

Congress of the United States
Washington, DC 20515

October 12, 2016

The Honorable Richard Cordray
Director
Consumer Financial Protection Bureau
1700 G Street N.W.
Washington, D.C. 20552

Dear Director Cordray:

We write to urge the Consumer Financial Protection Bureau (CFPB) continue to act to curb aggressive sales quotas, low base-wages, and related practices. We believe more needs to be done to end incentive compensation practices that harm customers and workers.

We appreciate the CFPB's work so far to identify and remedy consumer harm caused by sales quotas. The CFPB Supervision and Examination Manual (October 2012) clearly states that financial institutions must avoid creating incentive programs that "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."

Recently, Wells Fargo Bank was fined \$185 million in penalties for their employees victimizing customers by setting up millions of unauthorized accounts to boost their sales outcomes. The CFPB also ordered Santander N.A. to pay a \$10 million fine because the bank's telemarketing vendor deceptively marketed overdraft services and enrolled bank customer in the overdraft product without their consent. The CFPB found that telemarketers who met certain sales goals received additional compensation which led to these fraudulent activities. In addition, last year, Citigroup Inc. agreed to pay a \$770 million fine to settle allegations that it misled customers of its credit cards to purchase products they did not need. Again, employee payment incentives contributed to this unfair treatment of consumers.

While we are pleased to see these enforcement actions, we do not think enough has been done to fix incentive pay systems for employees, vendors and other individuals hired by regulated financial institutions. A recent report entitled *Banking on the Hard Sell*, released this summer by the National Employment Law Project (NELP), finds that sales quotas imposed at several of the nation's largest banks often force front-line bank workers to choose between serving their customers' needs and being able to put food on the table. In particular, the report details how the intense pressure that workers face could undermine the protections afforded by the Fair Debt Collection Practices Act (FDCPA) and CFPB rules protecting consumers against unfair, deceptive, and abusive practices.

We believe that an honest day's work should be rewarded with an honest day's pay. It is therefore very troubling that nearly one-third of all retail banking workers earn less than \$15 per hour and, as evidenced in NELP's report, often have trouble making ends meet unless they earn full bonuses monthly. Additionally, instances of bullying and threats of termination related to sales quotas can increase job insecurity and place additional stress on workers. This stressful and punitive pay structure not only harms workers, but also jeopardizes the CFPB's consumer protection efforts. These pressures force front-line workers to push inappropriate banking products on customers.

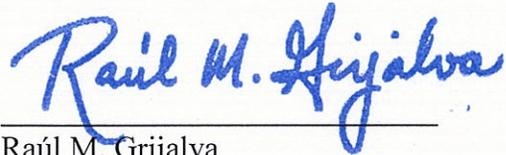
Given the prevalence of the problem, we urge you to continue to address quotas in enforcement actions when they play a role in violations of consumer finance law and increase its supervisory attention to the risk of quotas throughout the industry.

Thank you for your ongoing efforts to protect American consumers from unfair, deceptive and abusive financial practices. Your tireless work has already returned more than \$11 billion to American consumers and put in place strong new rules that will protect consumers for years to come. The CFPB's outstanding work to protect consumers should not be undermined by compensation structures that incentivize behavior contrary to the letter or intent of consumer protection rules established by the CFPB or other banking regulators. We are grateful for your consideration of our request to stop abusive incentive compensation systems. We look forward to continuing to work with you to strengthen our financial system and ensure that it works for all Americans.

