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NOMINATIONS OF: PATRICIA M. LOUI, LARRY W. WALTHER, AND RICHARD CORDRAY

HEARING

BEFORE THE

COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS UNITED STATES SENATE

ONE HUNDRED TWELFTH CONGRESS

FIRST SESSION

ON

NOMINATIONS OF:

PATRICIA M. LOUI, OF HAWAII, TO BE A MEMBER OF THE BOARD OF DIRECTORS, EXPORT-IMPORT BANK OF THE UNITED STATES

LARRY W. WALTHER, OF ARKANSAS, TO BE A MEMBER OF THE BOARD OF DIRECTORS, EXPORT-IMPORT BANK OF THE UNITED STATES

RICHARD CORDRAY, OF OHIO, TO BE DIRECTOR, CONSUMER FINANCIAL PROTECTION BUREAU

SEPTEMBER 6, 2011

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NOMINATIONS OF:

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TUESDAY, SEPTEMBER 6, 2011

U.S. SENATE,
COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS,
Washington, DC.

The Committee met at 2:36 p.m., in room SD–538, Dirksen Senate Office Building, Hon. Tim Johnson, Chairman of the Committee, presiding.

OPENING STATEMENT OF CHAIRMAN TIM JOHNSON

Chairman JOHNSON. Good morning. I call this hearing to order. Thanks to all of you for joining us here today and a special thanks to our witnesses and their family members who are with us.

Today we consider three distinguished individuals nominated to serve in critical positions within the Obama administration. On the first panel we have two individuals nominated to serve as Members of the Board of Directors of the Export-Import Bank of the United States, the official export credit agency of the U.S. On the second panel we will hear testimony from the President's nominee to lead the Consumer Financial Protection Bureau.

The first nominee is Ms. Patricia Loui. She is the founder and Chair of OmniTrak Group, a marketing and research company based in Hawaii. Ms. Loui has had extensive experience in working with U.S. companies as they seek to expand into Asia. In addition, earlier in her career she worked at the Bank of Hawaii and at UNESCO.

Today's second nominee is the Honorable Larry Walther. Mr. Walther served as the Director of the U.S. Trade and Development Agency under President George W. Bush. He served for over 3 years as the Executive Director of the Arkansas Department of

Economic Development and worked for SBC Communications, now AT&T, for 30 years.

I look forward to hearing their testimony. After this panel we will turn to our second panel. I encourage Senators who wish to make an opening statement about the nominee for the CFPB to wait until the second panel begins.

I would now turn to Senator Shelby for any opening remarks he may have for panel one. Senator Shelby.

Senator SHELBY. Mr. Chairman, thank you. I have a written statement that I would ask to be made part of the record. I would look to hear from the nominees and also from my colleagues here.

Thank you.

Chairman JOHNSON. Would any other Senators like to make an opening statement about panel one?

[No response.]

Chairman JOHNSON. We will now proceed to witness introductions. Senators Inouye and Akaka will introduce Patricia Loui. Senator Inouye.

INTRODUCTION OF NOMINEE PATRICIA M. LOUI BY DANIEL K. INOUYE, A U.S. SENATOR FROM THE STATE OF HAWAII

Senator INOUYE. Mr. Chairman and Members of the Committee, it gives me great pleasure to present to you Ms. Patricia Loui, the nominee to serve as a Member of the Board of Directors of the Export-Import Bank of the United States.

Before I proceed, Mr. Chairman, I would like to present to you her family. Her husband, Michael, is in the back of me, and her son, Christopher, and her brother, Steven, are sitting right behind me; and her sister, Kathleen, and her niece, Kristyn. They are here to give a Hawaiian aloha here.

I strongly support the nomination of Ms. Loui as a Member of the Board. She is an outstanding professional. She is diligent and extremely bright. Ms. Loui is an accomplished international businesswoman who will bring extensive experience in banking and Government to her new role.

Ms. Loui is the founder and Chair of the OmniTrak Group, as you noted, a woman-owned small business that provides marketing and research consulting to companies in the United States and Asia. She has led OmniTrak's expansion into the Pacific Rim where it is known for its multicountry studies on product and market development, brand equity marketing, and leisure entertainment and travel expertise. She cofounded the American-Thai-Singaporean joint venture starting company in Thailand, which has become a leading research company in the Association of Southeast Asian Nations.

Prior to becoming the chief executive officer of OmniTrak, she was a financial services industry vice president of marketing, planning, and development at the Bank of Hawaii. She served as an alternate on the founding board of the ATM system. She was the first woman member of the ATM Board and the youngest woman vice president of the Bank of Hawaii.

Currently Ms. Loui serves as an appointed member of Asia Pacific Economic Cooperation (APEC) 2011 Hawaii Host Committee. President Barack Obama will host leaders of 21 APEC countries in

our home State in November of this year. I hope the Committee can make it.

She has several volunteer activities, including the Governor of Hawaii's Economic Revitalization Task Force, the Governor's International Congress Steering Committee, the University of Hawaii Foundation Board of Trustees, Palama Settlement Board to help disadvantaged youth, and the Honolulu Academy of Arts Christmas Auction Fundraiser.

On a personal note, Mr. Chairman, I have known her family, beginning with her great-grandparents. We lived as neighbors a long, long time ago.

Finally, I firmly believe that Ms. Loui's skill will be of great value to the Export-Import Bank of the United States, and I am confident that she will serve with great distinction. So, accordingly, I urge my colleagues to approve and confirm her nomination, and, Mr. Chairman and Members of the Committee, I thank you very much, sir.

Chairman JOHNSON. Thank you, Senator Inouye.

Senator Akaka.

INTRODUCTION OF NOMINEE PATRICIA M. LOUI BY DANIEL K. AKAKA, A U.S. SENATOR FROM THE STATE OF HAWAII

Senator AKAKA. Thank you very much, Mr. Chairman and Members of the Senate Banking, Housing, and Urban Affairs Committee. I am very, very proud to join you in welcoming a distinguished constituent and a long-time friend of mine and her family. Ms. Patricia Loui has been nominated by President Obama to serve as a Member of the Board of Directors of the Export-Import Bank of the United States.

As an accomplished international businesswoman who brings a wealth of experience in banking, business, and economic development, she is an excellent nominee for the Eximbank. I am pleased to join Senator Inouye in introducing her to the Committee.

This is an exciting and challenging time for the Eximbank. It helps to create and maintain U.S. jobs by filling gaps in private export financing at no cost to American taxpayers. It just set a new all-time record for export finance authorizations. It had loans of over $24.5 billion at the beginning of August at a time when credit has been tight.

It is providing opportunities for U.S. businesses to contribute to our Nation's international economic competitiveness at a time when the Nation is struggling to recover from the recession. It helps the small businesses that have always been the engine of our economy, the workers who are still seeking employment, and the families and communities that they support. During this exciting and challenging time for the Eximbank, Ms. Loui is the right nominee to join the Board.

Under Ms. Loui's leadership over the past 30 years, her company, OmniTrak, has become a leading research and planning firm in Hawaii. It is recognized for its expertise and work in Asian markets in tourism, finance, health, communications, telecom, retail, Government, real estate, and land development. Ms. Loui previously served as president of the East West Center Association, as vice president of the Bank of Hawaii, and as a development plan-

ner for the United Nations Development Programme and UNESCO in Asia. And, of course, her work in the community—which includes being a member of the APEC Host Committee for the Leaders meeting in Honolulu in November of this year—has been invaluable.

In short, Ms. Loui has developed an expertise in business that perfectly aligns with her soon-to-be new role on the Eximbank. With her passion for business and drive for success, I have every confidence that she will make tremendous contributions to the Bank.

But her qualifications for this appointment go beyond her impressive education, résumé, and extensive experience. The entrepreneurial spirit runs in her family. Not only is OmniTrak Hawaii's largest market research firm, Pat's parents, brothers and sisters, and in-laws have all run business ventures ranging from restaurants, marine design and engineering, insurance, flowers, and furniture. And, according to family members, it is no surprise that business runs in the family: The matriarch and patriarch of the Loui family met because of business.

Four generations ago, Shizuko Katashima owned a large market in Kapahulu, which she sold to Alicia Loui. Shizuko's daughter, Alyce, met and married Alicia's son Fred. And family and island history was made.

Ms. Loui, please accept my congratulations on your nomination. Mahalo thank you for your dedication to public service.

Thank you very much, Mr. Chairman.

Chairman JOHNSON. Thank you, Senator Akaka.

Senators Pryor and Boozman will now introduce Mr. Walther. Senator Pryor.

INTRODUCTION OF NOMINEE LARRY W. WALTHER BY MARK L. PRYOR, A U.S. SENATOR FROM THE STATE OF ARKANSAS

Senator PRYOR. Thank you, Mr. Chairman, and I want to thank Senator Shelby as well as all the Members of the Banking Committee who are here today to consider Larry Walther's nomination to be a Member of the Board of Directors of the Export-Import Bank of the United States. I believe he is an excellent choice. He has 30 years of experience with the old Southwestern Bell Telephone Company, now AT&T. After he left there, he worked for the Arkansas Economic Development Department, and he was instrumental in landing many, many big investments in our State, including Hino Motors and Denso Manufacturing. And so he has this great mix of public and private sector experience, and I think he brings that to the table.

Obviously, right now, given the state of our economy, we need people who are well qualified, enthusiastic, and experienced in these types of positions. He is exactly the right person for that.

And, last, let me say that the mission of the Export-Import Bank is very needed today. About 85 percent of everything that they do directly benefits small business in this country. They can be great job creators here. They can help us export American goods and services all over the world, and I certainly hope that this Committee will give him a favorable consideration.

Thank you, Mr. Chairman.

Chairman JOHNSON. Thank you, Senator Pryor.
Senator Boozman.

INTRODUCTION OF NOMINEE LARRY W. WALTHER BY JOHN BOOZMAN, A U.S. SENATOR FROM THE STATE OF ARKANSAS

Senator BOOZMAN. Thank you very much, Chairman Johnson and Ranking Member Shelby, for allowing me to speak at this very important meeting today. I am honored to be here and join with Senator Pryor in introducing and supporting Larry Walther's nomination to the United States Export-Import Bank Board of Directors. His impressive background and extensive work experience more than qualify him for this position.

A graduate of the University of Arkansas at Monticello, Larry began his career as a switching engineer for Southwestern Bell Telephone Company, which then led him to a 30-year career with SBC Communications. He served for over 3 years as the Executive Director of the Arkansas Department of Economic Development. In this important position, he was responsible for the direction and management of the department and for representing the Governor and the State on all matters concerning statewide issues of economic development and, as Senator Pryor alluded to, did a very, very good job.

Most recently, he served as the Director of the U.S. Trade and Development Agency from March 2008 to January 2009. As our Nation faces high unemployment, it is imperative that we have leaders with managerial experience who best know how to create jobs and help economies thrive.

Larry's nomination comes at a critical time, and we need his expertise as we work together to preserve America's strength in the global marketplace. I believe Larry Walther will do a great job, and I know we will be proud of his future accomplishments at the Export-Import Bank. I congratulate him on this well-deserved nomination and strongly support his confirmation.

Thank you very much, and with that I yield bank.

Chairman JOHNSON. Thank you, Senator Boozman.

We will now proceed to the oath. Will the nominees please rise and raise your right hand? Do you swear or affirm that the testimony that you are about to give is the truth, the whole truth, and nothing but the truth, so help you God?

Ms. LOUI. I do.

Mr. WALTHER. I do.

Chairman JOHNSON. Do you agree to appear and testify before any duly constituted Committee of the Senate?

Ms. LOUI. I do.

Mr. WALTHER. I do.

Chairman JOHNSON. Please be seated.

Please be assured that your written statements will be part of the record. Please also note that the Members of this Committee may submit written questions to you for the record, and you should respond to those questions promptly in order for the Committee to advance your nomination.

I invite the witnesses to introduce your family and friends in attendance before the beginning of your statements. Ms. Loui, you may begin.

STATEMENT OF PATRICIA M. LOUI, OF HAWAII, TO BE A MEMBER, BOARD OF DIRECTORS, EXPORT–IMPORT BANK OF THE UNITED STATES

Ms. LOUI. Yes, Senator Inouye has kindly introduced my family: my husband, Michael Schmicker; my son, Christopher Schmicker; brother, Steven; sister, Kathleen; and niece, Kristyn. Thank you again.

Chairman Johnson, Senator Shelby, and distinguished Members of the Committee, thank you for the honor of appearing before you as a nominee for the Board of Directors of the Export-Import Bank of the United States. I am deeply grateful to President Obama for nominating me. May I also warmly thank Senator Inouye and Senator Akaka for their friendship, generous introduction, and ongoing support.

Though not here, thank you to my mother, Alyce, and late father, Fred, for their unconditional support.

I feel that my professional career in small business, in banking, and in international development helps qualify me to make meaningful contributions to Eximbank's programs, and, if confirmed, I will work diligently to help Eximbank create and preserve U.S. jobs. As a woman-owned small business, our company has introduced Midwestern manufacturers to new markets in East Asia, has assisted an American entertainment corporation explore expansion from China to India, and has helped U.S. farmers increase market penetration in Southeast Asia. Born into a small business family, I learned at the dinner table and then as an entrepreneur the challenges small businesses face when working capital financing dries up, as it did in 1998 and 2008. This gives me a visceral commitment to Eximbank's congressional mandate on small business.

If confirmed, I look forward to contributing to American export growth, particularly to Asia. Fifty-five percent of world population and almost 40 percent of current global GDP is there, as are three of nine Eximbank target countries which represent 1.5 billion people: India, Indonesia, and Vietnam. Whether at home or as tourists to the U.S., Asians look with hope and optimism to the United States and express strong interest in buying American products. U.S. exports in infrastructure, energy, medical equipment, transportation, and brand name durables have tremendous export potential. This fastest-growing region can generate jobs for America. My cross-cultural training at the East West Center, development work with the United Nations, and 30 years in international marketing position me to contribute to the promotion of Eximbank services in the culturally diverse countries where the Bank is open for business.

Besides increasing foreign market demand, it is important to grow domestic awareness of Eximbank's services as only 1 percent of American companies currently export. As a former regional banker, I am especially interested in joining Eximbank's promotion of its services to community and regional banks as well as directly to small businesses. I understand both the benefits and risks of lending given my career as banker and businesswoman. By continuing sound financial practices and basing credit decisions on reasonable assurance of repayment, Eximbank can remain financially self-sustaining while fulfilling its jobs mandate. This is a core

covenant between Congress, Eximbank, and the American people that I am fully committed to uphold.

Even as our economy recovers, Eximbank can, I believe, be mutually beneficial for private enterprises, for labor and management, and for your constituents across our Nation. Last year, the excellent team at Eximbank supported more than a quarter million jobs, and its mission benefits diverse stakeholders. By mitigating credit risk and providing competitive terms, Eximbank encourages banks both small and large to finance exports. Businesses can sell American products more competitively by offering financing, and a robust, exporting economy creates jobs for American workers and benefits for local communities.

This is why I respectfully ask for your support to serve on the Board of Directors of Eximbank. If confirmed, it would be an honor to give back to our country that has enabled my grandparents, my parents, and me to build successful careers and families around small business.

Thank you for the opportunity to appear before you. I look forward to answering your questions.

Chairman JOHNSON. Thank you, Ms. Loui.

Senator Inouye, you may be excused, if you wish.

Senator INOUYE. Thank you.

Chairman JOHNSON. Mr. Walther.

STATEMENT OF LARRY W. WALTHER, OF ARKANSAS, TO BE A MEMBER, BOARD OF DIRECTORS, EXPORT-IMPORT BANK OF THE UNITED STATES

Mr. WALTHER. Thank you. I would like to introduce my wife and my best friend for 41 years, Janice, and along with me also is my son, Bill, an engineer with the Department of Army.

Thank you very much, Chairman Johnson, Senator Shelby, and Members of the Committee. It is a great honor for me to be here today as a nominee to the Board of the Export-Import Bank of the United States. I am deeply grateful to President Obama for his nomination of me and to Senator McConnell for his recommendation and his support. I would also like to acknowledge the support of Senators John Boozman and Mark Pryor of Arkansas, two men I have known for many years and for whom I have great respect.

I consider myself extremely fortunate to be here today. Early in my career, I entered the private sector with Southwestern Bill Telephone Company, where I rose from an entry-level switching engineer to Vice President of Corporate Services, and I was Chairman of the SBC Foundation. During that time, I had a wide variety of assignments, including engineering, economic analysis, marketing and pricing policy, regulatory relations, and philanthropic work. The majority of my career was spent in regulatory and public affairs, where I worked with State regulatory commissions and State government both in the legislative and executive branches.

