[Indistinct conversations]

>> Malini Mithal: Okay, welcome to the last roundtable panel for today and for this roundtable. I'm Malini Mithal from the FTC, and this is Patrice Ficklin, the Assistant Director for Fair Lending at the Consumer Financial Protection Bureau. Together we will be moderating the last panel titled "Fair Lending -- Compliance, Risk, Liability. Patrice will introduce our panelists, and then we'll get started with questions.

>> Patrice Ficklin: Thanks, Malini. To our immediate right is Stephen Harvey, who is a partner at Pepper Hamilton LLP. He's represented state and national Banks, auto finance companies, specialty finance companies, and other financial services companies. To his right is Chris Kukla, who is on the previous panel. Chris is Senior Counsel for government affairs at the Center for Responsible Lending. Next to Chris is Damon Lester, President of the National Association of Minority Auto Dealers. And finally we have Jon Stewart, Deputy Chief in the Housing and Civil Enforcement Section of the Civil Rights Division at the Department of Justice. He supervises cases involving fair lending

>> Malini Mithal: And for panelists who were not here yesterday, if you could just put your name card sideways when you want to be called on, that would just be great. The previous panel focused on fair lending issues on the dealer side. Now we will be looking at similar issues from the lender side. We will also be examining compliance and liability. Let me kick off with a question concerning both lenders and dealers. And anyone is welcome to answer, but I think Steve might be particularly interested in this question. If there is a fair lending violation, who should be liable -- the dealer, lender, or both, and why?

>> Stephen Harvey: Well, that's interesting because it starts with the premise that there's a fair lending violation. And we're here today to talk about fair lending. No one has pointed it out, but that's a euphemism for illegal discrimination based on race and other protected characteristics under the Equal Credit Opportunity Act. And everyone knows what discrimination is. It's treating people differently because of their race or other protective characteristics. Fair enough. But many people don't realize that there's a big difference between intentional discrimination and non-intentional

discrimination by the use of policies and practices that appear neutral but nonetheless have an adverse impact on minorities. Non-intentional or disparate impact discrimination as it's known has to be proved by statistics. And we can all agree that intentional discrimination is deplorable and cannot be tolerated. But that's not really the focus of this discussion. We're not really here to talk about intentional discrimination. The focus of this discussion is on disparate impact discrimination -- which basically neutral policies have an adverse effect on minorities. And that's really hard to prove because we can't simply compare the treatment of minorities and non-minority borrowers. We have to look at the treatment of similarly situated minority and non-minority borrowers because credit risk is a legitimate basis for discriminating and apples have to be compared with apples. Mark Twain famously said there's liars and damn liars and then there's statistics. I didn't speak with Mr. Twain about that, but I think he met the statistics can be misleading, and that's particularly true in this area, as I think the comments of the prior panel demonstrated. And so my point is simply that discrimination, illegal discrimination under the Equal Credit Opportunity Act, whether intentional or non-intentional -- excuse me, non-intentional discrimination, disparate impact, has to be proved by statistics, and that's very, very hard to do. So it's impossible to answer the question about who should be liable for a fair lending violation without knowing precisely what we're talking about -- whether it's intentional or non-intentional and whether there's a policy that actually does lead to that disparity, so, I'm sorry, but in the abstract, the question can't with answered.

>> Malini Mithal: Jon?

>> Patrice Ficklin: I think you need to turn it on.

>> Jon Stewart: Okay. I will give it a shot. I agree with a lot of what Steve said. I mean, you can -- there are different theories of liability -- intentional discrimination versus disparate impact. My office receives referrals from the financial regulatory agencies, and we have cases against both dealers and against indirect lenders. And I certainly agree with the disparate impact cases that you would have to bring against a lender are quite challenging, and I think that we will talk about a lot of the reasons why. One of the significant reasons why is that you have limited data upon which to build your analysis off of. And we can talk about that more later. But certainly dealers can be

liable as well as lenders. And I think we'll talk about some of the reasons why in the course of our conversation. Oh, I should give some concrete example. I mean, a couple of years ago, we brought a case against Nara Bank and five of the dealerships that it purchases installment contracts from, we settled the case against Nara Bank and the district court dismissed the case against the dealerships for some sufficiency of the pleadings reasons, and we're in the process of appealing that decision right now. But we have investigations in cases against both dealerships and lenders.

>> Patrice Ficklin: Thank you, Jon.

>> Stephen Harvey: I could build on that if you would like. I mean, the basic difference between dealers and financial sources, lenders, is, if it's intentional discrimination, somebody discriminated against someone based on their race or other protected characteristics, and it happens at the dealership level, generally speaking, the lender can't be liable for that unless they know about it, Which is pretty close to participating in it. And If the lender did know about it and did participate in the act of intentional discrimination, then they can be liable, too. In the area of disparate impact, which, as I said, I believe the focus of what we're all talking about here today, then the law says that you can't be liable in the abstract. There has to be a policy or a practice that is in place and that is leading to this disparate impact. And so if it's the policy of the dealer that's leading to this disparate impact, then the dealer would be liable. If it's the policy of the lender, then the lender could be liable. In the financial -- the Equal Credit Opportunity Act litigation of seven, eight, nine years ago against the auto finance industry, which, I believe, was referred to earlier, the plaintiffs tried to bridge that gap to the finance companies by contending that they had a policy of delegating to dealers the discretion to set retail rates on automobiles, retail installment contracts. And we defended that on the basis that that was a very aggressive re-characterization of the facts. And most of those cases never settled. All of those cases were brought in the same theory, that was one of the defenses in many of them that there, in fact, was -- in all of them, I believe, that there, in fact, was no policy of delegating to dealers who were separate legal entities, separate entirely from the lenders, and, therefore, the case fell apart for that reason. But we never got a ruling on that.

>> Patrice Ficklin: Building on the point that Stephen was just making -- the last panel raised some issues, some questions, and, in fact, there was one panelist who questioned whether or not there

were fundamental differences in the wholesale model of direct lending versus the -- I'm sorry -- indirect lending versus the retail model and questioned whether or not differences in dealer mark-ups actually are echoed in the practices of loan officers. And so that leads me to the question of whether or not there are different kinds of lending risks inherent in the different business models, both indirect versus direct auto lending. And I wonder if the panelists would comment on what inherent differences there might be in fair lending risks between the two models.

