



September 16, 2015

Mark Bialek
Inspector General
Office of the Inspector General
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Mail Stop K-300
Washington, DC 20511

Dear Mr. Bialek:

The American Financial Services Association (AFSA)¹ is filing this letter regarding several projects described in the Inspector General's (OIG) *Work Plan* relating to the Bureau of Consumer Financial Protection (CFPB).

The unique structure of the CFPB which escapes the Constitution's Article I and Article II oversight results in virtually no oversight by Congress and the Administration. Because the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) placed the CFPB within the Federal Reserve, your office provides the only meaningful oversight over what has become an active and intrusive agency.

For that reason we make the following recommendations.

I. Third Quarter 2015 Audit of the CFPB's Public Consumer Complaint Database

AFSA recognizes that the OIG recently completed its third quarter 2015 audit of the CFPB's Consumer Complaint Database. We support the audit objective to assess the effectiveness of the CFPB's controls over the accuracy and completeness of the public complaint database. We believe the database's reliance on unsubstantiated consumer complaints is flawed and provides a misleading look at the consumer credit market.

Yet the CFPB is seeking to expand the use of the underlying data. For that reason, AFSA requests that another audit examine the CFPB's current proposal to "normalize" raw complaint data.² While the CFPB intends to make the resulting data easier for the public to use and understand, in reality the proposal will compare data among different types of consumer lenders who operate under differing state and federal regulatory regimes and will result in data that will be misleading and of no utility.

¹ Founded in 1916, AFSA is the national trade association for the consumer credit industry, protecting access to credit and consumer choice. AFSA members provide consumers with many kinds of credit, including traditional installment loans, mortgages, direct and indirect vehicle financing, payment cards, and retail sales finance. AFSA members do not provide payday or vehicle title loans. AFSA is based in Washington, DC.

² See: Request for Information Regarding the Consumer Complaint Database: Data Normalization (Docket No. CFPB-2015-0030)

II. First Quarter 2016 Evaluation of the CFPB's Coordination with External Organizations to Implement Targeted Consumer Education

As noted in the OIG Work Plan, the Dodd-Frank Act requires the CFPB to create offices or functions to address the needs of specific populations, including students, older Americans, service members, and traditionally underserved individuals.

AFSA supports the audit objective of assessing the effectiveness of the CFPB's coordination with external organizations to implement consumer education efforts for targeted populations, but we urge the OIG to examine whether the external organizations the CFPB works with are representative of all stakeholders including industry and free market-oriented voices in the policy arena.

III. Second Quarter 2016 Audit of the CFPB's Advisory Board and Councils

As noted in the Work Plan, the Dodd-Frank Act requires the CFPB to establish a Consumer Advisory Board to provide consultation to the agency in performing its functions and to inform the CFPB about emerging trends in the consumer finance industry. In addition to the Consumer Advisory Board, the CFPB has established a Community Bank Advisory Council, a Credit Union Advisory Council, and an Academic Advisory Council. AFSA supports the audit objective to assess the effectiveness of these groups in informing the CFPB's activities.

We urge the OIG to examine whether these advisory bodies and councils are representative of all stakeholders including industry and free market-oriented voices in the policy arena as well as giving consideration to the role of state-licensed lending entities.

IV. Planned Evaluation of the CFPB's Compliance with the Requirements for Issuing Civil Investigative Demands (CIDs)

Like the Federal Trade Commission, the CFPB has the authority to issue CIDs when the agency has reason to believe that a person has documentary materials, tangible things, or any other information relevant to a possible violation of federal consumer financial law. AFSA supports the audit objective to assess the CFPB's policies and procedures for issuing CIDs, training programs and materials related to the issuance of CIDs, and (3) compliance with section 1052(c)'s requirements, applicable regulations, and the agency's policies and procedures for issuing CIDs.

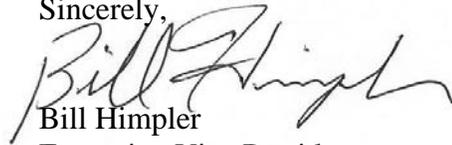
We urge the OIG to examine the CFPB's use of CIDs and the fairness of the CID Rules in depth including:

- Are petitions to modify or set aside CIDs given real consideration? Have any been granted?
- Is the scope, relevance and short response timing of CIDs appropriate?
- Does the CFPB appropriately determine when a CID becomes public knowledge or is the process designed to threaten companies that resist with reputational risk?

As noted above, the OIG's unique oversight can better inform industry and policymakers as to whether this important investigatory tool is being abused by the agency.

Please contact me by phone, 202-466-8616, or e-mail, bhimpler@afsamail.org, with any questions.

Sincerely,

A handwritten signature in black ink that reads "Bill Himpler". The signature is written in a cursive style with a large, prominent "B" and "H".

Bill Himpler
Executive Vice President
American Financial Services Association