



Americans for Financial Reform
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Oppose Moran (#391) To Gut CFPB; Oppose DeMint (#394) To Repeal All of Dodd-Frank
Moran amendment changes CFPB mission from
“Protect Consumers” to “Protect Banks, No Matter What They Do”

June 8, 2011

Dear Senator,

We are writing because we strongly oppose amendments to the Economic Development Revitalization Act, S. 782, to gut the new Consumer Financial Protection Bureau (CFPB) (#391, Moran) or repeal the Dodd-Frank Wall Street Reform and Consumer Protection Act altogether (#394, DeMint).

In particular, we call your attention to Moran, #391, which would effectively strip the CFPB, the nation’s first financial agency with only one job, protecting consumers, of its very ability to protect consumers. The Moran amendment places the regulators who failed to protect us from the predatory practices that led to the 2008 financial collapse in charge of the CFPB. It proposes this major change less than six weeks before the CFPB turns on the lights.

Among the flaws of the Moran amendment are the following:

- **Replaces CFPB’s independent director with a stacked board dominated by current regulators:** Three seats on the proposed six-member Board would be filled by the current prudential regulators (OCC, FDIC, and the Fed); three would be appointed by the President with a 2/1 party split. This puts failed regulators into authority over consumer protection, a job they couldn’t and didn’t do. This also establishes an even-numbered membership board, which is a recipe for regulatory paralysis. Further, the current CFPB structure already gives the current regulators a veto over its decisions, which this amendment retains.
- **Makes CFPB the only financial regulator subject to appropriations process:** The amendment replaces CFPB’s independent funding from the Federal Reserve with a 100% appropriations-based process. No other bank regulator is subject to the politically-charged appropriations process. The CFPB, by the way, is the only bank regulator that already has a capped budget.

- **Adds additional rulemaking burden:** The amendment requires that CFPB consider the impact of a rule on the safety or soundness of “an insured financial institution;” again, current CFPB structure already provides that any rule can be vetoed if it threatens financial stability. The purpose of this change is to allow any financial institution conducting any predatory practice to erect a false “safety and soundness” defense to trump consumer protection rules.

The Moran amendment must be defeated. It is designed to change the mission of the CFPB from protecting consumers to protecting banks. The CFPB is already fully accountable to the President, Congress, the judiciary and the American people. Yet, in a careful balance that would be upended by the Moran amendment, it is also independent of banking industry pressure. In enacting the CFPB, Congress took numerous steps to ensure that the CFPB’s independence would not be compromised by overwhelming political pressure from the financial services industry, as happened with several key banking regulators. At the same time, the Dodd-Frank Act placed a number of unprecedented controls on the CFPB’s authority to ensure that the agency pursues its consumer protection mission in a balanced and responsible manner. The CFPB must also comply with a number of existing laws that govern and restrict the actions of federal agencies, such as the Administrative Procedures Act.

We urge your strong opposition to the Moran amendment to gut the CFPB. Further, we urge strong opposition to the DeMint amendment designed to repeal the landmark law designed to clean up the economic recession caused by unsafe Wall Street practices. What happened on Wall Street wreaked havoc on jobs, home and retirement values and the economy. In 2011, average Americans -- from soldiers to factory workers to retirees – continue to suffer from the fallout of the economy's collapse in 2008. We need a strong consumer cop on the beat. We also need to implement, not repeal, Wall Street reform.

Sincerely,

Americans for Financial Reform
AFL-CIO
Alliance for a Just Society
California Reinvestment Coalition
Campaign for America’s Future
Center for Digital Democracy
Center for Media and Democracy
Center for NYC Neighborhoods
Center for Responsible Lending
Communications Workers of America
Community Organizations in Action
Community Reinvestment Association of North Carolina
Consumer Action
Consumer Federation of America
Consumer Watchdog

Consumers Union
CTW Investment
Demos
Empire Justice Center
Empowering and Strengthening Ohio's People
Food & Water Watch
Foreign Policy in Focus
Global Financial Integrity
Greenlining Institute
Insight Center for Community Economic Development
International Brotherhood of Teamsters
Main Street Alliance
NAACP
National Association of Consumer Advocates
National Consumer Law Center, on behalf of its low-income clients
National Community Reinvestment Coalition
National Council of La Raza
National Fair Housing Alliance
National People's Action
Neighborhood Economic Development Advocacy Project (NEDAP)
OSPIRG
PICO National Network
Project on Government Oversight
Public Citizen
SEIU
The Institute for College Access and Success (TICAS) and its Project on Student Debt
Tax Justice Network USA
The Leadership Conference on Civil and Human Rights
US Action
U.S. PIRG
Woodstock Institute