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June 21, 2019

The Honorable Ben Carson
Secretary
U.S. Department of Housing and Urban Development
451 7th Street, SW
Washington, DC 20410

Dear Secretary Carson:

I am writing to express my dismay over recent reports that you have hired Eric Blankenstein for a high ranking position at the United States Department of Housing and Urban Development (HUD). Last fall, *The Washington Post* revealed that Mr. Blankenstein, who then served as a high ranking political appointee at the Consumer Financial Protection Bureau (CFPB), had a history of racist writings.¹ I am gravely concerned that Mr. Blankenstein has been hired as a Special Counsel in HUD's Office of General Counsel because his troubling views suggest that he will be unable to fulfill core parts of HUD's mission, including fighting housing discrimination and closing the homeownership gap between white borrowers and borrowers of color.

In 2018, while Mr. Blankenstein was serving as the Policy Associate Director in charge of the division at the CFPB that is responsible for enforcing the country's fair lending laws, reports revealed that Mr. Blankenstein had previously written a blog expressing overtly racist views.² Specifically, among other troubling statements, Mr. Blankenstein used a series of racial slurs, described efforts by the University of Virginia to impose harsher penalties for acts of racial intolerance as "racial idiocy" and described the majority of hate-crimes as "hoaxes."³ Once reports of his racist statements emerged, his colleagues spoke out, often at great risk to their careers. Patrice Ficklin, the senior career official responsible for the Bureau's Fair Lending Office wrote, "[t]he tone and framing [of the blog posts] are deeply disturbing to me as a woman, African American, advocate for LGBTQ rights, and human being,"⁴ and suggested that Mr. Blankenstein's views had implications for his decision-making at the agency. Anthony Reardon,

¹ The Washington Post, "Trump Anti-Discrimination Official Once Called Most Hate Crimes Hoaxes," Robert O'Harrow Jr., Shawn Boburg, and Renae Merle, September 26, 2018, https://www.washingtonpost.com/investigations/trump-anti-discrimination-official-once-called-most-hate-crimes-hoaxes/2018/09/26/05438bbe-c0fe-11e8-92f2-ac26fda68341_story.html?utm_term=.b5beb0356761.

² Id.

³ Two Guys Chatting, "Hate Crimes vs. Crimes," EGB3R (pseudonym for Eric Blankenstein), September 30, 2004, <http://twoguyschatting.blogspot.com/2004/09/hate-crimes-vs-crimes.html>.

⁴ The Washington Post, "Trump Anti-Discrimination Official Faces Rebellion At Agency Over Racially Tinged Blog Posts," Robert O'Harrow Jr., Shawn Boburg, and Renae Merle, September 28, 2018, https://www.washingtonpost.com/investigations/trump-anti-discrimination-official-faces-rebellion-at-agency-over-racially-tinged-blog-posts/2018/09/28/ed5b8e6a-c351-11e8-97a5-ab1e46bb3bc7_story.html.

National President of the National Treasury Employees Union, which represents CFPB employees, issued a rare statement saying, “[t]hat someone with a history of racially derogatory and offensive comments has a leadership position at CFPB reflects poorly on CFPB management and your commitment to fulfilling the mandate of the agency to ensure that discriminatory and predatory lending practices are stopped.”⁵ I called for Mr. Blankenstein to be fired and just last month Mr. Blankenstein resigned and left the CFPB.⁶

According to reports, HUD recently hired Mr. Blankenstein as a senior counsel in the General Counsel’s office. Just as Mr. Blankenstein’s racist views disqualified him from overseeing the enforcement of lending discrimination law at the CFPB, his views also disqualify him from working at HUD – an agency with a mission that includes, “build[ing] inclusive and sustainable communities free from discrimination.”⁷ HUD is supposed to achieve this goal in a number of ways, including by enforcing the Fair Housing Act, by distributing government housing and infrastructure funds, and by promoting sustainable homeownership, especially for first time underserved homebuyers.

Mr. Blankenstein’s role at HUD will apparently focus on Ginnie Mae, which “work[s] to make affordable housing a reality for millions of Americans” by delivering mortgage securitization programs and financing government loans.⁸ One example of the loans that Ginnie Mae securitizes are Federal Housing Act (FHA) loans, which allow lenders to offer borrowers more favorable housing loan terms by insuring the loans of those lenders.⁹ The gap between the white and black homeownership rate is larger today than it was when housing discrimination was legal and the FHA can and should play a role in reversing that trend.¹⁰ The FHA plays an outsized role in facilitating homeownership in communities of color. According to the Center for Responsible Lending, the FHA makes almost half of the purchase money mortgages to Black and Latino borrowers, largely because these borrowers lack access to conventional mortgages.¹¹ Ginnie Mae’s guarantee of these mortgages lowers the cost of FHA mortgage financing, making homeownership accessible to these communities who have far less wealth largely because of past discrimination. Changes in policy or legal interpretation however could rip away mortgage credit from these already underserved communities. It is simply impossible to believe that Mr. Blankenstein, with his history of racist writings, can fairly and equitably address these and other Ginnie Mae matters under his purview.