Sincerely,



Keith Ellison
Member of Congress



Raúl M. Grijalva
Member of Congress



Mark Takano
Member of Congress



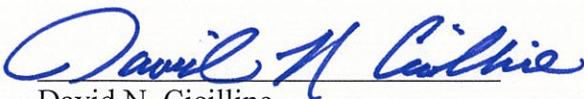
Frederica S. Wilson
Member of Congress



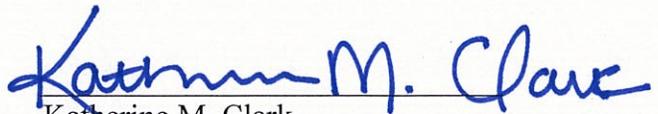
Michael E. Capuano
Member of Congress



André Carson
Member of Congress



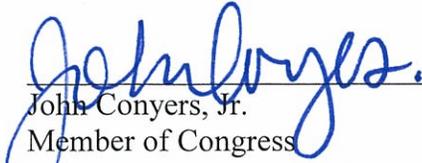
David N. Cicilline
Member of Congress



Katherine M. Clark
Member of Congress


Yvette D. Clarke
Member of Congress

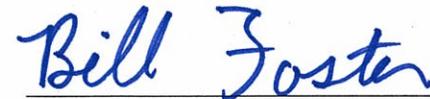

Bonnie Watson Coleman
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John Conyers, Jr.
Member of Congress

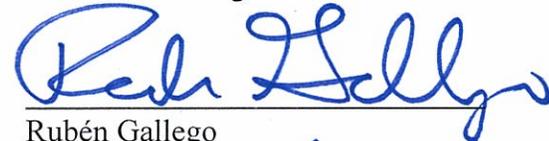

Rosa L. DeLauro
Member of Congress

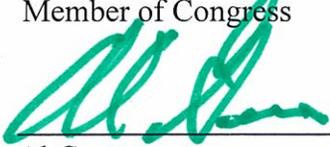

Mark DeSaulnier
Member of Congress

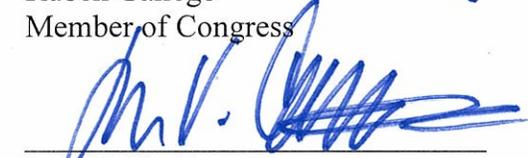

Donna F. Edwards
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Bill Foster
Member of Congress

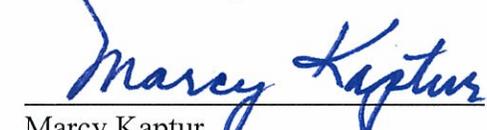

Marcia L. Fudge
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Rubén Gallego
Member of Congress

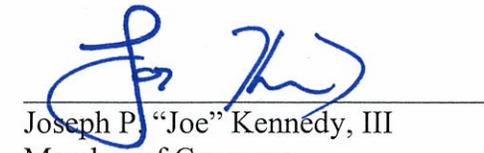

Al Green
Member of Congress

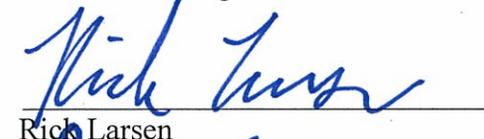

Luis V. Gutiérrez
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Michael M. Honda
Member of Congress

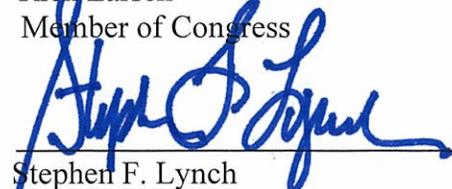

Marcy Kaptur
Member of Congress

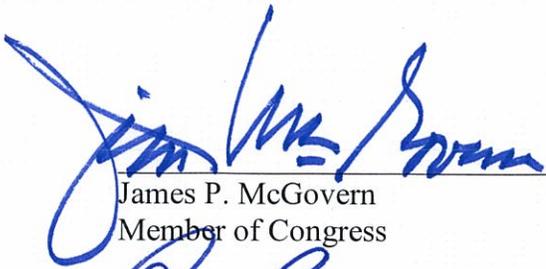

William R. Keating
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Joseph P. "Joe" Kennedy, III
Member of Congress


