RALPH NADER RADIO HOUR EP 364 TRANSCRIPT

Steve Skrovan: Welcome to the *Ralph Nader Rader Hour*. My name is Steve Skrovan along with my co-host, David Feldman. Hello, David.

David Feldman: Hello, everybody.

Steve Skrovan: And the man of the hour, Ralph Nader.

Ralph Nader: Hello, everybody. Hold on to your pocketbooks.

Steve Skrovan: Yes. But before we do that, I want to begi today by taking a moment to pay tribute to another great progressive we have lost recently. His name is James [Jim] Ridgeway. Ridgeway was an iconic muckraking journalist in the tradition of Upton Sinclair and Ida Tarbell, and he wrote about a lot of important issues throughout his career and exposed a lot of corporate and government malfeasance. We had him on the show a couple of years ago to talk about his latest cause, which was the issue of solitary confinement and how inhumane that practice is. He edited a book about inmates' experiences in solitary called *Hell is a Very Small Place*. Ridgeway was one of those guys who just loved to take on the bullies. And I got to know him a bit when I interviewed him for the documentary about Ralph called *An Unreasonable Man*. And I want to play you a short clip that features Ridgeway and Ralph talking about the first time they met.

James Ridgeway: I was working at *the New Republic* magazine. And that was a time I have to say when *the New Republic* magazine was sort of liberal.

Ralph Nader: I called up and it just so happened that Jim Ridgeway answered.

James Ridgeway: He always had like one of these stories about what was going on under the surface. They weren't conspiracy stories, but they were also – but they bordered on.

Ralph Nader: He said, "I'm very busy. You've got three minutes." I said, "Well, I can get it across in three minutes."

James Ridgeway: And you know, his big thing was the car, [Chevrolet] the Corvair car.

Steve Skrovan: So Ralph, tell us about Jim Ridgeway.

Ralph Nader: Jim Ridgeway really had it all. He was a kind, generous person. He spent a lot of time mentoring young journalists, had great patience. But in his own investigations, he was quite special because he investigated down on the ground where the injustices and abuses and corruption was, and he investigated up where the executives luxuriated in their corporate suites. So he took on corporate crooks. He had a book on the corporate influence on universities. He wrote about many problems in terms of prison conditions, consumer protection, environment, the plight of students. He wrote the early book on the militias, and there's an update coming later this year by Jim Ridgeway on that topic. And he had an unjadable curiosity. I think that's his secret.

A lot of good journalists after a few years or decades, they get a little tired and jaded with suggestions to investigate that and look into that. He never had that.

He was a wonderful person, editor of *the Daily Princetonian*, graduated Princeton [University] 1959, went to work for *the Wall Street Journal*, couldn't take it, then went to Europe as a freelancer for various newspapers, came back, joined *the New Republic* [magazine] and worked with *Mother Jones* [magazine] years later. We're going to miss his integrity, his dignity, his curiosity, his fair mindedness, his penchant for accuracy and above all, the champion of the downtrodden.

Steve Skrovan: Yeah, he struck me. And again, I just had, you know, a short little experience with him, but he seemed to have the quality that you need as an investigative reporter, which was, he was not impressed or intimidated by power. And he was also very salty about that. And I remember when I interviewed him, he would curse occasionally, and he apologized, you know, for doing that. And I didn't say that at the time, but I remember thinking in my head that every time he cursed, that was going into the movie. So, he really had a very, very down to earth way of expressing himself and seemed like to be, you know, just a very genuine guy.

Ralph Nader: I've never met a more honest journalist as well. He was extraordinary, personally honest. He passed away a poor man, tremendous empathy, which was part of his quality, could project very well in terms of people who were abused and defrauded and disenfranchised. There should be a living memorial for Jim Ridgeway to extend that legacy beyond his voluminous writings.

Steve Skrovan: I agree. Well, Jim Ridgeway, we will miss you and, but we will carry on. And we're going to do that today on today's show. On today's show, I just want to say there's an insidious phrase that weaves its way into so many corners of the political debate in the United States: personal responsibility. It's the idea that we, as individual consumers, live in a world of perfect and complete information and therefore have no excuse not to make smart choices. Animals dying because of global warming, quick stop using plastic straws. Shame on consumers for consuming a product that was produced for them. Los Angeles is in a prolonged drought, quick cut your showers in half. Shame on consumers for consuming water in a city built by speculators in the desert. You need an emergency surgery and now you're saddled with a hundred thousand dollars in medical bills, quick start living within your means so you can pay the hospital. Shame on consumers for needing surgery they can't afford.

One ugly truth of American individualism is that while we like to think of ourselves as being in control of our lives [and] responsible for our personal choices, our options are limited by a million intersecting factors. We do owe each other that effort to take care of each other and invest in our communities and help mitigate big societal problems. Behind so many of our personal choices are corporate choices that pressure us into making decisions that make them money. As consumers, we may strive to make smart choices in the products and services we buy, but we can't do that if we're being manipulated and lied to. The financial marketplace in particular – things like credit cards, mortgages, student loans – is fraught with fraud and incompetence and people's lives are routinely ruined by corporate indifference. The Consumer Financial Protection Bureau [CFPB] is a powerful ally for consumers in the financial marketplace and our guest today, Richard Cordray, helped shape it.

