Description of document: Consumer Financial Protection Bureau (CFPB) Emails to or from Mick Mulvaney containing the keywords TRUMP or PRESIDENT, Nov 25 2017 - Dec 11, 2018

Requested date: 18-December-2021

Release date: 13-June-2022

Posted date: 14-July-2025

Source of document: Consumer Financial Protection Bureau
Attn: Chief FOIA Officer
1700 G Street NW
Washington, D.C. 20552
Email: FOIA@consumerfinance.gov
FOIA.gov

Consumer Financial
Protection Bureau
1700 G Street NW, Washington, D.C. 20552

RE: FOIA Request #CFPB-2022-0133-F

June 13, 2022

Via email

This letter is in final response to your Freedom of Information Act (FOIA) request dated December 18, 2021. Your request sought:

> A copy of each email [TO, FROM or CC] then-Director Mick Mulvaney, between November 25, 2017 and December 11, 2018, that contains any of the following words: TRUMP or PRESIDENT, based on an electronic search of the email system.

A search of our Office of the Director, Office of Legislative Affairs, Consumer Education and External Affairs (CEEA), and Office of Technology & Innovation (T&I) for documents responsive to your request produced a total of 255 pages. Of those pages, I have determined that 111 pages of the records are granted in full, 100 pages are granted in part, and 44 pages are withheld in full pursuant to Title 5 U.S.C. § 552 (b)(5), (b)(6), and (b)(7)(E).

As amended in 2016, the Freedom of Information Act provides that a federal agency or department (hereinafter "agency") may withhold responsive records only if: (1) the agency reasonably foresees that disclosure would harm an interest protected by one of the nine exemptions that FOIA enumerates; or (2) disclosure is prohibited by law. 5 U.S.C. § 552(a)(8)(A)(i). The CFPB has considered the foreseeable harm standard when reviewing records and applying FOIA exemptions.

FOIA Exemption 5 protects from disclosure those inter- or intra-agency documents that are normally privileged in the civil discovery context. The three most frequently invoked privileges are the deliberative process privilege, the attorney work-product privilege, and the attorney-client privilege. After carefully reviewing the responsive documents, I determined that portions of the responsive documents qualify for protection under the following privileges.

- **Deliberative Process Privilege**
  The deliberative process privilege protects the integrity of the deliberative or decision-making processes within the agency by exempting from mandatory disclosure opinions, conclusions, and recommendations included within inter-agency or intra-agency memoranda or letters. The release of this internal information would discourage the expression of candid opinions and inhibit the free and frank exchange of information among agency personnel.

- **Attorney Work-Product Privilege**
  The attorney work-product privilege protects documents and other memoranda prepared by an attorney in contemplation of litigation.

FOIA Exemption 6 exempts from disclosure personnel or medical files and similar files the release of which would cause a clearly unwarranted invasion of personal privacy. This requires a balancing of the public's right to disclosure against the individual's right to privacy. The types of documents and/or information that we have withheld may consist of email addresses and cell phone numbers. The privacy interests of the individuals in the records you have requested outweigh any minimal public interest in disclosure of the information. Any private interest you may have in that information does not factor into the aforementioned balancing test.

Exemption 7(E) protects records compiled for law enforcement purposes, the release of which would disclose techniques and/or procedures for law enforcement investigations or prosecutions, or would disclose guidelines for law enforcement investigations or prosecutions if such disclosure could reasonably be expected to risk circumvention of the law. I determined that disclosure of the internal CFPB URL address could reasonably be expected to risk circumvention of the law. Additionally, the techniques and procedures at issue are not well known to the public.

You may appeal any of the responses or decisions set forth above. If you choose to file an appeal, you must do so within 90 calendar days from the date of this letter. Your appeal must be in writing, signed by you or your representative, and should contain the rationale for the appeal. You may send your appeal via the mail (address below) or email (foia@consumerfinance.gov).

Your appeal should be addressed to:

Consumer Financial Protection Bureau
Chief FOIA Officer
Freedom of Information Appeal
1700 G Street, NW
Washington, DC 20552

Provisions of the FOIA allow us to recover part of the cost of complying with your request. In this instance, we have waived all fees related to the processing of your request. administrative, and penalty charges for handling a delinquent debt owed to the government.

For inquiries concerning your request, please reference your FOIA request number above and contact our FOIA Public Liaison via email at FOIA@consumerfinance.gov or by phone at 1-855-444-FOIA (3642).

Additionally, you may contact the Office of Government Information Services (OGIS) at the National Archives and Records Administration to inquire about the FOIA mediation services they offer. The contact information for OGIS is as follows: Office of Government Information Services, National Archives and Records Administration, 8601 Adelphi Road-OGIS, College Park, MD 20740; e-mail at ogis@nara.gov; telephone at 202-741-5770; toll free at 1-877-684-6448; or facsimile at 202-741-5769.

Sincerely,

Danielle Duvall Adams
FOIA Manager
Office of the Chief Data Officer

From: Mulvaney, Mick M. EOP/OMB (b)(6)
To: Mulvaney, Mick (CFPB)
Sent: 2/6/2018 7:19:42 PM
Subject: USA Today CFPB
Attachments: USA Today CFPB.docx

The accusation that I am "gutting" the CFPB is not new. It fits a certain narrative – pushed by people who cannot accept the fact that Donald Trump is President. There is a problem with the claim, however: it is just flatly wrong.

Yes, I mean to change the Bureau. This shouldn't surprise anyone. That's exactly what happens to every agency when a new Administration appoints new leadership. And we are looking for a lighter regulatory hand: bringing common sense and balance to government regulation is a central tenet of this Administration.

Toward that end, I changed the way our lender discrimination operation is structured. I did that in order to concentrate all of our enforcement activities in the part of the Bureau that actually handles enforcement. I also decided to reconsider rules on payday lending. Going unreported: state regulators told the CFPB years ago that such rules were unnecessary, as many states had already regulated those businesses. And in a move that has zero precedent in Washington, DC, I asked for zero dollars to fund our operations. I did that because the Bureau had an unnecessary $177 million "reserve fund." Put another way: we didn't' need the money.

The CFPB is one of the most – if not the most – powerful federal agencies in existence. It is also the least transparent or accountable. As Director I have almost total control over regulations and access to virtually unlimited funds. In some cases I am even judge, jury, and executioner. I do not answer to Congress, to the people I regulate, or even to you.

If I am going to run a government agency like that, I am going to do it with humility toward those we serve, prudence in the exercise of our authority, and respect for the law. I hope we never see a time when that equates to "gutting."

Mick Mulvaney is the Acting Director of the CFPB

From:	CFPB_Daily Briefing Book (b)(7)(E) (b)(7)(E)
To:	Mulvaney, Mick (CFPB)
CC:	Fulton, Kate (CFPB); Galkowski, James (CFPB); Conant, Ann (CFPB); CFPB_Daily Briefing Book
Sent:	1/19/2018 4:31:20 PM
Subject:	Acting Director's Briefing Book - 01.20.18
Attachments:	1. Division Summary Updates.pdf; 2. Information Memo - Letter from FHFA Director Melvin L. Watt.pdf; Recommendation Memo - Response Letter to Senator Sasse regarding the Legal Defense Funds.pdf

PLEASE DO NOT DISTRIBUTE THIS EMAIL AS IT MAY CONTAIN INFORMATION THAT IS CONFIDENTIAL

Table of Contents – Information Book – January 20, 2018

1) Information – Division Summary Updates – 01.18.18

2) Information Memo – Letter from FHFA Director Melvin L. Watt

For Review, Approval, and Signature

Recommendation Memo – Response Letter to Senator Sasse regarding the Legal Defense Funds (FINAL resubmitted for signature)

Consumer Financial Protection Bureau

1700 G Street, N.W., Washington, DC 20552

January 19, 2018

Recommendation memorandum for the Acting Director

FROM	John Coleman, Deputy General Counsel, x 5-7254, Laura Hussain, Assistant General Counsel, x5-7789
THROUGH	Mary McLeod, General Counsel, x5-7993
SUBJECT	Response Letter to Senator Sasse regarding the Legal Defense Funds

Please review and sign the attached revised response letter to Senator Ben Sasse's request for information regarding government ethics rules and legal defense funds.

Background

On December 20, 2017, the Bureau received a letter from Senator Sasse requesting information regarding how government ethics rules apply to any legal defense funds that may have been established to pay the legal expenses of Deputy Director Leandra English.

(b)(5)

A copy of the incoming letter is also **attached.**

Attachment(s)

Tab 1: 2018.01.19 MM to Sasse_Legal Defense Funds (Final)
Tab 2: 2017.12.20 Sasse to MEM_CFPB

Consumer Financial
Protection Bureau

1700 G Street NW, Washington, DC 20552

January 22, 2018

The Honorable Ben Sasse
United States Senate
136 Russell Senate Office Building
Washington, DC 20510-2709

Dear Senator Sasse,

Thank you for your letter regarding various questions and concerns you have about the Executive branch ethics program at the Consumer Financial Protection Bureau. In your letter, you seek answers to several questions relating to the ethical rules and laws applicable to legal defense funds established to pay the legal expenses of Executive branch employees.

With respect to your questions specific to Deputy Director English, because of the personal, sensitive nature of ethics questions and advice, and to encourage employees to seek affirmative ethics guidance whenever in doubt, records related to advice provided to individual Bureau employees is maintained in a system of records that is subject to the Privacy Act, 5 U.S.C. § 522a.[1] The Privacy Act precludes the release of Privacy Act-protected information to a member of Congress acting in his or individual capacity, without the consent of the individual to whom the record pertains.[2] Accordingly, we are not able to respond to your specific questions about any ethics advice Ms. English may have sought or received.

While we are unable to respond to questions relating to a particular individual, we can provide the below information with respect to how the ethics rules apply generally to legal defense funds.

[1] *See* System of Records Notice, "CFPB.015 – CFPB Ethics Program Records," 77 Fed. Reg. 1049 (Jan. 9, 2012).

[2] *See* 5 U.S.C. § 552a(b)(9); Office of Management & Budget, Privacy Act Implementation: Guidelines and Responsibilities, 40 Fed. Reg. 28,948, 28,955 (July 9, 1975).

There is no statutory or regulatory framework in the ethics laws specifically concerning the manner in which a legal defense fund may be established for an Executive branch employee. If such a fund is established for the benefit of a Federal employee, that employee must comply with all applicable ethics rules. Specifically, the employee must comply with the criminal conflict of interest statutes at 18 U.S.C. §§ 201-209, the rules concerning gifts from outside sources and gifts from other federal employees found in the Standards of Ethical Conduct for Employees of the Executive Branch (Standards) at 5 C.F.R. Part 2635, Subparts B and C, and any financial disclosure requirements concerning the reporting of gifts at 5 C.F.R. §§ 2634.304, 2634.907.

For more information about how ethics rules apply specifically to legal defense funds, we refer you to the U.S. Office of Government Ethics (OGE), which has issued three advisory letters addressing legal defense funds and the application of 18 U.S.C. § 209. *See* OGE Letter to a Private Attorney 85 x 19 (Dec. 12, 1985)[3]; OGE Letter to an Alternate Designated Agency Ethics Official 93 x 21 (Aug. 30, 1993)[4]; OGE Legal Advisory 17 x 10 (Sept. 28, 2017).[5] In is most recent advisory regarding legal defense funds, OGE emphasized that "solicitation and acceptance of contributions from prohibited sources are barred under the gift rules at 5 C.F.R. Part 2635, Subpart B, unless an exception applies."[6] OGE also advised that the instruments establishing legal defense funds should include a clause stating that donations from anonymous sources would not be accepted, and urged individuals to consult with an agency ethics official or OGE before establishing a fund.[7]

As a general matter, Bureau employees are expected to conduct themselves with the highest level of integrity, and the Bureau has a robust government ethics program. All incoming employees receive government ethics training during new employee orientation. In addition, Bureau executives and all financial disclosure filers receive annual ethics training as required by OGE regulation. Training sessions cover the financial conflict of interest statutes, as well as the standards concerning gifts. The Bureau's Ethics Office has an open door policy and a dedicated email inbox to assist with any ethics questions. The Bureau's intranet site, Ethics Handbook, and

[3] https://www.oge.gov/web/oge.nsf/All%20Documents/14B35E17745C7FDC85257E96005FBC1E/$FILE/85x19.pdf.

[4] https://www.oge.gov/web/OGE.nsf/All%20Documents/0C4D87012885C50385257E96005FBC7B/$FILE/93x21.pdf.

[5] https://www.oge.gov/web/OGE.nsf/All%20Documents/DACCD72B29936DB8852581A900497C51/$FILE/LA-17-10.pdf.

[6] *Id.*

[7] *Id.*

training materials invite and encourage employees to contact an ethics official with any ethics questions prior to taking action.

Lastly, we do wish to note that while Bureau ethics officials always stand ready to assist any employee with ethics questions, each Bureau employee is ultimately responsible for obtaining ethics advice and guidance if needed or desired, and ensuring the employee's own compliance with all applicable government ethics rules.

Thank you again for your interest in this matter. If you have any questions, please feel free to contact Catherine Galicia in the Office of Legislative Affairs, at (202) 435-9711.

Sincerely,

Mick Mulvaney
Acting Director

BEN SASSE
NEBRASKA

COMMITTEES:
ARMED SERVICES
JUDICIARY
BANKING

United States Senate

WASHINGTON, DC 20510

December 20, 2017

Mary McLeod
General Counsel
U.S. Consumer Financial Protection Bureau
1700 G Street NW
Washington, DC 20552

Dear Ms. McLeod,

I write to you concerning the efforts of a rogue CFPB employee to usurp the role of Acting Director of your agency despite the President's designation of Office of Management and Budget Director Mick Mulvaney as Acting CFPB Director. As you advised agency employees on November 25 in your capacity as the CFPB's chief legal officer, Director Mulvaney is indeed the lawful Acting Director of your agency. Nevertheless, this rogue employee has filed suit to overturn your determination and install herself as head of an unaccountable agency by court order. Recently, I joined a number of my colleagues in conveying my concerns to Acting Director Mulvaney about the policy implications of this rogue employee's actions. Today, I am seeking answers from you regarding the legal and ethical status of the rogue employee's conduct.

Within hours of former Director Richard Cordray's resignation, this rogue employee filed a complaint for declaratory and injunctive relief in the U.S. District Court for the District of Columbia, seeking an emergency temporary restraining order to prevent Director Mulvaney from assuming his lawful role as CFPB Acting Director. In filing this detailed, nine-page document, the rogue employee was represented by attorneys—including both name partners—from Gupta Wessler PLLC, a private law firm that describes itself as a "national appellate, constitutional, and complex litigation boutique" that is "proud to be battling Donald Trump on multiple fronts." Despite having this request for an emergency temporary restraining order denied by a federal judge, the rogue employee continues to litigate the case. Given the nature of the suit and the realities of the nomination and confirmation process, this litigation appears likely to consume a significant amount of billable hours on the part of this rogue employee's attorneys, not to mention the valuable time and limited resources of the Department of Justice in defending Acting Director Mulvaney's lawful position.

In an interview with CNBC, Mr. Gupta confirmed that his firm's representation of the rogue employee is being paid for not by the rogue employee herself, but rather by private donors that the rogue employee and her attorneys have declined to identify. This arrangement appears to constitute the inappropriate solicitation or acceptance of a gift under the Office of Government Ethics Employee Standards of Conduct. As you know, the Standards define a gift to "include[] any gratuity, favor, discount, entertainment, hospitality, loan, forbearance, or other item having monetary value." Under the Standards, employees may neither solicit or accept gifts "given because of the employee's official position" or given by a prohibited source, which include:

> any person who: (1) Is seeking official action by the employee's agency; (2) Does business or seeks to do business with the employee's agency; (3) Conducts activities regulated by the employee's agency; (4) Has interests that may be substantially affected by performance or nonperformance of the employee's official duties; or (5) Is an organization a majority of whose members are described in paragraphs . . . (1) through (4) of this section.

In light of this troubling situation, please answer the following questions:

1. Did this rogue employee seek counsel from the CFPB's Legal Division regarding whether to accept outside legal representation paid for by private donors?

2. If so, when was the Legal Division's advice solicited?

3. In soliciting the Legal Division's advice, did the rogue employee disclose the private donors' identities or any potential interests they may have before the CFPB?

4. What advice if any did the Legal Division provide the rogue employee on this matter?

5. In what format if any did the Legal Division provide the rogue employee with this advice?

6. When if ever did the Legal Division provide the rogue employee with this advice?

7. Does the rogue employee's acceptance of outside legal representation paid for by private donors constitute an impermissible gift under the Standards or any other applicable ethical regulations?

Please respond in writing within ten days. If you have any questions, please contact my staff at (202) 224-4224. Thank you for your attention to this important matter.

Sincerely,

Ben Sasse

Ben Sasse
United States Senator

cc: Mick Mulvaney, Acting Director, U.S. Consumer Financial Protection Bureau

From: Czwartacki, John S. EOP/OMB (b)(6)
To: Howard, Jennifer (CFPB); Czwartacki, John (Detailee)(CFPB)
CC: Johnson, Brian (CFPB); Doyle, Emma (Detailee)(CFPB); Burris, Meghan K. EOP/OMB; McLeod, Mary (CFPB); Martinez, Zixta (CFPB)
Sent: 1/11/2018 11:18:06 AM
Subject: RE: WIN FW: Activity in Case 1:17-cv-02534-TJK ENGLISH v. TRUMP et al Order on Motion for Preliminary Injunction

Jen,
(b)(5)

From: Howard, Jennifer (CFPB) [mailto:Jennifer.Howard@cfpb.gov]
Sent: Thursday, January 11, 2018 10:32 AM
To: Czwartacki, John (Detailee)(CFPB) <John.Czwartacki@cfpb.gov>
Cc: Johnson, Brian (CFPB) <Brian.Johnson2@cfpb.gov>; Doyle, Emma (Detailee)(CFPB) <Emma.Doyle@cfpb.gov>; Burris, Meghan K. EOP/OMB (b)(6); Czwartacki, John S. EOP/OMB (b)(6) McLeod, Mary (CFPB) <Mary.McLeod@cfpb.gov>; Martinez, Zixta (CFPB) <Zixta.Martinez@cfpb.gov>
Subject: Re: WIN FW: Activity in Case 1:17-cv-02534-TJK ENGLISH v. TRUMP et al Order on Motion for Preliminary Injunction

Here is a draft statement (b)(5)
(b)(5)

Jen Howard
Consumer Financial Protection Bureau
E: jennifer.howard@cfpb.gov
O: 202-435-7454
(b)(6)

From: Czwartacki, John (Detailee)(CFPB) <John.Czwartacki@cfpb.gov>
Date: January 11, 2018 at 7:44:23 AM EST
To: Howard, Jennifer (CFPB) <Jennifer.Howard@cfpb.gov>

Cc: Johnson, Brian (CFPB) <Brian.Johnson2@cfpb.gov>, Doyle, Emma (Detailee)(CFPB) <Emma.Doyle@cfpb.gov>, Burris, Meghan K. EOP/OMB (b)(6) , Czwartacki, John S. EOP/OMB <(b)(6)
Subject: Fwd: WIN FW: Activity in Case 1:17-cv-02534-TJK ENGLISH v. TRUMP et al Order on Motion for Preliminary Injunction

Jen,
Good morning.
Any luck on that statement I asked for last night? I still haven't seen anything and it's been 12 hours with no response from us.
CZ

From: Mulvaney, Mick (CFPB) <Mick@cfpb.gov>
Date: January 10, 2018 at 7:29:38 PM EST
To: Czwartacki, John (Detailee)(CFPB) <John.Czwartacki@cfpb.gov>
Subject: Fwd: WIN FW: Activity in Case 1:17-cv-02534-TJK ENGLISH v. TRUMP et al Order on Motion for Preliminary Injunction

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From: Fulton, Kate (CFPB) <Katherine.Fulton@cfpb.gov>
Date: January 10, 2018 at 6:53:10 PM EST
To: Doyle, Emma (Detailee)(CFPB) <Emma.Doyle@cfpb.gov>, Mulvaney, Mick (CFPB) <Mick@cfpb.gov>
Subject: Fwd: WIN FW: Activity in Case 1:17-cv-02534-TJK ENGLISH v. TRUMP et al Order on Motion for Preliminary Injunction
In case you did not see this.

From: Bressler, Steven (CFPB) <Steven.Bressler@cfpb.gov>
Date: January 10, 2018 at 6:46:51 PM EST
To: McLeod, Mary (CFPB) <Mary.McLeod@cfpb.gov>, Fulton, Kate (CFPB) <Katherine.Fulton@cfpb.gov>
Cc: Coleman, John (CFPB) <John.Coleman@cfpb.gov>, Hussain, Laura (CFPB) <Laura.Hussain@cfpb.gov>, Bateman, Kristin (CFPB) <Kristin.Bateman@cfpb.gov>
Subject: Fwd: WIN FW: Activity in Case 1:17-cv-02534-TJK ENGLISH v. TRUMP et al Order on Motion for Preliminary Injunction

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From: Berns, Matthew J. (CIV) <Matthew.J.Berns@usdoj.gov>
Date: January 10, 2018 at 6:39:37 PM EST
To: Coleman, John (CFPB) <John.Coleman@cfpb.gov>, Bateman, Kristin (CFPB) <Kristin.Bateman@cfpb.gov>, Bressler, Steven (CFPB) <Steven.Bressler@cfpb.gov>, Hussain, Laura (CFPB) <Laura.Hussain@cfpb.gov>
Cc: Hall, Christopher (CIV) <Christopher.Hall@usdoj.gov>, Takemoto, Benjamin (CIV) <Benjamin.Takemoto@usdoj.gov>, Tulis, Elizabeth (CIV) <Elizabeth.Tulis@usdoj.gov>
Subject: WIN FW: Activity in Case 1:17-cv-02534-TJK ENGLISH v. TRUMP et al Order on Motion for Preliminary Injunction
Good news: Judge Kelly denied Plaintiff's motion for a preliminary injunction in English v. Trump. The opinion is attached. We are reviewing it now.
Matt
From: DCD_ECFNotice@dcd.uscourts.gov [mailto:DCD_ECFNotice@dcd.uscourts.gov]
Sent: Wednesday, January 10, 2018 6:26 PM

To: DCD ECFNotice@dcd.uscourts.gov
Subject: Activity in Case 1:17-cv-02534-TJK ENGLISH v. TRUMP et al Order on Motion for Preliminary Injunction

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U.S. District Court

District of Columbia

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The following transaction was entered on 1/10/2018 at 6:26 PM EDT and filed on 1/10/2018
Case Name: ENGLISH v. TRUMP et al
Case Number: 1:17-cv-02534-TJK
Filer:
Document Number: 47

Docket Text:
MEMORANDUM OPINION AND ORDER denying [23] Motion for Preliminary Injunction. See order for details. Signed by Judge Timothy J. Kelly on 1/10/2018. (lctjk1)

1:17-cv-02534-TJK Notice has been electronically mailed to:

Carl James Schifferle carl.schifferle@dc.gov

Andrew John Pincus (b)(6)

Deepak Gupta (b)(6)
(b)(6)

Anna C. Haac (b)(6)

Brett A. Shumate brett.a.shumate@usdoj.gov

Theodore R. Flo (b)(6)

Matthew Joseph Berns matthew.j.berns@usdoj.gov, fedprog.ecf@usdoj.gov

Scott A. Keller scott.keller@oag.texas.gov, cecilia.hertel@oag.texas.gov, kyle.hawkins@oag.texas.gov, rosio.gonzalez@oag.texas.gov, sabrina.wycolff@oag.texas.gov

Courtney L. Weiner (b)(6)

Brianne Jenna Gorod (b)(6)

Rebecca H Smullin (b)(6)

Benjamin Thomas Takemoto benjamin.takemoto@usdoj.gov

1:17-cv-02534-TJK Notice will be delivered by other means to::

Daniel Townsend
GUPTA WESSLER PLLC
1900 L Street NW
Suite 312
Washington, DC 20036

Joshua Matz
GUPTA WESSLER PLLC
1900 L Sreet, NW
Suite 312
Washington, DC 20036

Rachel S. Bloomekatz
GUPTA WESSLER PLLC
1148 Neil Avenue
Columbus, OH 43201

The following document(s) are associated with this transaction:

Document description: Main Document
Original filename:suppressed
Electronic document Stamp:
[STAMP dcecfStamp_ID=973800458 [Date=1/10/2018] [FileNumber=5354363-0]
[62148eb2ed517bc9477469b24ab0eaf19515100bbfc37ab5863bbceea90cfe5a71eb
73bd39f2e029c6c3a947ba7733e32e61a4c9d3f4f[illegible]9606409e0e7f5f[illegible]38b]]

From: Burris, Meghan K. EOP/OMB (b)(6)
To: Johnson, Brian (CFPB); Czwartacki, John (Detailee)(CFPB); Doyle, Emma (Detailee)(CFPB)
CC: Mulvaney, Mick (CFPB); Czwartacki, John S. EOP/OMB
Sent: 1/4/2018 6:33:04 PM
Subject: RE: [EXTERNAL] Re: CFPB Interview Request

Combined the two below – this is what we're sending to the Examiner in the morning, attributable to MM:
"My objective in managing this agency is to make it more accountable, efficient, and effective in fulfilling its statutory obligations. Because Congress does not control the Bureau's budget through appropriations, we are left to budget ourselves without oversight, and every dollar we draw from the Federal Reserve is one less dollar available to pay down the deficit. Some of the obvious questions I asked myself when walking into the renovated Bureau headquarters on my first day as Acting Director were who initially authorized these renovations, were they absolutely necessary, and were adequate cost controls in place? As I begin to focus on the Bureau's budget, I hope to discover the facts behind these excesses and help ensure they won't happen again."

From: Johnson, Brian (CFPB) [mailto:Brian.Johnson2@cfpb.gov]
Sent: Thursday, January 4, 2018 5:07 PM
To: Czwartacki, John (Detailee)(CFPB) <John.Czwartacki@cfpb.gov>; Doyle, Emma (Detailee)(CFPB) <Emma.Doyle@cfpb.gov>
Cc: Mulvaney, Mick (CFPB) <Mick@cfpb.gov>; Czwartacki, John S. EOP/OMB (b)(6) Burris, Meghan K. EOP/OMB (b)(6)
Subject: RE: [EXTERNAL] Re: CFPB Interview Request
For consideration:
(b)(5)

From: Czwartacki, John (Detailee)(CFPB)
Sent: Thursday, January 4, 2018 4:10 PM
To: Johnson, Brian (CFPB) <Brian.Johnson2@cfpb.gov>; Doyle, Emma (Detailee)(CFPB) <Emma.Doyle@cfpb.gov>
Cc: Mulvaney, Mick (CFPB) <Mick@cfpb.gov>; Czwartacki, John S. EOP/OMB (b)(6)
Burris, Meghan K. EOP/OMB (b)(6)
Subject: Fwd: [EXTERNAL] Re: CFPB Interview Request
How about this for the story, (b)(5)
(b)(5)

From: Richard Pollock <(b)(6)
Date: January 4, 2018 at 1:09:30 PM EST
To: Burris, Meghan K (b)(6)
Cc: Baker, Coalter (b)(6), Sadler, Kelly J. EOP/WHO (b)(6)
Czwartacki, John (Detailee)(CFPB) <John.Czwartacki@cfpb.gov>
Subject: Re: [EXTERNAL] Re: CFPB Interview Request
Hi All,
Tomorrow, we will post an article showing that the CFPB renovation will suffer a 25% cost overrun. The original cost figure was $55 million and the GSA doubled that figure, setting a ceiling for the renovation at $99 million. The latest cost -- obtained by us under FOIA -- shows a $124 million figure -- and still rising.

We would love to get a quote from Director Mulvaney or another of his staff at CFPB on the administration's reaction to this cost overrun.
The cost overruns are part of Richard Cordray's legacy of an agency out of control and accountable to no one inside the government. It is a runaway agency.
It's also an interesting contract to President Trump in private life, who basked in praise for constructing buildings and other projects on time and at or under budget.
If possible, we would appreciate a quote by 5 pm.
Yours,
Richard
On Fri, Dec 15, 2017 at 12:17 PM, Burris, Meghan K. EOP/OMB <(b)(6)> wrote:
Hi Richard,
I know it's been a while - we worked together a bit when I was Congresswoman Wagner's Comms Director for O&I. I can assure you that the team here respects your body of work and would like to schedule something with you.
As you know, Mulvaney has only been the acting Director at CFPB for three weeks now, and he's still hunkered down trying to dive deep into the details of many issues over there. CZ is splitting time between OMB and CFPB and can certainly walk you through some of those aspects.
Long story short, the Director is trying to learn as much as he can right now. We're not trying to stonewall you - we just need some time to get a bit more settled.
Thanks so much.
Meghan
Meghan Burris
Press Secretary
Office of Management and Budget
(b)(6)

From: Richard Pollock [mailto:(b)(6)]
Sent: Thursday, December 14, 2017 9:24 PM

To: Baker, Coalter (b)(6)
Cc: Sadler, Kelly J. EOP/WHO (b)(6)>; Burris, Meghan K. EOP/OMB (b)(6) john.czwartacki@cfpb.gov
Subject: Re: [EXTERNAL] Re: CFPB Interview Request
Hi Coalter,
I have written stories about CFPB for six years and broke the renovation cost overruns at the bureau. Please Google my work at the Washington Examiner and the Daily Caller and see the breadth of my coverage.
As a conservative journalist who has dogged this agency and uncovered wrongdoing at many levels there, from gender and racial discrimination, to major data mining of millions of consumer financial records, I would hope the administration would provide such journalists an ability to follow up in a real way and not be part of a press gaggle.
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I am not interested in a gaggle for an hour, but doing an intensive review of the many excesses in the renovation in which luxurious fixtures and materials were used in a taxpayer supported government building.
I now am reviewing 500 pages of government records submitted by architect engineering firm Grunley on the materials used in that building. No one else has this material obtained under FOIA.
Yours,
Richard

Richard Pollock
(b)(6)

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Hey Richard,
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We'll keep you in mind and on the list. Please don't hesitate to ping him again (cc'ed).
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The original estimate for the renovation was $55 million. Off-the-record, my story will confirm based on GSA documents we acquired under FOIA the final cost is in excess of $220 million.
The cost overruns are classic.
At this square foot price, this publicly-financed building falls into the category of a "Trophy" office building, the most luxurious office building in the commercial building space.
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Thanks Kelly!
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I want to find out how CFPB employees are accepting acting director Mulvaney, surprises he's discovered while there, some of his new plans he has for the bureau and what is good old Ms. English is doing these days.
FYI, I also hope to have a story out soon on the CFPB renovation cost overruns based on FOIA documents I recently obtained.
All the best,
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Coalter,
It's Kelly with White House comms. We did a Roundtable last week with a few conservative columnists/reporters and Richard Pollock from the Daily Caller Foundation requested an interview with Director Mulvaney discussing progress at the CFPB.
I wanted to connect the two of you to arrange a possible interview at a convenient time for both. Richard – as you're aware – the Director is very busy at the moment!
Thank you both.