Since retiring from SBC, my career has focused on increasing commercial development both domestically and in the international arena. As the Executive Director of the Arkansas Department of Economic Development, I was charged with increasing inward investment into the State of Arkansas as well as supporting Arkansas companies in their effort to export their products and services

overseas. In my 3-plus years as Executive Director, I played a major role in bringing companies like Hino Motors, Denso Manufacturing, auto parts supplier Eakas Corporation, to Arkansas. I also was involved in initial discussions and negotiations with recruiting Welspun of India to invest in the manufacturing facilities in Arkansas.

Following my tenure at ADED, in 2007, I had the honor of being nominated by President Bush and being confirmed by the U.S. Senate to be the Director of the United States Trade and Development Agency, a sister organization to the Export-Import Bank of the United States. I consider it a great privilege and honor to have served as the Director of USTDA and to have played an important part in assisting U.S. companies develop export opportunities throughout the world.

As I have prepared for the opportunity to join the Board of the Export-Import Bank, I have found that my passion and experience complement nicely the work of the Bank. Finding innovative ways to assist businesses, both small and large, to expand their markets beyond the borders and in the process create more and better jobs for the American workforce is something that I am passionate about. I know U.S. products are in great demand around the globe and it is vitally important that we make them available to those buyers that would otherwise not have access to the best products in the world. The Export-Import Bank is playing a critical role in bringing this important aspect of commerce and job growth to the U.S. business, and if confirmed, I look forward to being a part of Eximbank's team.

Mr. Chairman, Senator Shelby, and Members of the Committee, thank you again for the opportunity to appear before you today as I seek your support for my nomination to be a member of the Board of Directors of the Export-Import Bank of the United States. Thank you.

Chairman JOHNSON. Thank you, Mr. Walther.

Senator Boozman, you may be excused if you wish.

Ms. Loui, throughout your career, you have worked with American companies as they seek to enter the Asian market. What are the biggest challenges and opportunities facing U.S. companies as they seek to expand into Asia?

Ms. LOUI. Some of the challenges facing American businesses as they export start with the lack of knowledge, perhaps, of the size of the markets and the opportunities that it provides. Currently, 95 percent of the world's customers now live outside the United States, yet only 1 percent of American businesses export. And I think that Ex-Im plays a very important role in both promoting exports as well as mitigating the risk of going overseas.

If confirmed, I would look to participate very actively in Eximbank's global outreach program, an interagency program that brings the exporters, the financiers, the success stories together with small businesses in rural areas as well as in urban centers.

Second, it is very important for small business to have access 24/7. Most small businesses do not operate on weekdays and nine-to-five. They use technology. They use their weekends to explore new strategies. And so this—continuing to expand the Web access and webinars, for example, will be extremely important.

And finally, I would recommend, if confirmed, working strongly through professional networks. Strategic alliances with community-based financial organizations as well as professional networks will help to leverage Eximbank's efforts into some of the smaller markets that we do not know—that know less now about exporting to Asia.

Chairman JOHNSON. Thank you.

Mr. Walther, as the former head of the Economic Development in Arkansas, what can you do to make the Bank more responsive to the needs of rural U.S. exporters throughout the country? My home State of South Dakota is very rural and I want to ensure that the bank reaches out to even more small businesses in rural parts of the country that might need individualized assistance to reach their export markets.

Mr. WALTHER. Mr. Chairman, that is an excellent point. There are a great number of businesses, both small and large, within the United States that really do not have access or knowledge about the export arena, about what they can do with the products and services that they are involved in, and so the outreach—part of it is the international arena, but even as important, maybe more important, is providing an outreach to the businesses here in the United States.

I am from a rural State and I understand the issues. We have created a World Trade Center in Northwest Arkansas for that very purpose, to provide information to businesses in the area or in the geographical area around Northwest Arkansas so that they understand what they can do internationally, what their products are worth internationally.

And so the Export-Import Bank has a program where they are doing a tremendous outreach, and I think we need to continue to do that. It is critically important in order for the U.S. to continue to export their products.

Chairman JOHNSON. For both nominees, information technology is an important tool in ensuring that the Bank is operated effectively and transparently. What can the Bank do to improve how it works with technology to make its interactions with customers more efficient and transparent? Either of you.

Mr. WALTHER. Well, technology—I am from a technology company, Southwestern Bell and then AT&T, and I was involved a great deal with Bell Labs whenever that company existed, and so technology is just continuing to move rapidly. It is almost at warp speed. And we at the Bank need to stay pace with that. Industry is. The young people of this country are technologically savvy and we at the Bank need to stay at the same pace they are so that we can communicate with them.

We can communicate around the world instantaneously now to the markets that are around the world, China, Africa, South America. They are—they have the technology and continue to grow their technology just like the United States. So I think it is critically important that we keep pace with technology in order to provide that access for the U.S. businesses.

Chairman JOHNSON. Ms. Loui, do you have anything to add?

Ms. LOUI. Yes. I understand that Eximbank is currently undertaking a study on its IT capacity. It has introduced already some

very important new Web access-based programs and it has improved the turn-around of loan requests using technology. But as Larry alluded to, without technology, we really cannot reach the many rural communities and small businesses across our vast country to educate them and to encourage them to use the services of Eximbank and to export.

So I do look forward, if confirmed, to reviewing this IT report that is being produced now and hope that we can, indeed, keep up with the technology requirements that are required to do global business.

Chairman JOHNSON. Thank you.

Senator Shelby.

Senator SHELBY. Thank you, Mr. Chairman.

Mr. Walther, the Bank is required to provide 20 percent of its financing to small business exporters. Over the years, the Bank has had a mixed record in meeting this goal. Ms. Loui mentioned the fact that only about 1 percent of American businesses actually export. We know it is a new world, but we have got great challenges and opportunities, as you well know, in this country.

Are you satisfied—either one of you, but I will direct the first question to you—are you satisfied with the type and amount of financing the Bank provides for small businesses, which is the backbone of our economy, and do you think there is more that the Bank can do, and if you are confirmed, as I believe you will be, are going to push this initiative?

Mr. WALTHER. Senator Shelby, I understand what you are saying. The Bank has been fairly successful at keeping the 20 percent. It is difficult. Now, you remember that we are a portion of the financial community——

Senator SHELBY. We understand.

Mr. WALTHER. ——and so it is difficult, but it is something that we have to keep our eye on. I know the Bank considers it very important, and if I am confirmed, I will continue the vigilance to make sure that small business gets the 20 percent or more, if we possibly can.

Senator SHELBY. Ms. Loui.

Ms. LOUI. Yes. Reviewing Eximbank's annual reports, I believe there have been new records set in the small business arena over the last few years. That said, there really—because small business is the engines of our economy, we really need to continue to be aggressive, and I would continue, if confirmed, to support the innovative product development that has been going on.

For example, Eximbank recently developed a supply chain product which permits not only the lead manufacturer but their suppliers to obtain financing, and I saw the importance of this when our company consulted with General Motors to develop its first plant in Pudong, China, which is now the biggest profit center in the world. If you can not only assist General Motors but all the small automotive manufacturers spread out through this country, the jobs potential will be a multiple of just supporting the large manufacturer, and so I would continue, if confirmed, to support that aggressive product development and outreach.

Senator SHELBY. Thank you.

In the area of sanctions—Iran—to both of you, with respect to the sanctions on companies that do business with Iran, are you committed, if you are confirmed, as I believe you both will be, to making sure that the Eximbank adheres to the law prohibiting the financing of transactions involving Iran? Mr. Walther.

Mr. WALTHER. Yes, sir. We are a country of laws and we and I will always abide by those laws and I understand exactly what those laws are about with regard to Iran.

Senator SHELBY. Ms. Loui.

Ms. LOUI. Yes. I believe there are six countries that are currently under the trade sanctions and I will abide by the law and respect the law in regards to all six.

Senator SHELBY. Thank you.

Ms. Loui, one of the primary problems that the Eximbank seeks to address, among others, is the uneven playing field that U.S. exporters, as you well know, face in the global economy, both with respect to OECD and non-OECD countries. Do you think there are additional policies that the Bank could pursue to level the playing field for American exports globally? In other words, if they are playing with one deck of cards and we with another, we are at a big disadvantage. What can the Bank do to make us more competitive?

Ms. LOUI. Yes, Senator. You know, I completely concur and am confident that on a level playing field, American products and services compete with any other foreign country in the world. The challenge, of course, is that the playing field is not always level. I believe the recent report by Eximbank that was submitted to Congress indicates that compared with our traditional OECD competitors, Eximbank is doing a very effective job in competition. The challenge comes from the fact that there are nontraditional competitors who are not signatories to OECD, such as Brazil, China, India, and emerging Russia. So we do need to evaluate how we will compete with the non-OECD signatories.

The other area of competition comes from nonregulated OECD products, and Japan and Canada's ECAs have been very active in this area. If confirmed, I would support and would welcome participating in a review of the model Eximbank currently uses, that of the lender of last resort, to look at the trends in the current external marketplace and to determine whether this model is really the best model going forward.

Senator SHELBY. Mr. Walther.

Mr. WALTHER. Well, I 100 percent agree with what Ms. Loui said. If we can compete on the same level, we will—we can—we will generally win. The problem is identifying where those anomalies exist, and if I am confirmed, I will continue to, as the Bank has done, to find those areas and to work to resolve them.

Senator SHELBY. Thank you. Thank you, Mr. Chairman.

Chairman JOHNSON. Senator Akaka.

Senator AKAKA. Thank you, Mr. Chairman. I have no questions but urge the Committee to expedite the confirmation of these nominees.

Chairman JOHNSON. Thank you, Senator Akaka.

Senator Brown.

Senator BROWN. Mr. Chairman, thank you, and I welcome both Ms. Loui and Mr. Walther to the Committee and support your confirmation.

Only one comment, and that is just last week, the Chairman of the Eximbank, Chairman Hochberg, was in Toledo, Ohio, with Scott Schlegel [phonetic] and others, and I appeared with him at First Solar, one of the leading solar manufacturers. I believe it is the leading solar manufacturer in the United States and Toledo is the second largest—Ohio, with Toledo leading, is the second largest solar manufacturing State in the country. We are third in State manufacturing overall in all products. The work of the Eximbank that both of you, Mr. WAlther and Ms. Loui, continue is essential for our—particularly in light of this Congress's work, not always good work, on trade agreements which we see continuing a larger and larger and larger trade deficit.

And while I have argued in this Committee to the Chairman of the Fed and others how important it is, rather than passing more trade agreements that tend to too often dismantle American manufacturing, that we should enforce the trade rules that we have. Today, the WTO concurred on a Chinese tire issue with the International Trade Commission, which will bring jobs directly back to our communities, to communities in Ohio, for example.

And your work in leading in exports is such an important part of that, so I thank you for your past work, both of you in business, and your work in Government, too, and the work you will continue to do with Chairman Hochberg and all that the Eximbank means for our country. Thank you.

Chairman JOHNSON. Senator Hagan.

Senator HAGAN. Thank you, Mr. Chairman, and I, too, wanted to welcome both of you to our Committee today. I wanted to just echo what you have heard today, but also that I think Chairman Hochberg is doing a very good job.

Ms. Loui and Mr. Walther, as you know, U.S. businesses operate in a dynamic environment and business conditions are constantly changing. Sometimes, business conditions change due to policies that our Government imposes. Trade policies is an example from my home State, where many industries had to change when NAFTA and CAFTA were enacted. I am from North Carolina. What do you see as the role of the Board of Directors in ensuring policies and products meet the changing nature of industries and their supply chains, and will you take steps to ensure that the Bank is meeting industry needs?

Ms. LOUI. In our global world, I think the only given is change, and Eximbank has been quite aggressive in ensuring that its outreach promotion efforts to educate small businesses and large businesses about the opportunities in foreign markets is ongoing. It is also intra-agency, so it not only is Eximbank staff, but also participants from Commerce and other related trade promotion agencies working together. This is a very effective and efficient model and benefits the small user, to have several people in the same place at the same time.

Also, in preparing for this hearing, I have had the benefit of using Eximbank's Web site, which has been expanded considerably. They now offer webinars, and that is another important tool for

education. And as I previously mentioned, I think that some of the specific product development that they have done has been very responsive to changes in needs in the marketplace, such as the supply chain financing product as well as Solar Express, which is a very rapid turnaround program for clean energy requests.

So these—if confirmed, I would continue to support these. Information is power, and so the more information we can get to the small and large businesses of America, the better chance we have to get those 99 percent that are not currently exporting to export.

Senator HAGAN. Thank you.

Mr. WALTHER. I agree. Again, I agree a hundred percent. The Bank needs to stay in tune with what is going on in the business arena and what the business conditions are out there. Technology is a great way to continue to do that. So as we move forward, we have to keep our technological systems, our Web sites and other communications systems at the same pace that business is. And so in order for us to assist them, where we can come in and provide assistance to the businesses to do export, but we also need to make sure that they understand what the marketplace is out there, and that is critically important that we do that. So that is all I would add.

Senator HAGAN. Thank you. And we all know, I know, that small business is the backbone of our economy, and if we can certainly help small business export more, we will certainly help our country's economy, and I think that is critically important at this stage.

And also, over the last several years in response to our economic crisis, the Eximbank has increased its authorized transactions. If we continue to see an extended downturn in the global economy, how do you think the Eximbank will be affected?

Mr. WALTHER. It seems to me that because of the downturn in the economy, there is going to be a greater need for Eximbank financing and guarantees where the normal business community will not step in and do it. So because of that situation, it has put a greater pressure on Eximbank, and, therefore, a greater need for the authorization for additional money.

Ms. LOUI. Yes, and the only thing I would add is that Eximbank, I think, has increased about 70 percent in assets over the last 2 years and it will be bumping up against the current levels of authorization soon. And so it is important looking forward.

That said, I am of the philosophy that Eximbank should not compete with the private sector but rather supplement it, and many of their products that provide working capital guarantees, that provide credit insurance, that provide take-out options for small banks are really win-win, and this is the spirit in which I would hope Eximbank would continue to operate in the future, even beyond our very difficult economic times at present.

Senator HAGAN. Thank you. I look forward to your confirmations, and thank you, Mr. Chairman.

Chairman JOHNSON. Thank you, Senator Hagan.

Thank you, Ms. Loui and Mr. Walther, for your testimony today and for your willingness to serve our Nation. I ask that all Members of the Committee submit any questions for the record by close of business on Friday, September 9. Ms. Loui and Mr. Walther,

please promptly submit your answers to these questions in order for the Committee to advance your nomination.

Now, we will turn to our next panel.

Mr. WALTHER. Thank you.

Ms. LOUI. Thank you.

[The first panel witnesses are excused.]

Chairman JOHNSON. On our next panel we will consider the nomination of Richard Cordray to be the first Director of the Consumer Financial Protection Bureau.

Mr. Cordray, welcome to the Senate Banking Committee and a warm welcome to your family and friends who are here this afternoon.

The CFPB was born out of the failure by prudential regulators to hold financial companies accountable for complying with consumer protection laws. Congress created the CFPB to be a robust and independent agency focused on protecting consumers like military families and older Americans from abusive financial products. The CFPB was also created to streamline disclosures so consumers can make the best financial choices for themselves and their families. In fact, one of the CFPB's first projects is to simplify the long, confusing mortgage disclosure forms.

The CFPB is an agency that the American public wants. A recent bipartisan survey shows that Americans strongly support the creation of the CFPB. The Director of the CFPB will play an important role in maintaining the agency's independence, promoting an equitable and transparent consumer financial marketplace, and exercising enforcement of consumer protection laws.

On July 18, President Obama nominated Mr. Cordray to be the first-ever Director of the CFPB. The purpose of today's hearing should be to consider whether Mr. Cordray is qualified for that job. Instead, a vocal minority is playing games with the process and holding Mr. Cordray's nomination hostage. This political gamesmanship is preventing Americans from receiving the consumer protections they deserve and putting community banks and credit unions at a competitive disadvantage to nonbank financial companies. This vocal minority insists on rehashing the same debate Congress had last year when it created the CFPB as an accountable yet independent regulator.

The fact is that every regulatory agency is structured with different features that make it accountable. Each agency has a unique combination that fits its mission and independence. Last year, Congress decided on a structure for the CFPB which borrows some accountability features from other regulators but also includes several new features unique to the consumer agency.

The chart on display lists many of the ways the CFPB is accountable. For example, the Financial Stability Oversight Council has the power to overturn CFPB's regulations. By law the CFPB's budget is capped, and the President has the power to fire the CFPB Director. So the misleading claim of no CFPB accountability trumped up by special interests and put forth by a vocal minority should be exposed for what it is: an attempt to destroy the Bureau's ability to do its job of protecting American consumers.

