



POLICY & ACTION FROM CONSUMER REPORTS

June 7, 2017

Dear Representative:

Vote “No” on H.R. 10 -- The Wrong Choice for Consumers

Consumers Union, the policy and mobilization arm of the independent, non-profit organization, Consumer Reports, writes to express our strong opposition to the Financial CHOICE Act which would essentially gut the Consumer Financial Protection Bureau (CFPB). By weakening the Bureau’s independence and eliminating many of its core functions, the Financial CHOICE Act would effectively end the CFPB’s ability to carry out its mission of protecting consumers from unfair, deceptive, and abusive practices, supervising banks and nonbanks to prevent consumer harm, taking enforcement action against companies that break the law, and arming consumers with information they need to make smart financial decisions. These changes leave consumers vulnerable to financial scams and rip-offs. We strongly urge you to oppose this anti-consumer legislation.

The CFPB has a proven track record as a strong and effective financial watchdog. The Bureau gets results for American Consumers. It has secured nearly \$12 billion in relief to 29 million consumers who were harmed by companies and individual that broke the law, and imposed almost \$600 million in civil penalties for violations of consumer protection laws.¹ Its thorough and thoughtful approach to oversight has resulted in greater transparency and safer financial products. Its rulemaking has been fair, balanced and inclusive. The CFPB’s financial literacy campaigns have better equipped consumers to make financial decisions, and the agency has also helped consumers resolve problems they have encountered in the marketplace. Since opening its doors in 2011, the CFPB has handled over 1 million consumer complaints. It has taken enforcement action against companies engaging in illegal debt collection, overdraft, student loan servicing, and payday lending practices.

Consumers across the nation have told us of their support for the CFPB. Here are just a few of their stories:

Sherry, Naples, FL: “Thank you to Director Cordray and the Consumer Financial Protection Bureau. For over two years, I have been trying to correct damaging, inaccurate information in my background report that can be shown when a consumer reporting agency or data broker sells consumer information profiles. I have contacted the following: my state senator and House representative, which led to a response from the Office of General Counsel; numerous online date brokers; an Office of the Attorney General; various local county representatives; numerous

¹ CFPB Consumer Financial Protection Bureau, “Consumer Financial Protection Bureau: By the Numbers,” Fact Sheet, December 2016, available at http://files.consumerfinance.gov/f/documents/201701_cfpb_CFPB-By-the-Numbers-Factsheet.pdf.

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attorneys; and, finally, the FTC who suggested I call the CFPB. After filing my complaint with the CFPB, within two weeks, the company that has the world's largest electronic database for legal and public-records corrected my profile. The CFPB and Director Cordray give consumers 'a voice' that cannot be ignored or disregarded -- especially, when the truth is evident."

John, Culver City, CA: "I was very favorably impressed by the CFPB. If all government agencies were like the CFPB, we would have an amazing country. Thank you."

Paul, Greencastle, PA: "Bank of America set up my debit card charges so that I would overdraft and then they could hit me with fees that THEY CAUSED. The CFPB forced Bank of America to refund those fees, fees that I tried to get back on my own but B of A wouldn't return. THANKS CFPB!"

Hoover, Burbank, CA: "I was in the process of paying off a credit card that I hadn't used and had actually torn up. For three years, I had been making small payments but my balance wasn't being reduced as much as it should have. Upon checking the statement (which I never did since I didn't physically even have that card anymore), I found out that I had been charged for some type of protection service to help me pay off my credit card. I had never consented to this being added to my credit card and when I asked the credit card company to prove that I had consented to adding the service, they could not provide proof. They also said they could remove it from this point on but they would not credit me with the 3 years of payments I had not authorized. I contacted CFPB with my story and within a very short time; I received notification from the credit card company through CFPB that they would be refunding my credit card for the entire three years of unauthorized charges for the protection service. This amounted to approximately \$700. My actual credit card total was around \$1,000 (which included this \$700). With \$700 taken off the balance, I paid off the credit card balance of \$300 in a few shorts months. I could not be more appreciative of CFPB because I would still be paying for something I had never ordered. The company should have offered to give this refund but they did not and told me I had no recourse. I thank CFPB for their excellent work. We truly need this to continue."

