In First Year on Job, Kraninger Put Industry Demands Ahead of Consumer Concerns

One year ago, President Donald Trump chose to appoint Kathy Kraninger as Consumer Financial Protection Bureau Director despite her lack of experience working in consumer finance. As Director of the CFPB, it is Kraninger's responsibility is to be an advocate and champion for the interests of consumers within our complicated financial system, but after one year on the job, she has fallen short in executing that charge.

In just one year, Kathy Kraninger has:

- Proposed a debt collection rule that will allow debt collectors to send unlimited texts and emails to consumers.

- Conducted zero new research before releasing an industry-friendly proposal to gut payday loan borrower protections.

- Appointed a former mortgage banker who was called the "new face of the housing crisis" to serve on the bureau's Consumer Advisory Board.

- Announced she would no longer defend the constitutionality of the CFPB's single director structure—prompting companies to cite the same argument to challenge CFPB enforcement actions in court.

- Announced industry-friendly changes to the consumer complaint database that could shield bad actors through walls of disclosures and by casting consumer stories as unreliable.

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- Hired a former student loan servicing executive to be CFPB's private education loan ombudsman – the executive's former agency was accused of "derailing hundreds of public-sector workers from receiving student loan forgiveness."

- Maintained a slower pace of opening new CFPB investigations, while issuing "'friendlier'" penalties to bad actors.

- Voted to advance a proposal that would allow payday lenders to use a loophole to violate state interest rate caps.

Despite entering the CFPB with no consumer protection experience, Kathy Kraninger has—in one short year—packed a lifetime of industry favors and deregulation onto her resume. From payday lending to student loans to debt collection, Kraninger has made it clear that she intends to give cover to financial predators at the expense of hard-working Americans. If the past year is any indication of what's to come, consumers can't afford another year of Kathy Kraninger's negligence.

Kraninger Says "Buyer Beware" To Consumers As CFPB Investigations Have Plummeted During The Trump Administration.

The CFPB Has Seen A Massive Decrease In Investigations Since The Transition "From Democratic To Republican Leadership," And Announced Just Twenty-Four Enforcement Actions In 2019.

In October 2019, Kraninger Told Consumers That On Her Watch At CFPB It Was "Buyer Beware." During a national TV appearance in October 2019, Kraninger doubled down on her philosophy that consumers should 'help themselves' – that they shouldn't expect the CFPB to do the job it was created to do. The only consolation she could offer consumers mistreated by industries she's supposed to hold accountable was a cold and trite piece of advice: 'Buyer Beware.'

Also October 2019, *American Banker* Reported That The CFPB Had Issued Only 20 Enforcement Actions For The Year And Bureau Investigations Had Decreased 70% Since The Leadership Transition Between Democrats And Republicans. "One of Porter's main priorities has been defending the CFPB, an agency born out of the 2010 Dodd-Frank Act that has been scorned by congressional Republicans. Porter said she plans to continue holding the bureau accountable. She notes that Kathy Kraninger, a Trump appointee, has 'no expertise and no experience' in consumer finance. The CFPB has so far this year issued 20 enforcement actions, with investigations down 70% in the changeover from Democratic to Republican leadership." [Neil Haggerty and Kate Berry, "The next Elizabeth Warren? How Katie Porter is shaking up House banking panel," *American Banker*, 10/14/19]

- **As Of December 9, 2019, The CFPB Had Announced Only 24 Enforcement Actions For The Year.** ["2019 Enforcement Actions," Consumer Financial Protection Bureau, accessed 12/09/19]

Following The Release Of Kraninger's Proposed Debt Collection Rule Allowing Debt Collectors To Send Unlimited, Unsolicited Texts And Emails To Consumers, The Debt Industry Said They Were "Pleased" With The Rule, And That It Was "A Clear Step Forward."

Consumer Advocates Charged That The CFPB's Proposed Rule Gave The Debt Collection Industry "'Almost Everything'" It Wanted And Accused The Bureau Of "'Catering To Businesses Instead Of Consumers.'"

Consumers Advocates Charged That The CFPB Gave Debt Collectors "'Almost Everything That The Industry Wanted'" And Accused It Of "'Catering To Businesses Instead Of Consumers.'" "Consumer advocates, though, say the bureau set the limit too high. 'We're very upset and very concerned — I think outraged might be the right word for it,' said Margot Saunders, senior counsel at the National Consumer Law Center. 'Almost everything that the industry wanted, the bureau gave them,' Saunders said. 'Although they didn't go as far as the industry wanted, the whole rule is to expand collectors' rights. … They're not expanding consumers' rights.' […] Melissa Stegman, senior policy counsel at the Center for Responsible Lending, agreed, accusing the CFPB of 'again catering to businesses instead of consumers' in an emailed statement." [Katy O'Donnell, "CFPB overhauls rules for debt collectors as consumer groups balk," *Politico*, 05/07/19]

ACA International's President Called The Release Of Kathy Kraninger's Proposed Debt Collection Rule "A Historic Time For Our Industry."