I would remind my colleagues that in 2008 a bipartisan Senate, including Members on both sides of the aisle sitting here today,

help to create the Federal Housing Finance Administration. FHFA is also an independent agency headed by a sole Director subject to a GAO audit and purposefully not subject to the congressional appropriations process.

Now let us talk about what the focus of a nomination hearing should be. Richard Cordray has spent his career in public service caring about people. He has taken the time to understand and come up with the best, most practical solutions for their problems. Mr. Cordray supports small businesses and honest companies. He has been a member of his local Chamber of Commerce for 22 years. He believes in leveling the playing field so that small companies can compete fairly and that playing by the rules is good for business.

I ask unanimous consent to include several letters of endorsement in the hearing record.

Mr. Cordray also believes that people and corporations must be responsible for their own behavior, and if they act responsibly, they should get a fair shake.

It is my hope that, if confirmed, Mr. Cordray will use his knowledge and experience as a law enforcement official and public servant to better protect American consumers and to enhance the quality of our consumer financial markets.

We have seen many important nominations blocked in the Senate and denied an up-or-down vote on confirmation. The stability of our financial system and of our economy is simply too important to put at risk by political games. It is time to allow the CFPB to do its job to the fullest extent of its authority with a Senate-confirmed Director in his place.

I now turn to Senator Shelby.

STATEMENT OF SENATOR RICHARD C. SHELBY

Senator SHELBY. Thank you, Mr. Chairman.

I do not think it will surprise anyone to hear that we believe that today's hearing is quite premature. We do not believe that the Committee should consider any nominee to be the Director of the Bureau of Consumer Financial Protection until reforms are adopted to make the Bureau accountable to the American people.

Earlier this year, Mr. Chairman, 43 of my Senate colleagues and I sent a letter to President Obama expressing our serious concerns about the Bureau's lack of accountability. We also proposed three reasonable reforms to the structure of the Bureau. We had hoped to work with the majority to address this issue before the President nominated a Director.

Unfortunately, neither the President nor the majority has made any effort to work with us to improve the accountability of the Bureau. Instead, the President has nominated Mr. Cordray to be the first Director. It is regrettable that the President and the majority have chosen to ignore our request rather than work with us to improve the Bureau's accountability. It may be good politics for them, but it is certainly bad policy for the American people.

One of our Nation's founding principles is that the Government should be accountable to the people. Yet the majority structured the Bureau to grant its Director unprecedented authority over the lives of the American people without any real effective checks. All

of the Bureau's power is concentrated in the hands of a Director. The Director determined which rules are enacted and which enforcement actions are brought. The Director makes all hiring decisions and decides how the agency spends its resources.

Because of the expansive jurisdiction of the Bureau, every American will be affected by the Director's decisions. The Director will singlehandedly determine the financial products consumers can buy as well as which consumers have access to credit and which do not.

Accordingly, the Director's decisions will impact whether Americans can buy a home, a car, or even basic household goods. It is staggering the amount of control the Director will exert over the daily financial choices available to the American people.

Despite having such broad powers, however, there is no meaningful check on the Director's authority. The Director cannot be removed except on extremely limited grounds of inefficiency, malfeasance, or neglect of duty. In other words, the Director cannot be removed for poor policy choices.

In addition, bank regulators do not have a meaningful ability to ensure that the Director's actions do not needlessly undermine the safety and soundness of our banks. While some claim that the Financial Stability Oversight Council could—could—overrule the Director, this so-called check is simply illusory. The requirements needed for the Council to act are so onerous that, in practice, the Council will never be able to exercise this authority. That should not surprise anyone, especially here. That was the way it was designed.

For example, the Director of the Bureau sits on the Council and will vote to determine whether or not the Council should overturn one of his decisions. It is not hard to guess how the Director will vote. As a result, the Director will be virtually free of any constraints on his authority during the 5-year term.

No one person, I believe, should have so much unfettered power over the American people. It blatantly violates the spirit of our democratic system of Government. Our pursuit of better consumer protections should not require us to compromise our basic constitutional values. This should be something on which we can all agree.

Moreover, the principle involved will have real consequences. Unless the Bureau is reformed, it is only a matter of time before this concentration of power is abused or misused to the detriment of American consumers and the economy. The job figures we have seen over the summer demonstrate how the Administration's heavy-handed regulatory agenda is crippling the economy with unnecessary costs and legal uncertainty. There could not be a worse time, I believe, to give an unelected and unaccountable bureaucrat a blank check to impose even more ill-considered rules that could further undermine our weak economy. At a time when our Nation's unemployment rate is over 9 percent, this would be a very dangerous gamble.

In closing, the Chairman today here has attempted to turn the phrase, I believe, "vocal minority" into a pejorative. Over the years, however, Senators from both parties, Democrats and Republicans, have agreed upon rules governing this chamber that are designed to protect the rights of the minority, be it Democrats or Repub-

licans. The requests made by this particular vocal minority seek only to preserve the system of checks and balances embodied in the Constitution. That is not what I would call "a radical undertaking."

Thank you, Mr. Chairman.

Chairman JOHNSON. Senator Reed.

STATEMENT OF SENATOR JACK REED

Senator REED. Well, thank you very much, Mr. Chairman, and I am someone who believes very strongly that the work of the Consumer Financial Protection Bureau must go forward and should go forward under the direction of Mr. Cordray. I think to block his appointment simply to express displeasure with either the process or the substance of the law is the wrong way entirely.

As the Chairman pointed out, the Federal Housing Finance Administration was created with virtually the same authority and on a bipartisan basis supported by most, if not all, of my colleagues on the other side. There was no discussion of preemption of the Constitution or of checks and balances or anything else. The Consumer Financial Protection Bureau was trying to deal with a very serious problem, and that is protecting consumers, protecting consumers throughout this country. That is the one voice, when we think about voices, that is seldom heard loudly enough in Washington, seldom heard certainly from bank regulators. That is one of the lessons from what took place in the decade from 2000 to 2008—or at least 8 years—in which consumers were being systematically preyed upon. There was no agency. And as Attorney General, I think you were frustrated by your attempts that were preempted by Federal banking regulators, that were preempted by Federal law, that were preempted by many things.

We want consumers to have a voice, and, frankly, the notion that this is unchecked, unbounded power is simply wrong. All of the rules that the Director will enforce are created by Congress. We voted on them. Sometimes we disagreed, but they are all congressional laws. And, frankly, if he goes beyond what the law is, the courts will very quickly be involved, as has been demonstrated—and there are a huge number of financial institutions in a court today to protect their self-interests and protect the process. And if they are arbitrary and capricious, the rules will be struck down. But if those rules are consistent with the laws we pass through a democratic process to protect consumers, then consumers will receive protection.

And so I think that this whole debate has been sort of extended much too long, and as a result consumers are being and potentially will be harmed.

I particularly, because I worked on this issue along with my colleague Senator Brown from Massachusetts, am concerned about military personnel. They will not have the benefit of some of the protections that we put in place because there will be no one sticking up for them. Right now, Holly Petraeus is leading the office, but she can make—and she does—speeches. She can go out and talk to soldiers and sailors and marines and airmen, but until someone stands up with the ability to enforce the rules for their benefit, they will still be preyed upon. And they are.

I think the other thing that we have to recognize, too, is as we go forward we are, I think, trying to ensure that we do not replicate the crisis of 2008, that we do not have a financial collapse. Much of that was predicated and based upon the predatory behavior of institutions. One of the great aspects, I think, of the Dodd-Frank Act is that for the first time we tried to shine some light on the shadow banking system. The FDIC regulates financial institutions. The OCC regulates national banks. The Federal Reserve regulates banking holding companies—but for the first time we decided to say let us take an across-the-board position with respect to the shadow financial system.

So, this notion of let us wait until we get it perfect before we appoint somebody would have delayed, I think, the election of George Washington for many decades.

So, Mr. Cordray, let me just ask—I have very little time—one specific question. You already have authority transferred to you from seven agencies that is in this organization that is being implemented today. Is that correct? Go ahead.

Mr. CORDRAY. Yes.

Chairman JOHNSON. He has not given his statement.

Senator REED. Oh, I am sorry. I want to be sensitive to my colleagues. So this is opening statements. I wanted to do both. Forgive me.

[Laughter.]

Senator REED. I am a man with a mission. Then let me quickly conclude in 20 seconds.

I think we have got to move forward. We essentially know what this is about. The Chairman has pointed it out. This is not, I think, about sensible proposals to make a reform. It is hard to do that until you see the agency operate in the field, on the ground. And I hope very quickly we can confirm you, Mr. Cordray, so we can do that.

Chairman JOHNSON. Senator Corker.

Senator CORKER. Mr. Chairman, as is the norm, I do not have an opening statement, but since I do not and it looks like everybody is going to take a lot of time, I sure would like to have a little leeway with the questions. But I certainly welcome the witness and look forward to his testimony and thank him for bringing his impressive family. I do not know how his children continue to smile as we are up here, but they do a great job.

Thank you.

[Laughter.]

Chairman JOHNSON. Senator Akaka.

STATEMENT OF SENATOR DANIEL K. AKAKA

Senator AKAKA. Thank you very much, Mr. Chairman. I am pleased to join you in welcoming Mr. Richard Cordray and his family—a lovely family—who has been nominated by President Obama to serve as the first Director of the Consumer Financial Protection Bureau. I am confident that he will make the CFPB a strong defender for consumers. This has been needed in our country. He knows the markets and has the demonstrated track record.

He has been a fierce advocate for consumers and middle-class families as Attorney General of Ohio and then as the head of en-

forcement at CFPB. We will count on him to fight against the predatory lending practices that contributed to the economic crisis from which we are still recovering.

I look forward to Mr. Cordray's testimony today to hear about his vision for the landmark CFPB and what he hopes to accomplish as its first Director.

Mr. Cordray is a highly qualified nominee and an excellent pick to become the first Director of the Consumer Financial Protection Bureau, and I ask the Committee to consider his nomination favorably.

Thank you very much, Mr. Chairman.

Chairman JOHNSON. Thank you.

Senator Brown.

Senator AKAKA. I have questions that I will submit for the record later.

Chairman JOHNSON. Senator Brown.

STATEMENT OF SENATOR SHERROD BROWN

Senator BROWN. Thank you, Mr. Chairman. Ranking Member Shelby, thank you.

In a moment I will have the honor of introducing Richard Cordray, devoted family man, a distinguished lawyer and advocate, a public servant. I will hold that until right before he gives his testimony.

We should not have to remind our colleagues that just 3 years ago our economy was on the brink of collapse. Millions of Americans lost their jobs. Hundreds of thousands of people in my State lost their homes. People all over the country lost much of their retirement security. Hundreds of banks failed. Thousands of businesses have been shuttered. This Committee was forced to take extraordinary actions.

This was a man-made catastrophe that could have been avoided if we had had, as Senator Reed said, a better regulatory system. But the network of agencies tasked with protecting consumers was full of holes. Ohio, for example, was far too slow to enact meaningful consumer protections. Local efforts to try to curb rip-off loans were blocked by Federal regulators. Efforts to convince Federal regulators to act were ignored until too late. Yet just 3 years after that near depression, profits of financial firms now make up the same percentage—about 40 percent of all corporate profits in this country go to financial firms. The profits of financial firms now make up about the same percentage of all corporate profits as they did before the financial crisis. The banks that were too big to fail because of mergers, because of what shook out of these last 3 years, have become even bigger.

After decades of coddling Wall Street, Main Street still needs our help. Americans are struggling to find jobs. Their homes are still underwater. Their pensions are still being drained.

To protect against future wealth-destroying crises, Congress created, with bipartisan approval—with bipartisan approval—the Consumer Financial Protection Bureau to help ensure that consumer protection is a priority rather than an afterthought. It is an independent agency with a single Director—not all that uncommon in the Federal Government. Its mission is to bring oversight and

transparency to checking accounts, to credit cards, to mortgages, to student loans. It is empowered with the tools to ensure our financial system supports job creation. By ending the tricks and the traps families and small businesses will keep more of their hard-earned money, will be able to build middle-class wealth and help businesses thrive.

The Bureau is subject, as Chairman Johnson said, to stringent notice, consultation, analysis requirements under Dodd-Frank, under the Administrative Procedures Act, under the Small Business Regulatory Enhancement Fairness Act, and the Regulatory Flexibility Act. Through the Financial Stability Oversight Council, the other banking regulators have unprecedented authority to overturn CFPB's rules.

Already CFPB is ensuring that mortgage contracts are written in ways that consumers can more easily understand. It has earned positive reviews from industry and consumer groups alike for the substance and the process involved in creating a new model mortgage loan disclosure form. It is helping men and women in uniform, as Senator Reed pointed out, preventing them from being targeted by bad actors who profit from financial practices that defraud and deceive those serving the cause of freedom.

Mr. Chairman, I called the Senate historian recently and asked him when was the last time or was there a time when the Senate actually—when a minority in the Senate pledged to block a nominee because that party actually opposed the agency's very existence. When was the last time that a group of Senators—44, as Senator Shelby points out—signed a letter threatening a filibuster implicitly, saying they will not confirm somebody until we get our way, until we change the law, the structure of the agency? Never happened before until right now. It is unprecedented. And that kind of partisanship is why people are so unhappy with their Government. They see a dysfunctional Government that simply cannot do this.

We already had this debate once about the structure of this agency. Amendments were offered that would have watered down the agency's authority. They were considered, fairly, in Committee, on the Senate floor. They were rejected by Senators from both parties.

Now is not the time to undermine an agency that a bipartisan majority in Congress created. What kind of precedent does this set—demanding and then accusing the majority of not even working with them, demanding "We will not confirm somebody as qualified as Richard Cordray"? Nobody questions his qualifications as his background, his qualifications, and his performance in office of the various jobs he had, no one questions that. They only want to block his nomination, or anybody else's nomination, simply because they do not like the agency. They apparently do not want an agency representing consumers. That is what got us into this.

The minority, the result of their actions is to tilt the playing field—in addition to what else this has done, to tilt the playing field so that traditional banks right now are regulated while nonbank lenders, which bear the lion's share of the responsibility for the recession, are left untouched. That is why prominent bankers in this day in this country and many, many, many in Ohio are supporting Rich Cordray and want to get this agency empowered

and want to get this agency—get the Director in place so the agency can do its full panoply of responsibility. And instead, right now the agency regulates traditional banks but not nonbank lenders, where many of the problems come from this whole meltdown in our economy. The minority's own witness in the Subcommittee I chair on Financial Institutions and Consumer Protection said as much on August 3rd.

I hope my colleagues will set aside their fears, their anger, their dislike of this consumer agency and do their job, and their job is to confirm someone who is qualified to head up this agency that was created under the law and is the law in this country. Consumers need these protections. The banking industry needs this kind of fair-minded kind of comprehensive way of doing its job.

Rich Cordray's distinguished career as a Supreme Court clerk for two Supreme Court Justices, attorney, Ohio Solicitor General, Ohio Treasurer, Ohio Attorney General, State legislator has shown he is the right person for the job at the right time for our country. It is time to put the consumer cop, Mr. Chairman, on the beat.

Chairman JOHNSON. Thank you, Senator Brown.

Senator Hagan.

STATEMENT OF SENATOR KAY HAGAN

Senator HAGAN. Thank you, Mr. Chairman.

We all know that the Consumer Financial Protection Bureau was a key component of the Dodd-Frank Act and it is time to put a Director in place so that the Bureau can fulfill its important mission. I appreciate you coming today and I certainly do appreciate your family being here with you.

For too long, Americans have fallen victim to financial abuses at the hands of predatory lenders that operate with impunity outside of consumer finance laws and away from the regulatory oversight. Payday lenders took advantage of people in North Carolina for many years, until, after considerable legislation and litigation, we put a stop to the practice. I am optimistic that with a confirmed Director in place at the CFPB, we can start to rein in those predatory lenders in parts of the country where they continue to prey on American families outside the regulatory environment.

And offices within the Bureau have already embarked on important work, and once again, it is time to put a Director in place to support these offices. The Office of Servicemembers Affairs, for example, was set up within the Bureau to ensure that military personnel and their families are educated and empowered to make better informed decisions regarding financial products, and the office is already doing tremendous work.

In May of this year, I held a roundtable at Fort Bragg in North Carolina with Holly Petraeus, the Director of that office, and Mrs. Petraeus and I heard directly from the men and women in uniform about the challenges that they face as consumers of financial products and the lengths to which the officers must go to actually protect the troops from financial abuses at the hand of predatory lenders. And I think that a strong Director is going to be crucial to ensure that the momentum of the office continues and can be translated into meaningful financial protections to our men and women in uniform.

I am aware that a number of concerns have been raised about the impact that the Bureau will have on lending. I am going to be particularly interested in how, Mr. Cordray, you intend to balance the needs of consumer protection with the need for community financial institutions to provide loans to homeowners and to small businesses, and I am hopeful that we can mitigate these concerns and move forward. It is time to put a Director in place so that the Bureau can get on with its important work.

