

Pelosi Remarks at Press Conference with Rep. Waters and Senator Warren to Address the Republican Plan to Eliminate Dodd-Frank Consumer Protections Against Forced Arbitration

Washington, D.C. – House Democratic Leader Nancy Pelosi joined Rep. Maxine Waters and Senator Elizabeth Warren to highlight the devastating effects of H.J. Res. 111, a Republican resolution to roll back consumer and servicemember rights ensured by Dodd-Frank, which protect against abusive and deceptive practices in the financial marketplace. Below are the Leader's remarks:

Leader Pelosi. Good morning everyone. I am very honored to be standing here with two champions for America's consumers and America's taxpayers: our distinguished Ranking Member in the House Financial Services Committee Congresswoman Maxine Waters and Senator Elizabeth Warren, who is the founder of the Consumer Financial Protection Bureau. Financial services institutions, in every way, she has been a protector of the American people.

Eight years ago, unchecked recklessness on Wall Street ignited a financial meltdown that devastated families across the country. Democrats took bold action and passed the Dodd Frank bill [Dodd–Frank Wall Street Reform and Consumer Protection Act]. We are so proud of Senator [Chris] Dodd and Chairman [Barney] Frank for what they did.

The strongest set of consumer financial protections in history. But today, House Republicans are once again trying to destroy those protections.

Last month, Republicans passed, what we call ‘The Wrong Choice Act’ [H.R.10; Financial CHOICE Act of 2017], the repeal of Dodd-Frank. A give-away to the financial industry at the expense of hard-working families. Republicans are waging war on the consumer bureau, a bureau that has returned nearly 12 billion dollars to nearly 29 million people in our country. Wronged Americans. Many of them seniors, veterans and members of the armed services.

Now Republicans are stacking the deck even further against American families, seeking to deny the fundamental rights to attain justice in court. Forcing consumers into arbitration, indeed forced arbitration, gives financial services providers a free pass to get away with abuse. It denies veterans, servicemembers and seniors and others justice against predatory financial marketplace practices. It sadly reflects a Republican party that works relentlessly to empower Wall Street and to rig the system against consumers.

We take a pledge each day: liberty and justice for all. Like the Magna Carta, over 800 years old, the Magna Carta pledge says, ‘to no one will we refuse or delay right or justice.’ And yet, that is exactly what they want to do today.

All the American people deserve a better deal than what they are getting from the Republicans in Congress. Democrats are going to fight back. We are going to fight this resolution. Protect hard-working Americans. We are going to fight to put leverage – who has the leverage? Put leverage back in the hands of the American people.

And now, it is my privilege to yield the floor to the distinguished Ranking Member of the Financial Services Committee in the House of Representatives, a defender of Dodd-Frank, a protector of the rights and opportunities for America's consumers and taxpayers, Congresswoman Maxine Waters.

Leader Pelosi. Any questions. Yes?

Q: The vote on the arbitration CRA, do you think that should be a litmus test for the rest of the CFPB's rulemaking agenda, namely the small dollar rule, which is up next. Would you like to see that rule come up regardless of what happens on the vote?

Representative Waters. Well let me just focus on mandatory arbitration and how important that is and you heard from Senator Warren talking about the fact that not only have they come basically at the last minute with this rule, after all of the work that has been done by the Consumer Financial Protection Bureau and [Director] Mr. [Richard] Corday to do what we instructed them to do when we did the Dodd-Frank reforms.

And this is a litmus test on Republicans; this is a litmus test that said, as she said, 'Who are you with? Are you with the consumers or are you with us?' So this is very clear and people can determine Republicans and Democrats alike, who they're going to stand with. It stands on its own for them to be determined whether or not they're going to be determined to protect the consumer.

Leader Pelosi. If I just may, because you're asking about a few things. Let's enlarge the whole issue, again, I said, 'Who has the leverage?' If the banks and the financial institutions know that the consumer can engage in a class action suit, they might alter their behavior. But if they know that the consumer is at the mercy of the banks because of forced arbitration, the consumer doesn't stand a chance. [They] don't stand a chance.

So whatever provision you might bring up, it's always about, if you're forced into arbitration and you can't engage in a class action suit, you have surrendered your rights. And that just gives them a clear path towards exploitation. And so whatever the rule happens to be, I hope that the Director will come forth with one and not let this stand in its way.

What the Republicans will vote for on the Floor is no litmus test for what is right for the American people.

Senator Warren. I would just add one point, and that is, whatever makes the Consumer Financial Protection Bureau strong is that it doesn't play politics. It has exactly one group that it watches out for and that's American consumers. And it does it straight down the line, it makes sure American consumers don't get cheated, don't get tricked, don't get trapped. That's its job, and it carries out that job every single day. That's why we're here to defend it.

