

**Fleet Reserve Association  
Military Officers Association of America  
Navy Marine Corps Relief Society  
Center for Responsible Lending  
Consumer Federation of America  
National Association of Consumer Advocates  
National Consumer Law Center  
(on behalf of its low-income clients)**

U.S. Senate  
Washington, D.C. 20510

May 19, 2010

Dear Senator:

We are writing to voice our opposition to the modified version of Senator Brownback's Amendment #3789, which would exempt auto dealers from the Consumer Financial Protection Bureau. The changes made to the amendment do nothing to stop automobile dealers from engaging in fraudulent or abusive practices. Instead, the revised amendment provides financial education for military families who are targeted by unscrupulous dealers with these tactics.

While good financial counseling can help consumers make smart purchasing decisions, it is no substitute for vigorously enforcing the law to prevent unfair and deceptive practices. In fact, the modified Brownback Amendment #3789 would shift the burden onto the military and individual Service members to avoid being defrauded by car dealers, rather than protecting our troops and all Americans with a new consumer agency that polices auto dealer financing and enforces already existing consumer protection laws.

Senator Brownback's modification requires the Federal Reserve and the Federal Trade Commission -- two agencies that to date have failed to adequately protect consumers from abusive auto lending practices -- to work with the Office of Service Member Affairs to ensure that "Service members and their families are educated and empowered to make better informed decisions regarding consumer financial products and services offered by motor vehicle dealers." However, many of the scams perpetrated on our troops cannot be eliminated through education, since fraud by its very nature is designed to deceive and is often perpetrated without the consumer's knowledge or awareness. For example, some car dealers engage in "powerbooking," a scam in which the victim does not have access to the documents the dealer submits to the finance company and therefore has no knowledge of the phantom add-ons the auto dealer claims are part of the vehicle. Some dealers falsify loan applications, in which case the victim does not have access to the loan documents that falsifies pay stubs and statements of income. In another scam, the auto dealer promises to pay off the lien on the victim's trade-in at the time of sale, but does not, so the consumer is unknowingly left with the responsibility to pay off the new car as well as the car that was traded in. There is no way for the victim to know in advance that the dealer doesn't intend to pay off the lien. Senator Brownback's modified amendment would do nothing to stop these abuses.

The modified Brownback Amendment maintains the status quo that has failed to adequately protect U.S. troops and the American consumer from auto scams up until now. The Office of Service Member Affairs would in no way have the authority to actually require the Federal Reserve to issue meaningful new rules and/or require the FTC to enforce the already existing rules.

We urge the Senate to vote no on the Brownback auto dealer exemption.

Sincerely,

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