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Re: Confirmation of Richard Cordray, Director Consumer Financial Protection Bureau

Committee on Banking, Housing, and Urban Affairs  
United States Senate  
Washington, DC 20510

Dear Senator:

Dēmos 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. Until you act, or the President makes a recess appointment, the CFPB does not gain its full authority to protect consumers, members of the armed forces, and seniors from unfair practices by credit scoring companies, banks and other financial firms.

Dēmos is a non-partisan public policy research and advocacy organization committed to building an America where prosperity and opportunity are broadly shared and disparity is reduced, where democracy is robust and inclusive, and a strong and effective government with the capacity to plan for the future.

America's families' finances are too fragile for lenders to continue siphoning away hundreds of billions of dollars in unfair and deceptive fees and penalties every year. They are struggling to cope with the near-collapse of our economy in 2008, which was brought on by the excesses of the financial sector. A strong Consumer Financial Protection Bureau will help families hold on to their hard-earned money, giving a much-needed boost to our economic recovery.

Until the Senate confirms a Director for this popular new regulator, the regulatory playing field will be uneven, as the CFPB will have jurisdiction over banks, but not non-bank financial firms such as payday lenders, private student lenders and credit reporting bureaus. In a report earlier this year, "Discrediting America," Dēmos found that the majority of employers (60 percent) are now using credit reports to evaluate job candidates, despite a lack of evidence showing that credit history correlates to job performance—and despite serious concerns with credit report accuracy and transparency. The report notes that credit scores often reflect circumstances beyond the control of the individual, such as unemployment and lack of health insurance.

American families need the CFPB to protect them from the abuses of the credit card industry. Dēmos' 2007 report, "Who Pays," found that one-third of cardholders are paying interest rates in excess of 20 percent and that those high rates fall disproportionately on those least able to pay and minorities. Cardholders with household incomes below \$25,000 who have credit card

balances are two times more likely than households earning \$50,000, and five times more likely than households earning over \$100,000, to pay interest rates higher than 20 percent. African-American and Latino credit card holders with balances are more likely than whites to pay interest rates higher than 20 percent.

As Attorney General of Ohio, Richard Cordray was known as a strong, but fair, enforcer who worked on a non-partisan basis to protect the people of Ohio. His nomination has been praised by former U.S. Senator Mike DeWine, who defeated him in 2010. In a recent floor speech, Senator Sherrod Brown noted that Cordray also “worked closely with Ohio banks,” which are supporting his nomination because he played “straight and fair.”

Under current law, the Bureau will be fully accountable to the American people, to Congress, the judiciary, and the President. It will have sufficient freedom of action to be effective, 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.

But to gain its full authority to protect consumers, it needs a confirmed director. General Cordray has been fair to banks and other firms that play by the rules, but a tough enforcer to those that do not. 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 as soon as possible.

Sincerely,

Miles Rapoport  
President