



Phyllis Salowe-Kaye
Executive Director

February 28, 2019

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

Dear Director Kraninger:

It is with deep regret that New Jersey Citizen, (NJCA) cannot attend the meeting with you in New York this afternoon. Over the past several years we have participated in these meetings with enthusiasm. We decline to meet today in protest of your unwillingness to carry out the original mission of the Consumer Financial Protection Bureau (CFPB). Contrary to the Bureau's founding mission, it has become an agency that protects the interests of corporations rather than the well-being of consumers.

NJCA agrees with many of our fellow advocates who say that since former Acting Director Mick Mulvaney took office at the CFPB, the Bureau has been serving the interests of the financial services industry, thus abandoning its founding mission "to protect consumers from unfair, deceptive or abusive practices and take action against companies that break the law."

Before the Trump administration took over the CFPB, Citizen Action had a good working relationship with the agency and engaged in constructive debate on rulemaking proposals and more. The process by which the Bureau made its decisions was exhaustive, thorough, and included extensive public, industry, expert, and advocate input.

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 both the CFPB's shift under the Trump administration to abandon the objective rulemaking process and the administration's actions that put industry and corporate profit making interests above consumer protections, we do not understand the purpose of meeting with you today. It does not appear that meeting with you would address the fundamental need for this watchdog agency to adequately protect and fight for the rights of consumers.

The CFPB now actively enables the economic exploitation of low-income people, people of color, older adults, immigrants, women, and veterans. For example, the CFPB:

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- Has indicated its plans 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.
- Plans to create "regulatory sandbox" that would offer a safe haven to unscrupulous lenders that target low-income people and people of color with 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.
- Dismantled the CFPB's Office of Fair Lending last year, which in our view, 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 Bureau'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.

Additionally, the CFPB refuses to supervise companies for compliance with the Military Lending Act, thereby weakening protection for the military against predatory lending. The Bureau has also eliminated the Office for Students and Young Consumers, which investigated abuses by the loan servicing industry and companies defrauding students, resulting in millions of dollars being returned to victims.

Given these several concerns and deliberate actions taken by the CFPB, NJCA calls upon you to restore the CFPB's original mission and reverse course on the actions listed above and on all policy changes that undermine the original mission of the Bureau. Once you take these steps to restore the mission of the CFPB and commit to protecting consumers, we would be interested in meeting with you to advance the necessary work "of protecting consumers from unfair, deceptive or abusive practices and take action against companies that break the law."

Respectfully,



New Jersey Citizen Action

cc:

Representative Maxine Waters, (D- CA)

Representative Josh Gottheimer, (D-NJ)

Senator Sherrod Brown (D - OH)

Senator Robert Menendez (D - NJ)