I. Below is an overview of provisions in the CHOICE Act that would harm consumers by weakening the CFPB's independence, mission, and authority.

Elimination of Supervision and Examination Authority - Section 727 would eliminate the CFPB's supervisory and examination authority. The CFPB is charged with enforcing consumer financial laws for the purpose of ensuring that all consumers have access to safe financial products and services and that the financial marketplace is fair, transparent and competitive. Congress determined that the most effective way for the CFPB to carry out this mission is through supervision and examinations.² The CFPB uses its supervisory authority to detect, assess and prevent risks that harm consumers,³ Its examination authority is used to help identify and correct violations of consumer financial protection laws, often without necessitating enforcement.

It is through the CFPB's supervisory and examination authority we learned that:

² See, Dodd-Frank, section 1024-1029.

³ See, CFPB Supervision and Examination Process, Manual V.2 (October 2012).

- Some student loan servicers engaged in the unfair practice of failing to reverse late fees and interest after determining that they had erroneously terminated borrowers' in-school deferment;⁴
- Some mortgage servicers failed to request from borrowers the additional documents and information they need to obtain complete loss mitigation applications, only to deny the applications for missing those documents;⁵ and
- Some credit reporting companies weren't doing enough to ensure credit report accuracy, proper oversight of furnishers, and to accept and help resolve consumer disputes.⁶

In each of these cases, the CFPB directed the companies to implement appropriate corrective measures to remedy the problems. Companies can be directed to send refunds, pay restitution, credit borrowers' accounts, or take other remedial action. Recent supervisory actions have resulted in total restitution payments of approximately \$6.1 million to more than 16,000 consumers. Section 727 would prevent the CFPB from using its supervisory and examinations authority to assess companies' compliance with federal consumer financial protection laws.

Limitation on Agency Rulemaking and Enforcement Authority - Section 729 would eliminate the CFPB's authority to exercise rulemaking or enforcement authority. CFPB rules are well researched and include input from consumers, the affected industry, advisory boards and other external stakeholders. For example, in October 2016, the CFPB issued a final rule to create comprehensive protections for prepaid financial products. The rule closes the gap between bank debit cards and prepaid cards and protects consumers against fraud and unauthorized charges, requires better fee disclosures, and ensures that consumers have convenient access to account information by providing free access to statements upon request and free balance information by telephone.⁷ The elimination of the Bureau's rulemaking authority would prevent it from adopting new safeguards to address abusive practices that harm consumers. The CFPB is currently working on rules to address: (1) excessive overdraft fees and the unfair practice by banks of processing transactions in an order that maximizes overdraft fees; (2) credit reporting errors that result in higher interest rates, difficulty in getting employment, higher insurance costs and make it difficult to verify a consumer's identity; and (3) abusive debt collection practices, including the collection of debt from the wrong consumer, in the wrong amount without adequate and accurate documentation to prove a debt is actually owed.

The CFPB's enforcement authority makes it an important cop on the beat to address illegal practices. In recent months the CFPB has taken action against on-line lenders for deceiving consumers by collecting debt that was not legally owed; a mortgage lender for paying illegal kickbacks for mortgage business referrals; companies for allegedly scamming 9/11 heroes out of money intended to cover medical costs, lost income, and other critical needs; and against a mortgage company for flawed mortgage loan

⁴ Spring Supervisory Highlights, Issue 15, Spring 2017

⁵ Id.

⁶ See, CFPB Supervisory Highlights, Consumer Reporting Edition, Issue 14, Winter 2017.

⁷ See, Prepaid Accounts under the Electronic Fund Transfer Act (Regulation E) and the Truth In Lending Act (Regulation Z).

reporting. In all of these instances, consumers were reimbursed for the harm they experienced.