He has written a book entitled *Watchdog* that provides an accessible breakdown of how the financial marketplace operates, the patterns of our boom and bust economy and the fight to establish the CFPB in the wreckage of the 2008 financial crash. He will be our only guest this week. As usual, we will also check in with our corporate crime reporter, Russell Mokhiber. But first let's hear from the first sheriff who faced off against the outlaws of Wall Street. David?

David Feldman: Richard Cordray is the founding director of the Consumer Financial Protection Bureau, where he served from 2011 to 2017. He's the author of *Watchdog: How Protecting Consumers Can Save Our Families, Our Economy, and Our Democracy*. Welcome to the *Ralph Nader Radio Hour*, Richard Cordray.

Richard Cordray: My pleasure. Thank you.

Ralph Nader: Welcome indeed, Richard. Listeners should know that Richard was very active as Attorney General in Ohio, and other posts that he held, and he made his mark on going after abusive practices on pension funds, among other law enforcement endeavors. This is quite a book. I've read every page. And I must say, I don't usually get overwhelmed by the varieties of corporate abuse, fraud and crime. But this book is pretty overwhelming in that respect. It was introduced by [US] Senator Elizabeth Warren, who helped get you your job as head of the Consumer Financial Protection Bureau, when it got underway in 2011 under President [Barack] Obama.

And in her introduction, she describes your law enforcement agency in the following ways. And I'm quoting her, "The concept was simple: create an entirely new agency, one whose purpose would be to rein in the financial institutions that were taking advantage of families across the country. The agency would have the power to oversee and regulate all consumer lending – credit cards, mortgages, student loans, payday lending, car loans. It would be a tough watchdog whose sole mission would be look out for the interests of families." And during your tenure, you returned $12 billion with a B to aggrieved consumers, among other activities.

And I want to point out one important factor here. As good as a job you and your associates did, strong as this agency was as a law enforcement institution, it seems like you just scratched the surface. And I know when you return $12 billion, you deter some companies from cheating people. But if I were to ask you, what percent of the consumer fraud in this area, in terms of dollars, do you think was left unenforced against? In other words, it seems like you dealt with the tip of an iceberg. And I'm very curious to know how big you think that iceberg is?

Richard Cordray: That's a great question, Ralph. And I don't think anybody has ever asked me that. One thing I would point out is that when we returned $12 billion to consumers, we also stopped those illegal practices. So it saved them $12 billion times, you know, ad infinitum going forward. So it's a significant total change in financial practices. But as to what other financial practices we were not aware of or didn't reach, we certainly went after everybody we saw that was violating the law within our resources, which are, of course limited. I have no way of knowing how much of a tip of the iceberg we had. But I would agree with you that it was just some kind of a tip and a small part of it. And there's much more to be uncovered as we go.

Ralph Nader: But one thing your book does that other books on similar topics don't emphasize is underneath all these abuses, crimes, frauds, are the fine print contracts, where basically when these companies are challenged [or] questioned by consumers after they're over billed or defrauded or denied certain benefits, the companies say, “Oh, you agreed to that on page 10, or 15, or 20, or 30.” You say that the credit card contract was average about 30 pages in fine print and your agency managed in a variety of ways to simplify some of the measures. So it's now about 20 pages of fine print. And it's just striking that conservatives do not recognize that they're hallowed freedom of contract, which they equate with a free marketplace, has been virtually wiped out for trillions of dollars of transactions by consumers. And we had a project on that, and the website is faircontracts.org.

But I know in your book, you want it to go beyond catching the crooks to develop systems, practices, disclosures that would deter future criminal activity. What did you try to do with the contract mechanism itself? You did have a form letter that you allow people to easily access if they wanted to make a complaint, for example. Did you ever do model contracts, like model consumer protection contracts for mortgages, for payday loans, for car loans? And if not, were you about to do that before the [Donald] Trump administration came in and almost closed down the agency?

Richard Cordray: Yes, we did do model contracts for the most important consumer loan products that households use. But first, let me emphasize your point and explain it a little further. These form contracts with the fine print that you described, that now exists for virtually every consumer financial product, are written by the company lawyers. It is a unilateral contract. There is no negotiation over the contract. It’s take it or leave it. If you want the product, you have to sign up for all aspects of the contract. The notion that you could initial certain parts and say I reject the arbitration clause, or this penalty clause just does not happen. So the consumer is really over a barrel, if they want these products, and there isn't much difference among the providers in terms of the fine-print conditions they put on.

Secondly, for consumers, the financial contracts loom much larger in their lives than they did a couple of generations ago. Consumer finance now dominates pretty much every aspect of household finances and household credit. So if you're getting a mortgage, or you're getting a credit card, or an auto loan, or a student loan, and some of these products are now pervasive in our lives, there's no choice but to finance it. And that means borrowing money. And that means being subject to these loan contracts. We tried to simplify the contracts and offer essentially a bare bones executive summary of the key points, because it's so easy to be distracted by a 10-or-20-page fine-print contract that you need to be focused on the things that matter most: the key costs, the key prices, the key terms. And we were trying to sort that through for people and give them a clear picture on things. And in some cases, we had statutory authorities to mandate those contracts for companies and in others, we did not have that authority. And our success or failure turned in part on our ability to require the use of those contracts as we did with mortgage lending contracts.

