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Congress of the United States
House of Representatives
Washington, DC

October 14, 2011

Dear Friend,

I appreciate your unhappiness over the recent announcement by Bank of America that it will be charging people for the use of debit cards. To begin, I must respond to the request made by you and others that I “immediately hold hearings” on this issue and use my “authority to prevent any further consumer abuses by immediately holding public hearings.” I am unable to do that because after the last election, I no longer chair the Financial Services Committee and do not have the power to hold hearings. That is now entirely in the hands of my Republican colleagues, and they are and have been very unsympathetic to our efforts to protect consumers. For example, the Chair of the Committee now, Representative Bachus, criticized the bank regulators who thought their job was to regulate the banks and said – and this is an exact quote – “their job is to serve the banks.”

The job of protecting consumers by investigating the sorts of questions that you ask in your letter fortunately has not disappeared entirely. It is part of the charge we gave to the Consumer Financial Protection Bureau, which we were able to create last year in legislation that was adopted before the change in party control.

That agency, which was first suggested by Elizabeth Warren and which I am very proud to have collaborated with her in getting enacted into law, over the opposition from many financial institutions, has the power to do the sorts of things you ask. But even here there is a partisan problem. The agency does not assume its full powers until the director, appointed by the President, is confirmed by the Senate. I had wanted President Obama to nominate Ms. Warren and I was disappointed when he didn't. But he *did* make a good appointment in a man she had selected to be a deputy at the agency, Richard Cordray, the former Attorney-General of Ohio, who has a very strong record of consumer protection. Unfortunately, 44 of the 47 Senate Republicans have announced they will not confirm anybody to that position unless we agree to weaken its powers. What they are asking for, incidentally, is that we put the bank regulators back in charge of this agency so it would no longer be an independent consumer-focused entity. Since we are not going to do that, they are blocking the confirmation of a director, which requires 60 votes under the filibuster rule, and the agency is not fully operational.

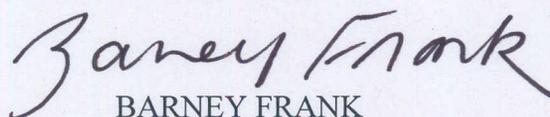
We were able in addition to passing the bill creating the Consumer Financial Protection Bureau to take some other actions to help protect consumers – including a bill regulating credit card practices which prevent many of the abuses that had happened before, and which are estimated to

have saved consumers billions of dollars a year. We also put pressure on the Federal Reserve so that they have proposed rules, that are now in effect, that limit overdraft fees.

And even though there is no confirmed director of the Consumer Financial Protection Bureau, it does have power over some bank practices, so I believe that is the agency that will be able to look into the questions you raise.

Finally, I should add that I was very skeptical of the proposal that regulated these fees in the first place, because I did not regard the issue of the fees charged by the banks to the retailers to be primarily a consumer issue. While the retailers are now paying less to the banks, I see no evidence that this is going to result in lower retail prices, and that is why I did not include any provision trying to regulate these fees in the legislation I pushed for. But the Senate insisted on adopting this particular provision and it is now in the law.

In summary, the best thing that can be done to provide relief from the legitimate concerns you and others have about abusive practices by financial institutions is to press the United States Senate to confirm Mr. Cordray so the Independent Consumer Financial Protection Bureau, which we established in the law last year, can have its full powers.


BARNEY FRANK