Thank you, Mr. Chairman.

Chairman JOHNSON. Senator Menendez.

STATEMENT OF SENATOR ROBERT MENENDEZ

Senator MENENDEZ. Thank you, Mr. Chairman.

Mr. Chairman, first of all, I want to thank you for moving forward with this hearing and I want to thank Attorney General Cordray for accepting a nomination under very difficult circumstances and for his appearance here today. I can just tell you, if I had the smile of your son and daughter, I would win my election hands down all the time, so——

[Laughter.]

Senator MENENDEZ. ——I am going to have to learn it, because it does not come naturally to me. They have beautiful smiles.

However, you know, consumer protection and the Director of the Consumer Financial Protection Bureau are important topics. But unfortunately, progress has been fleeting, progress, that is, in holding Wall Street accountable and protecting consumers. The Consumer Financial Protection Bureau officially opened its doors in July. Mr. Cordray was nominated days before, but months before—months before—my colleagues on the other side of the aisle said that they would be siding with Wall Street and blocking any nominee—let me repeat that, any nominee—from heading the Consumer Financial Protection Bureau.

Not only would they be blocking anyone, regardless of qualifications, and I think we might agree that we have an eminently qualified candidate here who not only receives the approval and support of consumer groups throughout the country, but the regulated industries that, in fact, they would oversee have positive things to say about him as an individual.

So not only would they block anyone regardless of qualifications, they demand that we radically change the structure of this new consumer protection agency months before it had even opened its doors and many more months after this matter was legislatively settled.

Now, the last time I checked, in a democracy, when there is an election of the people, they choose their representatives. You have votes both in committee and on the floor, and then those votes ultimately lead to passage of legislation signed by the President of the United States. It is the law of the land unless we want to change the dynamics of what democracy means in this country.

In other words, before they even had a chance to objectively evaluate the work and the effort of the Consumer Financial Protection Bureau, and despite the glowing reviews that many industry members were already giving it, my colleagues said, no, shut it down, before it had even begun its important work.

So, Mr. Chairman, I am looking forward to this hearing which is in the pursuit of confirming someone for the chairmanship subject to existing law. Now, Americans may be free and are free to disagree with the law, but they are not free to disobey it. We, in fact, may be free to say we do not like a law that was passed, but that does not mean we should block it as the way in which we conduct the course of actions of this country.

It seems to me that minority rights are very important, but that does not nullify majority rights as elected by the people of this country, especially when that majority, particularly in passage of this law that is the law of the land, was the majority not just of a singular party but a majority of both parties.

Now, a minority has a right, but it does not have the right to nullify the law by virtue of its actions of insisting that it will not approve a chair regardless of that individual's capacity, regardless of that individual's intellect, regardless of that individual's ability.

So, Mr. Chairman, I hope that we will be able to make some progress so that we can hold Wall Street accountable.

And finally, I have to say, I have the greatest respect for my distinguished colleague, the Ranking Republican on this Committee, but I just take a different point of view with him, because when we talk about what has happened in this economy, what has happened in this economy is that we had not a free market, which I support, but a free-for-all market, and in that free-for-all market, where regulators were asleep at the switch and other entities were not in existence to protect the consumer, we ended up with not just a great recession but on the verge of a new depression.

And so we do not want to relive that history so that we can, in fact, protect consumers and ensure that our economy can move forward and not run these risks again. The Consumer Financial Protection Bureau is an essential part of that, recognized by a majority of both sides of the aisle, and that is why it is the law of the land and that is why it needs a chairman.

Thank you, Mr. Chairman.

Chairman JOHNSON. Thank you.

Now, for an introduction of our nominee, Senator Sherrod Brown will introduce Richard Cordray.

Senator Brown.

INTRODUCTION OF NOMINEE RICHARD CORDRAY BY SENATOR SHERROD BROWN

Senator BROWN. Thank you again, Mr. Chairman. It is my honor to introduce one of the finest public servants I have ever met, Richard Cordray.

Rich's mother was a social worker. His father, who has been legally blind since birth, worked with the developmentally disabled for 43 years. It is clear where Rich Cordray and his family learned about public service.

As Ohio's Attorney General, he was a strong voice for Ohioans who struggled to stay in their homes and consumers who faced unfair practices by deceptive lenders. He targeted financial institutions, including Fannie Mae, that used accounting fraud to undermine investments by pension funds that provided retirement security for teachers and janitors and secretaries. He took on unscrupu-

lous actors. He worked closely with Ohio's banks to craft effective targeted legislation to prevent banks from engaging in predatory lending.

He was a treasurer at the county level in Franklin County, this county the State's second-largest county and home of the State capital, and at the State level as State Treasurer, he promoted financial literacy efforts in schools and with seniors. Throughout his career, as solicitor of Ohio, as a law professor, as an attorney in private practice, Rich has been a strong voice for his clients and for consumers.

The top executives of Ohio's Fortune 500 companies, Proctor and Gamble, Limited Brands, Forest City, American Electric Power, strongly endorse his nomination. Two fine representatives of Ohio financial institutions, both of whom are here today, Mike Van Buskirk of the Ohio Bankers League, John Koslowski of the Ohio Credit Union League, are here today in support of Rich's confirmation. Steve Rasmussen, the CEO of Nationwide Insurance, a Fortune 500 company and national leader in insurance and banking and mortgage products, believes Rich will embrace the partnerships he has built with the business community as leader of the CFPB.

Rich has the bipartisan support of former Ohio Attorneys General, including the current one, former Republican U.S. Senator Mike DeWine. That he would win the praise of his former opponent speaks to his integrity and his professionalism.

And, Mr. Chairman, I have letters that I would like to submit for the record, one signed by Mike Van Buskirk of the Ohio Bankers League, one signed by Steve Rasmussen, the CEO of Nationwide Insurance, one signed by our former colleague and national hero John Glenn, all of whom are supporting this fine public servant.

Mr. Chairman, if for no other reason we should confirm him, Rich Cordray was a five-time Jeopardy champion.

[Laughter.]

Senator BROWN. I actually tried out for Jeopardy once and I did not get through the first round, so——

[Laughter.]

Senator BROWN. I am not sure what that says, but nonetheless, Rich Cordray is I was very excited about this appointment. I am very proud to introduce my friend and a terrific public servant in Ohio, Richard Cordray.

Chairman JOHNSON. Thank you, Senator Brown.

Mr. Cordray, I look forward to hearing your testimony. Will the nominee please rise and raise your right hand.

Do you swear or affirm that the testimony you are about to give is the truth, the whole truth, and nothing but the truth, so help you God?

Mr. CORDRAY. I do.

Chairman JOHNSON. Do you agree to testify before any duly constituted committee of the Senate?

Mr. CORDRAY. Yes, I do.

Chairman JOHNSON. Please be seated. Please be assured that your written statement will be part of the record. Please also note that the Members of this Committee may submit written questions

to you for the record and you should respond to these questions promptly in order for the Committee to advance your nomination.

Mr. Cordray, if you would like, please introduce your family and friends who are in attendance before beginning your statement.

STATEMENT OF RICHARD CORDRAY, OF OHIO, TO BE DIRECTOR, CONSUMER FINANCIAL PROTECTION BUREAU

Mr. CORDRAY. Thank you, Mr. Chairman. I will take you up on that suggestion. I am glad to have with me today, and I feel like I do not need to introduce them at this point because they have been commented upon, my wife Peggy and our twins, Danny and Holly, who are 12 years old and they are excited to be here today, in part because they missed a day of school, I think.

I also would echo Senator Brown in thanking Mike Van Buskirk, the President of the Ohio Bankers League, and John Koslowski, the General Counsel of the Ohio Credit Union League, who are in the hearing room today. I thank them for their help and support over the past month and for the work we have done together over many years.

And I also want to acknowledge, I believe that Chairman Jon Leibowitz of the Federal Trade Commission was here earlier and had to leave. Commissioner Julie Brill of the FTC is here. They have been tremendous partners to our bureau in helping us set up operations and have forged a collaborative enterprise for us that I think will mark the years ahead.

There are other friends here, but I will not task the Committee's patience. I am grateful for their presence.

If it is appropriate at this time, Senator, I do have an opening statement.

Chairman JOHNSON. Yes.

Mr. CORDRAY. OK. Thank you, Chairman Johnson, Ranking Member Shelby, and Members of the Committee. I am honored to be here as nominee to be the Director of the Consumer Financial Protection Bureau.

I appreciate deeply the confidence that the President has shown in me, and I thank Professor Elizabeth Warren for her painstaking and thoughtful work to turn the Consumer Bureau from an abstract idea into what is now a tangible, vibrant agency.

And I am grateful to the Committee Members for your courtesy to me and your advice over the past month, which I have welcomed and will always welcome.

Let me briefly discuss how my background and experience may help inform your consideration. As was mentioned, from childhood, my parents taught me the value of work that seeks to improve the lives of others. My dad, Frank, who is now 93 years old, spent his entire career working with children and adults who have developmental disabilities. My mom, Ruth, who died of cancer when I was in college, was a social worker who founded the first foster grandparent program for the developmentally disabled in Ohio at the same time she was doing all the things that a mother does to raise three pretty rambunctious boys.

Over the past 20 years, through my work in State and local government, I became deeply engaged in consumer finance issues and I developed a deep resolve to address these issues that I have

found to be so basic to our communities. Working with troubled taxpayers, I quickly learned there is no one-size-fits-all solution as you seek to help people who just want to do the right thing and, when necessary, to thwart those who would take advantage of others.

On a variety of issues, I sought to find new partners, and we, frankly, experimented with new approaches. Seeing the struggles people had to make basic financial decisions, a group of people and I pushed our legislature successfully to pass a new law requiring high school students to receive personal finance education before they graduate. We then implemented that law by developing a curriculum and training hundreds of teachers.

As we saw the foreclosure crisis wreaking havoc in many neighborhoods and I saw—this is in early 2004, 2005—I saw subdivisions where a dozen foreclosures would wreck the dreams of every resident in the subdivision, we created a "Save Our Homes" task force that brought together businesses and banks, nonprofits and Government, to combine their perspectives to assist people who were just frantic not to lose their homes.

As State Treasurer, I continued to work on financial literacy issues and foreclosure prevention, now on a State level. I also noticed that we had a neglected low-interest lending program to help small businesses create jobs and to help farmers access affordable credit in our rural communities. We revived that program, sought to expand it, and reached out to community banks to work with them to understand how we could make the program accessible and usable for them. Over the time I was Treasurer, we pumped hundreds of millions of dollars in low-interest lending into our communities, especially the smaller towns where community banks are the economic backbone of those communities. All of this work reinforced for me how imaginative strategies can benefit both businesses and consumers who have many interests in common.

Immediately before coming to the Bureau as Chief of Enforcement, I served as Ohio's Attorney General. In that role, I worked with law enforcement, police and sheriffs throughout the State. I represented our pension systems in the courts. And I enforced the State consumer protection laws. My main objectives in consumer protection in particular were to help empower people to make better informed financial decisions for themselves and their families and to stop the scams and frauds that not only cheat consumers, but also undercut law-abiding businesses.

At every stage of this work, I believed and I believe today that law enforcement which is evenhanded, fair, and reasonable not only protects consumers, but it also supports what I call the honest businesses in two key ways. First, the businesses that cheat can gain a significant and unfair advantage and law enforcement protects the honest businesses against the cheaters. Second, keeping the marketplace clean is crucial to giving consumers the confidence they need to be encouraged to participate in that market.

At the Consumer Bureau, I have found that Congress has given us a broad range of tools to address these issues, including research reports, rulemaking, enforcement, market guidance, and consumer education. Congress also gave us the critical ability to examine both large banks and nonbanks so that participants in the

same market would be subject to the same rules and the same burdens and to resolve compliance issues, in many instances more quickly and effectively, without resorting to litigation.

I am also—I have become convinced that we will find many opportunities to streamline regulations and disclosures. For example, our "Know Before You Owe" project is already working to combine the mortgage disclosure forms under overlapping mortgage laws in order to make the costs, risks, and responsibilities of a home loan clearer to consumers, but at the same time reducing the paperwork burden for lenders. That is a true win-win. I believe that we will find that same sweet spot as we review now the thicket of regulations that we have inherited from other Federal agencies.

In closing, Chairman Johnson, Ranking Member Shelby, and Members of the Committee, I appreciate your consideration. If I were to be confirmed as the first Director of the Consumer Financial Protection Bureau, I can promise you that you would have one person who is accountable to you for how we carry out the laws that you, the Congress, enact, and that I will always be keenly interested in your thoughts about our work.

Thank you again, and I appreciate the opportunity to answer any questions you may have.

Chairman JOHNSON. Thank you.

Without a Director in place, CFPB will not be able to exercise its examination and enforcement powers over nonbank financial institutions like private student lenders and credit bureaus. Do you agree that this authority is essential to level the playing field between responsible small community banks and their nonbank competitors?

Mr. CORDRAY. I do, Senator, Mr. Chairman. I think it was one of the key principles that was embodied in this new law. And I can tell you, I remember a conversation I had with a community banker in Ohio—this would have been around 2007 when I was the State Treasurer—talking to me about the fact that people were coming in seeking loans that were not feasible, that were not sustainable loans. And when he would tell the customers that, he would see them go down the street to unlicensed, unregulated, unscrupulous lenders who would make those loans even though those loans were destined to fail.

So our good community banks and credit unions for their pains, because of the imbalance in the market, were losing market share by upholding their standards. And then, of course, it was that imbalance and the mortgage lending that it led to that was so terrible, liar's loans, no document loans, people often on mass scale falsifying income and occupation that led in part to the financial crisis. And now the community banks have suffered the second double whammy, which is credit has dried up and it is very difficult for them to maintain their operations.

One of the things that we absolutely will not do at the Bureau, at least under my leadership, is to impose further burdens on the community banks and credit unions, who, as I said, from working with them and recognizing how we had to overhaul programs to make them accessible to them so they could use them have different constraints, they have different abilities to comply with excessive regulations, and that is something that we will not do on

my watch. We can exempt them. We can do two-tier regulation. And we can listen closely to their concerns, which I will do.

Chairman JOHNSON. When I was home in South Dakota this past month, I heard a lot of concerns from small community banks and credit unions about the CFPB adding to the regulatory burden. Mr. Cordray, can you elaborate, if you are confirmed, how do you propose to have the CFPB address these concerns?

Mr. CORDRAY. Mr. Chairman, we have heard the same concerns directly, and I will say that I have heard those concerns over and over again from the Senators on this Committee, those who have taken the time to meet with me. So it is impressed upon me how important this is for us to get this right. I will refer again to my own experience. I have worked closely with larger banks and community banks on our low-interest lending program where the easy, convenient way for us to have administered that program was to pass all the money out through the large banks. The harder way was to sit down and work with community banks, understand that they needed a form that could be filled out in 30 minutes or less. We put it on line. That we gave them a decision. We promised it within 72 hours of turn-around time and we met that standard. And that made it possible for them to work with us.

So they are a different character. They thrive on customer relationships. They thrive on their knowledge of the community. If they can have a level playing field to compete, they will do very well. One thing that we will not do, we do not examine those institutions of $10 billion in assets or less. We do not enforce the law against them under the new statute. We do have regulatory power, but again, through exemptions, through two-tier regulation, and through listening closely to their concerns, which is something I did both as Treasurer and as Attorney General, we will be able to take account of those burdens and avoid heaping more difficulties on our community banks.

Chairman JOHNSON. As we have discussed, there are a number of mechanisms in place to make the Director and Bureau accountable. As Director, what steps would you take to ensure accountability?

Mr. CORDRAY. Mr. Chairman, there are a number of—it is kind of a mosaic of interlocking pieces in the law that create accountability for the Bureau. I can also say that from my own experience, the most important thing in any Federal independent agency is to follow the law, follow it carefully, follow it closely. That includes as we do rulemaking that we comply with the requirement that we consider costs and burdens carefully before we embark on any rulemaking. It means that we should be attentive to legislative oversight, which I have been as a State executive official at the State level and would be here.

And it means that we pay close attention to audits. I have found that to be a very useful tool in the offices I have headed. Every office I came into had audit findings against it. In each case, we cleaned those up. At the CFPB, we will take our audit obligations very seriously, and I have found that an internal audit, make sure that the policies you have do not just gather dust on a shelf but they are actually lived in practice by the agency. That is something I commit to, as well.

Chairman JOHNSON. Senator Shelby.

Senator SHELBY. Mr. Chairman, I yield to Senator Corker.

Senator CORKER. Thank you, Mr. Chairman, and thank you, Ranking Member.

