



October 23, 2017

OPPOSE H.R. 732, THE “STOP SETTLEMENT SLUSH FUNDS ACT”

Dear Representative,

On behalf of The Leadership Conference on Civil and Human Rights, I urge you to oppose H.R. 732, the “Stop Settlement Slush Funds Act of 2017.” H.R. 732 would prohibit federal agencies from entering into or enforcing any settlement agreements that involve payments other than to the federal government, direct restitution to victims, or to remedy harms directly and proximately caused by the defendant. While this legislation applies to all settlements reached by the federal government, it was motivated largely by two settlements between the Department of Justice and a few of the nation’s largest banks stemming from conduct that led to the 2008 financial crisis, settlements that included contributions to HUD-approved housing counseling agencies and legal aid organizations.

In 2015, representatives of The Leadership Conference and other organizations met with House Judiciary Committee majority staff to discuss the important work of housing counseling agencies and their record of success in helping homeowners to avoid foreclosure. There was no dispute over the effectiveness of such work.

Instead, the sponsors of H.R. 732 take issue with the process by which the settlements were reached, and with several of the specific groups that received funds for housing counseling work under the Bank of America and Citibank settlements. I remain puzzled by this objection. The Department of Justice had no control over which of the more than 2,000 HUD-approved organizations received contributions from either of these banks. Both of these defendant banks, to their credit, maintain strong relationships with a wide range of community-based organizations, and they had sole discretion to determine which of these organizations whose housing counseling work they chose to support. Ultimately, it appears that the sponsors of H.R. 732 are more troubled with who the banks chose to support than with any broader legal or policy principle.

As such, I urge you to oppose H.R. 732. Thank you for your consideration. If you have any questions, please feel free to contact me or Senior Counsel Rob Randhava, at (202) 466-3311.

Sincerely,

Vanita Gupta
President & CEO

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