



MIKE ENZI

UNITED STATES SENATOR *for* WYOMING

Speeches

[Home](#) / [News Room](#) / [Speeches](#)



July 16, 2013

Nomination of Richard Cordray to be Director of the Consumer Financial Protection Bureau (CFPB)

Mr. President, I rise today to talk about a subject of utmost concern to me for the past three years: the lack of congressional oversight and blatant privacy intrusions of the Consumer Financial Protection Bureau (CFPB). The Dodd-Frank Act, which created the CFPB, has been a hot topic of conversation since its passage in 2010. There are a lot of important discussions about different parts of the bill and some of the consequences we're seeing now, three years down the road. These are all important conversations to have, but today I'm focusing on the CFPB.

The Bureau, as allowed by the Dodd-Frank Act, could spend up to \$600 million every year, but is not subject to the congressional appropriations process – the same congressional appropriations process that approves the budgets of other agencies like the Securities and Exchange Commission and the Federal Trade Commission. Instead, the agency is funded through revenues from the Federal Reserve – funds that are supposed to be remitted to the Treasury for deficit reduction. Some might ask, "Isn't there a cap to the funding available to the CFPB?" Yes, there is, but here's what it looks like. The cap was 10 percent for fiscal year 2011, 11 percent for fiscal year 2012, and will be 12 percent for fiscal year 2013 and beyond. This means 12 percent of the combined earnings of the Federal Reserve System, which was \$4.98 billion in 2009. At that time, 10 percent would be just under \$500 million. These numbers are astonishing and anyone saying the CFPB isn't funded by taxpayers is trying to pull a sleight of hand. The funds may not come directly from the Treasury, but taxpayers are going to have to take up the slack for funds they are no longer receiving from the Federal Reserve.

In addition, the Director of the CFPB has unlimited discretion over how the agency's money – these hundreds of millions of dollars I just talked about – is spent. Not only that, the Director is allowed to put fines and penalties collected by the CFPB into a slush fund that it does not have to return to the Treasury like other agencies have to do. The same Director that has so much unchecked authority doesn't even answer to the Office of Management and Budget (OMB) and only has to submit routine financial information to the office.

Here's one example of why that's a problem. The Dodd-Frank Act expressly exempted auto dealers from the oversight purview of the CFPB. However, the CFPB doesn't think auto dealers should be exempt from oversight, so it's found ways to exert itself – through the banks. Banks are now looking at auto loans made and the CFPB has issued its first significant penalty in connection with vehicle

Related Links

- ✓ [News Releases](#)
- ✓ [Audio](#)
- ✓ [Newsletter Archives](#)
- ✓ [Floor Statements](#)
- ✓ [Speeches](#)
- ✓ [Video](#)
- ✓ [HELP Committee](#)

Get Connected

- ✓ [E-Newsletter Signup](#)
- ✓ [Youtube](#)
- ✓ [Facebook](#)
- ✓ [Twitter](#)
- ✓ [RSS](#)

financing. The CFPB has also issued what it calls a “fair lending guidance bulletin” directed at institutions that make indirect automobile loans. In it, the CFPB says that indirect lenders will be viewed as participants in any discriminatory pricing by dealers due to their role in the auto loan credit decision process and suggests lenders impose controls on dealer markup and compensation policies. The CFPB’s interpretation of Dodd-Frank in this guidance will have wide ramifications for indirect lenders and ultimately, auto dealers. And because the bulletin issued is considered “guidance”, and not a rule, there has been no opportunity for the public, including consumers, lenders, and dealers, to comment on this policy interpretation that will affect an industry that was exempted from CFPB oversight.

The lack of accountability and congressional oversight over the CFPB budget and Director are troubling, to say the least, but the picture becomes even more concerning when the lens is shifted to what kinds of oversight powers are *afforded to* and are being practiced by the Consumer Financial Protection Bureau.

Here’s what I said when expressing my concerns about the CFPB and the Dodd-Frank Act on May 20, 2010. I said, “This bill was supposed to be about regulating Wall Street; instead it’s creating a Google Earth of your every financial transaction. That’s right – the government will be able to see every detail of your finances. They can look at your transactions from the 50,000 foot perspective or they can look right down to the tiny details of the time and place where you pulled cash out of an ATM.” Unfortunately, we’re now finding this fear has become a reality. A recent Bloomberg article states the CFPB is demanding records from banks and buying information from companies on at least 10 million American consumers for “use in a wide range of policy research projects.” This information gathering from banks includes credit card and checking-account overdraft information, as well as requirements to provide records on credit-card add on products like credit monitoring. In addition to the bank records it’s collecting, the CFPB is collecting data on payday loans from debt-collection agencies and building a mortgage database of loan and property records with information from agencies and other financial and property information holders.