Best,
Kelly
Kelly Sadler
Director of Surrogate & Coalitions Outreach
Office of Communications
White House
(b)(6)

--
Richard Pollock
Senior Investigative Reporter
The Daily Caller News Foundation
(b)(6)
Direct Dial: 2[redacted]2-463-5[redacted]56
@rpollockDC

--
Richard Pollock
Senior Investigative Reporter
The Daily Caller News Foundation
(b)(6)
@rpollockDC

From: Czwartacki, John (Detailee)(CFPB) (b)(7)(E) (b)(7)(E)
To: Johnson, Brian (CFPB)
CC: Doyle, Emma (Detailee)(CFPB); Mulvaney, Mick (CFPB); Czwartacki, John S. EOP/OMB
Sent: 1/4/2018 3:48:52 PM
Subject: Fwd: [EXTERNAL] Re: CFPB Interview Request

(b)(5)
(b)(5) See below for details. I will share my thoughts in a moment. In the meantime open to any ideas...

From: Richard Polloc (b)(6)
Date: January 4, 2018 at 1:09:30 PM EST
To: Burris, Meghan K. EOP/OMB (b)(6)
Cc: Baker, Coalter (b)(6) Sadler, Kelly J. EOP/WHO (b)(6) Czwartacki, John (Detailee)(CFPB) <John.Czwartacki@cfpb.gov>
Subject: Re: [EXTERNAL] Re: CFPB Interview Request

Hi All,

Tomorrow, we will post an article showing that the CFPB renovation will suffer a 25% cost overrun. The original cost figure was $55 million and the GSA doubled that figure, setting a ceiling for the renovation at $99 million. The latest cost -- obtained by us under FOIA -- shows a $124 million figure -- and still rising.

We would love to get a quote from Director Mulvaney or another of his staff at CFPB on the administration's reaction to this cost overrun.

The cost overruns are part of Richard Cordray's legacy of an agency out of control and accountable to no one inside the government. It is a runaway agency.

It's also an interesting contract to President Trump in private life, who basked in praise for constructing buildings and other projects on time and at or under budget.

If possible, we would appreciate a quote by 5 pm.

Yours,

Richard

On Fri, Dec 15, 2017 at 12:17 PM, Burris, Meghan K. EOP/OMB <(b)(6)> wrote:

Hi Richard,

I know it's been a while - we worked together a bit when I was Congresswoman Wagner's Comms Director for O&I. I can assure you that the team here respects your body of work and would like to schedule something with you.

As you know, Mulvaney has only been the acting Director at CFPB for three weeks now, and he's still hunkered down trying to dive deep into the details of many issues over there. CZ is splitting time between OMB and CFPB and can certainly walk you through some of those aspects.

Long story short, the Director is trying to learn as much as he can right now. We're not trying to stonewall you - we just need some time to get a bit more settled.

Thanks so much,

Meghan

Meghan Burris

Press Secretary

Office of Management and Budget

(b)(6)

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Director of Surrogate & Coalitions Outreach

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(b)(6)

--

Richard Pollock

Senior Investigative Reporter

The Daily Caller News Foundation

(b)(6)

Direct Dial: 202-463-5056

@rpollockDC

--
Richard Pollock
Senior Investigative Reporter
The Daily Caller News Foundation
(b)(6)
@rpollockDC

From: Mick (b)(6)
To: Mulvaney, Mick (CFPB)
Sent: 12/19/2017 3:37:09 PM
Subject: China Launches World's Largest Carbon Market

Mick M,. sent you this article on HuffPost. Here's what they said:
I saw this on HuffPost and thought you might like it.

China Launches World's Largest Carbon Market

As President Donald Trump's administration takes steps backward in the world's fight against climate change, China is ramping up its commitment. ...

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Wake up to the day's most important news.
SUBSCRIBE

From:	CFPB_Daily Briefing Book (b)(7)(E) (b)(7)(E)
To:	Mulvaney, Mick (CFPB)
CC:	Galkowski, James (CFPB); Conant, Ann (CFPB); CFPB_Daily Briefing Book
Sent:	2/7/2018 5:35:39 PM
Subject:	Acting Director's Briefing Book - 02.08.18
Attachments:	1. Information - Division Summary Updates - 02.07.18.pdf; 2. Briefing Memo - Roundtable with Depository Institution Trade Associations.pdf; 2. Information Memo - Congressional Correspondence.pdf; 3. Briefing Memo - Roundtable with Non-Bank Mortgage-Related Trade Associations.pdf; 4. Briefing Memo - Roundtable with Various Financial Services Trade Associations.pdf; Recommendation Memo - Production of Materials Responsive to October 4 Subpoena Duces Tecum.pdf

PLEASE DO NOT DISTRIBUTE THIS EMAIL AS IT MAY CONTAIN INFORMATION THAT IS CONFIDENTIAL

Table of Contents – February 8, 2018

1) Calendar – 02.08.18 (unattached)
2) Briefing Memo – Roundtable with Depository Institution Trade Associations (10:00am)
3) Briefing Memo – Roundtable with Non-Bank Mortgage-Related Trade Associations (2:00pm)
4) Briefing Memo – Roundtable with Various Financial Services Trade Associations (Friday February 9, 10:30am)

Table of Contents Information Book

1) Information – Division Summary Updates – 02.07.18
2) Information Memo – Congressional Correspondence

For Your Approval, and Signature

Recommendation Memo – Production of Materials Responsive to October 4 Subpoena *Duces Tecum*

Tab 5 Stakeholder Communications and Statements

1. November 27, 2017 – The National Association of Federal Credit Unions (NAFCU) highlights a few areas where action can be taken to provide regulatory relief for credit unions.
2. December 4, 2017 – The National Association of Federal Credit Unions (NAFCU) requests the Bureau delay HMDA implementation by one year and permit a one year period of voluntary compliance after January 1, 2018.
3. December 5, 2017 – The Independent Community Bankers of Americas (ICBA) requests the Bureau increase the HMDA reporting thresholds for closed-end mortgages and open-end lines of credit, and to delay the effective date until January 1, 2019.
4. December 6, 2017 – The National Association of Federal Credit Unions (NAFCU) sent President Trump a letter reiterating its support for naming Mulvaney to Acting Director.
5. December 11, 2017 – The Mortgage Bankers Association (MBA) and commercial real estate associations requests the Bureau exempt business-to-business loans secured by multifamily properties from HMDA reporting requirements.
6. December 11, 2017 – The Online Lenders Alliance (OLA) shares its Fintech Regulatory Bill of Rights, which would promote fairness in supervision, allow for due process in enforcement and provide for transparency in regulations and policymaking.
7. December 12, 2017 – the Community Home Lenders Association (CHLA) urges the Bureau to delay the HMDA implementation date and to create a formal safe harbor for good faith compliance

8. December 22, 2017 – The Electronic Transactions Association (ETA) thanks you for extending the implementation date of the Prepaid Rule.
9. January 8, 2018 - The Electronic Transactions Association (ETA) offers policy recommendations to foster financial innovation, and urges the Bureau to create a more positive regulatory environment for innovation
10. January 9, 2018 - The National Association of Federal Credit Unions (NAFCU) highlights its 2018 priorities for the Bureau.
11. January 17, 2018 - The National Association of Federal Credit Unions (NAFCU) requests the Bureau limit the scope of HMDA data collection to only those items specifically mandated by Dodd-Frank Act. NAFCU also requests the Bureau limit public disclosure of loan level data in order to safeguard against re-identification risk.
12. January 24, 2018 - The Consumer Relations Consortium (CRC) offers background information and recommendations for the Bureau to consider in crafting a debt collection rule that allows communication in accordance with expressed preferences, and that helps eliminate outdated and conflicting areas in the law.
13. January 25, 2018 - The Consumer Mortgage Coalition (CMC) requests the Bureau delay the Mortgage Servicing Rule in order to ensure the final rule does not conflict with bankruptcy laws or create confusion for consumers, Courts, Trustees and creditors involved in bankruptcy proceedings.
14. January 29, 2018 - The American Bankers Association (ABA) welcomes the Bureau's announcement it will reconsider the Payday Rule, and looks forward to working with the Bureau to design a regulatory framework that encourages supply and access and minimizes regulatory burdens.

Industry Statements

Acting Director Mulvaney

American Financial Services Association (AFSA) - "AFSA welcomes the Trump Administration's appointment of OMB Director Mick Mulvaney to serve as Acting Director of the CFPB following yesterday's resignation of Director Richard Cordray. Mulvaney's appointment as Acting Director will ultimately ensure a smooth transition to a permanent director, nominated by the President, who will carry on the priorities of the administration."

"In his role as OMB Director, as well as having served on the House Financial Services Committee, Director Mulvaney has demonstrated that he understands the need for effective and fair regulation. Nowhere is that balanced approach more needed than at the CFPB, an agency that has all too often regulated by press releases. AFSA believes that Mulvaney will lead the CFPB in a fashion that gives financial services providers clear guidelines as opposed to guesswork and allows them to better serve their customers."

Rule (12/21/17 announcement)

Network Branded Prepaid Card Association (NBPCA): "We appreciate the CFPB providing an update on the status of the prepaid accounts rule and committing to extend the effective date. We continue to urge that the effective date be extended by 12 months to give prepaid providers adequate time to update products and make them available to customers. As we enter the final stage of the rulemaking process, Consumer Financial Protection Bureau

1700 G Street, N.W., Washington, DC 20552

January 12, 2018

Information memorandum for the Acting Director

FROM	John R. Coleman, Deputy General Counsel, 5-7254
THROUGH	Mary L. McLeod, General Counsel, 5-7993
SUBJECT	Case Status Report

Attached is the Office of Litigation and Oversight, Legal Division Case Status Report for January 2018.

Attachment(s)

Tab 1: Case Status Report.

Cases in the Supreme Court

Case; Counsel	Issue(s)	Procedural Posture

Cases in the Appellate Courts (Enforcement Litigation)

Case; Counsel	Issue(s)	Procedural Posture
PHH Corp. v. CFPB, No. 15-1177 (D.C. Cir.); DeMille-Wagman	(1) Whether the Bureau's structure is constitutional; (2) whether the Bureau's underlying order against PHH was lawful; (3) whether the ALJ that adjudicated the proceeding was appointed in conformance with the Appointments Clause	(b)(5)
CFPB v. Future Income Payments, LLC, No. 17-55721 (9th Cir.); Deal, Friedl	(1) Whether the Bureau's structure is constitutional; (2) The appropriate remedy if the Bureau is unconstitutionally structured.	

Cases in the Appellate Courts (Enforcement Litigation)

Case; Counsel	Issue(s)	Procedural Posture
CFPB v. Seila Law, No. 17-56324 (9th Cir.); Friedl	(1) Whether the Bureau's structure is constitutional; (2) Whether the Bureau has statutory authority to issue the civil investigative demand (CID); (3) Whether the CID's notification of purpose is adequate.	(b)(5)
CFPB v. D & D Marketing, Inc., No. 17-55709 (9th Cir.); *CFPB v. Fomichev*, No. 17-55710 (9th Cir.); Bateman, DeMille-Wagman	(1) Whether the Bureau's structure is constitutional; (2) The appropriate remedy if the Bureau's structure is not constitutional.	

Cases in the Appellate Courts (Enforcement Litigation)

Case; Counsel	Issue(s)	Procedural Posture
CFPB v. The Source for Public Data, LP, No. 17-10732 (5th Cir.); Friedl	(1) Whether the Bureau has statutory authority to issue a CID to determine whether the Source for Public Data is a consumer reporting agency acting in conformance with the law; (2) Whether the CID's notification of purpose is adequate.	(b)(5)

Cases in the District Courts (Declaratory Judgment and APA Actions)		
Case; Counsel	**Issue(s)**	**Procedural Posture**
English v. Trump et al., No. 17-cv-2534 (D.D.C.); DOJ (Federal Programs), Bateman	Whether the President lawfully designated Mick Mulvaney as the Acting Director of the Bureau.	(b)(5)
Lower East Side People's Federal Credit Union v. Trump et al., No. 17-cv-9536 (S.D.N.Y.); DOJ (Federal Programs), Bateman	(1) Whether the President lawfully designated Mick Mulvaney as the Acting Director of the Bureau; (2) Whether plaintiff has standing.	
State Nat'l Bank of Big Spring v. Mnuchin, No. 12-cv-1032 (D.D.C.); DeMille-Wagman, Bateman	(1) Whether the Bureau's structure is constitutional; (2) Whether Director Cordray's ratification of actions he took as a recess appointee was valid.	

Cases in the District Courts (Enforcement Litigation)

Case; Counsel	Issue(s)	Procedural Posture
CFPB v. Nationwide Biweekly Admin., Inc., No. 3:15-cv-02106 (N.D. Cal.); McCray-Worrall	The Bureau's affirmative case is being handled by ENF. The Legal Division has defended the Bureau from counterclaims alleging that the Bureau unlawfully pressured banks to cease doing business with Nationwide Biweekly.	(b)(5)

Cases in the District Courts (Enforcement Litigation)		
Case; Counsel	**Issue(s)**	**Procedural Posture**
Future Income Payments, LLC, v. CFPB, No. 17-cv-49 (D.D.C.); Deal; Friedl	(1) Whether the Bureau's structure is constitutional; (2) Whether the court has jurisdiction; (3) Whether the court should grant declaratory and injunctive relief in light of the related CID enforcement proceeding; (4) Whether FIP is precluded from arguing that the Bureau is not constitutionally structured by the decision of the District Court for the C.D. Cal. finding the Bureau constitutional.	(b)(5)

Cases in the District Courts (Enforcement Litigation)		
Case; Counsel	**Issue(s)**	**Procedural Posture**
Nexus Services, Inc. v. CFPB, No. 17-cv-2215 (D.D.C.); King (in coordination with ENF)	(1) Whether the Bureau's structure is constitutional; (2) Whether the Bureau has statutory authority to issue the CID to Nexus and to third parties; (3) Whether the CID issued to Nexus is overly broad and vague.	(b)(5)
CFPB v. RD Legal Funding, LLC, No. 17-cv-00890 (S.D.N.Y.); Barrett, DeMille-Wagman	ENF is handling the Bureau's affirmative case. The Legal Division is responsible for addressing the question whether the Bureau's structure is constitutional.	

Cases in the District Courts (Enforcement Litigation)

Case; Counsel	**Issue(s)**	**Procedural Posture**
CFPB v. All Am. Check Cashing, Inc., No. 3:16-cv-356 (S.D. Miss.); DeMille-Wagman, Deal	ENF is handling the Bureau's affirmative case. The Legal Division's participation is limited to responding to the motion for judgment on the pleadings, which raises a challenge to the constitutionality of the Bureau's structure and fair notice arguments.	(b)(5)
CFPB v. Ocwen Financial Corp., No. 9:17-cv-80495 (S.D. Fla.); Barrett, DeMille-Wagman	ENF is handling the Bureau's affirmative case. The Legal Division's participation is limited to briefing the question whether the Bureau's structure is constitutional and the fair notice question.	

Cases in the District Courts (Enforcement Litigation)		
Case; Counsel	**Issue(s)**	**Procedural Posture**
CFPB v. Golden Valley Lending, Inc., No. 2:17-cv-2521 (D. Kan.); Bateman, Deal, DeMille-Wagman	ENF is handling the Bureau's affirmative case. The Legal Division's participation is limited to briefing the questions whether the action must be dismissed because the Bureau's structure is unconstitutional and whether the Truth in Lending Act violates the First Amendment.	(b)(5)

Cases in the District Courts (FOIA Litigation)

Case; Counsel	Issue(s)	Procedural Posture
Frank LLP v. CFPB, No. 16-cv-670 (D.D.C.); Bateman	(1) Whether the Bureau lawfully withheld records requested under the Freedom of Information Act (FOIA); (2) Whether the requester had exhausted administrative remedies; (3) Whether the Bureau's alleged policy of treating debt buyers as financial institutions for purposes of Exemption 8 is lawful; (4) Whether the Bureau's policy of treating information submitted in response to a CID as voluntarily submitted for purposes of Exemption 4 is lawful.	(b)(5)
Frank LLP v. CFPB, No. 16-cv-2105 (D.D.C.); Frisone	(1) Whether the Bureau lawfully withheld two transcripts of investigational hearings under FOIA Exemption 7(e).	

Cases in the District Courts (Personnel Litigation)

Case; Counsel	Issue(s)	Procedural Posture
Hinds v. Mulvaney, No. 1:17-cv-23 (D.D.C.); Friedl	Whether the Bureau violated Title VII of the Civil Rights Act by unlawfully discriminating against plaintiff on the basis of race and sex and by unlawfully retaliating for plaintiff's protected activity.	(b)(5)
Prosper-Harley v. Mulvaney, No. 1:17-cv-2178 (D.D.C.); Barrett, Frisone	Whether the Bureau violated Title VII of the Civil Rights Act and the Age Discrimination in Employment Act (ADEA) by discriminating on the basis of race, sex, national origin, color, and age and by unlawfully retaliating for plaintiff's protected activity.	

Cases in the District Courts (Miscellaneous Litigation)

Case; Counsel	Issue(s)	Procedural Posture
Victim Services, Inc. et al. v. CFPB, No. 17-mc-3002 (D.D.C.); Bateman	Whether the Bureau is required to comply with a subpoena issued under Fed. R. Civ. P. 45 seeking information about payments the Bureau made from the Civil Penalty Fund.	(b)(5)
Advia Credit Union v. Pinkston-Poling et al., No. 17-mc-3229 (D.D.C.); Szybala	Whether the Bureau is required to comply with a subpoena issued under Fed. R. Civ. P. 45.	
LeMaster v. Ditech Financial, LLC, et al., No. 17-cv-5101 (D. Minn.); Barrett	(1) Whether a consumer can enforce a consent order entered into by the Bureau and Ditech; (2) Whether the Bureau is an indispensable party in the consumer's suit against Ditech; (3) Whether the Bureau breached its fiduciary duties owed under the consent order.	

Cases in the District Courts (Miscellaneous Litigation)

Case; Counsel	Issue(s)	Procedural Posture
Bitzer v. Ocwen Financial Corp. et al., No.: 5:18-cv-00005 (C.D. Cal.); Harrigan	Whether an applicable waiver of sovereign immunity exists to authorize the *pro se* plaintiff's California state law claim for breach of an implied covenant of good faith and fair dealing.	(b)(5)
State Farm Mut. Auto. Ins. Co. v. Budget Rent A Car Sys. Inc., et al., No. 30-2017-952363 (Cal. Sup. Ct.); Friedl	Whether the Bureau is liable under the Federal Tort Claims Act for the alleged negligence of a Bureau examiner who was involved in a minor auto accident during an examination.	

(b)(5)

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(b)(5)

(b)(5)

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(b)(5)

(b)(5)

Case; Counsel	Issue(s)	Procedural Posture
(b)(5)		

Consumer Financial
Protection Bureau

1700 G Street NW, Washington, DC 20552

January 12, 2018

Information memorandum for the Acting Director

FROM	Catherine Galicia, Assistant Director, Legislative Affairs, 5-9711
THROUGH	Zixta Martinez, Associate Director, External Affairs
SUBJECT	January 9, 2018 House Financial Services Committee, Subcommittee on Financial Institutions and Consumer Credit Legislative Hearing on Regulatory Regime

On Tuesday, January 9, 2018, at 2 p.m., the House Committee on Financial Services, Subcommittee on Financial Institutions and Consumer Credit (FI) held a legislative hearing entitled, "Legislative Proposals for a More Efficient Federal Financial Regulatory Regime: Part III."

Bills Considered

- H.R. 1264, the "Community Financial Institution Exemption Act"
- H.R. 2683, the "Protecting Veterans Credit Act of 2017"
- H.R. 4648, the "Home Mortgage Reporting Relief Act of 2017"
- H.R. 4725, the "Community Bank Reporting Relief Act"
- H.R._____, a bill to amend the Truth in Lending Act to clarify the exclusion for seller financers from the definition of mortgage originator, and for other purposes.

Witness List

- Mr. E.J. Gleim, Executive Vice President and Chief Operating Officer, Triad Financial Services, on behalf of the Manufactured Housing Institute (MHI)

- Mr. Robert Fisher, President and Chief Executive Officer, Tioga State Bank, on behalf of the Independent Community Bankers of America (ICBA)
- Mr. Scott B. Astrada, Director of Federal Advocacy, Center for Responsible Lending (CRL)
- Mr. Matthew J. Shuman, Director, Legislative Division, The American Legion

This hearing was the third in a series of legislative hearings in the FI Subcommittee. The first legislative hearing in this series took place on September 7, 2017. An archived webcast of that hearing is available here. The second hearing in this series took place on December 7, 2017. An archived webcast of the second hearing is available here. An archived webcast of Tuesday's hearing is available here.

The Committee Memorandum, written testimony of the witnesses, and an unofficial transcript are **attached**.

Attachments

Tab 1: Committee Memo
Tab 2: Written testimony of Mr. E.J. Gleim
Tab 3: Written testimony of Mr. Robert Fisher
Tab 4: Written testimony of Mr. Scott B. Astrada
Tab 5: Written testimony of Mr. Matthew J. Shuman
Tab 6: Unofficial transcript

CQ CONGRESSIONAL TRANSCRIPTS
Congressional Hearings
Jan. 9, 2018 - Final

House Financial Services Subcommittee on Financial Institutions and Consumer Credit Holds Hearing on Legislative Proposals on Efficiencies in the Federal Financial Regulatory Regime

LIST OF PANEL MEMBERS AND WITNESSES

LUETKEMEYER:
Come to order. Without objection, the Chair is authorized to declare a recess of the committee at any time.

This hearing is entitled Legislative Proposals for a More Efficient Federal Financial Regulatory Regime Part III. Before we begin, I'd like to thank the witnesses for appearing today. I appreciate your participation and look forward to a productive discussion.

Also ask unanimous consent that the gentleman from Minnesota, Mr. Emmer, and the gentleman from Illinois, Mr. Hultgren, and the gentleman from Maryland, Mr. Delaney are permitted to participate in today's hearing. While not members of the subcommittee, the gentleman are members of the Financial Services Committee and we appreciate their participation today. Without objection, they are allowed to serve.

I now recognize myself for four minutes for the purposes of delivering an opening statement. Today, this subcommittee will continue on its quest to advance legislation to improve customer's access to financial services and products.

Financial companies continue to face an onslaught of Obama-era rules and regulations that do little more than establish unnecessary hurdles to compliance and limit access to credit. The CFPB's Home Mortgage Disclosure ACT rules are a prime example.

Under Director Cordray's tenure, the CFPB added some 30 new data points to HMDA reporting requirements. These data points offer little to no additional protection for consumers or the financial system, but expose banks and credit unions to unnecessarily stringent examinations and liability.

While Acting Director Mulvaney has signaled a change in HMDA reporting requirements, a move that is most welcome, this committee will continue to pursue legislative efforts to make permanent reforms in these important policy areas.

I want to thank the gentleman from Minnesota, Mr. Emmer for his continuing work on the HMDA issues and for leading one of the bills we'll discuss today. I also want to recognize Mr. Hultgren, Mr. Williams, Mr. Pearce and Mr. Delaney for their fine work.

Mr. Delaney and Mr. Hultgren have introduced legislation to ensure veterans don't take a hit on their credit scores because of mistakes made by the VA. Mr. Pearce has drafted legislation to safeguard the availability of manufactured housing, something vital -- of vital importance to his constituents across New Mexico as well as mine in Missouri as well as the rest of rural America.

Mr. Williams has championed legislation to ensure our nation's small to mid-sized institutions aren't subjected to standards and examinations designed for and more suited to the nation's largest financial companies. And Mr. Hultgren continues to advocate for the development and implementation of a short form call report for our nation's smallest community banks.

As I said in previous hearings, the regulatory pendulum has swung too far. Rules and regulations are driving financial institutions to merge, exit entire lines of businesses, discontinue services to their customers, and in some cases, permanently close their doors.

We see it every day and hear about it not just from institutions but also from their customers, many of whom have experienced increased difficultly getting access to credit and other financial products.

We recognize it's possible to have a regulatory regime that protects the American people and the financial system without needlessly hindering consumer choice. The bills we'll discuss today will help to foster a more reasonable regulatory system that frees lenders and sellers to do what they do best, offer financial products and services to their customers and grow their communities.

I know we had a gentleman here who testified recently, Greg [sic] Williams, the CEO and president of Gulf Coast Bank and Trust from New Orleans. And he made the comment, he said the interesting thing is everybody in Washington loves community banks but nobody loves them enough to do anything about that.

So hopefully today we can start the process of doing something about that. We have a distinguished panel with us today and I thank them in advance for participation.

With that, the Chair now recognizes the gentleman from Missouri, Mr. Clay, the Ranking member of the subcommittee for five minutes for an opening statement.

CLAY:
All right. Thank you, Mr. Chair and thank you for conducting this hearing. At this time, I have no opening statement, so hopefully, we can get right into the testimony. And I yield back.

LUETKEMEYER:
The gentleman yields back. That's a first that Mr. Clay has never had anything to say. We will note – please note that for the record.

The Chair now recognizes the gentleman from Minnesota, Mr. Emmer, for one minute to deliver an opening statement.

EMMER:
Thank you, Chairman Luetkemeyer for allowing me to participate in today's hearing.

More than one third of counties in America don't have a locally-based financial institution, and lending rates in many of the most rural parts of our nation remain below 1996 levels. Now more than ever, main street banks and credit unions need real relief from onerous Washington regulations.

Today, as this committee reviews the Home Mortgage Reporting Relief Act, we are taking another step forward. This bill gives community financial institutions additional time to comply with excessive mortgage disclosure data collection rules imposed by the Consumer Financial Protection Bureau to help main street banks do what they do best, help families across this country achieve the American dream.

It was great to see the CFPB's action last month to delay enforcement of the 2015 rule, but Congress can and should do more. Again, thank you to Chairman Luetkemeyer for holding this hearing and including H.R. 4648, and a special thanks to Representative Hultgren for all of his work on this bill and this important issue as well. And I yield back.

LUETKEMEYER:
The gentleman yields back. With that, we begin our testimony. And before we get started, I'd just like to also make note of the fact that we're expecting votes at about 3:30, so hopefully we can get as far as we can.

We'll see (ph) once we can get the hearing completed. If not, we'll compete it after we return. But just to give everybody a heads up, we may have to call a time out here at some point.

With that, today we welcome the testimony of Mr. E.J. Gleim, executive vice president and chief operating officer of Triad Financial Services on behalf of the Manufactured Housing Institute.

Mr. Robert Fisher, president and chief executive officer, Tioga State Bank on behalf of the Independent Community Bankers of America. Mr. Scott Astrada, director of federal advocacy, Center for Responsible Lending. And Mr. Matthew Shuman, director, Legislative Division, the American Legion.

We'll recognize each of you for oral statements. I'd like to yield to the gentlelady from New York, Ms. Tenney, for the purposes of making a brief introduction. Ms. Tenney, recognize...

TENNEY:
Yeah. Thank you, Chairman Luetkemeyer. It's my honor and privilege to introduce Mr. Robert Fisher today.

Mr. Fisher is the president and CEO of Tioga State Bank, which serves thousands of New Yorkers within my district and throughout out state. Tioga State Bank is a great example of a how bank, a community bank continues to serve our local communities by offering consumers with credit to improve the quality of life for our rural communities. And we welcome him today and look forward to your testimony.

Thank you so much, Chairman.

LUETKEMEYER:
I thank the gentlelady.

With that, we'll recognize each of you for five minutes to give an oral presentation of your testimony. Without objection, each of your written statements will be made part of the record.

Just for a brief tutorial on our lighting system, green means go. You have five minutes. When you get to the one minute mark, you'll get a yellow light, ask you to hopefully wrap up in that one minute. And when it red, hopefully you can stop very quickly thereafter, or else you get the hammer from -- from me.

With that, Mr. Gleim, you're recognized for five minutes.

GLEIM:
Thank you, Chairman Luetkemeyer, Ranking Member Clay, and members of the subcommittee for the opportunity to testify.

I'm the executive vice president and chief operating officer of Triad Financial Services, Inc. I'm appearing before you on behalf of the Manufactured Housing Institute where I serve on the board of directors and as chairman of MHI's financial services division. Thank you for the opportunity to present MHI's views on the important bills before this subcommittee today.

Manufactured housing is the largest form of unsubsidized, affordable housing in the country providing housing for more than 22 million people across the country. The affordability of manufactured homes enables first time home buyers, retirees and families to obtain housing that's cheaper than renting or purchasing site-built homes.

New manufactured homes make up approximately 9 percent of new single family home (ph) starts. The Manufactured Housing Industry is committed to protecting consumers throughout the home buying process. However, because of the small size of manufactured home loans, the manufactured housing finance has been acutely impacted by recent regulations.

Many lenders have exited the manufactured housing space as a result of increased compliance burdens following the implementation of the Dodd-Frank Act.

Lending in the manufactured housing space is simply too small and unprofitable to cover the increased compliance costs. Reasonable modification to the regulations are of critical importance -- a critical important element to restoring a robust market of manufactured housing financing.

All small lending institutions are disproportionately impacted on onerous CFPB rules. To the maximum extent possible, we encourage you to ensure the legislation before you today applies equally for those small lenders that are depository institutions and those that are none depository institutions so that the legislation applies to those lending institutions that make manufactured home loans.

My written testimony provides detailed comments on each of the bills before the subcommittee. Let me briefly summarize those views.

H.R. 1264 constrains the ability of CFPB to adopt rules and regulations that have the effect of limiting the ability of small financial institutions to provide affordable mortgage credit to consumers.

Indeed, one size fits all CFPB regulations are causing small lenders to curtail financing for small dollar loans since compliance costs are increasing and challenging the profitability of such loans.

One area that this has been quite acute is with the respect to loans for manufactured housing. In fact, some non-depository lenders are turning down almost three quarters of the applications they receive, and in the majority of cases is due to CFPB rules and regulations.

We would point out that H.R. 1264 only applies to depository institutions, and therefore, does not alleviate the host of burdensome compliance requirements for non-depository manufactured home lenders.

H.R. 2683 is a balanced way to address the erroneous reporting of -- of adverse credit information due to an inefficient VA repayment system. The bill protects veterans and upholds the integrity of the report -- of the credit reporting system. MHI's lenders believe that the credit report should accurately reflect the repayment history of individuals seeking credit to purchase a manufactured home.

H.R. 4648 is an appropriate and measured response to the concerns that have been raised about HMDA data reporting requirements. The new HMDA data reporting requirements will cause more lenders to stop making smaller loans because of the cost of compliance and because the cost is too high to justify remaining in the manufactured housing lender space.

With respect to seller financing, the ability to finance homes is an important issue for many manufactured home community owners who wish to ensure the manufactured homes within their community are occupied. The legislation before the committee would increase the number of loans they could make per -- per year before triggering the Truth in Lending Act from three loans to five loans. The bill does this while retaining essential consumer protections.

MHI stands ready to work with the subcommittee to make regulatory changes to ensure individuals can get financing to achieve the American dream of homeownership through manufactured housing. Thank you, Mr. Chairman.

