

November 30, 2017

The Honorable Mark Bialek
Inspector General
Board of Governors of the Federal Reserve System and Consumer Financial Protection Bureau
20th Street and Constitution Ave. NW, Mail Stops K-300
Washington, DC 20551

Dear Inspector General Bialek:

On November 24th, after outgoing Consumer Financial Protection Bureau (CFPB) Director Richard Cordray resigned, President Trump attempted to name Office of Management and Budget (OMB) Director Mick Mulvaney as Acting Director of the CFPB.¹ I continue to believe that, per the Dodd-Frank Act, Deputy Director Leandra English is the Acting CFPB Director, and this matter is now in the hands of the courts. However, this legal dispute did not prevent Mr. Mulvaney from immediately taking several actions that will impact the functioning and effectiveness of the CFPB.

On November 27, 2017, Mr. Mulvaney announced “a 30 day immediate freeze on any new rules, regulation and guidance. Anything that’s in the pipeline stops” at CFPB while he has “a chance to see what is going on and kick the tires here at the Bureau.”² He also announced a 30-day hiring freeze and a freeze of at least 30 days on payments out of the CFPB Civil Penalty Fund.

I am particularly concerned about the impact of the moratorium on CFPB enforcement actions that were imminent or in progress prior to Mr. Mulvaney’s announcement. For example, press reports from November 24, 2017, indicated that the CFPB was “preparing to sue Santander bank alleging that the Spanish bank overcharged borrowers on auto loans ... as early as Monday,” the day Mr. Mulvaney imposed the moratorium.³ The CFPB has not yet announced a lawsuit. But if the press reports were accurate that this action was impending, and was stopped by Mr. Mulvaney, it would present, at minimum, a troubling appearance of influence-peddling because Santander has hired Mr. Mulvaney’s former chief of staff as a top lobbyist.⁴

¹ Victoria Guida, “Trump taps Mulvaney to head CFPB, sparking confusion over agency’s leadership,” *Politico* (Nov. 24, 2017) (online at <https://www.politico.com/story/2017/11/24/richard-cordray-successor-cfpb-leandra-english-259612>).

² C-Span, Acting CFPB Director Mulvaney News Conference (Nov. 27, 2017) (<https://www.c-span.org/video/?437841-1/acting-cfpb-director-mick-mulvaney-speaks-reporters&start=159>).

³ Reuters, U.S. Regulator Preparing to Sue Santander Bank Over Auto Loans (Nov. 24, 2017) (<https://www.reuters.com/article/usa-santander-auto/u-s-regulator-preparing-to-sue-santander-bank-over-auto-loans-sources-idUSL1N1NUICK>).

⁴ International Business Times, Trump Conflict of Interest: CFPB Pick Mulvaney Linked to Lobbyist for Bank Facing Possible CFPB Sanctions (Nov. 26, 2017) (<http://www.ibtimes.com/political-capital/trump-conflict->

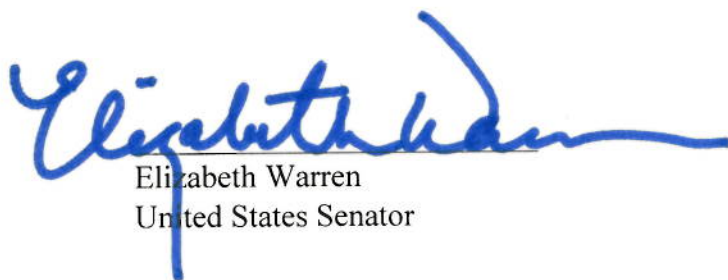
Mr. Mulvaney provided no clarity on his authority to enact these moratoria, their impact, or how they would be implemented. For all intents and purposes, Mr. Mulvaney appears to have announced a 30-day shutdown of the CFPB. This represents a waste of taxpayer dollars and raises questions about whether Mr. Mulvaney has prevented the CFPB from fulfilling its congressional mandate. I am therefore asking that your office conduct a review of these orders by Mr. Mulvaney, consistent with your authority to “examine the economy, efficiency, and effectiveness of ... the CFPB’s programs and operation.”⁵

I ask that your review examine:

1. The authority under which Mr. Mulvaney imposed the moratorium on “anything that’s in the pipeline,” the hiring freeze, and the freeze on payments from the Civil Penalty Fund.
2. A complete list of actions that were frozen by Mr. Mulvaney, and whether those actions affected any ongoing CFPB cases, investigations, or settlements.
3. The rationale for these freezes, and the extent to which Mr. Mulvaney or other officials at the CFPB examined their potential impact prior to announcing and implementing them.
4. Whether Mr. Mulvaney or other officials at the CFPB communicated with any outside lobbyists or other industry representatives about the moratoria in the days immediately prior to or after they were announced.
5. The impact of these moratoria on consumers, on CFPB-regulated entities, and on the “economy, efficiency, and effectiveness of ... the CFPB’s programs and operation.”⁶

I ask that you begin this review as quickly as possible, and I thank you for your attention to this matter.

Sincerely,



Elizabeth Warren
United States Senator

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⁵ Office of the Inspector General, Board of Governors of the Federal Reserve System and Consumer Financial Protection Bureau, Audits: What We Do (2017) (<https://oig.federalreserve.gov/audits-what-we-do.htm>).

⁶ Office of the Inspector General, Board of Governors of the Federal Reserve System and Consumer Financial Protection Bureau, Audits: What We Do (2017) (<https://oig.federalreserve.gov/audits-what-we-do.htm>).