ACA International's President Said, "The Release Of The CFPB's Proposed Rules On Debt Collection Is A Historic Time For Our Industry." ACA International President Jack Brown III said, "[t]he release of the CFPB's proposed rules on debt collection is a historic time for our industry. As with any change, there are challenges and opportunities presented to our members; the rules provide opportunities to deploy modern technology in communicating with consumers while also presenting challenges of fertile ground for consumer attorneys to plow." ["Industry Insight: What ACA Members Are Saying on the CFPB Proposed Debt Collection Rule," ACA International, 05/07/19]

Following The Release Of Kathy Kraninger's Debt Collection Rule, ACA International Said It Was "Pleased" That The CFPB Addressed Modern Communications Technology, Which The Group Said Had "Long Been A Source Of Great Frustration For Debt Collectors." "ACA is pleased that the CFPB chose to address the use of modern technology and communication, which have long been a source of great frustration for debt collectors." ["CFPB Releases Long-Awaited Proposed Debt Collection Rule," ACA International, 05/10/19]

The Receivables Management Association Said Kraninger's Proposal Marked "A Clear Step Forward."

RMAI Called The Release Of Kraninger's Debt Collection Proposal "One Of The Most Exciting Weeks For The Industry." "The release of the CFPB Debt Collection NPR made last week one of the most exciting weeks for the industry." ["RMAI Update May 2019," Receivables Management Association International, May 2019]

RMAI's President-Elect Called Several Aspects Of Kathy Kraninger's Debt Collection Rule "A Clear Step Forward." "'The atmosphere was one of anticipation and excitement. Director Kraninger's remarks acknowledging the importance of the collection industry to the health of the credit ecosystem and the necessity for the rules to address innovations in technology and electronic communications and the adoption of standard forms and notices are a clear step forward in providing the industry the clarity that we have been seeking.' – Jim Mastriani, RMAI President-Elect" ["CFPB Debt Collection Town Hall Recap," Receivables Management Association International, 05/09/19]

In February, The Trump-Kraninger CFPB Admitted They Conducted Zero New Research Before Releasing Their Industry-Friendly Proposal To Gut Payday Loan Borrower Protections.

Kathy Kraninger Proposed Gutting The CFPB's Payday Lending Rule And Eliminating Its Crucial Ability-To-Repay Provision, Which Requires Lenders To Verify That Borrowers Can Repay Their Loans.

In February 2019, Kathy Kraninger Proposed Gutting The CFPB's Payday Lending Rule By "Eliminating Nearly All Of The Regulation's Substantive Requirements, Including The 'Ability To Repay' Mandate." "Payday lenders won a major victory on Wednesday after the Consumer Financial Protection Bureau moved to gut tougher restrictions that were to take effect later this year. The industry has spent years trying to fend off the new rules, which were conceived during the Obama administration. The regulations were intended to prevent spiraling debt obligations by limiting the number of consecutive loans that could be made and requiring lenders to verify that borrowers could pay back their loans on time while still covering basic living expenses. In her first major policy move, the bureau's new director, Kathleen Kraninger, proposed eliminating nearly all of the regulation's substantive requirements, including the 'ability to repay' mandate. There was 'insufficient evidence and legal support' for the provision, the bureau said. It also sought to drop a limit that would have prevented lenders from making more than three short-term loans without a 30-day 'cooling off' period." [Stacy Cowley, "Consumer Protection Bureau Cripples New Rules for Payday Loans," *The New York Times*, 02/06/19]

CFPB Policy Associate Director Thomas Pahl: "We Did Not Do Any New Research" While Revising The Payday Rule.

CFPB Policy Associate Director Thomas Pahl Told House Financial Services Subcommittee Members That "'We Did Not Do Any New Research'" For Its Overhaul Of The Payday Lending Rule. "Thomas Pahl, the CFPB's policy associate director for research, markets and regulations, defended the agency's overhaul of its 2017 payday rule, announced earlier this year, by claiming the study the CFPB relied upon to impose tough ability-to-repay standards did not address vehicle title loans and was limited to data collected from one payday lender in five states. 'We did not do any new research,' Pahl told the House Financial Services subcommittee on economic and consumer policy. 'We have decided to reconsider the rule, in part, because the research that was done — [there was] nothing wrong with it in and of itself — is not a very strong basis for addressing all vehicle title lenders nationwide and all payday lenders nationwide and for that reason we have questions about it, and that's why we put it out for public comment to see if there are other sources of information on this point before the bureau makes a final determination.'" [Kate Berry, "Democrats grill CFPB official on payday rewrite," *American Banker*, 05/16/19]

The Trump-Kraninger CFPB Appointed A Former Mortgage Banker That Was Called The "New Face Of The Housing Crisis" To Serve On The Bureau's Consumer Advisory Board.

The CFPB Appointed Rebecca Steele, A Former Mortgage Banker Who Was Once Called The "New Face Of The Housing Crisis," To Serve On The Bureau's Consumer Advisory Board.