Ralph Nader: Well, as you point out, these contracts take away people's rights. They take away their rights to get more disclosure about what's being done to them. They take away their rights to go to court. Arbitration is compulsory. Arbitration that you have agreed to in fine print, which takes away your right to go to court. No government should take away your right to have a trial by jury and go to court. But these corporations say, “Well, you agreed to it. The minute you clicked on, the minute you bought something from us, you agreed to that fine-print contract,” even though you often don't even see it, couldn't understand it; even law professors have trouble understanding it. And in the financial area it’s particularly acute, because it's so granular. Explain this system of default. If you're indebted for five things that you buy--house, auto, appliance, whatever, explain how that works.

Richard Cordray: Yeah, sure. And by the way, these contracts are purposely written in many cases at a very high reading level, that they know is beyond the capacity of the average American. It's done purposely to further confuse and obscure the terms. And in many cases, the company reserves the right to change the contract terms unilaterally. Think about that; you sign up for a contract to buy a product and finance it in a certain way and the company reserves the right to change the terms even after the fact, which is all part and parcel of their unilateral power.

In terms of how these contracts work for people nowadays, if you get a mortgage of any kind, that's a complicated product. If you get a car loan, that can be a very complicated product. It used to be a simpler product, but they overcomplicated it. A credit card has terms that are beyond anybody's ability to really understand some of the algorithm models that are used to decide on late payments and different types of terms. There was a term called universal default, that has now been outlawed, thankfully. But it basically said that even though you may have been paying your credit card bill faithfully all along, if you defaulted on any other obligation anywhere in your financial life, your credit card rate could be hyped up at any given moment based on that universal default, which was the kind of extreme power that they wield over your financial life.

Ralph Nader: Well, you know, what's interesting is there is so little discussion of the advantages of a cash economy. You’re paying by cash or check. I pay by cash or check; I don't have a credit score. I don't have credit rating. What's happening now is these credit card companies are trying to hook toddlers, little children into the credit economy with all that goes with it. The moment you get into the credit economy, you are in a corporate gulag; you are in an incarcerated situation, where you're subject to all kinds of frauds, penalties, arbitrary late fees. For example, almost everybody has probably bounced a check once or twice in their lifetime. The charge for a bounced check is $35 for most banks. When I last checked, the Federal Reserve, this was years ago, estimated that the cost of a bounced check to the banking industry, including covering fraud was about $1 and a half, or less than $2. So it's a profit center. These charges are over 300 for these bank charges, today that produce tens of billions of dollars for the banks every year.

Now, we have so absorbed our loss of freedom of contract, Richard, that when you say to somebody, “You paid $35 for a bounced check?” “Yeah.” “How did you pay, by check?” “No, they just deducted it from my account.” “Did you ever agree to that?” “No.” Well, why are you being charged that?” And then there's nothing but silence. So this is why we call it consumer peonage, consumer servitude. And that's not the most egregious example. What are your views to consumers who have an adequate income and could pay by cash or check and not get drawn in and all the intricacies you pointed out in your book, *Watchdog*? What would be your advice? Would you advise people to minimize their use of the credit economy, which is getting more and more complex with debit and payment systems and things like that?

Richard Cordray: Yeah. One piece of advice to give to consumers, but it's not all that helpful, is to say, to be very careful. The trouble is, you're very careful about the things you know about, the things you're conscious about, but how can you be careful about the things that you're unaware of or not conscious of? And as you say, for example, with offsets to your bank account, that's probably provided for somewhere in the fine print, but darned if most consumers have ever found it or seen it or understood what was being said. And akin to your bounced check fees, or overdraft fees, which now occur whenever somebody's account gets low enough that it's in the negative and yet, do they notify you ahead of time, do they try to help you avoid that situation? You know, many of them do not. In fact, they charge you $30, $35 for being in the negative And one practice that was particularly maddening was if you went into the negative on a given day, with multiple transactions, they would reorder those transactions so that you went into the negative early in the day and had multiple overdraft fees, which might charge you $30, $35 four, five, six, seven, eight times when that was not what you intended at all.

So one alternative, and a lot of millennials are adopting this is they're afraid of credit cards. They don't feel comfortable with credit cards. They aren't sure what they're getting into or how they're going to be exploited. And so they're using debit cards or they're using Venmo or other mechanisms. One of the things that sucks a lot of consumers into using these mechanisms is their sheer convenience and ease. And the companies have gotten very good, and this is, you know, commendable, I suppose, at making these products easy and convenient and accessible for consumers. But as you say, with that comes an awful lot of disadvantage, and potentially unilateral exploitation of the consumer in ways that the consumer does not, in many cases, never will understand.

Ralph Nader: But would you prefer yourself to pay by cash and credit whenever you can?

Richard Cordray: Well, I actually do. I used to joke at the Consumer Bureau. [When] I was the head of the Consumer Bureau and I found myself using cash more than I did in the past. I still write checks. I like to know what is happening with my money and to feel that I'm in control of it. All of us, there's a certain amount of illusion there, I suppose. But for example, automatic bill pay, which is another easy, convenient mechanism banks have made available to us. They'll pay your bills for you. You don't even need to know what the amount is, et cetera. I like to insist on knowing the amount and authorizing the amount before I pay it, which takes a certain amount of time and burden. But I like to feel that I'm more in charge.

