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May 22, 2012

The Honorable Richard Cordray
Director
Consumer Financial Protection Bureau
1700 G Street, NW
Washington, DC 20552

Dear Mr. Cordray:

The work of the Consumer Financial Protection Bureau (CFPB) has wide-ranging consequences for the United States economy and for American financial consumers. For this reason, I write to you regarding the CFPB's anticipated regulatory action on prepaid cards and the Bureau's upcoming field hearing in my home state of North Carolina.

Millions of American consumers and small businesses utilize prepaid cards as secure and convenient forms of payment. Although the use of prepaid cards has grown as a result of consumer and business demand, regulatory overreach potentially threatens to diminish the availability of these products. Overregulation also discourages continued innovation in certain financial products that may provide better functions and features to underserved consumers. With limited access to credit, these unbanked and underbanked consumers may turn to costlier and more dangerous financial options.

During your appearance before the Subcommittee on TARP, Financial Services and Bailouts of Public and Private Programs on January 24, 2012, the Subcommittee discussed the impact of the CFPB's actions on access to credit.¹ You agreed with the Subcommittee's concerns that overregulation by the CFPB could decrease credit availability and you stated your intention not to restrict credit for consumers or small businesses.² As the CFPB considers regulations on prepaid cards, I urge you to remain faithful to these concerns and to keep in mind the potential adverse affects of overregulation.

¹ See "How Will the CFPB Function Under Richard Cordray?": Hearing before the Subcomm. on TARP, Financial Services, and Bailouts of Public and Private Programs of the H. Comm. on Oversight and Gov't Reform, 112th Cong. (2012) (question and answer with Rep. Walsh).

² *Id.*

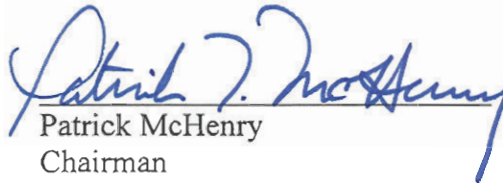
Mr. Richard Cordray

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As you hear from consumers, industry representatives, and North Carolinians during your upcoming field hearing, bear in mind that the current economic environment in the United States necessitates a conscientious and carefully calibrated regulatory agenda. I encourage the CFPB to consider its anticipated regulatory action on prepaid cards in a manner that maintains credit availability for consumers and small businesses. Thank you for your attention to this matter.

Sincerely,

A handwritten signature in blue ink that reads "Patrick J. McHenry". The signature is written in a cursive style with a large initial "P".

Patrick McHenry

Chairman

Subcommittee on TARP, Financial Services and
Bailouts of Public and Private Programs

cc: The Honorable Mike Quigley, Ranking Minority Member
Subcommittee on TARP, Financial Services and Bailouts of Public and Private Programs