The CFPB also says they are not including any personally identifiable information like names and Social Security numbers while compiling all of this information. What they *are* doing is taking all of that consumer data and layering it into consumer profiles to show a complete snapshot of each consumer’s finances. For example, they can say, “There is a consumer at a specified zip code who has \$1,500 in the bank, \$6,000 in credit card debt, \$10,000 in student loan debt, and a \$200,000 dollar mortgage.” To the American people listening to me speak right now, what happens if you’re one of the 10 million consumers whose data is being collected and this makes you angry and uncomfortable? What happens if you don’t want all of your financial information compiled and used by the CFPB for “policy research projects”?

I’m sure you’d like to hear me tell you that you can call or write to the CFPB and say you don’t want the CFPB collecting your financial records from your bank, your student loan information from a third party provider and your mortgage data. I’m sorry to say that you can’t. If your data is being collected, you do not have the option to opt out, nor does the CFPB need any kind of permission from you to gather your personal financial information. This is another issue I tried to work on before the Dodd-Frank Act passed. I had an amendment that would simply require a privacy release, a signature from the consumer, before the CFPB could collect that consumer’s financial data. Unfortunately, my amendment was not accepted and we find ourselves in the situation we’re in today – Americans cannot tell the government they don’t want their personal financial information collected and stored.

What I’d like to know is how this information is reining in Wall Street. The Dodd-Frank Act was sold to the public as a way to rein in Wall Street, but as far as I can tell, it’s turned out to be the perfect excuse for Big Brother to worm his way even further into our lives and our privacy. Actually, Big Brother doesn’t have to worm his way in – we’re opening the door and inviting him in. That’s what this lack of oversight is signaling. Go ahead and collect millions of consumers’ information. Don’t tell us what you’re using it for and don’t feel the need to tell us much of anything else because you aren’t accountable to Congress.

Meanwhile, the message we’re getting from the CFPB and some of my colleagues is that Congress needs to sit back and butt out of the CFPB’s business. We’re hearing the message that asking for congressional oversight is akin to wanting consumers to be deceived and discriminated against. Let’s get one thing straight. None of my colleagues disagree that protecting consumers is important. We all want consumers to get a fair shake and be able to make informed financial

decisions. I have championed financial literacy for much of my time in Washington and believe strongly in the value of individuals having the tools they need to make sound financial decision for themselves and their families.

That's not the issue here. The issue here is the need for checks and balances and for consumers to be able to make a choice as to whether their financial information is collected and used. I cannot in good conscience, with these concerns weighing so heavily on my mind, support moving forward the confirmation of a Director to the Consumer Financial Protection Bureau unless we can make some changes that will balance consumer protections with privacy protections, and allow a healthy and appropriate level of congressional oversight over an agency that wields this tremendous power. I yield the floor.

Permalink: <http://www.enzi.senate.gov/public/index.cfm/2013/7/nomination-of-richard-cordray-to-be-director-of-the-consumer-financial-protection-bureau-cfpb>

Browse by: -- Month -- -- Year --

07/16/13 **Current record**

03/13/13 **'It's their money, not the government's'**

03/13/13 **Statement on Markup of the FY2014 Budget Resolution**

11/26/12 **Operation Enduring Freedom Veterans Day, October 7, and Veterans Day, November 11**

11/16/12 **Statement on Medicare/Social Security for Wyoming PBS roundtable**

11/14/12 **Veterans Day Speech**

08/01/12 **Enzi statement for Commerce Committee on the Marketplace Fairness Act**

07/11/12 **Constantino Brumidi Gold Medal Ceremony Speech**

04/27/12 **Enzi Mercatus Center Speech on the Penny Plan**

04/25/12 **Enzi statement for Finance Committee hearing on State and Local Tax and Fiscal Policy**

CONTACT INFORMATION

Washington, D.C.

379A Senate Russell Office Building
Washington, DC 20510
Phone: (202) 224-3424
Fax: (202) 228-0359
Toll-Free: (888) 250-1879

[D.C. OFFICE](#)

[MORE INFO](#)



[Home](#) | [Contact](#) | [Privacy Policy](#) | [RSS](#)

379A Senate Russell Office Building Washington, DC 20510 | Main: (202) 224-3424 | Fax: (202) 228-0359 | Toll free: (888) 250-1879