



Consumer Federation of America

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MILITARY GROUPS AND THE DEPARTMENT OF DEFENSE AGREE – CONSUMER FINANCIAL PROTECTION AGENCY SHOULD COVER AUTO DEALERS

Washington, DC – In the fight over Senator Brownback’s (R-KS) amendment exempting auto dealers from the proposed Consumer Financial Protection Agency, representatives of the military have weighed in on the side of the troops – auto dealers should not be exempted. Auto financing-related scams are the leading source of financial readiness problems for active duty personnel and their families.

In his February 26, 2010 [letter](#) to the Treasury Department, Under Secretary of Defense Dr. Clifford Stanley wrote that seventy-two percent of the 659 counselors and attorneys that responded to their informal poll said that they had counseled Service members in the past six months on one or more of the following practices, such as bait-and-switch financing, falsification of loan applications, failure to pay off liens on trade-in vehicles, packing loans with items whose price tag bears little or no relation to their actual cost or value and discriminatory lending when covering auto financing with the client.

Under Secretary Stanley stated, “Since auto financing represents the most significant financial obligation for the majority of Service members, particularly in the junior enlisted grades, we believe the intervention of the CFPA in overseeing auto financing and sales for Service members will help protect them and will assist us in reducing the concerns they have over their financial well-being.”

On April 15, 2010 the Military Coalition, a consortium of nationally prominent military and veterans organizations, sent a [letter](#) to Senators Dodd (D-CT) and Shelby (R-AL) also expressing opposition to exempting auto dealers from the CFPA. The letter, signed by 31 organizations, states “the most significant financial obligation for the majority of service members is auto financing. Including the auto dealers financing and sales in the financial reform bill will provide greater protections for our services members and their families. Providing a ‘carve-out’ for auto dealers does just the opposite – it will allow unscrupulous dealers to continue to take advantage of service members and their families.”

Legislation to establish a Consumer Financial Protection Agency has passed the House of Representatives, while the Senate Banking Committee has approved a proposal to establish an independent Consumer Financial Protection Bureau within the Federal Reserve.

The Consumer Federation of America is a non-profit association of more than 280 groups that, since 1968, has sought to advance the consumer interest through advocacy and education.