

Fix, don't defang, consumer bureau

Angela Littwin: Tell Texas lawmakers to keep their hands off of agency that's protected the little guy for five years

The Consumer Financial Protection Bureau is a runaway success. In the five years since its founding, the agency has handled more than 1 million consumer complaints, including 53,000 from Texans, and returned \$12 billion of ill-gotten gains from financial companies to 29 million consumers.

But now, two of Texas' most prominent elected officials — Sen. Ted Cruz and Rep. Jeb Hensarling — have each introduced legislation to dissolve or defang the consumer-finance watchdog. Texans should demand that the agency be strengthened, not weakened.

The Consumer Financial Protection Bureau has re-established law and order in the financial services sector.

Thanks to the agency, Texas-based EZCorp had to stop illegally collecting debts by visiting consumers' homes and workplaces, and contacting consumers' bosses and landlords. In fact, EZCorp had to return \$7.5 million to 93,000 consumers harmed by the company.

This issue hits home in Texas. Nearly 45 percent of Texans with a credit file, including 44 percent of people in the Dallas metro area, have a debt in collections, not including mortgages. And debt collection is the No. 1 topic about which Texans file complaints with the agency.

These aren't careless people who live beyond their means and then need government intervention to avoid the consequences of their mistakes. These are hardworking, law-abiding Texans who are victimized by exploitive, often illegal practices that they don't understand and whose effects they can't foresee.

For example, an 81-year-old Texan named Evelyn contacted the Consumer Financial Protection Bureau because she took out her first payday loan to pay for her daughter's cancer medication. She expected that her daughter would recover and repay the loan herself. But her daughter passed away. Months later, Evelyn owed nearly twice the amount she'd borrowed, even after paying monthly rollover fees.

Why would Cruz or Hensarling, or anyone for that matter, want to make it easier for scofflaw businesses to take advantage of Texans such as Evelyn?

Could it be because they each have received tens of thousands of dollars for their campaigns directly and indirectly from financial organizations such as Wells Fargo (Hensarling), Goldman Sachs (Cruz), Bank of America (Hensarling) and the American Bankers Association (both), all of which would benefit from the agency's demise? While financial corporations cannot contribute directly and must channel money

through PACs or individuals, it isn't hard to connect these dots.

The positive effects of the agency's work ripple throughout the economy:

- It requires mortgage lenders to verify a consumer's ability to repay a loan and stops them from charging illegal fees. This helps keep real estate markets healthy and home values stable.

- It educates consumers and helps them borrow responsibly. When too many consumers are drowning in debt, consumer confidence and spending fall, dragging down the economy.

- It invigorates healthy competition through rigorous law enforcement. Without it, law-abiding financial companies can't compete effectively against their competitors. Congress charged the agency with ensuring that "markets for consumer financial products and services are fair, transparent and competitive." Promoting competition is in its DNA.

- It is the cop on the Wall Street beat, not a red-tape agency that hampers businesses with burdensome regulations.

- It prevents credit bureaus from selling consumers fake credit scores and requires them to treat consumers who dispute reporting mistakes fairly.

- It stops payday lenders from overcharging military service members and their families.

In a recent poll, more than 70 percent of the Americans surveyed — Republicans, Democrats and independents — favored the Consumer Financial Protection Bureau, with nearly half favoring it strongly.

But if Cruz and Hensarling have their way, companies such as EZCorp would once again be free to harass consumers at their homes and workplaces. And seniors like Evelyn would no longer get help they desperately need.

President Donald Trump was elected to shake up Washington so that it works for ordinary people and not just for billionaires. The Consumer Financial Protection Bureau works for ordinary people every single day, and it's the billionaires who want to use your elected representatives to stop it.

This shouldn't be a partisan issue. No matter one's candidate, no matter one's party, we all need to tell Washington: Hands off the Consumer Financial Protection Bureau.



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Dennis McCuiston: Rein in out-of-control agency by firing the chief and restructuring it

Dallas Congressman Jeb Hensarling makes an excellent case for getting rid of Dodd-Frank or at least dismantling a large chunk of it, including the Consumer Financial Protection Bureau.

The 2,319-page Dodd-Frank Act was passed in July 2010. In the last seven years, only 80 percent of it has been implemented because it is so complex and costly.

There were some good things in Dodd-Frank, including a provision requiring publicly traded corporations to ask their shareholders to vote on the level of executive pay for their top executives. The legislation attempted to get rid of too-big-to-fail banks, but there is consensus that it did not do that.

The most contentious part of the legislation created the Consumer Financial Protection Bureau.

The consumer agency has rightfully sued many financial institutions and recovered several billions of dollars, some of which went to individuals, but much of which went to the government or to attorneys. It has wrongfully sued many others, leading opponents to say that the agency is in fact the prosecutor, the judge and the jury. Further, the way the agency was set up lends itself to that conclusion.

The Consumer Financial Protection Bureau has only one person in charge: Richard Cordray. This is different from other agencies, which typically have boards. The agency is funded by a percentage of the revenues generated by the Federal Reserve System, Cordray is not accountable to anyone, and the budget is not overseen by the executive branch or Congress.

All these are unique in the federal government. The structure has since been found unconstitutional, and the case will be back in court again soon.

The Dodd-Frank Act was to be the solution to the financial crisis and the prevention of future ones, yet the legislation totally overlooked the primary cause of the financial crisis: bad loans made at the urging of the federal government. Half of the mortgages in America were subprime when the crisis occurred.

Yes, big banks participated in this by lying about the mortgages they were putting in their securitization packages, and, yes, they were fined billions of dollars instead of putting the bankers in jail. The Department of Justice failed to follow up on referrals for indictment recommended by the Financial Crisis Inquiry Commission, and evidence for these referrals was locked up for five years.

Last year, I had the pleasure of leading a series of meetings and television programs on the financial crisis and whether Dodd-Frank would actually solve the problems. The conclusion of whistleblowers, economists, bankers and other experts was that the government did not hold itself accountable, and, no, Dodd-Frank would not solve the problems.

The solution to the problems in the banking industry is to require banks to hold more capital, and that is happening. More regulations have never prevented the kind of problems that we had in 2008, and they will not do so in the future. What they have done is help push 2,000 community banks to sell or close since 2008, thus preventing a more robust recovery.

So, what should be done? Hensarling will soon introduce a new version of the Financial Choice Act. And last month, my congressman, John Ratcliffe of Heath, introduced H.R. 1031, a one-page bill that would totally eliminate the Consumer Financial Protection Bureau.

My view is that the agency needs to be restructured with a five-person board. President Donald Trump should fire Cordray, and the funding should be subject to congressional approval and moved from under the Federal Reserve. Honest bankers should not be subject to an agency that is clearly out of control.



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