

United States House of Representatives  
Committee on Financial Services  
Washington, D.C. 20515

December 14, 2018

Kathy Kraninger  
Director  
Consumer Financial Protection Bureau  
725 17th Street, NW  
Washington, DC 20503

Dear Director Kraninger:

As the newly confirmed Director of the Consumer Financial Protection Bureau (“Consumer Bureau”), we write you to express our deep concerns that the Consumer Bureau has recently decided to cease supervising its regulated entities for compliance with the Military Lending Act (“MLA”), a failure to fulfill its responsibility under the law and which is nothing less than a dereliction of duty.<sup>1</sup> We write to seek your written commitment that you will promptly ensure that the Consumer Bureau fulfills its explicit statutory purpose and mandates by resuming a consistent supervisory role over consumer protection laws, including the MLA, for the most robust and efficient protection of servicemembers and their families.

The MLA became law in 2006 with bipartisan support and provides critical protections that active-duty servicemembers and their families count on to protect them from predatory loans and credit gouging. Among other vital protections under the MLA, the annual interest rate for an extension of consumer credit to servicemembers and their dependents is capped at 36 percent.

We believe servicemembers and their families deserve to have their rights under federal law fully upheld through strong supervision and enforcement by federal regulators, including the Consumer Bureau. For this reason, Congress granted the Consumer Bureau broad supervisory authority to oversee a wide range of regulated entities, required the Consumer Bureau to establish an Office of Servicemember Affairs, and in 2013, amended the MLA to give the Consumer Bureau, along with other federal agencies that oversee other financial institutions, the authority to enforce the MLA.<sup>2</sup> As has been detailed by legal experts,<sup>3</sup> and

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<sup>1</sup> For example, see Emily Stewart, “The Trump administration is dismantling financial protections for the military,” VOX (Aug. 14, 2018), available at: <https://www.vox.com/policy-and-politics/2018/8/14/17684810/military-lending-act-mick-mulvaney-cfpb-loans>, and Army Col. Paul Kantwill (Ret.), “Feds moving in wrong (and dangerous) direction on military consumer protection,” MILITARY TIMES (Sep. 5, 2018), available at: <https://www.militarytimes.com/opinion/commentary/2018/09/05/commentary-feds-moving-in-wrong-and-dangerous-direction-on-military-consumer-protection/>.

<sup>2</sup> Specifically, the MLA was amended by Public Law 112-239 to grant enforcement authority for the MLA’s requirements to the agencies specified in Section 108 of the Truth in Lending Act (“TILA”), which include the Consumer Bureau, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation (“FDIC”), the National Credit Union Administration (“NCUA”), the Office of the Comptroller of the Currency (“OCC”), and the Federal Trade Commission (“FTC”).

<sup>3</sup> For example, see Christopher L. Peterson, “Missing in Action? Consumer Financial Protection Bureau Supervision and the Military Lending Act,” CONSUMER FEDERATION OF AMERICA (Nov. 1, 2018), available at: <https://consumerfed.org/wp-content/uploads/2018/11/missing-in-action-cfpb-supervision-and-the-military-lending-act.pdf>. Also see Mark Huffman, “Attorneys General call for strict enforcement of the Military Lending Act,” CONSUMER AFFAIRS (Oct. 25, 2018), available at: <https://www.consumeraffairs.com/news/attorneys-general-call-for-strict-enforcement-of-the-military-lending-act-102518.html> and <https://www.consumerfinancemonitor.com/wp-content/uploads/sites/14/2018/10/AGs-MLA-letter.pdf>.

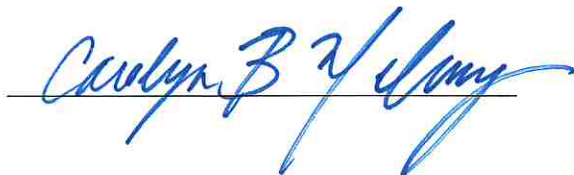
underscored by Republican and Democratic Members of Congress,<sup>4</sup> there is no question the Consumer Bureau has the authority and the responsibility to supervise its regulated entities for compliance with the MLA.

Consumer Bureau officials have visited at least 176 military installations or units since 2011.<sup>5</sup> According to the Consumer Bureau's transparent consumer complaint database, more than 109,000 complaints have been made by servicemembers, veterans, and their families about various financial services and products since 2011.<sup>6</sup> During that time, the Consumer Bureau obtained about \$130 million of relief for them through various enforcement actions.<sup>7</sup>

Despite these enforcement actions, unscrupulous actors continue to target servicemembers. From 2016 to 2017, there was a 47 percent increase in complaints filed by servicemembers, veterans and their families.<sup>8</sup> Thus, we believe it would be wrong and contrary to the Consumer Bureau's statutory mission to reduce oversight of its regulated entities, particularly for this vulnerable population. The Consumer Bureau must ensure that the MLA and all other consumer protections are fully enforced.

We hope you agree with our view that servicemembers and their families deserve nothing less from the federal government in honor of their service to our country. To that end, we ask for your written commitment by December 21, 2018 on this vital matter.

Sincerely,



<sup>4</sup> For example, see letter from Reps. Conor Lamb (D-PA), Walter B. Jones (R-NC), and 44 other Members of Congress, to the Honorable Mick Mulvaney (Oct. 22, 2018), available at: <https://lamb.house.gov/sites/lamb.house.gov/files/documents/10.22.18%20CFPB%20Military%20Lending%20Act%20protecti%20ons%20%28003%29.pdf>. Also see letter from Senator Jack Reed (D-RI) and 48 other Senators, to the Honorable Mick Mulvaney (Aug. 15, 2018), available at: [https://www.reed.senate.gov/news/releases/as-trump-admin-seeks-to-quietly-weaken-financial-protections-for-us-troops-senate-democrats-sound-the-alarm-and-demand-trump-admin-uphold-its-duty-to-shield-us-troops-from-predatory-lending\\_financial-fraud](https://www.reed.senate.gov/news/releases/as-trump-admin-seeks-to-quietly-weaken-financial-protections-for-us-troops-senate-democrats-sound-the-alarm-and-demand-trump-admin-uphold-its-duty-to-shield-us-troops-from-predatory-lending_financial-fraud).

<sup>5</sup> Consumer Bureau, "Servicemember Complaints – 50 States Snapshot," (Apr. 2018), available at: [https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/bcfp\\_servicemember-complaints-50-states\\_snapshot\\_201804.pdf](https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/bcfp_servicemember-complaints-50-states_snapshot_201804.pdf)

<sup>6</sup> *Id.*

<sup>7</sup> Consumer Bureau, "Office of Servicemember Affairs – By the Numbers," (Oct. 2017), available at: [https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/cfpb\\_osa-by-the-numbers\\_102017.pdf](https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/cfpb_osa-by-the-numbers_102017.pdf)

<sup>8</sup> Consumer Bureau, "Servicemember Complaints – 50 States Snapshot," (Apr. 2018), available at: [https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/bcfp\\_servicemember-complaints-50-states\\_snapshot\\_201804.pdf](https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/bcfp_servicemember-complaints-50-states_snapshot_201804.pdf)

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