

United States Senate

WASHINGTON, DC 20510

January 17, 2018

The Honorable Mitch McConnell
Senate Majority Leader
Room S-230, U.S. Capitol
Washington, D.C. 20510

The Honorable Charles Schumer
Senate Minority Leader
Room, S-221, U.S. Capitol
Washington, D.C. 20510

Dear Majority Leader McConnell and Minority Leader Schumer,

As Congress works to finalize the Fiscal Year 2018 Appropriations bill, we respectfully request that you reject any language that alters the funding stream of the Consumer Financial Protection Bureau (CFPB). Independent funding for the CFPB is critical for the agency to continue vigorously enforcing consumer protection laws without any political interference. We write to highlight the importance of excluding any such language because the recommendation and explanatory statement for the FY2018 Financial Services and General Government Appropriations bill regrettably included language to do just that.

The administration has already undermined the effectiveness of the CFPB by appointing Office of Management and Budget Director Mick Mulvaney as part-time Director of the Bureau. Altering the funding stream of the Consumer Financial Protection Bureau would further jeopardize the agency and its ability to conduct independent investigations into financial wrongdoing. The Dodd-Frank Wall Street Reform and Consumer Protection Act established the CFPB as an independent agency to protect it from political interference by Congress or the Executive Branch. To ensure its independence, the CFPB receives its funding from the Federal Reserve, rather than from the Congressional appropriations process.

The CFPB was designed with an independent Director and an independent funding stream and has successfully advocated on behalf of hardworking Americans. The CFPB's funding should not be treated any differently from the Federal Deposit Insurance Corporation (FDIC), the Office of the Comptroller of the Currency (OCC), the National Credit Union Administration (NCUA), or the Federal Reserve. Subjecting any banking regulator, including the CFPB, to the appropriations process would jeopardize the ability of that agency to fulfill its mission and hold bad actors accountable.

The CFPB has done its job well and there is no basis for dramatically altering its funding source and undermining its ability to protect consumers. In just six years, the CFPB has returned \$11.9 billion to over 29 million cheated American consumers.¹ From when it opened its doors in 2011 through 2016, the CFPB brought a total 164 enforcement cases.² Comparatively, during the height of predatory lending crisis from 2000 to 2008, the five federal financial regulators,

¹ Consumer Financial Protection Bureau. (2017, July 20). Retrieved from <https://www.consumerfinance.gov/> on 2018, January 9

² Peterson, Christopher Lewis, Choosing Corporations Over Consumers: The Financial Choice Act of 2017 and the CFPB (2017, November 16). Consumer Finance Law Quarterly Report (Forthcoming); University of Utah College of Law Research Paper No. 241. Available at SSRN: <https://ssrn.com/abstract=3072545>

including the Federal Deposit Insurance Corporation (FDIC), the Office of the Comptroller of the Currency (OCC), the now defunct Office of Thrift Supervision (OTS), the Federal Reserve Board, and the Federal Trade Commission (FTC), brought a total of only 79 consumer enforcement actions – despite the rampant consumer abuses and frauds that occurred in the build up to the 2008 financial crisis.³

The CFPB has fought against Wall Street abuses, including its record-breaking settlement in the Wells Fargo fake-accounts matter. The agency worked alongside the Office of City Attorney for Los Angeles and the OCC to uncover the bank's illegal practices that led to millions of Americans having accounts opened in their names without their knowledge. Most recently, the CFPB returned more than \$100 million to consumers in response to the credit repair company Morgan Drexen charging illegal fees.⁴

We appreciate your consideration of our request to preserve the independent funding stream of the CFPB and look forward to working with you on this important matter for all American consumers.

Sincerely,



Senator Jeffrey A. Merkley



Senator Sherrod Brown



Senator Elizabeth Warren



Senator Catherine Cortez Masto



Senator Bernard Sanders



Senator Kirsten Gillibrand

³ Data provided by the FDIC and Federal Reserve to the Office of Senator Merkley and publicly available data for the OCC, OTS, and FTC.

⁴ Dantus, C. (2017, September 1). Here's what you should know if you were harmed by Morgan Drexen. Retrieved from <https://www.consumerfinance.gov/about-us/blog/heres-what-you-should-know-if-you-were-harmed-morgan-drexen/>.

Edward J. Markey

Senator Edward J. Markey

Mazie Hirono

Senator Mazie K. Hirono

Jack Reed

Senator Jack Reed

Sheldon Whitehouse

Senator Sheldon Whitehouse

Robert Menendez

Senator Robert Menendez

Margaret Wood Hassan

Senator Margaret Wood Hassan

Tammy Baldwin

Senator Tammy Baldwin

Richard Blumenthal

Senator Richard Blumenthal

Debbie Stabenow

Senator Debbie Stabenow

Cory A. Booker

Senator Cory A. Booker

Chris Van Hollen

Senator Chris Van Hollen

Mark R. Warner

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Bob Casey, Jr.

Senator Robert P. Casey Jr.

Gary C. Peters

Senator Gary C. Peters

Tammy Duckworth

Senator Tammy Duckworth

Ben Cardin

Senator Benjamin L. Cardin

Maria Cantwell

Senator Maria Cantwell

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Senator Dianne Feinstein

Bill Nelson

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Senator Ron Wyden

Michael F. Bennet

Senator Michael F. Bennet

Brian Schatz

Senator Brian Schatz

Patty Murray


Senator Patty Murray

Kamala D. Harris

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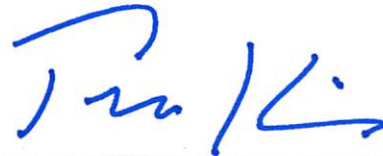
Senator Tom Udall



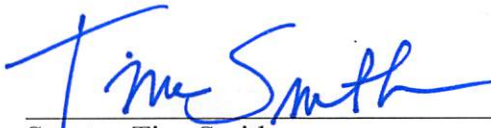
Senator Richard J. Durbin



Senator Christopher S. Murphy



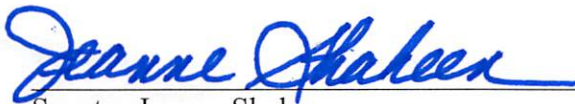
Senator Tim Kaine



Senator Tina Smith



Senator Thomas R. Carper



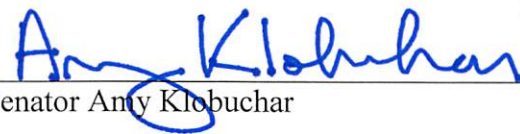
Senator Jeanne Shaheen



Senator Martin Heinrich



Senator Joe Donnelly



Senator Amy Klobuchar

cc: Appropriations Committee Chairman Thad Cochran
Appropriations Committee Ranking Member Patrick Leahy
Financial Services and General Government Subcommittee Chair Shelley Moore Capito
Financial Services and General Government Subcommittee Ranking Member Chris Coons