We have been on recess and I went to 60 events or so and I am a little bit shocked coming back into the Banking Committee, which has typically been very nonpartisan, to hear the spewing that I have heard from almost everyone on the other side of the dais. I have got to tell you, I am a little shocked by that and some of the half-truths, mistruths, untruths that have been stated.

The fact is, the only two people that I am aware of on this dais that were directly involved in negotiations to create this consumer agency are sitting on this side of the dais. That is an absolute fact. The only two people that I am aware of sitting at this dais today that negotiated day after day after day to create this organization are sitting on this side of the dais.

So I am a little shocked at some of the comments that have been made and actually disappointed at the rancor here in this meeting. The fact is that what we have talked about, and you and I talked about this in the office, is the fact that the only way any of this, the Oversight Council can challenge something that the head of this agency puts in place is if it threatens the stability of the financial system, which is a pretty big hurdle. The Chairman of this Committee compared this to the SEC and the FDIC and the Fed, all of which are either commissions or boards. Therefore, they have people who help the executive in prudent rulemaking.

So I am stunned at the untruths that have been stated today and the partisan nature in which they have been relayed. I am sorry that you are caught up in all of this. I know that you and I talked in our office about the fact that almost all of this would go away if the Administration would just sit down and put appropriate checks and balances in place. I talked to Mrs. Warren about this and I talked with you about this. And I am wondering how those conversations went between you and the Administration regarding the conversation that we had and the possibility of actually just having some degree of check and balance for this new position that you hope to hold.

Mr. CORDRAY. Senator—and I appreciated the opportunity to meet with you and hear your concerns firsthand as well as today at the hearing—I did convey the substance of those conversations back to the Administration. I have not sought to inject myself in legislative discussions that may be between the Congress and the President.

My job at the Bureau has been, as you know, Chief of Enforcement, and our role there is to take the laws that Congress has enacted, whatever they may be, and to enforce them to the letter, and that is what we are trying to do. We are trying to do that very carefully. I think the initial Inspector General reports on the Bureau were good in suggesting that we did, in fact—in fact, finding that we did identify all of our required mandates under the law, that we have begun implementing those in a sensible way, and we have communicated broadly to our stakeholders and to other agencies, which goes in part to your question about the Financial Stability Oversight Council.

We are required by law to communicate and consult with our fellow banking agencies. We would be a very poor example of Government at work if we did not take that very seriously. I would hope and expect that concerns that they may have about our work or concerns we may have about their work are things that we will discuss regularly, that we will work those issues out when we do have disagreements, as I am sure will occur from time to time, and it would never be necessary to actually invoke some sort of super process to override our rules.

If they talk to us about their legitimate concerns that a rule might threaten the safety and soundness of the banking system, we should take that to heart. We should think very carefully about what we are doing and we should work toward a consensus. I think that is what we will do.

Senator CORKER. Would the agency, though, be not independent if it had a board? Would that make it not an independent board, or——

Mr. CORDRAY. I think, Senator, that different independent agencies are structured in different ways. The Comptroller of the Currency has had a single director for 100 years and Congress has blessed that. FHFA has a single director. Other agencies do have a board. It can work both ways. But the Congress created us and gave us a director. We are trying to implement that law. It is difficult not having a director in place, as the Chairman mentioned, a level playing field——

Senator CORKER. Is the threshold pretty high, meaning that unless a rule that you create threatens the stability of the entire financial system, it cannot be challenged. That is a pretty high threshold, is it not?

Mr. CORDRAY. I do not know how to evaluate that in the abstract. I know this provision does not apply——

Senator CORKER. Well, just—do not do it in the abstract. I mean, would you agree that unless you create a rule that destabilizes the entire financial system, that that is a pretty big threshold for any of the other regulators to challenge whatever you solely decide again?

Mr. CORDRAY. Again, it is a standard that does not apply to any other agency in Government, solely to the Consumer Bureau. It is a high hurdle, but not an inappropriate one, I think, because we will be consulting regularly, both in the examination function and as they do safety and soundness regulation, we do consumer protection regulation. I think the two are largely in harmony and it will make sense for us to go together as we do our work. That would be my intention if I were the director.

Senator CORKER. Well, I do hope that we will continue to work on this. I still do not understand why the Administration will not work in some way to solve this, nor why they allowed this to be the lightning rod that it did not have to be when there was support on both sides of the aisle, large support, for a Consumer Protection Agency.

But let me just move to you for one moment.

Mr. CORDRAY. Sure.

Senator CORKER. First of all, I have had a very pleasant meeting with you and again compliment you on your family. One of the

things we talked about in the meeting that we had in our office was the fact that it is not typical to have sort of a political activist in State party politics announced to be head of a national organization. Typically, you pick people who have had experiences in that regard. And when we—and that is not the case with you, and again, you seem like an outstanding individual in many ways.

You had announced that you wanted to run for Governor of Ohio, which makes it even more odd. Typically, we do not have regulators come up here running agencies that can make rules over the entire financial system, quote, that might be able to make a name for themselves in doing so when their goal is to go back to their home State and run for Governor. You seem to indicate maybe that was not the case now, but I wonder if you would speak to that, because as you can imagine, especially in the way this organization has been set up, that would create some question marks and flags.

Mr. CORDRAY. Yes, and I appreciate the opportunity to address that issue squarely. I did say that last year before I came to work at the new Consumer Bureau. I can tell you, Senator, I have no plans to run for any political office. I understand that the work of a Federal independent agency and law enforcement work, in particular, must be completely absolved of politics. The two do not mix. And that is how I have approached my job.

Senator CORKER. How do you feel about late fees on credit cards and mortgages?

Mr. CORDRAY. When I was the Treasurer of Ohio, the Federal Reserve was first proposing some rules and regulations to curb some of the practices that had come up with late fees and I supported those changes in the rules, which eventually were adopted by Congress in the CARD Act, which I think was a good set of reforms in the credit card industry. One of the jobs of the Bureau will be to monitor compliance with those new laws, and we had a conference early this year at which we found, interestingly, that compliance was pretty good with the new laws and that it had not restricted credit and did not seem to be raising the price of credit for people and so those seemed to be sound and sensible reforms that Congress had adopted.

Senator CORKER. So you are not concerned about people who pay their bills on time having fees higher because of people who do not pay their bills on time, and while you are answering that, just strategic defaults in general. I mean, we are creating an environment, it appears to me, in this country where we are encouraging people on economic grounds, self-interest grounds, to default. I mean, we have actually agencies of Government that now are encouraging that. Do any of those kinds of things concern you, as especially someone who is going to be in major ways overseeing big parts of this?

Mr. CORDRAY. They do, Senator, and I think that is part of the balance that has to be drawn with any of these types of regulations. I am somebody who—I have credit cards. I try to pay those balances very diligently on time. I do not want to pay any additional fees beyond what I have to. I do not want to be billed for the problems of others. I also think that the credit card practices, as they were reformed by the CARD Act, have been good reforms. I think Congress acted wisely there, and we will be attempting to

ensure that that law is being followed as Congress enacted it. So I guess that is my attitude toward the issue.

Senator CORKER. The Chairman has been very generous. I thank you, and I might stay for a second round. Thank you.

And thank you for your testimony and thank you for bringing your family.

Mr. CORDRAY. Thank you, Senator.

Chairman JOHNSON. Senator Reed.

Senator REED. Well, thank you very much, Mr. Chairman, and thank you for your willingness to serve, Mr. Cordray, in a very difficult time and in a very challenging office.

You also served as the State Treasurer in Ohio. That is correct?

Mr. CORDRAY. I did, yes.

Senator REED. And so you come to this job with multiple skills. One is as an Attorney General who had to go out and protect people, but, two, as essentially the chief financial manager for the State of Ohio. And so suffice it to say—and you can elaborate—you are certainly, I think, aware of and not only aware of but sensitive to some of the legitimate concerns of the banking industry about the predictability, about the soundness of financial institutions, about the needs that they have. Is that fair to say?

Mr. CORDRAY. I think I am, Senator. As you mentioned, I was both a State and a county treasurer. It was a AAA-rated county, which is an unusual thing in American local government finances. But most notable perhaps is my tenure as Treasurer at the State was the time leading up to the financial crisis. It was 2007–08. It was one of the most difficult times to try to manage and safeguard public funds that I think we have seen in my lifetime. We were very careful and conservative about how we invested the public's money, how we safeguarded that money. We suffered no losses when I was the State Treasurer in any of our funds, including our local government fund, which was not true of a number of States around the country. I am very proud of that.

But I also think that work gave me a very close working relationship with banks in Ohio because they partnered with us in a lot of the work we did to manage the State's finances, both as custodians of pension funds and in terms of debt management and debt issuance and the like, both large and small banks. So it gave me a good working sense of their operations, of their concerns. I created a Banking Advisory Council when I was State Treasurer and carried forward the same approach as Attorney General. So we would meet regularly, I would hear their concerns, and they would talk to me about whatever issues were on their mind. I think that is the accessibility I have tried to foster, and I would bring that to the Bureau.

But I do have that background, and I think it is part of what maybe would be kept in mind in assessing my qualifications.

Senator REED. One office within your proposed purview is the Office of Servicemember Affairs, led now by Holly Petraeus. Can you comment upon your view of its importance? Many of us here think it is critical because these are employees of the Federal Government and they are usually far from their homes, and their ability to connect with a local Attorney General or a State's attorney is limited. And, you know, this goes back about 35-plus years. I can

recall how they were victims of many consumer frauds, and now I am hearing because of the Internet it is even worse and even more difficult for local authorities to deal with it. But now we have a Federal office so you might comment on that.

Mr. CORDRAY. Thank you, Senator. I had some awareness of these issues. When I was Ohio Attorney General, we had a *pro bono* group that provided legal advice to soldiers, servicemembers who were being deployed, often on short notice, and to their families. But I will say that since coming to the Bureau, I have learned a lot, and I expect to continue to learn a lot. And part of what I have learned has been from Mrs. Petraeus, who, as you say, is an outstanding colleague of mine and heads our Office of Servicemember Affairs. She has taught us all, I think, about the special needs of servicemembers, how deployments and even forced transfers within this country create hardships for their families. She herself talks about how she and her husband have moved—I think she said—23 times in 36 years over the course of his long and distinguished career. But also the fact that they are now finding that if you have consumer finance issues as a citizen, they are bad enough, they are tough enough. You might face bankruptcy or foreclosure. As a servicemember, you can lose your security clearance. You may not be able to continue to do the job you are trained for. That is not good for the servicemember, it is not good for the military, it is not good for the country. So these are very serious issues, and she continues to bring them to our attention.

Recently, she and I met with the JAG Corps of all branches of the service to begin to coordinate on enforcing the law to protect servicemembers and the special needs around military bases, which are a magnet for a lot of financial predators. And so this is something we are excited about. It is something we hope to be able to deliver for those servicemembers, that someone will stand on their side. And I hope that that will be one of the marked successes of the new Bureau.

Senator REED. Thank you very much.

Thank you, Mr. Chairman.

Chairman JOHNSON. Senator Shelby.

Senator SHELBY. I have no questions. I do have an observation. I enjoyed talking with you when you visited me in the office. I am sure that you have a good background. You have got a fine family. I do like those smiles, like all of us do.

Mr. CORDRAY. Thank you.

Senator SHELBY. But you are caught between a big substantive debate here, as you well know, and that is going to have to be resolved, I think, before we move this nomination farther. I discussed that with you in the office, and I think Senator Corker did, too.

Mr. CORDRAY. Yes.

Senator SHELBY. But I want to join Senator Corker. Just for the record, Mr. Chairman, Senator Corker and I were very involved in the banking legislation. We had advocated a consumer agency. But we wanted accountability with it, and we still do.

Thank you, Mr. Chairman.

Chairman JOHNSON. Senator Brown.

Senator BROWN. Thank you, Mr. Chairman. I appreciate Senator Shelby's comments, because that is really the point, that during

this whole process, Senator Corker, Senator Shelby, Senator Dodd, and others were in the midst of a negotiation to work out legislation. That is what we do around here. Many, many elements of the consumer part of the bill in Title X, especially, I know, Senator Corker, that you worked with Elizabeth Warren on, were done with major concessions on both sides. There were some things in that bill—Senator Shelby supported an amendment I had that the largest banks were, in fact, too large and we should find a way to do something about those six largest banks. He and I tried on the Senate floor. We lost. We had——

Senator SHELBY. They were too big to exist.

Senator BROWN. Yes. And so, you know, that is what happens here. You win some, you lose some. But I guess I am puzzled by Senator Corker's comments about excessive partisanship here because, you know, we wrote this bill, it passed with some number of Republican votes. It got over 60 votes. But there was certainly consistent and frequent Republican input, much of which was accepted in this bill. I understand in the end you did not vote for the legislation, but it passed both Houses. It was signed by the President. And I go back to what the Senate historian told me, that never have we seen in this Senate a party say no to confirming—putting people in place to run an agency because the one party, a minority party, a large minority, is opposed to parts of the law, so we are going to just take our ball and go home and then call it partisanship. I do not really—I just do not quite understand that.

I think in the end, the question is: Is Richard Cordray qualified for this position? And I do not think anybody has made the case that he is not, and most of us have made the case that he is. And it is a pretty strong case.

So, you know, I hear sort of the unaccountability question, that one Senator said this is unaccountable consumer protection czar. And I want to run through and then get your comments—and I will speak for a couple of minutes walking through this—what I think the bill does about the so-called unaccountable rulemaking process. I will give just a couple of examples on each.

Before proposing the law, if there is a consumer disclosure involved, the Paperwork Reduction Act requires you to seek the review and clearance of OMB. You must consider the potential benefits and costs to consumers and financial services provides, consult with banking regulators and other Federal agencies regarding the rules. This is all before proposing the role. If there is a significant economic impact, you must follow the Small Business Regulatory Enforcement Fairness Act. You must under the Regulatory Flexibility Act prepare an initial regulatory flexibility analysis.

When proposing the role, the way I read the law, you must give public notice of proposed rules, offer the public the opportunity to comment under the Administrative Procedures Act, consult with the appropriate banking agencies, pursuant to the Regulatory Flexibility Act conduct a final regulatory flexibility analysis.

After the rule has been finalized—again, this is all—this does not sound unaccountable to me, but after the rule has been finalized, if any member of the Financial Stability Oversight Council objects to a regulation, they can petition—the member agency that objects can petition the FSOC to get it removed. They can stay or set aside

any regulation passed. Pursuant to the Congressional Review Act, submit a report to the House, the Senate, and the GAO. Under Dodd-Frank, it requires the CFPB to review each with significant rules or orders within 5 years of enactment to address the rule's effectiveness.

Is your understanding similar to that of the whole process of accountability, the statutory requirements that you would face as Director to issue a rule? And I will ask a couple other questions and answer it generally if you would. Does a private party have an opportunity to challenge one of your regulations in court? What recourse ultimately does the President have? Can the President remove a runaway Director because he or she is unhappy with the Director's ideology or direction or rulemaking or whatever? And are these checks similar to those that apply to other agencies? I would like you to sort of spell that out for us.

Mr. CORDRAY. All right. That was several questions, Senator. I will do my best to address them.

First of all, as with any independent agency, the leadership of the Consumer Bureau, as with every other agency, is not subject to direct removal by the President, as are Cabinet departments. My understanding is Congress sets up agencies in that manner in order to keep those agencies close to Congress. Our job is to carry out the laws enacted by Congress, and we are subject to your oversight in doing so.

The long list of restrictions and/or process guidance that you laid out in terms of rulemaking by the Bureau I believe was pretty comprehensive. I was trying to take notes as you went.

I would also say that for us in particular, one thing I want to emphasize is I think we have a real opportunity here inheriting many regulations from other agencies that we did not help to write, and that in the aggregate may have created undue burdens, particularly as there was sort of a fever for disclosure over the last 30 years, and it got to the point where often the disclosures were so long and confusing that they did not really help consumers but they certainly imposed burdens on lenders. There is an opportunity to try to streamline that and cut that back, and that is something that will be a priority for me if I am the Director of this Bureau.

We also are subject to oversight, you asked, by the courts. The D.C. Circuit Court of Appeals recently rendered a pretty, I would say, tough decision on rulemaking by Federal agencies in terms of making sure that the agencies do a careful cost/benefit assessment of any rule and that they not simply reach a conclusion and then rationalize it after the fact. That is something we will take to heart in the work we do at the agency.

But there are a number of checks that are similar to those of other agencies, and there are some checks on the Bureau that were imposed in the law that, in addition, are new compared to other agencies. But we will live with them all. Our job is to carry out the laws enacted by Congress, and we intend to do that to the letter.

Chairman JOHNSON. Senator Schumer.

Senator SCHUMER. Thank you, Mr. Chairman, and thank you, Mr. Cordray.