Q: Are the Republicans successfully using the Congressional Review Act to render the CFPB? And another question, did you anticipate in 1996 when it became law, it was [Congressman] David McIntosh's idea. Did you anticipate the Congressional Review Act would be used in this way?

Leader Pelosi. Yes, we thought it would be – as Republicans have used it – they've been very clear in their agenda. Whether it's undermining the environment, whether it's every category you can name. They're eroding protections for the American people – whether it's the air breathe or their credit card account. And no, it was a clear path for them because why else would you have a bill that would say, not only are we repealing this regulation, we are saying you cannot change it. You cannot change it, it would take a new Congress to pass a new law, but the agency cannot come back and say, well if you objected to this, let's split the difference, let's recognize your concern. It was destructive from the start, it was clear from the start they were removing all protections that was what the purpose was, that's what its purpose continues to be.

Representative Waters. Let me just say that one of the arguments that the Republicans have been effective in advancing is overregulation. And oftentimes I'm confronted with questions about when are you guys going to do something about the overregulation of the community banks?

When are you guys going to deal with the fact that you should be concerned about the fact that the economy does not work as well because of too many regulations? And it seems that too many folks have bought into that. And I'm oftentimes asked this over and over again by the media.

And so, I think that the Congressional Review Act certainly is used for the purpose of deregulation and we have to be very concerned about that. What you see here is an example of that. Dodd-Frank is the best thing that ever happened to consumers.

The Consumer Financial Protection Bureau is the only agency that's really looking out for the welfare of consumers and prior to it, when we took a look at the responsibilities of all those agencies that were supposed to be concerned about consumer protection, it wasn't there. And that is why Senator [Elizabeth] Warren was so very, very insightful and very, very influential and caused us to have this Consumer Financial Protection Bureau. And so, yes, I believe that the Congressional Review Act is being used by them to deregulate.

Leader Pelosi. Well I would just make a little distinction in that regard. They use the word "deregulate" but what they are really doing is removing protections.

Representative Waters. That's right.

Leader Pelosi. Protections for clean air, protections for our children. I can show you pictures of families, children, seniors, consumers, men and women in uniform that have been ripped off by the [Congressional Review Acts] in the name of deregulation but what it is, is laissez-faire.

Q: Senator Warren, when you were designing and creating the CFPB did you think about the potential that using the Congressional Review Act, Congress could simply undercut it or render it neutered or whatever it –

Senator Warren. No, I did not. I thought that when we built the Consumer Financial Protection Bureau, out there for American families, both Democrats and Republicans would stand up and that the idea that the consumer agency would put in the regulations to make the economy safe again, to keep people from getting cheated. That the Republicans would say, we want to roll those protections back, never crossed my mind. This agency was not an agency that was born—that somebody sat around and said how can we create more regulation?

This agency was borne of a financial crisis that started one, lousy, cheating mortgage at a time. And it was put in place, not because there weren't already laws in Congress, but, as Congresswoman [Maxine] Waters said, because they were scattered among a bunch of different agencies who wouldn't pick the law up and use it.

And so this agency was the agency where those laws were gathered in one place, and said: the laws are going to be there, you are going to develop the expertise, you are going to have the resources, and then you are going to be responsible for answering to the American people, to make sure the giant financial institutions do not get to cheat their customers again, build their profit models around tricking people, and take down, not just millions of families, but take down this whole economy.

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That's why we built the consumer agency to begin with and the truth is, I never thought it was going to be a partisan issue. I thought that after the financial crash of 2008, that all of America had seen enough and said, from now on we just want a level playing field.

We just want people to be able to get a mortgage, able to get a credit card, to be able to take out private student loans, without getting cheated. And the fact that the Republicans want to stand up and say, let's get rid of those rules and let's get rid of that agency, let's find a way to leash up that watchdog, is fundamentally wrong. And goes right back to this question, whose side do you stand on? Democrats stand with the people; Republicans stand with the big banks.

Leader Pelosi. Now you can see why House Democrats were so proud that we had the initiative, in the legislature, to establish a commission that would review the actions of Wall Street and who chaired that commission, as it turns out, but then not Senator yet, Elizabeth Warren. She has been present at the birth of all of this, watched it very carefully, and stands ready to join with others and lead the way to protect, protect—not remove protections—but to protect the consumer, the taxpayer, our veterans, our men and women in uniform whom they exploit shamelessly, it is really very, very sad.

But we will, again, make the fight, and make it very visible as you can see. Thank you all very much.

Senator Warren. Thank you.

Representative Waters. Thank you.