

Board of Directors**Chair**

Maria Choca Urban
Center for Neighborhood
Technology

Vice Chair

Christine Robinson
Stillwaters Consultation

Secretary

Megan O'Neil
Independent Asset-Building
Consultant

Treasurer

Thomas Fitzgibbon
Talmer Bank and Trust

Members

Angel Beltran
Talmer Bank and Trust

Cheryl Devall

Southern California Public
Radio

Byna Elliott

Fifth Third Bank

Edward Jacob

Neighborhood Housing Services
of Chicago

Gordon Mayer

National People's Action

Michael Mitchell

Mitchell Development
Consultants, Inc.

Ofelia Navarro

Spanish Coalition for Housing

Dory Rand

Woodstock Institute

Sandra P. Scheinfeld, Ph.D.

Freelance Documenter

Michael Seng

The John Marshall Law School

Founder

Sylvia R. Scheinfeld
1903-1990

August 15, 2011

Consumer Financial Protection Bureau
Nondepository Supervision
1801 L Street, NW, Room 513-H
Washington, DC 20036

Re: Docket No.: CFPB-HQ-2011-2

To Whom It May Concern:

I am pleased to submit comments on behalf of Woodstock Institute in response to the Consumer Financial Protection Bureau's notice and request for comments on the development of a rule to define covered persons that will be subject to the CFPB's supervision program as a larger participant of a market for debt settlement, credit reporting, and prepaid cards. Please consider these comments in conjunction with Woodstock Institute's comments that specifically address consumer credit larger participants.

About Woodstock Institute

Woodstock Institute is a leading nonprofit research and policy organization in the areas of fair lending, wealth creation, and financial systems reform. Woodstock Institute works locally and nationally to create a financial system in which lower-wealth persons and communities of color can safely borrow, save, and build wealth so that they can achieve economic security and community prosperity. We conduct research on financial products and practices, promote effective state and federal policies, convene a coalition of community investment stakeholders working to improve access to credit, and help people use our work to understand the issues and develop and implement solutions.

Debt Settlement

The debt collection industry is made up of several specific types of markets that interact with consumers in distinct ways that have very specific implications for consumer protection. We encourage the CFPB to consider these debt collection markets separately when determining whether or not a company should be subject to the CFPB supervision program as a larger participant. At minimum, the CFPB should consider debt collection law firms, debt collection agencies, debt buyers, and debt settlement companies separately when making a determination.

Credit Reporting

The credit reporting industry is also made up of several specific types of credit reporting markets that interact with consumers in different ways. We encourage the CFPB to consider these credit reporting markets separately when determining whether or not a company should be subject to the CFPB supervision program as a larger participant. At minimum, the CFPB should consider full-service credit reporting, specialized credit reporting, and credit scoring separately when making a determination.

Consumer Financial Protection Bureau
August 15, 2011
Page 2

Prepaid Cards

We believe that there are two non-banked entities that are most significant for consumer protection. They are the member service providers or independent sales organizations, (MSP/ISOs) and the retailers. We believe that the simplest way to regulate the prepaid field is to focus on the MSP/ISOs and to put responsibility for the actions of the retailers back to the MSP/ISOs.

We propose a two-part criterion that focuses on MSP/ISOs. In the first criterion, the CFPB should define as a larger participant any MSP/ISOs whose annual gross dollar load volume accounts for more than five percent of the entire sum of loads across the market in the previous year. In the second criterion, the CFPB should determine if the distribution channel through which the cards are offered is made directly to the public or instead through a dedicated business partner. In instances when a MSP/ISOs only distribute to retailers, then the MSP/ISO should be exempted. Larger participant status should be given to MSP/ISOs that meet both the market share criterion and that distribute their cards to individual consumers.

We appreciate the opportunity to comment on the CFPB's notice and request for comments on the development of a rule to define covered persons that will be subject to the Bureau's supervision program as a larger participant of a market for debt collection, credit reporting, and prepaid cards.

Sincerely,

A handwritten signature in black ink, appearing to read 'Tom Feltner', with a stylized flourish at the end.

Tom Feltner
Vice President

TF/bab