LUETKEMEYER:
Thank you. The gentleman yields back.

Mr. Fisher, you're recognized for five minutes.

FISHER:
Thank you, Chairman Luetkemeyer, Ranking Member Clay, and members of the subcommittee.

I am Robert Fisher, president and CEO of Tioga State Bank, a $475 million community bank in Spencer, New York. I'm pleased to be here on behalf of the more than 5,700 community banks represented by Independent Community Bankers of America.

We hope today's hearing sets the stage for legislation needed to strengthen local economic growth and job creation.

Tioga State Bank was founded by my great, great grandfather in 1884 provides -- to provide the needed banking services to local businesses and individuals. I'm a fifth generation community banker proud to carry on our commitment to local prosperity.

Many of the rural communities we serve in upstate New York depend on us as the only financial institution with a local presence. I'll focus my testimony on three bills before this subcommittee, all of which include provisions recommended in ICBA's plan for -- plan for prosperity.

First, H.R. 1264 introduced by Representative Roger Williams would exempt community banks with assets of less than $50 billion from all prospective rules and regulations issued by the CFPB.

Since the creation of the bureau, community banks have been forced to comply with rigid, arbitrary and prescriptive rules intended to target the abuses of non-banks and larger banks. These rules have limited community bank's ability to rely on their best judgment in making credit decisions and to offer customized products and services. CFPB rules reduce consumer choice and end up hurting the very customers they are intended to protect.

ICBA also supports H.R. 4648 introduced by Representatives Tom Emmer and Randy Hultgren which would provide temporary enforcement relief from the new complex and burdensome data collection and reporting requirements under the Home Mortgage Disclosure Act.

We believe that introduction of this bill prompted the bureau's recent announced policy of forbearance under the new rule. H.R. 4648 will put this policy in statute rather than at the discretion to the director.

Many lenders, core vendors and mortgage software vendors continue to scramble to bring their systems into compliance. We're making a good faith effort to comply with the complex new rule and should not be held liable for unintentional errors.

H.R. 4648 would also restrict the CFPB's ability to make the new data publicly available. In the communities I serve, where people are well-known to each other, published HMDA data is a threat to consumer financial privacy.

We believe the ultimate solution is a HMDA exemption for relatively low-volume mortgage lenders as provided in Representative Emmer's earlier bill, H.R. 2954. Raising exemption thresholds will protect consumer privacy and provide relief for many more small lenders without a significant impact on the mortgage data available to the CFPB.

Lastly, H.R. 4725 introduced by Representative Hultgren would provide for short form call reports in the first and third quarters for banks with assets of less than $5 billion.

Call report burden has grown sharply in recent years. When I first started with the bank in the mid-1980s, the report was 18 pages long. Today, for my bank that report is 51 pages and 80 pages for banks above a billion in assets, yet my bank's business model has not really changed significantly since 1884.

Call report preparation is a labor intensive process that involves drawing data generated by different systems and manually reentering it into call report software. For all the effort we put into it, only a fraction of the data collected in the call report is actually useful for regulators in monitoring safety and soundness or conducting monitory policy.

Recent agency efforts to streamline call reporting for community banks are of little to no value. They merely eliminated data that were not applicable to Tioga or other community banks. From our perspective, the new short form is essentially the same as the long form. H.R. 4725 is needed to created real relief in quarterly call reporting that will allow us to focus our resources on lending and serving our communities.

And finally, I want to end this statement by asking the house to promptly pass S. 2155 when it is sent over from the Senate. This bipartisan bill is clearly a response to the numerous hearings and (ph) mark ups held in this committee. It offers the best opportunity for robust community bank regulatory relief this Congress and I urge you to not let it slip.

Thank you, and I look forward to answering your questions.

LUETKEMEYER:
Thank you, Mr. Fisher.

Mr. Astrada, you are recognized for five minutes.

ASTRADA:
Thank you. Good afternoon, Chairman Luetkemeyer, Ranking Member Clay, and members of the committee. Thank you for allowing me to testify today about legislative proposals regarding the oversight of our financial institutions and the need to maintain responsible and sensible consumer protections which are critical if we want to continue to build a strong and inclusive economy.

I'm the director of federal advocacy at the Center for Responsible Lending, a non-profit, non-partisan research and policy organization dedicated to protecting homeownership and family wealth by working to eliminate abusive financial practices. CRL is an affiliate of Self-Help.

LUETKEMEYER:
If I can interrupt you, Mr. Astrada. If you could pull the microphone just a little bit closer to you? Thank you.

ASTRADA:
CRL is an affiliate of Self-Help, a non-profit community development financial institution, and for over 30 years, Self-Help has focused on creating asset building opportunities for low income, rural and minority families by providing more than $6 billion in financing to 70,000 home buyers, small businesses and non-profits, and also serving more than 120,000 members through over 50 retail credit branches.

This important hearing addresses federal financial regulation in the context of the Dodd-Frank Wall Street Reform and Consumer Protection Act which was signed in to law in 2010 in response to the Great Recession 10 years ago.

The law is a pragmatic, regulatory framework that corrected systemic gaps and sought to prevent future market failures all while implementing crucial protections for consumers and the broader economy.

As a result, today consumer lending is strong, bank profitability is at record levels, and financial markets are stable thanks in substantial part to essential legislative and regulatory safeguards established by Dodd-Frank.

This hearing, entitled Legislative Proposals for a More Efficient Federal Financial Regulatory Regime, has far reaching effects in terms of defining what we mean by efficient regulation.

Does efficiency mean blanket rollbacks of consumer protection legislation? Or does efficiency mean targeted, common sense safeguards that ensure a stable, transparent and equitable markets?

At CRL we strongly believe it's the second choice. However, all of the bills considered today with the exception of H.R. 2683 rely on the first definition and rollback consumer protections on a wholescale basis.

H.R. 1264 impedes the CFPB's ability to supervise and regulate financial institutions by exempting those with assets of $50 billion or under from all or new modified rules issued by the CFPB, and would push huge portions of the banking industry and the consumers they serve outside of the entirety of the legislative and regulatory system.

H.R. 4648 prohibits the sharing of public data on the financial marketplace prescribed by HMDA which is the best tool we have to root out market discrimination and inefficiencies. H.R. 4725 rolls back data driven regulatory policy by directing federal banking agencies that have already initiated streamlined processes to reduce reporting requirements for call reports.

And Representative Pearce's legislation introduces potentially dangerous and reckless mortgage loan products to vulnerable home buyers by amending the Truth in Lending Act to change the definition of mortgage originators to exclude certain types of seller financing.

I want to stress it's the aggregate effect of these bills that threatens consumers, harms banks, and exposes the overall economy to risk by maintaining a belief that wide-scale deregulation equals efficiency.

The notion is also at the foundation of an unsubstantiated belief that Dodd-Frank has somehow stifled economic growth and that deregulation is the solution. It isn't. The data does not support this contention and as explained in my written testimony, the evidence actually contradicts this belief.

The financial sectors have record profits. In 2016, the financial institutions have annual profits of $170 billion, the highest in years. The FDIC puts out these reports every quarter. The most recent numbers are even higher with industry net income for the third quarter of 2017 at a 5 percent increase compared to the previous year.

Community bank profitability has rebounded strongly and is at pre-recession levels. At the end of the third quarter of 2017, community bank earnings increased by $513 million or a 9 percent increase from that time earlier that year.

Credit unions have also continued to grow while recovering from the financial crisis. In 2016, credit unions added almost 5 million new members which amounted to the biggest annual increase in history, and four times the pace set earlier a decade earlier.

I will just conclude with a restatement that CRL opposes all but one of these bills, H.R. 2683 being considered today. Collectively, they widely scale back the CFPB's supervisory authority and abolish important consumer protections. They also abandon the approach of targeted and dynamic reform, and instead would be wholesale rollbacks on consumer protections.

I look forward to continuing to work with this committee, community banks and credit unions to work through the issues raised today, and I thank you for the opportunity to testify.

LUETKEMEYER:
Thank you, Mr. Astrada.

Mr. Shuman, you are recognized for five minutes. And I'd like just to take a moment to, again, thank you for your service as well to our country.

SHUMAN:
Thank you, Mr. Chairman.

LUETKEMEYER:
You're recognized.

SHUMAN:
After proudly serving 20 years in the United States Army, (ph) Frankie Adams is continuing to this day to serve his community as a police officer.

In December of 2016, the VA authorized Mr. Adams through the Choice Program to receive an outpatient procedure at a hospital closer to his home. A few months later he received a bill in the mail instructing him to pay the remaining balance for the procedure that his private medical insurance did not cover.

While speaking with both the doctor and the hospital, Mr. Adams advised them that the VA was responsible for the cost of the procedure. Mr. Adams was unfortunately told that the VA had not paid it. In order to avoid the debt from being reported to a credit collector and impacting his credit, he would need to pay the $300 balance.

Chairman Luetkemeyer, Ranking Member Clay, and distinguished members of this committee, on behalf of National Commander Denise H. Rohan and the 2 million members of the American Legion, I thank you for the opportunity to testify regarding the American Legion's position on H.R. 2683, the Protecting Veterans Credit Act of 2017.

The American Legion is our nation's largest wartime veteran service organization with over 13,000 posts in every congressional district. The story I told is a story that many veterans have lived. The small difference is that Mr. Adams, from the great state of Missouri, had the means to pay the charges.

The simple reality is no veteran should ever have to pay for services that the VA is responsible for. If passed, H.R. 2683 will afford veterans the necessary protections by amending the Fair Credit Reporting Act to exclude for one year information related to their VA medical debt from being reflected in their credit report.

This common sense bill will also provide veterans with the necessary tools to dispute VA medical debt information reported to credit reporting agencies. Bottom line, veterans will no longer require assistance from attorneys and pay fees to resolve an issue they had absolutely no role in creating.

Before continuing, I would like to give a brief history of the Choice Program at VA. In 2014, the VA wait time scandal became a national news story describing veterans waiting long periods of time to see a doctor to receive even the most basic of medical services. Many blamed an overworked and understaffed VA system.

A solution was to allow veterans to receive care in the community at the government's expense. When the Choice Program was created, it became the ninth community care program at the Department of Veteran's Affairs, meaning there were eight similar programs already in existence including the VA's Office of Community Care.

Mr. Chairman, I share this with you purely to demonstrate that veterans have been dealing with the consequences of VA's actions even prior to the implementation of Choice.

While the American Legion supports H.R. 2683, we have a few recommendations that would assist in making the bill even stronger. One, the credit reporting agencies will need a mechanism to validate if someone is a veteran in order to process their claim.

Two, in addition to validating a veteran's status, the CRAs will also need to validate that the debt in question is a VA-approved service. Lastly, in 1982, the Prompt Payment Act became law which forced the federal government to pay their bills on time. In 2014, when the Choice Program became law, section 105 of that law required the VA to pay providers in a timely manner.

The American Legion strongly encourages this committee and the entire Congress to pass legislation directing the VA to adhere to the Payment Prompt Act which will assist veterans who have selflessly served their nation.

Mr. Chairman, Ranking Member Clay, and members of this committee, I thank you for the opportunity to share with your today the American Legion's position on the Protecting Veteran's Credit Act.

In closing, veterans like Mr. Adams deserves only the best, and the American Legion stands ready to assist you in doing just that. Thank you, and I am more than willing to answer any questions you have.

LUETKEMEYER:
Thank you, Mr. Shuman. Appreciate your insights on those issues. And so let me just begin with you. I'll recognize myself for five minutes here.

And you -- you cited somebody from Missouri, which Mr. Clay and I said, now, this guy's pretty sharp. He's -- he's -- he's hitting a -- a very high note here with us right off the bat. Can you elaborate a little bit more on exactly what the details of that case were and how this bill would impact that individual?

SHUMAN:
Certainly, sir. Thank you for the question.

It's -- it's worth noting that Mr. Adam is watching right now from Missouri. He is a police officer. After serving in the -- in the military, he decided to retire to become a police officer, and in 2016, he -- he was, you know, normal age for him to receive a colonoscopy. He found out that he could have this service done, instead of at the VA, and could have it done at a local hospital which was only 10 miles from his home.

Surgery went well, just so you know. The -- about five months later he began receiving bills in the mail saying that he owed money, and though $300 is -- is not a lot of money by a lot of people's standards, it certainly is to others.

He informed them that the money -- that the charges -- well, first of all, it's also worth noting that his personal insurance covered up -- covered a big chunk of that -- of the fees which the VA was certainly responsible for in the first place.

After a while, finding out and -- and did not want it impacting his credit, he personally paid the $300 himself. If this happens, which has happened quite often when veterans pay their -- pay their fees themselves, they never get that money back from the VA. So let's just -- (ph) OK.

LUETKEMEYER:
OK. So -- so the bill's impact here would minimize this individual's (ph) got charging late fees or...

SHUMAN:
It would, sir.

LUETKEMEYER:
... any sort of a credit negativity with regards to not paying his $300 (inaudible).

SHUMAN:
Yes, sir. It would -- it would provide up to about a year for them to be able to figure out this process. Realistically, it should take roughly about two months for the VA to -- to get these payments made, so providing a little bit more time than that in case it doesn't would be helpful to the veteran.

LUETKEMEYER:
Very good. Thank you very much.

Mr. Fisher, you know, I was interested in your -- your commentary here. I know that -- I'm involved intimately with a -- with a -- with a bank and they were giving me the other day this real estate loan matrix.

I realize you probably can't see it from there, but this top part, there's 280 boxes and the bottom part here is -- it's a timetable with 20 different time to -- 20 different provisions in there of the things you could or could not do.

So you're looking at 300 different situations there that you could be tripped up and have, (ph) one, what they call technical exception and then cause yourself -- the bank to have to have some retribution by the CFPB or the FDIC, whomever on this. And so would you like to elaborate just a little bit on the complexity of this chart and the concerns that you have as -- as a banker trying to comply with all this?

FISHER:
Yeah. We're obviously, we're very concerned about the -- the additional data points and the information that's being collected. So it's -- we're not asking to be -- well, we would like an exemption, that would be great. But, you know, a forbearance or at least a temporary extension to get ready for some of the -- the changes to HMDA which has been in place since 1975 would be great.

LUETKEMEYER:

How -- how is Mr. Mulvaney? I know that he's looking at this and he's proposed a -- a delay on some of this. Is this -- how -- what is he -- give us a -- a little bit -- a briefing on what he's trying to do and the impact it would have with regards to some of this kind of stuff.

FISHER:
I think they've just announced that they would have a forbearance for, I think, the same period as the bill to -- to allow banks to get up to speed so that they're not going to aggressively go after banks if you have an error in your data.

LUETKEMEYER:
I know the -- the bill tries to say there's a limit at which the things do not affect the banks, but there's already a limit in place on a number of different issues that affect banks.

But it seems to me that there is an experience here where the regulators will say, well, it's good idea for the banks above this threshold, it's probably good idea for the banks underneath it. Can you -- would you like to expand on that comment just a little bit?

FISHER:
Yeah. I mean we're -- we're always concerns that there is going to become best practices that will get pushed down upon the banks. You know, as a $475 million bank, we're not subject to stress testing our assets or stress testing loans, but we've had -- suggested a regulatory examinations that we should consider stress testing some of our loans.

We don't have an enterprise risk manager within our bank, but we've been told that we should start thinking about having a -- somebody in charge of enterprise risk management for our banks. So...

LUETKEMEYER:
Are you -- so they're using the guidance and rules that are above this threshold to kind of be forced on you or sort of by inference that it's a good idea to -- as you say, best practices to -- for you to implement these as well is what they're telling you? Is that correct?

FISHER:
Yes, definitely, sir.

LUETKEMEYER:
OK. Let me yield back here, and we'll go to the gentleman from Missouri. Mr. Clay, the ranking member, is recognized for five minutes.

CLAY:
Thank you, Mr. Chairman, and thank all the witnesses again.

Mr. Astrada, two of the bills we are considering today have two very different thresholds to trigger regulatory relief.

H.R. 1264, the Community Financial Institution Exemption Act would exempt nearly all banks and credit unions from any new or modified consumer protection regulation, and it uses a threshold of $50 billion in assets. H.R. 4725, the Community Bank Reporting Relief Act on the other hand would set a threshold of $5 billion for providing reduced call report requirements.

Putting aside the substance of the two bills for a moment, could you please help put the impact of these different thresholds into perspective in terms of which segments of the banking sector would be covered and the potential impact on consumers?

ASTRADA:
Absolutely. And this is with that -- the qualification you said, ignoring kind of the substance but looking at the thresholds, if we consider $5 billion, it covers a large majority of the industry.

I think over three-fourths that you're kind of taking out of the ability of regulators to assess data on the health and soundness, to assess market trends, to assess where policy should be targeted to attract private investment. So you're really taking a large share of the industry outside of the purview of kind of data driven policy.

And then when you times that by 10 and go to $50 billion, you're talking essentially virtually all of the banking industry with the exception of a handful of the largest organizations. And to take that out of the purview of the CFPB is I think in line with our concern and our opposition to bills like these that just define efficiency as complete exemption from the regulatory system.

So I'll just underline that the CFPB also is responsible for the Equal Credit Opportunity Act, the Truth in Lending Act, debt collection -- Fair Debt Collection Act.

So you're ultimately placing a majority of the banking, if not all of the industry, outside of the purview of these regulations with a very onerous and I'm sorry, I have to speak to the substance of 1264 real quick, an onerous exception process that essentially just hamstrings the only agency that is looking out for the consumer.

CLAY:
Well, then, when considering the appropriate asset size to establish a threshold to provide regulatory relief for small community institutions, do you believe that the committee should consider the FDIC's 2012 community bank study that defined a community bank with a threshold of $1 billion in assets along with other factors such as whether the bank have more than 10 percent of foreign exposure?

ASTRADA:
No. While CRL hasn't taken an official position on a number, I will say that we do support the role of the federal regulators to assess that number, and it would be -- make more sense to leave it to the regulators who are in the best position that have a collaborative relationship with those under their purview to assess those thresholds rather than having it mandated from legislation.

CLAY:
Now -- now I'm -- I'm going to play devil's advocate, and -- and -- and look, when the -- when the CFPB was created through Dodd-Frank, it was in response to the Great Recession, and those players in the financial services industry that had -- that had been careless, that had almost caused our -- our financial systems to melt down.

And -- and I'm one who thinks that we pass no perfect laws here, and so sometimes we over reach. And -- and so let me -- let me ask you, I mean with -- with us taking in all of these financial institutions, did -- did we overreach as Congress in -- in -- in this law?

And -- and -- and why wouldn't the CFPB's role be to focus on those players who did do wrong, and -- and who did -- who almost caused a meltdown, and not have such a wide swathe and take in everybody? Go ahead.

ASTRADA:
I ran out of time but am I permitted 30 seconds to respond to that? So CRL, and I don't think any one of our coalition members have ever said that Dodd-Frank was perfect, and it very much was in response to a once in a generation crisis.

But we -- we do believe in that legislation anticipated that, and especially with sections like 1022(b)(3) which gives the CFPB ability to exempt classes of institutions from its rules, and it has used that for smaller institutions and community banks.

So while we are not of the view that Dodd-Frank is sacrosanct and cannot be changed, the legislation today takes the complete opposite approach and says let's get rid of large parts of this altogether.

CLAY:
And -- and I thank you for your response. I yield back.

LUETKEMEYER:
Gentleman's time has expired. With that, we go to the gentleman from Pennsylvania, Mr. Rothfus, the vice chair of the committee.

ROTHFUS:
Thank you, Mr. Chairman.

LUETKEMEYER:
Recognized for five minutes.

ROTHFUS:
Mr. Fisher, at this committee we often discuss the degree of consolidation in the banking industry and the ongoing closures of community financial institutions. This coupled with the de novo drought has caused many communities across this country to lose their local bank or credit union.

You are testifying today as not just a bank CEO but as a fifth generation community banker. In your testimony you wrote, quote, "Community banks thrive or fail based on their reputation for fair dealing in the communities they serve. Their business model is based on long-term customer relationships, not one-off transactions."

You went on to note that regulators often fail to take community banks business model into account when imposing heavy handed rules on smaller institutions. Can you discuss what happens when a community becomes a financial services desert as described in your testimony? What are the impacts for households on Main Street?

FISHER:
Well, the limit is -- it limits choice to consumers. It limits choices to small businesses. It just -- you know, the majority of our business is done within our community. I mean 90 percent of the loans that we make are done within the communities we serve.

So it's -- without us in Spencer, New York, which has a population of about 3,800 people, I don't think any other bank is going to step into my community and open up an office to provide banking services. So there is -- there is definitely -- without community banks present, there is -- there is a loss of financial services and choice for consumers.

ROTHFUS:
And I've seen that in small towns and boroughs across western Pennsylvania. Can you discuss an example of CFPB overreach into a community bank like Tioga?

FISHER:
I think the increased – the biggest example right now that's -- and it's one of the bills we're discussing, is the increased HMDA data points.

Going from 23 data points to 48, more than doubling the number of data points which -- I mean community banks, there's -- I made 253 first mortgage loans last year out of 10 million. So are my 253 loans statistically significant as far as the numbers that the CFPB is collecting as far as these data points? I don't think so, but it's just -- I don't think it should be applicable to my bank.

ROTHFUS:
It would appear that they're pretty hungry for this data. On another report, some critics of the Community Bank Reporting Relief Act might argue that the Federal Financial Institution Examination Council has already streamlined call reporting.

Yet in your testimony, you wrote, quote, "From our perspective, the new short form is essentially the same as the long form. ICBA invested significant time and resources in the FFIEC effort and we were deeply disappointed in the outcome." Can you elaborate on how the new short form fails to provide community banks like yours with meaningful relief?

FISHER:
The -- the call report, the sections that they eliminated were sections that weren't applicable to my bank. I mean some of the derivative sections, some of the other off balance sheet items that we have -- were supposed to be reporting on a quarterly basis.

We weren't reporting on those things anyway, so elimination of those data points doesn't save me any time. So instead of maybe taking 40 hours a quarter to complete, it's maybe a 39 hour process today.

ROTHFUS:
Yeah, I noticed in your testimony, also you said that when you first started in banking in the mid-1980s, the report was 18 pages long. Now it's 51 pages. No change in your basic business model since that time (ph) warrants, that's nearly three times the size.

FISHER:
Yeah. I mean, my business model's essentially the same as when -- when my great grandfather started the bank. I mean we take in deposits and lend it back out in the community.

ROTHFUS:
Mr. Gleim, you discussed in your testimony the importance of Chairman Pearce's bill for the manufactured housing industry. This issue is of particular interest to me since manufactured housing is a popular source of affordable home ownership in my district. The manufacturing housing industry also employs 16,000 people in Pennsylvania.

I understand that restrictions on lending practices have made it more difficult for prospective buyers and have already adversely impacted the industry. Can you please elaborate on how the Pearce bill would help prospective purchasers of manufactured homes?

GLEIM:
Well, again, let me -- let me again, piggyback off of the HMDA information. We've gone through and basically our numbers have come up with there's over a hundred data points that were required to -- to be filled out for that.

Now these have to be filled out on every application that's out there. It continues to increase our cost. Every application regardless of what the disposition is of -- of that cost -- or -- or of that product. As a result, it continues to increase our cost. It makes it very, very difficult to make the smaller loans out there and it continues to limit affordable housing to many of our customers.

ROTHFUS:
I yield back my time.

LUETKEMEYER:
Gentleman's time has expired.

With that we recognize the gentlelady from New York, Ms. Maloney, for five minutes.

MALONEY:
Thank you so much, and I thank the Ranking Member, the Chair for holding this hearing, and for all of the panelists. And a very special welcome to Robert Fisher, a fellow New Yorker, and thank you for your service to our great state.

My -- my first question is for Mr. Astrada. What -- what do you think of H.R. 2683, the Protecting Veteran's Credit Act? I -- I personally am supportive of it. Would like to be a cosponsor, and thank my colleague, Mr. Delaney for his hard work on it.

And -- and I don't think that veterans credit scores should be harmed just because the VA fails to pay non-VA healthcare providers on time. Do you think this bill is helpful?

ASTRADA:
Thank you. Yes, CRL does support this bill and -- and views it as a very productive and positive step to protect...

MALONEY:

And -- and do you have any concerns with excluding this information from veteran's credit reports?

ASTRADA:
No concern as it. Like I said, we -- we view it as a very productive step to protecting our nation's veterans. The only thing I would underscore is that we deal a lot in the secondary debt market is that these protections should be expanded to the extent possible for veterans and to the broader communities, especially when it comes to medical debt, which is more than half of all collections across America.

And according to CFPB publicly available data, over two-thirds of the complaints of that debt centered around unverified debt holding, incorrect amounts or even the wrong debtor.

MALONEY:
OK. Thank you. And I think we can get bipartisan support for this I hope.

Mr. Astrada, you said in your testimony that H.R. 4648, the Home Mortgage Reporting Relief Act would undermine fair lending efforts. Can you elaborate on how you think the bill would affect fair lending? Would this bill make it harder to crack down on unfair and abusive practices?

ASTRADA:
Yes. We -- we have a strong opposition to 4648 on the public disclosure -- public disclosure prohibition.

When we look at HMDA and its three main purposes of helping to show whether financial institutions are serving the housing needs of their communities, to assist public officials in distributing public sector investment, and to assess identification of potentially anti-discrimination -- discriminatory behavior, or preventing anti-discrimination laws.

This data is -- is essential, and without it, the public, universities, policy makers, professionals won't be able to have an accurate assessment of the market, who's getting credit, who's not getting credit, and this is particularly relevant for rural borrowers or individuals who live in banking deserts that rely on very limited choice of institutions.

MALONEY:
Well, I'd -- I'd also like to ask you about 2683. What do you think about the Protecting Veteran -- wait a minute, I'm going back to the wrong one.

I -- I -- I want to ask you about H.R. 1264, which would exempt all banks and credit unions with under $50 billion in assets from all rules and regulations issued by the Consumer Protection Bureau.

I -- I -- I'm all for tailoring rules to the size and business models of -- of banks and credit unions, but is it appropriate to exempt banks and credit unions from consumer protection rules based purely on size?

Aren't all consumers entitled to be protected? Shouldn't all financial institutions regardless of size care about taking care of and protecting their -- their -- their constituents or their -- their consumers and customers? What does size have to do with consumer protection?

ASTRADA:
I -- I think in this case, especially with 1264, the number is significant because there's virtually entirety of the industry, and to place that completely outside of the CFPB's purview not only with all the regulations that it's responsible for now but in the future...

MALONEY:
It would be how much of the industry, did you say?

ASTRADA:
It -- $50 billion in assets, I don't have the number off hand but I would -- it's well more than 90 to 95 percent.

MALONEY:
Ninety-five percent? My word. Really? That's your...

ASTRADA:
So it's -- it's essentially saying that the vast majority of the banking industry doesn't have to comply with this -- CFPB -- with any regulations that its responsible for now or that might come up in the future. So...

MALONEY:
And shouldn't ever customer be entitled to protection?

ASTRADA:
I -- we would strongly agree with that statement, yes.

MALONEY:
OK. Well, my time has expired. Thank you very much for your testimony, and I thank all the other panelists for being here.

LUETKEMEYER:

Thank the gentlelady for her questions.

With that, we go to the gentleman from -- mister -- Colorado, Mr. Tipton, recognized for five minutes.

TIPTON:
Thank you, Mr. Chairman. And thank the panel for taking the time and to be able to be here. Mr. Fisher, prior to the creation of the CFPB, were there protections in place for consumers through your banks?

FISHER:
Yes, there has always been protections in place for the consumers.

TIPTON:
Well, great. You know, I -- I was particularly interested on the follow up to the Chairman's question to you when you were talking about actually the trickle-down effect in terms of regulations, the best practices, and how they're going to be impacting the ability to be able to create new businesses.

I too come from a rural area. We had not experienced the recovery that the rest of the country had, and fortunately, I think now that we've had real tax relief legislation go through, those opportunities to be able to grow businesses, responsible deregulations starting to go into place, we're starting to finally see some real activity in some of rural America now to be able to create it.

But I'd like you to be able to speak to my colleague Mr. Williams' bill, H.R. 1264. It'll exempt community financial institutions from prospective rules and regulations from CFPB. Could you maybe speak to how this is going to be able to assist creating those economic dynamics that a lot of rural America, upstate New York, rural Colorado might really need to have?

FISHER:
Well, I just think, you know, obviously our -- our reputation is -- is critical to our success in our community, so we -- we protect our consumers, we do what's right for our customers as do every other community bank throughout this country.

I mean it's -- when you're operating in a small footprint, you have to do what's right because your reputation -- your reputation is everything. So I think the exemption from some of the purview of the CFPB would just -- it -- it -- it takes away some of the burden that we may have as far as trying to serve our communities and trying to have a consistent, you know, message to our customers.

TIPTON:

You know, we'd have some real experience out in the state of Colorado with some of our smaller financial institutions stating that some of the regulatory burden was actually inhibiting their ability to be able to make those small business loans. I'm a former small business owner, without that access to capital, we weren't able to be able to maintain or to be able to grow jobs. Have you had some of that experience in your banks?

FISHER:
Definitely. I mean I've, you know, with the HMDA-- HMDA laws as far as currently I have two people in my bank out of a hundred people that their main focus is on HMDA. I have one employee that's solely dedicated to (ph) BSA.

So regulatory burden which is why we're here today, not to talk about bank profitability but to talk about reg burden and how we can better serve our communities and serve our customers and get loans out to small business customers.

And that's really I think what we're trying to do is -- is relieve some of the burden that doesn't make sense. You know, tier it to my business model.

TIPTON:
No, I think that's a lot of the intent of Mr. Williams' bill to be able to have a responsible regulation, to be able to create win/wins for our communities, for our businesses, for our families and to be able to have institutions in place that can deliver that liquidity.

Mr. Gleim, I'd like to be able now to -- be able to turn to some of the issues that you are bringing up. In December of 2017, the CFPB announced that it intends to open a rule making to reconsider the various acts -- aspects of the 2015 HMDA rule as well as its intention to assess penalties for errors in data collected in 2018.

In your testimony, you called the compliance burden of the CFPB HMDA rule stifling. Can you speak to how codifying the CFPB's safe harbor and extending it through 2020 as Mr. Emmer's legislation will do, how that will ease compliance burdens for the CFPB and the rule making industry?

GLEIM:
Yes, sir. The safe harbor will help us for that one year because of the fact it won't provide or they're -- we're -- we're basically have a safe harbor from those penalties. But it still doesn't resolve the issues of all of the information that we do and we are required to collect.

Again, our organization, we're -- we're the second largest lender in the manufactured housing segment, we basically turn down 74 percent of our applications. Every one of those applications is required to have HMDA information.

We found also that the cost of software for HMDA as well as additional software to edit that -- that -- the -- the responses for HMDA are extremely -- are extremely expensive, and again, making it difficult for more organizations to enter this market for manufactured housing.

The other issue we've got is when a customer comes in and is asked to provide that information, they can basically say they won't. At that point, we need to make a best guess on that.

What the customer doesn't understand is there are so many data points in there that we are then required to go into not only his application or her application, but a lot of other documents we've received for them to complete that.