As you may know, my interest in this agency—I was one of the original sponsors—came about after 10 years of trying to get very

simple legislation, credit card disclosure legislation, or get the Fed actually to require that there be disclosure of what credit card interest rates are, and I just got basic "they are busy with other things" kind of thing. That is why I feel this agency is necessary. None of the other agencies put the consumer at the top of the list. It is not their mission. The Fed's is safety and soundness. And so an independent agency had a great deal of appeal to me, and that is why I was a strong advocate of it. It is an agency designed to finally put consumers first. It is under attack even before it is fully on its feet. And I do not want to go back to the old days where we go to the Fed or some other agency and say the consumer needs this reasonable protection. What I was asking with credit cards—we have gone beyond that now—is simple Adam Smith disclosure. No one knew what the interest rates were when they signed up for credit cards, and the Fed's interest was, to put it kindly, sporadic. And I like the Fed in general—but not on this area. They were not very good.

And so here we have an attack that is sort of not in the ordinary. It is extraordinary, where two sides make their arguments, seek support from their colleagues, and put it to a vote. That is the ordinary. We fought those battles last year. Consumers won, I think in part because many people experienced what I did.

But now that consumer protection has become the law of the land with its own agency to guard it, some of our colleagues want to reopen last year's debate. Because they could not win it through the ordinary legislative process, they have promised to block this nomination or any nomination until they get their way. It is hijacking the legislative process. You have a legislative battle, you lose, and then you say, "I am not going to appoint anybody because I lost the legislative battle." It is not how things should work around here.

So let us ask this question, which is a fair question: If this nominee loses, who wins? Well, consumers do not win. Many of the abuses we saw leading up to the financial crisis will be allowed to continue, and the new cop on the beat for consumers will be forced to stand down.

Seniors do not win. They are going to remain vulnerable to predatory reverse mortgages, and the CFPB will have to fight with one hand tied behind its back to protect them.

Servicemembers do not win. They will remain at the mercy of private lenders and debt collectors, and the CFPB will not be there to help.

And banks that play by the rules do not win. They will be forced to compete with unscrupulous lenders, unregulated mortgage servicers. All the kinds of people who created a good part of this financial crisis because they were unregulated will remain unregulated while many of the banking institutions that are regulated will still be abiding by the rules. No doubt that is why the Ohio Bankers League supports your confirmation.

So, in short, without a Director the CFPB has the least authority where it needs it the most. We should not relitigate the existence of the CFPB. We should be here to debate the qualifications of Mr. Cordray to lead the CFPB, a question that I think would be an-

swered easily in the affirmative. So I am going to ask you a few quick questions.

First, now Senator Shelby has met with you. He has said that, and that is to his credit. But how many of the other 43 who signed the letter saying they would block your nomination actually met with you or asked you questions before they sent the letter?

Mr. CORDRAY. Well, Senator, I was not a nominee at that time so I do not know that they would have known to seek me out to ask me any questions then.

Senator SCHUMER. How about subsequently? Anybody?

Mr. CORDRAY. Since I was nominated, we have made an effort to meet with each Member of the Banking Committee. I have not reached out extensively beyond the Banking Committee at this point, although I hope to do so in the near future.

Senator SCHUMER. How many meetings did you get?

Mr. CORDRAY. I got a number of meetings.

Senator SCHUMER. Thanks. OK.

I read a little bit about your background this morning, learned you got your first job at McDonald's. What did you do? And how much did you earn?

[Laughter.]

Mr. CORDRAY. I was a hamburger flipper, although it seemed like the manager always nominated me to clean the parking lot whenever it rained.

Senator SCHUMER. I hope you used different tools for each job.

[Laughter.]

Senator SCHUMER. And how does a kid from Grove City, Ohio, who worked at McDonald's end up earning scholarships to Michigan State, Oxford University, and the University of Chicago Law School?

Mr. CORDRAY. I worked hard in school, I had some really terrific teachers, and I think I was fortunate.

Senator SCHUMER. And, finally, last question. What has it meant to you that Mike DeWine, who defeated you for Attorney General last year in the election, supports your confirmation?

Mr. CORDRAY. Attorney General DeWine and I have attained a friendly relationship in the aftermath of what was a tough election. I think that is to his credit. I hope it is to my credit. And I have appreciated what he has had to say about me very much.

Senator SCHUMER. OK. Well, let me conclude because my time is up.

Mr. Chairman, in my opinion, Mr. Cordray's background and his experience show that he is the epitome of a public servant, and it will not only be bad for consumers if his nomination is hijacked. It will be bad for the country if he continues to be treated as a pawn in a cynical Washington game. So I hope you are here, and I hope my colleagues will change their mind, having met you and seen the quality that you show as a nominee.

Mr. CORDRAY. Thank you.

Senator SCHUMER. Thank you, Mr. Chairman.

Chairman JOHNSON. Senator Menendez.

Senator MENENDEZ. Well, thank you, Mr. Chairman.

Mr. Attorney General, in my estimation you seem to have a strong record on consumer protection issues, and you have been en-

dorsed by several consumer advocates, but you have also been endorsed by Ohio businesses and bankers as well. Is that not fair to say?

Mr. CORDRAY. I have been, yes, Senator.

Senator MENENDEZ. Now, as a matter of fact, Mr. Michael Van Buskirk I hope I am pronouncing his name well—who is the CEO of the Ohio Bankers League, wrote a letter of endorsement on your behalf, saying, "While I retain reservations about the CFPB's structure, I believe Mr. Cordray would be an able Director. I know him to be very bright, ethical, committed to the public good. And while he and I have differed on specific policy decisions, you should know the consistency in his process to reach those decisions. He has welcomed competing ideas. Moreover, he has systematically reached out to encourage a steady flow of information that might bring him better insight."

So, in other words, while Mr. Van Buskirk may have reservations about the agency and may even disagree with you on some policy matters, he has still recognized your qualifications to lead the CFPB. Is that not correct?

Mr. CORDRAY. Well, I do not want to speak for anyone else, Senator, but I will say of my relationship with the Ohio Bankers League I have always been open to hearing from them about their concerns, and I think that listening to those concerns made me do a better job as State Treasurer and as State Attorney General.

Senator MENENDEZ. Well, I appreciate your modesty, but couldn't you deduct from that letter that, in fact, there is an endorsement of your capability to do the job even if there may be disagreement about what the agency is about?

Mr. CORDRAY. I think that they have come to respect my public service and understand that I try to be honest and straightforward and do the right thing. Sometimes it is difficult to know what the right thing is, but by getting broad advice and input from a lot of sources, including the bankers and businesses that I work with, I have found that it makes for better decision making.

Senator MENENDEZ. Let me ask you this: Have any of my colleagues on the other side of the aisle, to your knowledge, called into question your qualifications for this position?

Mr. CORDRAY. I do not know of that, Senator.

Senator MENENDEZ. In your meetings with my colleagues on the other side of the aisle, has anyone called into question your qualifications?

Mr. CORDRAY. We have had good, cordial meetings in which people—we had a frank exchange of views, and I tried to listen carefully to what was said to all the Senators, and I hope I will always have that—develop that reputation, and I think it will make my job easier and make my work better if I am listening closely to what you all have to say.

Senator MENENDEZ. Let me try again. Anyone say to you, "Mr. Cordray, I have problems with your qualifications to do this job"?

Mr. CORDRAY. They have not.

Senator MENENDEZ. All right. Thank you.

So let me ask you, I understand my colleague Senator Brown has gone through all the checks and balances that some believe do not exist, but, in fact, there is a large number of them. But let me ask

you this: Isn't it true—or maybe you can enlighten me if I am wrong about this—that without a Director the Consumer Financial Protection Bureau does have supervisory authority over large banks and the ability to enforce existing banking laws, but it will not have supervisory authority for nonbank financial service providers such as payday lenders?

Mr. CORDRAY. Senator, it is one of the unfortunate difficulties of the current situation, that without a confirmed Director the Bureau, it is widely agreed, has inherited full powers over the large banks, but there is considerable difficulty about what powers we have over some of the nonbank entities that are competing in the same market with them. And I am haunted by that conversation I mentioned earlier with an Ohio community banker in 2007 where they talked about what it meant for them that only part of the market was being regulated and they were consistently losing market share to the unscrupulous, unlicensed, unregulated lenders who did not play by the same rules and did not meet the same standards. And that is something I would hope we would not repeat.

Senator MENENDEZ. So, in other words, there will be an uneven and unbalanced playing field where community banks have to abide by the rules but their competitors, like private student loan lenders and payday lenders, will not have to?

Mr. CORDRAY. That is the unfortunate difficulty of the current situation. We are hampered in that other authority, yes.

Senator MENENDEZ. It would certainly seem to me that community banks would think that is highly unfair.

Furthermore, without a Director the Bureau cannot protect students from exploitative student loans, protect seniors from deceptive financial products marketed by nonbanks, and protect our troops from deceptive products by nonbank lenders. How is that fair for those banks that play by the rules and yet could lose business to competitors who do not have to play by the same set of rules?

Mr. CORDRAY. I think it is not fair and it is not wise as a regulatory approach. I talked in my opening statement about law enforcement that is evenhanded, fair, and reasonable. By putting people under the same rules they can compete, and the good consumer-facing businesses that base their business on customer service and customer delivery, like our good community banks and credit unions, I think will prosper.

Senator MENENDEZ. Thank you, Mr. Chairman.

Chairman JOHNSON. Thank you, Mr. Cordray, for your testimony today and for your willingness to serve our Nation.

I ask that all Members of the Committee submit any questions for the record by close of business on Friday, September 9, and, Mr. Cordray, please promptly submit your answers to these questions in order for the Committee to advance your nomination.

This hearing is adjourned.

[Whereupon, at 4:49 p.m., the hearing was adjourned.]

[Prepared statements and additional material supplied for the record follow:]

PREPARED STATEMENT OF CHAIRMAN TIM JOHNSON

On our next panel, we will consider the nomination of Richard Cordray to be the first Director of the Consumer Financial Protection Bureau.

Mr. Cordray, welcome to the Senate Banking Committee and a warm welcome to your family and friends who are here this afternoon.

The CFPB was born out of the failure by prudential regulators to hold financial companies accountable for complying with consumer protection laws. Congress created the CFPB to be a robust and independent agency focused on protecting consumers, like military families and older Americans, from abusive financial products. The CFPB was also created to streamline disclosures so consumers can make the best financial choices for themselves and their families. In fact, one of the CFPB's first projects is to simplify the long, confusing mortgage disclosure forms.

The CFPB is an agency that the American people want. A recent bipartisan survey shows that Americans strongly support the creation of the CFPB.

The Director of the CFPB will play an important role in maintaining the agency's independence, promoting an equitable and transparent consumer financial market place and exercising enforcement of consumer protection laws.

On July 18, President Obama nominated Mr. Cordray to be the first ever Director of the CFPB.

The purpose of today's hearing should be to consider whether Mr. Cordray is qualified for that job. Instead, a vocal minority is playing games with the process and holding Mr. Cordray's nomination hostage. This political gamesmanship is preventing Americans from receiving the consumer protections they deserve and putting community banks and credit unions at a competitive disadvantage to nonbank financial companies.

This vocal minority insists on rehashing the same debate Congress had last year when it created the CFPB as an accountable yet independent regulator.

The fact is that every regulatory agency is structured with different features that make it accountable. Each agency has a unique combination that fits its mission and independence. Last year, Congress decided on a structure for the CFPB which borrows some accountability features from other regulators, but also includes several new features unique to the consumer agency.

The chart on display lists many of the ways the CFPB is accountable, for example:

- The Financial Stability Oversight Council has the power to overturn CFPB regulations;
- By law, the CFPB's budget is capped; and
- The President has the power to fire the CFPB Director.

So the misleading claim of no CFPB accountability—drummed up by special interests and put forth by a vocal minority—should be exposed for what it is: an attempt to destroy the Bureau's ability to do its job of protecting American consumers.

I would remind my colleagues that in 2008 a bipartisan Senate, including Members on both sides of the aisle sitting here today, helped to create the Federal Housing Finance Administration. FHFA is also an independent agency, headed by a sole Director, subject to a GAO audit and purposely not subject to the Congressional appropriations process.

Now let's talk about what the focus of a nomination hearing should be: the nominee. Richard Cordray has spent his career in public service caring about people. He has taken the time to understand and come up with the best, most practical solutions for their problems.

Mr. Cordray supports small business and honest companies. He has been a member of his local chamber of commerce for 22 years. He believes in leveling the playing field so that small companies can compete fairly and that playing by the rules is good for business. Ask unanimous consent to include several letters of endorsement into the hearing record.

Mr. Cordray also believes that people and corporations must be responsible for their own behavior and if they act responsibly they should get a fair shake.

It is my hope that, if confirmed, Mr. Cordray will use his knowledge and experience as a law enforcement official and public servant to better protect American consumers and to enhance the quality of our consumer financial markets.

We have seen many important nominations blocked in the Senate and denied an up-and-down vote on confirmation. The stability of our financial system, and of our economy, is simply too important to be put at risk by political games. It's time to allow the CFPB to do its job to the fullest extent of its authority with a Senate-confirmed Director in place.

PREPARED STATEMENT OF SENATOR RICHARD C. SHELBY

Thank you, Mr. Chairman.

I don't think it will surprise anyone to hear that we believe that today's hearing is premature. We do not believe that the Committee should consider any nominee to be the Director of the Bureau of Consumer Financial Protection until reforms are adopted to make the Bureau accountable to the American people.

Earlier this year, 43 of my Senate colleagues and I sent a letter to President Obama expressing our serious concerns about the Bureau's lack of accountability. We also proposed three reasonable reforms to the structure of the Bureau.

We had hoped to work with the majority to address this issue before the President nominated a Director. Unfortunately, neither the President nor the majority has made any effort to work with us to improve the accountability of the Bureau. Instead, the President has nominated Mr. Cordray to be the first Director.

It is regrettable that the President and the majority have chosen to ignore our request rather than work with us to improve the Bureau's accountability. It may be good politics for them, but it is certainly bad policy for the American people.

One of our Nation's founding principles is that the Government should be accountable to the people. Yet, the majority structured the Bureau to grant its Director unprecedented authority over the lives of the American people without any effective checks.

All of the Bureau's power is concentrated in the hands of its Director. The Director determines which rules are enacted and which enforcement actions are brought. The Director makes all hiring decisions and decides how the agency spends its resources. Because of the expansive jurisdiction of the Bureau, every American will be affected by the Director's decisions. The Director will single-handedly determine the financial products consumers can buy, as well as which consumers have access to credit, and which do not. Accordingly, the Director's decisions will impact whether Americans can buy a home, a car or even basic household goods. It is staggering the amount of control the Director will exert over the daily financial choices available to Americans.

Despite having such broad powers, however, there is no meaningful check on the Director's authority. The Director cannot be removed except on extremely limited grounds of inefficiency, malfeasance, or neglect of duty. In other words, the Director cannot be removed for poor policy choices. In addition, bank regulators do not have a meaningful ability to ensure that the Director's actions do not needlessly undermine the safety-and-soundness of our banks. While some claim that the Financial Stability Oversight Council could overrule the Director, this so-called check is simply illusory. The requirements needed for the Council to act are so onerous that in practice the Council will never be able to exercise this authority. That shouldn't surprise anyone, it is the way it was designed.

For example, the Director of the Bureau sits on the Council and will vote to determine whether or not the Council should overturn one of his decisions. It is not hard to guess how the Director will vote. As a result, the Director will be virtually free of any constraints on his authority during his 5-year term.

No one person should have so much unfettered power over the American people. It blatantly violates the spirit of our democratic system of Government. Our pursuit of better consumer protections should not require us to compromise our basic Constitutional values. This should be something on which we can all agree.

Moreover, the principle involved will have real consequences. Unless the Bureau is reformed, it is only a matter of time before this concentration of power is abused or misused to the detriment of American consumers and the economy.

The jobs figures we have seen over the summer demonstrate how the Administration's heavy-handed regulatory agenda is crippling the economy with unnecessary costs and legal uncertainty. There could not be a worse time to give an unelected and unaccountable bureaucrat a blank check to impose even more ill-considered rules that could further undermine our weak economy. At a time when our Nation's unemployment rate is over 9 percent, this would be a very dangerous gamble.

In closing, the Chairman today has attempted to turn the phrase "vocal minority" into a pejorative. Over the years, however, Senators from both parties have agreed upon rules governing this chamber that are designed to protect the rights of the minority. The requests made by this particular vocal minority seek only to preserve the system of checks and balances embodied in the Constitution—that is not what I would call a radical undertaking.

Thank you, Mr. Chairman.