And I do think that there are ways people can maintain more control over their finances. One is to stay outside the credit system. But for a lot of people, that doesn't seem to work very well or it's just too easy for them to get involved in it. We also talked at the Bureau and wrote some reports around what are called the credit invisibles, which is the kind of situation you described. The nature of things is you won't get offered credit, unless you're already using credit. And you have to establish a credit history by using the credit to a certain degree before you can even be offered credit. So if you want the advantages of being able to time shift your income or build up monthly payments and handle them in your own time, you can't even have access to that unless you’re being a substantial user of the credit system yourself.

Ralph Nader: What's interesting about the credit card economy, which is exploding with all kinds of what they call innovative practices, but they all carry baggage of increasing fraud, is you lose control of your money. The minute you go into the gulag of the credit economy, you lose control of your money. They can penalize you, fine you, obstruct you, not return your calls, you know, tell you to press one/two, wear you down so you don't make your complaint visible.

I see things every day I cannot believe, Richard. Listen to this. If you put out a CD [certificate of deposit], let's say you got your life saving, and you have a 400,000 CD, $400,000 CD, and it's for a year. And then suddenly something comes along, and you need the money. And in the first month, you break the CD and take it back. Well, in the fine print, there's a penalty. And one bank charged a customer $12,500 for bringing that money back prematurely and a complaint [was made] to the banking commissioner. The bank commissioner refused to chide them or warn them. He just said, “Well, you know, it’s all on the fine print, you agreed to it.” This is the bank commissioner, a state bank commissioner. And other banks have other different percentages they take. But you see, they just control your money. If they bill you and you have to write a check, you got some leverage over them, but they control your money. So the whole philosophic underpinning of the credit economy is a massive concentration of power in the hands of the vendor. Contractually, they can make it inconvenient for you where it isn’t worth your time to try to recover $10 or $15. And the young are particularly susceptible to that; they have contempt for cash. And the studies have shown over the years that if you are going to buy something, and you have the following options--you pay by cash, you pay by check, you pay by credit card, you pay by some other payment system--you're more likely to engage in impulsive buying the more you distance your payment from cash or check. And you make a big point in your book of consumer education in the schools, financial education. And as we all know, it's very difficult for people even who learn about these things to actually apply it in their practice. So can you just tell us briefly what Trump did to the CFPB through Mick Mulvaney [and] why the Democrats didn't create an uproar in Capitol Hill to counteract his Republican base on the House Financial Services Committee. And then we'll get to the renaissance of your agency under the new head, Rohit Chopra. What did Trump do? And why did he get away with it?

Richard Cordray: Sure. So under Donald Trump, he had made a big point that he was going to adopt the deregulatory agenda, which is a fancy term for saying he was going to strip away the protections and the ability to enforce the law that protects each one of us in ways that we can't do just by being educated consumers. I mean, a lot of things you've talked about consumers are unaware of, and they are nickeled and dimed here and there and sometimes as you say, a $12,500 penalty, and all of it is being absorbed and upheld by the courts, because the language of the contract somewhere somehow would seem to justify it if you knew enough to know where to look and if you knew enough to have a law degree and so forth and so on and even then that's not often enough. Under Donald Trump, the CFPB put the thumb on the scale for financial institutions and took the thumb off the scale for consumers. They didn't want to push the banks and financial companies hard in terms of making sure that they were treating their customers fairly. They thought a lot of that was overdone by us. I would think that most Americans, every American, is a consumer. Everybody wants to be treated fairly in the marketplace. Everybody deserves to be treated fairly in the marketplace. That was the work we had been doing. But the Trump CFPB sought to roll it back and dismantle it everywhere they could. One of the particular difficulties that I saw with them was we had adopted a reform rule for the payday lending market. That's a market where they charge consumers upwards of 390% annualized rate of interest for these small-dollar loans. And it's a product that's designed to get people into trouble so that they have to roll loans over from month to month and pay high fees. And therefore the lender can make money even if the borrower defaults on the loan, which is not the way a lending market is supposed to work.

The Trump Administration had rolled back that rule and sought to empower the payday lenders. I believe that under the revised CFPB that's coming now, there will be an attempt to reinstate reforms in that marketplace. But that's just one among a number of examples of places where the

Trump administration's agenda, to me, was directly at odds with many of the Americans who voted for him and yet bought themselves the ability to be exploited in the financial marketplace

Ralph Nader: Talk about your unfinished work due to Trump's usurpation of the agency under Mick Mulvaney on arbitration and prepaid cards.

Richard Cordray: Yeah. Arbitration in particular is one that sticks in my craw. You talked about people being able to exercise their rights. In many consumer finance situations, you have a big institution with millions of customers, and they may be nicking them for $25 or $30 at a time, not something that it's ever going to be worthwhile for the individual consumer to bring a lawsuit over. That's why we have class actions. That's why we allow individual consumers who are harmed in the same way at huge volume to bring a lawsuit and potentially recover what the financial institution is making, which if you take $25 over a million consumers and customers, that's $25 million. That's worth the bank's while, but they have arbitration clauses in almost all of these consumer finance contracts now, certainly an increasing number, that say that you cannot go to court with others to bring a class action. And then they know that they have a get out of jail free card for many of these small dollar predations that they can get away with.