In other words, we're providing far more information than the customers expected, which leads to privacy issues as well as identity theft issues as far as we're concerned. This takes a number of people to do. We're looking at five to 10 minutes for every deal that we've got.

TIPTON:
Thank you. Yield back, Chairman.

LUETKEMEYER:
The gentleman's time has expired. Again, we go to the gentleman from Georgia. The distinguished gentleman, Mr. Scott, recognized for five minutes.

SCOTT:
Thank you very much, Mr. Chairman.

Mr. Gleim, let me ask you this because I read your testimony. And you pointed out something that kind of disturbed me that -- the -- the fact that 1264 does not provide any relief to non-depository manufactured home lenders.

And that concerned me because there are millions of American families who this would affect who do not use traditional lenders like banks or credit unions, but heavily rely on this alternative form of lending. Could you share with us what this would do, what the impact of this would be?

GLEIM:
[OFF-MIKE]. One of the -- I think one of the things that we have seen the acting director do particularly on the safe harbor act is to go across the board on all lenders. We feel, and that's why we're asking for, that same sort of protection on this.

One of the biggest issues we have out of this, sir, is the fact that it creates an uneven playing field for manufacturing housing lenders and organizations like ours which do significant amounts of manufactured home lending.

The big issue also is very few community banks and banks in general basically work in this segment just because of the fact that it's so difficult to make money off of the smaller loans. So not only are we penalized by that, we would now be penalized by basically a dual system out there that would treat all of us lenders providing -- all of those lenders that are providing manufacturing home loans that are non-depositories following different rules.

SCOTT:
Yeah, that's because the loan size of manufactured housing is possibly too small to cover a lot of that. So it's a -- sort of a -- puts it into an -- sort of an unprofitable position to even cover compliance costs.

Is it possible that you might -- I know mister -- my colleague, Mr. Roger Williams is a very fine gentleman and he wouldn't want to do anything that would hurt millions of American families out there who don't use a traditional instruments in our financial system, that perhaps you might make a few suggestions to Mr. Williams that might suggest -- that might do this.

In Georgia and throughout this country, there are an awful lot of millions of families would be affected I think by this. Would -- is that not true?

GLEIM:
That is definitely correct. One of the things that would help this significantly goes back to -- it goes back to our access -- providing access to manufactured housing on points and fees.

These homes that at $20,000 and $30,000 are almost-- almost impossible to make a profit off of, and as a result, you've got customers that cannot buy these homes at this level. As a result, they end up having to go off someplace else. And again, there aren't many alternatives outside of manufactured homes.

Right now, we've see -- we're looking at numbers as far as originating and processing that run anyplace from $1,800 to $8,800 to process a loan. Because of that, more and more financial institutions and lenders are not willing to do the lower end. When the lower end isn't done, it also makes it very difficult for the customer to be able to trade up to a larger manufactured home or a better manufactured home.

There is no better affordable housing right now than manufactured homes that as I stated in my testimony, not only are the costs less than for traditional built used or new homes, but in many cases, the cost is far less than it is for even renting at this point.

SCOTT:
Very good. And if there's anything I could do to work with Mr. Williams on that, we maybe work together, get some language that would ease that concern a bit, I'm sure that Mr. Williams will work with us.

On my remaining time, I cannot go by without giving a compliment to Representative John Delaney and Randy Hultgren for the great work they're doing with 20 -- House Resolution 2683.

This is no fault of our veterans who get in this situation, and this legislation will go a long way, Mr. Chairman, in fixing a problem and correcting it because it's unfair for our veterans to have to be saddled with this extra cost because of the late payment structure in the VA. So I just want to commend Mr. Hultgren and Mr. Delaney for a job well done. Thank you.

LUETKEMEYER:
The gentleman yields back.

Now we recognize the gentleman from Texas, Mr. Williams, for five minutes.

WILLIAMS:
Thank you, Mr. Chairman, and thank you for holding a hearing on my bill, H.R. 1264, the Community Financial Institution Exemption Act, and all of the important legislation we're discussing today.

You know, it's not easy to force a regulatory agency to do what they already should be doing, but H.R. 1264 seeks to put the burden of proof on the CFPB. For new regulations, community institutions will be exempt until the CFPB makes a written, detailed finding that they should not be included.

In other words, either keep community institutions out of these massive rules or put pen to paper and tell us why they are including community banks and credit unions.

The bill would also require the CFPB to consult with primary regulators of community institutions as to whether new rules should go forward or if an exemption should exist. Finally, nothing in the bill would prevent the CFPB from revisiting current rules to determine if new exemptions are justified.

My bill is simple, my bill is straight forward, and I hope the committee will consider my legislation and that my friends on the other side of the aisle, as my good friend -- let the record show, my good buddy, David Scott, has indicated they will work with us to create a workable exemption.

Now, if not and we don't do that, I'm afraid our community institutions are going to keep disappearing and customers and borrowers alike are going to suffer in the long run. So in my remaining time, I'd like to ask a few questions.

Mr. Fisher, first of all, congratulations on your fifth generation business. I operate a third generation business. And want to thank you for being here today. Community banks and credit unions are the backbone of Main Street America and in my 45 years of experience as a small business owner, I can say without a doubt that community financial institutions are major drivers of this nation's economy.

But the sad truth is one credit union or a community bank is going to out of business each working day. It's unbelievable here in America because of incredible regulatory burden. I would like to ask you about my piece of legislation, the Community Financial Institution Exemption Act, which you have spoken about, and the effect that it could have on Main Street.

First though, in your experience, would you say in the past eight years, the regulatory burden on your institution has grown substantially?

FISHER:
I would say it has definitely mushroomed. It has expanded exponentially.

WILLIAMS:
All right. And do you feel that the CFPB should have included broader exemptions for smaller institutions in that timeframe?

FISHER:
Yeah. I'm -- I'm not sure that these CFPB has effectively used the -- the section 20 -- 1022 exemption to -- to exempt different financial institutions from the purview of some of their laws.

WILLIAMS:
Do you effect this -- do you feel like this legislation will have a positive impact on Main Street?

FISHER:
I think this would have a -- a tremendous impact on Main Street.

WILLIAMS:
I've got another question for you. I'm concerned the CFPB as it behaved under former Director Cordray actively sought to increase regulation no matter the cost to communities and the consequences of its actions.

So with that being said, do you think that requiring a written finding for new rules before they go into effect, if at all, would force the CFPB to stop and think if these rules are truly necessary for community institutions?

FISHER:
Most certainly. I mean it -- they would have to prove, you know, they -- the burden of proof is on the CFPB at that point, so...

WILLIAMS:
And finally, will my proposal effectively help community financial institutions to thrive and to grow in number rather than be crushed under burdensome regulations they currently are?

FISHER:
I would -- I would find that to be very helpful, yes.

WILLIAMS:
Thank you for your testimony.

Real quick, Mr. Shuman, I would also like to thank you for your service to our country.

SHUMAN:
Thank you, sir.

WILLIAMS:
Yes, sir. I represent a large portion of Fort Hood. You know where that is?

SHUMAN:
I'm quite familiar with that.

WILLIAMS:
So veterans' issues are always at the forefront of my mind. We should always find solutions which honor the sacrifice and bravery of veterans who serve this nation.

The current state of the VA is alarming to me, and -- and our veterans deserve much better. And I agree with the American Legion National Commander Barnett that no veteran should ever receive a call or a letter from a collections agency because the VA failed to pay the non-VA provider in a timely manner. It's disappointing that a bill like this is even needed, but I feel that this is a step in the right direction to righting this wrong.

So briefly, what else, with the exception to this bill -- with the exception of this bill -- can this committee undertake to ensure that veterans are taken care of for -- of once they've left the service?

SHUMAN:

Well, thank you for the question, Congressman. I mean, you know, outside of this committee voting on and -- and in favor of critical legislation, for example, the committees right now are currently working on streamlining the Community Care Bill, the Choice Bill going forward. So that was -- that will be critical in the coming months, but just continuing to vote in favor of veteran's legislation will be helpful.

WILLIAMS:

OK.

Got just a small amount of time. Mr. Gleim, I'll just ask you this. My legislation that we've been talking about in your estimation -- or I'm sorry, actually it's Mr. Pearce's seller financing legislation, in your estimation will this legislation help to provide the flexibility and access to mortgage credit that moderate and low income families deserve?

GLEIM:

[OFF-MIKE] Yes, sir, I think it definitely will by again, creating that level playing field.

WILLIAMS:

So Mr. Pearce has a good bill?

GLEIM:

Yes.

WILLIAMS:

OK. I yield my time back. Thank you.

LUETKEMEYER:

The gentleman's time has expired. With that we recognize the gentlelady from New York, Ms. Velazquez, for five minutes.

VELAZQUEZ:

Thank you. Thank you, Mr. Chairman, I thank you for holding this important hearing.

Mr. Astrada, since 2015 the CFPB has taken numerous steps to provide smaller institutions with flexibility from HMDA's data collection and reporting requirements. Thus, H.R. 4648 seems somewhat unnecessary and has the potential to further limit mortgage lending to lower income and minority communities. Would you agree with that assertion? Please explain.

ASTRADA:

Yes. And our -- one of our main concerns with the bill is the limit of public availability. And I think it would be helpful to contextualize CRL and the civil rights coalition's views on why, I think as the phrase was said, we're so data hungry, is that data really allows for a critical assessment of policies and to kind of decouple intent from impact.

And --and data and the quantitative analysis that relies upon it has been one of the strongest tools of civil rights groups and excluded communities to really speak truth to power. And examples of this go far back, especially in the mortgage industry where FHA redlining was never with the intent to be exclusionary.

It was always to preserve peace in the community or preserve the economic well-being of white and black families. Or upholding constitutional contract law was the basis for allowing or empowering land owners to not sell their property to African American.

So I'm -- by no means am I comparing any of the legislation here today to those bills, I'm just solely saying that that is our concern with scaling back data. That is why we are adamant about protecting the public's ability to scrutinize data and to really hold accountable the -- the market.

And this is also not a statement that says we believe in collecting data just for data's sack, and that more data is better, but that we do have processes through the regulators in a collaborative approach with those under their purview, and that legislation that will completely supplant the regulator's role in collecting that data or when should that be collected, or how it should be collected is extremely problematic.

VELAZQUEZ:

Thank you. Mr. Astrada, H.R. 4648 will restrict the CFPB's ability to make any of the new HMDA data that is collected and reported under Dodd-Frank publicly available.

Can you please discuss the importance of HMDA data in allowing Congress and the public to monitor trends and potential problems in the mortgage lending industry, and elaborate on any concerns we should be aware of with limiting the public access to this data?

What is the public good? What is the public goal in terms of collecting the data and not allowing for the public community-based organizations to have an impetus in terms of lending to all Americans not to have access to this data?

ASTRADA:

And -- and again, I think it's extremely important for the public's access to this information and one of the earliest examples of this -- of public information to improve industry practices is a 1988 series of stories of redlining practices in Atlanta published by the Atlanta Journal-Constitution called the Color of Money.

This series was carried out not by a federal agency or any type of think tank, but by an investigative journalist relying on public data, and the series itself transformed the public understanding of redline and actually led to major changes in the mortgage market.

So it's examples like these that -- these data collections are not telling institutions who to lend to, who not to lend to, or giving any type of directive. It's really the foundational what I would believe is transparent markets accountable to the public, accountable to policy makers.

And the real point of conflict of what I sense is that how much data should be collected is a separate question of just prohibiting the public's availability of even future data points.

And -- and the expanded rule has race, ethnicity, interest rates, borrower fees, so it's all these data points that might have prevented the extent of the great recession if we had it before 2008 when the market was very dark and even financial professionals trading in the desks had no idea what was going on in terms of risk assessment.

VELAZQUEZ:
Thank you, Mr. Chairman. I yield back.

LUETKEMEYER:
The gentlelady yields back. With that, we go to the gentleman from North Carolina, Mr. Pittenger, you're recognized for five minutes.

PITTENGER:
Thank you, Mr. Chairman. And thank you to each of you all for being with us today.

Mr. Fisher, I want to say I applaud your work. I was on a community bank board from the time we chartered to the time we sold it. It was -- it was a great role that we played. And frankly, North Carolina has lost 50 percent of our banks in the last eight years as --as a result of the Dodd-Frank bill and the regulatory environment. So I commend you for hanging in there and relief is on the way.

Speaking – regarding Mr. William's bill which I really commend, are you -- do you have concerns that even with the ability that you have an exemption that the best practice roles that are promulgated through the larger banks, it could be passed down to the smaller community banks?

FISHER:

We -- we do have concerns and we -- we've experienced that, as I mentioned before, you know, with -- with some of the -- the stress testing on some of our loans and -- and even the suggestion that we have to hire a personnel to, you know, manage the risk for our -- our bank versus having a committee risk approach.

So we've seen the best practices already being pushed down upon from some of the larger institutions that we're not even close to those thresholds, asset thresholds for some of those things. So we -- we are concerned about some of those...

PITTENGER:
Yes, sir.

FISHER:
... best practices.

PITTENGER:
You know, they've tried to carve out exemptions built on the substantial differences between the community banks and the larger, more complex institutions. Do you feel like that these have worked well in the past? What should Congress be considering in -- in terms of a tiered regulatory approach? And what's worked well, what doesn't? What do you -- (ph) what would you recommend?

FISHER:
I mean I think a tiered approach can work well as long as it's consistent and enforced. You know, I think if we look at the Durbin Amendment, it's not perfect but it seems -- still appears to be working somewhat well as far as preserving the interchanging (inaudible) community banks.

I -- I think a tiered approach should be based, you know, it should be on the complexity of our business models, and we don't have the complex business model that the -- that the mega banks have. I mean we're, you know, it's -- it's a wonderful life, you know?

PITTENGER:
Yeah.

FISHER:
Just having been through the holidays, that's -- that's our business model. We're the Bailey Savings and Loans, so...

PITTENGER:
Yes, sir.

Mr. Gleim, President Trump is expected to nominate a -- a new director for the CFPB. What specific steps could the new director take that would reduce regulatory burdens for manufactured home leaders [sic]?

GLEIM:
Actually, I think, you know, it can simply state and simply respond by saying that we would like to act on provisions in H.R. 1699 which was (inaudible) -- which was basically Preserving Access to Manufactured Housing Act, and do it on an administration basis.

This would help to cut our costs significantly. It would make it a lot easier, and again, make affordable housing out there, again, more accessible to a lot of other lenders or a lot of other customers.

I think one other point that it's important to make is we have seen extremely good years over the last couple of years as far as profitability goes. That includes my organization. But until these regulations are changed, we're not going to get people being able to afford or being able to buy manufactured homes.

I said earlier 74 percent of our applications are being turned down, not because they're not good applications and not in many cases, because they're - they're not good customers. It is because of the regulations that are out there, and if in fact the CFPB could basically follow the Preserving Access to Manufactured Housing Act as it is, we would see more and more people qualify and be able to buy manufactured homes that deserve to have a home.

PITTENGER:
Yes, sir. And to that end, would you just expand some more in detail of the HMDA data requirements and the concerns that you have regarding that?

GLEIM:
Well, our issue with --with the HMDA data is that the bill's not scaling back data. The bill is protecting small lenders from doubling of data being collected, and that's probably the biggest issue as far as we're concerned is that -- as far as that goes.

We're not looking at eliminating HMDA collection. We're looking at do we really need estimates that go from 100 to 140 data points out there on that individual customer that, you know, resulting in significantly increasing cost which means more and more lenders will not basically go into manufactured housing because of this and because of the small balances, again, I'm talking $20,000, $30,000, our average balance is $70,000.

PITTENGER:
Thank you. I yield back.

LUETKEMEYER:
Thank you. Gentleman yields back. Then we go to the gentleman from Texas, Mr. Green, recognized for five minutes.

GREEN:
Thank you, Mr. Chairman. Thank the Ranking Member as well. I thank the witnesses for appearing. Let's start with something very basic.

Mr. Fisher, sir, would you tell us what the HMDA data is used for?

FISHER:
HMDA data is used to see if there's -- if a bank is discriminating based on recs -- race, sex, ethnicity, other features like that.

GREEN:
And do you agree that this type of discrimination still exists?

FISHER:
It does not exist at my institution, but I would say that there are probably some forms of discrimination that still exists, yes.

GREEN:
Well, it exists at BXS. They just agreed to pay a $10.6 million settlement because of their behavior. And I've got a list of others. Is there anyone on this committee, this -- excuse me, this panel who believes that discrimination doesn't exist? If so, raise your hand. Be truthful.

I take it by an absence of -- of hands, and I would ask that the record reflect that all of the members of the panel believe that discrimination exists.

Now, Mr. Fisher, if it -- if it exists and you've acknowledged it, but not at your bank, if it exists, how would you have us deal with something that prevents some people from accessing capital that are qualified to receive the capital?

FISHER:
I think the current HMDA data that was put into place in 1975 still adequately monitors that -- it provides all the relevant data points that you need to -- to monitor that.

GREEN:
No. (ph)

FISHER:
I don't think the expanded data points are -- are significant.

GREEN:
Tell me about your -- your background, Mr. Fisher. Where have you studied these issues such that you can give us an authoritative opinion such as you've just announced? Where have you studied this?

FISHER:
I have not studied this.

GREEN:
OK.

FISHER:
I mean, I...

GREEN:
So you really don't know what you're talking about? You really don't. People are suffering. They can't get loans that other people get and sometimes they're more qualified than the people who are getting loans. It happens. It's not their fault that we have this history of invidious discrimination.

Something that I know we don't want to confront and don't want to talk about, but it exists and somebody has to say it. And this data is important to those people who are being discriminated against.

If I -- someone can give us a better way to do this, I'd be honored to hear it. But we don't have it. In fact, this is not enough. We ought to be able to test banks. We ought to be able to send people into banks to try to get loans, different ethnicities and find out who's really discriminating against people and to what extent.

Mr. Astrada, sir, tell us about this Color of Money, is that the article that you referenced?

ASTRADA:
Yes.

GREEN:
OK. I read that some time ago. But my recollection is that they found that there was some serious infractions, is that a fair statement?

ASTRADA:
Yes.

GREEN:
Can you articulate some of these infractions please?

ASTRADA:
Yes, and -- and I think this is a great example to outline kind of the spectrum of what you said of just kind of blatant, obvious, all-out racism where borrowers were declined loans based on the -- the color of their skin, but also through this data requirement of the kind of more complex system that we have of discrimination.

And I don't want to get too academic but I -- I-- I think that like at a Supreme Court case in 1917, outlawed or it deemed unconstitutional racial zoning by a county in Kentucky.

And the research behind this article, and that has been built on this shows that how because individuals who discriminated against ethnic minorities, African Americans, Latinos couldn't outright racially zone, that they made an economic coloration of all the indicators that kind of went along with the social class that they were discriminating against.

So this article kind of really sheds light on the more complex sense of discrimination where you talk about institutional racism all the way down to the individual teller that might be discriminating against somebody just on the color of their skin.

GREEN:
Thank you. I'm going to yield back, Mr. Chairman.

LUETKEMEYER:
The gentleman yields back. Now we go to the gentleman from Georgia, Mr. Loudermilk, recognized for five minutes.

LOUDERMILK:
Thank you, Mr. Chairman. And I -- and I -- and I do appreciate every one of our -- our panelists for being here. And let me -- before I start questioning, I want to thank Mr. Shuman and Mr. Fisher both for your service to our country. Especially from a -- an Air Force veteran as well, and from a member of the Legion as well, I appreciate your service to our country.

Back in our district, I created an advisory council back when I first got elected three years ago. The advisory council is made up of professionals in business, business owners, small business owners, managers, CEOs, community activists, non-profits, ministers. It's basically a -- a snapshot of the 11th Congressional District in Georgia.

And the reason I have this advisory panel is so we -- we meet regularly and we discuss issues that are important, and -- and we bring -- bring ideas of how can we serve the people better.

And recently -- and I asked them a question, and actually this was about a year -- two years ago. I asked a question as I went into the business community there, I -- I -- I asked their advisory council, I said if -- if we can only do one thing, if we were only able to accomplish one thing to -- to help your business, would you rather us address corporate taxes and business taxes, or reduce regulations?

It may not surprise you guys, it surprised me, 85 percent of them in the room said reduce regulations. This is the number one thing.

I followed up on that and then I said why? It's because it's not just the bottom line for us, it's servicing our customers, and the current regulatory environment prohibits us from actually servicing our customers.

I had a young man -- a member of our -- our advisory council, president of a small community bank, came to me later and he said let me -- let me explain to you the -- the problems that we're facing because of the current regulatory environment.

A young man came in my office and he wanted a loan of $3,500 to buy a car. He needed this car for his -- for his job. He used -- he had been struggling. This was an opportunity. He got a job, but because of the current regulatory environment, even though I personally knew this guy. He said I knew him. I knew he would be good for the money, I was not allowed to make a loan to him. Mr. Fisher, you're in the banking industry.

FISHER:
Yes.

LOUDERMILK:
You make money by making loans to people, correct?

FISHER:
That is -- that is my core business. That is how we make money every day.

LOUDERMILK:
When -- when you tum down someone for a loan, you don't make money.

FISHER:
Correct.

LOUDERMILK:
When the government tells you you can't make a loan even though you may know that it would be in the best interest to do so, you don't make any money?

FISHER:
That is correct.

LOUDERMILK:
Who is hurt through that?

FISHER:
The consumer ultimately is hurt.

LOUDERMILK:
Is ultimately...

FISHER:
And -- and we are hurt as well, but...

LOUDERMILK:
So regarding the -- the bill that Mr. Williams has introduced that would exempt the financial institutions under $50 billion from CFPB regulations, still they allow them to reinstate a rule if there were unique circumstances, I don't see how this would actually increase a systemic risk. I mean I -- I -- I just don't believe that it would put that kind of a risk. What's -- what's your thoughts on that?

FISHER:
I don't think it would increase the risk at all either. I -- I -- I believe there is, you know, consumer regulations and as I've said previously, you know, we do things that are right for our customers and right for the community because our reputation's on the line every day. And so we -- we can't afford to do things that are, you know, contrary to -- to customer goodwill that would hurt us reputationally so...

LOUDERMILK:
So if -- if the CFPB, and -- and you've kind of touched on this a little bit, but this is -- if -- if this bill was to pass, what kind of consumer protections would -- would be there?

FISHER:

I think everything that the CFPB is -- has put in place and that the other consumer protections would still be in place. It's new -- new regulations going forward, and they could still have it enforced upon banks as long as they prove that they -- that the law needs to apply to community banks and other financial institutions as well.

LOUDERMILK:
And -- and I agree with my colleague who spoke before me and -- and there -- there's -- there are forces out there that -- that -- that do discriminate, but I've also learned, especially in this modern era, that the market is one of the strongest forces.

And I'm sure that your board of directors would -- they would like to be able to make more loans to more people because what happens is for this young man that was not able to make -- to get the loan to buy his car, he had to go to another agency to get the loan that -- that requires, or made him pay a whole lot higher interest. So thank you, and I yield back.

LUETKEMEYER:
Gentleman's time has expired. With that, we go to the gentleman from Kentucky, the gentleman -- the -- the chairman of the Monetary Policy Committee, Mr. Barr, recognized for five minutes.

BARR:
Thank you, Mr. Chairman. Thanks for the important hearing. Appreciate the opportunity to look at these important legislative solutions to over regulation, and wanted to kind of follow up with Mr. Fisher and -- and continue the discussion about HMDA data and the collection requirements that the CFPB is proposing for small institutions like yours.

My understanding is that this rule more than doubles the number of data fields that -- that you are required to collect, is that correct?

FISHER:
Twenty-three to 48 data fields.

BARR:
So 25 additional data fields. You're already submitting -- you're collecting and -- and submitting and reporting 23 data fields right now. My understanding is that Dodd-Frank requires you to collect and report more but the CFPB even goes beyond that, is that -- is that fair? Is that a fair...

FISHER:
I believe -- I believe that's the case.

BARR:
And so the -- the gentleman from Texas was making the point that -- that you don't study this, but in fact, community banks like -- like yours, you more than study it, you live it each and every day collecting it and reporting the data.

And -- and -- and what many community banks in central and eastern Kentucky tell me is that the additional collection burdens in mortgage lending is actually forcing these institutions to exit mortgage lending all together.

And so my question to you or any other community banker in America is how does exiting mortgage lending benefit any perspective borrower including minority borrowers?

FISHER:
Yeah, I don't think reduced choice is -- is good for the consumer. So...

BARR:
The point here is that excessive, overzealous regulation reporting requirements doesn't help consumers. Ultimately, what it's forced community banks to do is actually get out of the business of mortgage lending. In fact, some community bankers have pointed out to me that they refer to the QM rule as quitting mortgages.

If -- if this is what regulation has come to, that is not helpful to low-income borrowers. That is not helpful to minority borrowers. That is not helpful in any way in getting rid of discrimination.

In fact, I would argue that Dodd-Frank, the CFPB is actually forcing banks to disadvantage disadvantaged borrowers because of the tremendous burden that is now hoisted upon community financial institutions and non-bank lenders and non-depository lenders.

So if there's discrimination that's going on in this country, it's discrimination that's forced by regulators because they're literally forcing lenders out of the business of helping low income borrowers in America.

Mr. Gleim, I wanted to follow up with you, and of course was delighted to engage in this debate on preserving access to manufactured housing, the legislation, H.R. 1699, which I introduced.

And I will note as we were talking about this legislation with some of our colleagues on the other side of the aisle that there were 27 democrats including my good friend, Mr. Scott, who voted in favor of that on -- on the House floor.

That legislation passed the House 256 to 163. That was bipartisan legislation that – that really does get at this issue of preserving access to manufactured housing, your testimony references that legislation.

During that debate, some opponents of the legislation criticized the death of the market. They cited the existence of a, quote, "monopoly" in manufactured housing lending as the need for these CFPB regulations.

I'd like for you to respond to that but – but as you do, isn't it the regulations themselves that created less competition? Isn't the fact that these regulations are a disincentive for banks and credit unions to get in the business of manufactured lending? Isn't that what is causing less competition and choice within manufactured housing lending?

GLEIM:
There's no question about that. Again, the issue that we are unable to do small loans keeps a lot of lenders from coming into this business. The other issue we've got is the definition of a mortgage loan originator which impacts that as well. But again, all of the regulations that are coming in and the way that they're doing it is driving more and more lenders out of manufactured housing.

BARR:
My time has expired, but I would just ask the question, how in the world is the CFPB protecting consumers when they -- when -- when consumers can't get a loan from a – for a manufactured home that allows them to build equity and -- and have a monthly payment that's less than a rental payment? And I yield back.

LUETKEMEYER:
The gentleman yields back. His time has expired.

With that, we go to the gentleman from Washington, Mr. Heck, recognized for five minutes.

HECK:
Thank you, Mr. Chairman.

Mr. Astrada, thanks for being here today. I always appreciate the CRL because I think you're not only thoughtful but you think about things a little bit differently, and Lord knows that we could use some kind of out of the box thinking and comments here on occasion.

I wanted to ask you some questions about the seller finance bill, and let me put my cards on the table. I like this bill. I think, frankly, it's a measured approach, Mr. Astrada, to what -- what is a genuine problem that we ought to address, and I can't understand why the underlying law was written the way it was.

So let's put it like this. Dodd-Frank includes lots of provisions dealing with mortgages, and rightly so because it came on the heels of an unbelievable mortgage crisis, and we all get that. And almost all these mortgage provisions, includes some carve outs for small operators.

The Qualified Mortgage rule has an exemption for small creditors. The HOPA rule has an exemption for small creditors. The Mortgage Servicing rule has an exemption for small servicers. The Mortgage Originator rule has an exemption for small mortgages, but only if they are an LLC.

So I'm trying to think of what the compelling public policy rationale would be for having a small exemption -- small originator exemption for LLCs and not natural persons, a disparity which is corrected in the bill that I happen to like. Can you think of a compelling public policy reason for treating those two differently and not providing a -- a small originator carve-out?

ASTRADA:
I'm sorry, I just want to make sure I'm -- I'm answering your question specifically. So were you asking us if there is a public policy reason for not extending the exemption to LLCs?

HECK:
No. There is an exemption...

ASTRADA:
Oh, there is...

HECK:
There is a small originator exemption...

ASTRADA:
Yes.

HECK:
... for LLCs, but it is not extended...

ASTRADA:
Yes.

HECK:
... to natural persons. And I'm asking is there a compelling public policy reason for LLCs to have this small carve out but not natural persons?

ASTRADA:
I mean I think that gets outside of our concern with the bill but I'm more than happy to give you my...

HECK:
So you don't have a problem with extending it to natural persons?

ASTRADA:
It's not -- I'm...

HECK:
Any more than you might LLCs? Are you saying you don't think there should be a small carve out for LLCs?

ASTRADA:
No. What I'm saying is I think our concern, or at from CRL's concern with the bill is more kind of in the aggregate of what the bill puts out. So it's not just the extension to real persons or LLCs, it's also the striking of the fully amortized loans that would also follow that exemption. It's also the increase of the property from three to -- with a 12-month period, to five.

So it -- it's really just those factors taken together is our concern is that is ripe for potential problems, not only for the borrower itself -- borrower themselves, but also for the -- the -- the risks that that causes, especially for individuals who rely on manufactured housing.

HECK:
So to be clear, do you or do you not have a problem just with having a small originator carve out?

ASTRADA:
So if -- if you want a yes or no answer, I'll give you a whole bunch of qualifiers and I'll give it to you like just that question outside of the rest of the bill, or...

HECK:
Out -- that -- just that question outside the rest of the bill.

ASTRADA:
I -- I do not have a problem.

HECK:
And taking the next step.

ASTRADA:
Yeah.

HECK:
Do you have a problem with that carve out being extended to natural persons in addition to LLCs outside the rest of the issues that you have alluded to within this bill?

ASTRADA:
I don't have a problem with it, no.

HECK:
Good. Take that as a ringing endorsement of that part of this legislation. And I thank you for it.

ASTRADA:
I --well...

HECK:
That said...

ASTRADA:
... (inaudible) endorsement.

HECK:
Reclaiming my time to quote the ranking member. Just – just to remind you, I really appreciate when your organization is here. I genuinely do.

I don't know that I have enough question -- time left to answer this -- ask this question but I -- I did want to ask you about why you are concerned with respect to manufactured housing in the provisions of this bill because I find that in that regard, not an issue that you alluded to earlier that there are actually protections included not only in the underlying law but also some additional protections that are included within our proposed legislation.

And with that, my time's up and I certainly appreciated every time CRL is here and I genuinely mean that. I yield back, Mr. Chairman.

LUETKEMEYER:
Time -- the gentleman's time has expired. With that, we go to the gentleman from Michigan, Mr. Trott, recognized for five minutes.

TROTT:
Thank you, Mr. Chairman. I want to thank the panel for being here. Also want to thank Mr. Shuman and my friend from Maryland, Mr. Delaney for offering H.R. 2683. It's a good common sense solution to -- to fix a problem affecting our veterans, and I appreciate you bringing it forward, and I think it will pass with strong bipartisan support.