>> Chris Kukla: I guess I'll give it a shot. There's a lot there. I think when you -- coming -- the first point I would make is that when you -- again, when you insert discretion into the process, you start to bring in different risks than you do when you don't have that discretion on pressing of interest rate. So if you have someone who gets to make a decision about what that -- how do adjust the interest rate based on factors that have nothing to do with the credit risk of the borrower, but have everything to do with profit, with an incentive, you know, whether it's a -- you know, if they have their own bias that they're bringing in the transaction, you run separate risks, and you can actually -- I mean, you can have disparate impact risks and direct discrimination risks in the same transaction because of that. There are other compensations that remove that risk. You take away that discretion of that person to make a decision that's based on factors other than the credit risk, you start to remove that issue. Now, whether they're -- then you move on to the question of whether or not the parameters of district of deciding that credit risk have some disparate impact on certain classes of borrowers is another question. So you can also have that. We've actually seen this in the market with FHA. If you have a credit score over, they say you can't participate in this program unless you have a credit score of, you know, 680 above, you're going to block a certain portion of the population from being able to access that program, and if one class of borrowers happens to have, on average, a lower credit score than another, you have a certain class of borrowers who just aren't gonna be able to take that program. Whether or not that rises to a level of fair lending is an interesting question. You know, so I think you definitely -- I thing the more discretion you put in the hands of somebody who's not -- not using the credit risk as the defining mechanism for what they should be charging, I think you start to really run some high risks.

>> Patrice Ficklin: Thank you. Damon?

>> Damon Lester: I just want to take a step back and just... When the customer or consumer comes in either by themselves or with the family, they are coming in to purchase a vehicle. And with that, they either have a price in mind that they already have predetermined that they can afford. They have a vehicle in mind that they have an idea they want to purchase. I think we tend to forget that at the end of the day, a dealer's responsibility is to sell a vehicle to a consumer. It is in the dealer's best interest to make sure that they make that consumer happy and that it is equivalent to what he or she can afford. A dealer does not make any approval of loans, and there are caps in place to ensure that that dealer cannot do any type of discriminatory or excessive mark-ups as we talked about a couple panels yesterday and today. So I think we have to also recognize that there are processes in place and caps in place more so with every lender, the majority of all the lenders no more than just 2% and 2 1/2% mark-up. But it's in the dealer's best interest to make sure that they service that customer and that that customer can make sure that that customer can make sure that they can afford that particular vehicle. There are instances where a dealer does not have a mark-up, and that's not a discriminatory, that's in the best interest of the dealer and their client to make sure that they retain a customer. And we tend to forget that because we focus in on just this -- you get in there in the back office there's this -- and doing this bubble and everyone is getting robbed blind. That's not even the case. There are some bad apples, and you guys have had some pretty detailed facts, but there are processes in place, when something does go bad, hire an attorney. A consumer can go and shop his own loan. And I think there is a discretionary with that if they go to the direct lender rate, because if you don't bank with that particular financial institution directly, they're going to mark it up. So I want to just make sure we put that out there, because we kind of started to shy away from the theory of it to the practice. And at the end of the day, a dealer wants to make sure they service the customer and all deals aren't created equally.

>> Patrice Ficklin: Thank you, Damon. You're talking about the transaction from the dealer's perspective, and we have largely focused on dealers that rely on third-party financing. That leads me to ask a question about whether or not fair lending risks vary by the type of dealership. I'm thinking, for example, about buy here, pay here dealerships, as well as independent dealerships. My understanding is that with the buy here, pay here dealership, that the model is typically one where the lender is approved for financing prior to selecting the vehicle. Can you speak to how the fair lending risks, you or any of the other panelists, might vary by type of dealership?

>> Stephen Harvey: Well, I can say that, you know, if we were talking about intentional discrimination, obviously anybody can do anything. There's bad actors out there. We know that. But I think we're talking about disparate impact, or non-intentional discrimination. And that's built on a legal theory. That legal theory is designed to withstand a Motion to Dismiss in court. We've litigated this issue. The centerpiece of the theory is that there is a delegation of the authority to set the retail rate. And that -- I don't particularly agree with that theory because I see another problem with it, which I'll explain in just a minute, but that is the legal theory on which that's based. And that is strictly targeted at discretionary pricing. So when you're talking about any type of discretionary pricing, there is the possibility that some will raise the claim that it's amounts to disparate impact, and the reason I said why I don't agree with it is not because I'm not opposed to discrimination in all forms, I am. But because this is something that wasn't mentioned in the prior panel, but it's a reality, which is that there is an economic incentive on the part of dealers not to discriminate. We've all been to car dealers. Some of us are car dealers. They're in the business of making money. And so there is this leveling influence in every circumstance. The assumption of the discretionary pricing allegation is that dealers are leaving money on the table with white customers that they're not taken off the table with respect to African-American or other minority customers. And that just contradicts common sense, that -- especially in a tough economic time. They're trying to make money on every single deal.

>> Patrice Ficklin: Jon?

>> Jon Stewart: Yeah, I mean, that -- that argument that lenders only see green, they don't see race or color or gender often gets thrown about in the context of lending, and that, you know, enterprises are in business to make a profit and they want to make a profit wherever they can. It turns out, though -- and Chris has alluded to this in his prior remarks, that where you have discretion, there is the possibility that personal biases come in to play and certain protective groups of borrowers pay more than others. Now, with respect to does the risk vary depending on the type of dealership? Yes, it does. I mean, in the dealer context, the retail context, there is the opportunity to develop the disparate treatment case. And one of the -- one of the things that is common to the auto industry is there's a lot of turnover of employees. And so from the perspective of trying to put together a

lawsuit and developing the anecdotal evidence, there are a lot of former employees that we can talk to that can shed some light on personal biases that someone may have, and we have the opportunity to do analysis and break down the analysis by finance officer or loan officer if it's a bank. And there have been times that there are just disturbing trends that, you know, this particular loan officer, finance officer, you know, has a practice of charging women more, of charging Hispanics more. So that's -- you know, that's the increased risk at the retail level. With respect to buy here, pay here, we actually just started a very novel investigation based on information that we received by a former employee where we're using a reverse red lining theory. And reverse red lining is targeting an abusive practice at a particular protected group of borrowers. And so we're using that theory to investigate the practices of a particular owner of a buy here, pay here dealership who has made decisions as to I'm going to open my dealerships and African-American neighborhoods and is engaged in some just over-the-top abusive kinds of lending practices and made all kinds of statements as to his perception of African-Americans and their ability to understand finance and like that. And so there's this spectrum of types of investigations, and at the far end, which Steve keeps going back to, is that disparate impact case which is far more difficult to develop, but in our view, the lender is a creditor under ECOA. They participate in setting the terms of credit. They provide dealerships with rate sheets based on their own underwriting guidelines. They expressly permit dealerships to charge overages, and they share in the overages with those dealers. So we take the view that they are creditors and subject to Reg "B," Equal Credit Opportunity Act.