And it's outrageous because [US] Congress has said under certain statutes that you can bring a lawsuit. Congress weighed that and measured that made a decision [that] yes, you can bring a lawsuit; you need to be able to assert your rights. Other times, they've said you can't. And they have said that when you bring a lawsuit, you can bring a class action. They weighed that carefully. And suddenly a corporation by just striking out those clauses of the law can overturn what Congress did. I mean, it's an outrage to me.

Ralph Nader: And we still don’t use the word corporate dictatorial practices or corporate coercion, and that's what it is. You know, when people rob banks, they have to very carefully plan it, the timing, the way, and they really can't do it very often. But these corporate algorithms and fine print, they're robbing people every second of every day, 24 hours a day. There isn’t an outcry for these kinds of corporate larcenies.

Richard Cordray: There was an outcry from some; there should have been an outcry for many more. And by the way, the hypocrisy of this is that the same [US] senators and representatives who opposed the agency for being too tough on financial companies, when they had inquiries from their own constituents who had been treated unfairly, would send them over and ask us if we could help those constituents. I mean, you know, [chuckles] you just don't know where to turn in terms of what to think of that. Frankly, the hypocrisy of that is just outrageous.

Ralph Nader: Well, you know, people listening should know that the Consumer Financial Protection Bureau is unlike the Federal Trade Commission [FTC]. If you complained about a deceptive ad that ripped you off to the Federal Trade Commission, they say, “Thank you very much. We don't deal with private complaints. We'll put it in our database,” which often is a dark void, and nothing ever happens. But with the Consumer Financial Protection Bureau, I mean, you handled over 300,000 complaints in one year. Isn't that correct? You're authorized to do that. Can you publicize these complaints too?

Richard Cordray: We can, and we do. And the number, by the way, is growing as more people become aware that that is a place they can turn. They can go to consumerfinance.gov, the CFPB website, and file a complaint very easily and there will be an attempt made to get justice for consumers.

Ralph Nader: Say that again.

Richard Cordray: You can go to consumerfinance.gov, which is the CFPB website, and file a complaint. Takes about 15 to 20 minutes to do that online, or you can do it by phone, and they will try to work that complaint and get justice for you. And if there's a pattern of a problem, they will bring an enforcement action or supervise the companies, so as to clean up the practice, and it's a very significant aspect of the Consumer Bureau. The Trump administration tried to shut down the public database that we had created so that people could actually see what corporations were doing to them and what kind of challenges other consumers were facing, maybe realize, “Huh, I'm not alone. I'm not the only one that had that happen to them. Maybe I should file a complaint myself or potentially bring a lawsuit.” And they tried to shut that down. They were not able to do so because consumer groups and attorneys around the country, who depend on that website to be able to see what's happening in the marketplace in real time, said that they would file Freedom of Information requests on a daily basis to ensure that the information continued to flow and so they backed off. And that was a big victory for the Consumer Bureau and for the transparency of a public database of complaints and complaint narratives.

Ralph Nader: Well, we've been talking to Richard Cordray, the author of the new book *Watchdog*, and the subtitle is very telling. It's *How Protecting Consumers Can Save Our Families, Our Economy, and Our Democracy*. So let's look at some fundamental changes here, which you referred to. One of them is there doesn't seem to be enough criminal prosecution of the executives. [For example,]Wells Fargo [& Company]. What did they do to millions of their customers? And they had to pay out billions of dollars, not as much probably as they profited, but no one was ever criminally prosecuted even though you say in your book on page 175, that the [US] Justice Department has ordered a criminal prosecution. What did they do? And why hasn't there been a criminal prosecution for maximum deterrence?

Richard Cordray: They did pursue some criminal prosecution of some of the Wells Fargo executives. And I don't know that that's been concluded yet, but you are right to point out that in the last 10 years, 12 years in particular, there has been a move away in the federal government from prosecuting business executives, for defrauding, or potentially criminal behavior. Back in the savings and loan scandal in the 1980s, there were many prosecutions. And when Enron [Corporation] committed its massive fraud about 15, 20 years ago, there were considerable number of criminal prosecutions, but that has not become the norm. And I think a lot of people are fed up with it, because they recognize that if you rob a bank and steal $100, they're going to throw the book at you, but if you rob people essentially – which is what fraud is – large amounts, but in the course of the normal corporate conduct, you're never going to see a criminal prosecution. That just isn’t right. And I think most of the public doesn't agree with that. And it's been part of the political instability we've seen for the past 10, 12 years, is that there's one sense of justice for some and one for others. That's why I said in the subtitle of the book, as you say, it's about saving our democracy. Because if enough alienation and anger spreads among the American public in terms of how they're treated and how others are not treated the same way, I think it upsets our democracy fundamentally.

Ralph Nader: Well, we interviewed Professor John Coffee Jr., professor of law at Columbia [University], who [had] just come out with a great book on corporate crime and the lack of enforcement. And we discussed revision of the antiquated, incomplete, federal corporate criminal code, which is so limited that it's beyond satire. The kinds of penalties that OSHA [Occupational Safety and Health Administration], for example, imposes for the loss of life in the workplace due to criminal negligence by management, a few thousand dollars. What do you think of that as a mission for the Democratic Party that there be corporate crime hearings? I know Senator [Richard] Blumenthal is interested in that. There are regulatory agencies, as you know, like the FAA [Federal Aviation Administration] that have no criminal penalty, whatsoever, given the Boeing 737 Max crime that's very consequential. What do you think of that being a major issue – corporate criminal law reform?