Removal of Authority to Regulate Small-Dollar Credit – In particular, Section 733 would specifically stop the CFPB from exercising its rulemaking, enforcement or other authority with respect to payday loans, vehicle title loans and other similar loans. Payday loans are small dollar, yet expensive, loans secured by direct access to the borrower’s bank account, either through a post-dated check or other authorization to withdraw funds on the borrower’s next payday.

The mechanism by which payday loans are repaid can leave consumers even more vulnerable to falling deeper into debt. Since payday lenders have access to borrowers’ bank accounts and require full repayment of the loan on the day the borrower receives his/her paycheck or benefits, these triple-digit rate loans are first-in-line to be repaid, ahead of food, rent, or other necessities. This can be a serious problem for families that are struggling financially and can often lead to overdrafts, closed bank accounts and bankruptcies. Unscrupulous payday lenders can use this vulnerability to pull struggling consumers further into long-term indebtedness.

The CFPB uses its enforcement authority to help protect consumers from harmful payday lending practices. Recently, the CFPB took enforcement action against one of the largest payday lenders in the United States for pushing payday borrowers into a cycle of debt. The CFPB found that the company used illegal debt collection tactics, including harassment and false threats of lawsuits or criminal prosecution, to pressure overdue borrowers into taking out additional loans they could not afford.⁸

Last year, the CFPB proposed rules that put important limits on these risky loans, as well as on other similarly high-cost risky products like auto title and installment loans. Most importantly, the proposed rules require lenders to evaluate the consumer’s ability to repay the loan, and puts limits on loan renewals or “rollovers.” The CFPB has devoted considerable time, research and analysis to craft a proposed rule that is reasonable and fair. It should be allowed to go forward.⁹

Removal of the CFPB’s UDAAP Authority - Section 736 would rescind the CFPB’s authority to enforce against unfair, deceptive or abusive acts and practices,” (UDAAP) and to write rules to define its UDAAP authority. Congress directed the CFPB to protect consumers from unfair deceptive or abusive acts and practices as a core part of its mission. The CFPB has used its UDAAP authority to: (1) stop Wells Fargo from continuing to open unauthorized accounts in its customers’ names as it did with over 2 million unauthorized deposit accounts and 565,000 unauthorized credit card accounts¹⁰ (2) stop MoneyTree from making deceptive online advertisements and engaging in unfair collection

⁸See, Consumer Financial Protection Bureau, CFPB Takes Action Against ACE Cash Express for Pushing Payday Borrowers Into Cycle of Debt, July 10, 2014, available at <https://www.consumerfinance.gov/about-us/newsroom/cfpb-takes-action-against-ace-cash-express-for-pushing-payday-borrowers-into-cycle-of-debt/>..ACE Cash Express, Inc. ACE was ordered to pay \$5 million in refunds to consumers and pay a \$5 million penalty for these violations. CFPB Takes Action Against ACE Cash Express for Pushing Payday Borrowers Into Cycle of Debt. ACE was ordered to pay \$5 million in refunds to consumers and pay a \$5 million penalty for these violations..

⁹ Companies that support financial innovation also support the CFPB’s prepaid card rule. According to the Center for Financial Services Innovation (CFSI), “[t]hese rules matter to consumers – not only because they are better protected with the products they use today, but because they’ll be better off with the products they’ll use in the future. This forward progress won’t happen if the rules are reversed.” See, CFSI letter to Senator Sharrod Brown, dated April 5, 2017.

¹⁰ See, http://files.consumerfinance.gov/f/documents/092016_cfpb_WFBconsentorder.pdf

practices¹¹ (3) stop banks from engaging in deceptive marketing, billing, and administration of debt protection and unwanted credit monitoring add-ons¹² (4) stop abusive credit card terms and (5) stop abusive scams and exploitation of older consumers.

