

MEMORANDUM

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Redacted

May 28, 2020

Hon. Kathleen L. Kraninger, Director
Bureau of Consumer Financial Protection
Comment Intake (CFPB-2020-0013)
1700 G Street NW
Washington, DC 20552

Dear Madam Director:

RE: Bureau of Consumer Financial Protection (CFPB) Notice titled "Request for Information to Assist the Taskforce on Federal Consumer Financial Law,"
Docket No. CFPB-2020-0013, 85 Fed. Reg. 18214 (April 1, 2020)

I am a law professor at Fordham, with expertise in corruption, fraud, and white collar crime.

Consumer protection should not be reconsidered in the midst of one of the most destabilizing economic crises the country has ever seen, and should instead be strengthened to affirmatively protect consumers from predatory conduct.

Times of crisis are opportunities for scammers, frauds, and grifters to capitalize on people's desperation. Federal agencies are already sounding the alarm regarding COVID-19 scams. (FBI Warnings). These scams pop up during moments of crisis, and grow more sophisticated as they unfold. Consumers remain susceptible as the avenues for relief grow more numerous. Defanging CFPB in this moment in particular will inevitably lead to millions of dollars in losses, borne by the most vulnerable among us.

Diverting resources from addressing the substantial problems consumers face today is dangerous and will likely undermine the broader mission of consumer protection. Intentionally diverting limited resources to efforts to radically reimagine the function and purpose of CFPB is sure to have an adverse impact on consumers in one of the most volatile economic moments in American history (Cordray).

There are concrete measures the CFPB should instead take now that will address this period of increased instability and vulnerability among consumers in light of COVID-19 and the resulting economic turbulence.

The CFPB should gather information on consumer activity, needs, and challenges, and serve as a centralized source of information for consumers. To do so, the CFPB can leverage its existing consumer complaint response system to gain a more accurate picture of the obstacles, scams, frauds, and predatory behaviors consumers are facing and disseminate the results widely.

The CFPB can also play a central role in keeping people in their homes, a public health and humanitarian priority for the country, by helping consumers avoid foreclosures and evictions. CFPB can and should monitor banks and financial companies to ensure their compliance with the consumer protections in the Act, and monitor lenders to create similar protections in the form of forbearance and loan modifications. When it comes to evictions, CFPB can direct consumers to available relief from eviction proceedings state by state, and track policy changes as they evolve. The CFPB must also work to stop mortgage servicers from foreclosures wherever possible. Allowing them to shirk obligations and using the federal funding in the CARES Act to pad their bottom lines should be avoided at all costs.

The CFPB must play a key role in keeping lenders from lying or taking advantage of the confusion and consumers' disempowerment to unilaterally change agreements. They must prevent debt collectors from engaging in abusive behavior that can arise in moments like this. Given the major hit to people's credit that we can expect, the CFPB must reverse its recent indefensible guidance regarding credit reporting agencies. Instead, they should demand that credit reporting agencies are accurate--their oversight will be vital. Disaster conditions must be included in credit reports so that they are informationally meaningful. The CFPB must coordinate with state agencies to protect against scams and fraud, and play a central role in giving consumers information about their rights during this crisis.

With these critical, lifesaving and community-saving tasks in front of it, it would be insanity to divert resources towards a radical gutting of the purpose of the CFPB. That would be like spending money cutting water lines during a fire.

Instead of stripping its authority, we should support the CFPB, ensuring it has the resources it needs. The CFPB is stretched thin while working remotely, and the agency should dedicate the limited resources at its disposal to ensuring that key industries and consumer service providers are adequately covered, like mortgage supervising and debt collection.

Thank you.

Zephyr Teachout
May 29, 2020