>> Patrice Ficklin: Steve, is your card up to comment? No?

>> Stephen Harvey: No, I forgot to put it down.

>> Patrice Ficklin: Okay. Um, so thinking about ECOA for a moment, as we know, ECOA contains a whole list of protected classes. Up to now, our discuss was primarily focused on race. But I'm curious to get the panelist views on whether fair lending risks vary by other protected classes or which protected class you might be focused on. We know that ECOA protects against discrimination in the division credit with regard to receipt of public assistance, the folks that receive public benefits, as it relates to marital status, as it relates to gender, as it relates to ethnicity,

as well as race, and age, as well. And I'm wondering if the panelists have a view on whether fair lending risks vary based on the type of protective class, and, if so, how they vary. Steve?

>> Stephen Harvey: Well, the fact is, is you could do a statistically analysis on any of those groups and compare the treatment they receive, typically the rates, and if you compared them to non-similarly situated people who didn't share the protected characteristic, you could probably look and say there's a disparity. But that's just another example of Mr. Twain's aphorism of earlier. You have to compare similarly situated borrowers. And as Chris mentioned in the previous panel, there's not a lot of data out there on this subject in general. And you would need to look at a lot of data, and it would need to be analyzed very carefully. And I'm talking about a very expensive proposition here, one that would involve the academic literature. And this is something that Tom Durkin mentioned in the prior panel. If you cooked up an expert report for the purpose of litigation, that's really not worth that much. You need to see studies and data that have survived peer review and testing from people who are not biased and who are academics and study these types of things in order to know whether any of that was valid, and I don't even think we're at square one on any of that type of analysis. I just don't believe it exists. There is literature, of course, something that was referred to earlier, but it goes both ways, and it would really be a complicated process of study in order to even understand the question.

>> Patrice Ficklin: Jon?

>> Jon Stewart: I agree that it's difficult to answer the question because of the limited data that we -- demographic data that we have access to. You know, Reg "B" prohibits the collection of demographic data in the non-mortgage context. And so in the mortgage context, we have this rich source of data in HMDA, but in the auto context, we have to resort to proxies or demographic data. So you end up, you know, looking at a census list of Hispanic surnames to try to put together are Hispanics being treated with respect to gender. You can look at the names, but you have names like Robin and Tracy and, you know, gender-neutral names which complicates that analysis with respect to race. You know, you have to geo-code addresses to try to get some insights as to, you know, could this person be African-American. We had one major investigation where we partnered with this State Attorney General's office in Pennsylvania, and we were able to get driver's license

photos, but even just looking at driver's license photos, it is a long, laborious, painstaking process to try to use these proxies to do any credible analysis.

>> Patrice Ficklin: Damon.

>> Damon Lester: Regulations were put in place so that we can prevent and protect, one, the consumer, and the dealer from predatory lending by way of not being able to collect rates and gender data, as well as the other preventive measure was to put those caps in place to prevent those excessive mark-ups as what was -- in some instances were done many years ago. I think we need to just point that out that there are regs in place to protect the consumers, protect the dealer, for any potential lawsuits by way of not being able to keep track with that type of thing.

>> Patrice Ficklin: Chris?

>> Chris Kukla: Just to respond to a couple of points. I'm gonna put the caveat here that I'm by no means am I a fair lending expert. I just happen to serve on the panel. It's not my complete area of expertise, but I do know something about it. I think responding to one point about the caps that have been put in place, those are voluntary caps. They're not universal, by any stretch. So saying that this caps are put in place and protects us against fair lending abuses, first of all, may or may not be true. The absence of data does not make it a fact. But also that this is a completely voluntary measure. Nothing is to say this couldn't change in five years and those caps could disappear. And, in fact, those caps didn't exist in the past. So, it may be something that's in place now, but that does not mean that it's going to be there in the future. And I think, you know, it also points -- the dealer may not be collecting data on demographics or race or anything about that person, but certainly the person sitting across the table from that customer knows their demographic data pretty intimately. So, you know, in some ways, it's actually a hamstring because there is no -- you know, it's much more difficult to look at how different policies may be impacting different classes of borrowers. But also to say that because that data's not collected that that means that the dealer then is looking at every transaction blind, simply it's just not possible.

>> Stephen Harvey: But that's not the point with respect, Chris. The point isn't that the data proves that the dealer is fair in all circumstances. The point is, is that that data is necessary in order to analyze and understand whether truly and factually people of -- racial minorities and others who are protected under the Equal Credit Opportunity Act are being treated differently. And that is really a big problem in this area, is that that data doesn't exist. And I think it would really be difficult to change that, to make that data exist because then you would have to put the dealer in the position of collecting that data, and it's not always a matter of observation. Somebody that's very dark-skinned may actually be Hispanic, and you wouldn't know. And people's ethnicity and race can be very difficult. Then the option would be to ask people to provide that data, which, of course, sends an entirely different message that than what the Equal Opportunity Act was intended to send. So that's a policy issue that I don't want to go too far into, but I would point out that it's not -- the collection of information about the race -- and, by the way, that's not the only protective characteristic you'd have to collect in order to understand this fully. But it's not the only problem. There's a very large problem, and Tom Durkin, I believe, alluded to it in his comments, which is that this is an area that requires careful study, and these multi-regression analyses need to take into consideration many different factors, and -- and I believe there is academic literature that suggests that it's really not possible to account for all of the factors that you need to account for. There may be academic literature that goes the other way. I'm not taking a point of view on that. I'm just saying it's -- the racial and ethnic information about the borrowers is one problem, but then there's just a much bigger problem about crunching the numbers and to do so in a way that provides you with accurate conclusions.

>> Patrice Ficklin: Go on, Jon.