Return UDAAP authority to Federal Banking Regulators - Section 737 would return the CFPB's UDAAP authority to the same federal financial regulators who failed to protect consumers from toxic mortgages, abusive credit card practices, and the fraudulent sales practices of Wells Fargo.¹³ Problems with Wells Fargo had been brewing long before the CFPB opened its doors. The Office of Comptroller of the Currency (OCC), Wells Fargo's primary regulator before the CFPB was established, failed to investigate over 700 whistleblower complaints against Wells Fargo. An internal review of the Wells Fargo fiasco found that the OCC failed to take "timely and effective supervisory actions" to address Wells Fargo's illegal actions and their examiners missed opportunities to uncover the problems that led to the creation of millions of unauthorized deposit and credit card accounts. In contrast, the CFPB and the Los Angeles City Attorney led a joint action against Wells Fargo, resulting in a \$100 million penalty by the CFPB for unfair and abusive banking practices. The money assessed will be used to compensate consumers for their losses.

The CFPB continues to take strong and decisive action to hold accountable banks and other financial institutions when they harm consumers. In the last 12 months alone, the CFPB supervisory actions have resulted in approximately \$58 million in redress to over 516,000 consumers. During that same time period, the CFPB announced enforcement actions will result in more than \$240 million in relief to consumers who suffered harm due to various violations of consumer financial protection laws and \$183 million in civil money penalties.¹⁴

Repeal of the CFPB Authority to Restrict Forced Arbitration – Section 738 would repeal the CFPB's authority to issue rules to limit or stop the use of forced arbitration in consumer financial service contracts. Repealing this authority would leave consumers with no effective legal recourse to hold lenders accountable for widespread fraud and abuse. For example, forced arbitration clauses prevented victims of the Wells Fargo scandal involving unauthorized accounts from bringing legal action against the company. Wells Fargo hurt millions of consumers by secretly opening bogus additional accounts in their names, in order to pad quotas and profits. Wells Fargo then used a forced arbitration clause buried in its consumer account paperwork to block defrauded consumers from seeking relief.¹⁵

Forced arbitration, designed by the lenders and their lawyers, is secret, is not bound by law, offers no right of appeal, and is stacked against consumers. It is fundamentally unfair, and it undercuts important incentives for businesses to treat consumers fairly.

¹¹ See, http://files.consumerfinance.gov/f/documents/201612_cfpb_Moneytree-consentorder.pdf

¹² See, http://files.consumerfinance.gov/f/201507_cfpb_consent-order-citibank-na-department-stores-national-bank-and-citicorp-credit-services-inc-usa.pdf

¹³ See, the OCC Office of Enterprise Governance and the Ombudsman, "Lessons Learned Review of Supervision of Sales Practices at Wells Fargo," (April 19, 2017).

¹⁴ See Testimony of Richard Cordray, Director, Consumer Financial Protection Bureau Before the House Committee on Financial services, (April 5, 2017).

¹⁵ Id.

The Consumer Financial Protection Bureau has spent several years developing an effective and balanced rule to rein in the worst excesses of forced arbitration. As directed by Congress, the CFPB has carefully developed a detailed factual record, thoughtfully evaluated input from all interested parties, and published a specific proposal for multiple rounds of further public comment. As part of its due diligence, the CFPB documented just how harmful forced arbitration is for consumers. The CFPB found that in 2010 and 2011, a mere 52 consumers took claims under \$1000 to arbitration, and only 4 got any recovery. In contrast, class actions recovered \$2.2 billion in relief to over 160 million consumers over a five-year period. In addition, in over 50 cases, class action court judgments directed the companies involved to reform their business practices, helping millions of consumers.

Rather than prohibit forced arbitration entirely, which many consumer advocates have rightly called for, the CFPB rule takes a measured approach. The rule prohibits forced arbitration only when used to block consumers that have suffered widespread abuse from joining together in a class action. This is an area where forced arbitration is particularly harmful. If consumers cannot combine claims, the costs of bringing them individually are often too high, and the wrongdoer gets away with the widespread abuse.

