



Consumer Federation of America

June 20, 2012

Dear Representative:

We write to urge you to oppose H.R. 1909, “Federal Financial Services and Credit Companies Charter Act of 2011,” and any similar legislation that may be introduced.

The bills would:

- **Weaken consumer protection against financial abuses;**
- **Undermine the authority of the CFPB over a huge swath of consumer financial products and services; and**
- **Override state consumer protection laws through preemption.**

Among our many concerns with the legislation, H.R. 1909 and similar bills would replace the Consumer Financial Protection Bureau (CFPB) and state consumer protection laws with greatly weakened consumer protection standards administered by the Office of the Comptroller of the Currency (OCC). Simply put, the bills constitute a sharp downward departure from the consumer protection standards established by Dodd-Frank.

H.R. 1909 and similar bills would allow consumer financial companies to bypass the oversight of the CFPB and state law, and instead choose to be regulated by OCC. They would create a new federal charter under the OCC for a broad range of consumer financial products and services, including payday lenders, installment lenders, car-title lenders, prepaid-card issuers, check cashers, money-order/wire-transfer/remittance providers, and more. The OCC would become the primary regulator for these financial services companies and their products.

This shift exposes consumers and the financial services marketplace to the very dangers that contributed to the economic crisis. The CFPB was created for the sole purpose of protecting consumers through oversight, rulemaking and enforcement of the rules for the very consumer financial products marketed and sold by the companies covered in this legislation. In contrast, the OCC’s primary mission is to protect financial companies, not protect consumers from deceptive or abusive lending practices.

The bills would also allow for the OCC to override state-based consumer protections through preemption. By getting an OCC charter, companies could evade state consumer protections. But the states’ strong consumer protections would not be replaced by equivalent or stronger federal law – instead, the companies could take advantage of weaker standards used in the OCC’s chartering and oversight process. This echoes the mortgage crisis, where the OCC’s aggressive

preemption of state protections against abusive home loans, without putting into place effective federal protections, contributed to the melt-down. H.R. 1909 and similar bills would repeat the same mistake for other consumer financial services.

H.R. 1909 also undermines more than 40 years of established and accepted consumer protections. The bill exempts lenders from core consumer protections, such as the federal requirement that they disclose the annual interest rate on loans. It also would wipe out longstanding state oversight and consumer protections against usurious loans and abusive practices.

Less than six months after the Consumer Financial Protection Bureau has been fully operational with a director in place, H.R. 1909 or similar legislation would backtrack on Congress' promise to consumers. These bills offer nothing beneficial for consumers – and removing consumer finance companies from CFPB oversight will set a precedent for many other companies to also seek exclusion.

We urge you to oppose H.R. 1909 and similar bills, and allow the CFPB and the states to consider appropriate rules of the road so that consumers can choose among products in a fair and transparent marketplace.

Sincerely,

Center for Responsible Lending  
Consumer Federation of America  
U.S. PIRG