

United States Senate

WASHINGTON, DC 20510-1604

May 14, 2010

The Honorable Clifford L. Stanley
Under Secretary of Defense
4000 Defense Pentagon
Washington, DC 20301-4000

Dear Under Secretary Stanley:

On February 26, 2010 you sent a letter to Assistant Secretary of the Treasury Michael Barr which discusses the potential relationship between personal financial matters and military readiness. As a member of the Defense Appropriations Subcommittee, I am particularly concerned about issues related to military readiness, and I am writing to request your immediate attention to the requests and questions outlined below. Your timely response is essential for the Senate to be informed prior to a vote next week on an amendment to the financial services reform bill which I have introduced.

1. By close of business Monday, May 17, please send my office copies of the “case studies conducted by consumer advocacy groups” and all questions and responses to the “informal, non-scientific polling” data mentioned in your letter.
2. Your letter states that the Department of Defense would “welcome and encourage CFPA protections...provided such protections would not limit access to legitimate credit products.” However, under S. 3217, this new agency would have the power to eliminate or curtail dealer-assisted financing, which is a “legitimate product” that service members rely upon. CNN Money on May 13 reported that “Raj Date, executive director of the Cambridge Winter Center for Financial Institutions Policy, agreed that the additional [CFPA] regulation might cause some dealers to stop arranging loans.” Since your support for this new agency is conditioned on not limiting access to legitimate products, and opponents of the Brownback amendment concede that legitimate products, such as dealer-assisted financing, would be reduced, have your views on this legislation changed? If not, do you support the CFPA even though it will “limit access” to dealer-assisted financing?
3. Your letter relies heavily on an “informal, non-scientific poll” of military installation Personal Financial Managers, legal assistance officers, and DoD-contracted Personal Financial Counselors on auto-financing. Since the term “auto financing” is broad, any responses from this poll could have been related to payday lenders, auto title lenders, or buy-here-pay-here dealers. All

of these financial entities will be fully regulated by the CFPA, even if the Brownback Amendment is adopted. Therefore:

- (i) Please provide my office with the results of your poll broken out by finance source category.
 - (ii) Please explain why your letter relied on an “informal, non-scientific poll” without reference to the most recent, comprehensive, and neutral data available on consumer complaints, the 2009 complaint data maintained by the Federal Trade Commission. This database contains over 1.3 million consumer complaints, which is far broader than the “659 counselors” in the informal, non-scientific poll. The FTC database includes complaints from service members, and indicates that less than 2% of the complaints received were “auto related” and only a fraction of these complaints pertained to dealer-assisted financing.
4. The Department of Treasury cited your letter in its release supporting the CFPA, which stated that auto lenders “threaten military readiness.” I understand from your letter that DoD draws a connection between the personal financial readiness of our troops and mission readiness, but is it the position of the Department that auto dealers pose a specific threat to military readiness?
 5. Does the Department keep records of actual complaints or problems from service personnel that would document the scope of the threat to readiness? If so, please provide these records to my office. If not, why does the Department choose not to evaluate the scope of a problem you believe may threaten the readiness of our Armed Forces?

In closing, I wish to emphasize that no issue is more important to the entire Senate than our current military readiness and the quality of life of our men and women in uniform, especially our junior enlisted personnel. I am willing to work with your office to address these matters promptly and effectively for our military personnel, but to do so I need your immediate attention to request outlined above.

Sincerely,



Sam Brownback
United States Senator

cc: The Honorable Robert M. Gates