>> Jon Stewart: Okay. With respect to the collection of data, there have been at least a couple of times that the Fed has considered requiring the collection of this demographic data in the non-mortgage context. And as you all can imagine, they received a ton of comments. And a lot of times, the questions that they had to answer were, you know, do we do it, do we require it to be mandatory, could it be voluntary? How would you do it? And at the end of the day concluded that they're just not going to do it at this point in time. I am -- you know, because HMDA has been -- the Home Mortgage Disclosure Act has been in place for, you know, a good 20 years now, I am

less concerned about bad things happening because someone is writing down the race or national origin or gender of a prospective borrower. I think that as Chris pointed out, they're sitting across the table. And so if there's going to be any kind of bias -- and a lot of times bias is even unconscious, that we have unconscious preferences one way or another, but I think that to the extent that that bias is going to come into play, it comes into play and not because they're saying, okay, well, I have to check this box as to this person's racial or other demographic category. And then I just wanted to quickly respond to something that Steve said about accounting for a number of factors. When we conduct an investigation and we have dialogue with lenders, there's a tendency to say, well, with respect to, you know, explanations for mark-ups, discretionary mark-ups -- well, the loan officer or finance officer could have considered "X," or they could have considered "Y." I think that from -- and our concern is, well, what did they consider? And I think that from a compliance standpoint, it makes sense to, number one, make sure that there's a culture of compliance that goes throughout, you know, whatever the enterprise is, but to the extent that there are legitimate reasons for discretionary pricing decisions, I think that it's in the best interest of any lending operation to document what those reasons were. You know, we had to -- we had to give this borrower an underage because of competitive reasons. And just document that so if you're ever investigated, you can, number one, say, hey, look, this, you know, compliance with consumer laws is a priority. We have trained our people to the extent that we deviate from buy rate or a rate sheet -- you know, here are the reasons why. Here are the objective, business-related reasons why we did. And then that provides, you know, your defense for -- for any subsequent analysis as to whether your employee is discriminating.

>> Malini Mithal: Okay, thank you. We are already talking about data and compliance, so let's kind of dig deeper into these issues. My question about compliance is, would any specific practices ensure compliance with fair lending laws? We've talked a little bit about whether dealers or lenders should keep records -- if everyone could talk more about their views on that. Also, Jon is bringing up this idea of, you know, people being able to look at different guidelines in maybe the underwriting process. So, another question is, would uniform or written underwriting guidelines help the process? If there's anyone who would like to take on any of those issues?

>> Stephen Harvey: Well, I will just comment on the dealers keeping records, with all due respect to the finance and insurance employees out there in the world. I supervise lawyers, and it's really hard to get them to keep -- you know, these are people with graduate degrees, and keeping those kinds of records, doing it consistently and accurately, if you told me I was gonna get paid a lot of money to supervise that process, I'd say, "no, thank you." That is just -- it's just for what I think are obvious reasons. That would just be problematic, and that what you would end up doing is some people would keep them and some people wouldn't, and the whole thing would end up turning out to be a big misleading mess in the end. But I do think there is one compliance measure that is -- I think it's in place in most businesses that I deal with that involve lending, and it should be, and that's instruction on the Equal Credit Opportunity Act. And whenever I prepare a witness from a company to testify, and the case involves any kind of lending, I demand that they be able to articulate what the Equal Credit Opportunity Act says -- not just quote it, but just say it, and I drive home the point that we're not kidding about this. These are not buzz words. We're serious about this. And now I'm just in the deposition process, and I hope I'm reflecting the views of the companies that hired me. I know that I am. I know their policies and I know what they require. And I don't expect executives to be blithe about that in any way. And I think that it's -- that's simple, may be simplistic, but I think renewed emphasis on just making sure that everyone does understand that we're not to take these factors into account, and then we won't be sliding over into what sounded to me like intentional discrimination, and Jon made reference to some anecdotes from dealers. I mean, I'm sure you can find people that will say, "well" -- you know, they make stupid, racist, inappropriate comments. But just to make it clear to everyone that that is not an acceptable way of doing business.

>> Malini Mithal: Chris?

>> Chris Kukla: Well, I think one of the things that you can do in fair lending is the less discretion that you have in the process, the more that you rely on Objective criteria rather than subjective criteria, the less you open yourself up to issues of fair lending. Then you have to also look at your objective processes to make sure that they don't have something labeled with it that's put in with them that causes them to be discriminatory. I think some of these things you don't have to have a huge statistical analysis to know that making this decision is more than likely going to affect one

group of people over another. I always find it interesting in these conversations -- and it's happened in other instances as well, where the discussion is you have to have scads of data, you need to be able to prove this beyond any possible reproach, and if you don't, then there's nothing here. But then when you ask to have the data -- you know, to collect the data, of course it's a pain in the butt and we don't want to do that. So I think, you know, the data question is one that I think is appropriate of -- you know, is there -- do we need to collect more data on this to be able to say for certain. If there is no problem, then the data will be helpful to prove that and then we won't have to have this conversation. But unless that data's available, it's gonna make it very difficult.

>> Malini Mithal: Jon?

>> Jon Stewart: Very quickly. With respect to dealer mark-up, I haven't seen -- I do not hold myself out as an expert on the auto-lending industry in the least. All I know is the investigation in cases that we've worked on. But I haven't seen a lender or a dealership that has any guidelines for how the mark-up should be assessed. And so you grant this discretion, but you don't provide any guidelines or procedures for how the mark-up should be assessed. I just think that to the extent that dealerships or lenders, indirect lenders can -- Well, I guess it would be the dealerships develop some objective guidelines for how you assess the mark-up, that that would be a good thing.

>> Malini Mithal: Oh. Damon?

>> Damon Lester: I just want to use an example. I don't know if this is on. The discretion of the mark-up and who can use it and what is the theory or the practice behind it is we don't ask what the mark-up is on a gallon of milk. And we all have clothes, we all have suits on. We don't ask what the mark-up of the thread is. So in the event that we can be responsible and that there are processes in place by way of the caps that are in, which we know on average from a cap from Ford credit all the way to a Bank of America, the average is 2% mark-up, that there is some type of threshold for which a dealer has the discretion to mark up his or her loan in order for them to provide a living and employ people. I don't think that's unfair, but they have to be responsible, which is why those caps were put in place. And if we go down this route of not having a -- or the ability for a dealer to

not have the discretion to do a mark-up, you will have the ability that there will be a less of a competitive market, and a lot of dealerships will be out of business if that happens.

>> Malini Mithal: Chris?

>> Chris Kukla: Just two points. I mean, one is that loans -- I mean, loans are not commodities in the same respect. The sale of a TV, of a suit, of a pair of blue jeans is different than a loan. There's no risk-base analysis being done behind the scenes when I buy my television set. The price is put out there because it's based on what is the overhead that the retailer needs to recoup to be able to stay in business and what is the cost of that good to them. Obviously within an interest-rate decision, there is a cost of funds that changes, but there's also a risk profile that is yours and yours alone. And the more transparent you make that system, the more you know that it's based on your individual risk. When you add on this piece that is subjective, that's subjective to the point that it has nothing to do with my credit risk but has everything to do with what profit can I make in the deal, you then run into a issue of you can have two very similarly situated people who are paying very different prices for that same product that you wouldn't see at a Best Buy because the price is on the good. I pay 400 Bucks for the TV, you pay 400 Bucks for the TV. Nobody's looking at me differently. If we didn't have prices on those products -- and we see that in other instances. The mobile-home industry routinely does not put prices on the units that they sell, and when you walk in, the price is what they want to sell it to you at, not based on what's the price that's fair. It's whatever they want to do. When you put that discretion into place, and especially because lending in and of itself is only is as transparent as you make it, as to what you disclose, it opens it up. It's a very different marketplace. So, when you make this comparison to buying things in a retail outlet and nobody tells you what that mark-up is, they also post the prices, and it's not an individual price. If you were going to start charging one person 99 cents for milk, but you decided that the single mother of two is paying $3, you've got a problem. And I think you start to see that same issue when you insert these other variables in the transaction. Mark-up is not the only way to compensate a dealer for the time or the expense of making the loan. There are other ways to compensate dealers. That's part of what our -- our research and what our advocacy has really been about is there are different ways to be compensated. This one lends itself to particular kinds of abuses and particular kinds of problems that other compensation systems don't.

