Actions Taken By Acting CFPB Director Mick Mulvaney That Undermine The CFPB's Ability to Protect Consumers

In his role as a part-time Acting Director, Mick Mulvaney has launched a complete overhaul of the Consumer Financial Protection Bureau's mission and operations. Taken together, these actions provide a stark example of how the CFPB under Mulvaney is stepping back from its unique and vital consumer protection role. Among the steps that Mulvaney has taken since he took over the CFPB last November:

Reconsidering the CFPB's protections for consumers who take out high-cost payday loans. The CFPB adopted new protections in October 2017 under former director Richard Cordray to help consumers avoid abusive payday loan practices. The CFPB's new rule is long overdue and requires sensible underwriting and limits on predatory practices to help ensure consumers can repay their loans. The CFPB spent five years in the development of the rule, conducting research and analysis, meeting with all stakeholders, and reviewing hundreds of comments on the rule. Mulvaney's recent announcement that the CFPB intends to move back the implementation date to April 2019 and reconsider the rule has raised concerns that it will be weakened or repealed.

Requesting no money from the Federal Reserve for the upcoming quarter, claiming that there are enough funds in reserve to last the quarter. In its budget request this year, the Trump Administration proposed shrinking the CFPB's budget and subjecting it to the annual congressional appropriations process. Like other federal financial industry regulators, Congress deliberately set up the CFPB with independent funding to protect it from lobbyists determined to muzzle the watchdog. Subjecting the CFPB to the annual budget process would threaten the stability of its funding and its ability to carry out its mission to protect consumers.

Dropping the CFPB's lawsuit against four payday lending companies owned by the Habematolel Pomo of Upper Lake tribe without explanation and against the recommendation of career staff. The original lawsuit accused the companies of making loans that carried interest rates as high as 950 percent a year and were illegal in the states in which they were made. Mulvaney also ended the CFPB's investigation of World Acceptance Corporation, an installment lender that had been accused of unfairly profiting off of low-income, repeat borrowers.

Pulling back the CFPB's investigation of Equifax: According to Reuters, the CFPB has slowed and possibly halted its rigorous investigation of Equifax for failing to protect the sensitive information of 143 million Americans compromised by last year's data security breach.

Moving the Office of Fair Lending out of the CFPB's enforcement division and into the Office of the Director, sending the signal that the Bureau will not prioritize oversight and enforcement in this essential area. The Office of Fair Lending has served as a tough enforcement office in recent years, recovering over $400 million in remediation to minority borrowers who were unfairly turned down for loans or charged higher rates in violation of fair lending laws.

Reevaluating nearly all of CFPB's operations. The CFPB is issuing Requests for Information, seeking public and industry comment on enforcement, supervision, rulemaking, market monitoring, and education activities.

Changing the CFPB's mission statement to emphasize deregulation as a top priority. Under Mulvaney, the CFPB's mission statement now begins, "The CFPB is a 21st century agency that helps consumer financial markets work by regularly identifying and addressing outdated, unnecessary or unduly burdensome regulations…." Mulvaney also issued a five year Strategic Plan which entirely eliminates "enforcement" from its description of the CFPB's mission.

Bringing no new enforcement action. Since Mulvaney's arrival in November, 2017, the CFPB has not announced any new enforcement actions to stop unfair financial practices and compensate consumers who've been harmed. Prior to Mulvaney's tenure, over $12 billion dollars was returned to approximately 30 million consumers as a result of the CFPB's supervisory and enforcement work.

Proposed Changes Would Further Undermine the CFPB

In the CFPB's annual report to Congress, Mulvaney proposed a number of additional changes that would limit its independence and ability to protect consumers:

Requiring congressional approval of CFPB rules. Requiring Congress to approve any new CFPB rules would be a highly politicized, time-consuming, and an ineffective way to protect consumers from harmful and unfair treatment in the marketplace. Unlike other financial agencies, the CFPB's rules are already subject to oversight by the other financial regulators. The Financial Stability Oversight Council -- made up of other bank regulators – has the authority to veto any CFPB rule that it deems to interfere with the "safety and soundness" of the U.S. financial or banking system.

Subjecting the CFPB to the Congressional Appropriations Process. Like other federal financial industry regulators, the CFPB receives its funding independently from the congressional appropriations process. In the case of the CFPB, it receives a small percentage, subject to a statutory cap, of the Federal Reserve's annual budget, which comes primarily from the interest it earns on government securities. Subjecting the CFPB to the annual budget process would threaten the stability of its funding and its ability to carry out its mission to protect consumers.

Eliminating the CFPB's Independence. The CFPB was created by Congress to to be independent from political influence. The Director, who is nominated by the President and confirmed by the Senate, holds a five year term and can only be removed by the President for cause. Mulvaney has proposed giving the President the power to fire the CFPB's director at will.