And if you have other suggestions on easy fixes we can do to problems that we're creating here in Washington for our veterans, we'd all love to hear about them.

SHUMAN:
Thank you, Congressman.

TROTT:
Mr. Fisher, I want to talk about something that my friend, Ms. Maloney, brought up, and she -- she asked a rhetorical question, I assume it was rhetorical. She said what does a bank's size have to do whether a consumer should be protected, and shouldn't every consumer deserve protection?

And my response, and she's not here, but my response to that question is is this chart. This is the regulatory -- regulatory scheme affecting banks. And this is the consequence of -- of -- of that.

So my question, I would rephrase it a little differently. Shouldn't every consumer have the opportunity to have a bank nearby to give them a home loan or a small business loan? Or is credit -- should it just be limited to those who live in big cities or those who are (ph) well-healed or well-connected?

So my question to you, sir, is if some of these bills are -- that we're considering today are signed into law, what's going to happen to your bank back in Spencer, New York? What are you going to do for your customers? And as an aside, I -- sitting here listening to you today, I thought maybe you should consider a -- a career in politics.

You're -- you are so diplomatic and patient in response to Mr. Green's question where he suggested that after five generations of running a community bank, you know nothing about discrimination.

My -- I would have been a little more confrontational in -- in my response and said I've been serving our community for -- for five generations and I know a whole lot more about discrimination and its consequences than a bunch of bureaucrats crunching numbers in Washington. But back to my question, what is it going to mean for your community back in Spencer, New York?

FISHER:
I think relieving regulatory burden, you know, if -- if we could get some relief from these - this huge list that you have up on the -- on the wall there, I think it would allow me to focus more on serving the customers, getting loans out into the community and helping revive the upstate New York community.

Congresswoman Tenney has left the room but I -- I thank her for some of her efforts to -- to introduce some legislation and -- and just the relief. Upstate New York where I live is -- is still fairly economically depressed. It -- we've not had the recovery that the rest of the nation has had since -- since the Great Recession.

So it would allow me to really focus my efforts and -- and focus externally on the community and our customers in -- in doing what's right for the community and putting loans back out there.

TROTT:
You could be eliminate a job in compliance potentially?

FISHER:
I -- I doubt that I will be able to eliminate a job in compliance, but I may be able to redirect those forces elsewhere more in line with a customer facing.

TROTT:
Now, Mr. Astrada in his testimony would have us believe that what's going to ensue if some of these bills are enacted is fair lending violations and discrimination and abuse and instability.

Is that a likely scenario for your -- your community bank now? You going to go back and tell your loan officers the federal government's off our back now, we can start discriminating against all those folks that we never liked? Is that what's going to happen?

FISHER:
No, and I think even the rollback, we would still be subject to the HMDA requirements from 1975, so we'd still be reporting the 23 data points. And obviously as a community bank, we're doing what's right for our customers and the community and -- and it's all about being there for the customer and if we tarnish our reputation, it's hard to recover that from a -- in a community of less than 5,000 people.

TROTT:
So let's talk about the data points, so Mr. Gleim and Mr. Fisher both, either of you can respond to this.

So I was recently visiting a – an organization in my district and they are very actively involved in the Head Start program and they indicated to me that the federal government has 3,000 different things they measure with respect to how the Head Start program is administered and they have to provide so much data, it's just overwhelming to them. I can't imagine what you would measure with respect to Head Start and kids and 3,000 data points.

But you mentioned 100 data points, so do you -- do you have an example, and if you don't, it's fine. Either of you -- or anyone can chime in, but do you have an example of just a ridiculous data point that you...

GLEIM:
Well...

TROTT:
... have to provide that just provides -- can -- of no possible utility whatsoever?

GLEIM:
I think it's a matter for instance, one of that data -- one of those data points that the customer doesn't know that we're reporting is the fact that they're getting a manufactured home. It's a little hard for me to understand the discrimination side of that.

I'm not saying do away with HMDA. That's no intention because as -- as everyone knows, there have been issues along those lines. But as we go through those points, as we go through everything from numbers of children to the type of home to the color of the home, to the location of the home, things along those lines, it is a matter of basically how many points are necessary.

TROTT::
Great. Thank you for your time. My time has expired, but the idea of leaving the bureaucrats to determine the size of institutions that should be exempted is a bad idea and that was my last question. I'll -- I'll yield back though. Thank you.

LUETKEMEYER:
The gentleman yields back. Time has expired.

We go to the gentleman from Maryland. Mr. Delaney, is recognized for five minutes.

DELANEY:
Thank you, Mr. Chairman.

And I want to thank all of our witnesses for being with us here this afternoon. I want to direct my questions to Mr. Shuman related to a particular piece of legislation, but before I do that, sir, I want to thank you for your service to our country and your continued service to so many men and women who have served our country who need some to be looking for them. So I thank you for that.

SHUMAN:
Thank you, Congressman.

DELANEY:
My question relates to the bill I cosponsored with my good friend, Mr. Hultgren, H.R. 2683, the Protecting Veteran's Credit Act of 2017, which I know you made some very positive comments about in your introductory remarks, which I appreciate.

This bill has also been endorsed obviously, by the American Legion, but by the VFW, the Military Officers Association of America, the Wounded Warriors Project, the Paralyzed Veterans of America Association, the Association of the United States Navy, the National Consumer Law Center, and the Consumer Federation of America.

And Mr. Chairman, I'd like to submit -- ask for unanimous consent to submit letters to the record for these groups for supporting the bill.

LUETKEMEYER:
With no objection.

DELANEY:
Thank you.

And the bill does, as you know, sir, two things. The first thing is does is is it freezes the ability of negative credit to be reported to credit agencies related to medical care that is received or provided to a veteran outside of the VA system whether through the Choice Program or through some other provider.

And so to the extent because of kind of bureaucratic delays that we know have existed in this system related to making these payments, once I -- once the veterans are out of network, what the bill does is effectively says that if bad debt is incurred because these bills haven't been paid, then that debt cannot be reported for a year to the credit agencies so as not to impair the credit of our veterans.

That's the first thing it does, and the second thing it does is it makes it much easier for our veterans to actually kind of adjudicate credit impairments that are actually put on their record. So to the extent these even happen after that first year, they can be dealt with.

And we've got two articles that -- that Mr. Chairman, I'd also like to submit -- or ask for unanimous consent to submit to the record. The first from CBS which was titled World War II Vet Mistakenly Billed $4,000 for Medical Care Revealing Problems at the VA, and this related in a certain -- this resulted in a credit impairment. And from the Military Times, Veterans Choice Programs Hurting Some Vet Credit Scores.

LUETKEMEYER:
Without objection.

DELANEY:
Thank you, sir.

So, Mr. Shuman, can you give me a sense as to the scale of this problem in your judgment and -- and how you think this bill is a -- is a specific prescription to the problems that our service men and women are encountering as they go out of network.

You know, Choice program was a really good idea, but the implementation of it has been spotty particularly as it relates to working through the bureaucracy of getting these bills paid. Can you give us a sense as to how prevalent this situation is?

SHUMAN:
Well, thank you for the -- for the -- for the question, and I also thank you for introducing the bill. I think it's a -- it's a great step in the right direction to have -- to protect veterans. The simple reality is is that the VA no longer shares the actual real number with the VSOs anymore.

DELANEY:
Yeah.

SHUMAN:
So I cannot give you an exact number. I can tell you when they set up a -- a phone number to call, thousands, I think somewhere in roughly estimates of 74,000 calls came in over the course of 14 months.

That's 74,000 veterans who have been impacted to an extent where they ask for help. And I think if anybody knows, veterans hardly ever ask for help, so if 74,000 called, I can only imagine the number that -- like mister -- Mr. Frankie Adams, whose story I already told...

DELANEY:
Right.

SHUMAN:
... didn't call.

DELANEY:
They just deal with it.

SHUMAN:
Right.

DELANEY:
Yeah.

SHUMAN:
And so this -- this system is -- this bill is a step in the right direction particularly as there are seven different community care bills currently in the process of trying to figure out and streamline the Choice Program, particularly in the midst of -- of a new bureaucratic process, this -- this going into effect could help protect them during that -- that transition.

DELANEY:
And -- and we all know what happens is once a bad debt is reported, and it's reported in a -- a credit reporting agency and the -- the debt is sold to a collection agency, often times our veterans are harassed for the payment of these bills which are in fact not their obligations.

SHUMAN:
That is correct, sir.

DELANEY:
And have you -- I assume you've seen specific or have heard of specific examples of that occurring.

SHUMAN:
Absolutely. The American Legion, we travel the country and audit about 15 VA medical centers every year.

DELANEY:
Yeah.

SHUMAN:
And the night before we do that, we host a town hall, and a good portion of the -- of our town hall visits which takes place in every one of your congressional districts, our members tell us of the massive frustration from this issue.

DELANEY:
Right. And just a quick yes or no answer because we're running out of time, do you think this bill goes a long way to solving the problem?

SHUMAN:
Yes, sir.

DELANEY:
Thank you, sir.

LUETKEMEYER:
The gentleman yields back and we thank his participation in our committee this afternoon. With that, we go to the gentlelady from Utah, Ms. Love, recognized for five minutes.

LOVE:
Thank you. And I know some of these questions have been asked, but I just need to make sure I get this information. I wanted to talk about the CFPB and Representative Emmer's bill, H.R. 4648.

I'd like to ask a few questions just very quickly about the Home Mortgage Disclosure Act and reg C, and I've been really concerned for some time about how the CFPB's HMDA rule added new mortgage data points that needed to be collected -- reported, including borrower's age, ethnicity, race, sex, credit score among others. We even talked about over a hundred data points.

Now how do you expect the new data to be used by the CFPB and others interpreting the data to scrutinize the mortgage lending industry in community banks, Mr. Fisher?

FISHER:

I mean -- they're already utilizing the data that we're currently submitting to -- to look for discrimination and things like that, so I'm -- I'm not sure what the enhanced data points do because a lot of the data points are already out there. I -- I think that the current data points already allow them to -- to find discrimination and things like that. So...

LOVE:
Mr. Gleim, you look like you wanted to chime in. No?

GLEIM:
Yes. I -- I feel the same way. I think the information is out there and we really don't know what they expect – what they expect to do with the expanded information that they've got and exactly how it will be used, which again is the concern again about privacy, identity theft. There's another group now that's going to have all of this additional information.

And as I said earlier, if the customer doesn't necessarily realize that they're giving as much information as they think they are.

LOVE:
Yeah. OK. And last question, do you believe that the HMDA data, both new and old, is sufficiently accurate to -- to form a basis of informant – of enforcement actions such as a reported fair lending violations?

GLEIM:
I think it is in some cases, but keep in mind the customer doesn't have to fill out this information, and if he doesn't, the people that are taking the application will make a best guess as to what they're doing.

LOVE:
So best guess doesn't actually equal accurate?

GLEIM:
For such things as ethnicity as well as just a number of the questions there because we still are required to report that information if it's observed.

LOVE:
OK. (inaudible)

FISHER:

And to complicate that, some applications are done via the phone, not in person. So you may -- you may be making a best guess based upon last name, some things like that. So it's -- if the person chooses not to fill it out, the banker has to make a best guess.

LOVE:
OK. Do you need time or can I keep going? [OFF-MIKE].

LUETKEMEYER(?):
[OFF-MIKE]

LOVE:
OK.

LUETKEMEYER(?):
[OFF-MIKE].

LOVE:
No, I can -- I'm going to yield the remainder of my time to Congressman Pearce.

PEARCE:
Thank the gentlelady for yielding.

LUETKEMEYER(?):
OK.

PEARCE:
And Mr. Chairman, I would ask unanimous consent to put a letter in from the Coalition to (ph) Save Seller Financing titled CFPB can Change Seller Financing Rules.

LUETKEMEYER:
Without objection.

PEARCE:
So Mr. Gleim, I've got a question for you, and Mr. Astrada, I'm going to come back to you and see if we can't find a middle ground on this whole balloon note. I read your testimony here.

And -- and -- so 50 percent of the houses in the Second District of New Mexico that I represent are manufactured housing, so it's probably as big an issue to me as anyone in the country. And seller financing, Mr. Gleim, if -- if we eliminate the seller financing, what options do people have at that point?

GLEIM:
Eliminating the seller financing becomes a major issue as far as being able for customers to obviously obtain that home, to be able to get them those homes, but it also makes -- it gives them very few if any alternatives outside of that.

Again, it is almost impossible to basically provide good affordable housing for a cost less than a manufactured housing. So if you're looking primarily at seller financing as far as that being the case, it, again, makes – if there's one less opportunity, again, for this customer to receive that sort of financing.

PEARCE:
Sure, and the movement from three to five, is that going to be on -- upset the market of any kind because what happens is people buy...

GLEIM:
We...

PEARCE:
They buy these...

GLEIM:
We don't see that as upsetting the market because, again, it's in the interest of that community owner to be able to -- be able to add those additional -- those two homes and is he really -- or is he going to be making a bad loan? The only way they make money off of this is the customer continues to pay. So again, the idea of making a bad loan just to get somebody else into that home just doesn't make an awful lot of sense.

PEARCE:
OK.

And Mr. Astrada, I'll have some time coming here in just a minute and we'll -- we'll finish, but I really want to engage in a little bit of a discussion on these things.

Yield back, Mr. Chairman.

LUETKEMEYER:
The gentlelady's time has expired.

And with that, we go to the gentleman from Illinois. Mr. Hultgren is recognized for five minutes.

HULTGREN:
Thank you, Chainnan Luetkemeyer. And I want to thank the subcommittee for allowing me to join with you today and be a part of it. Thank you so much. And I want to thank each -- each of our witnesses for your time and expertise and willingness to help us to navigate through this. So thank you so much.

I want to focus on -- first the Community Bank Reporting Relief Act, and Mr. Fisher, if I can address maybe a couple of questions to you first.

FISHER:
Sure.

HULTGREN:
How -- how often are there significant quarter-to-quarter variations in an individual community bank's call report data? In other words, do federal banking regulators need all this data every single quarter?

FISHER:
I don't believe they do. I mean if I look at my balance sheet from a quarter-to-quarter basis, we're very consistent. There are not -- no major discrepancies, and if there are -- were a major discrepancy, the regulator would pick up the phone and call me. I mean that's the relationship we have. And there's not that many banks that they couldn't do something like that.

HULTGREN:
Right. In the event of market distress or other extenuating circumstances that may atypically affect the financial stability of a community bank like you're talking about, are federal banking regulators able to communicate with leadership of your bank to get that infonnation they need? You mentioned they do. Do they...

FISHER:
Yeah, definitely.

HULTGREN:
... do they actually take that?

FISHER:
They do that today even in a non-stress times. So...

HULTGREN:
OK. And how does that go? I mean is that usually where you're looking to be helpful, or you're open to giving the information that they're asking for?

FISHER:
Yeah. I mean the -- they're doing some, you know, a lot of it's offsite testing, offsite looking at some of our numbers and so if they have a question, they -- they don't hesitate to pick up the phone and call.

HULTGREN:
OK. As you know under the Economic Growth and Regulatory Paperwork Reduction Act, federal banking regulators recently made some changes to the call report requirements for institutions with less than $1 billion in assets.

I wonder if you could explain why this was not meaningful regulatory relief? And do you believe notice and comment rule making would require federal banking regulators to be more responsive to the reporting burden concerns raised by community banks?

FISHER:
Well, many of the -- the sections that were eliminated through the EGRPRA process, they -- they were not applicable to my bank or most other community banks in the country. I mean they had sections on derivatives and other things that just -- that's not in our business model. So they eliminated the -- those sections, so instead of spending 40 hours a quarter preparing the call report, maybe we spend 39 on the short form.

HULTGREN:
Yeah. OK. The Community Bank Reporting Relief Act limits the regulatory relief to institutions with $5 billion in assets. Can you please explain why the current reporting burden under the call report is most acute for the smallest financial institutions? And do you believe this asset size threshold covers the community banks that do have the economies of scale to efficiently cope with the regulatory burden?

FISHER:
$5 billion would be great. I think if you look at most community banks that are $5 billion and under, we don't have the -- the processes as far as it -- all the systems don't speak to each other, so we have a lot of manual processes.

We have to pull multiple reports from different systems, manipulate the data to fit the requests of the government to fit into the call report data. We have to manually reenter that. And so I think $5 billion is a good threshold, although we -- we'd prefer

$10 billion, but, you know, $5 billion would be great.

HULTGREN:
OK. Thank you. I'm going to shift over, I've just got a -- a little over a minute left.

Mr. Shuman, I echo my colleagues in thanking you for your service. Twenty years, is that what you had said in the army?

SHUMAN:
No, sir. I served four years.

HULTGREN:
OK.

SHUMAN:
Mr. Adams' story, which I told, was 20 years.

HULTGREN:
Oh, there it is. Sorry about that, I misheard that. But thank you. I was going to say, man, how'd you -- must have started when you were 10.

SHUMAN:
I look really good.

HULTGREN:
But anyhow, thank you for your service. Appreciate it. And thank you for your continued service with the American Legion.

Wanted to just to talk a little bit about the Protecting Veteran Credit Act of 2017. Veterans Affairs Committees in both the House and Senate are considering proposals to consolidate the different community care programs.

In the long run, the expectation is is that will yield better care and service for our veterans and improve the ability of the VA to pay its bills in a timely manner. As these changes are implemented, do you have any concerns in the short run regarding bill processes?

And how important is it for legislation addressing consumer credit concerns such as H.R. 2683 to move in tandem with any major reforms to the VA's community care programs? Would you recommend the Financial Services Committee work closely with the VA committee on this issue?

SHUMAN:
Well, thank you for the question, Congressman. I thank you for your support. I'll also say that the VA does not have a 21st century sort of style of processing claims. They're still doing it by paper and hand. So until we get a process that is, you know, modemized, it's going to continue to be slow.

That said, yes, the committees -- the Veteran Affairs Committees in addition to other of your colleagues have proposed bills to streamline the nine community care programs. However, in the interim and the -- and the massive bureaucratic process that would be, you know, sort of streamlining this programs.

In the interim, veterans are still going to be impacted on their credit. So moving this piece of legislation prior to that -- those bills, there could certainly be a case that would be made that would help veterans in those situations.

HULTGREN:
Great. Well, my time has expired. Thank you again, all, for being here.

I do want to also give a shout out to my colleague from Maryland, Congressman Delaney, for his hard work on this legislation. And I'm proud to be working with him on this. And again, anything we can do for our veterans is so important. But thank you, all.

And thank you, Chairman, I yield back.

LUETKEMEYER:
Gentleman's time has expired. And we do want to thank the gentleman from Illinois, the gentleman from New Mexico for their participation in the hearing today. They are not normal members of our subcommittee but they are members of the full committee and certainly welcome their addition to this.

With that, we recognize the gentleman from New Mexico, Mr. Pearce, for five minutes.

PEARCE:
Thank you, Mr. Chairman.

So, Mr. Astrada, again, just it's my district that we're dealing with and -- and we're -- I would just try to do is find a way for people who want to get in out of the cold to finance just manufactured houses.

And so your -- your testimony (ph) is we articulate opposing balloon notes, but that's one of the -- the more critical things. And the banks explained to me that -- that we don't change the amortization, we just have a balloon note every five years because you can -- you can tear up a mobile home in a matter of days.

And -- and so we just want to look at it. Want to go in and look at it. We don't jack them when we see it. And -- and I -- I -- I recognize your objections, and I don't really have a problem with trying to stop what you're doing.

But our -- our -- on page three, our top paragraph, we're -- we're trying to address what it is that -- that you were objecting to and --and other people object to. That the -- the people who are -- who are just predatory and -- but then when CFPB implemented the balloon note restriction, suddenly the banks just quit loaning because they couldn't go and inspect.

And so we got to find the sweet spot that gives the protection you're looking for without the -- without the punishment on the people who's trying to solve a problem and get out of the cold.

So kind of address that one because you -- you mentioned that -- that if they don't fully amortize, and -- and I'm sensitive to that, and that's the reason we put this paragraph in here that says they can't -- can't go up. The -- the price -- the -- the amount of finance can't be increasing during the term of the note under this bill, is that offering any-- any protection at all to -- to what you're concerned about on the amortization question?

ASTRADA:
No. And I -- I (ph) did read that and -- and -- and do appreciate, you know, kind of the -- the nuances of the additional consumer protections, but I think on the amortization issue specifically, although it can increase, and -- and this is something that probably our coalition partners will be much more experts than I am in the secondary market.

From -- from my research and my discussions is that the -- the refi or resale ability of manufactured housing is -- is very different than non-manufactured housing. So in worse case scenarios, a borrower who gets at the end of that loan either has to take a loss for selling below market value or take...

PEARCE:
Yeah, but that's a balloon note that -- that is punitive. Most balloon notes, they (ph) roll it -- they - they do it for five years and they keep a 30 year amortization going. So all they're doing is -- is doing the 30 years and they (ph) roll it, then they -- they reset it.

And -- and I'm -- I agree with you on those that -- that get you to the end of the deal and the only thing that you can do is -- is dump it. I'm sensitive to that.

And also I think you expressed concerned about the people who manufacture them, and -- and the Ranking Member and I had that discussion on the floor. I -- I don't want that either. So if you construct then -- the -- the -- the manufactured house, then you're not going to come under the terms of this bill.

And -- so we're just -- we're trying to find where we can -- can get financing from traditional -- if we get the balloon notes back in, I think that the major institutions will get back in, except anything, again, Dodd-Frank said if you're going to hold in portfolio, we consider that to be a -- a prejudicial loan, too. And secondary markets typically don't want manufactured housing.

We've got -- we're just trying to solve these problems. So talk a little bit more from your perspective, and I guess let's see -- because I really am -- I don't -- I want the consumer protections you're talking about, but we've got to have a market somewhere.

And CFPB was so (ph) punitive, they were, you know, only three and people were getting out of the market because they're -- they're afraid that -- that they were going to get tagged down even though they were technically within the law. Just -- just too restrictive, and so everybody quit and it was a big (ph) penalty in my district. So talk a little bit -- yeah.

ASTRADA:
And -- and -- and I understand that, and -- and appreciate those concerns in talking with our coalition members. I think just to the extent of the -- the issues raised in my testimony is where CRL's main concern, but we have worked with our coalition partners who have done a much more line-by-line thorough edit of our redlining of the bill and -- and what consumer protections would kind of counterbalance some of the issues that we've expressed. So I won't pretend that I can solve them now in the next 25 seconds, but I -- I will commit...

PEARCE:
Yeah. If -- if we can get...

ASTRADA:
Yeah. And I'll...

PEARCE:
If you'll be in touch with our staff, then -- then we really do want the protections but we want the market there, too. And that would be very functional for us.

And so I've -- my commitment to -- to you is that we'll get in touch with you and -- and we'll follow through on this because I do want to hit that sweet spot. Appreciate your -- the things you're commenting on and we're trying to stop those, but we got to have a market somewhere and -- and balloon notes are key for the lending institutions.

But then the seller financing, people just -- they buy six or seven of these during their lifetime and then they sell one at a time and that's their -- that's their retirement income.

And by the way, the bank said the – the best performing loans on all their books always the manufactured housing is -- people there are serious -- serious about staying in out of the cold and this is one of the few shots they've had. So let's work together on it.

Mr. Chairman, I've gone a little bit over, but again, appreciate your indulgence.

And thank you very much, Mr. Astrada.

I yield back.

ASTRADA:
And can I...

LUETKEMEYER:
The gentleman's time has expired.

ASTRADA:
Can I have 15 seconds to just verbally commit to working with your office from CRL and --and bring our coalition partners alongside us. Thank you.

PEARCE(?):
(OFF-MIKE)

LUETKEMEYER:
Both gentleman's time has expired. And with that, we'd like to thank the witnesses for being here today. You've helped us discuss very thoroughly these five different bills before the committee. I appreciate your expertise, your time.

Without objection, all members will have five legislative days within which to submit additional written questions to the -- for witnesses to the Chair which will be forwarded to the witness for their response. I ask our witnesses to please respond as promptly as you are able.

Without objection, all members will have five legislative days within which to submit extraneous materials to the Chair for inclusion in the record. With that, this hearing is adjourned.

List of Panel Members and Witnesses

PANEL MEMBERS:
REP. BLAINE LUETKEMEYER, R-MO., CHAIRMAN

REP. FRANK D. LUCAS, R-OKLA.

REP. SCOTT TIPTON, R-COLO.

REP. ROGER WILLIAMS, R-TEXAS

REP. MIA LOVE, R-UTAH

REP. BILL POSEY, R-FLA.

REP. ROBERT PITTENGER, R-N.C.

REP. ANDY BARR, R-KY.

REP. KEITH ROTHFUS, R-PA.

REP. DENNIS A. ROSS, R-FLA.

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REP. TOM EMMER, R-MINN.

REP. RANDY HULTGREN, R-ILL.

REP. JOHN DELANEY, D-MD.

WITNESSES:
E.J. GLEIM, EXECUTIVE VICE PRESIDENT AND COO OF TRIAD FINANCIAL SERVICES, REPRESENTING THE MANUFACTURED HOUSING INSTITUTE

ROBERT FISHER, PRESIDENT AND CEO OF TIOGA STATE BANK, REPRESENTING THE INDEPENDENT COMMUNITY BANKERS OF AMERICA

AND MATTHEW SHUMAN, DIRECTOR OF THE LEGISLATIVE DIVISION AT THE AMERICAN LEGION, TESTIFY

Source: **CQ Transcripts**

From:	McLeod, Mary (CFPB)(b)(7)(E) (b)(7)(E)
To:	Mulvaney, Mick (CFPB); Johnson, Brian (CFPB); Fulton, Kate (CFPB); Doyle, Emma (Detailee) (CFPB)
Sent:	1/11/2018 1:32:40 PM
Subject:	RE: Order for the government in English v. Trump

They have 60 days to appeal. (b)(5)
(b)(5)

From: Mulvaney, Mick (CFPB)
Sent: Thursday, January 11, 2018 1:27 PM
To: McLeod, Mary (CFPB); Johnson, Brian (CFPB); Fulton, Kate (CFPB); Doyle, Emma (Detailee)(CFPB)
Subject: RE: Order for the government in English v. Trump
(b)(5)

From: McLeod, Mary (CFPB)
Sent: Thursday, January 11, 2018 7:15 AM
To: Mulvaney, Mick (CFPB) <Mick@cfpb.gov>; Johnson, Brian (CFPB) <Brian.Johnson2@cfpb.gov>; Fulton, Kate (CFPB) <Katherine.Fulton@cfpb.gov>; Doyle, Emma (Detailee)(CFPB) <Emma.Doyle@cfpb.gov>
Subject: Fwd: Order for the government in English v. Trump
Judge Kelly denied Ms. English's request for a preliminary injunction. (b)(5)
(b)(5)

From: Bressler, Steven (CFPB) <Steven.Bressler@cfpb.gov>
Date: January 10, 2018 at 9:58:25 PM EST
To: _DL_CFPB Legal Division <_DL CFPBLegalDivision@cfpb.gov>
Subject: Order for the government in English v. Trump
Colleagues,
Earlier this evening, Judge Kelly ruled for the government and denied plaintiff's Motion for Preliminary Injunction in *English v. Trump* (D.D.C.). Judge Kelly found that Deputy Director English did not meet her burden on any of the preliminary injunction factors. This decision, unlike Judge Kelly's prior decision denying plaintiff's motion for a temporary restraining order, is immediately appealable to the D.C. Circuit.
There is another pending challenge to the President's designation of Acting Director Mulvaney, *Lower East Side People's Federal Credit Union v. Trump* (S.D.N.Y.). The judge in that case has set a hearing for this Friday morning in New York on plaintiff's Motion for Preliminary Injunction (as in *English*, they want an order installing Deputy Director English as Acting Director) and on the government's Motion to Dismiss. The judge has told the parties he only wants to hear arguments on whether the plaintiff credit union has standing to sue.
Judge Kelly's decision is attached. We'll keep working with DOJ to represent the Bureau in these cases.
Steve

Steven Y. Bressler

Assistant General Counsel for Litigation & Oversight
Consumer Financial Protection Bureau
Tel: (202) 435-7248

consumerfinance.gov

From: Mick Mulvaney (b)(6)
To: Mulvaney, Mick (CFPB) (b)(6)
Sent: 1/4/2018 8:42:38 AM
Subject: Fwd: Please let me know you got this
Attachments: ATT00001.htm; McCarthy Political Language.pptx

Sent from my iPhone

Begin forwarded message:

From: (b)(6)
Date: January 3, 2018 at 7:27:40 PM EST
To: (b)(6)
Subject: Please let me know you got this

It's long and I want to confirm it made it through spam.

Political Words That Work

This Decade's Goal: Fix Economy

JFK set "landing a man on the moon" as a goal by the end of the decade, 50 years ago. What should America set as a goal by the end of THIS decade?

Total	GOP	DEM	
51%	~~73%~~	~~32%~~	Balancing the budget and paying off America's debt
33%	39%	~~32%~~	Becoming energy independent
30%	17%	39%	Cutting the number in half of Americans living in poverty
22%	26%	12%	Cutting unemployment by half
20%	20%	24%	Having the best schools in the world
15%	14%	18%	Finding a cure for cancer
12%	2%	23%	Ensuring that every American has health insurance
6%	4%	7%	Bringing peace to the Middle East
5%	2%	7%	Becoming neutral
5%	4%	6%	Reducing obesity and doubling our fitness levels.


WHAT EVERY MESSAGE MUST CONTAIN:
✓ Recognize the daily challenges they face
✓ Respect their hard work
✓ Reward those who deserve it.
✓ Reflect their skepticism
✓ Reject the status quo
✓ Renew your call to action
luntzglobal

What People Want Most

FEWER ***HASSLES***

MORE ***CHOICES***

MORE ***MONEY***

MORE ***TIME***

NO ***WORRIES***

Better ***LIFESTYLE***

Better ***WORK-LIFE BALANCE***

An Accountable Legislator Who Listens

When you think about what you want MOST from YOUR elected representatives, which is your highest priority?

Total		Total	
35%	Accountable	21%	Open-minded
32%	Listens to people like you (Your voice)	21%	Principled
30%	Common sense	20%	Cooperative
25%	Smart & strategic	20%	Progressive
24%	Results-focused	15%	Conservative
23%	Innovative & focused on future	7%	Independent-minded
22%	A leader	6%	Courageous

Don't tell people you are courageous or you make tough decisions. It's expected.

For Trump voters, it's not about class.

It's about ALL of us.

Do you think Congress should be fighting hardest for...?