Richard Cordray: I think it's a very plausible issue. I don't know all the other areas in your work, and consumer protection goes well beyond consumer finance, which is my specialty. But in our area, we had the ability to refer people for criminal prosecution, but it was always up to other prosecutors and [US] Justice Department officials to decide whether and how to proceed. And I think the more that can be done to make the law clear, the more that can be done to make the law enforced to show the pattern of what happens in these situations, the more you can make these cases. And I think there need to be some cases from time to time for people to feel that justice is being done and for justice to actually be done.

Ralph Nader: What's so disturbing is that even progressive politicians with the exception of Senator Warren, perhaps Senator [Bernie] Sanders, they don't make corporate crime against consumers an issue. They don't raise it. Sometimes I think they don't really understand it. There haven't been very many congressional hearings. Although the media reports very frequently and consumers report very frequently about these frauds. The second fundamental approach I'd like to discuss with you is my favorite, and that is consumer empowerment directly. So that with your limited resources, the Consumer Financial Protection Bureau, I think your budget was what? Half a billion dollars, 500 million?

Richard Cordray: That’s about right, you know, per year.

Ralph Nader: Right. In a $20 trillion economy, not all of it, obviously, [is] consumer finance, but there's only so much you can do quantitatively. Even if you're on 15 luminous pathways into the darkness of corporate abuses, there's only so much you can do. But millions of consumers can do a lot on their behalf in two ways. One, direct and facilitating causes of action. That is a they can sue; they can have better uses of the small claims court, which you mentioned; they can have class actions. Can you elaborate what needs to be done on that before we get into the most bright, single sentence that jumped out of your book on page 220? Can you just tell us what kind of changes need to be made? Small claims courts in this country are used by creditors. They're used by companies. They were visioned to reduce complexity and to be used by the little guy.

Richard Cordray: Yeah. Every aspect of our legal system has been turned around by financial companies to oppress individual consumers. And yet individual consumers are not permitted, often by these arbitration clauses, to band together to seek collective justice against the company. There's a clear mismatch there. And again, people ought to be able to vindicate their rights. Again, Congress may consider decisions to decide to allow consumers to sue in certain instances where they thought justice needed to be done, and to sue collectively as class actions in instances where that was appropriate. Corporations should not be able to stand above the Congress and strike through the laws for their own benefit at the expense of each one of us. And that's fundamental to due process of law and our constitutional rights in this country, it seems to me.

Ralph Nader: There is a project we worked on over the years, which quantitatively could really turn the situation around, and that's to give consumers an easy way to band together for policy, for complaints, for influence on Congress, state legislatures, et cetera. We called it the Citizen Utility Board because it started with our efforts in Wisconsin, Illinois, and San Diego, which were successful, to have laws passed or regulations passed requiring the electric, gas, telephone, [and] water companies to put in their billing of envelopes--this was in the 1990s--an insert inviting people to band together so they can represent their own interests. And when people get their billing envelope, they're at the peak point of interest, [for] perhaps trying to band together, because that's when they see a bill that they think is too high or mistaken and so forth.

And in the first few months in Wisconsin, 90,000 people paid $5 and joined up. This is a nonprofit group with lawyers and other advocates. In Illinois, it was double that. It was 180,000, and they negotiated with Commonwealth Edison without even going to court a $1.3 billion with a B refund to Northern Illinois families for overcharging them with their nuclear power plants. Now, this was about to spread, Richard, all over the country, the insert into all kinds of things: big landlords, banks, insurance companies, and then the [US] Supreme Court ruled six to three with [William] Rehnquist dissenting that requiring Pacific Gas and Electric [PG&E] to put an insert, at no expense to itself, in their billing envelope denied PG&E its First Amendment rights of remaining silent and not having to rebut the words on that insert, which is the furthest reach of corporate personhood yet. And Rehnquist shredded the arguments that were made by the majority. But the damage was done and this whole CUB movement, this consumer insert or checkoff movement, was put on the shelf.

Now in your book on page 220, you say, "Theoretically, people could band together, but there is no easy mechanism for them to do so." Well, that's an easy mechanism. There's a way around the Supreme Court decision, which is you make the insert less polemical and more routine, like the regulatory agency requires the insert because they want consumers to be able to represent themselves and have a seat at the table in the regulatory process. Did anything in the statute authorizing the CFPB give you any leeway to start thinking about that? And if not, what would you recommend?

Richard Cordray: That's a good question, because people get a monthly bill for their mortgage. They get a monthly bill for their credit card. They get a monthly bill for their auto loan. There's lots of ways that companies have to correspond with consumers. You know, we did require them of course to explain to consumers when we took an enforcement action against them what had happened and why and what money they were receiving. But as for a standard form of communication of that kind, [it] may well be possible. It's not something that we thought about directly when I was head of the Consumer Bureau, but maybe it's something that could be thought about.

Ralph Nader: Well, it's essential because this would have created literally thousands of nonprofit consumer advocacy groups with millions of members. In fact, the first Governor [Mario] Cuomo had the inserts in a warehouse ready to be sent to the banking companies to put in their monthly bank statements periodically when this decision came down. And all these printed inserts had to be thrown away. And this was a terrible disaster for the consumer movement; I consider one of the worst that ever befell the rights of consumers. And they involve left/right consumers, conservatives/liberals. The nice thing about it [is] it's very unifying of people around the goal of consumer justice.

