

February 28, 2019

Kathy Kraninger, Director
Consumer Financial Protection Bureau
1700 G Street NW
Washington, DC 20052

Dear Director Kraninger:

We write to explain why we are declining your invitation to meet today in New York City. Under normal circumstances, we would certainly meet with the head of an important agency, even if we disagreed with policies the agency was pursuing. But the current situation is anything but normal.

When Mick Mulvaney took over as the Consumer Financial Protection Bureau (CFPB)'s Acting Director, the Bureau – by the Trump administration's design – ceased being an independent agency. Since then, the CFPB has served the interests of the financial services industry, abandoning its founding mission "to protect consumers from unfair, deceptive or abusive practices and take action against companies that break the law."

The CFPB now actively enables the economic exploitation of low-income people, people of color, older adults, immigrants, women, and veterans. To cite just a few recent examples:

- At the behest of the payday loan industry, the CFPB has moved to rescind important borrower protections, including the requirement that payday lenders verify that borrowers have the ability to repay loans – a basic tenet of sound underwriting. The ability-to-pay requirement, developed after five years of painstaking research and stakeholder dialogue, would help prevent unscrupulous lenders from trapping people in endless cycles of debt. The CFPB's statement concerning its proposed rescission – that there was insufficient evidence for promulgating the rule – is simply preposterous. Similarly, through the rulemaking process the CFPB received more than ample evidence demonstrating the benefits of strong state protections, like we have in New York, that ban this especially harmful financial product.
- The CFPB's recent proposal to create a "regulatory sandbox" would offer a safe haven to unscrupulous lenders that target low-income people and people of color for predatory products, without oversight or repercussion. This flies in the face of the Bureau's charge to protect consumers from unfair, deceptive, abusive, and discriminatory acts and practices.
- The dismantling of the CFPB's Office of Fair Lending last year was another step toward gutting the agency. Congress created the CFPB in direct response to the subprime lending and foreclosure crises, and mandated creation of the Office of Fair Lending to address rampant fair lending violations that people and communities of color, in

particular, experienced – and continue to experience – across the U.S. The agency’s abandonment of fair lending enforcement and supervision provides a clear pass to financial services companies, signaling that lending discrimination will go unchecked by the agency.

The damage you and your immediate predecessor are doing to the Bureau brings real harm to real people.

Before the Trump administration took over the CFPB, we had a long working relationship with the agency and engaged in constructive debate on rulemaking proposals and more. Never in question was the leadership’s commitment to fulfilling the CFPB’s mandate to protect the interests of people most harmed by unfair, deceptive, abusive, and discriminatory financial practices -- low-income people, people of color, older adults, immigrants, women, and veterans. Given the CFPB’s shift under the Trump administration to an unabashedly pro-industry stance, we have no reason to believe that meeting with you today would yield constructive outcomes for the people and communities the CFPB was created to protect.

Quite apart from our objections to the anti-consumer direction of the CFPB, we cannot in good conscience meet with you, given your reported role in the Trump administration’s “Zero Tolerance Policy” – an unspeakably horrific program that has created a humanitarian crisis. Your role in the Trump administration’s family separation program constitutes a gross human rights violation and implicates you in one of the most ignominious acts in U.S. history.

We cannot pretend to undertake business as usual. We will continue to do all we can to advance financial justice and fight for our democratic institutions.

Respectfully,

Dora Galacatos, Executive Director, Fordham Law School Feerick Center for Social Justice
(signing in her individual capacity)

Sarah Ludwig, Co-Director, and Susan Shin, Legal Director, New Economy Project

cc:

U.S. Senator Charles E. Schumer

U.S. Senator Kirsten Gillibrand

U.S. Rep. Carolyn B. Maloney

U.S. Rep. Gregory W. Meeks

U.S. Rep. Alexandria Ocasio-Cortez

U.S. Rep. Nydia M. Velázquez

NYS Attorney General Letitia A. James

NYS Acting Financial Services Superintendent Linda Lacewell

NYC Department of Consumer Affairs Commissioner Lorelei Salas