>> Malini Mithal: Jon?

>> Jon Stewart: Yeah, I agree wholeheartedly with what Chris said, and just to give a broader perspective on discretion in the lending process. When you think about -- oh, my point is that the less discretion, the fewer fair lending issues that come about. And when you think about the hot issue in fair lending 15 years ago, it would have been underwriting discrimination. And then we had the -- you know, the going to using and developing and using automated underwriting systems, you know, which took a lot of the discretion out of those underwriting decisions. And so underwriting and denial kinds of decisions became less of a fair lending issue with the adoption of automated underwriting systems. You know, and then we went through this whole era of pricing and discretionary pricing, overages, underages, and I think that the cases that have been developed through this area, through this time, shown that where you narrow the discretion, you narrow the discrimination problem. I think the same applies in the auto context.

>> Malini Mithal: Steve?

>> Stephen Harvey: Well, I try not to speak on things that I don't know directly about, but I'll break the rule on this one instance. And that is because this is really a big policy question. You've just thrown on the table a gigantic policy question. Do we do away with the discretionary pricing in the auto finance lending? That's a pretty big question. You would have to say -- and we're talking about doing that, without really knowing and without a lot of evidence. An earlier speaker said there's no color crisis in the auto finance industry. I'm not aware of any. And so we're talking about throwing away a central aspect of this industry, which is very, very successful in selling cars and getting consumers into those cars so they can get back and forth to their jobs. So we're talking about something that works really, really well, and we're going to change it fundamentally, I think we need to hear a lot more analysis on that before we even begin to get to that conclusion. And I'll point out that discretionary pricing, you don't see it in a lot of industries. Auto finance is one. I think that's because there's many, many lenders and there's many, many loan originators, I.E., car dealers, and there's many sources and ways to do different things, which is considered a good thing. It's flexibility. But there is one area where you see discretionary decision-making all the time, and

it affects all of us. And it's employment decisions. And the Equal Credit Opportunity Act was based on Title VII. And we can just all imagine if we did away with discretion in hiring. it would maybe change things very, very fundamentally. And obviously there's some limits on, you know, who you can hire and what rates and, you know, depending on the job of the industry, there's some limits on the discretion. But the entire world of employment isn't viewed with discretion. And we don't throw it out completely, but what we do is we look for violations of Title VII. We look -- just like in Equal Credit Opportunity Act. We look to see whether people are saying things or doing things that would indicate that they are acting based on an illegal, improper motive, or whether there are, in fact, specific policies and practices that are being used that are unintentionally causing a disparate impact on protected classes, and so I guess that's a cry for let's think long and hard before we jettison the status quo.

>> Malini Mithal: Okay, actually, I'm gonna move on to a related question. Something that Steve mentioned earlier is that he always asks when he is preparing people for a deposition or for testimony that to make sure that they know about ECOA policies, to make sure that there's some ECOA policies in place, that they have some education. What are the panelists' views on what type of ECOA education dealers and lenders receive? Is it across the board? Is it helpful? And is that a way to make sure that there's some compliance with ECOA?

>> Stephen Harvey: Most large companies and financial service companies and banks -- I can't speak for all - but have pretty clear and robust policies and procedures that include compliance with Title VII with the Equal Credit Opportunity Act, and, you know, it's -- you can only make employees and people read things so many times, and there's a limit to what they can remember. There's lots of other important laws out there, let's remember, and policies and practices that are very -- very important, as well. But I think that we have to continue to expect that management will instruct and direct compliance with the law.

>> Malini Mithal: Damon?

>> Damon Lester: I would say that, you know, all new car dealerships throughout this country try to stay as compliant, and with the training, providing adequate training to their employees on a consistent basis as things change daily.

>> Female Speaker. Okay. Uh, Jon?

>> Jon Stewart: I think that training, it covers a whole spectrum. There are some places, I guess, that are very committed. But what I will throw out is that in every place that I've ever worked, you know what is a priority depending on who is involved in sending that message. And so if you have a high-ranking person in whatever company, say, "hey, look, this is important, this is what I expect," that's very different from, okay, you go through a week of training, and on Friday afternoon right after lunch there's an hour on don't discriminate against anyone. So there's a broad spectrum, and I think that -- uh, that it's important to have that message come from the top in whatever way makes sense for a particular company.

>> Stephen Harvey: And I just make one other point on that, which is it's important to emphasize. It's not only important because it's a good thing unto itself not to discriminate, it's illegal, it's also very bad for business, and that's the message that I try to send over and over, and I think responsible companies get that. That you're not gonna get anywhere, you're not gonna be successful, you're not gonna have a good career if you're the kind of company or the kind of people that would permit that.

>> Malini Mithal: And, uh, Chris, last comment on data and compliance, generally, and the Patrice is gonna ask some questions.

>> Chris Kukla: Sure. I think training is important. I think the issue has to be though that the incentives have to line up with what the training is, and that If you have incentives that lead people or can cause a different effect than what the training might be, I think you have to take a serious look at that. When we talk about discretionary pricing, there is a general move away from allowing discretionary pricing in some lending circumstances. The Federal Reserve took action in the mortgage context to move to all but eliminate discretionary pricing when it comes to mortgage

brokers. So the move is not to increase the number of areas where there's discretionary pricing. I think the move has actually been to move away from that, largely because a lot of the issues that we saw in the mortgage market that included a number of issues related to fair lending. If you have that incentive structure that's built into it that leads to an adverse effect, all the training in the world isn't going to change that.