On October 3, 2019, The CFPB Announced That Rebecca Steele, President And CEO Of The National Foundation For Credit Counseling, Was Appointed To The Bureau's Consumer Advisory Board. "Consumer Financial Protection Bureau Director Kathleen L. Kraninger today announced the appointment of members to the Consumer Advisory Board (CAB), Community Bank Advisory Council (CBAC), Credit Union Advisory Council (CUAC), and Academic Research Council (ARC). These experts advise Bureau leadership on a broad range of consumer financial issues and emerging market trends. […] The following members will serve on each of their respective committees: Consumer Advisory Board (CAB) […] Rebecca Steele, President/CEO, National Foundation for Credit Counseling (Washington, DC)" [Press Release, Consumer Financial Protection Bureau, 10/03/19]

In October 2013, The New York Times **Referred To Rebecca Steele, Then Rebecca Mairone, As The "New Face Of The Housing Crisis" Due To Her Role In "Saddl[Ing] The Housing Giants Fannie Mae And Freddie Mac With Bad Mortgages That Resulted In Over $1 Billion In Losses."** "More than five years after the housing bust, the roll call of banking executives who have been blamed by the public for the crisis has grown ever longer. But when it comes to top managers who have been hit with a jury verdict for pushing dubious mortgages, the list is small indeed. The new name added this week was Rebecca S. Mairone, a midlevel executive at Bank of America's Countrywide mortgage unit, who was held liable by a federal jury in Manhattan for having saddled the housing giants Fannie Mae and Freddie Mac with bad mortgages that resulted in over $1 billion in losses." [Landon Thomas Jr., "Bank's Midlevel Executive Becomes a New Face of the Housing Crisis," *The New York Times*, 10/25/13]

In September 2019, CFPB Director Kathy Kraninger Announced She Would No Longer Defend The Constitutionality Of The Consumer Bureau's Single Director Structure – An Argument Companies Are Now Citing To Challenge CFPB Enforcement Actions In Court.

Following CFPB Director Kathy Kraninger's Announcement That The CFPB Would No Longer Defend The Constitutionality Of Its Independent Director Structure, The House Of Representatives Filed An Amicus Brief With The Supreme Court Outlining The CFPB's Independence.

Following CFPB Director Kraninger's Announcement that "The Agency Would No Longer Defend The Constitutionality Of The CFPB Director's For-Cause Removal Provision," Speaker Pelosi And Chairwoman Waters Announced "A Filing By The U.S. House Of Representatives With The Supreme Court In Support Of The Independence Of The Consumer Financial Protection Bureau." "Speaker Nancy Pelosi and Financial Services Committee Chairwoman Maxine Waters announced a filing by the U.S. House of Representatives with the Supreme Court in support of the independence of the Consumer Financial Protection Bureau (Consumer Bureau or CFPB). The House's motion in the Seila Law v. CFPB case to file an amicus brief follows a recent announcement by CFPB Director Kathy Kraninger that the agency would no longer defend the constitutionality of the CFPB Director's for-cause removal provision." [Press Release, Office of the Speaker of the House of Representatives, 10/07/19]

In September 2019, Kathy Kraninger Informed Senior Lawmakers That "The Bureau Had Determined That The Law That Established The Agency In The Wake Of The Financial Crisis Gave Her Too Much Independence." "CFPB Director Kathleen Kraninger notified senior lawmakers on Tuesday that the bureau had determined that the law that established the agency in the wake of the financial crisis gave her too much independence. That brings her position in line with the one adopted by the Department of Justice in March 2017." [Tucker Higgins, "The head of the CFPB now believes that the financial regulator is unconstitutionally structured," *CNBC*, 09/12/19]

- "'Mindful of the Bureau's role as an Executive agency within the Executive Branch [...] I have decided that the Bureau should adopt the Department of Justice's view,' Kraninger wrote in letters to House Speaker Nancy Pelosi, D-Calif., and Senate Majority Leader Mitch McConnell, R-Ky." [Tucker Higgins, "The head of the CFPB now believes that the financial regulator is unconstitutionally structured," *CNBC*, 09/12/19]

Lawmakers Noted That "The For-Cause Removal Protection" For The CFPB Director Provides "A Degree Of Independence To The Agency."

The Lawmakers Noted That "The For-Cause Removal Protection For The Director" Of The CFPB "Is Designed To Provide A Degree Of Independence To The Agency." "The Trump Justice Department also urged the Supreme Court to consider the case in order to strike down the for-cause removal protection for the Director of this independent regulatory agency. The CFPB's for-cause removal provision is designed to provide a degree of independence to the agency and to prevent the President from removing the CFPB Director at will." [Press Release, Office of the Speaker of the House of Representatives, 10/07/19]

In The Wake Of Kraninger's Announcement, Companies Facing Adverse Action From The Bureau Have Begun "Arguing That Because The CFPB Has Declared Itself Unconstitutional It Has No Authority To Bring Any Actions."

