



February 8, 2010

The Honorable Christopher Dodd  
Chairman, Senate Committee on Banking, Housing & Urban Affairs  
534 Dirksen Senate Office Building  
Washington, D.C. 20510

Dear Senator Dodd:

Last week, the CEO of Bank of America told President Obama his company does not oppose creation of a Consumer Financial Protection Agency. Also last week, in written testimony to your committee, retired Citigroup Chairman John Reed directly endorsed a consumer regulator, stating that to reduce the likelihood of a repeat crisis and support a healthy industry, "There is good reason to create a Consumer Protection Agency with a clear and separate mandate."

Undoubtedly, much of the rest of the financial industry continues to exert its considerable lobbying muscle to assert that a CFPA would cripple the nation's economy. News reports continue to circulate that suggest you may not include an independent consumer regulator in the bill that will soon come before the Banking committee. Abandoning an independent consumer financial regulator is not a small compromise, but an untenable capitulation to those in the financial industry who have no interest in meaningful reform. It would be a disappointing and embarrassing end to more than a year of this committee's work on a financial regulatory overhaul were you to propose a bill that provides less consumer protection than even the nation's largest bank is willing to accept.

Legislation to make the financial system safer for both financial institutions and average Americans must both address the problems that caused the last crisis and create a new structure to prevent the crises of the future. An *independent* consumer financial protection regulator, with full rulemaking, examination and enforcement authority, is key to achieving these goals.

Independence is critical to the CFPA's success. Existing bank regulators have proven their inability to design and enforce fair rules for consumer credit. The result was abusive mortgages that cost families their homes, untold billions in unfair fees, and deceptive contracts that tricked consumers into terms they could not meet. Congress gave prudential regulators the authority to rein in predatory mortgage lending well over a decade ago, and their failure to act undermined the whole financial system.

In order to be independent, the agency must have:

- Independent rulemaking authority;
- An independent budget not solely dependent on appropriations;
- Examination and enforcement authority;

- Presidentially appointed leadership, with its own staff and the ability to make decisions independently and not subject to veto;
- Jurisdiction over both banks and non-banks;
- No subordination to any other bank regulatory agency or agencies.

We can envision no circumstance in which a CFPA housed inside a prudential regulator could meet this standard.

Meaningful financial reform must make the marketplace safer for everyday Americans. The question remains: Will you side with the public, or those who stand in the way of reform?

We urge you to put these questions to rest by publicly reaffirming your support for a strong, independent Consumer Financial Protection Agency that will create fair rules of the road for financial products and crack down on the consumer abuses that devastated American homes, savings and economic security.

Sincerely,

A handwritten signature in black ink, appearing to read "Carmen Balber". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Carmen Balber  
Washington Director

cc: Members, Senate Committee on Banking, Housing & Urban Affairs