>> Patrice Ficklin: That's a perfect segue -- thank you, Chris -- to the next series of questions. We learned at the previous roundtable that the NCLC sued all lenders, alleging that they permitted car dealers to mark up finance rates in a manner that violated ECOA, the Equal Credit Opportunity Act, and we know that these cases resulted in a settlement providing for a cap of 2.5% on mark-ups. This cap has been referenced several times by these panelists and by others. I'd like for the panelists to talk about what the impact has been of these caps. Many of them are expiring pursuant to the terms of the settlement agreements. We know that not everyone in the industry actually uses a cap, and I'm just curious about the impact both from a business standpoint. Are we seeing that cap resulting in additional fees being charged? In other words, are those profits being recovered in a different fashion? Were there any other impacts business-wise? And then also from a fair lending standpoint, what impact have those caps had in general? Stephen?

>> Stephen Harvey: Um, I can't] comment on what's happening in the industry today. I'm not currently monitoring that. I'm not representing anybody. So I can't comment on that. But I do know, because I was involved in that litigation, that some caps were in place prior to that litigation. Some companies had formal caps that they used prior to that litigation. Caps were agreed to by the defendants in those 11 cases as part of a settlement of those cases. I think it wasn't a very big concession, frankly, because most of them were either formally or informally were moving towards caps, anyway. And one of the earlier speakers made reference that as a practical matter, there's only so much you can load on a deal because at some point -- this is often the case with subprime borrowers -- borrowers whose credit isn't as good -- you're trying to get them financed. You're trying to get somebody to agree to buy that contract, and if it's too rich and too high, you're just gonna throw it -- it's not gonna fly. So as a practical matter, you may not even be able to get all the way up to the cap. So -- so I don't know what the current state is, but I do know that -- I believe those are some of the realties that affect the use of caps and the need for caps.

>> Patrice Ficklin: So, Stephen, you describe caps as something that wasn't -- didn't come into -- onto the scene with the settlement negotiations, but something that was actually present beforehand. Would it be fair to describe caps as an industry best practice? Is that something that you recommend to your industry clients?

>> Stephen Harvey: I have to say, I haven't considered that, and I can't answer that. But I do know that they were not -- I don't believe they were universal, but I believe some finance companies and banks had caps prior to that, prior to the settlement of the Equal Credit Opportunity Act cases back in 2004 and 2005. And it seems like a good idea, but I'm not being an expert in that subject. I can't recommend it beyond that.

>> Patrice Ficklin: Damon?

>> Damon Lester: I would just say that...[Inaudible] to be able to service that customer. However, at the end of the day, it's not in the dealer's best interest to do anything detrimental to that consumer because they want to retain and keep as many consumers as they possibly can. Otherwise, they're gonna go down the street to someone else. And it is -- it is in the best practice of any new car dealership that customer service is key. And if they don't do that, you know, the consumers have options to go elsewhere. Um, I think it just needs to keep in place -- stay in place.

>> Patrice Ficklin: Thank you. Chris?

>> Chris Kukla: In terms of the issue of the caps, they are scatter shot, so it just depends on if the lender or the finance company has decided that they want to have this cap in place, and unless you as a consumer start asking the dealer now, what's the lender's policy on mark-ups and what's their cap, you know, you're -- It's not like you can go on to the Website, and it'll say, you know, "now introducing our low 2% cap." So it's not necessarily easy for a consumer to figure out exactly whether or not the lender that they're dealing with has a cap or not. So, again, there's discretion even within a cap that can be pretty considerable when you talk about the interest over the life of a loan. I think there's one other important distinction that we haven't touched on as much in this as

we did maybe in the previous roundtable was about the difference between the experience of a prime customer versus a subprime customer. And when you have someone as a subprime customer who has far fewer lending options available to them -- I know we've had this discussion about, you know, there's plenty on the Internet who are looking for business, and I think that there are some very significant limitations to the ability to access lending over the Internet as a subprime customer. But in terms of, you know, outlets that are screaming for your business, there are fewer, and so when you talk about, you know, that competition somehow prevents you from marking up that interest rate, if there's less competition, if you don't have as many sources available to you to make that decision, or, in the case of any subprime customers, they go to multiple lenders who have all said no to them, and when that seventh person says yes, they're gonna stick with that deal because they finally heard yes, and that leaves them -- that leaves a certain amount of discretion to that dealer because they can look and see on the credit that they've already been to a number of different lenders. So, uh, you know, you have to look at it in context of what is that person's situation when they're walking into the dealership, and it's a very different experience as a subprime customer versus prime.

>> Patrice Ficklin: Jon?

>> Jon Stewart: If I was an auto dealer, I would be concerned about there being a level playing field. I would not want to have to operate my business with a cap when my competitors were -- were not. And so from a best practices standpoint, I think it makes a lot of sense to have a uniform across-the-board cap so that there's a level playing field that everyone would deal with. And then the other thing that I would love to see incorporated as a best practice across the board came from those same settlements. And that's some type of disclosure that rates are negotiable. And in the previous panel, we saw that, you know, that is not always conspicuously apparent, but I think that coupling caps with some meaningful disclosure that these rates are negotiable would be a good thing.

>> Patrice Ficklin: Chris?

>> Chris Kukla: And, I think, you know, we talk about industry-rate caps is one way to get this. You know, this goes a little bit across -- away from the fair lending part of it, but I think, you know, if you look at this for what it really is, which is that the dealer is providing a service the customer, they are helping you to find financing, I generally like to know what I'm paying for a service. I like to know whether or not that service is worth the amount of money that I'm paying for it. So instead of bottling up any interest rate, which generally you look at as a measure of the individual risk that you present to the lender, I think we need to separate that out. I think it needs to be shown as a service to the buyer, and that the buyer should have the opportunity to decide whether or not the price of the services is worthwhile. I know that's just the way it works in a lot of other industries. I think it could work that way here.

>> Patrice Ficklin: Stephen?

>> Stephen Harvey: As a consumer, I would object to that greatly. The disclosures are already confusing, and I can't follow along as it is. There's a wonderful consumer protection law called the Truth and Lending Act, which requires that credit -- that finance charge be expressed in one uniform way no matter what -- where you go in the United States of America. It's called the APR. And I talked to a lot of people about financing -- friends, family, coworkers -- and we always talk about the APR, and it's really a hard time, and I think, actually, the -- your study I believe that you looked at -- the Under-the-Hood Study said 69% of Americans, I believe, said -- or people you surveyed -- didn't understand the APR, and so if you can't get them to understand the APR, you know, the idea that we're gonna get them to understand negotiability and what goes into the APR and the components of it, I just think is -- and now I'm just speaking as a consumer -- I just think that's way too much to expect people to understand. They won't.

>> Chris Kukla: It's funny. Every other -- all the other fees that are associated with this transaction are disclosed. but this one somehow is magical and shouldn't be, and that all these other fees being disclosed are somehow confusing, you know, it's fine to disclose those, but in this particular instance, it's just gonna confuse the heck out of everybody, so we should just leave it alone.

