


**REPORT OF THE
CHIEF LEGISLATIVE ANALYST**

DATE: May 22, 2018

TO: Honorable Members of the Rules, Elections, and Intergovernmental Relations Committee

FROM: Sharon M. Tso 
Chief Legislative Analyst

Council File No: 18-0002-S23
Assignment No: 18-03-0227

SUBJECT: Resolution (Koretz - O'Farrell) to OPPOSE any legislative or administrative action that would weaken or eliminate the Consumer Financial Protection Bureau.

CLA RECOMMENDATION: Adopt Resolution (Koretz - O'Farrell) to include in the City's 2017-2018 Federal Legislative Program, OPPOSITION to any legislative or administrative action which would weaken or eliminate the Consumer Financial Protection Bureau.

SUMMARY:

Resolution (Koretz – O'Farrell), introduced on February 23, 2018, advises that the Consumer Financial Protection Bureau (CFPB) was created in the aftermath of the Great Recession to protect consumers from predatory financial practices. Furthermore, the CFPB has fought against discriminatory lending practices and provided minorities or low income individuals the opportunity to obtain a loan.

The Resolution further advises that the Trump Administration released a “strategic plan” to restrict the CFPB’s work to its statutory responsibilities and has also stripped the CFPB’s Office of Fair Lending and Equal Opportunity of its enforcement and oversight powers. Several lawsuits and investigations underway regarding predatory lending practices have also been dropped. These actions represent the latest actions taken by the Trump Administration at the time of introduction.

The Resolution recommends that the City oppose any legislative or administrative action that would weaken or eliminate the Consumer Financial Protection Bureau.

BACKGROUND:

The Consumer Financial Protection Bureau was created as part of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 to protect consumers from unfair, deceptive, or abusive practices and to take action against those companies who engage in such practices. Since its inception, the CFPB has taken several enforcement actions against companies who engaged in abusive practices such as discriminatory and high-interest lending. The CFPB has also facilitated reimbursement for those affected by these practices.

In November 2017, the Trump Administration appointed Mick Mulvaney to serve as its Acting Director. The new direction of the CFPB is outlined in the strategic plan, released in February 12, 2018, scaling back proactive enforcement measures. On May 10, 2018 the CFPB was reorganized, eliminating the Office for Students and Young Consumers by folding it into the Financial Education Office, which consumer advocates claim could result in the loss of oversight and enforcement for student loans.

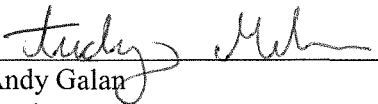
There have been continued legislative attempts in both chambers of Congress to revise the CFPB since its inception. Several actions have been taken recently through the Congressional Review Act to reduce CFPB

inception. Several actions have been taken recently through the Congressional Review Act to reduce CFPB regulations, most recently on May 8, 2018, when the House voted to approve Joint Resolution 57, eliminating a CFPB rule that combated discrimination in auto lending.

Opposition to actions that would weaken the Consumer Financial Protection Bureau is consistent with the City's efforts to protect consumers from predatory and discriminatory financial practices.

DEPARTMENTS NOTIFIED

None



Andy Galan
Analyst

Attachments: 1. Resolution (Koretz – O'Farrell)

RESOLUTION

WHEREAS, any official position of the City of Los Angeles with respect to legislation, rules, regulations or policies proposed to or pending before a local, state or federal governmental body or agency must have first been adopted in the form of a Resolution by the City Council with the concurrence of the Mayor; and

WHEREAS, the Consumer Financial Protection Bureau was created in the aftermath of the Great Recession to protect consumers from predatory financial practices; and

WHEREAS, the Bureau has done invaluable work fighting discriminatory lending practices and providing low-income and minority a fair shot at obtaining a loan; and

WHEREAS, the Trump Administration has released a new "strategic plan" to restrict the Bureau's work to its statutory responsibilities only; and

WHEREAS, the Trump Administration has also stripped the Bureau's Office of Fair Lending and Equal Opportunity, which has secured major victories for victims of predatory lending practices, of its enforcement and oversight powers; and

WHEREAS, the Trump Administration has also dropped several lawsuits and investigations regarding companies accused of predatory lending practices; and

WHEREAS, these are only the latest moves by the Administration favoring the financial industry while compromising the civil rights and financial safety of ordinary Americans;

NOW, THEREFORE, BE IT RESOLVED with the concurrence of the Mayor, that by adoption of this resolution the City of Los Angeles hereby includes in its 2017-2018 Federal Legislative Program opposition to any legislative or administrative action which would weaken or eliminate the Consumer Financial Protection Bureau.

PRESENTED BY:

Paul Koretz

PAUL KORETZ
Councilmember, 5th District

SECONDED BY:

[Signature]

cc

FEB 23 2018

[Signature]