I can't tell you, listeners, how interesting this book is. Why? Because you're going to resonate with it. You're going to hear; you're going to read some of these examples when you'll say, "That happened to me; that happened to Uncle Joe; that happened to Sister Susie." And there's no better way than identifying with your own plight and irritations and all the kinds of things you got to go through--you can't get through on the computer; you can't get through on the phone. Think of the quality of life that's deteriorating, not to mention all the robocalls.

Steve Skrovan: Richard, I have a question about something you speak about in your book, which is a student loan debt. And right now the issue is progressives want at least $50,000 per person of student loan debt. The [Joe] Biden administration is saying, "We'll do $10,000." What side of the debate do you fall on?

Richard Cordray: So you need to look at the graphs and see. $10,000 would affect the vast, quite a number of student borrowers. But of course, $50,000 would give more relief to people who have higher student loans. The biggest problem with student loans is people who start college or start some sort of technical school or other higher education, and then are unable to finish. They have developed the debt; they have not gotten the credential, and they are behind the eight ball. So certainly a small amount spread over a larger population would take care of a lot of those people. What I want to say is that, you know, obviously Congress will decide how much they can afford. I think we certainly will have some amounts of student debt forgiveness here, but understand that that alone does not solve the problem. The problem is that tuition rates have been hiked up again and again across this country. And as you simply pour more federal money into that system that gets absorbed by colleges and universities that are happy to continue hiking their tuition rates. So we need to have some mechanism for controlling the cost of higher education as well as the mechanism for paying for it.

Steve Skrovan: Aside for that though, what is the downside of forgiving as much student debt as possible?

Richard Cordray: I think the downside is two issues. One is the effect of the national debt, which is not something that is front and center right now, as inflation has disappeared, at least temporarily – it may come back at some point, we will see. But deficit spending is certainly being permitted on a number of fronts right now and I think appropriately so. The other issue is fairness. There are a lot of people who took out student loans who have been faithfully working to repay them all along. And you know, they're not going to get any benefit from forgiveness if they've already repaid their student loans. And so there's a certain argument there in terms of equal treatment of different people.

Ralph Nader: The other argument is there are blue collar workers who don't go to college and they have loans and they're not getting a jubilee for their loans. And then there are wealthy students and not so wealthy students. There's a lot of thinking that has to go into that. The best way to deal with it, Richard, I think is the way Western Europe did it from World War II, [which] is you have no tuition to be paid for college or university. It's just like going to a public high school . Now let's talk as we close about Rohit Chopra and the renaissance of the Consumer Financial Protection Bureau. What do you think they're going to start doing after the Trump dark ages for consumers all over the country?

Richard Cordray: I think there will be a top to bottom review of what we've done over the past four years. And certain things that were done will be clearly and emphatically reversed. Other things they will revise in some respects if some of it is acceptable and some of it is not. And I think they will begin to turn to areas that were neglected under the Trump administration. So for example, on payday loans, I think there will be a sharp reversal of course from what the Trump administration tried to do to bolster that industry. On other issues like debt collection, they adopted new rules that in some respects were acceptable, and in some respects were not pro-consumer enough, and there will be revisions made to those. And there will be areas like frankly, the whole COVID[-19] pandemic issues, where the Consumer Bureau really neglected to protect consumers in this area. And I know that's already a high priority for the acting director Dave Uejio there and for Rohit Chopra, who will be confirmed I believe within the next month or so, that will be a very important priority. But Rohit is very creative. He's very thoughtful. He will be very aggressive. And I think he will be a strong director for the Consumer Financial Protection Bureau who will see to it that much of the kinds of things that I talk about in my book, *Watchdog*, are perpetuated and that we get a strong pro-consumer agency back, which is what the public very much deserves.

Ralph Nader: And you'll get less corporate harassment filtered through adamant, shameless members of Congress. It's just stunning to see how some of these members of Congress supported the strip mining of protections for millions of consumers, including their own voters back home. That has never ceased to astonish me. The fervid subservience to the corporate lobbyists on Capitol Hill against the interest, not just to the people back home, [but] against the very conservative Republican voters who put them into office. Is there anything else you'd like to say to our listeners, Richard, before we close? We've been talking with Richard Cordray, author of the book *Watchdog: How Protecting Consumers Can Save Our Families, Our Economy, and Our Democracy* with a very cogent forward by Senator Elizabeth Warren, I might add. Anything you'd like to say?

Richard Cordray: Yes. I think that each one of us is a consumer. It's a part of our identity. It's a part of our life. We can think more carefully about how we pursue our consumer identity, but we should also recognize that every one of us is affected in similar ways by some of these corporate oppressions. And the ways in which you can make sure that you are not subject to exploitation in your own life are to be aggressive in pursuing your remedies, to work with people like the Consumer Financial Protection Bureau that have your interests at heart and are trying to work on your behalf, to support politically the efforts that are made to provide justice for the broad American public, and to balance the scales between the lone individual or lone family, who were often very small and fairly helpless that are across the table from major financial companies that are, as you say, multibillion dollar enterprises.