>> Stephen Harvey: No, that's not true. It absolutely is disclosed. It's part of the APR. It's made up in the APR. There's other things that are going into the APR, and they're not disclosed, either. It's called -- at some point, it's information overload.

>> Patrice Ficklin: I wanted to add to this discussion the question of underages or special APR deals. We've been talking about caps in terms of thinking about overages, and I'm just wondering, are there controls in place, and, if so, how effective are those controls in the ability for dealers to offer below buy-rate rates to consumers and the potential for a lending impact that that practice has. Stephen, are you -- okay. Damon?

>> Damon Lester: I-I... [Inaudible] ...buy down the rate. And in many instances, you know, those type of transactions do occur.

>> Patrice Ficklin: Jon?

>> Jon Stewart: It would seem that they occur for a reason. I mean, when it -- when I mentioned or suggested documenting reasons for overages, there may be some resistance to that, but in the underage context, if you're taking less money, there's typically going to be a compelling reason to do so. And that seems to be the easiest thing to document the reasons for approving an underage.

>> Patrice Ficklin: I wanted to ask the panelists about product features, loan-product features that might raise fair lending concerns. One area of that has come to my attention is the presence of the equivalent of prepayment penalties. In other words, the use of precomputed interest, particularly in subprime lending. And so the bigger question is, is in terms of prime versus subprime treatment in the lending process. Can the panelists offer any information in regard to that?

>> Chris Kukla: I can't -- I don't have access to specific data on how often precomputed interest is used versus simple interest, but I can comment on the fact that there are certain dealers at least we are aware of that use precomputed interest more often than others, and, you know, by its nature, precomputed interest generally -- because of the way that it works with the Rule of 78s, which I would explain. We don't have time, but the Rule of 78s ends up leading to, you know, a de-facto

prepayment penalty. And I think a lot of lenders are moving towards simple interest, but there are still a significant number of deals that go down with precomputed interest and it does have an impact on the consumer, and the data on, you know, how often it's uses is a lot like a lot of the data in auto lending. It's difficult to come by, but we do know based on those -- you know, by what we've seen, that it still exists in the marketplace.

>> Stephen Harvey: Um, I-I... Someone could correct me if I'm wrong, but I believe that the APR accounts for that, that the APR is an equalizer, that it requires that the finance charge be expressed as an APR, and, therefore, at least you can look at that and compare the terms of one loan deal to another loan deal.

>> Chris Kukla: You can compare the terms at the outset of the loan. But once you get into the point where if you prepay, if you pay three years and do a five-year loan on a simple interest loan, it's gonna be treated differently than under precomputed interest where you get a rebate of the prepaid interest based on the Rule of 78s, which has always been a boon -- you know, much better deal for the lender than the borrower. There is gonna be an impact that the APR is never gonna tell you.

>> Patrice Ficklin: One last question. Then we want to open this up to questions from the audience. I wanted the panelists to address whether lenders impose fees that raise fair lending concerns. We're focused specifically on lender fees.

>> Stephen Harvey: Lenders charge a buy rate. I'm not aware of what other fees you're referring to.

>> Malini Mithal: [Laughs] Well, then we can turn to questions from the audience. I think we have Carol and someone else might have a mic. Robin has a mic. We have a question over here. On this side.

>> Patrice Ficklin: Oh.

>> Male Speaker: I have one comment. The training is an important factor. The Association of Finance and Insurance Professionals is a nonprofit organizations whose sole purpose it is to trade in dealership finance and insurance personnel to all the applicable states and federal regulations. So what we have been discussing here is a major part of that curriculum. So training is available, and we have an enforced code of ethics that holds the F&I Manager personally accountable for his or her action if they pass the test. The second point is, on Rule of 78s, in today's market, there are very, very, very few installment sales contracts that go out that aren't simple interest. Almost everything is simple interest in today's market. So if that was a factor, it was in the past.

>> Chris Kukla: I mean, you'd be surprised at the number of deals that I see are that -- and some of the folks that I work with who deal directly with clients that are still precomputed interested. It's stunning even to me.

>> Male Speaker: Okay, my question is, uh, how is a binding arbitration that's required by sellers -- that's merchants, car dealers -- how is that compliant or how is that fair to consumers?

>> Patrice Ficklin: Binding arbitration?

>> Stephen Harvey: I've done a lot of work on binding arbitration, arbitration clauses. I think arbitration clauses in general can be extremely fair to consumers because if you have a claim, typically it's from the dealer's perspective or the lender's perspective. It's a small-dollar claim. And if you are required to bring that into court, you're going to incur a lot of fees, and it's going to take you a long time to get a resolution on that. And through arbitration, you can usually get that resolved even without the aid of an attorney quickly and cheaply. You can in arbitration -- and it's actually required that you get all the remedies that are available to you that you get in court. So from the consumer's perspective, it's not a bad deal at all. It does -- and Chris raised his card there. It does have the effect of killing class actions, which there's policy arguments we could make about that. It depends on your view of class actions. The Supreme Court just handed down a big case on this called AT&T Mobility vs. Concepcion, and we don't intend to get in to it. But it does have the ability to kill class actions, and, um... And that's really a very large policy question which I won't go into right now, but in my view, consumers are well served by arbitration clauses in contracts.

>> Malini Mithal: Chris?

>> Chris Kukla: I think Steve is not going to be surprised that I completely disagree. [Laughter] I think -- I find it interesting. I mean, you know, looking back at the policy of arbitration. I mean, initially it was meant to be a dispute-resolution forum for business-to-business transactions that got applied to consumer transactions. There was a study of Chase Credit Card arbitrations where they looked at a little over 10,000 arbitration cases and consumers won all of 5 of them. When you get into arbitration, the person who is putting you into arbitration generally gets to pick the arbitrator, so the dealer gets to pick the judge. The rules of evidence don't necessarily apply. The decisions are not necessarily published. There may not be an effective way to appeal. They can, in many cases, be more expensive than going to court for the consumer. So I would disagree that it's helpful. I think in terms of class action, that's a big deal. You can rip a few people off really big, or you can rip off a lot of people a little. Just because you ripped off a lot of people a little doesn't make it any less bad. There was a case against Household Finance at one point where they were overcharging all of their servicing customers extra $35 additional in their escrow accounts. They were servicing 8 million loans. You can imagine how much money that was. Do you think an individual attorney was going to take that $30 case on its own? No. If there had been binding arbitration, that would have happened. I think another interesting point is the dealers fought hard and received a law that does not allow the manufacturer to impose arbitration on the dealer. So if it's such a great program, then why are the dealers fighting to have it removed for them, but they can impose it on the consumer?

