

### 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

## 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