Companies Challenging CFPB Enforcement Actions Have Begun "Arguing That Because The CFPB Has Declared Itself Unconstitutional It Has No Authority To Bring Any Actions." "Companies have already begun challenging existing CFPB lawsuits, arguing that because the CFPB has declared itself unconstitutional it has no authority to bring any actions. One such instance came on Oct. 3 in litigation the CFPB launched in April 2017 against mortgage servicer Ocwen Financial Corp. The company said in a motion that the bureau's reconsideration of its constitutionality means the enforcement case needs to be stopped." [Evan Weinberger, "CFPB May Not Get Supreme Court Closure It Wants," Bloomberg Law, 10/04/19]

Also In September 2019, Kraninger's CFPB Announced Industry-Friendly Changes To The Consumer Complaint Database That Could Shield Bad Actors Through Walls Of Disclosures And By Casting Consumer Stories As Unreliable.

In September 2019, The CFPB Announced It Would Be Modifying The Consumer Complaint Database In Order To "Provide Better Context Around The Published Data," Including Disclosures Meant To Soften Complaints Against Companies.

In September 2019, The CFPB Announced That Its Consumer Complaint Database Would Remain In Place But Would Now Include "Modified Disclaimers To Provide Better Context Around The Published Data. "The top U.S. consumer watchdog will keep consumer complaints against financial firms public despite pressure from the companies, but the agency said […] it will make changes to the way those complaints are filed. […] On Thursday, the agency said it would continue to publish all previously disclosed fields, including consumers' narrative descriptions of their complaints. However, it will add modified disclaimers to provide better context around the published data." [Katanga Johnson, "U.S. consumer financial complaints database to remain public, watchdog says," *Reuters*, 09/18/19]

Many Of The CFPB's Changes Were Seen As A Way To "Combat The Perception That A Complaint Against A Financial Firm Is Proof Of Guilt," With The Bureau Now Displaying Disclosures That Clarify The Database "'Is Not A Statistical Sample Of Consumers' Experiences In The Marketplace.'" "Yet the bureau also announced changes that appear to be meant to combat the perception that a complaint against a financial firm is proof of guilt. The agency said it will display disclosures 'more prominently' clarifying that the database 'is not a statistical sample of consumers' experiences in the marketplace.'" [Kate Berry, "CFPB complaint portal will remain public, with changes banks sought," *American Banker*, 09/18/19]

Major Banking Trade Groups Praised The Changes As A "'Step In The Right Direction.'"

A Spokesman From The Consumer Bankers Association Praised The Move As A "'Step In The Right Direction.'" "While unverified complaints will still be included in the database, a CBA spokesperson said the changes 'are a step in the right direction.' Encouraging consumers to contact financial firms directly for answers to specific questions is 'the process used by the Better Business Bureau, which asks users to confirm they have attempted to resolve their concern,' the spokesperson said." [Kate Berry, "CFPB complaint portal will remain public, with changes banks sought," *American Banker*, 09/18/19]

Robert Boeksmit, CEO Of The Mortgage Bankers Association Claimed The Changes To The Database Would "'Allow Consumers To Make Better Informed And Educated Decisions With The Information The Bureau Collects And Publishes.'" "'The changes announced today ... and the work in the months ahead, will allow consumers to make better informed and educated decisions with the information the Bureau collects and publishes through its complaint portal,' Robert D. Broeksmit, CEO of the Mortgage Bankers Association, said in a statement." [Kate Berry, "CFPB complaint portal will remain public, with changes banks sought," *American Banker*, 09/18/19]

Consumer Advocates Questioned The True Purpose Of These Changes.

Ed Mierzwinski, Senior Director Of The U.S. PIRG Federal Consumer Program Disagreed With Industry Assertions That The Database Needed More Disclosures, Stating, "'The Database Has Tremendous Value […] That's Why Industry Wanted It Shut Down — Not Because It Needed To Be Viewed In Context, But Because It Opened A Clear Window On The Marketplace They Wanted Kept Shut.'" "In the meantime, let me put the CFPB disclosure language in context, with Mierzwinski's assistance. 'The database has tremendous value,' Mierzwinski said. 'That's why industry wanted it shut down — not because it needed to be viewed in context, but because it opened a clear window on the marketplace they wanted kept shut.'" [Michelle Singeletary, "Keeping the Consumer Protection complaints database public is a big win for consumers [Column]," *The Washington Post*, 09/20/19]

In August 2019, Kathy Kraninger Hired Robert Cameron To Serve As CFPB Private Education Loan Ombudsman – Cameron Previously Worked For The Pennsylvania Higher Education Assistance Agency (PHEAA), A Troubled Federal Student Loan Servicer That Is Accused Of "Derailing Hundreds Of Public-Sector Workers From Receiving Student Loan Forgiveness."

In August 2019, Robert G. Cameron Was Named The Consumer Financial Protection Bureau's (CFPB's) Private Education Loan Ombudsman, A Position Responsible For Resolving Complaints From Borrowers And Making Recommendations To Top Officials And Congress.

