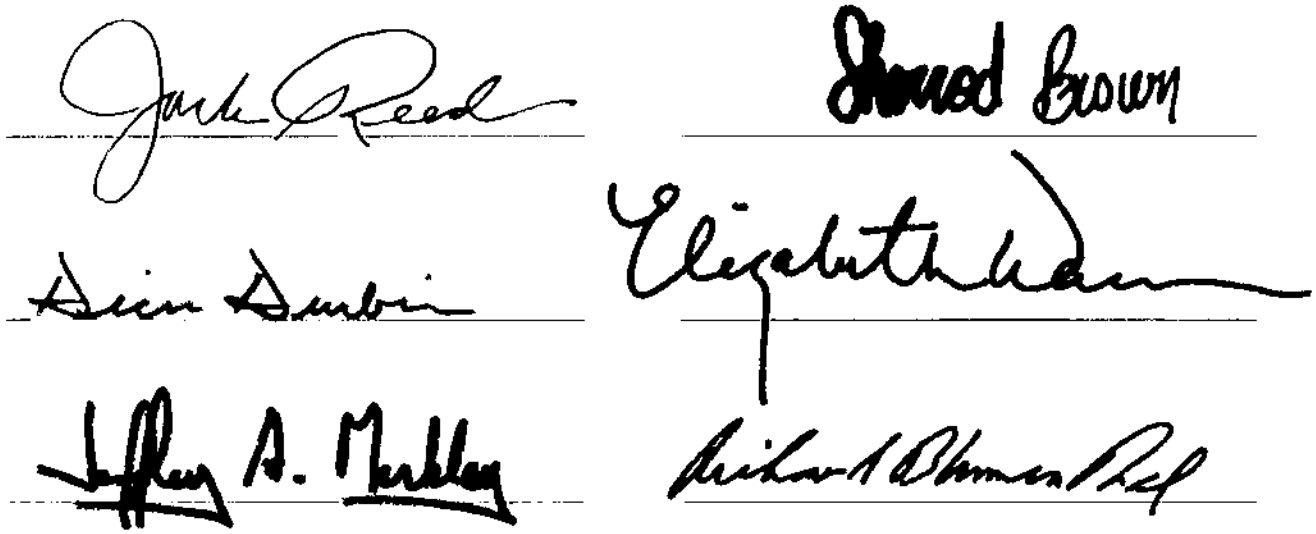
Thank you in advance for your attention to this request, and we would appreciate a response no later October 16, 2016.

Sincerely,



Congress of the United States
Washington, DC 20515

September 29, 2015

The Honorable Richard Cordray
Director
Consumer Financial Protection Bureau
1700 G Street, NW
Washington, D.C. 20552

Re: CFPB Should Work with Stakeholders on Prepaid Account Rule

Dear Director Cordray:

We are writing today to express our concerns with the Consumer Financial Protection Bureau's (the "Bureau's") Notice of Proposed Rulemaking for Prepaid Accounts (the "Proposed Rule"). The Bureau should avoid imposing overly burdensome restrictions on providers that would prevent them from meeting the growing and diverse consumer demand for innovative prepaid products.

Prepaid cards provide a broad array of consumers, including students, workers, and government benefit recipients, with revolutionary ways to access, spend, and manage their money. In fact, prepaid cards are such a safe and effective payment tool, the U.S. Department of Treasury uses them as an alternative to paper checks to disburse federal benefits saving millions of dollars on an annual basis. Below you will find recommendations we believe will ensure that the Bureau meets our shared goal of empowering consumers with valuable financial tools while maintaining a vibrant prepaid marketplace.

Coverage of the Proposed Rule. The Proposed Rule casts a wide net through its extremely broad definition of prepaid accounts, which even includes products outside of the prepaid sphere such as mobile wallets, and person to person (P2P) transfers. We believe the definition of prepaid account should only cover prepaid products that consumers use as primary transaction accounts, where they would expect to receive similar protections as debit cards connected to traditional checking accounts.

Consumer Disclosures. The Bureau should work to develop ***a single,*** easy to understand pre-acquisition fee disclosure. The Proposed Rule requires multiple fee disclosures (a short-form and long-form disclosure) to be made available before a consumer "acquires" a prepaid card. According to the Bureau's own research, consumers do not find the long-form disclosure helpful when comparing products. As a result, the Bureau should not mandate the use of the long-form disclosure, and it should work with industry stakeholders to better define the contents of the short form disclosure to be more useful to consumers in comparing prepaid products.

Implementation Deadline. The Bureau should extend its implementation deadline until 24 months following publication of the final rule. With all of the new disclosure and packaging requirements for such a complex financial product as well as the development and operational

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changes necessary to comply with the Proposed Rule, a nine-month effective date is unrealistic and does not take into account that millions of prepaid cards in the marketplace today will need to be destroyed or replaced.

Overdraft. Lastly, the CFPB should continue to allow discretionary overdrafts on prepaid accounts without subjecting prepaid accounts with these features to full Regulation Z coverage, which could lead to their elimination from the market. Instead, the Bureau should provide common sense guard rails that protect consumers while enabling the continued access to short-term micro credit (e.g., amounts less than $150) so that consumers have the ability to purchase items, such as necessities, in between pay checks.

We strongly encourage the Bureau to work closely with stakeholders and Congress as your staff drafts the final rule. We believe more external engagement with prepaid market participants will be essential in helping the Bureau reach the appropriate balance between protecting consumers and ensuring the continued growth of America's fastest growing form of payment.

Sincerely,

M. Michael Rounds
U.S. Senator

Mike Crapo
U.S. Senator

Tom Cotton
U.S. Senator

Michael B. Enzi
U.S. Senator

Scott Tipton
Member of Congress

Randy Neugebauer
Member of Congress

Roger Williams
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Andy Barr
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