Rick Larsen
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Barbara Lee
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Stephen F. Lynch
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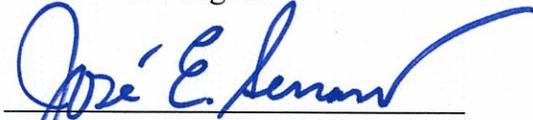

James P. McGovern
Member of Congress

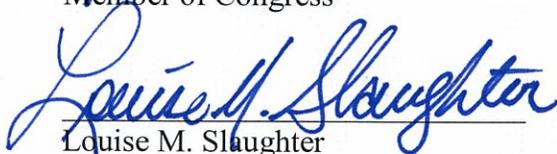

Gwen Moore
Member of Congress

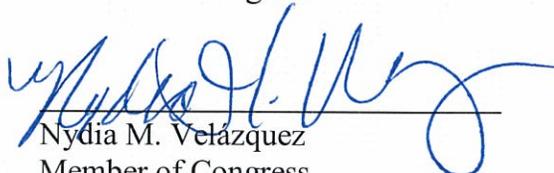

Richard M. Nolan
Member of Congress

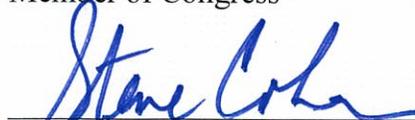

Mark Pocan
Member of Congress

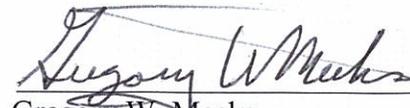

Janice D. "Jan" Schakowsky
Member of Congress

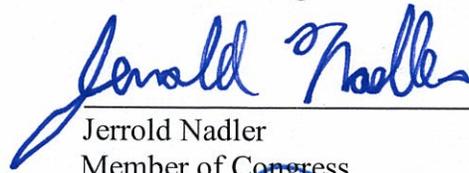

Jose E. Serrano
Member of Congress

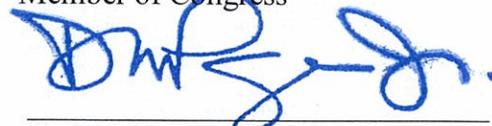

Louise M. Slaughter
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Steve Cohen
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Gregory W. Meeks
Member of Congress

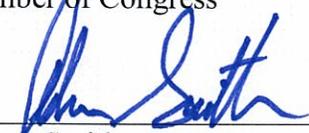

Jerrold Nadler
Member of Congress

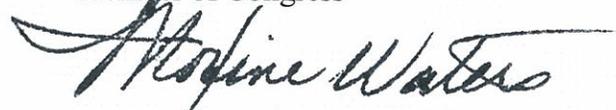

Donald M. Payne, Jr.
Member of Congress

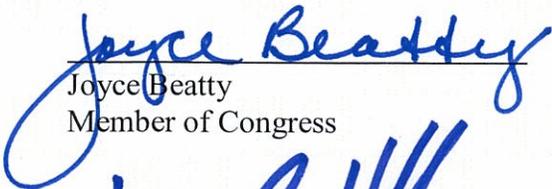

Tim Ryan
Member of Congress


Robert C. "Bobby" Scott
Member of Congress

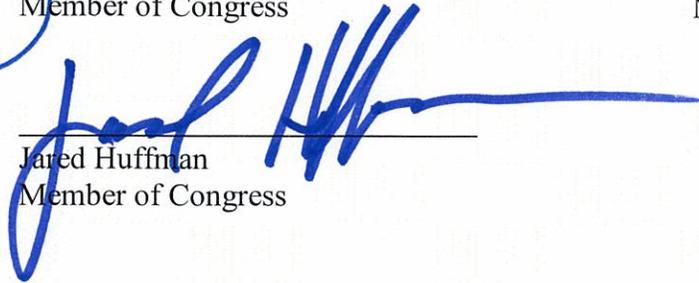

Brad Sherman
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Adam Smith
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Eleanor Holmes Norton
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Jared Huffman
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