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Statement on Nomination Hearing for Richard Cordray
as
Director of the Consumer Financial Protection Bureau

CHICAGO, September 6, 2011— Today, the Senate Committee on Banking, Housing and Urban Affairs will hold a confirmation hearing for Richard Cordray to be Director of the Consumer Financial Protection Bureau (CFPB). This hearing, which was previously scheduled to take place in August but was postponed following an early Senate recess that came after the debt ceiling vote, is vital to the future of the CFPB. Unfortunately, all indications are that the hearing will be fraught with disagreement and, in all likelihood, will not result in confirmation.

Richard Cordray is a former Ohio attorney general who was nominated by President Obama in mid-July in advance of the CFPB's launch on July 21. Many expected that the President would nominate Elizabeth Warren, who championed the idea of a financial regulator for consumers; the outspoken consumer advocate was not nominated because of concerns that Senate Republicans would block her confirmation. Instead, the White House opted to select another candidate in the hopes of avoiding a rancorous debate and a potential delay in confirmation.

Nonetheless, Cordray's nomination faces strong resistance from nearly all Senate Republicans. In fact, Senate Republicans have promised to block any nominee, even a Republican, to head the agency unless President Obama agrees to weaken its power. Recently, 44 Senate Republicans—enough to block confirmation—sent a letter to the White House listing their demands. Among these demands, the Republicans want to replace the CFPB director position with a multi-member

commission, subject the CFPB's funding to annual congressional review, and allow other financial regulators to block the agency's actions more easily. Several bills were also introduced in Congress to make these and other changes, including repealing the CFPB and the Dodd-Frank Wall Street Reform and Consumer Protection Act entirely.

Any of these proposals would gut the Bureau's power, and, so far, have been successfully blocked by congressional Democrats. A strong, independent agency is needed because banking regulators were more concerned about the health of financial firms than about consumer abuses, such as subprime mortgages, in the years leading up to the housing market crash.

Richard Cordray has spent his career advocating for middle-class families, from his tenure as Ohio's Attorney General, to his most recent role heading up the enforcement division at the CFPB. In other words, he has spent a large portion of his career looking out for ordinary people in the U.S. financial system. As Elizabeth Warren herself stated: "He is tough and he is smart—and that's exactly the combination this new agency needs [H]is work and commitment have made it clear that he will make a stellar director."

Until the Senate confirms a director, the CFPB has little to no authority to hold non-bank financial institutions accountable. Those delayed powers include regulation of mortgage brokers, payday lenders, and other financial institutions outside the banking system. Yet, these are the very fringe financial providers and services from which American consumers desperately need protection.

If Senate Republicans fail to vote for Cordray today, it will prove that they still favor a flawed financial system over ordinary Americans. Moreover, it will be another indication that they are willing to resort to extortion, just as they did in the debt ceiling negotiations, to get their way even to the detriment of a fair financial system and the still fragile economic recovery. As Travis Plunkett, legislative director for the Consumer Federation of America, noted, this is a case of sour grapes—a small minority in the Senate is attempting to extort legislative changes that they failed to get last year. Consumer advocates and ordinary Americans cannot allow this to happen.

In a recent poll by the AARP and the Center for Responsible Lending, 74% of respondents—including the 73% of independents and 68% of Republicans that responded affirmatively—said they support having a single agency with the single mission of protecting consumers from financial companies. Although Republicans in Congress and the Senate may have an issue with the mission of the Consumer Financial Protection Bureau, it is clear that their constituents do not.

The hearing will be held today at 2:30 PM - 4:30 PM EST in the Dirksen Senate Office Building in Room 538. All hearings are also webcasted live.

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