In August 2019, The Consumer Financial Protection Bureau (CFPB) Announced That Robert G. Cameron Would Become The Bureau's Private Education Loan Ombudsman. On August 16, 2019, "The Consumer Financial Protection Bureau (Bureau) announced the appointment of Robert G. Cameron to serve as the Bureau's private education loan ombudsman." [Press Release, Consumer Financial Protection Bureau, 08/16/19]

The Private Education Loan Ombudsman, A Position Created Under Dodd-Frank Financial Reform, "Is Responsible For Receiving, Reviewing, And Attempting To Resolve Complaints From Private Student Loan Borrowers." "The Dodd-Frank Act created a private education loan ombudsman position within the Bureau. The Dodd-Frank Act gave the Treasury Secretary, in consultation with the CFPB Director, the authority to designate the ombudsman. The ombudsman is responsible for receiving, reviewing, and attempting to resolve complaints from private student loan borrowers." [Press Release, Consumer Financial Protection Bureau, 08/16/19]

The Private Education Ombudsman Is Also Responsible For "Analyzing Complaint Data" And Making Recommendations To The CFPB Director, The Treasury Secretary, The Secretary Of Education, And Congress. "The ombudsman is also responsible for compiling and analyzing complaint data on private education loans and making appropriate recommendations to the Secretary of the Treasury, the Bureau Director, the Secretary of Education, and Congress." [Press Release, Consumer Financial Protection Bureau,08/16/19]

Robert G. Cameron Previously Served As The Deputy Chief Counsel And Vice President Of Enterprise Compliance For The Pennsylvania Higher Education Assistance Agency (PHEAA).

Robert G. Cameron Served As PHEAA's Deputy Chief Counsel And Vice President Of Enterprise Compliance, Primarily Responsible For "Litigation, Compliance And Risk Mitigation Efforts At The Agency." "Cameron, a former colonel and advocate for the National Guard, had been deputy chief counsel and vice president of enterprise compliance at the Pennsylvania Higher Education Assistance Agency. […] The CFPB said Cameron was responsible for litigation, compliance and risk mitigation efforts at the agency." [Kate Berry, "CFPB names student loan servicing exec as ombudsman," *American Banker*, 08/16/19]

As Of September 2018, PHEAA Was Facing Ten Class-Action Lawsuits Brought By Tens Of Thousands Of Borrowers Who Have Been Saddled With Additional Debt Because The Servicer Failed To Properly Process Payments.

PHEAA Faced At Least Ten Class-Action Lawsuits Brought By Tens Of Thousands Of Borrowers Who "Have Been Saddled With Additional Debt Because PHEAA Cannot Or Will Not Properly Process Their Payments." University of Pittsburgh Law graduate Arianne Gallagher was "a plaintiff in one of 10 class-action lawsuits filed against the Pennsylvania Higher Education Assistance Agency that have been bundled in federal court in Philadelphia. The plaintiffs — borrowers from 10 states — say they represent tens of thousands who have been saddled with additional debt because PHEAA cannot or will not properly process their payments. The agency, which conducts its federal loan business as FedLoan Servicing, does not comment on pending litigation, spokesman Keith New said. But he maintains PHEAA is living up to the terms of its contracts with the U.S. Department of Education. The federal agency hired PHEAA to process payments on 7.6 million student loans, which represents about a quarter of the $1.3 trillion in federal student loan debt owed by 44 million Americans." [Deb Erdley, "Federal class-action lawsuits target practices of Pennsylvania-based student loan agency," *Pittsburgh Tribune-Review,* 09/01/18]

PHEAA Was Sued In Massachusetts For Allegedly Preventing "Borrowers From Making Qualifying Monthly Payments That Count Toward Loan Forgiveness" And Also For Overcharging Students. In 2017, "Massachusetts Attorney General Maura Healey filed the lawsuit against Pennsylvania Higher Education Assistance Agency, which manages over a fourth of the nation's $1.4 trillion student loan debt on behalf of various lenders. The complaint, filed in Suffolk County Superior Court, claimed PHEAA caused teachers and other public servants to lose benefits and financial assistance under two federal programs." [Nate Raymond, "Massachusetts accuses PHEAA of unfair student loan servicing practices," *Reuters*, 08/23/17]

- "According to Healey's lawsuit, PHEAA has prevented borrowers from making qualifying monthly payments that count toward loan forgiveness and also overcharged students." [Nate Raymond, "Massachusetts accuses PHEAA of unfair student loan servicing practices," *Reuters*, 08/23/17]

FedLoan, "An Arm Of" PHEAA, Is The Only Servicer That Managers Loans For Borrowers Pursuing Public Service Loan Forgiveness.