Ralph Nader: Well, it's been rumored that you may be under consideration for a high post in the Biden administration. Is there anything to that? And what's the future for Richard Cordray?

Richard Cordray: [chuckles] We will see. Ralph, I don't know at this point, but there may be some possibilities and we'll just have to see.

Ralph Nader: All right. Thank you very much, Richard. This has been a good discussion and I hope that people will pick up this book, *Watchdog*. It's written in clear English, very readable and very relatable to your daily life, whether it's called aspiration for economic justice or desperation for some relief from corporate crooks and fraudsters. Thank you very much, Richard.

Richard Cordray: My pleasure.

Steve Skrovan: We've been speaking with Richard Cordray. We will link his work and his book at ralphnaderradiohour.com. Speaking of sheriffs, it wouldn't be a *Ralph Nader Rader Hour* if we didn't check in with our intrepid corporate crime reporter, Russell Mokhiber.

Russell Mokhiber: From the National Press Building in Washington D.C., this is your *Corporate Crime Reporter*, “Morning Minute” for Wednesday, February 24, 2021. I'm Russell Mokhiber. Pilgrim’s Pride [Corporation], a major broiler chicken producer, last week pled guilty and has been sentenced to pay $107 million in criminal fines for its participation in a conspiracy to fix prices and rig bids for broiler chicken products. From as early as 2012 and continuing at least to 2017, Pilgrim has participated in a conspiracy to suppress and eliminate competition for sales of broiler chicken products in the United States that affected at least $361 million in Pilgrim’s sales of broiler chicken products. For the *Corporate Crime Reporter*, I'm Russell Mokhiber.

Steve Skrovan: Thank you, Russel. Welcome back to the *Ralph Nader Radio Hour*. I'm Steve Skrovan along with David Feldman and Ralph. Ralph, before we close, you wanted to set up an issue that was sparked by a letter that we received from a listener who is in the SEIU Union [Service Employees International Union] and thought she was on Medicare, but didn't realize the union had put her into a Medicare Advantage plan without her knowledge. Do you want to comment on that?

Ralph Nader: Yes. I want to pay tribute to Carolyn Adessa who helped us open up this whole mess with Medicare Advantage, which I call Medicare disadvantage. She's a retiree and she’s ill. And without her knowledge, her own union, SEIU, put her into Medicare Advantage, which is basic corporate-run Medicare. And it is far less protective when you're really sick and when you want to go to any doctor or hospital and not be narrowed into a network than traditional Medicare. And this was elaborated on the *Corporate Crime Reporter* website by Russell Mokhiber, who said among other points he made, “Every senior with a mailbox gets flooded with misleading and outright deceptive mailers. Just today we received a piece of mail that looked like a notice from the IRS [Internal Revenue Service]. The flyer is headlined “Medicare Notice.” “Please call to confirm your eligibility.” For Medicare? No, for a private [or corporate] Medicare Advantage plan. In tiny print in the lower right-hand corner is this: “Medicare has neither reviewed nor endorsed the information contained in the advertisement.”

Well, then why does Medicare and Congress succumb to corporatizing Medicare using the word Medicare when it's just another profitable health insurance plan run by Aetna [, Inc] or United Healthcare or any other company that wants to burrow within and undermine traditional Medicare? Look how far they've gotten. In 2020, 39% of all Medicare beneficiaries, 24 million out of 62 million Medicare-eligible seniors went into Medicare Advantage programs with deceptive invitations, with nondisclosure of all kinds of restrictions and not even telling these people that if they want to go back into Medicare, traditional Medicare, because they don't like

Medicare Advantage or disadvantage as I call it, that they have to overcome all kinds of obstructions. Shame on Congress, shame on the Republicans and the Democrats, who every year further strip mine Medicare while they continue to oppose full Medicare for all or single payer. So there are going to be more disclosures and more reports on this in coming programs and we're pushing for congressional hearings.

Steve Skrovan: Thanks, Ralph. We're going to stay on that story, but we've got to wrap up now. I want to thank our guest again, Richard Cordray. For those of you listening on the radio, that's our show. For you, podcasts listeners, stay tuned for some bonus material we call “The Wrap Up”. A transcript of this show will appear on the *Ralph Nader Rader Hour* website a few days after the episode is posted.

David Feldman: Subscribe to us on our *Ralph Nader Rader Hour* YouTube channel. And for Ralph's weekly column, it's free, go to nader.org. For more from Russell Mokhiber, go to corporatecrimereporter.com.

Steve Skrovan: To support The American Museum of Tort Law, check out their online shop at store.tortmuseum.org. They have autographed books, “Flaming Pinto” coffee mugs, and other unique gifts for all of you, lawyers, law students, paralegals and tort fans out there.

David Feldman: The producers of the *Ralph Nader Rader Hour* are Jimmy Lee Wirt and Matthew Marran. Our executive producer is Alan Minsky.

Steve Skrovan: Our theme music “Stand Up, Rise Up” was written and performed by Kemp Harris. Our proofreader is Elisabeth Solomon. Our associate producer is Hannah Feldman.

David Feldman: Join us next week on the *Ralph Nader Rader Hour* when we talk with Evan Weissman about working out at his Civic Health Club: Warm Cookies of the Revolution. Thank you, Ralph.

Ralph Nader: Thank you, everybody. If you liked this program, it's your public airwaves, try to get more radio stations to carry it.