But now, as the CFPB prepares to issue the final rule, this section of the bill would block the CFPB from taking this important and carefully conceived step to protect consumers.

Elimination of Market Monitoring Functions - Section 724 would eliminate the CFPB's ability to monitor financial markets. The CFPB monitors the markets to identify harmful risks and trends before they harm consumers. The CFPB's Research, Markets, and Regulations Division focuses on promoting financial markets in which consumers can shop effectively for financial products and services and are not subject to unfair, deceptive, or abusive acts or practices.¹⁶

Prohibiting Publication of Consumer Complaints - Section 725 would prevent the CFPB from publishing consumer complaints. The CFPB's public complaint database promotes transparency and accountability. It helps inform consumers, regulators, and even financial service providers about harmful practices and trends in the marketplace.

A public complaint database helps empowers consumer to make more informed decisions about their financial choices. Complaint narratives from consumers provide firsthand information about what went wrong, the harm it caused, and the resolution. It puts the complaint in context. For regulators, the database helps to identify harmful trends before they take hold to help target enforcement and supervision priorities, and to provide relief to those who have been harmed, or had their complaints ignored or left unresolved. Finally, companies benefit from a public database by learning from other companies' experiences about practices to avoid and those that increase customer satisfaction.

To date, the CFPB has received over a million consumer complaints,¹⁷ most of which were made public through their consumer complaint database. The CFPB takes necessary and prudent steps to protect

¹⁶ See, Testimony of Richard Cordray, Director, Consumer Financial Protection Bureau, Before the House Committee on Financial Services, April 5, 2017, p. 7, available at <https://financialservices.house.gov/uploadedfiles/hhrg-115-ba00-wstate-rcordray-20170405.pdf>.

¹⁷ See, <https://www.consumerfinance.gov/> The CFPB does not publish complaints that a company cannot validate a commercial relationship with the person who submitted the complaint, complaints from an unauthorized third party, duplicate complaints and complaints referred to other regulators.

confidential information, and the consumers involved are required to give their consent before the complaint is made public. Consumers can withdraw their consent at any time during the resolution process. Companies are also given the opportunity to respond publicly to the complaint.

The CFPB's public complaint database is not unique. Other agencies, including the National Highway Traffic Safety Administration and the Consumer Product Safety Commission, publish consumer complaints with similar beneficial results.

Reforming Indirect Auto Financing Guidance - Section 734 would rescind the CFPB's 2013 auto lending guidance which explains that lenders who offer auto loans through dealerships are responsible for unlawful discriminatory pricing. The guidance also outlines the steps auto lenders can take to be in compliance with our fair lending laws. The current guidance would be immediately nullified and any new guidance in this area would be subjected to additional hurdles.

Unfair and racially discriminatory dealer markups unfairly enrich dealers at the expense of consumers and have a disproportionate impact on communities of color. Some dealers receive kickbacks for steering consumers, typically African Americans and Latinos, to high cost loans when they qualify for cheaper loans. In a recent case brought against a lender, the CFPB and the Department of Justice concluded that the lender had violated the Equal Credit Opportunity Act by charging minority borrowers higher dealer mark-ups for their loans than consumers with similar credit histories.¹⁸ Within the last year, the CFPB and the Department of Justice reached resolution with a company that charged minority borrowers higher rates for auto loans than non-Hispanic white borrowers.¹⁹ The CFPB's auto lending guidance will help prevent similar abuses from occurring in the future.

Subjecting the CFPB to the Political Appropriations Process - Section 713 would subject the CFPB's budget to the annual congressional appropriations process, making it vulnerable to political influence. Congress established the CFPB like other financial regulators including the Federal Reserve Board, The Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation and the Securities and Exchange Commission, with a funding mechanism that would be insulated from industry influence and political pressure. The CFPB is funded by earnings from the Federal Reserve. Funds are transferred to the CFPB once the director determines that the amount is "reasonably necessary to carry out the authorities of the Bureau under Federal financial law."