FedLoan, "An Arm Of" PHEAA, "Is The Only Servicer Designated By The Education Department To Manage Loans Held By Borrowers Pursuing Public Service Loan Forgiveness." "FedLoan, an arm of Pennsylvania Higher Education Assistance, is the only servicer designated by the Education Department to manage loans held by borrowers pursuing Public Service Loan Forgiveness." [Danielle Douglas-Gabriel, "Watchdog agency blasts government contractor for mishandling student loan forgiveness program," *The Washington Post,* 06/22/17]

- **The Department Of Education Manages The PSLF Program And Contracts With A Single Loan Servicer—FedLoan—"To Handle Day-To-Day Activities Associated With The Program," Including Making Determinations About Whether Employment And Loans Qualify For PSLF.** "The Department of Education (Education) manages the PSLF program and contracts with a single loan servicer to handle day-to-day activities associated with the program, which include responding to borrower inquiries, making preliminary determinations about whether borrowers' employment and loans qualify for PSLF, and processing loan forgiveness applications." ["Public Service Loan Forgiveness: Education Needs to Provide Better Information for the Loan Servicer and Borrowers," U.S. Government Accountability Office, 09/05/18]

The First Borrowers Began Applying For Loan Forgiveness In September 2017, Ten Years After The PSLF Program Was Established. "Starting in September 2017, borrowers began applying to have their federal student loans forgiven through the Public Service Loan Forgiveness (PSLF) program. This program, established by law in 2007, is intended to encourage individuals to enter and continue careers in public service by forgiving borrowers' remaining federal student loan balances after they have made at least 10 years of loan payments while working in public service and meeting other requirements." ["Public Service Loan Forgiveness: Education Needs to Provide Better Information for the Loan Servicer and Borrowers," U.S. Government Accountability Office, 09/05/18]

In 2017, The CFPB Reported That FedLoan Was "Derailing Hundreds Of Public-Sector Workers From Receiving Student Loan Forgiveness."

In A 2017 Report, The CFPB Found That Fedloan Was "Derailing Hundreds Of Public-Sector Workers From Receiving Student Loan Forgiveness." "Flawed payment processing, botched paperwork and inaccurate information from FedLoan Servicing is derailing hundreds of public-sector workers from receiving student loan forgiveness, the Consumer Financial Protection Bureau said in a report Thursday." [Danielle Douglas-Gabriel, "Watchdog agency blasts government contractor for mishandling student loan forgiveness program," *The Washington Post*, 06/22/17]

Under Kathy Kraninger, The CFPB Has Maintained A Slower Pace Of Opening New Investigations, While Issuing "'Friendlier'" Penalties To Bad Actors.

An Industry Lawyer Said The Penalties Issued During Kathy Kraninger's Tenure At The CFPB Are "'Friendlier'" Than They Have Been In The Past.

An Industry Lawyer Said CFPB Director Kathy Kraninger "'Is A Bit Of A Surprise,'" And Noted That Penalties Issued Under Her Are "'More Reasonable And Friendlier.'" "'I'd say she is a bit of a surprise,' said Alan Kaplinsky, a Ballard Spahr LLP lawyer who represents financial firms. Mr. Kaplinsky said he was expecting to see a slower pace of enforcement under Ms. Kraninger. 'We are handling more enforcement actions involving the CFPB than we ever have,' he said. While the volume of actions remains high, the bureau has been 'more reasonable and friendlier' in the amount of penalties it seeks from companies, he said." [Yuka Hayashi, "Consumer-Watchdog Settlements Reach Four-Year High," *The Wall Street Journal*, 10/18/19]

A Large Number Of The CFPB's Settled Cases Under Trump And Kraninger Were Actually Started By Obama-Era Officials And "The Pace Of New Investigations Has Been Slower."

The Wall Street Journal Found That "Many Of The Large Cases Settled Last Year Were Started By Obama-Era Officials," Before Trump Appointees Took Control Of The CFPB. "Many of the large cases settled last year were started by Obama-era officials before President Trump installed Mick Mulvaney as acting director in November 2017, according to an analysis by The Wall Street Journal." [Yuka Hayashi, "Consumer-Watchdog Settlements Reach Four-Year High," *The Wall Street Journal*, 10/18/19]

The Wall Street Journal Also Found That "The Pace Of New Investigations Has Been Slower." "The pace of new investigations has been slower. As of August, the bureau initiated 20 investigations during the fiscal year through Sep. 30, the CFPB said in response to a Freedom of Information Act request. That is higher than 15 new investigations in fiscal 2018, but below 63 in fiscal 2017 and 70 in fiscal 2016." [Yuka Hayashi, "Consumer-Watchdog Settlements Reach Four-Year High," *The Wall Street Journal*, 10/18/19]

After Extensive Industry Prodding, Kathy Kraninger Appears Poised To Open The Door For Payday Lenders To Repeatedly Attempt To Withdraw Money From Even Overdrawn Bank Accounts.

In December 2018, Mike Hodges, A Major Trump Fundraiser And The CEO Of "One Of The Nation's Largest Payday Lenders," Filed A Petition With The CFPB Formally Requesting It "Reconsider The Payment Provisions" Of Its Payday Rule.