PREPARED STATEMENT OF SENATOR DANIEL K. AKAKA

Mr. Chairman, I am very proud to join you in welcoming a distinguished constituent and a long-time friend of mine and her family. Ms. Patricia Loui has been nominated by President Obama to serve as a Member of the Board of Directors of the Export-Import Bank of the United States.

As an accomplished international businesswoman who brings a wealth of experience in banking, business, and economic development, she is an excellent nominee for the Ex-Im Bank. I am pleased to join Senator Inouye in introducing her to the Committee.

This is an exciting and challenging time for the Ex-Im Bank. It helps to create and maintain U.S. jobs by filling gaps in private export financing at no cost to American taxpayers. It just set a new all-time record for export finance authorizations. It had loans of over $24.5 billion at the beginning of August at a time when credit has been tight.

It is providing opportunities for U.S. businesses to contribute to our Nation's international economic competitiveness at a time when the Nation is struggling to recover from the recession. It helps the small businesses that have always been the engine of our economy, the workers who are still seeking employment, and the families and communities that they support.

During this exciting and challenging time for the Ex-Im Bank, Ms. Loui is the right nominee to join the Board.

Under Ms. Loui's leadership over the past 30 years, her company, OmniTrak, has become a leading research and planning firm in Hawaii.

It is recognized for its expertise and work in Asian markets in tourism, finance, health, communications, telecom, retail, Government, real estate, and land development. Ms. Loui previously served as President of the East West Center Association, as Vice President of the Bank of Hawaii, and as a development planner for the United Nations Development Programme and UNESCO in Asia. And of course, her work in the community—which includes being a member of the APEC host committee for the Leaders meeting in Honolulu in November—has been invaluable.

In short, Ms. Loui has developed an expertise in business that perfectly aligns with her soon-to-be new role on the Ex-Im Bank. With her passion for business and drive for success, I have every confidence that she will make tremendous contributions to the bank.

But her qualifications for this appointment goes beyond her impressive education, résumé, and extensive experience. The entrepreneurial spirit runs in the family.

Not only is OmniTrak Hawaii's largest market research firm, Pat's parents, brothers and sisters, and in-laws have all run business ventures ranging from restaurants, marine design and engineering, insurance, flowers, and furniture. And, according to family members, it is no surprise that business runs in the family—the matriarch and patriarch of the Loui family met because of business.

Four generations ago, Shizuko Katashima owned a large market in Kapahulu, which she sold to Alicia Loui. Shizuko's daughter Alyce met and married Alicia's son Fred. And family and island history was made.

Ms. Loui, please accept my congratulations on your nomination. Mahalo—thank you—for your dedication to public service.

PREPARED STATEMENT OF PATRICIA M. LOUI

TO BE A MEMBER, BOARD OF DIRECTORS, EXPORT-IMPORT BANK OF THE UNITED STATES

SEPTEMBER 6, 2011

Chairman Johnson, Senator Shelby, and distinguished Members of the Committee, thank you for the honor of appearing before you as a nominee for the Board of Directors of the Export-Import Bank of the United States. I am deeply grateful to President Obama for nominating me. May I also warmly thank Senator Inouye and Senator Akaka for their generous support.

I would especially like to thank my husband, Michael Schmicker, and son, Christopher Schmicker, and other family kindly attending: Steven Loui, Kathleen Loui-Yasui, Kristyn Yasui, John and Annette Schmuecker. Though not here, thank you to my mother, Alyce, and late father, Fred, for their unconditional support.

I feel that my professional career in small business, banking, and international development helps qualify me to make meaningful contributions to Ex-Im's programs, and, if confirmed, I will work diligently to help Ex-Im create and preserve US jobs. As a woman-owned small business, our company has introduced Midwestern manufacturers to new markets in East Asia, assisted an American enter-

tainment corporation explore expansion from China to India, and helped U.S. farmers increase market penetration in Southeast Asia. Born into a small business family, I learned at the dinner table and then as an entrepreneur the challenges small businesses face when working capital financing dries up, as it did in 1998 and 2008. This gives me a visceral commitment to Ex-Im's Congressional mandate on small business.

If confirmed, I look forward to contributing to American export growth, particularly to Asia. Fifty-five percent of world population and almost 40 percent of current global GDP is there, as are 3 of 9 Ex-Im target countries representing 1.5 billion people: India, Indonesia, and Vietnam. Whether at home or as tourists to the U.S., Asians look with hope and optimism to the United States and express strong interest in buying American products. U.S. exports in infrastructure, energy, medical equipment, transportation, and brand name durables have tremendous export potential in this fastest growing region. My cross cultural training at the East West Center, development work with the United Nations, and 30 years in international marketing, positions me to contribute to the promotion of Ex-Im services in the culturally diverse countries where it is open for business.

Besides increasing foreign market demand, it is important to grow domestic awareness of Ex-Im's services as only 1 percent of American companies export. As a former regional banker, I am especially interested in promoting Ex-Im's services to community and regional banks and small businesses. I understand both the benefits and risks of lending given my career as banker and businesswoman. By continuing sound financial practices and basing credit decisions on reasonable assurance of repayment, Ex-Im can remain financially self-sustaining while fulfilling its jobs mandate—a core covenant between Congress, Ex-Im, and the American people that I am committed to uphold.

Even as our economy recovers, Ex-Im can, I believe, be mutually beneficial for private enterprises, for labor and management, and for your constituents across our Nation. Ex-Im's authority to lend, guarantee and insure benefits diverse stakeholders. By mitigating credit risk and providing competitive terms, Ex-Im encourages banks both small and large to finance exports. Businesses sell American products more competitively by offering financing, and a robust, exporting economy creates jobs for American workers and benefits for local communities.

This is why I respectfully ask for your support to serve on the Board of Directors of Ex-Im. If confirmed, it would be an honor to give back to our country that has enabled my grandparents, my parents, and me to build successful careers and families around small business.

Thank you for the opportunity to appear before you. I look forward to answering your questions.

PREPARED STATEMENT OF LARRY W. WALTHER

TO BE A MEMBER, BOARD OF DIRECTORS, EXPORT-IMPORT BANK OF THE UNITED STATES

SEPTEMBER 6, 2011

Thank you very much Chairman Johnson, Senator Shelby, and Members of the Committee. It is a great honor for me to be here today as a nominee to the Board of the Export-Import Bank of the United States. I am deeply grateful to President Obama for my nomination and to Senator McConnell for his recommendation and support.

I would also like to acknowledge the support of Senators John Boozman and Mark Pryor of Arkansas, two men I have known for many years and for whom I have great respect.

If I may, I would like to take this opportunity to acknowledge my wife of 41 years and my best friend Janice. Also here is my son Bill, an engineer for the Department of Defense in Pine Bluff, Arkansas. I am sorry that Bill's wife Tammy, a high school teacher, ultra marathoner, and the mother of two of our grandchildren could not be here. My daughter Mandy, a homemaker and the mother of five of our grandchildren and her husband Dr. Justin Carswell, a dean at the College of the Ozarks in Missouri also could not be here today. I appreciate each of them for the support they have always provided.

I consider myself extremely fortunate to be here with you today. Early in my career, I entered the private sector with Southwestern Bell Telephone Company where I rose from an entry-level position as a switching engineer to Vice President of Corporate Services and Chairman of the SBC Foundation. During that time, I had a wide variety of assignments including engineering, economic analysis, marketing

and pricing policy, regulatory relations, and philanthropic work. The majority of my career was spent in regulatory and public affairs where I worked with State regulatory commissions and State governments in both the legislative and executive branches.

Since retiring from SBC, my career has focused on increasing commercial development both domestically and in the international arena. As the Executive Director of Arkansas Department of Economic Development (ADED), I was charged with increasing inward investment into the State of Arkansas as well as supporting Arkansas companies in their effort to export their products and services overseas. In my 3-plus years as the Executive Director, I played a major role in bringing companies like Hino Motors, Denso Manufacturing, and automotive parts supplier Eakas Corporation to Arkansas. I was also involved in the initial discussions and negotiations in recruiting Welspun of India to invest in manufacturing facilities in Arkansas.

Following my tenure at ADED, in 2007, I had the honor of being nominated by President Bush and confirmed by the United States Senate to be the Director of the U.S. Trade and Development Agency, a sister organization to the Export-Import Bank of the United States. I consider it a great privilege and honor to have served as the Director of USTDA and to have played an important part in assisting U.S. companies develop export opportunities throughout the world.

As I have prepared for the opportunity to join the Board of the Export-Import Bank, I have found my passion and experience to complement nicely the work of the Bank. Finding innovative ways to assist businesses, both small and large, to expand their markets beyond our borders and in the process create more and better jobs for the American workforce is something that I am passionate about. I know U.S. products are in great demand around the globe and it is vitally important to make them available to those buyers that would otherwise not have access to the best products in the world. The Export-Import Bank is playing a critical role in bringing this important aspect of commerce and job growth to U.S. business and, if confirmed, I look forward to being a part of the Ex-Im Bank's team.

Mr. Chairman, Senator Shelby, and Members of the Committee, thank you again for the opportunity to appear before you today as I seek your support for my nomination to be a member of the board of the Export-Import Bank of the United States.

PREPARED STATEMENT OF RICHARD CORDRAY

TO BE DIRECTOR, CONSUMER FINANCIAL PROTECTION BUREAU

SEPTEMBER 6, 2011

Thank you, Chairman Johnson, Ranking Member Shelby, and Members of the Committee. I am honored to be here today as the nominee for the position of Director of the Consumer Financial Protection Bureau.

I am glad to have my wife Peggy and my twins Danny and Holly here with me today. I deeply appreciate the confidence that President Obama has shown by nominating me to serve as the first Director of the Bureau. I thank Professor Elizabeth Warren for all her painstaking and thoughtful work to turn the Bureau from an abstract idea into a tangible, vibrant new agency. And I am grateful to the Committee Members for all your personal courtesy and advice over the past month.

From childhood, my parents taught me the value of work that seeks to improve the lives of others. My Dad, Frank, now 93, spent his entire career in programs that served children and adults who have developmental disabilities. My Mom, Ruth, who died of cancer when I was in college, founded the first foster grandparent program for the developmentally disabled in Ohio, in addition to doing all the things that a mother does to raise three rambunctious boys.

After completing degrees in political theory, economics, and law, I worked for years as an attorney in the private sector with individual and business clients, and was in and out of public service, including a brief stint in the Ohio legislature. In 2002, however, my life took a different direction when I became the Franklin County Treasurer.

The job required me to develop managerial skills and the knowledge needed to run a financial office and safeguard public funds. But there was also another, very significant dimension of the county treasurer work. From the beginning, I set out to collect millions of dollars of unpaid property taxes. The people who evade their taxes take advantage of all the law-abiding taxpayers and businesses who meet their obligations. I thought that was wrong, and I tried to fix it by leveling the playing field.

As I went about that task, I was deeply impressed by the importance of consumer finance issues and the growing difficulties they pose for families and households. Al-

though I found that many delinquent taxpayers were not willing to pay their share until we moved aggressively to enforce the law against them, I also found something different and noteworthy: many individuals did not want to be in trouble, and wanted to pay their share, but were in tough circumstances through no fault of their own. Sometimes it was because of the loss of a job. Other times I would find that it was because of a death or serious illness in their family or because of a divorce that heaped on the added expense of running two households instead of just one.

Out of these experiences, I developed a strong resolve to address these kinds of financial difficulties that confront our communities. I quickly learned that there is no such thing as a one-size-fits-all solution as we seek to aid those who want to do the right thing and, when necessary, to thwart those who seek to take advantage of others. On a variety of issues, we experimented with new approaches, and we always sought to find new partners. We successfully pushed for a new law requiring high school students to receive personal finance education before they could graduate. As we saw the foreclosure crisis wreaking havoc in many neighborhoods, we created a "Save Our Homes" task force to bring together businesses and banks, nonprofits, and Government, to work together in assisting people who were just frantic not to lose their homes.

Later I became the State Treasurer. In that position, it was my primary duty to protect the public's money during the financial crisis, a job I fulfilled by steering clear of risky investments. In addition, I continued to work on consumer issues. We expanded the "Save Our Homes" program into a statewide effort, and I cochaired a task force to work with mortgage servicers on a voluntary basis to seek fair treatment of their customers. The Chief Justice of the Ohio Supreme Court and I teamed up to start a foreclosure mediation program in the courts. And we implemented the new personal finance education law by developing a curriculum and training hundreds of teachers.

Another major initiative we undertook during my time as Treasurer was the dramatic expansion of a low-interest loan program to help small businesses create jobs and to help farmers obtain needed funds on an affordable basis. We went out of our way to make this initiative available to the community banks that make credit available to borrowers and form the backbone of our smaller and medium-sized towns. All of this work reinforced for me how imaginative strategies can benefit both consumers and honest businesses, who share many common interests.

Before coming to the Bureau as the chief of Enforcement, I also served as the Ohio Attorney General. There too, with a different set of tools, my main objectives in consumer protection were to help empower people to make sound financial decisions in managing their affairs. To protect seniors, we took on sweepstakes scams and other frauds targeting the elderly. We pursued many actions against foreclosure rescue scammers who were reaching into the pockets of desperate people in an effort to steal what little remained as they sought to keep their homes. And where necessary, we pursued those mortgage servicers who, despite strong warnings, repeatedly violated consumer protection laws.

At every stage of our work, I believed—and I believe today—that law enforcement which is evenhanded, fair, and reasonable not only protects consumers, but it also supports what I call the honest businesses in two key ways. First, the businesses that cheat can gain a significant and unfair advantage, and law enforcement protects honest businesses against the cheaters. Second, keeping the marketplace clean makes sure consumers are treated fairly and gives them confidence they need to participate in that market.

These are the experiences that brought me to the Consumer Financial Protection Bureau, where I have found that Congress provided us with both a range of tools and the resources to analyze and address the problems that consumers face. As Ohio's Attorney General, when I saw something wrong I typically had only two options to choose from: do nothing, or open an investigation that might lead to a lawsuit. We used that tool when it was necessary, though I deliberately instituted an early warning policy of notifying parties and giving them a chance to tell us their side of the story before we filed a lawsuit. On a number of occasions, this policy allowed us to resolve issues without going to court.

At the Bureau, our bigger and more flexible toolbox includes research reports, rulemaking, market guidance, consumer education and empowerment, and the ability to supervise and examine both large banks and many nonbank institutions. I know from my own experience that lawsuits can be a very slow, wasteful, and needlessly acrimonious way to resolve a problem. The supervisory tool, in particular, offers the prospect of resolving compliance issues more quickly and effectively without resorting to litigation. We are continuing to build our capacity to make effective use of this entire range of tools.

Enforcement, of course, will still have an important role at the Consumer Bureau. If people are ignoring or evading consumer protections laws—and seeking to gain an unfair advantage over their law-abiding competitors—then litigation is an essential tool, and we will use it judiciously.

I also am convinced that the Bureau will find many opportunities to streamline regulations and disclosures. Our "Know Before You Owe" project is working to combine the mortgage disclosure forms required under two distinct but overlapping statutes to make the costs, risks, and responsibilities of a home loan clearer to consumers and at the same time to reduce paperwork burdens for lenders—which is a true win-win. We are looking to find the same sweet spot in the thicket of other regulations we have inherited from other agencies.

In closing, Chairman Johnson, Ranking Member Shelby, and Members of this Committee, I very much appreciate your consideration. If I were to have the privilege of being confirmed as the first Director of the new Consumer Financial Protection Bureau, I promise that you will have one person who will always be accountable to you for how we are carrying out the laws laid down by Congress and I will be eager to hear your thoughts about how we should do our work. Thank you again, and I will be pleased to answer your questions.

ADDITIONAL MATERIAL SUPPLIED FOR THE RECORD

LETTER OF SUPPORT FOR NOMINEE RICHARD CORDRAY FROM JOHN GLENN, RETIRED U.S. SENATOR FROM THE STATE OF OHIO

UNITED STATES SENATOR (Ret.)

JOHN GLENN
OHIO

July 26, 2011

The Honorable Tim Johnson, Chairman
Senate Committee on Banking, Housing and Urban Affairs
136 Hart Senate Office Building
Washington, DC 20510

The Honorable Richard Shelby, Ranking Member
Senate Committee on Banking, Housing and Urban Affairs
304 Russell Senate Office Building
Washington, DC 20510

Dear Chairman Johnson, Minority Leader Richard Shelby and Committee Members:

I write to voice my strong support for Richard Cordray to lead the Consumer Financial Protection Bureau.

Having known and observed numerous officials over my many years in the public arena in Ohio, I can say with great certainty that Rich is a true stand out. His track record as a County Treasurer, State Treasurer and State Attorney General has been stellar. He has consistently shown the qualities that are sorely needed at all levels of politics and public life: civility, integrity, fair-mindedness, pragmatism and the blessing of a great intellect.

