

November 24, 2014

The Honorable Richard Cordray
Director
Consumer Financial Protection Bureau
1700 G Street NW
Washington, D.C. 20220

Director Cordray,

I commend your leadership of the Consumer Financial Protection Bureau (CFPB) and the many important steps the CFPB has taken to protect consumers in the financial services marketplace and to financially empower those who are underserved. As the CFPB considers its regulatory approach to address payday lending and other forms of high-cost credit, I urge you to ensure that any rules the agency proposes support strong laws in states like New York that already prohibit usurious loans.

In New York State, we are fortunate to be among the fifteen states¹ that prohibit high-interest loans. Consumers benefit from our longstanding, effective usury law² that prevents dangerous debt traps like payday loans and high-cost installment loans from impeding the financial stability and economic opportunity of our residents. We commend the CFPB's support for these protections through actions to stop illegal lending.³

As an agency with the mission to empower consumer and businesses alike to ensure a fair and vibrant marketplace, the New York City Department of Consumer Affairs (DCA) has steadfastly defended and enforced New York's strong protections. For example, we have leveraged our local authority over debt collectors to prevent internet payday lenders from collecting on loans made illegally online.⁴ We are seeking to make clear that collecting on usurious loans is not acceptable and will not be tolerated. DCA is committed to keeping payday lending and other high-cost debt traps out of New York.

New Yorkers are well-served by our current strong laws that keep many abusive credit products from eroding the financial stability of our residents. DCA's Office of Financial Empowerment (OFE) offers a range of programs and products that help New Yorkers make the most of their money, access safe, affordable financial products, build emergency savings, and boost their incomes by claiming the tax credits to which they are entitled. In addition to OFE's programs and products, New Yorkers also have access to a range of responsible credit options to meet their needs offered by regulated mainstream institutions throughout the City.

As the CFPB finalizes its initial proposed regulations to address payday loans and other high-cost credit products, it is essential that you ensure the rules you propose do not in any way weaken effective, longstanding state-level protections. The CFPB, the nation's consumer watchdog in the financial services marketplace, must not be perceived to be sanctioning any form of abusive lending.

Thank you for your attention to this critical matter and for your important work to ensure the financial services marketplace works for consumers and businesses.

Sincerely,



Julie Menin
Commissioner
New York City Department of Consumer Affairs

¹ See, e.g., <http://www.pewtrusts.org/en/multimedia/data-visualizations/2014/state-payday-loan-regulation-and-usage-rates>.

² New York State General Obligations Law § 5-501, Banking Law § 14-a, New York Penal Law §§ 190.40-42.

³ See, e.g., <http://www.consumerfinance.gov/newsroom/cfpb-sues-cashcall-for-illegal-online-loan-servicing/>.

⁴ <http://www.nyc.gov/html/dca/downloads/pdf/20130419PayDayLoanDebtsLetter.pdf>.