



CALIFORNIA REINVESTMENT COALITION

Board of Directors

PAUL AINGER
Chair
Rural Community
Assistance Corporation

STEPHANIE CARROLL
Vice Chair,
Public Counsel Law Center

ROBERTO BARRAGAN
Secretary
VEDC

LUIS GRANADOS
Treasurer
Mission Economic
Development Agency

CHANCELA AL-MANSOUR
Housing Rights Center

MAEVE ELISE BROWN
Housing and Economic Rights Advocates

ANTIONETTE DOZIER
Western Center on Law and Poverty

ISELA GRACIAN
East LA Community Corporation

SHARON KINLAW
Fair Housing Council of the
San Fernando Valley

APPASWAMY "VINO" PAJANOR
Housing Opportunities Collaborative

WILLIAM PAVÃO

JOSEPH RIDOUT
Consumer Action

NAMOCH SOKHOM
Pacific Asian Consortium
in Employment

STEPHON TAYLOR
California Resources and Training

ROBERT VILLARREAL
CDC Small Business Finance

CLARENCE WILLIAMS
California Capital

PAULINA GONZALEZ
Executive Director

September 28, 2016

Hon. Thomas J. Curry
Comptroller of the Currency
Office of the Comptroller of the Currency
Constitution Center
400 7th St SW, Suite 3E-218
Washington D.C. 20219

Hon. Richard Cordray, Director
Consumer Financial Protection Bureau
1700 G Street, NW
Washington, DC 20552

Hon. Martin J. Gruenberg
Chairman
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429

Dr. Janet L. Yellen
Chair of the Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue N.W.
Washington, D.C. 20551

Re: Exposing, Stopping and Preventing Continued Abusive Consumer Sales
Practices by Our Nation's Banks

Dear Comptroller Curry, Chairman Gruenberg, Director Corday, and
Chairwoman Yellen:

The undersigned national, state, and local organizations urge you to take strong actions to expose, stop, and prevent the types of abusive sales practices that the recent enforcement action against Wells Fargo Bank has brought to light. We strongly believe that your leadership in taking these specific actions is necessary to restore trust in our nation's banks, particularly for the millions of people who spend scarce household resources on financial service fees everyday because they do not have a safe, affordable account that meets their financial service needs.



CALIFORNIA REINVESTMENT COALITION

Many of us have spent years, if not decades, advocating for banks to create safe products to meet customers' needs and to reduce the number of households that are "unbanked" and "underbanked." To meet the goal that every household have access to a safe and affordable bank account, it is important that families be confident that the bank they entrust with their money is not engaging in fraud or other abusive practices. We believe that the actions outlined here are necessary to restore families' trust, and we strongly urge you to move forward on them.

We note that the CFPB's current Supervision and Examination Manual requires examinations to determine whether a bank's compensation practices "encourage employees, third-party contractors and service providers to engage in unfair, deceptive or abusive acts or practices, particularly with respect to product sales, loan originations and collections." We welcome Comptroller Curry's commitment to "direct[] [OCC] examiners to review the sales practices of all the large and midsize banks the OCC supervises and assess the sufficiency of controls with respect to these practices," as well as Director Cordray's statement that the Wells Fargo "action should serve notice to the entire industry" that the CFPB takes the risks of sales quotas seriously.

We urge each agency to exercise the full extent of its supervisory powers to carefully review the sales practices of the banks it supervises and assess the sufficiency of controls to prevent fraudulent or otherwise abusive practices. The review should include all sales practices, especially sales incentives, sales goals or quotas, and other methods that place undue pressure on bank employees. These reviews should also determine the extent to which these practices are targeted within or have a disparate impact on communities of color, low-income communities, immigrants, and communities whose primary language is not English.

Additionally, where you find that senior executives have known about and turned a blind eye, or worse, helped perpetrate abusive practices, we ask that you hold them accountable swiftly and to the maximum of your powers, refer them to the Department of Justice for criminal prosecution, and take appropriate measures to ensure that branch level employees are protected against retribution for whistleblowing. In light of the intense public interest in the revelations about Wells Fargo, the agencies should release their supervisory findings across the industry as the CFPB routinely does in its Supervisory Highlights.

We also urge the OCC, the FDIC, and the Federal Reserve to:

- Work with other federal financial regulators to strengthen and promptly finalize the proposed rule regarding incentive-based pay under section 956 of the Dodd-Frank Wall Street Reform and Consumer Protection Act. In particular, the period for deferral should be lengthened, the triggers for clawbacks should be expanded to ensure -- at a minimum -- that oversight of widespread misconduct would require executives to return bonuses, and the pursuit of clawbacks and the reduction of deferred bonuses should be mandatory, not optional.



CALIFORNIA REINVESTMENT COALITION

- Amend § __.28(c)-1 of the Interagency Questions and Answers to include violations of consumer protection laws among the illegal practices that will adversely affect an institution's CRA rating. The downgrading of banks' CRA ratings for violations of anti-discrimination laws such as the Fair Housing Act and the Equal Credit Opportunity Act has been very useful and appropriate in light of the rampant abuses that came to light after the financial crash of 2008. Today, the exposure of rampant consumer violations that similarly threaten the nation's trust in the financial services system merits the same response. The OCC has already downgraded banks for violations beyond anti-discrimination laws, including violations of the Servicemember Civil Relief Act, and unfair and deceptive practices relating to identify theft protection services and CFPB settlements regarding the marketing and servicing of add-on credit products, such as credit protection plans. We urge all of the CRA regulators to follow suit.

In light of the abuses revealed at Wells Fargo, and media reports that these practices are not limited to Wells Fargo, we believe that strong and swift action across all regulators is necessary to restore public confidence in the belief that banks can and should be trusted with family funds.

Sincerely,

California Reinvestment Coalition

Association for Neighborhood and Housing Development

Americans for Financial Reform

Center for Responsible Lending

Committee for Better Banks

Consumer Action

Main Street Alliance

Maryland Consumer Rights Coalition

National Consumer Law Center (on behalf of its low income clients)

People's Action Institute

Public Citizen

Reinvestment Partners

San Francisco City and County Office of the Treasurer



CALIFORNIA REINVESTMENT COALITION

San Francisco Office of Financial Empowerment

U.S. PIRG

Woodstock Institute