>> Stephen Harvey: We're way beyond the scope of this panel, and I will just simply say that I disagree with some, but not all of your point.

>> Malini Mithal: Okay, we have One more question. Robin? Two more questions. [Laughs]

>> Male Speaker: My question concerns dealer mark-up or participation and whether the issue is the flexibility in that participation or the factor itself. Hypothetical situation. I have a car dealership. I have looked at all of my loans and the expenses incurred by having an F&I

Department, and I decided just for arbitrary numbers that 1% of my average amount financed is what it cost me to create those loans and that it costs an extra half of a percent for subprime loans because they take a little more work to collecting stipulations, et cetera. And I want half a percent profit. And so I have a policy that every loan in my dealership gets 1% added to the buy rate for cost and half a percent added for profit. And if it's a subprime loan, it gets another half a percent. There now is no discretion. Okay? The loan officer makes no decision regarding the person sitting on the other side of me. Have I satisfied your problems with dealer participation and what's your opinion on disclosing that policy to my customers?

>> Stephen Harvey: I will tell you that you just won your lawsuit because the whole allegation, the whole theory of recovery is discretionary pricing, and you just killed discretionary pricing, so... Case dismissed.

>> Malini Mithal: Jon?

>> Jon Stewart: I don't think it's case dismissed. I think it's case not brought, you know, because you're not going to have -- if you had that kind of uniform application of those fees, then you're not going to have differences based on protected groups of borrowers. And so you wouldn't be faced with any prospect of a lawsuit.

>> Malini Mithal: And Chris?

>> Chris Kukla: I mean, I think it says by some but maybe not all the concerns that I have. It could take a little bit longer to get into, and I think, you know, there are always gonna be customers who take longer than others. I think the real question is, is do you have a process in place that charges -- you know, if you know generally how much it's going to take, then if everybody pays the same, you don't have problem whether it's a subprime customer or non. I think the other issue of it is just knowing that you're paying this cost, and I think that may be a whole different issue, but I think, again, if the dealer is able to secure financing at a lower rate, there's an opportunity there. There's an opportunity to say, "look, yeah. We're gonna charge you for the cost that it takes us to do this, but here's what we're gonna save you in interest over the life of your loan," I think there is

an opportunity there that gets lost when you stuff the compensation into the rate even if you bring it up to the same rate as somebody else. We can talk about that, but I think there's an opportunity there, and I think there's a transparency issue, frankly, that can be addressed, as well.

>> Malini Mithal: And we have one last question.

>> Robert Beck: Mine is more of a statement. I will phrase it in question format if you would like me to. My name is Robert Beck. I've attended this conference for the last two days, and my understanding is that these proceedings are to be viewed by Miss Warren and others in D.C. in formulating regulations affecting the financing of automobiles. I have listened to the stories of abuse like the yo-yo and the other wicked scenes painted by Mr. Domonoske and Miss Sheehan and others with what I consider brush strokes the size of bulldozers about my industry. of bulldozers about my industry. For 25 years I've lived and I've owned multiple businesses right here in Military City, USA -- San Antonio, Texas. My buy here, pay here lot is less than one mile from this hall. In 2010, my business generated a figure approaching $400,000 in taxes paid to the government, yet my take-home pay was closer to $100,000. Absolutely none of the hard practices described yesterday and some today have ever taken place at my business, And more than just that -- at any of the dealers that I associate with in the Texas Independent Automobile Dealers Association. Does it happen in a few unscrupulous locations? I'm sure it does. Maybe more so even in California, North Carolina, Virginia, where some of the panelists of this conference have come from. In Texas, we have been regulated for a decade by the Office of Consumer Credit Commission in all of the areas discussed at this conference. It is my hope, and I might add as a personal note, my prayer, that those of you in D.C. who will draft regulations affecting us will especially, considering the economic environment of the last three to four years, use the state of Texas as an example of common-sense regulation in the financing of automobiles. Thank you.

>> Malini Mithal: Okay. And that concludes our panel nine. Thank you so much to each of our panelists. And we have our closing remarks by Deanya Kueckelhan, who will be coming down now. Also, after Deanya's closing remarks, Emily, the woman in blue sweater in the back, has taxicab information and numbers for taxicab companies if anyone needs to ask her to -- for help with that so they can arrange a ride to the airport.

>> Deanya Kueckelhan: Thank you all very much for being here. My names is Deanya Kueckelhan. This San Antonio event is the second of the Federal Trade Commission's roundtable discussions, or as our Bureau Director David Vladeck, who gave the welcome yesterday said, it's the second stop on our Listening Tour. Many thanks to you, the panelists and the audience, who engaged in lively and informative discussions. You shared with us your expertise, your passion, your perspective, and your data. We heard from national auto lenders, local dealers, federal and state agency officials, legal aide representatives, and consumer advocates, military leaders, representatives from auto associations. We heard about advertising versus information, consumer apathy, conditional and spot delivery, transparency, and teachable moments, yo-yo sales, loan packing, add-ons, title washing, electronic repossession, bird-dogging, negative equity, the Armed Forces Military Control Board, Service Members Civil Relief Act, disparate treatment, discretionary pricing -- just to name a few of the many, many topics. What we have learned in a day and a half will greatly expand our understanding of the motor vehicle financing and the effect that it has on consumers. It should improve our ability to assess the next steps. Possible next steps to consider include consumer education, industry education, rule-making, and law enforcement. For sure, we will review the data that's collected from all of the roundtables, including roundtable transcripts, surveys, and studies that you have provided, as well as complaints from consumers in the auto industry. I want to thank Dean Cantú, Yvonne Olfers, Marty Peddes, James Gomez, St. Mary's University and the Law School here for hosting the Roundtable. We're so thankful that it was in San Antonio. What a wonderful host city. Thanks to the Federal Trade Commission, our Bureau Director, David Vladeck, the Bureau of Consumer Protection, the Division of Financial Practices for making this roundtable possible. I also want to specifically thank the Division of Financial Practices' Malini Mithal and Carol Reynolds, who worked so hard putting this roundtable together and organizing it. The balance in the panels and the broad perspective of views were particularly and well-crafted so that there was a broad perspective of views that we've heard in the last few days. I also want to thank Jim Chen and Robin Thurston, as well as Emily Robinson from my own FTC Southwest Region. And, again, thank you all for making this an interesting and informative half day and day of discussions, and we hope that you, whether you are in a motor vehicle or some other means of transportation, have a safe trip home. [Applause]