Independent funding is essential to the effective operations of any financial regulator. Changing the CFPB's funding would severely impair its ability to monitor the marketplace and bring enforcement actions for violation of consumer laws, and jeopardize its ability to hire the expert staff it needs to perform its responsibilities effectively. The experiences of the Consumer Product Safety Commission (CPSC) highlight the importance of independent funding. After Congress slashed its budgets in the 1980s, for example, over the course of several decades, CPSC staff levels ultimately dropped from

¹⁸ The CFPB and the Department of Justice ordered Ally Financial Inc. and Ally Bank to pay \$80 million in damages to 235,000 African Americans, Hispanic and Asian Pacific Islander borrowers who were unfairly charged higher rates for auto loans based on their race. The full text of the CFPB's Consent Order is available at: https://s3.amazonaws.com/files.consumerfinance.gov/f/201312_cfpb_consent-order_ally.pdf

¹⁹ See, http://files.consumerfinance.gov/f/201602_cfpb_consent-order-toyota-motor-credit-corporation.pdf

about 1000 to less than 400 in 2007.²⁰ And for many years, the CPSC only had funding for three commissioners instead of five. This hampered the CPSC's ability to function, as they lacked a quorum if any of the three seats were empty.²¹ A dramatic increase in the number of recalls of children's toys in 2007²² over lead content revealed the importance of adequately funded and staffed consumer protection agencies.²³

The CFPB's budget is already subject to stringent oversight in comparison to other financial regulators. Its funding is capped and it must obtain a Congressional appropriation to increase its budget beyond that amount.²⁴ The CFPB is required to submit its financial operating plans and forecasts and quarterly reports to the Office of Management and Budget.²⁵ The CFPB is also subject to an annual audit by the General Accounting Office (GAO).

Reduce Pay for CFPB Experts - Section 723 would weaken the CFPB's ability to obtain the specialized expertise needed for its important work. CFPB employees should receive pay that is commensurate with the salaries of other federal financial regulatory employees.

Weakening the Leadership - Section 711 would subject the CFPB director and deputy director to removal from office "at will" by the President, without evidence of wrongdoing or other cause. This would undermine the Bureau's independence and its ability to carry out its statutory responsibilities in the face of the financial industry's potent resources and political influence. If a bank or non-bank provider of financial services disagreed with an action the CFPB was taking to protect consumers, it could exert influence to have the director or deputy director fired or intimidated.

Congress carefully created the CFPB with a presidentially-appointed and Senate-confirmed director, removable only for cause, to safeguard the Bureau's independence. Similar to other financial bank regulators²⁶, the Bureau is insulated from political influence and financial industry capture while being appropriately accountable to Congress, the courts, the Executive Branch and the public in several important ways:

- CFPB officials regularly testify before Congress, submit comprehensive reports on CFPB activities and funding and respond to congressional inquiries;
- CFPB rules are subject to the Administrative Procedures Act and can be challenged in court;
- CFPB enforcement actions are subject to judicial review;
- The CFPB is audited annually by the Government Accounting Office (GAO);
- The CFPB receives oversight by the Federal Reserve's Office of Inspector General to improve

²⁰ Consumer Product Safety Modernization Act, Report submitted by Rep. John Dingell, December 19, 2007, 18-19, available at <https://www.congress.gov/110/crpt/hrpt501/CRPT-110hrpt501.pdf>

²¹ The Consumer Product Safety Improvement Act of 2008 increased the CPSC's budget and staffing levels. See, Consumer Product Safety Improvement Act, Section 202 (a)(a)(1); Section 202 (c)(1).

²² *Id.* at 19, The Consumer Product Safety Improvement Act of 2008 increased the CPSC's budget and staffing levels. See, Consumer Product Safety Improvement Act, Section 202 (a)(a)(1); Section 202 (c)(1).