⁵ The National Treasury Employees Union, “NTEU Says CFPB Official Unfit for Leadership Post,” press release, October 2, 2018, <https://www.nteu.org/media-center/news-releases/2018/10/02/cfpb-letter>.

⁶ The Washington Post, “Trump Appointee, Whose Past Blogs on Race Sparked Backlash, Resigns,” Renae Merle, May 15, 2019, https://www.washingtonpost.com/business/2019/05/15/trump-appointee-whose-past-blogs-race-sparked-backlash-resigns/?utm_term=.a755a083d18b.

⁷ U.S. Department of Housing and Urban Development, “Mission,” <https://www.hud.gov/about/mission>.

⁸ Ginnie Mae, “Our Mission,” https://www.ginniemae.gov/about_us/who_we_are/Pages/our_mission.aspx.

⁹ U.S. Department of Housing and Urban Development, “Let FHA Loans Help You,” <https://www.hud.gov/buying/loans>.

¹⁰ U.S. Department of Commerce, United States Census Bureau, “Quarterly Residential Vacancies and Homeownership, First Quarter 2019,” April 25, 2019, <https://www.census.gov/housing/hvs/files/current/hvsspress.pdf>.

¹¹ Center for Responsible Lending, “Repairing a Two-Tiered System: The Crucial but Complex Role of FHA,” May 2, 2019, <https://www.responsiblelending.org/research-publication/repairing-two-tiered-system-crucial-complex-role-fha>.

Further, Mr. Blankenstein's actions at the CFPB related to the Military Lending Act (MLA) should similarly disqualify him from his new position because Ginnie Mae also guarantees VA mortgages. Under Mr. Blankenstein's leadership, the CFPB adopted a controversial legal interpretation prohibiting CFPB bank examiners from ensuring that banks were complying with the Military Lending Act, a reversal from the CFPB's prior interpretation which had never been challenged in court.¹² The Department of Defense was not consulted before the change was made and one senior official reacted to the news saying, "[t]he Department believes that the full spectrum of tools, including supervisory examinations, contribute to effective industry education about, and compliance with, the MLA."¹³ A group of bipartisan state attorney's general wrote to the CFPB that they "believe that the CFPB would be failing to abide by its statutorily mandated duty to enforce the MLA by restrictively interpreting its examination authority to preclude reviewing lenders' compliance with the MLA."¹⁴ That Mr. Blankenstein adopted a tortured interpretation of the statute that overturned longstanding practice and had the effect of making service members vulnerable to predatory lenders suggests that he is uniquely unfit for this position.

Our country is currently in the midst of a housing crisis that disproportionately affects people of color. It is imperative that HUD recognizes the importance of addressing this crisis not just in the policies it pursues but also in the people it hires. Mr. Blankenstein's racist writings disqualify him from working at HUD and I ask that you reconsider your decision to offer him a position in your department.

In addition, to address my concerns about the hiring of Mr. Blankenstein, I ask that you provide answers to the following questions no later than July 5, 2019:

- 1.) How was Mr. Blankenstein selected for this senior counsel role? Please describe the process by which he was selected, either through political appointment, a competitive hiring process, or another means.
- 2.) What hiring practices, guidelines, and/or procedures are in place at HUD? Were those practices, guidelines and/or procedures followed when searching and selecting for candidates to fill this position?
- 3.) Were any other individuals evaluated for this role?
- 4.) Please describe in detail your method(s) for identifying potential candidates to undergo this selection process. Please include any information related to background checks performed by HUD for potential candidates.

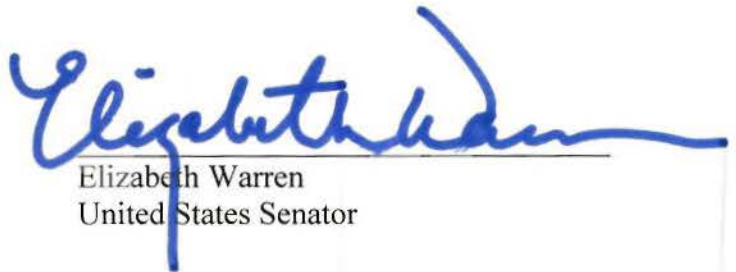
¹² American Banker, "Pentagon, Others Baffled by CFPB Plan to Cease Military Lending Exams," Kate Berry, October 11, 2018, <https://www.americanbanker.com/news/pentagon-others-baffled-by-cfpb-plan-to-cease-military-lending-exams>.

¹³ Id.

¹⁴ Letter from State Attorney's General to the Acting Director of the Consumer Financial Protection Bureau, October 23, 2018, https://ag.ny.gov/sites/default/files/mla_letter_to_cfpb.pdf.

- 5.) Please describe your process for vetting individuals for senior counsel roles at HUD and provide all documents related to the conducting of background checks or other due diligence. Please include whether such background checks entail investigations into statements made on social media, websites, or other public forums.
- 6.) Did any Administration official, in CFPB, the White House, or elsewhere, recommended Mr. Blankenstein for this job?
- 7.) Please provide a description of his position, including his duties and a list of people he supervised and their duties.

Sincerely,



Elizabeth Warren
United States Senator