CHAMBER OF COMMERCE
OF THE
UNITED STATES OF AMERICA

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EXECUTIVE VICE PRESIDENT &
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July 10, 2019

The Honorable Maxine Waters
Chairwoman
Committee on Financial Services
U.S. House of Representatives
Washington, DC 20515

The Honorable Patrick McHenry
Ranking Member
Committee on Financial Services
U.S. House of Representatives
Washington, DC 20515

Dear Chairwoman Waters and Ranking Member McHenry:

The U.S. Chamber of Commerce supports H.R. 1018 and H.R. 3279, and opposes H.R. 3614, H.R. 3618, H.R. 3621, H.R. 3622, H.R. 3624 and H.R. 3625. The Chamber also opposes the "Improving Credit Reporting for All Consumers Act," "Clarity in Credit Score Formation Act of 2019," and the "Stronger Enforcement of Civil Penalties Act of 2019." The Committee is scheduled to mark up these bills on July 11.

The Chamber supports **H.R. 1018, the "Improving Corporate Governance Through Diversity Act of 2019,"** and **H.R. 3279, the "Diversity in Corporate Leadership Act of 2019."** These bills would establish a strong path forward to increase diversity on public company boards in America and would ultimately help promote the long-term value of businesses. Diversity has increasingly become important to institutional investors, pension funds, and customers. According to PwC's Annual Corporate Directors Survey, 94% of board members believe that a diverse board brings unique perspectives, while 84% responded that diversity enhances board performance.

The Chamber opposes the following bills:

H.R. 3614, the "Restricting Use of Credit Checks for Employment Decisions Act," would restrict an employer from initiating a credit check of an employee despite the fact that the Fair Credit Reporting Act requires an employee to first provide consent. This legislation would make it more difficult for employers to review the backgrounds of prospective employees, which would make it more difficult to hire for sensitive positions or would otherwise delay the hiring process.

H.R. 3618, the "Free Credit Scores for Consumers Act," would require credit bureaus to pay for and disclose for free a credit scoring model that is owned by a third party. Credit bureaus already provide ample information to consumers at no charge to assist them with understanding their credit standing. The legislation would make it more difficult for credit bureaus to provide for the accurate flow of useful information between consumers, furnishers, and entities that need to make informed decisions.

H.R. 3621, the "Student Borrower Credit Improvement Act," would arbitrarily remove repayment information regarding student loans issued by private lenders. Reducing the quality of information in credit reports would in the aggregate reduce their utility, making it more difficult for consumers to access credit or other services.

H.R. 3622, the "Restoring Unfairly Impaired Credit and Protecting Consumers Act," would reduce the quality of credit reports by arbitrarily reducing the term of adverse information and instituting redundant remediation mechanisms. Disrupting the utility of information in credit reports would make it more difficult for credit providers, and nonfinancial entities such as telecommunications companies and utilities to efficiently provide their services to consumers.

H.R. 3624, the "Outsourcing Accountability Act of 2019," would require public companies to disclose the total numbers of workers they employ in the United States and in every country they operate in abroad, as well as the yearly increase or decrease in each country. Companies that operate internationally already disclose – via mandated disclosure as well as voluntarily – significant detail about their business lines in different countries. Much like the Dodd-Frank Act's pay ratio and conflict minerals requirement, the information this legislation seeks to mandate would not in any way be decision-useful to investors, and instead would be a costly requirement that shareholders would ultimately pay for.

H.R. 3625, the "PCAOB Whistleblower Protection Act of 2019," would establish a duplicative and flawed whistleblower reward program at the Public Company Accounting Oversight Board (PCAOB). The 2002 Sarbanes-Oxley Act and the 2010 Dodd-Frank Wall Street Reform and Consumer Protection Act both established whistleblower protection programs for those who report on wrongdoing at publicly traded companies, so it is unclear what benefit would derive from a new program at the PCAOB. Accordingly, the PCAOB and audit firms already have tip programs and quality control procedures. The bill could also divert a substantial sum of monies from accounting scholarships designed to improve audit quality. The bill also lacks a "no amnesty" clause to ensure that a culpable individual would not automatically become exempt from an enforcement action if they report wrongdoing through the whistleblower program. Furthermore, the bill may conflict with the recently approved PCAOB standard on Critical Audit Matters.

H.R.__, the "Improving Credit Reporting for All Consumers Act," would create dispute resolution requirements that are redundant to services voluntarily provided by credit bureaus and existing requirements under both the Fair Credit Reporting Act and a recent agreement among 38 State Attorneys General. Additionally, the legislation would frustrate the ability of credit bureaus to provide information to consumers by imposing new restrictions on the marketing of products intended to improve credit standing.

H.R.__, the "Clarity in Credit Score Formation Act of 2019," would make the CFPB, not lenders, the de facto underwriter of consumer loans and is redundant to existing supervisory and regulatory authority. The CFPB currently supervises larger participants in consumer reporting under its authority in the Dodd-Frank Act and has broad regulatory authority via enforcement of the Fair Credit Reporting Act. Interference in the proprietary models developed by credit bureaus and used by lenders would increase lenders' risk and decrease their ability to provide objective information.

H.R.__, the "Stronger Enforcement of Civil Penalties Act of 2019," would significantly increase the amount of monetary penalties that the Securities and Exchange Commission (SEC) may impose when it brings certain enforcement actions against market participants. While monetary penalties are an important tool to prevent and deter wrongdoing, they are often paid by innocent shareholders who were not involved in any underlying fraud or illicit activity. Unfortunately, this legislation seeks to grant the SEC significant leeway in imposing large penalties without any corresponding enhancements to due process that would protect the rights of defendants and the shareholders who ultimately pay these fines. The Chamber believes that our 2015 report on SEC enforcement provides a much better roadmap to reforming the critical enforcement program at the SEC.

Sincerely,

Neil L. Bradley

cc: Members of the Committee on Financial Services