Total

[redacted]

21 Political Words for the 21st Century

Imagine	Peace of mind
The consequences	Real results / Real Solutions
A healthy economy	A real problem-solver
The simple truth	I get it
Our mission/commitment	Believe in better/Enough!
Setting priorities	You decide
No excuses/no exceptions	Retirement security
No fine print	You're in control
The day-to-day cost of life	You deserve
Hardworking taxpayers	I have to earn your trust

A common sense approach

14 Phrases for 2018

1	A government that is more efficient, more effective and more accountable
2	A measurable track record of results, solutions and success
3	The Democrats: broken promises, failed solutions, empty rhetoric
4	You work hard for your income … we'll work just as hard to protect it
5	No more handouts, bailouts, or cop-outs
6	Say no to the lawyers, lobbyists and loopholes
7	Permanently ending wasteful government spending
8	Cleaner, safer, healthier neighborhoods and communities
9	Tighten our belts/balance the books/make gov't live within its means
10	This is for all those who are still struggling, living paycheck to paycheck
11	We will go line-by-line through the budget
12	My priority is Main Street, not Wall Street
13	If you remember only one thing

14: The life you want/deserve

The Language of 2018

Words to USE	Words to LOSE
A Plan of Action	Agenda
Results	Metrics
Accountability	Transparency
Setting Priorities	Making Tough Choices
Fact-Based	Evidence-Based
Step-by-Step	Comprehensive
Impact	Change
Gov't Rules & Red Tape	Gov't Mandates

The Language of 2018

Words to USE	Words to LOSE
Stop Wasteful Spending	Balance the Budget
A healthy economy	Economic Growth
The Real Economy	The Private Sector
Hard Work is Rewarded	A Merit-Based Society
You Choose/You Control	Competition
Cleaner, Safer, Healthier	Sustainability
What Students Learn	What Schools Teach
Efficient/Effective Gov't	Smaller/Less Gov't

The Language of 2018

Words to USE	Words to LOSE
I will be your voice	I'm listening/I hear you
Imagine	Dream
Every/All	Universal
Personalized	Customized
Inclusion	Diversity
Working Together	ONE State/People
Respect	Pride
Because	I / We

The New Relationship

"The ***New Relationship*** is not about shifting dollars or responsibilities between or across congressional committees or federal agencies. It's about the complete restructure of government from the bottom up and the top down.

It's about giving states the responsibilities most people in every region believe they deserve. Americans are looking to the governors to be their voice. Yes, they want to be heard. But more importantly, they want their Governors to lead."

Say This…	…Instead of This
Washington Taking	Washington Taxing
Special Interests	The Wealthy
Employers	Businesses
Healthy Economy	Pro-Growth
Working Together	Bi-Partisan

Say This…	…Instead of This
Real Solutions for our Broken Tax Code	Comprehensive Tax Reform
Tax Code that Helps America Compete & Win	World-Class Tax System
Respects/Protects Hardworking Taxpayers, Not Special Interests	Protects the American Dream
Simpler, Flatter, Fairer Rates	Competitive Rates

Words That Work

Respect Hardworking Taxpayers

Hardworking taxpayers deserve a tax code that
respects the effort that they make,
respects the work that they do,
and respects their precious time.

They deserve a tax code that does not
require an army of expensive lawyers or
fancy accountants to get people through it.

Words That Work

The perfect close…

'No more *exceptions* or *excuses.*
No more handouts, bailouts or loopholes.
No more inhumane, abusive treatment by the IRS. Our commitment is simple and straightforward:
to give hardworking taxpayers and job creators the biggest boost this country has had in a generation.
They – you – deserve nothing less.

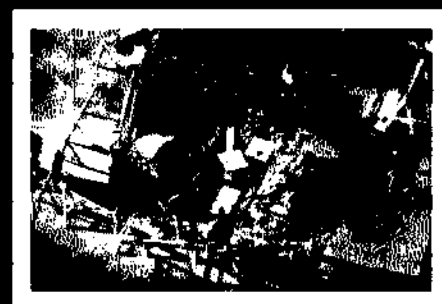

What's Wrong
What's Right

What you absolutely need to know...

- ✓"Repairing America's infrastructure" unites the country geographically, demographically, and politically.
- ✓Voters *definitively trust* state governments and governors more than Congress & Washington.
- ✓The key word: "*crumbling.*"
- ✓The key attribute: "*accountability.*"

Accountability is the number one, most important attribute, word, and action that must be used in conjunction with Infrastructure improvements.

Speed is important, but people care more that it is done right than done fast.



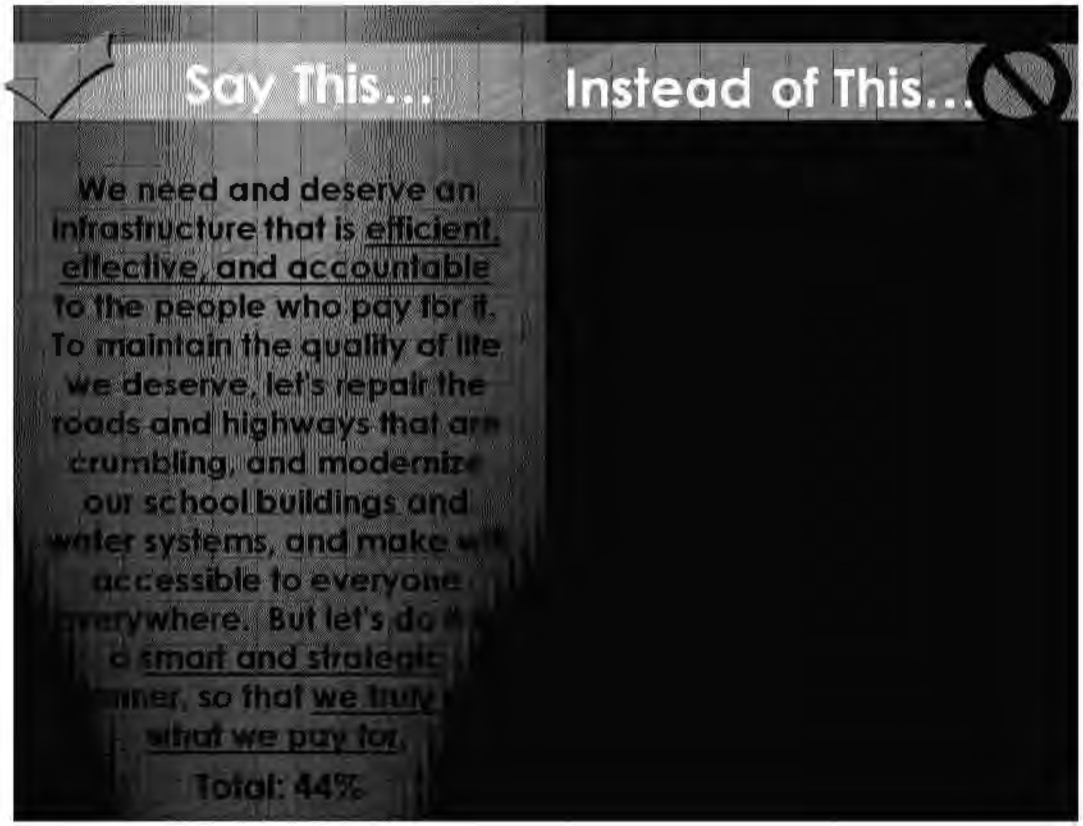
Accountable, Accountable, Accountable

Thinking about infrastructure spending what is most important to you?

31%	ACCOUNTABILITY FOR PROJECTS—MAKING SURE THEY ARE ON TIME AND BUDGET
24%	TRANSPARENCY—THE ABILITY FOR CITIZENS TO SEE EXACTLY WHERE THE MONEY IS BEING SPENT
16%	THAT IT ACHIEVES MEASURABLE RESULTS
13%	CITIZENS HAVING INPUT IN THE PROCESS
8%	OVERSIGHT TO ENSURE IMPARTIALITY AND FAIRNESS WHEN AWARDING CONTRACTS
7%	THE INVOLVEMENT OF EXPERTS, SUCH AS ENGINEERS AND PROFESSIONAL PLANNERS

Define Success

We'll know when we have succeeded in improving infrastructure when...?	
62%	THE INVESTMENT HAS BEGUN TO PAY FOR ITSELF THROUGH A STRONGER, HEALTHIER ECONOMY.
35%	OUR QUALITY OF LIFE HAS IMPROVED.
32%	OUR INFRASTRUCTURE IS SIGNIFICANTLY BETTER THAN WHEN WE STARTED.
28%	WE CAN KEEP UP WITH THE NEEDS AND CHALLENGES OF THE 21ST CENTURY.
17%	OUR INFRASTRUCTURE SYSTEMS ARE "GREEN."
13%	TRAFFIC IS SIGNIFICANTLY REDUCED.
13%	AMERICA HAS THE BEST INFRASTRUCTURE IN THE WORLD.


Say This...
Instead of This...
We need and deserve an
infrastructure that is efficient,
effective, and accountable
to the people who pay for it.
To maintain the quality of life
we deserve, let's repair the
roads and highways that
crumbling, and
our school buildings and
water systems, and make
accessible to everyone
everywhere. But let's do
a smart and strategic
so that we truly
what we pay for.
Total: 44%

[redacted]

The Infrastructure Words That Work

[redacted]

it's not what you **say**

it's what people **hear**

(b)(6)

From:	Lamon, Michael (CFPB) (b)(7)(E) (b)(7)(E)
To:	Mulvaney, Mick (CFPB)
Sent:	11/28/2017 8:23:37 AM
Subject:	Examiner in the field Perspective

Dear Director Mulvaney,

My name is Michael Lamon (b)(6) Examiner at the CFPB, and Presidential Management Fellow alumni. Welcome to the CFPB and thank you for the information. If you or a member of your team would like to speak with an examiner working in the field, I could provide a candid viewpoint.

At my last agency, the Broadcasting Board of Governors, I served as a senior advisor to the Acting CEO. Needless to say, I have some insight as to the leadership transition process. I can imagine that you are being briefed by the senior leadership team and are collecting as many data points as possible in effort to make well-rounded assessment of the Bureau. As a part of that process, you will likely speak with folks who are not on the senior leadership team.

Again, thank you for your communication and please do not hesitate to contact me should you be interested in speaking with me.

Very respectfully,

Michael Lamon
Examiner
Supervision | Northeast Region
Mobile: (b)(6)
Consumer Financial Protection Bureau
consumerfinance.gov

From: Mulvaney, Mick (CFPB)
Sent: Monday, November 27, 2017 6:31 PM
To: _DL_CFPB_AllHands
Subject: Hello Part 2

Hello again. And thank you to everyone who made today go so smoothly. Quite honestly, I was expecting one of the ... most challenging? ... days of my career, and thanks in large part to the effort you folks put in, the day was a real pleasure. Thanks to everyone for that.

I won't bore everyone with a long exposition about what I expect things to be like at CFPB while I am the Acting Director. In large part, I want more information before fully weighing in on that anyway. And I'll be counting on all of you to help me get up to speed.

However, I can sum up what I told the senior leadership team and the executive committee today:

1) No, I am not here to burn the place down, and
2) Yes, things are going to be different than they were under the previous Administration.

Both of those things turn on the same principle: I consider the CFPB to be part of the Executive Branch of government. That means that it is charged with executing the laws. The law requires this Bureau to enforce consumer protection laws, and I intend to do that exactly that while I am the Acting Director. Indeed, I will be proud to be able to do precisely that. At the same time, how a Trump appointee to the Director's position enforces the law is going to be different than how an Obama appointee would do the same thing. This is simply the nature of our business.

The bottom line is the CFPB is going through its first transition. I suppose all transitions are difficult at some level, but again, that is the nature of the world we work in. The real question is whether the Bureau can successfully manage that transition.

And from everything I saw today, I have every confidence that it can and will.

Anyway, thanks again for the professionalism and courtesy today. Thanks especially to those of you who stopped down to the Director's office to briefly introduce yourselves. As I mentioned when we met, I have already forgotten everybody's name, but I promise that is nothing particular to you, or even to CFPB. I still forget

my triplets' names from time to time, and I've had 17 years to learn theirs. I will simply apologize in advance and try to do better.
I am looking forward to working with all of you.
Mick M.

From: Daniel Van Kammen (b)(6)
To: Mulvaney, Mick (CFPB)
Sent: 12/1/2017 4:03:16 PM
Subject: To the acting Director

Dear Mr. Mulvaney –
Why are you supporting payday loan companies who prey on poor and frequently underpaid people? Do you own their stock? Is there any conflict of interest? Are you in the pocket of your big donors? Are you like the president, our Lier- and Grabber-in-Chief? Are you being bullied into something that may not be legal? Congress put the Dodd -Frank Consumer Protection Agency together, that did not allow the president to overreach? Are You like Mnuchin, Zinke, Pruitt, DeVos who are in the pockets of Wall street or big donors, with no respect for other people? Are you a politician who does not care about protecting the people who voted you in office before, despite your oath? What kind of man are you? Only interested in your own pocket book? Every man for himself and God for all of us? Have you no shame?
So, go for it and prove me wrong! Reconsider your anger towards the agency!
Dan
Daniel P. van Kammen, MD, PhD, FACNP, DLFAPA
Professor emeritus, University of Pittsburgh
(b)(6)

From: Phillip Wochner (b)(6)
To: Mulvaney, Mick (CFPB)
Sent: 11/30/2017 4:22:47 PM
Subject: Resign

You are completely unqualified to be director of the Consumer Financial Protection Bureau. The law clearly states that the Deputy Director assumes the job until the President's pick is confirmed.
Resign now.

From: Jessica Mancuso (b)(6)
To: Mulvaney, Mick (CFPB)
Sent: 11/29/2017 9:52:59 PM
Subject: Consumer Finance Protection Bureau

Mr. Mulvaney,
As an American citizen, I have concerns about our president's very casual relationship with the policy that has been put in place to run a democracy and avoid turning the US into an autocracy.
Your new position as director of the Consumer Finance Protection seems like a stretch as your track record puts you directly in Wall Street's pocket.
When I found out that Mr. Trump was our president, I have tried to find the humor in his apparent fumbling and inarticulate speech. It is easy to laugh when you think there are checks and balances in place to protect us from having an underqualified president. The current administration is ignoring those checks and balances.
I appreciate a funny joke, but it is really beginning to feel like a war against the middle and lower classes has begun. Ruining just one more protection for the most economically vulnerable is just one more blow.
It is illegal and unethical on your part to take the position. It is also disingenuous to do so as you do not seem to believe in the mission of the organization. I am sure that is not something that concerns you or keeps you up at night, but I think if we remain silent as citizens we are complicit in the destruction of our democracy.
I am sure you are just getting close enough to destroy the CFPB, is this really in the best interest of the average American citizen? As an employee of the government are we paying your salary via taxes? If we are why would we have to pay you to do such a thing? I know we are paying for many things we are unaware of, but this seems like a waste of our money especially as the people who need the CFPB the most are paying the highest percentage of their modest incomes to fund this!
We continue our descent in education, innovation and are losing our competitive edge to China and many others are gaining momentum as we get fatter and slower by the day. America is not becoming greater. I guess giving up and grabbing as much money as possible on the way down is one way to cope with it. Congratulations on your new position and best wishes. Hopefully, you don't disappoint Mr. Trump in your new job. I would hate to see him call you names and make fun of you on Twitter like the rest of his entourage has endured.
Sincerely,
Jessica Mancuso

From: Deborah Fexis <(b)(6)
To: Mulvaney, Mick (CFPB)
Sent: 11/29/2017 9:48:10 PM
Subject: Congratulations on your ill-gotten position

Dear Mr. Mulvaney,

I find it extremely disturbing that you sit at the head of the CFPB. It's quite odd that you would be appointed to this important position, considering that you have shown a very public disdain for the mission of the Consumer Finance Protection Bureau. In fact, in 2014, you called the CFPB a "sick, sad joke." Then, in 2015, you voted in favor of shutting down the agency.

You are not the legal acting Director, and Donald Trump broke the law by putting you there. The Dodd-Frank Act is clear: when the Director position is vacant, the Deputy Director (in this case, Leandra English) assumes the title of acting director until the Senate can confirm a new Director. Donald Trump violated federal law by installing you as Director of the CFPB. No great surprise there… I'm sure it's not the first time he's violated Federal Law, nor is it likely to be the last.

Over the years, you have taken over $1.3 million in political donations from Wall Street interests. That, in addition to your public disdain for the CFPB make you uniquely unqualified to run the agency, unless of course your true aim is to dismantle it from the inside.

I believe you should step aside.

Thank you, and have a nice day.

Deborah Fexis

From: Stephen Moyer (b)(6)
To: Mulvaney, Mick (CFPB)
Sent: 11/29/2017 6:38:51 PM
Subject: CFPB

- **Mick Mulvaney has a public disdain for the mission of the Consumer Finance Protection Bureau.** In 2014, he called the CFPB a "sick, sad joke." Then, in 2015, he voted in favor of shuting down the agency.
- **Mick Mulvaney is not the legal acting director, and Trump broke the law by putting him there.** The Dodd-Frank Act is clear: when the director position is vacant, the Deputy Director (in this case, Leandra English) assumes the title of acting director until the Senator confirms a new director. Trump violated federal law by installing Mick Mulvaney in the CFPB.
- **Over the years, Mick Mulvaney has taken over $1.3 million in political donations from Wall Street interests.** That, in addition to his public disdain for the CFPB make him uniquely unqualified to run the agency, unless of course his true aim is to dismantle it from the inside.

From: Joe Whitford (b)(6)
To: Mulvaney, Mick (CFPB)
Sent: 11/29/2017 4:32:12 PM
Subject: Trump

Trump is a traitor! Impeach Trump, convict Trump, execute Trump!

From: Laura Kramer <(b)(6)
To: Mulvaney, Mick (CFPB)
Sent: 11/29/2017 1:21:25 PM
Subject: CFPB illegaly acting director

Dear Sir,

Mick Mulvaney is not the legal acting director, and Trump broke the law by putting him there. The Dodd-Frank Act is clear: when the director position is vacant, the Deputy Director (in this case, Leandra English) assumes the title of acting director until the Senator confirms a new director. Trump violated federal law by installing Mick Mulvaney in the CFPB.

Laura Kramer
(b)(6)

From: Louise Franklin (b)(6)
To: Mulvaney, Mick (CFPB)
Sent: 11/29/2017 11:00:23 AM
Subject: cfpb

Dear Sir; I am appalled that a Wall Street shill like yourself thinks he has any business running the CFPB. You are too attached to your buddies who crashed our economy and destroyed American lives. You work for me. I do not want you involved in a bureau that protects me. You have proven where your loyalties lie. Not with me. Further, I have grave doubts about anyone willing to work for the criminal Kremlin cabal currently occupying the Executive branch. When Trump goes down, and he will, he will take you with him. Food for thought, Mickey.
With deepest disgust;
Louise Franklin

From: Heather Surprenant (b)(6)
To: Mulvaney, Mick (CFPB)
Sent: 11/29/2017 5:35:22 AM
Subject: Deputy Director

You are not wanted where you are now. You should NOT be acting Director. You know why you are there (because of Trump, and ONLY because of Trump). You know that this is NOT the right way that this should be done, based on the Frank-Dodd Act. YOU should have turned this position down! You also know that you feel that the Consumer Finance Protection Bureau is "a sick, sad, joke." After all, why would you say it back in 2014? Not to mention the fact that in 2015, you voted to shut down the agency!!! And if you changed your mind, WHY should anyone believe you? I don't trust you as far as I can throw you and you are not in this for the right reasons and you KNOW this. THIS IS JUST FLAT OUT WRONG AND YOU NEED TO TURN IN YOUR RESIGNATION AND LET THE TRUE DEPUTY DIRECTOR BE IN CHARGE! Be a MAN!

Heather Surprenant

From: Mario E Martinez <(b)(6)
To: Mulvaney, Mick (CFPB)
Sent: 11/29/2017 3:29:25 AM
Subject: Usurping power

When Trump gets impeached the Feds will come after you too!

From: Jena Janek <(b)(6)
To: Mulvaney, Mick (CFPB)
Sent: 11/28/2017 9:41:19 PM
Subject: Take a hike, Mick!

Hello Mick,
No way do you belong as acting director of the Consumer Finance Protection Bureau. Our dear President chose to override the law as written and appoint you, because you would dismantle and gut the Bureau, and that is what is Trump's primary concem is in all his appointments. in 2015 you voted to shut down the agency, and has shown public disdain for its mission. You have taken over $1.3 million in political donations from Wall Street Interests. You are extremely UNQUALIFIED to represent the interests of consumers. Take a hike!
Mrs. Jena Janek
(b)(6)

From: (b)(6)
To: Mulvaney, Mick (CFPB)
Sent: 11/28/2017 9:06:24 PM
Subject: CFPB

Must be nice to be in charge of the agency corporations have paid you to destroy, but then, the Trump administration has no ethics.

Sent from my T-Mobile 4G LTE Device

From:	Zenda Boss-Hall (b)(6)
To:	Mulvaney, Mick (CFPB)
Sent:	11/28/2017 8:11:59 PM
Subject:	Stick to your other jobs

Dear Mr. Mulvaney,
Cordray named his successor until the term is up. The Consumer Financial Bureau is designed to help CONSUMERS from predatory lenders, credit card companies and other financial abuses. The idea of you taking over that position is appalling since your have been against the very idea of the CFB. How can you justify this position which is in violation of the original intent of the formation of the bureau? Please refuse the offer and stick to the jobs trump has already conferred upon you.

Sincerely,
Zenda

Zenda Boss-Hall
(b)(6)
www.marykay.com
(b)(6) Home/office
Cell/text

Serving my fabulous customers with premier products for 28 years!

From:	(b)(6)
To:	Mulvaney, Mick (CFPB)
Sent:	11/28/2017 8:08:41 PM
Subject:	Position of acting director for the CFPB

Mick,
You are not the legal acting director, and Trump broke the law by putting you in that position. The Dodd-Frank Act is clear: when the director position is vacant, the Deputy Director (in this case, Leandra English) assumes the title of acting director until the Senator confirms a new director. Trump violated federal law by installing Mick Mulvaney in the CFPB.
I am more about the federal law and seeing it's not violated.

--
*Carmen
Communicate, Appreciate and Validate

From:	Diana (b)(6)
To:	Mulvaney, Mick (CFPB)
Sent:	11/28/2017 8:04:04 PM
Subject:	CFPB

Since you have a public disdain for the mission of the Consumer Finance Protection Bureau and have taken over $1.3 million in political donations from Wall Street interests you should not be acting director of the CFPB. Also Trump broke the law by appointing you acting director. Please step down.
Thank you.
Diana Brunswig-Bosso
Sent from Mail for Windows 10

From: Quyen Nguyen <(b)(6)
To: Mulvaney, Mick (CFPB)
Sent: 11/28/2017 7:49:58 PM
Subject: Consumer Finance Protection Bureau

Please remember that you work for the people and not for the corporations. We have a checks and balance within the government system and I need you to follow that and not watched Trump is directing you to do.

Your actions will be followed and remembered by the people that will be your legacy.

Quyen

From: Robert Meyer <(b)(6)
To: Mulvaney, Mick (CFPB)
Sent: 11/28/2017 7:12:19 PM
Subject: Protection for the People

- **Mick Mulvaney has a public disdain for the mission of the Consumer Finance Protection Bureau.** In 2014, he called the CFPB a "sick, sad joke." Then, in 2015, he voted in favor of shuting down the agency.
- **Mick Mulvaney is not the legal acting director, and Trump broke the law by putting him there.** The Dodd-Frank Act is clear: when the director position is vacant, the Deputy Director (in this case, Leandra English) assumes the title of acting director until the Senator confirms a new director. Trump violated federal law by installing Mick Mulvaney in the CFPB.
- **Over the years, Mick Mulvaney has taken over $1.3 million in political donations from Wall Street interests.** That, in addition to his public disdain for the CFPB make him uniquely unqualified to run the agency, unless of course his true aim is to dismantle it from the inside.

You need to step down now. This agency was established to protect the Working People from getting Fucked Over By The Banks and Wall Street.
You have no interest in helping the Middle Class and never mind the Poor or the Elderly.
From 2008 to 2016 all the Republicans were worried about was raising the ceiling on the National Debt. I guess all that worry is gone now.
Remember one thing "You Reap What You Sow".

From: (b)(6)
To: Mulvaney, Mick (CFPB)
Sent: 11/28/2017 7:05:15 PM
Subject: Regarding your new position

Despot Director (by theft) Mulvaney,

I'm totally disgusted that you, through tRump, have forced your way into the CFPB director position for which you are uniquely unqualified because:

- You have taken over a million dollars in donations from Wall Street companies

- Are violating the Dodd-Frank Act, which calls for the vacant position to be filled by the deputy director

- Are on record calling for the destruction of the CFPB

The Consumer Finance Protection Bureau was created to protect America from people like you, yet you have been "named" director of it.

You are the epitome of the fox guarding the hen house. Despicable and horrible for the United States.

I do not want a response.

Kathy

From: Shy Vicki <[redacted] (b)(6)
To: Mulvaney, Mick (CFPB)
Sent: 11/28/2017 6:48:29 PM
Subject: Please Stand Down

Hello Sir,

I am writing to ask you to stand down from the position of acting director of the CFPB.

In 2014, you called the CFPB a "sick, sad joke." Then, in 2015, you voted in favor of shutting down the agency.

The Dodd Frank Act stipulates that when the director position is vacant, the Deputy Director (in this case, Leandra English) assumes the title of acting director until the Senate confirms a new director. Trump violated federal law by installing you in the CFPB.

Over the years, you have taken over $1.3 million in political donations from Wall Street interests. That, in addition to your public disdain for the CFPB make you the wrong person for that position, unless your true aim is to dismantle it from the inside.

From: Emily Blank (b)(6)
To: Mulvaney, Mick (CFPB)
Sent: 11/28/2017 6:44:25 PM
Subject: Please let Leandra English run the CFPB. Here's why:

- **You have a public disdain for the mission of the Consumer Finance Protection Bureau.** In 2014, you called the CFPB a "sick, sad joke." Then, in 2015, you voted in favor of shuting down the agency.
- **You are not the legal acting director, and Trump broke the law by putting you there.** The Dodd-Frank Act is clear: when the director position is vacant, the Deputy Director (in this case, Leandra English) assumes the title of acting director until the Senator confirms a new director. Trump violated federal law by installing you in the CFPB.
- **Over the years, you have taken over $1.3 million in political donations from Wall Street interests.** That, in addition to your public disdain for the CFPB make you uniquely inappropriate to run the agency.

Sincerely,
Emily Blank

From: Fritz and Ruth von Fleckenstein <(b)(6)
To: Mulvaney, Mick (CFPB)
Sent: 11/28/2017 6:06:07 PM
Subject: Your unfitness for the position you have just attempted to usurp

Dear Mr. Mulvaney,

It is outrageous that you are able to use a government email at the very institution that you are working to overthrow. Your record is clear, and you are usurping the legal interim director of the agency. You would be very wise to withdraw from this situation. Some parts of your record are:

- **Mick Mulvaney has a public disdain for the mission of the Consumer Finance Protection Bureau.** In 2014, he called the CFPB a "sick, sad joke." Then, in 2015, he voted in favor of shuting down the agency.

- **Mick Mulvaney is not the legal acting director, and Trump broke the law by putting him there.** The Dodd-Frank Act is clear: when the director position is vacant, the Deputy Director (in this case, Leandra English) assumes the title of acting director until the Senator confirms a new director. Trump violated federal law by installing Mick Mulvaney in the CFPB.

- **Over the years, Mick Mulvaney has taken over $1.3 million in political donations from Wall Street interests,** That, in addition to his public disdain for the CFPB make him uniquely unqualified to run the agency, unless of course his true aim is to dismantle it from the inside.

Yours sincerely,
Fritz von Fleckenstein
(b)(6)

From: Colleen Dane (b)(6) [redacted]
To: Mulvaney, Mick (CFPB)
Sent: 11/28/2017 6:07:34 PM
Subject: Unfit for the office

You are unfit to hold the office of Director of the Consumer Finance Protection Bureau because you have a public disdain for the mission of the Consumer Finance Protection Bureau. You called it a "sick, sad joke" in 2014. Then, in 2015, you voted in favor of shutting down the agency.

You should not be the legal acting director, and Trump broke the law by putting you there.The Dodd-Frank Act is clear: when the director position is vacant, the Deputy Director (in this case, Leandra English) assumes the title of acting director until the Senator confirms a new director. Trump violated federal law by installing you in the CFPB.

You have taken over $1.3 million in political donations from Wall Street interests over the years. That, in addition to your public disdain for the CFPB make you uniquely unqualified to run the agency, unless of course your true aim is to dismantle it from the inside.

Tell me how this will benefit Trump's base of Middle America at their blue collar jobs.

Colleen Dane

From: Shauna Tumbull (b)(6)
To: Mulvaney, Mick (CFPB)
Sent: 11/28/2017 5:57:32 PM
Subject: Step DOWN.

- I am writing to voice my concerns about your illegally sitting as acting director of the Consumer Finance Protection Bureau. Your disdain for this bureau is apparent, as evidenced by your past track record of voting to shutdown the Consumer Finance Protection Bureau: in 2014, you called the CFPB a "sick, sad joke" and then, in 2015, you voted in favor of shutting down the agency. **The Dodd-Frank Act is clear: when the director position is vacant, the Deputy Director (in this case, Leandra English) assumes the title of acting director until the Senator confirms a new director. Trump violated federal law by installing you in the CFPB. Over the years, you have taken over $1.3 million in political donations from Wall Street interests.** That, in addition to your public disdain for the CFPB make you uniquely unqualified to run the agency, unless of course your true aim is to dismantle it from the inside. You are breaking the law and must step down NOW.

Shauna Turnbull

From: (b)(6)
To: Mulvaney, Mick (CFPB)
Sent: 11/28/2017 5:10:39 AM
Subject: Cfpb

Stop trying to illegally take over this bureau. You will join Trump, his family and cohorts in jail. We will not forget. Republicans will own Trump' s corruption as their own. Karma has everyone's address, especially yours.

Sent from my Verizon. Samsung Galaxy Tablet

From: DARIUS MITCHELL (b)(6)
To: Mulvaney, Mick (CFPB)
Sent: 11/28/2017 4:46:24 AM
Subject: YOU ARE TOO FUCKING STUPID TO RUN ANY GOVT. AGENCY

GO BACK TO TRUMP'S ASS AND WARM YOURSELF.

From: User (b)(6)
To: Mulvaney, Mick (CFPB)
Sent: 11/28/2017 2:52:33 AM
Subject: You Are Not the Legal Director

For the following reasons, and more, you are not the legal director of the Consumer Finance Protection Bureau.

You are not part of the solution, you are part of the problem, These trump issues are going to get sorted, and you will be blown back if you do not step aside. This would please me, as you are very definitelty aware of the fact that you are guilty of illegal activity.

I am not Schadenfreude like your boss and your cronies. I am righteously angry at the rape and pillage of this country and its citizens, carried out by your false president and your billionaire boys' club that believes themselves invincible. You are all very mistaken. The prospect of watching all of you prosecuted is very good indeed. In fact, you are a "sick, sad joke", like your so-called president. None of the lot of you has any mandate, moral high ground, ethics, or even grass-roots support. You are rats on a sinking ship, yet you persist in pathological fashion, regardless and heedless of the damage to the citizens, the economy, the country, and the entire world. You are so twisted, you cannot see your own disease, which is the definition of mentally ill.

