

Empowering and Strengthening Ohio's People
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March 8, 2013

Senator Rob Portman
338 Russell Senate Office Building
Washington, D.C. 20510

Dear Senator Portman,

Millions of Ohioans have been affected by unfair, abusive or deceptive financial practices. In Ohio there were more than eight thousand foreclosures in January alone. Payday lenders are contemptuously ignoring Ohio law, preying on mostly low-income and minority borrowers with astronomical interest rates. One in five Americans has an error on their credit report they can't get fixed causing Ohioans to bombard the Ohio Attorney General's office with complaints.

Fortunately the Consumer Financial Protection Bureau is on the case. So far the bureau has taken several steps to help consumers:

- Returning more than \$400 million to nearly six million consumers cheated by credit card companies.
- Moving to end the era of mortgages designed to rake in up-front fees before they self-destruct
- Standing up for students and families trapped in high-cost education loans
- Protecting military families against illegal foreclosures and deceptive education-loan practices, among other abuses
- Enabling consumers to finally know just how much they are charged for sending money overseas, and how much their family members actually receive
- Going after fraudulent companies that collect up-front fees for help they don't deliver to desperate borrowers
- Beginning to monitor the out-of-control world of credit reporting and debt collection
- Giving financial consumers an effective way to complain about errors and misdeeds

But now progress being made toward correcting these problems and preventing them from happening again is being threatened. It's because of a stalemate over the Consumer Financial Protection Bureau and the nomination of its director Richard Cordray.

Forty-three Senators signed a letter to President Obama refusing to confirm Cordray or any nominee and demanding changes to the bureau's structure. Instead of signing the letter we understand that you have appealed directly to Mr. Cordray to endorse changes to the bureau. While we appreciate the friendlier path you are taking in this matter, we believe the destination still spells disaster for American consumers.

The Senators argue that the CFPB is too powerful and does not have enough accountability because of its single director and budget that does not require congressional approval. However those claims are inaccurate and misguided. The CFPB's structure, authority and funding are not uncommon among federal financial regulators. Moreover, the agency's independence is critical to fulfilling its mission to protect consumers.

The CFPB and its director are in fact accountable to Congress and other regulators. The Financial Stability Oversight Council can review and reject CFPB regulations. Also, the director is required to testify before Congress at least twice a year and Congress can overturn any CFPB regulation through legislation. Regulations are also subject to judicial review.

The CFPB's single director structure is not unusual. Both the OCC and the FHFA have single directors, with no calls for restructuring. In other government agencies, such as the Consumer Product Safety Commission (CPSC), the superior effectiveness of a single director has been shown to outweigh any potential benefits of a multi-member commission. In fact, having a five-member panel could lead to slower and less consistent decision-making.

The CFPB's funding autonomy from Congress is an important safeguard. It means the bureau can operate free of industry influence and political motivations that could weaken or delay consumer safeguards. Moreover, nearly all federal banking regulators are funded outside of the congressional appropriations. Only the CFPB has a funding cap written into law. It also has to submit annual financial reports to Congress, and the Government Accountability Office performs an annual audit.

The CFPB has taken a fair and even-headed approach to consumer financial products. The agency has been transparent and opened all of its efforts to industry and consumer advocates, incorporating their feedback into final rules and reforms. Even Dave Stevens, President of the Mortgage Bankers Association, paid tribute to the CFPB's "deliberative, inclusive, transparent" decision-making.

The agency is finally taking some of the lessons learned from the financial crisis and using them to institute sound and consistent rules that protect American consumers without unduly burdening responsible players in the financial industry.

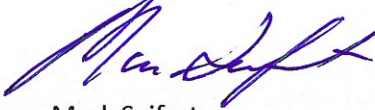
Polls show that most Americans, regardless of party, support the CFPB; along with most small business owners and a growing number of financial industry leaders.

Making changes to the CFPB's structure would weaken the bureau and potentially unravel the progress already made. We need the Bureau to be effective. It is wrong to hold up the nomination of a qualified leader, and hold hostage a law passed by Congress, signed by the President and supported by

large majorities of the public. It is bad for consumers, bad for responsible lenders, and bad for the broader economy.

We strongly encourage you to show you have the best interest of Ohio consumers at heart. We thank you for your efforts to achieve compromise, and urge you to support the work of the Consumer Financial Protection Bureau and the nomination of Ohioan Richard Cordray for director of the bureau.

Respectfully,



Mark Seifert

Executive Director

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