



March 11, 2013

Dear Senator,

Demos strongly urges the members of the U.S. Senate Banking Committee to vote in favor of confirming Richard Cordray to direct the Consumer Financial Protection Bureau for a full term. Director Cordray is highly qualified and has done an admirable job leading the Bureau so far.

Demos is a non-partisan public policy organization working for an America where we all have an equal say in our democracy and an equal chance in our economy.

The finances of American families are too fragile for lenders and other financial companies to continue siphoning away hundreds of billions of dollars in unfair and deceptive fees and penalties every year. Americans are still struggling to cope with the near-collapse of our economy in 2008, which was brought on by the excesses of the financial sector. Under Cordray's leadership, the Consumer Financial Protection Bureau has begun to take powerful steps to help families hold on to their hard-earned money, taking complaints from financial customers, helping students and their families to navigate the costs of college and their borrowing options, and advanced new protections for homebuyers. By releasing public investigations of the credit reporting industry, the CFPB is also shedding light on a largely hidden, yet influential corner of the financial services sector that impacts the vast majority of Americans.

Our recent research on the credit card and credit reporting industries highlights the crucial role the CFPB must play in safeguarding American consumers. In a recent report, "[Discredited: How Employment Credit Checks Keep Qualified Workers Out of a Job](#)," Demos found evidence of racial disparities in credit quality and documented the impact that factors like medical debt and credit reporting errors can have on Americans' ability not only to qualify for a home or car loan or achieve a fair interest rate on a credit card, but even to secure a job and earn a living. The CFPB needs strong leadership to continue supervision and regulation of the credit reporting industry that touches so many areas of our lives.

American families need the CFPB to protect them from the abuses of the credit card industry. The results of Demos' [2012 National Survey on Credit Card Debt of Low-and Middle-Income Households](#), highlight the importance of the agency in enforcing the Credit CARD Act, which we find successful in helping households pay down their balances faster and avoid excessive fees and interest rate hikes. Our research indicates that 90 percent of low- and middle-income households carrying credit card debt have noticed the new credit card billing information

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detailing how long it will take to pay off the current balance if consumers pay only the minimum payment amount each month and 33 percent report they are responding to the new information by paying their balances down faster. The number of households in our sample who report paying late fees on their credit cards has also declined dramatically: in our 2008 survey, half of households reported accruing late fees—in 2012, it was just 28 percent. Strong CFPB enforcement is critical to maintaining and expanding on these gains.

Under current law, the Bureau is fully accountable to the American people, to Congress, the judiciary, and the President. It has sufficient freedom of action to operate successfully, but it is also already more constrained – by oversight from other regulators and by special review by small business representatives – than any other financial agency. The Bureau’s existing structure and means of funding are key aspects of its effectiveness. In order to avoid budget pressures or rider provisions, the CFPB's budget must not be funded by appropriations. It is also important that the Bureau have a single head independently appointed by the president for a specified term and not subject to supervision by another regulator, person or board because the Bureau must have a clear, uncompromised and independent focus on protecting consumers.

If the Senate obstructs Cordray’s confirmation indefinitely, uncertainty about the validity of the CFPB’s actions and rules will grow, harming both consumers and industry alike. Without clear authority and a level playing field, consumers will continue to be harmed by unregulated financial practices, and financial companies that play by the rules will be faced with a disadvantage from unregulated, unscrupulous competitors. A lack of enforcement against predatory financial practices could put the entire economy at risk.

It is time for the Senate to put politics behind and put consumers, members of the armed forces, and seniors first. We urge you to vote to confirm Richard Cordray to direct the Consumer Financial Protection Bureau.

Sincerely,

A handwritten signature in blue ink that reads "Miles Rapoport". The signature is fluid and cursive, with the first name "Miles" and last name "Rapoport" clearly legible.

Miles Rapoport
President
Demos

