

CFPB Fact Sheet—State of the Gameboard

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1 Consumer Financial Protection Bureau

1.1 Creation

- Created in Dodd-Frank legislation after Great Recession
- Established as *independent agency*—can't be controlled as directly by president
- Director Richard Cordray describes CFPB priorities:

- Mortgages
- Credit cards
- Student loans
- Independent unit located inside and funded by Federal Reserve
 - Mandatory funding requirements from the Fed
 - Legally independent from Fed

1.2 Targets

- Fraudulent transactions
 - Wells Fargo Scandal
 - "inflated credit score" companies
 - Vehicle emission statistics
- Abusive contracts
 - Mandatory Binding Arbitration
 - Unenforceable provisions
- Monitors toy safety
 - Regulates toy safety, demands recalls
 - Ensures restitution if child harmed

1.3 Successes

1.3.1 Statistics

- \$12B returned to consumers
- 29M Americans helped
- \$600M annual budget
- 97% responded within X time
- Compiles database of consumer complaints

1.3.2 Wells Fargo Investigation

- Millions of fraudulent checking & savings accounts created without consent
- Fined \$185M
- Company faces additional civil & criminal suits

1.3.3 Inflated Credit Scores

- Sells you credit score, but gives you artificially inflated number
- Fraudulent due to false advertising
- Consumers wind up applying for and getting denied for things

1.3.4 Volkswagen Diesel Emission Scandal

- VW sold diesel vehicles with cheating emission software
 - Emission control computers normally violated standards in favor of better performance
 - Detected inspectors and switched to compliant mode
 - False advertising
- CFPB worked to ensure defrauded consumers got restitution

2 Attacks

2.1 Legislative

2.1.1 Financial CHOICE Act

- **CHOICE** — Creating Hope and Opportunity for Investors, Consumers, and Entrepreneurs
- Passed House 2017-06-08 on party line vote
- Gives president power to fire directors of Federal Housing Finance Agency (FHFA) and CFPB
- Gives Congress direct control over CFPB budget
- Eliminates Dodd-Frank's Orderly Liquidation Authority
- Replaces CFPB director with bipartisan, 5-member commission

2.1.2 House vote to Overturn Mandatory Binding Arbitration Protection

- Companies build a clause called *Mandatory Binding Arbitration* into contracts
 - MBA blocks consumers from suing in disputes
 - This also blocks class action lawsuits
 - Disputes can only be settled through arbitration, with arbitrator chosen by company
- CFPB created new rule banning MBA
 - Consumers regain right to class action suits
 - MBA becomes unenforceable
 - Affects financial services firms
 - Companies must review their existing practices to ensure compliance
- House passed bill overturning rule
 - Could pass Senate any day
 - Would reinstate MBA clauses
 - Tom Cotton submitted similar bill in Senate

2.2 Executive

2.2.1 Trump 2018 Federal Budget

- Cuts money from CFPB
- CFPB funded by Federal Reserve, not taxpayers
- Seems to assume CHOICE will succeed

2.2.2 Trump Actions if Control over CFPB Acquired

- Eliminate *independent agency* status
- Ban publishing of complaint database