²⁴ See, Dodd-Frank Act, Section 1017(a)(2)(c).

²⁵ See Dodd-Frank Act, Section 1017 (a)(4)(A).

²⁶ See, the Federal Reserve Board, the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation, the Federal Housing Finance Agency, and the Security and Exchange (SEC).

its programs and operations, and to prevent and detect fraud, waste and abuse;

- The CFPB rules are subject to special review by the small business panel;
- CFPB rules can be vacated by other financial regulators through the Financial Stability Oversight Council (FSOC); and
- The CFPB engages with consumers nationwide through public hearings, roundtable discussions and town halls, and through the CFPB website. Consumer engagement informs every aspect of the Bureau's work, including research, rule writing, supervision and enforcement.²⁷

II. Consumers Union also strongly opposes many other proposals in H.R. 10 that would harm consumers including:

Repeal of Department of Labor Fiduciary Rule – Section 841 would rescind the Department of Labor's common-sense conflict of interest rule scheduled to go into effect June 9. The rule simply requires financial advisers to act in the best interest of their clients, to disclose any conflicts of interests, and to tell clients about any associated fees and commissions. The rule makes clear that financial advisers can no longer encourage or reward advisors for giving the kind of advice that that has resulted in clients' losing billions in exorbitant fees and low returns. Under the rule, pushing these kinds of self-serving investments to meet quotas and receive bonuses or fancy perks would no longer be allowed. But Section 841 would reverse this fundamental protection by rescinding the rule. The DOL would then be prohibited from adopting any changes to its fiduciary standard until the Securities and Exchange Commission (SEC) acts to adopt rules under the securities laws, something there is no indication the SEC will do.

Implementing the conflict of interest rule is in the best interest of workers and retirees. It was developed over the course of six years with extensive research, hundreds of meeting with stakeholders, several public hearings and over 300,000 comment letters. A number of firms, including Charles Schwab, John Hancock, Wells Fargo and U.S. Bancorp, have already have spent millions of dollars and devoted considerable time and effort to meeting the new rule's requirements.²⁸ Consumer protection and common sense dictate that the rule remains in place.

Repeal of the Federal Insurance Office - Section 1101 would abolish the Federal Insurance Office (FIO) and replace it with a new Office of the Independent Insurance Advocate. In doing so, Section 1101 eliminates a core function of the FIO: to monitor access to affordable insurance products and report its findings. For example, early this year, the FIO published a study²⁹ which found that 18.6 million consumers live in ZIP codes where auto insurance is unaffordable. The Office provides an objective quantifiable national perspective on the access to affordable insurance for minorities and low and moderate income consumers. Its research helps inform policy makers, legislators, researchers and the public, promoting improved understanding and increased accountability. It holds the insurance industry accountable for fair, non-discriminatory pricing and policies. Eliminating this core function of the FIO is the wrong choice for consumers.

²⁷ See, Semi-annual report of the Consumer Financial Protection Bureau, (October 1-March 31, 2016, p. 9-10.

²⁸ See Letter from United States Senator Elizabeth Warren to Acting Department of Labor Secretary Edward Hugler, Feb 7, 2017, http://www.senate.gov/files/documents/2017-2-7_Warren_Ltr_to_DOL.pdf.

²⁹ See FIO study, "Study on the Affordability of Personal Automobile Insurance."

Conclusion

Consumers want and deserve strong financial marketplace protections. We need a strong consumer watchdog to protect consumers from harmful and illegal practices by financial companies and individuals. The CFPB has been an effective a result-driven defender of consumer rights. We strongly urge you to vote against H.R. 10, the wrong choice for consumers.

If you have any questions, please feel free to contact me at pbanks@consumer.org or (202) 462-6262.

Sincerely,

A handwritten signature in black ink that reads "Pamela Banks". The signature is written in a cursive, flowing style.

Pamela Banks
Senior Policy Counsel