

**Statement of Richard Cordray**  
**Nominee for Director of the Consumer Financial Protection Bureau**  
**Senate Committee on Banking, Housing, and Urban Affairs**  
**Tuesday, March 12, 2013**

Chairman Johnson, Ranking Member Crapo, and members of the Committee: I am honored to be here once again as the nominee to serve as the Director of the Consumer Financial Protection Bureau. I am grateful to the President for the confidence he has shown in me and for giving me the opportunity to continue serving our country in this role. If confirmed, I pledge that I will do all I can to carry out and enforce the law that Congress passed to protect consumers and help consumer financial markets emerge from the devastating financial collapse of 2007-2008.

Over the past two years, I have come to understand how your Committee exercises great responsibility for managing legislation that affects the lives of all Americans. I am in earnest in saying that it is a pleasure to appear before you frequently in my current role, and we have seen that our relationship can be cooperative and fruitful. If confirmed, I look forward to working closely with each of you to pursue the common goal that we share: to see that the people and families whom we serve are treated fairly in the essential marketplace for consumer finance.

I am also glad once again to have my wife Peggy and my twins Danny and Holly here with me today. Like many of you, I commute back and forth from a long distance to do this work. My family has been willing to make real sacrifices, without complaint, because they believe in what I am doing to serve our country. They know how deeply I care for them and depend on their steadfast support.

From childhood, my parents taught me the value of work that seeks to improve the lives of others. My Dad, Frank, who just turned 95 last month, spent his entire career in programs that served children and adults with developmental disabilities. My Mom, Ruth, who died of cancer when I was in college, founded the first foster grandparent program for the developmentally disabled in Ohio, in addition to doing all the many and various things that a mother does to raise three rambunctious boys.

My approach to the role of Director is deeply informed by their influence. It is also deeply informed by more than two decades in public service. After completing degrees in political theory, economics, and law, I worked as an attorney in the private sector with individual and business clients. During that time, I was in and out of public service, including a brief stint in the Ohio legislature where I first became involved in consumer protection law. In 2002, however, my life took a different direction when I became the Franklin County Treasurer.

The job required me to develop managerial skills and knowledge needed to run a financial office and safeguard public funds. But there was also another, very significant dimension of this work. From the beginning, I set out to collect millions of dollars from those who were evading paying their property taxes, and in doing so to protect all the law-abiding taxpayers and businesses who faithfully find a way to meet their obligations.

As I went about that task, I was deeply impressed by the importance of consumer finance issues and the growing difficulties they posed for families and households. Although I found that many

delinquent taxpayers were not willing to pay their share until we moved aggressively to enforce the law against them, I also found something different and noteworthy: Many others did not want to be in trouble, and wanted to pay their share, but were in tough circumstances through no fault of their own. Sometimes it was because of the loss of a job. Other times it was because of a death or serious illness in their family or because of a divorce that heaped on the added expense of running two households instead of just one.

Out of these experiences, I developed a resolve to address these kinds of financial difficulties that confront our communities. I quickly learned that there is no such thing as a one-size-fits-all solution as we seek to aid those who want to do the right thing and, when necessary, to thwart those who seek to take advantage of others. On a variety of issues, we experimented with new approaches, and sought partnerships with a wide array of stakeholders. We were successful in pushing for a new law requiring high school students to receive personal finance education before they could graduate. As we saw the foreclosure crisis wreaking havoc in many neighborhoods, we created a “Save Our Homes” task force to bring together businesses and banks, nonprofits, and government, to work together in assisting people who were just frantic not to lose their homes.

Later I became the State Treasurer. In that position, it was my primary duty to protect the public’s money during the financial crisis, a job I fulfilled by steering clear of risky investments. In addition, I continued to work on consumer issues. We expanded the “Save Our Homes” program into a statewide effort, and I co-chaired a task force to work with mortgage servicers on a voluntary basis to seek fair treatment of their customers. The Chief Justice of the Ohio Supreme Court and I teamed up to start a foreclosure mediation program in the courts. And we implemented the new personal finance education law by developing a curriculum and training hundreds of teachers.

Another major initiative during my time as Treasurer was the dramatic expansion of a low-interest loan program designed to help small businesses create jobs and to help farmers obtain needed funds on an affordable basis. We went out of our way to make this initiative available to the community banks that make credit available to borrowers and form the backbone of our smaller and medium-sized towns. All of this work reinforced for me how creative strategies can be beneficial to both consumers and honest businesses.

Before coming to the Bureau as the chief of Enforcement, I also served as the Ohio Attorney General. There, we took on sweepstakes scams and other frauds targeting the elderly. We pursued many actions against foreclosure rescue scammers who were reaching into the pockets of desperate people in an effort to steal what little remained as they sought to keep their homes. And where necessary, we pursued those mortgage servicers who, despite strong warnings, repeatedly violated consumer protection laws.