Shame on you, this administration, and your wealthy wall street backers who would see all of us dead! Clearly you do not plan to "run" anything except con games, the same tired tactics which were fossilized in previous decades as debunked. In short, you lie, steal, and cheat your way to anywhere you are going, like your president and your backers. You have all been caught out in the lie, and yet still cling to it like it will get you somewhere. You just need a better lie. Allow Leandra English to assume the responsibility, she is the legal director.

I wish you love and compassion.
Keileidh

From:	Tim (b)(6)
To:	Mulvaney, Mick (CFPB)
Sent:	11/27/2017 10:47:49 PM
Subject:	No, no you won't!

As Americans who abide by law. We will not allow you to occupy the position Treasonous Trump thinks he can make happen "cuz he said so"
Don't get comfortable! You won't be there long!

TK

From: Joyce Statland (b)(6)
To: Mulvaney, Mick (CFPB)
Sent: 11/27/2017 9:45:16 PM
Subject: Unqualified

Hello, Scrooge Mulvaney. As with all other trump appointees, your name undoubtedly was top of the list when googling “who is least qualified to head the (CFPB)?”. You think the CFPB is a bad joke? I think you are a bad joke and a poor imitation of a human. You Republicans may plan to “cull the herd" to make sure the middle and lower classes die off. Those of us who are hardy enough to survive your purges will be made your servants, or more likely slaves. When Dodd-Frank created Elizabeth Warren’s baby, the CFPB, a very clear line of succession was established by Congress. Just because trump thinks he is emperor of the US does not mean the people and the courts agree. Stay out of the CFPB and tell trump to get ready to move out of The People’s House because Mr. Mueller is coming for him…soon.
Joyce Statland
The Revolution Continues!

From: Jennifer Schonschack (b)(6)
To: Mulvaney, Mick (CFPB)
Sent: 11/27/2017 8:37:50 PM
Subject: No!!

- **You have a public disdain for the mission of the Consumer Finance Protection Bureau.** In 2014, ypu called the CFPB a "sick, sad joke." Then, in 2015, you voted in favor of shutting down the agency.
- **You are not the legal acting director, and Trump broke the law by putting you there.** The Dodd-Frank Act is clear: when the director position is vacant, the Deputy Director (in this case, Leandra English) assumes the title of acting director until the Senator confirms a new director. Trump violated federal law by installing you in the CFPB.
- **Over the years, you have taken more than $1.3 million in political donations from Wall Street interests.**That, in addition to your public disdain for the CFPB make you uniquely unqualified to run the agency, unless of course your true aim is to dismantle it from the inside.

From: M X <(b)(6)
To: Mulvaney, Mick (CFPB)
Sent: 11/27/2017 12:46:44 PM
Subject: Important

You sir are the sick sad joke, the American people don't want you in charge of the CFPB or your boy Trump running the country, Mueller is coming.

From: Mulvaney, Mick (CFPB) (b)(7)(E)
(b)(7)(E)
To: _DL_CFPB_AllHands
Sent: 11/27/2017 6:30:47 PM
Subject: Hello Part 2

Hello again. And thank you to everyone who made today go so smoothly. Quite honestly, I was expecting one of the ... most challenging? ... days of my career, and thanks in large part to the effort you folks put in, the day was a real pleasure. Thanks to everyone for that.

I won't bore everyone with a long exposition about what I expect things to be like at CFPB while I am the Acting Director. In large part, I want more information before fully weighing in on that anyway. And I'll be counting on all of you to help me get up to speed.

However, I can sum up what I told the senior leadership team and the executive committee today:

1) No, I am not here to burn the place down, and
2) Yes, things are going to be different than they were under the previous Administration.

Both of those things turn on the same principle: I consider the CFPB to be part of the Executive Branch of government. That means that it is charged with executing the laws. The law requires this Bureau to enforce consumer protection laws, and I intend to do that exactly that while I am the Acting Director. Indeed, I will be proud to be able to do precisely that. At the same time, how a Trump appointee to the Director's position enforces the law is going to be different than how an Obama appointee would do the same thing. This is simply the nature of our business.

The bottom line is the CFPB is going through its first transition. I suppose all transitions are difficult at some level, but again, that is the nature of the world we work in. The real question is whether the Bureau can successfully manage that transition.

And from everything I saw today, I have every confidence that it can and will.

Anyway, thanks again for the professionalism and courtesy today. Thanks especially to those of you who stopped down to the Director's office to briefly introduce yourselves. As I mentioned when we met, I have already forgotten everybody's name, but I promise that is nothing particular to you, or even to CFPB. I still forget my triplets' names from time to time, and I've had 17 years to learn theirs. I will simply apologize in advance and try to do better.

I am looking forward to working with all of you.

MickM.

Withheld pursuant to exemption

(b)(5) ; (b)(6) ; (b)(7)(E)

of the Freedom of Information and Privacy Act

hheld pursuant to exemption

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b)(5) ; (b)(6) ; (b)(7)(E)

f the Freedom of Information and Privacy Act

ithheld pursuant to exemption

b)(6) ; (b)(7)(E)

f the Freedom of Information and Privacy Act

From: Mulvaney, Mick (CFPB) (b)(7)(E) [redacted]
(b)(7)(E) [redacted]
To: McLeod, Mary (CFPB)
CC: Johnson, Brian (CFPB); Fulton, Kate (CFPB)
Sent: 1/13/2018 5:06:23 PM
Subject: Re: English v. Trump - plaintiff's Notice of Appeal to D.C. Cir.

Saw that. Thanks for sending it. (b)(5) [redacted]

MM

From: McLeod, Mary (CFPB) <Mary.McLeod@cfpb.gov>
Date: January 13, 2018 at 4:40:53 PM EST
To: Mulvaney, Mick (CFPB) <Mick@cfpb.gov>
Cc: Johnson, Brian (CFPB) <Brian.Johnson2@cfpb.gov>, Fulton, Kate (CFPB) <Katherine.Fulton@cfpb.gov>
Subject: Fwd: English v. Trump - plaintiff's Notice of Appeal to D.C. Cir.

Ms English filed her notice of appeal yesterday and asked for an expedited schedule.

From: Bressler, Steven (CFPB) <Steven.Bressler@cfpb.gov>
Date: January 12, 2018 at 1:38:37 PM EST
To: McLeod, Mary (CFPB) <Mary.McLeod@cfpb.gov>, Fulton, Kate (CFPB) <Katherine.Fulton@cfpb.gov>
Cc: Coleman, John (CFPB) <John.Coleman@cfpb.gov>, Hussain, Laura (CFPB) <Laura.Hussain@cfpb.gov>, Bateman, Kristin (CFPB) <Kristin.Bateman@cfpb.gov>
Subject: English v. Trump - plaintiff's Notice of Appeal to D.C. Cir.

Ms. English has appealed Judge Kelly's decision denying emergency relief to the D.C. Circuit. See attached. She seeks an expedited schedule.

Steven Y. Bressler

Assistant General Counsel for Litigation & Oversight
Consumer Financial Protection Bureau
Tel: (202) 435-7248

consumerfinance.gov

From: Mulvaney, Mick (CFPB) (b)(7)(E)
(b)(7)(E)
To: Czwartacki, John (Detailee)(CFPB); Johnson, Brian (CFPB); Doyle, Emma (Detailee)(CFPB)
CC: Czwartacki, John S. EOP/OMB; Burris, Meghan K. EOP/OMB
Sent: 1/4/2018 5:06:15 PM
Subject: RE: [EXTERNAL] Re: CFPB Interview Request

(b)(5)

From: Czwartacki, John (Detailee)(CFPB)
Sent: Thursday, January 4, 2018 4:10 PM
To: Johnson, Brian (CFPB) <Brian.Johnson2@cfpb.gov>; Doyle, Emma (Detailee)(CFPB) <Emma.Doyle@cfpb.gov>
Cc: Mulvaney, Mick (CFPB) <Mick@cfpb.gov>; Czwartacki, John S. EOP/OMB (b)(6) Burris, Meghan K. EOP/OMB (b)(6)
Subject: Fwd: [EXTERNAL] Re: CFPB Interview Request
(b)(5)

From: Richard Pollock (b)(6)
Date: January 4, 2018 at 1:09:30 PM EST
To: Burris, Meghan K. EOP/OMB (b)(6)
Cc: Baker, Coalter (b)(6), Sadler, Kelly J. EOP/WHO (b)(6) Czwartacki, John (Detailee)(CFPB) <John.Czwartacki@cfpb.gov>
Subject: Re: [EXTERNAL] Re: CFPB Interview Request
Hi All,
Tomorrow, we will post an article showing that the CFPB renovation will suffer a 25% cost overrun. The original cost figure was $55 million and the GSA doubled that figure, setting a ceiling for the renovation at $99 million. The latest cost -- obtained by us under FOIA -- shows a $124 million figure -- and still rising.
We would love to get a quote from Director Mulvaney or another of his staff at CFPB on the administration's reaction to this cost overrun.
The cost overruns are part of Richard Cordray's legacy of an agency out of control and accountable to no one inside the government. It is a runaway agency.
It's also an interesting contract to President Trump in private life, who basked in praise for constructing buildings and other projects on time and at or under budget.
If possible, we would appreciate a quote by 5 pm.
Yours,
Richard
On Fri, Dec 15, 2017 at 12:17 PM, Burris, Meghan K. EOP/OMB (b)(6) wrote:
Hi Richard,
I know it's been a while - we worked together a bit when I was Congresswoman Wagner's Comms Director for O&I. I can assure you that the team here respects your body of work and would like to schedule something with you.
As you know, Mulvaney has only been the acting Director at CFPB for three weeks now, and he's still hunkered down trying to dive deep into the details of many issues over there. CZ is splitting time between OMB and CFPB and can certainly walk you through some of those aspects.
Long story short, the Director is trying to learn as much as he can right now. We're not trying to stonewall you -

we just need some time to get a bit more settled.
Thanks so much,
Meghan
Meghan Burris
(b)(6)

From: Richard Pollock (b)(6)
Sent: Thursday, December 14, 2017 9:24 PM

To: Baker, Coalter (b)(6)
Cc: Sadler, Kelly J. EOP/WHO (b)(6) Burris, Meghan K. EOP/OMB (b)(6) ; john.czwartacki@cfpb.gov
Subject: Re: [EXTERNAL] Re: CFPB Interview Request
Hi Coalter,
I have written stories about CFPB for six years and broke the renovation cost overruns at the bureau. Please Google my work at the Washington Examiner and the Daily Caller and see the breadth of my coverage.
As a conservative journalist who has dogged this agency and uncovered wrongdoing at many levels there, from gender and racial discrimination, to major data mining of millions of consumer financial records, I would hope the administration would provide such journalists an ability to follow up in a real way and not be part of a press gaggle.
I will have (another) story on cost overruns on the HQ renovation soon.
I am not interested in a gaggle for an hour, but doing an intensive review of the many excesses in the renovation in which luxurious fixtures and materials were used in a taxpayer supported government building.
I now am reviewing 500 pages of government records submitted by architect engineering firm Grunley on the materials used in that building. No one else has this material obtained under FOIA.
Yours,
Richard

Richard Pollock
(b)(6)

On Dec 14, 2017, at 6:36 PM, Baker, Coalter (b)(6) wrote:

Hey Richard,
I know CZ has been contemplating doing something like this for a while with a group of reporters.
We'll keep you in mind and on the list. Please don't hesitate to ping him again (cc'ed).
From: Richard Pollock (b)(6)
Sent: Thursday, December 14, 2017 10:48 AM
To: Baker, Coalter <(b)(6)>
Cc: Sadler, Kelly J. EOP/WHO (b)(6) ; Burris, Meghan K. EOP/OMB (b)(6) john.czwartacki@cfpb.gov
Subject: Re: [EXTERNAL] Re: CFPB Interview Request
Hi Coalter,
I have an idea. What if I could interview Director Mulvaney at CFPB headquarters and after the interview, could either the Director or another CFPB official could give me a tour of the new digs?
The original estimate for the renovation was $55 million. Off-the-record, my story will confirm based on GSA documents we acquired under FOIA the final cost is in excess of $220 million.
The cost overruns are classic.
At this square foot price, this publicly-financed building falls into the category of a "Trophy" office building, the most luxurious office building in the commercial building space.

So I would like to take a tour and see all of the accouterments for this lavish building.
What do you think?
Yours,
Richard
On Tue, Dec 12, 2017 at 9:56 AM, Baker, Coalter (b)(6) wrote:
Thanks Kelly!
Hey Richard, let me take a look at his schedule and see what we can do.

From: Richard Pollock (b)(6)
Sent: Tuesday, December 12, 2017 8:48 AM
To: Sadler, Kelly J. EOP/WHO (b)(6)
Cc: Baker, Coalter (b)(6)
Subject: [EXTERNAL] Re: CFPB Interview Request

Hi Kelly and Coater,
I guess simultaneously having two federal jobs could press his time, but even a 5-10 minuet interview would suffice.
I want to find out how CFPB employees are accepting acting director Mulvaney, surprises he's discovered while there, some of his new plans he has for the bureau and what is good old Ms. English is doing these days.
FYI, I also hope to have a story out soon on the CFPB renovation cost overruns based on FOIA documents I recently obtained.
All the best,
Richard

Richard Pollock
(b)(6)

On Dec 12, 2017, at 7:45 AM, Sadler, Kelly J. EOP/WHO (b)(6) wrote:

Coalter,
It's Kelly with White House comms. We did a Roundtable last week with a few conservative columnists/reporters and Richard Pollock from the Daily Caller Foundation requested an interview with Director Mulvaney discussing progress at the CFPB.
I wanted to connect the two of you to arrange a possible interview at a convenient time for both. Richard – as you're aware – the Director is very busy at the moment!
Thank you both.
Best,
Kelly
Kelly Sadler
Director of Surrogate & Coalitions Outreach
Office of Communications
White House
C: (b)(6)

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Richard Pollock
Senior Investigative Reporter
The Daily Caller News Foundation
Mobile: (b)(6)
Direct Dial: 202-463-5056
@rpollockDC

--
Richard Pollock
Senior Investigative Reporter
The Daily Caller News Foundation
(b)(6)
@rpollockDC

From: Mulvaney, Mick (CFPB) (b)(7)(E)
(b)(7)(E)
To: Burris, Meghan K. EOP/OMB; Doyle, Emma (Detailee)(CFPB); Czwartacki, John (Detailee)(CFPB)
CC: Galkowski, James (CFPB)
Sent: 12/21/2017 1:36:49 PM
Subject: RE: The Internal Divide Behind Trump's Takeover of Consumer Watchdog

10-4. Thanks.

From: Burris, Meghan K. EOP/OMB (b)(6)
Sent: Thursday, December 21, 2017 1:15 PM
To: Mulvaney, Mick (CFPB) <Mick@cfpb.gov>; Doyle, Emma (Detailee)(CFPB) <Emma.Doyle@cfpb.gov>; Czwartacki, John (Detailee)(CFPB) <John.Czwartacki@cfpb.gov>
Cc: Galkowski, James (CFPB) <Andrew.Galkowski@cfpb.gov>
Subject: RE: The Internal Divide Behind Trump's Takeover of Consumer Watchdog
Just online.

From: Mulvaney, Mick (CFPB) [mailto:Mick@cfpb.gov]
Sent: Thursday, December 21, 2017 1:10 PM
To: Burris, Meghan K. EOP/OMB (b)(6) Doyle, Emma (Detailee)(CFPB) <Emma.Doyle@cfpb.gov>; Czwartacki, John (Detailee)(CFPB) <John.Czwartacki@cfpb.gov>
Cc: Galkowski, James (CFPB) <Andrew.Galkowski@cfpb.gov>
Subject: RE: The Internal Divide Behind Trump's Takeover of Consumer Watchdog
Print or just online?

From: Burris, Meghan K. EOP/OMB (b)(6)
Sent: Thursday, December 21, 2017 12:57 PM
To: Mulvaney, Mick (CFPB) <Mick@cfpb.gov>; Doyle, Emma (Detailee)(CFPB) <Emma.Doyle@cfpb.gov>; Czwartacki, John (Detailee)(CFPB) <John.Czwartacki@cfpb.gov>
Cc: Galkowski, James (CFPB) <Andrew.Galkowski@cfpb.gov>
Subject: WSJ: The Internal Divide Behind Trump's Takeover of Consumer Watchdog

The Internal Divide Behind Trump's Takeover of Consumer Watchdog

Installation of Mulvaney as interim chief exposes differences between White House, Treasury over direction for CFPB

>https://www.wsj.com/articles/the-divide-behind-trumps-cfpb-takeover-1513852201<

WASHINGTON—The Trump administration's move to put its budget chief in charge of the Consumer Financial Protection Bureau exposed a divide between a White House faction and the Treasury Department over just what the role of the consumer watchdog should be.

The installation of Mick Mulvaney, head of the Office of Management and Budget, as the CFPB's interim director was a win for conservatives who favor dismantling much of the independent regulator as part of a sweeping reversal of Obama-era financial rules.
Many in this camp, including Mr. Mulvaney, a former congressman, have spent years trying to block the CFPB's agenda under Richard Cordray, an Obama appointee who stepped down after Thanksgiving. Mr. Mulvaney in the past has described the CFPB as "one of the most

offensive concepts in government."

Mr. Mulvaney declined to comment for this article.

His appointment, until a permanent successor can be found, was also a setback for some financial companies. While they hoped for a less-aggressive regulator than Mr. Cordray, companies in certain industries still wanted the watchdog to have some regulatory teeth, according to people familiar with the matter.

Companies have invested billions of dollars in complying with the agency's rules since it began operating six years ago. What's more, many in the mortgage and financial-technology industries see some rules as necessary to help ensure a stable market for securities such as those formed when mortgages are packaged and sold off.

They saw an ally in Treasury Secretary Steven Mnuchin, a former mortgage banker, who interviewed several candidates to run the CFPB, including candidates recommended by the financial industry.

The White House, however, was conducting its own search. While the administration consulted with the Treasury Department, White House officials controlled hiring decisions and weren't aware of the extent of Treasury's search efforts. "All appointments go through the White House," one White House official said.

A person close to Mr. Mnuchin said he understood the White House was leading the process and supported its decision to appoint Mr. Mulvaney.

Backing the White House's move were Republicans associated with Vice President Mike Pence, including his economic adviser Mark Calabria, a former financial regulation expert at the libertarian Cato Institute, people familiar with the matter said. Also on board was Rep. Jeb Hensarling (R., Texas), who has spearheaded Congress's attack on the CFPB.

Mr. Mnuchin's camp, including Craig Phillips, a top Treasury adviser and former BlackRock Inc.executive who spent decades selling mortgage-backed securities, was seeking a candidate who would take an incremental approach to reducing regulatory burdens, people familiar with the matter said.
"We have never said get rid of the CFPB," said Richard Hunt, president of the Consumer Bankers Association, a banking trade group. "We need consumer protection and banks have already invested billions to comply with CFPB rules."

The search for a permanent director to succeed Mr. Cordray started in early 2017.

Earlier in the process, Mr. Mnuchin's top choice was Brian Brooks, a former vice chairman of OneWest Bank, the lender Mr. Mnuchin bought and turned around after the financial crisis, according to people familiar with the matter. Some consumer advocates also supported Mr. Brooks, now general counsel of Fannie Mae.

Mr. Brooks declined to comment.

Some in the mortgage industry were concerned the Trump administration might pick someone who would undo postcrisis rules that guide the mortgage lending and securitization businesses.

"The mortgage industry in particular relies on detailed regulations and guidance," said Ben Olson, a Buckley Sandler lawyer. "In many cases, the industry wants more and better guidance from the CFPB, not less."

Mortgage officials were wary of the influence of Mr. Calabria, Mr. Pence's adviser, who last year called mortgage securitization "a false god that failed us."

Mr. Calabria didn't respond to requests for comment.

A group of mortgage-industry allies led by Lewis Ranieri, a New York financier who helped invent mortgage-backed securities, and Michael Calhoun, who leads the Center for Responsible Lending, a liberal consumer group, tried to persuade Mr. Mnuchin to get behind its pick— Eric Kaplan, director of housing finance at the Milken Institute, a centrist Washington think tank, according to people familiar with the matter.

Mr. Mnuchin turned the group down. He also considered Keith Noreika, who until November was acting Comptroller of the Currency, and Jeremiah Buckley and Andrew Sandler, both from the law firm Buckley Sandler.

Some conservatives separately pushed for candidates calling for fundamental changes at the CFPB, such as Todd Zywicki, a George Mason University law professor, or Rep. Randy Neugebauer (R., Texas), another congressional critic of the bureau.

The competing constituencies slowed the process of finding a permanent successor, said one person who meets regularly with officials at Treasury and the White House's National Economic Council. Another person familiar with the search said the White House now has a list of finalists and is in the process of picking a nominee.

"Treasury is working with the White House to secure a permanent director who will bring much-needed accountability, transparency and balance to the CFPB," a Treasury spokeswoman said.

Crosscurrents over who to select stemmed in part from long-brewing mistrust between Treasury and some White House officials, including at the NEC, said people familiar with the matter.

Mr. Calabria has voiced skepticism about policy and personnel leanings of Treasury officials, these people said, viewing them as insufficiently conservative.

“There’s a disconnect between NEC and Treasury on a whole variety of things,” said one person familiar with the administration’s internal dynamics.

In mid-November, Mr. Trump asked Mr. Mulvaney to run the CFPB temporarily, surprising business interests, Democrats and consumer groups supportive of the bureau. Mr. Cordray fought back, attempting to install his own interim director—his former chief-of-staff Leandra English. She sued to stop Mr. Mulvaney from taking over, but a federal court ruled in favor of the administration in litigation that is still moving through the courts.

Mr. Mulvaney so far has issued short-term freezes on new regulations and hiring, and ordered a review of more than 100 ongoing enforcement cases. As a congressman, he was broadly critical of CFPB’s agenda, opposing its approach to regulating mortgages, payday lending and other financial products. One White House official said Mr. Trump picked Mr. Mulvaney in part because he was familiar with CFPB issues and is trusted within the White House.

“The West Wing views Mulvaney as someone who is up for a fight like this,” said a person close to the administration.

In recent months, the rift between Treasury and some in the White House over regulatory policy has deepened, people familiar with the matter said. Those favoring smaller government are frustrated with Mr. Mnuchin’s financial deregulation proposals, these people said.

The Treasury Department since June 2017 has released a series of reports offering a blueprint for the overhaul of financial rules—following a February presidential order for a review of all financial regulations—drawing praise from the financial industry and complaints from conservatives.

“It’s been much more conciliatory and much more biased toward maintaining the status quo. That’s been something of disappointment,” said Thaya Brook Knight, associate director of financial regulation studies at Cato.

—Lalita Clozel, Eli Stokols and Nick Timiraos contributed to this article.

Write to Yuka Hayashi at yuka.hayashi@wsj.com and Kate Davidson at kate.davidson@wsj.com .

Meghan Burris
Press Secretary
Office of Management and Budget
(b)(6)

From: Mulvaney, Mick (CFPB) (b)(7)(E)
(b)(7)(E)
To: Czwartacki, John; Doyle, Emma; Johnson, Brian (CFPB)
Sent: 12/5/2017 5:30:25 PM
Subject: FW: Second lawsuit challenges Trump's choice to lead consumer bureau
Attachments: LEP FCU v. Trump Compl.pdf

(b)(5)

MM

From: McLeod, Mary (CFPB)
Sent: Tuesday, December 5, 2017 5:00 PM
To: Mulvaney, Mick (CFPB) <Mick@cfpb.gov>
Cc: Doyle, Emma K. EOP/OMB (b)(6)
Subject: Fwd: Second lawsuit challenges Trump's choice to lead consumer bureau
This just in. Will provide more details when they emerge.

From: Bressler, Steven (CFPB) <Steven.Bressler@cfpb.gov>
Date: December 5, 2017 at 4:57:25 PM EST
To: Coleman, John (CFPB) <John.Coleman@cfpb.gov>, Berns, Matthew J. (CIV) <Matthew.J.Berns@usdoj.gov>, Ricketts, Jennifer D (CIV) <Jennifer.D.Ricketts@usdoj.gov>, Hall, Christopher (CIV) (Christopher.Hall@usdoj.gov) <Christopher.Hall@usdoj.gov>
Cc: McLeod, Mary (CFPB) <Mary.McLeod@cfpb.gov>, Bateman, Kristin (CFPB) <Kristin.Bateman@cfpb.gov>, Takemoto, Benjamin (CIV) <Benjamin.Takemoto@usdoj.gov>, Wells, Carlotta (CIV) <Carlotta.Wells@usdoj.gov>
Subject: RE: Second lawsuit challenges Trump's choice to lead consumer bureau
Complaint attached.

From: Coleman, John (CFPB)
Sent: Tuesday, December 05, 2017 4:57 PM
To: Berns, Matthew J. (CIV); Ricketts, Jennifer D (CIV); Hall, Christopher (CIV) (Christopher.Hall@usdoj.gov)
Cc: Bressler, Steven (CFPB); McLeod, Mary (CFPB); Bateman, Kristin (CFPB)
Subject: FW: Second lawsuit challenges Trump's choice to lead consumer bureau
FYI. Sorry, I don't seem to have everyone's email.

From: POLITICO Pro Financial Services Whiteboard [mailto:politicoemail@politicopro.com]
Sent: Tuesday, December 05, 2017 4:54 PM
To: Coleman, John (CFPB)
Subject: Second lawsuit challenges Trump's choice to lead consumer bureau
By Lorraine Woellert

12/05/2017 04:53 PM EDT

A New York credit union sued President Donald Trump and Mick Mulvaney, claiming the president violated the Constitution when he installed his budget director as interim chief of the CFPB.

The lawsuit was filed in U.S. District Court in the Southern District of Manhattan by Lower East Side People's Federal Credit Union, which asked the court to declare Mulvaney's appointment unconstitutional and declare CFPB Deputy Director Leandra English the acting director.

Lawyers for English last month brought a similar case in U.S. District Court in Washington, where a judge rejected a request for a temporary restraining order to block Mulvaney's appointment and is considering a preliminary injunction.

Former CFPB Director Richard Cordray resigned Nov. 24, naming English his successor. Hours later, Trump appointed Mulvaney, his budget director, to the bureau's top job. Mulvaney is serving as CFPB acting director three days a week and director of OMB three days a week.

WHAT'S NEXT: The Justice Department will respond to the complaint.

To view online:
https://www.politicopro.com/financial-services/whiteboard/2017/12/second-lawsuit-challenges-trumps-choice-to-lead-consumer-bureau-202195

From: Mulvaney, Mick (CFPB) (b)(7)(E)
(b)(7)(E)
To: McLeod, Mary (CFPB)
Sent: 11/30/2017 12:13:23 PM
Subject: RE: English v. Trump - hearing transcripts

Can you send me the complaint, please? Thanks.
MM

From: McLeod, Mary (CFPB)
Sent: Thursday, November 30, 2017 12:01 PM
To: Mulvaney, Mick (CFPB) <Mick@cfpb.gov>
Cc: Doyle, Emma <Emma.Doyle@cfpb.gov>
Subject: FW: English v. Trump - hearing transcripts
Here in case you are interested are the transcripts from the two arguments.

From: Bressler, Steven (CFPB)
Sent: Thursday, November 30, 2017 11:50 AM
To: _DL_CFPB Legal Division
Subject: English v. Trump - hearing transcripts
For those interested, attached are the rush hearing transcripts from the two hearings on plaintiff's motion for temporary restraining order in English v. Trump, et al. (DDC). The court's oral ruling denying the TRO is at the latter portion of the Nov. 28 transcript.

Steven Y. Bressler

Assistant General Counsel for Litigation & Oversight
Consumer Financial Protection Bureau
Tel: (202) 435-7248

consumerfinance.gov

From:	Mulvaney, Mick (CFPB) (b)(7)(E) (b)(7)(E)
To:	emma.doyle@cfpb.gov
CC:	(b)(6)
Sent:	11/28/2017 5:55:52 PM
Subject:	FW: Cfpb

(b)(5)

From (b)(6)
Sent: Tuesday, November 28, 2017 5:11 AM
To: Mulvaney, Mick (CFPB) <Mick.Mulvaney@cfpb.gov>
Subject: Cfpb

Stop trying to illegally take over this bureau. You will join Trump, his family and cohorts in jail. We will not forget. Republicans will own Trump' s corruption as their own. Karma has everyone's address, especially yours.

Sent from my Verizon, Samsung Galaxy Tablet

From: Jim Ainsworth (b)(6)
To: Henderson, William (Paul); Maniscalco, John (Paul); Webb, Jim (Paul); Hawes, Matthew (Paul); brandon_brooker@paul.senate.gov; abagail_zaman@paul.senate.gov; sergio.gor@paul.senate.gov; Mulvaney, Mick (CFPB); Mulvaney, Mick M. EOP/OMB
Sent: 11/26/2018 10:27:32 AM
Subject: Dr. Dave Janda: Trump Has 30 Days To Hand Down Indictments

Dr. Dave Janda: Trump Has 30 Days To Hand Down Indictments

In this interview from the Wednesday, November 21st, 2018 edition of *Silver Doctors*, former orthopedic surgeon Dr. Dave Janda believes the Trump Administration has only weeks remaining to elicit actions required to truly re-establish the rule of law and help make America great again.

As the acting Attorney General, Matthew Whitaker has only a narrow window of opportunity to hand down indictments against such individuals as Barack Obama, Hillary Clinton, John Brennan, Eric Holder, Loretta Lynch, James Clapper, George Soros, Alexander Soros, and last, but not least, current DoJ Special Counsel, Robert Mueller, who was Hillary Clinton's emissary to the Russians, on the tarmac at Moscow airport, of the delivery of a 1-ounce sample of highly enriched uranium (HEU) from the U.S., as part of Hillary's secret and treasonous Uranium One deal to sell 20% of America's uranium deposits to Russia.

Click on the link below to watch the interview, courtesy of YouTube.

https://www.youtube.com/watch?time_continue=188&v=mJN7M6S1alY

From: Mulvaney, Mick M. EOP/OMB (b)(6)
To: Mulvaney, Mick (CFPB)
Sent: 7/16/2018 12:53:59 PM
Subject: FW: [EXTERNAL] Prosecuting real problem actors

From: Sean Kilbane (b)(6)
Sent: Monday, July 16, 2018 12:40 PM
To: Mulvaney, Mick M. EOP/OMB <(b)(6)
Subject: [EXTERNAL] Prosecuting real problem actors
Director Mulvaney,

My name is Sean Kilbane, and I chair the Veterans for Trump (b)(6) organization. As you finish out your term at the CFPB, please continue to focus on prosecuting real problem actors and not small businesses that are serving the American people and actively investing time and money into CFPB compliance Your conservative record shows that you know firsthand the importance of allowing these businesses to thrive. By closing out lingering, years-long investigations, you are doing just that

Your leadership on these issues has not gone unnoticed.