Rich is a perfect fit for the important role for which he has been nominated. He will ably serve our nation's consumers. Respectfully, I urge you to confirm his nomination.

Thank you for considering Rich for this important position and thanks also for the good work you do on behalf of the people of our country.

Sincerely,

John Glenn

c: Senator Sherrod Brown
Senator Rob Portman

LETTER OF SUPPORT FOR NOMINEE RICHARD CORDRAY FROM THE NATIONAL FRATERNAL ORDER OF POLICE

NATIONAL
FRATERNAL ORDER OF POLICE®

328 MASSACHUSETTS AVE., N.E.
WASHINGTON, DC 20002
PHONE 202-547-8189 • FAX 202-547-8190

CHUCK CANTERBURY
NATIONAL PRESIDENT

JAMES O. PASCO, JR.
EXECUTIVE DIRECTOR

25 July 2011

The Honorable Timothy P. Johnson
Chairman
Committee on Banking, Housing
and Urban Affairs
United States Senate
Washington, D.C. 20510

The Honorable Richard C. Shelby
Ranking Member
Committee on Banking, Housing
and Urban Affairs
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman and Senator Shelby,

I am writing on behalf of the members of the Fraternal Order of Police to express our support for the nomination of Richard Cordray as Director of the Consumer Finance Protection Bureau (CFPB).

As professional law enforcement officers from every level of government, we know first-hand the harm and the costs caused by scams, fraud and other illegal activity. Law-abiding businesses are put at a competitive disadvantage by those who cheat, and consumers are often victimized by purchasing products they do not want or giving money to charities that do not exist.

As Attorney General for the State of Ohio, Rich worked hard to protect consumers and ensure that all businesses compete on a level playing field. Working closely with sheriffs, prosecutors and local and State law enforcement agencies, Rich led numerous efforts to combat consumer fraud. At the same time, he coordinated with the business community to simplify and clarify regulations, making enforcement efforts more effective.

Rich earned the respect of the law enforcement community in Ohio and this has earned him the support of the more than 330,000 members of the Fraternal Order of Police. We believe that Richard Cordray will be an effective partner in combating fraud and other illegal schemes and we urge that your Committee favorably report his nomination. If I can be of any additional assistance, please do not hesitate to contact me or Executive Director Jim Pasco in my Washington office.

Sincerely,

Chuck Canterbury
National President

LETTER OF SUPPORT FOR NOMINEE RICHARD CORDRAY FROM STEVE RASMUSSEN, CHIEF EXECUTIVE OFFICER, NATIONWIDE MUTUAL INSURANCE COMPANY

Steve Rasmussen
Chief Executive Officer

Nationwide
On Your Side®

August 1, 2011

The Honorable Tim Johnson
Chairman
Senate Committee on Banking, Housing and Urban Affairs

The Honorable Richard Shelby
Ranking Member
Senate Committee on Banking, Housing and Urban Affairs

Dear Senator Johnson and Senator Shelby:

As the Chief Executive Officer of Nationwide Mutual Insurance Company (Nationwide), I am writing to express our strong support for nominee Richard Cordray to head the Consumer Financial Protection Bureau (CFPB). Nationwide's banking and mortgage products, which we offer through Nationwide Bank, member FDIC, and Nationwide Advantage Mortgage Company, will be subject to regulation by the CFPB.

As a large Ohio mutual insurance company with a diverse product mix, Nationwide has had many interactions with Mr. Cordray during his career. In his many roles in Ohio state and local government, including County Treasurer, State Treasurer and State Attorney General, we have found Mr. Cordray to be approachable, intelligent, fair, and dedicated to public service. We are confident that he will bring these qualities to bear in the role of head of the CFPB.

As a mutual insurance company that exists to serve our policyholders' interests, Nationwide supports the goal of the CFPB in facilitating consumer protections in the financial arena. We continue to believe that the regulation and oversight of nonbank mortgage institutions eliminates a gap identified in the recent crisis and serves as a vital consumer protection. However, we do have concerns regarding the structure and funding of the CFPB. We feel that current functional regulators of traditional banking and mortgage practices should continue to play a key role in consumer protection and should be viewed as a partner of the CFPB. Based on his vast experiences, we are confident that Mr. Cordray will embrace this partnership and prove to be a valuable and able leader of the Bureau. We hope that his nomination can quickly proceed through the Senate.

Thank you very much for your leadership in the Senate on issues facing financial services companies like Nationwide. We look forward to continuing to work with you on such issues. In the meantime, please do not hesitate to contact me or Steve English of my staff regarding our support for Mr. Cordray or any other matter.

Sincerely,

Steve Rasmussen

cc: The Honorable Sherrod Brown
The Honorable Rob Portman

One Nationwide Plaza, 1-37-04
Columbus, OH 43215-2220

Tel 614-249-4409
Fax 614-249-6848
rasmuss@nationwide.com

LETTER OF SUPPORT FOR NOMINEE RICHARD CORDRAY FROM THE OHIO BANKERS LEAGUE



July 25, 2011

The Honorable Tim Johnson, Chairman
The Honorable Richard Shelby, Ranking Minority Member
Committee on Banking, Housing, and Urban Affairs
United States Senate
SD-534
Washington, D.C. 20510

Gentlemen:

I write as an individual to recommend Richard Cordray to you as the President Obama's nominee to head the Financial Consumer Protection Bureau. While I retain reservations about the lack of checks and balances in the bureau's structure to protect the public's interest, I believe Mr. Cordray would prove an able director. I have known Rich for two decades, a time spanning his public career which included elected roles as an Ohio legislator, as Franklin Country (Ohio) Treasurer, as Ohio Treasurer, and as Ohio Attorney General. I know him to be very bright, ethical, and committed to the public good.

While he and I have differed on specific policy decisions, you should know the consistency in his process to reach those decisions. He has welcomed competing ideas. Moreover, he has systematically reached out to encourage a steady flow of information that might bring him better insight. Specific to my industry, in both statewide offices he asked the OBL to help him put together advisory committees of traditional bankers that represented a cross section of the Ohio industry. He met with these committees regularly and sought their insights on a wide variety of economic development and financial questions.

He has significant, relevant experience. We served together on the Governor's Foreclosure Prevention Task Force. The experience demonstrated to him the risks when a new financial service market entry escapes prudential oversight and enforcement of consumer protection law. He worked for the licensing of mortgage brokers in the state. The required criminal background checks discovered that over ten percent of the brokers who had been operating in the state had criminal records.

His interest in financial consumer protection is one of long standing. As Franklin County Treasurer he developed an innovative financial literacy program for schools. He expanded that program to span the state when elected as state Treasurer. He invited us to work with him helping teach K-12 teachers to teach financial consumer "survival skills". He partnered with us and other advocates to successfully convince the Ohio General Assembly to enact legislation requiring Ohio students to complete financial literacy training before graduating from high school.

4249 Easton Way, Suite 150, Columbus, Ohio 43219
www.ohiobankersleague.com
614.340.7595 *phone* 614.340.7596 *fax* 800.686.6755 *toll free*

Often overlooked in considering nominees to head federal agencies is their management experience and ability. Mr. Cordray has demonstrated real ability improving the operating efficiency and effectiveness of each of the agencies he has headed. It may be instructive to consider that he was initially appointed as Attorney General when the incumbent had resigned as a result of an ethics scandal. The office had lost direction and morale. Rich quickly and effectively solved both challenges.

Sincerely,

Michael Van Buskirk

Michael Van Buskirk
President & CEO

LETTER OF SUPPORT FOR NOMINEE RICHARD CORDRAY FROM VARIOUS OHIO CEOS

July 27, 2011

The Honorable Tim Johnson
Chairman
Senate Committee on Banking, Housing and Urban Affairs
136 Hart Senate Office Building
Washington, D.C. 20510

The Honorable Richard Shelby
Ranking Member
Senate Committee on Banking, Housing and Urban Affairs
304 Russell Senate Office Building
Washington, D.C. 20510

Dear Chairman Johnson, Minority Leader Shelby and Committee members:

We write as business leaders from Ohio to express our high regard and strongest support for Richard Cordray.

We have all worked with Mr. Cordray during his career here in Ohio, and have the highest regard for his ability to partner and collaborate on the most important issues facing our community. As a County Treasurer, State Treasurer and State Attorney General, he has been the epitome of the judicious and fair-minded public servant. He has impressed us with his intelligence, pragmatism, integrity, and service-oriented mindset.

The *Columbus Dispatch* summarized Mr. Cordray's career well when writing last week: "Throughout a distinguished career in public service, Cordray, 52, has earned a reputation for fairness and balance in solving problems…In every public office he's held - as state representative, state solicitor, county treasurer, state treasurer and state attorney general - he's put equal energy into looking out for consumers and protecting the public purse."

"[His] obvious interest in serving the public rather than a political agenda makes Cordray a smart choice for a job that calls for a public servant, not a political ideologue."

These words reflect our own sentiments and experiences with Mr. Cordray. He will serve our nation well and together, we voice our strong support.

Sincerely,

Michael G. Morris

Chairman and CEO
American Electric Power

Albert B. Ratner

Co-chairman, Emeritus
Forest City Enterprises

John E. Pepper Jr.

Retired Chairman and CEO
Procter & Gamble

Leslie H. Wexner

Chairman and CEO
Limited Brands

cc: Honorable Rob Portman
Honorable Sherrod Brown

LETTER OF SUPPORT FOR NOMINEE RICHARD CORDRAY FROM VARIOUS OHIO SHERRIFFS

July 29, 2011

Via Facsimile and Overnight Courier
The Honorable Tim Johnson, Chairman
U.S. Senate Committee on Banking, Housing, and Urban Affairs
136 Hart Senate Office Building
Washington, DC 20510

The Honorable Richard C. Shelby, Ranking Member
U.S. Senate Committee on Banking, Housing, and Urban Affairs
304 Russell Senate Office Building
Washington, DC 20510

Re: Nomination of Richard Cordray for Director, Consumer Financial Protection Bureau

Chairman Johnson, Ranking Member Shelby:

We write to express the support of the Ohio law enforcement community for the nomination of Richard Cordray as Director of the Consumer Financial Protection Bureau.

As sheriffs, we know the harm caused by scams, fraud and other illegal activity. Law-abiding businesses are put at a competitive disadvantage by those who cheat. Consumers are hurt by purchasing products they don't want, or giving money to charities that don't exist.

While Ohio Attorney General, Rich worked hard to protect consumers and ensure that all businesses compete on a level playing field. Working closely with sheriffs, prosecutors and police departments, Rich led numerous efforts to combat consumer fraud. At the same time, he coordinated with the business community to simplify and clarify regulation, making enforcement efforts more effective.

Rich has earned the respect of Ohio's law enforcement community. We believe he will be an effective cop-on-the-beat for consumer financial products. We support his nomination without reservation, and urge you to confirm him as the first Director of the CFPB.

Respectfully submitted,

Ohio County:	Name:	Ohio County:	Name:
Athens	Sheriff Pat Kelly	Madison	Sheriff James P. Sabin
Belmont	Sheriff Fred Thompson	Mercer	Sheriff Jeff Grey
Clark	Sheriff Gene Kelly	Montgomery	Sheriff Phil Plummer
Cuyahoga	Sheriff Bob Reid	Noble	Sheriff Steve Hannum
Erie	Sheriff Terry M. Lyons	Paulding	Sheriff Dave Harrow
Gallia	Sheriff Joe Browning	Pickaway	Sheriff Dwight Radcliff
Guernsey	Sheriff Michael McCauley	Pike	Sheriff Richard Henderson
Hancock	Sheriff Michael Heldman	Preble	Sheriff Michael Simpson
Holmes	Sheriff Tim Zimmerly	Putnam	Sheriff James Beutler
Huron	Sheriff Dane Howard	Stark	Sheriff Timothy Swanson
Lawrence	Sheriff Jeff Lawless	Summit	Sheriff Drew Alexander
Logan	Sheriff Andrew Smith	Trumbull	Sheriff Tom Altiere
Lorain	Sheriff Phil Stammitti	Van Wert	Sheriff Stan Owens
Lucas	Sheriff James Telb, PhD	Wood	Sheriff Mark Wasylyshyn

cc: U.S. Senate Committee on Banking, Housing, and Urban Affairs
534 Dirksen Senate Office Building
Washington, D.C. 20510

LETTER OF SUPPORT FOR NOMINEE RICHARD CORDRAY FROM VARIOUS CIVIL RIGHTS GROUPS

September 2, 2011

Move Quickly to Confirm Former Ohio Attorney General Richard Cordray as Director of the Consumer Financial Protection Bureau

The Honorable Tim Johnson
Chairman
Senate Committee on Banking, Housing and Urban Affairs
Washington, DC 20510

The Honorable Richard Shelby
Ranking Member
Senate Committee on Banking, Housing and Urban Affairs
Washington, DC 20510

Dear Chairman Johnson and Ranking Member Shelby,

We are writing to urge you to move swiftly to confirm Mr. Richard Cordray as director of the Consumer Financial Protection Bureau. The bureau has been operating since July 21, but cannot use its full authority to ensure that markets for consumer financial products and services work for all Americans – whether they are applying for a mortgage, choosing among credit cards or using any number of other consumer financial products.

Mr. Cordray, a former Ohio Attorney General, has a well-deserved reputation as a tough but fair consumer advocate who has the honesty and intelligence to protect everyday Americans. As attorney general, Mr. Cordray demonstrated his knowledge of the financial services world as well as his ability to take on financial giants who misled consumers and put public employee and schools pension funds at risk. The companies he challenged successfully include Bank of America and American International Group (AIG). He also took on the major securities ratings agencies. Mr. Cordray recovered more than $2 billion for Ohio retirees, investors and business owners and took major steps to help protect consumers from fraudulent foreclosures and financial predators.

Not surprisingly, Mr. Cordray has attracted the support of 30 Ohio sheriffs in his bid to become the Bureau's director. The group sent a letter to the Senate Committee on Banking, Housing and Urban Affairs noting Mr. Cordray had earned the respect of Ohio's law enforcement community because of his "numerous efforts to combat consumer fraud." His ability to work with individuals or groups across the ideological spectrum has been well documented.

Mike Van Buskirk, president of the Ohio Bankers League, said Mr. Cordray has been committed to consumer protection and wrote a letter to the Committee in support of Mr. Cordray's nomination. "He's very bright and cares about consumers and can be aggressive when he thinks he needs to be," said Van Buskirk during a Los Angeles Times interview. "Any ethical financial institution always had access (to him) and he listened to them." Mr. Cordray's nomination also drew a letter of support from a group of Ohio business leaders – American Electric Power Chairman Michael G. Morris, retired Procter

& Gamble CEO John E. Pepper Jr., Limited Brands Chairman Leslie H. Wexner and Forest City Enterprises Co-chairman emeritus Albert B. Ratner.

If Mr. Cordray's commitment to protect consumers had prevailed among our federal regulators, deceptive and abusive mortgage lending, fair lending violations, payday loans and a host of other toxic products and practices could have been held in check and we could have prevented our nation's worst financial crisis since the Great Depression. The Center for Responsible Lending reports that homeowners in communities of color also would not have lost an incredible level of wealth - $194 billion and $177 billion in African-American and Latino communities respectively – because of these unconscionable practices. The level of inequity in wealth between African-American, Latino and white Americans only worsened because of the housing market's collapse, according to the Pew Research Center.

Congress created the Consumer Financial Protection Bureau so we would have a "cop on the beat" with the duty to ensure fair play and make the public interest its top priority. It is in the public's best interest to have a financial marketplace that operates soundly and efficiently and provides quality products and services to consumers. It is clear now that America's financial marketplace preceding the collapse did not function in this manner. The Bureau and its director are accountable to the American people. As with any good agency, there is a strong system checks and balance.

The Dodd-Frank Wall-Street Reform and Consumer Protection Act placed additional limits on the Bureau's power by taking the unprecedented step of allowing a set of regulators - two-thirds of the members of the Financial Stability Oversight Council (FSOC) – to veto the Bureau's actions. Unlike other financial regulators, the Bureau has a budget ceiling written into law. The Bureau is also the only financial regulator that must comply with rulemaking procedures under the Regulatory Flexibility Act – a requirement that will add at least six months to an already detailed rulemaking process.

It's time to put consumers on an equal footing with Wall Street in this debate. We urge you to confirm Mr. Richard Cordray as the Consumer Financial Protection Bureau's first director.

Sincerely,

Bazelon Center for Mental Health Law
Lawyers' Committee for Civil Rights Under Law
Leadership Conference on Civil and Human Rights
NAACP
NAACP Legal Defense Fund
National Association of Consumer Advocates
National Coalition for Asian Pacific American Community Development
National Fair Housing Alliance
National Urban League
Poverty & Race Research Action Council