As Ohio’s Attorney General, I instituted an early warning policy of notifying parties and giving them a chance to tell us their side of the story before we filed a lawsuit. On a number of occasions, this policy allowed us to resolve issues without going to court.

At every stage of our work, I believed – and I believe today – that law enforcement which is evenhanded, fair, and reasonable not only protects consumers, but also supports what I call the

honest businesses in two key ways. First, the businesses that cheat can gain a significant and unfair advantage, and law enforcement protects honest businesses against the cheaters. Second, keeping the marketplace clean ensures consumers are treated fairly and gives them confidence they need to participate in that market.

These are the experiences that brought me in January 2011 to the Consumer Financial Protection Bureau. When I became director one year later, I resolved to do everything in my power to make the Bureau accountable to American consumers, to American businesses, and to the Congress.

As the economy recovers, we want people to know they now have a new agency standing on their side, looking out for their interests, to help restore their confidence in the consumer financial marketplace. So far, even though our work is still in its early stages, we have been busy addressing some of the most critical problems.

For the largest single consumer financial market – the mortgage market, worth trillions of dollars – we have adopted new rules to ensure that the excessive and irresponsible practices that helped precipitate our nation’s financial calamity cannot be repeated. These rules protect people shopping for a loan from being saddled with something they cannot afford. They protect existing homeowners from getting the runaround and being hit with surprises by their mortgage servicers. And, critically, they help struggling homeowners fighting to be responsible borrowers, pay back their mortgages, and avoid foreclosure.

In the credit card market, we are implementing and overseeing the extensive positive changes that Congress made in the CARD Act. For consumers who have been deceived by credit card companies, we have worked closely with our fellow regulators to put \$425 million back in consumer’s pockets, with more to come.

In the student loan market, we have teamed up with the Department of Education to create products like the Financial Aid Shopping Sheet, which helps students understand how best to manage increasing levels of student loan debt.

We also are developing and delivering powerful new tools for all consumers. For consumers who have felt disempowered by the convoluted rhetoric around many financial products, we have harnessed the power of technology to deliver clear information through our “Ask CFPB” tool, which is an interactive database of nearly 1,000 answers to common consumer questions.

Perhaps the most direct example of addressing problems in the consumer finance markets is our consumer response function. To date, we have already handled more than 130,000 complaints from people in every state around the country. Consumers have contacted us for help resolving specific problems they have experienced with consumer financial products and services, ranging from improper charges on credit cards to mortgage payments that were wrongly applied. Many of these complaints have been referred to us by you and your colleagues, and we thank you for that. Through our consumer response operation, we have helped return millions of dollars to consumers and have addressed many problems that had been frustrating your constituents for months or even years.

We have begun to fulfill our pledge of transparency around the work we are engaged in. We are presenting information to the public about our Consumer Complaint Database, which sheds new light on where customer service is falling short and how it can be improved. And we are building a National Mortgage Database that will allow researchers to track the long-term performance of this critical marketplace for consumer credit in ways not possible before.

We are also experimenting with new methods of broadening public participation and heightening our accessibility in our rulemaking process. We have embarked on unprecedented efforts to assist industry in implementing our new rules. Our goal is to reduce the compliance burdens of implementation and help us better understand how to write practical rules that deliver value for consumers.

Along with these initiatives, we are responding to an explicit challenge that Congress laid down for us by attacking the unique problems that confront special populations of consumers. In addition to our work with students, Assistant Director Skip Humphrey and his team are working to help older Americans get sound information and advice about their retirement finances.

We have also become fierce advocates for servicemembers, veterans, and their families. Assistant Director Holly Petraeus and her dedicated team have helped secure changes in mortgage programs to take account of permanent-change-of-station orders. They have also empowered servicemembers and veterans to make more informed decisions about how to use their benefits under the GI Bill for the 21<sup>st</sup> Century. And they have highlighted how consumer debt can adversely affect security clearances.

So these are the kinds of issues that the Consumer Bureau is already addressing on behalf of the millions of American consumers from coast to coast, reflecting the full diversity of this great country. Of course, there is much more to be done in each of these areas, and we are determined to make more progress. Our essential work is to serve and protect consumers – our mothers and fathers, sisters and brothers, sons and daughters – all the people of this country who rely every day on the markets for consumer finance. They deserve a fair shake, and they deserve to have this agency standing on their side to make sure they are treated fairly.

Mr. Chairman and members of the committee, thank you for your time and your consideration today. I will be glad to answer your questions.