Sincerely,

Sean P. Kilbane

From: Conant, Ann (CFPB) (b)(7)(E)
(b)(7)(E)
To: Mulvaney, Mick (CFPB)
Sent: 5/24/2018 2:43:08 PM
Subject: Updated bio

Here is your bio, please let me know if you have any edits:
Mick Mulvaney is the current director of the Office of Management and Budget (OMB) and the acting director of the Bureau of Consumer Financial Protection (BCFP). He was nominated to be the OMB Director by President Donald J. Trump in December 2016 and confirmed by the Senate on February 16, 2017. He was named acting director of the BCFP on November 24, 2017.
Prior to his time in the Executive Branch, he served the people of the 5th District of South Carolina as their Congressman where he was first elected in 2010. He was the first Republican member to hold the seat in 128 years.
A lifelong Carolinas resident, he attended Georgetown University, graduating with honors in International Economics, Commerce, and Finance and graduated as an Honor Scholar – the highest award given to students of the Georgetown School of Foreign Service.
After college, Mick received his law degree from the University of North Carolina at Chapel Hill on a full academic scholarship.
In addition to practicing law and opening his own firm, he also ran his family real estate business, started a small homebuilding company, and became a minority shareholder in a local family restaurant franchise.
While in Congress, he served on the Budget Committee, Joint Economic Committee, Small Business Committee, Financial Services Committee, and the Oversight and Government Reform Committee.
He was a founding member of the Indian Land Rotary, a member of St. Philip Neri Catholic Church, and founding member of Our Lady of Grace Catholic Mission.
Mick and his wife Pam were married in 1998, and are the proud parents of triplets: James, Caroline, and Finnegan, and two Great Danes: Guinness and Harper.
Ann Conant
Executive Assistant to the Director
Bureau of Consumer Financial Protection
Direct: 202-435-5156

From: Johnson, Brian (CFPB) (b)(7)(E)
(b)(7)(E)
To: Mulvaney, Mick (CFPB)
Sent: 3/26/2018 5:14:56 PM
Subject: draft letter
Attachments: Dear Senator Warren.docx

Attached for your review.

Dear Senator Warren:

(b)(5)

Sincerely,

From: Welcher, Anthony (CFPB) (b)(7)(E)
(b)(7)(E)
To: Mulvaney, Mick (CFPB)
Sent: 3/14/2018 12:19:59 PM
Subject: Las Vegas OPED

Flagging this given the positive nature of the OPED.
https://www.reviewjournal.com/opinion/editorials/editorial-trump-appointee-reins-in-consumer-financial-protection-bureau/amp/
Anthony Welcher
Bureau of Consumer Financial Protection
(b)(6)

From: CFPB_HCSysOps (b)(7)(E)
(b)(7)(E)
To: _DL_CFPB_AllHands
CC: CFPB_HCSysOps
Sent: 12/4/2018 10:58:41 AM
Subject: Corrected Guidance: National Day of Mourning - Dec. 5
Importance: High
Attachments: Editing Timesheets_Updated.docx

Colleagues:

In honor and tribute to the memory of President George H.W. Bush, President Donald Trump has declared Wednesday, December 5, 2018, as a National Day of Mourning throughout the United States. The President has taken official action to allow Federal employees to join their fellow citizens in remembering our forty-first President of the United States. Therefore, federal offices will be closed and employees will be excused from duty for the scheduled workday on Wednesday December 5, 2018. For timekeeping purposes, this absence will be treated as Holiday leave. Below are the answers to some questions you may have about Wednesday's absence.

1. **I have leave scheduled on December 5. Now that it is a holiday, what happens?**
   Employees with previously scheduled leave on December 5 will not be charged leave.
2. **How many hours of basic pay am I entitled to receive on the National Day of Mourning, December 5, or the determined "in lieu of" holiday?**
   Full-time employees under a standard work schedule (8 hours a day, 40 hours a week) are excused from 8 hours of non-overtime work.
   Flexible Work Schedule
   A full-time employee on a flexible work schedule is entitled to 8 hours of pay on a holiday when the employee does not work. Full-time employees on a "5/4-9" flexible work schedule must make arrangements to work the extra hour during other regularly scheduled workday or take leave (annual, compensatory, credit hours, etc.) in order to fulfill the 80-hour biweekly work requirement.
3. **Will anyone have to work on the holiday?**
   Due to the nature of their work, some employees may have to work on December 5 to perform duties that are critical to the agency's mission. Your supervisor will notify you if you are expected to work.
4. **Note to supervisors:** Agencies can require employees to work on December 5 if they cannot be excused for reasons of "national security, defense, or other essential public business". Please alert your Associate Director if you plan to require an employee to work on December 5, 2018. Refer to Section IV of the Overtime and Other Premium Pay policy for the procedures for prior approval which may be found here. Also refer to the Collective Bargaining Agreement (CBA) Article 11 on Overtime and Premium Pay which may be found here.
5. **How will my pay be calculated if I am required to work on the holiday?**
   If you are ordered to work in accordance with the Bureau's Overtime and Premium Pay Policy and CBA Article then for each hour of holiday work (during your normal tour of duty hours), you will receive holiday premium pay equal to your rate of basic pay. If your supervisor schedules you to work outside your normal tour of duty hours, you will receive overtime pay or compensatory time earned for these hours. For example, if you normally work an 8-hour schedule from 8:30 a.m. to 5:00 p.m. each day, and you work from noon until 6:00 p.m. on a holiday, your pay would be calculated as follows:
   - 8 hours of basic pay for holiday leave
   - 5 hours of holiday worked premium pay to cover the time between noon and 5:00 p.m.
   - 1 hour of overtime pay or compensatory time worked to cover the time from 5:00 p.m. to 6:00 p.m.
6. **Can I earn compensatory time off for working on a holiday?**
   Compensatory time off is viewed the same as overtime pay with respect to holidays. You can only earn compensatory time for the time you work outside your normal tour of duty. In the example above, you could only earn compensatory time for the last hour worked.
7. **How does the holiday apply to part-time employees?**
   Part-time employees are entitled to a holiday when it falls within their official work schedules. For example, a part-time employee who is officially scheduled to work only on Tuesdays and Thursdays would receive no pay for the Wednesday holiday.

Part-time employees receive their basic pay rate for the number of hours they would have worked on the holiday. For example, a part-time employee whose official schedule is 8:00 a.m. to 12:00 noon each day would receive four hours of pay for the holiday.

8. **What if I'm on unpaid leave before and after the holiday? Will I receive pay for the holiday?**
   Unpaid leave includes leave without pay (LWOP), absence without leave (AWOL), and suspension. You must be in a pay status, either at work or on paid leave, immediately before or immediately after a holiday to receive the holiday pay. For instance, if you are on LWOP the afternoon of December 4 and on the morning of December 6, you are not entitled to holiday pay for December 5.
   You may not be placed on paid leave on December 4 or December 6 solely for the purpose of receiving pay for the holiday. For instance, if you are on LWOP for the entire month of December, it is improper to grant you annual leave on December 4 so you can receive holiday pay for December 5.
9. **How should I post time for December 5 on my timesheet?**
   Employees will use the transaction code "Holiday" to post hours for December 5. Non-overtime hours worked on the holiday should be recorded as "Holiday Worked". See the attached document for instructions on posting the additional holiday.
10. **Who can I contact for more information?**
    Please contact the WorkLife team at CFPB_WorkLife@cfpb.gov.

Thank you,

Human Capital Systems & Operations
Office of Human Capital
Bureau of Consumer Financial Protection
CFPB_HCSysOps@cfpb.gov
consumerfinance.gov

From:	Czwartacki, John (CFPB) (b)(7)(E) (b)(7)(E)
To:	Johnson, Brian (CFPB); Greenwood, Sheila (CFPB); Sutton, Kirsten (CFPB); Blankenstein, Eric (CFPB)
CC:	Mulvaney, Mick (CFPB)
Sent:	11/28/2018 9:28:42 AM
Subject:	Fwd: Seth Frotman group

Now we know.

(b)(5)

From: Michael Stratford (b)(6)
Date: November 27, 2018 at 11:50:50 PM EST
To: Czwartacki, John (CFPB) <John.Czwartacki@cfpb.gov>
Subject: Seth Frotman group

Hi CZ – It's Michael Stratford at Politico. I'm writing about the new group being formed by former CFPB student loan ombudsman Seth Frotman – and several other ex-CFPB staff tomorrow (embargo lifts at 10 a.m.). They say the goal is to take on the student loan industry and the Trump administration over borrower protections.
Do you want to comment on this?
Thanks,
Michael

—
Michael Stratford
Education reporter
POLITICO
(o) 703-672-2815
(b)(6)
twitter.com/mstratford

From: Mulvaney, Mick M. EOP/OMB (b)(6)
To: Mulvaney, Mick (CFPB)
Sent: 11/27/2018 11:46:40 AM
Subject: Fwd: BCFP 1 Year On
Attachments: ATT00001.htm; BCFP 1 Year On.docx

Sent from my iPhone

Begin forwarded message:

From: "Mulvaney, Mick M. EOP/OMB" <(b)(6)
Date: November 20, 2018 at 11:37:40 AM EST
To: Mick Mulvaney <(b)(6)
Subject: BCFP 1 Year On

~~Page 199 to Page 200~~

ˀ hheld pursuant to exemption

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f the Freedom of Information and Privacy Act

~~Page 201 to Page 203~~

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~~Page 204 to Page 206~~

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b)(6)

f the Freedom of Information and Privacy Act

From: McLeod, Mary (CFPB) (b)(7)(E) [redacted]
(b)(7)(E) [redacted]
To: Mulvaney, Mick (CFPB)
CC: Sutton, Kirsten (CFPB); Johnson, Brian (CFPB); Fulton, Kate (CFPB)
Sent: 10/2/2018 2:06:12 PM
Subject: ATTORNEY CLIENT PRIVILEGE/ATTORNEY WORK PRODUCT/DELIBERATIVE PROCESS
Attachments: (b)(5) [redacted]

Here is a revised version of the memo you asked the LD to prepare.

~~Page 208 to Page 236~~

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A Fresh Start and/or A Better Way Forward for Consumers
By BCFP Acting Director Mick Mulvaney

The media and my critics have been wrong every single time about my Bureau record.

Let's go down the list. The critics said that I dismissed the Wells Fargo investigation. Instead, on my watch, the Bureau worked hand-in-hand with the OCC to secure a $1 billion dollar settlement on behalf of consumers.

The critics said that I had dismissed the Equifax investigation. Verified by third parties, this is also false.

The critics said that I dismissed the World Acceptance investigation based upon my history with them. That too is false. I could go on.

Since my appointment by President Trump to serve as the Acting Director of the Bureau of Consumer Financial Protection, I have worked faithfully to serve the public. Since my appointment, I adjusted the Bureau's priorities in several important ways. First, the Bureau will no longer continue to push the envelope, and instead adhere closely to the statute. Second, the Bureau will operate in a more fiscally responsible manner to ensure that we are using government resources efficiently and effectively. And third, our work will be solidly grounded in fact.

In carrying out these new strategic priorities, we are seeking the counsel of others to weigh our decisions with the benefit of many perspectives. That is why I launched the Call for Evidence—an initiative aimed at gathering public feedback on every aspect of Bureau operations. The Bureau must learn what is working and what needs improving. An agency that is confident in its mission should care about getting it right.

One area of requested feedback is how the Bureau engages with external stakeholders. The Bureau received comments from across the country and we listened. That's why on June 6, I announced a transformation and an expansion of our external outreach to hear from more consumers and Bureau stakeholders from around the country. Part of the announcement focused on revamping the Bureau's three major advisory groups: the Consumer Advisory Board (CAB), which is statutorily required, the Community Bank Advisory Council (CBAC), and the Credit Union Advisory Council (CUAC).

First, I want to be clear that the Bureau will continue to fulfill its statutory obligations to convene the CAB and will continue to provide forums for the CBAC and the CUAC. The Bureau will use the current 2018 application and selection process to reconstitute the current advisory groups with new, smaller memberships. By both right-sizing its advisory groups and ramping up outreach to external groups, the Bureau will enhance its ability to hear from consumer, civil rights, and industry stakeholders on a more regular basis.

As individuals can't always engage with the Bureau in Washington, D.C. we will travel across the country to meet with people in their towns and communities. In addition to the advisory groups, the Bureau will increase its strategic outreach to encourage in-depth conversations, information sharing, and partnerships focused on consumers in underserved communities and geographies. These engagements will include regional town halls and roundtables, a variety of discussions at the Bureau's headquarters, and regular national calls. We have already started executing on this strategy, holding our first town hall in Topeka, Kansas last week where we launched a national initiative to combat elder financial exploitation.

Under the previous administration, the Bureau's advisory groups had memberships that grew to a significant size. For example, the CAB had 25 members, the CBAC had 19 members, and the CUAC had 17 members, totaling 61 members across all three groups. All of these groups met a few times a year in Washington, D.C. and the Bureau paid for each member's travel, lodging, and meals associated for all of these meetings totaling to a cost of roughly $320,000 a year. By right-sizing these groups, the Bureau is able to save valuable resources and still obtain the important feedback these groups were established to provide.

I'm disappointed to see that members of the current advisory groups are making unfounded allegations about our new strategic direction. Consumer advocates will always have a seat at the table and I am looking forward to hearing their feedback. This new outreach structure will increase input to the Bureau prior to rulemaking or policy review rather than simply seeking a rubberstamp. We always seek authentic and diverse feedback from the people and industries we aim to serve.

Last week in addition to announcing our new plans, we also committed to continuing to engage with the current advisory group members throughout the summer. I hope they take the opportunity to provide their important feedback. We also committed to making sure that they were part of the process moving forward. We don't want less input, we want more.

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From:	Welcher, Anthony (CFPB) (b)(7)(E) (b)(7)(E)
To:	Mulvaney, Mick (CFPB)
Sent:	4/28/2018 1:15:15 PM
Subject:	Fwd: Letter From Waters to Mulvaney

FYI

From: Galicia, Catherine (CFPB) <Catherine.Galicia@cfpb.gov>

For Immediate Release
April 27, 2018

Eric.Hersey@mail.house.gov
Erica.Loewe@mail.house.gov

(202) 225-4247

Waters to Mulvaney: Provide Records on Interactions with Lobbyists

WASHINGTON -- Today, **Congresswoman Maxine Waters (D-CA)**, Ranking Member of the House Committee on Financial Services, sent a letter to Office of Management and Budget Director Mick Mulvaney, who was illegally appointed by President Trump as Acting Director of the Consumer Financial Protection Bureau (Consumer Bureau). In the letter, Ranking Member Waters requested all records regarding Mulvaney's interactions with representatives of any entity that is regulated by the Consumer Bureau. This request comes on the heels of Mulvaney's remarks indicating preferential treatment and access for lobbyists who contributed to his political campaigns during his time in Congress.

> "This admission continues to underscore the serious concerns that have been raised about the possible continued influence of political contributions on your decision making at the Consumer Bureau. According to your own comments, you would only hear one side of an argument—the side of an industry lobbyist who had made a campaign contribution," **Ranking Member Waters said**.
>
> "By definition this means that those who failed to make contributions never had the opportunity to present their side of the argument. In addition to being unfair, this is also contrary to the principles of an open government, principles I am concerned you are now undermining at the Consumer Bureau."

See the full text of the letter below.

April 27, 2018

The Honorable Mick Mulvaney

Director

Office of Management and Budget

725 17th Street, NW

Washington, DC 20503

Dear Director Mulvaney:

On January 31, I, along with Senator Warren and other Members of Congress, wrote you a letter seeking information regarding the Consumer Bureau's actions benefiting payday lenders to learn whether these actions were motivated by your receipt of over $60,000 in political contributions from the payday loan industry while serving in Congress. In your February 15 response, which failed to answer any of my questions, you stated:

> "I reject your insinuation - repeated three times in as many pages - that my actions as Acting Director are based on considerations other than a careful examination of the law and facts particular to any matter.
>
> Civil discourse rests upon our reciprocal understanding that no matter how strongly we may disagree on matters of policy, we are motivated by principle and our mutual desire to serve the American people to the best of our abilities."

However, on Tuesday, you told an audience of bankers and financial industry lobbyists that as a congressman you would only meet with lobbyists who had contributed to your campaigns.[1] According to a transcript of your remarks, you stated:

> "We had a hierarchy in my office in Congress. If you're a lobbyist who never gave us money, I didn't talk to you. If you're a lobbyist who gave us money, I might talk to you."

This admission continues to underscore the serious concerns that have been raised about the possible continued influence of political contributions on your decision making at the Consumer Bureau. According to your own comments, you would only hear one side of an argument—the side of an industry lobbyist who had made a campaign contribution. By definition this means that those who failed to make contributions never had the opportunity to present their side of the argument. In addition to being unfair, this is also contrary to the principles of an open government, principles I am concerned you are now undermining at the Consumer Bureau.

Therefore, in order to allow me to understand the extent to which you have transferred the "hierarchy" you implemented in your Congressional office to the Consumer Bureau, please provide the following materials no later than May 9, 2018:

> Any and all records concerning the planning, scheduling, and substantive content of any meetings—whether in-person, via telephone, via video conferencing, or through any other means—involving you and any representative of any entity or industry (including trade associations, companies or their subsidiaries) that is regulated by the Consumer Bureau. This request includes, but is not limited to, calendars, electronic calendar invitations, visitor logs, agendas, minutes, e-mails and notes.

I look forward to your prompt response to this matter.

Sincerely,

MAXINE WATERS

cc: The Honorable Jeb Hensarling, Chairman

###

[1] Glenn Thrush, *Mulvaney, Watchdog Bureau's Leader, Advises Bankers on Ways to Curtail Agency*, N.Y. Times, Apr. 24, 2018, http://www.nytimes.com/2018/04/24/us/mulvaney-consumer-financial-protection-bureau.html

From:	Welcher, Anthony (CFPB) (b)(7)(E) (b)(7)(E)
To:	Mulvaney, Mick (CFPB); Sutton, Kirsten (CFPB); Czwartacki, John (CFPB); Johnson, Brian (CFPB); Blankenstein, Eric (CFPB); Greenwood, Sheila (CFPB); Pahl, Tom (CFPB); Doyle, Emma (CFPB)
Sent:	4/27/2018 5:57:45 PM
Subject:	Fwd: Mick Mulvaney isn't blowing up the CFPB

A positive story to end the week.

From: POLITICO Pro <politicoemail@politicopro.com>
Date: April 27, 2018 at 2:48:23 PM PDT
To: Welcher, Anthony (CFPB) <Anthony.Welcher@cfpb.gov>
Subject: Mick Mulvaney isn't blowing up the CFPB

Mick Mulvaney isn't blowing up the CFPB

By Katy O'Donnell

04/27/2018 05:45 PM EDT

Mick Mulvaney wanted to get rid of the Consumer Financial Protection Bureau when he was in Congress, once calling the watchdog agency he now heads a "sick, sad" joke.

But to the surprise of consumer advocates and people who worked at the bureau under former President Barack Obama, he hasn't blown the place up.

Mulvaney has continued with dozens of lawsuits and nearly 100 investigations into corporate abuses in the five months since President Donald Trump installed him as the bureau's acting director.

On his watch, the agency issued its second-largest fine ever — $500 million against Wells Fargo for auto insurance and mortgage-lending abuses. The only major regulation he has reined in is one curbing payday lending, which Republicans in Congress have in their crosshairs anyway. And the staff of 1,700 has only 10 fewer employees now than on the day he walked in the door.

CFPB supporters still fear that Mulvaney is weakening the agency. He has put out a dozen or so requests for public input on ways to overhaul the bureau, telegraphing his intention to limit its reach. And he is thought to be slow-walking enforcement, with no new cases being brought since he took over.

But what was once concern about a bomb-thrower tearing up the agency that was the brainchild of liberal firebrand Elizabeth Warren (D-Mass.) has now morphed into a less-immediate worry about a slowdown in efforts to combat corporate wrongdoing. Rather than fireworks, it's death by a thousand cuts.

"The biggest difference is, charitably, you could call it a lack of ambition," former CFPB Assistant General Counsel Anne Tindall said.

The CFPB declined to comment.

While Mulvaney hasn't initiated new enforcement actions, he says fears that he was going to dismantle the agency are wildly exaggerated. "When I took over, we had roughly 26 lawsuits ongoing," he told the House Appropriations Committee on April 18. "I dismissed one, because the other 25 I thought were pretty good lawsuits."

Despite hand-wringing among Democratic lawmakers over the decision to drop the payday lender lawsuit, the fact is some career staffers had their own concerns about the viability of the case — especially after it was moved from the 7th Circuit to the less consumer-friendly 10th Circuit.

In theory, Mulvaney has only two months to complete his work before his temporary appointment is up, so he has to work fast to leave a lasting imprint on the agency. But Mulvaney, who also serves as White House budget director, has pointed to the glacial pace of Senate confirmations in suggesting he could be around until the end of the year.

He may need more time than that to have a lasting impact. For all his talk that the landmark Dodd-Frank law of 2010 gave the CFPB director too much power, in reality he has limited authority. He needs congressional approval for any deep changes in the way the CFPB operates. Nixing regulations can be a lengthy process. And dropping cases against high-profile bad actors carries political risk.

"The thing that tends to get exaggerated in the public press is the notion that all these regulations that came out of Dodd-Frank are going to disappear," said former CFPB official Peter Wilson. "As a legal matter, getting rid of regulations is a pretty hard process — you generally have to go through the same process you did to get them enacted."

Said one former CFPB official, who requested anonymity to discuss the bureau's work frankly: "I don't really fear that a lot of things will be summarily stopped or dropped — it's a huge risk to take a memo that's been laid out, with violations listed, etc., and be the guy who says no. And then something catastrophic happens and you're the guy who let them off."

The official added, "Washington is full of whistleblowers, so I don't worry about it."

Former employees and CFPB advocates still have plenty of gripes about the Mulvaney tenure — chief among them are staff morale and restrictions on data collection that he has imposed. And there's a sense that more is to come as he rides out his 210-day appointment.

The bureau's business has slowed partly because nearly everything has to go through the layer of nine political appointees whom Mulvaney installed alongside associate directors. Warren, a Massachusetts Democrat, has noted that such appointees are highly unusual at a financial regulator.

Meanwhile, Mulvaney's gleeful statements bashing the way the bureau was run in the past, and reports that he has launched an investigation into leaks from the bureau, is taking a toll on the rank and file.

"Some enforcement cases take months or years to put together. Worrying your new boss will shut down your case is bad for morale," said Joanna Pearl, a former CFPB enforcement attorney who left in January. "Mulvaney's statements and actions make people justifiably worried he won't continue with matters that are in the interest of consumers."

Perhaps more alarming to those who know how the agency works is Mulvaney's limit on data collection. Bank examiners are now forbidden from taking data off-site — a move Mulvaney has defended by citing cybersecurity concerns.

"Data is the lifeblood of a regulator — it's essential to everything we do," a former senior CFPB official said. "To hear they are intentionally cutting off those essential sources of information was super disturbing. It's like choosing to fly blind."

States still have operating agreements with the CFPB to share data, though — and to the extent that the CFPB is retrenching, consumer advocates take heart that state attorneys general are stepping into the breach.

"States and cities have long been at the front lines of protecting their communities from predatory practices and financial fraud," Pearl said. "With the CFPB withdrawing from this space, the role of state and local governments is more important than ever."

To view online:
https://www.politicopro.com/financial-services/article/2018/04/mick-mulvaney-isnt-blowing-up-the-cfpb-507460

From: Mulvaney, Mick (CFPB) (b)(7)(E) (b)(7)(E) on behalf of Mulvaney, Mick (CFPB)
To: Jim Ainsworth
Sent: 10/18/2018 4:55:47 PM
Subject: Read: Trump To Make Plan To Nationalize Federal Reserve?

From: Cassandra Webster (b)(6)
To: Mulvaney, Mick (CFPB)
Sent: 12/10/2017 2:55:09 PM
Subject: Illegally Sitting as Acting Director

Good afternoon,

You are illegally sitting as Acting Director. The Dodd-Frank Act is clear: when the director position is vacant, the Deputy Director (in this case, Leandra English) assums the title of acting director until the Senate confirms a new director. Trump violated federal law by installing you in the CFPB. I look forward to hearing from you.

Best,

Cassandra

From: Mulvaney, Mick (CFPB) (b)(7)(E)
(b)(7)(E)
To: Czwartacki, John (CFPB)
Sent: 10/1/2018 6:58:11 AM
Subject: Re: FYI-WaPo

(b)(5)

From: Czwartacki, John (CFPB) <John.Czwartacki@cfpb.gov>
Date: September 29, 2018 at 12:04:08 PM EDT
To: Sutton, Kirsten (CFPB) <Kirsten.Sutton@cfpb.gov>, Mulvaney, Mick (CFPB) <Mick@cfpb.gov>, Johnson, Brian (CFPB) <Brian.Johnson2@cfpb.gov>, Blankenstein, Eric (CFPB) <Eric.Blankenstein@cfpb.gov>
Subject: Re: FYI-WaPo

(b)(5)

From: Sutton, Kirsten (CFPB) <Kirsten.Sutton@cfpb.gov>
Date: September 28, 2018 at 9:30:20 PM EDT
To: Mulvaney, Mick (CFPB) <Mick@cfpb.gov>, Johnson, Brian (CFPB) <Brian.Johnson2@cfpb.gov>, Blankenstein, Eric (CFPB) <Eric.Blankenstein@cfpb.gov>, Czwartacki, John (CFPB) <John.Czwartacki@cfpb.gov>
Subject: FYI-WaPo

(b)(5)

From: Mulvaney, Mick (CFPB) (b)(7)(E)
(b)(7)(E)
To: Conant, Ann (CFPB); Gillissie, Evan (CFPB)
Sent: 8/23/2018 11:43:27 AM
Subject: FW: [EXTERNAL] CFPB concerns

Nope…found some more A few more to follow.

From: Mulvaney, Mick M. EOP/OMB (b)(6)
Sent: Friday, July 20, 2018 3:02 PM
To: Mulvaney, Mick (CFPB) <Mick@cfpb.gov>
Subject: Fwd: [EXTERNAL] CFPB concerns

Sent from my iPhone

Begin forwarded message:

From: Kiddie Academy of Charlotte <kiddieacademyofcharlotte@gmail.com>
Date: July 20, 2018 at 2:59:41 PM EDT
To: (b)(6)
Subject: [EXTERNAL] CFPB concerns

Director Mulvaney,

My name is David Willis, I own and operate a successful small business in Charlotte, North Carolina. As a active resident of Marvin, NC I founded two organizations called Concerned Citizens for Western Union County and the Western Union County Leadership Forum to bring attention to key issues and help provide a voice for Western Union County. Supporting small businesses is one of our primary areas of focus. Under your effective guidance, the CFPB has been a remarkable example of scaling back the big-government legacy and bureaucratic overreach of the Obama administration. I hope you will ensure that outdated and costly CFPB cases continue to be expedited and wrapped up.

At a time when our economy under President Trump is booming, small businesses shouldn't be stuck in limbo with decades-old investigations when they could be contributing to growing the American economy.

Thank you,
David Willis

From:	Mulvaney, Mick (CFPB) (b)(7)(E) (b)(7)(E)
To:	Gillissie, Evan (CFPB); Conant, Ann (CFPB)
Sent:	8/23/2018 11:42:51 AM
Subject:	FW: [EXTERNAL] Thank you!

Found another...

From: Mulvaney, Mick M. EOP/OMB (b)(6)
Sent: Monday, July 23, 2018 5:31 PM
To: Mulvaney, Mick (CFPB) <Mick@cfpb.gov>
Subject: FW: [EXTERNAL] Thank you!
From: William Grady (b)(6)
Sent: Monday, July 23, 2018 5:18 PM
To: Mulvaney, Mick M. EOP/OMB (b)(6)
Subject: [EXTERNAL] Thank you!

Director Mulvaney,

My name is Jesse Grady, I have worked for the Republican Party in both North Carolina and Texas, but have recently moved back home to work on the family farm. I am emailing you to thank you for refocusing the efforts and direction of the CFPB by turning your energy and resources towards legitimate bad actor violators. In doing so, you are truly freeing up good-faith, hard-working small businesses to help the American economy continue to grow under President Trump.

Please keep up the great work on these burdensome and costly investigations - I believe you are exactly the right man for the job to put this agency on the right track.

Sincerely,
Jesse Grady

From: Mulvaney, Mick (CFPB) (b)(7)(E)
(b)(7)(E)
To: Gillissie, Evan (CFPB); Conant, Ann (CFPB)
Sent: 8/23/2018 11:40:55 AM
Subject: FW: [EXTERNAL] Thank You!

4

From: Mulvaney, Mick M. EOP/OMB (b)(6)
Sent: Wednesday, August 8, 2018 1:41 PM
To: Mulvaney, Mick (CFPB) <Mick@cfpb.gov>
Subject: Fwd: [EXTERNAL] Thank You!

Sent from my iPhone

Begin forwarded message:

From: Lawson Rink <(b)(6)
Date: August 7, 2018 at 3:09:46 PM EDT
To: (b)(6)
Subject: [EXTERNAL] Thank You!

Director Mulvaney,

My name is Lawson Rink and I am a Republican activist and a big fan of Donald Trump. American consumers like me are so fortunate to have you at the helm of the Consumer Financial Protection Bureau, righting the ship. The steps you are taking to settle and dismiss CFPB cases that have been looming over many companies since President Obama's administration are encouraging. Please continue to hold those who deserve it accountable, while giving compliant, and good-faith small businesses the ability to do what they do best: create jobs, grow their businesses, and bolster the American economy.

Thank you for your consideration,
Lawson Rink

--
With Regards,
Lawson B. Rink

From:	Mulvaney, Mick (CFPB) (b)(7)(E) (b)(7)(E)
To:	Welcher, Anthony (CFPB)
Sent:	6/14/2018 2:35:14 PM
Subject:	A Fresh Start - JMM
Attachments:	A Fresh Start - JMM.docx

(b)(5)

~~Page 253 to Page 254~~

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f the Freedom of Information and Privacy Act

From:	Mulvaney, Mick (CFPB) (b)(7)(E) (b)(7)(E)
To:	Conant, Ann (CFPB)
Sent:	5/28/2018 5:08:20 PM
Subject:	Re: Updated bio

Shortened version

Mick Mulvaney is the current director of the Office of Management and Budget (OMB) and the acting director of the Bureau of Consumer Financial Protection (BCFP). He was nominated to be the OMB Director by President Donald J. Trump in December 2016 and confirmed by the Senate on February 16, 2017. He was named acting director of the BCFP on November 24, 2017.

Prior to his time in the Executive Branch, he served the people of the 5th District of South Carolina as their Congressman where he was first elected in 2010.

Mick attended Georgetown University's School

Of Foreign Service, the university of North Carolina school of law, and Harvard Business School.

In addition to practicing law and opening his own firm, he also ran his family real estate business, started a small homebuilding company, and was both a franchisor and a franchisee in a fast-casual restaurant chain.

While in Congress, he served on the Budget Committee, Joint Economic Committee, Small Business Committee, Financial Services Committee, and the Oversight and Government Reform Committee.

Mick is a lifelong resident of the Carolinas.

He and his wife Pam have been married 20 years and are the proud parents of triplets, two Great Danes, one cat and a horse.