In December 2018, Advance Financial CEO Mike Hodges Filed A Formal Petition With The CFPB Requesting It "Reconsider The Payment Provisions" Of Its Payday Rule. "Access to bank accounts is standard for payday lending, and lenders don't like restrictions that deny them additional fees. So in December 2018, Mike Hodges and Advance Financial filed an unusual formal petition, asking the CFPB to reconsider the payment provisions. This is legal under the Administrative Procedures Act, but rarely done by industry to ask for a rule change. Such matters are usually kept behind the scenes, rather than in a public letter." [David Dayen, "How to Buy a Regulation in Six Short Months," *The American Prospect*, 12/09/19]

Mike Hodges Is The CEO Of Advance Financial, "One Of The Nation's Largest Payday Lenders," And Major Trump Fundraiser, Having Donated $1.25 Million To President Trump Since 2016. "And it's all thanks to a man named Mike Hodges. He is the CEO of Advance Financial, one of the nation's largest payday lenders. Advance operates over 100 storefronts in Tennessee, and through its website, strapped borrowers in select states across the country can also get a payday loan at an exorbitant interest rate. Hodges is also a proud supporter of President Trump, giving him $1.25 million since 2016, by his own admission." [David Dayen, "How to Buy a Regulation in Six Short Months," *The American Prospect*, 12/09/19]

Hodges Indicated During A Payday Industry Webinar That The Trump Administration Supported Removing The "'Payments Piece'" Of The Payday Rule, Which Require[s] Lenders To Get Written Notice Before Making A Withdrawal From A Borrower's Bank Account For The First Time" And "Prevent[s] Lenders From Attempting To Withdraw Funds After Two Previous Attempts Failed."

Mike Hodges Indicated During A Payday Industry Webinar That The Trump Administration Supported Removing The "'Payments Piece'" Of The Payday Rule. "The webinar, sponsored by an industry consultant named Borrow Smart Compliance, was quickly removed after the Post story. But Allied Progress, the consumer rights organization that initially found the video, noticed that Hodges also touted his work on the industry's efforts to cancel a payday lending rule at the Consumer Financial Protection Bureau (CFPB). 'I have gone to the White House and … the White House has been helpful on this particular rule that we're working on right now,' Hodges boasted. 'In fact, it's, the White House's financial policy stance to remove the rule and even the payments piece.'" [David Dayen, "How to Buy a Regulation in Six Short Months," *The American Prospect*, 12/09/19]

The Payment Provisions Of The Payday Rule "Require[s] Lenders To Get Written Notice Before Making A Withdrawal From A Borrower's Bank Account For The First Time" And "Prevent[s] Lenders From Attempting To Withdraw Funds After Two Previous Attempts Failed." "Those payment provisions require lenders to get written notice before making a withdrawal from a borrower's bank account for the first time. It would also prevent lenders from attempting to withdraw funds after two previous attempts failed. The only way a withdrawal would "fail" is if the borrower had insufficient funds. This provision was designed to stop excessive fees from daily attempts to withdraw, both late fees from the payday lender and overdraft fees from the bank." [David Dayen, "How to Buy a Regulation in Six Short Months," *The American Prospect*, 12/09/19]

Despite Having Received Hodges' Petition In December 2018, The CFPB Explicitly Stated It Wouldn't Be Revisiting The Payment Provisions Of The Payday Rule In February 2019.

In February 2019, Kathy Kraninger's CFPB Explicitly Stated It Wouldn't Be Making Changes To The Payment Provisions Of The Payday Rule Despite Receiving Mike Hodges' Petition To Do So Months Before. "So in December 2018, Mike Hodges and Advance Financial filed an unusual formal petition, asking the CFPB to reconsider the payment provisions. […] Kraninger had this petition in hand for months by February 2019, when CFPB stated explicitly they wouldn't be changing the payment provisions. A month later, in a federal court filing over the entire payday rule, CFPB continued to state that 'it has not determined that further action is warranted' on the payment provisions." [David Dayen, "How to Buy a Regulation in Six Short Months," *The American Prospect*, 12/09/19]

In October 2019, Kathy Kraninger Said The Bureau Would "Respond To Hodges' Petition To Reconsider The Payment Provisions" After Mike And Tina Hodges Had Donated $500,000 To Political Committees Supporting President Trump's Reelection Efforts.

In October 2019 Senate Banking Committee Hearing, Kathy Kraninger Said The Bureau Would "Respond To Hodges's Petition To Reconsider The Payment Provisions" As It Had A "'Responsibility To Respond To That Petition Within A Year Of It Being Sent To Us.'" "Suddenly, in a hearing before the Senate Banking Committee later in October, Kraninger said that she would respond to Hodges's petition to reconsider the payment provisions. "We have a responsibility to respond to that petition within a year of it being sent to us," Kraninger told lawmakers." [David Dayen, "How to Buy a Regulation in Six Short Months," *The American Prospect*, 12/09/19]

Between March and October of 2019, Mike And Tina Hodges Donated $500,000 To Political Committees Supporting President Trump.

HODGES, MICHAEL LYNN	REPUBLICAN NATIONAL COMMITTEE	35,500.00	03/12/19
HODGES, MICHAEL LYNN	REPUBLICAN NATIONAL COMMITTEE	89,500.00	03/12/19
HODGES, TINA K. MRS.	REPUBLICAN NATIONAL COMMITTEE	35,500.00	03/12/19
HODGES, TINA K. MRS.	REPUBLICAN NATIONAL COMMITTEE	89,500.00	03/12/19
HODGES, MICHAEL LYNN	AMERICA FIRST ACTION, INC.	250,000.00	05/31/19

On November 19, 2019, CFPB Director Kathy Kraninger Voted To Move Forward A Proposal That Would Allow Payday Lenders To Use A Loophole To Violate State Interest Rate Caps

In November 2019, The FDIC And OCC Proposed A New Rule That Would Allow Payday Lenders To "Funne[l] Their Loans Through A Chartered Bank" To Avoid State Interest Rate Caps – Commonly Known As A "'Rent-A-Bank' Scheme."

The FDIC And OCC Have Proposed A Rule That Would "Effectively Eliminate Regulations On Payday Lending And Interest Rates" By Allowing Payday Lenders To "Funne[l] Their Loans Through A Chartered Bank, Commonly Known As A "'Rent-A-Bank' Scheme." "Two top banking regulators, the Federal Deposit Insurance Corporation (FDIC) and the Office of the Comptroller of the Currency (OCC), have proposed a controversial rule that could effectively eliminate regulations on payday lending and interest rates—a huge gift to predatory consumer finance. […] In practice, it would mean that any payday lender could evade interest rate caps or other state-level restrictions by funneling their loans through a chartered bank. This is sometimes known as a 'rent-a-bank' scheme." [David Dayen, "Trump's Bank Regulators Open the Door to More Predatory Lending," *The American Prospect*, 11/19/19]

On November 19, 2019, CFPB Director Kathy Kraninger Voted To Move Forward The Proposal Allowing Predatory Lenders To Utilize The "Rent-A-Bank" Scheme.

On November 19, 2019, CFPB Director Kathy Kraninger, A Member Of The FDIC Board Voted In Favor Of The Proposal That Would Allow Predatory Lenders To Engage In The "Rent-A-Bank" Scheme. "The FDIC voted to issue its Madden fix rule, with one dissenting vote from Martin Gruenberg." [Tweet by Evan Weinberger, 11/19/19, and *Video of FDIC Board Meeting – November 19, 2019 (45:21)*, 11/19/2019]

- **Kathy Kraninger Is A Member Of The FDIC Board Of Directors.** ["Board of Directors & Senior Executives," Federal Deposit Insurance Corporation, accessed 11/19/19]

The Proposed FDIC And OCC Rule Would "Clarify" That Loans Originated By A Bank "Would Remain Pre-Empted From Any Interest Rate Caps, Even If Purchased By A Non-Bank." The proposed rule, which the OCC announced Monday and which the FDIC will vote on today at a board meeting, would clarify the "valid-when-made" doctrine to assert that loans originated by a bank would remain pre-empted from any interest rate caps, even if purchased by a non-bank. All Republicans on the House Financial Services Committee have urged this step. OCC claims the new rule will "address confusion" stemming from the Madden ruling. The FDIC, where Republicans hold a 3-1 advantage on the board, is expected to approve the proposed rule. [David Dayen, "Trump's Bank Regulators Open the Door to More Predatory Lending," *The American Prospect*, 11/19/19]

- **The Proposed Rule Would Go Around The "Madden Ruling," A 2015 Court Ruling In *Madden V. Midland* Funding Where The 2nd Circuit Court Of Appeals Found That "Any Loan Sold By A Bank To A Non-Bank Doesn't Get The Pre-Emption-From-Interest-Rate-Caps Protection."** "But a 2015 court ruling in Madden v. Midland Funding threatened the whole effort. In that case, borrowers argued that any loan sold by a bank to a non-bank doesn't get the pre-emption-from-interest-rate-caps protection. The 2nd Circuit Court of Appeals agreed, and the Supreme Court decided not to review the case in 2016." [David Dayen, "Trump's Bank Regulators Open the Door to More Predatory Lending," *The American Prospect*, 11/19/19]

- **Lauren Saunders, Associate Director Of The National Consumer Law Center, Stated That The FDIC and OCC Proposal Would "'Encourage Predatory Lenders To Try To Use Rent-A-Bank Schemes With Rogue Out-Of-State Banks To Evade State Laws That Prohibit 160% Loans.'"** "'The FDIC and OCC proposal will encourage predatory lenders to try to use rent-a-bank schemes with rogue out-of-state banks to evade state laws that prohibit 160% loans,' said Lauren Saunders, associate director of the National Consumer Law Center. 'States have had the power to limit interest rates since the time of the American Revolution,' she added." [Press Release, National Consumer Law Center, 11/18/19]