Kathleen Laura Kraninger

Director of the Consumer Financial Protection Bureau

Executive Summary

Kathy Kraninger has served in the Trump Administration since March 2017 and her time in office appears to live up to President Trump's expectations. In just three years, she's gone to bat for numerous predatory industries including payday lenders and debt collectors; she likely played a major role in the family separation crisis; and she has made clear that she's willing to do the president's bidding.

Since becoming Director of the Consumer Financial Protection Bureau (CFPB) in 2018, it has been Kraninger's responsibility to be an advocate and champion for the interests of consumers within our complicated financial system. However, time and time again she has fallen short in executing that charge.

Since joining the Trump Administration, Kathy Kraninger has:

- Had budgetary oversight of homeland security and likely participated in discussions on the controversial immigration policy, meaning that her fingerprints are all over the Trump administration's "zero-tolerance" family separation policy.

- Was likely involved in the disastrous response to Hurricane Maria.

- Refused to fire a CFPB employee who had a history of racist writings and let him serve in a role overseeing fair lending for months after she joined the Bureau.

- Has defended an employee who formerly worked for a Southern Poverty Law Center-identified anti-LGBTQ hate group, and gave him the authority to give industry broad exemptions from consumer protection laws, including laws against discriminatory lending.

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

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

- 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.

- 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."

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

- Admitted in November 2019 that the banking industry was "helping drive the agenda" at the CFPB.

After just her first year at CFPB, Kathy Kraninger has 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.

Biography

Kathleen Laura Kraninger Was Born On December 28, 1974. ["DC Voter Registration for Kathleen Kraninger," accessed 06/22/18]

Kraninger Says Her Hometown Is Chagrin Falls, OH. ["Young Alumna of the Year Award," *Marquette University*, 2014]

While In College, Kathy Kraninger Interned For Sherrod Brown (D-OH) When He Was A Member Of The House Of Representatives. [Sabrina Eaton, "Ex-boss Sherrod Brown unlikely to back Chagrin Falls native nominated to head federal consumer bureau," *Cleveland.com,* 07/11/18]

Kraninger Graduated From Marquette University In 1997. ["Young Alumna of the Year Award," *Marquette University*, 2014]

After College, Kraninger Taught In Ukraine As A Peace Corps Volunteer From "September 1997 Until November 1999." [Press Release, "Kathy Kraninger Joins The Sentinel HS Group as Senior Director," *JOC.com*, accessed 06/15/18]

Kathy Kraninger Says She Was "Always A Republican." ["Senate Homeland Security staffer says 'don't sweat the small stuff,'" (10:50) *Federal News Radio*, 07/27/16]

In 2000, "Kraninger Worked On The Bush Presidential Campaign." ["GOP Senate aide for new DHS screening job," *UPI*, 07/27/06]

She Says She "Got Very Lucky" When Her Father "Talked To A Bush Fundraiser In Cleveland" Who Got Kraninger "An Interview With The Executive Director Of Bush For President In Ohio." ["Senate Homeland Security staffer says 'don't sweat the small stuff,'" (11:22) *Federal News Radio*, 07/27/16]

After The Primaries, Kraninger "Went Down To Richmond" And "Worked For Eric Cantor's First Campaign." ["Senate Homeland Security staffer says 'don't sweat the small stuff,'" (12:24) *Federal News Radio*, 07/27/16]

She Then Left The Cantor Campaign And Was On The Republican National Convention Staff In Philadelphia Which Led To "An Advance Job With Cheney." ["Senate Homeland Security staffer says 'don't sweat the small stuff,'" (12:30) *Federal News Radio*, 07/27/16]

On "Day 1 Of The Bush Administration" Kathy Kraninger Worked At The US Department Of Transportation Working Under Secretary Norman Mineta. ["Senate Homeland Security staffer says 'don't sweat the small stuff,'" (13:45) *Federal News Radio*, 07/27/16]

When 9/11 Happened, Kraninger Was Still At The Department Of Transportation "Working With The Coast Guard" On "Maritime Issues." ["Senate Homeland Security staffer says 'don't sweat the small stuff,'" (14:40) *Federal News Radio*, 07/27/16]

Sometime After 9/11, Kraninger "Went To The Department Of Homeland Security" And Was "An Advisor To Tom Ridge." ["Senate Homeland Security staffer says 'don't sweat the small stuff,'" (15:20) *Federal News Radio*, 07/27/16]

From April 2005 To July 2006, Kathy Kraninger Was A Staffer On The Senate Homeland Security And Governmental Affairs Committee. ["Profile for Kathy Kraninger," *Legistorm.com*, accessed 12/19/19]

Kraninger Received A J.D. From Georgetown University Law Center In 2007. [Press Release, "Kathy Kraninger Joins The Sentinel HS Group as Senior Director," *JOC.com*, accessed 12/19/19]

- **Kraninger Says During Her Night Law School Career She "Missed A Lot Of School" And "Was Not A Model Student During That Time."** ["Senate Homeland Security staffer says 'don't sweat the small stuff,'" (17:00 and 18:45) *Federal News Radio*, 07/27/16]

"**For Three Years" Kraninger Served "As Deputy Assistant Secretary For Policy (Screening Coordination)/Director Of The Screening Coordination Office At DHS."** [Press Release, "Kathy Kraninger Joins The Sentinel HS Group as Senior Director," *JOC.com*, accessed 12/19/19]

In December 2009, Kraninger Joined The Sentinel HS Group, A Homeland Security Consulting Firm, As A Senior Director. [Press Release, "Kathy Kraninger Joins The Sentinel HS Group as Senior Director," *JOC.com*, accessed 12/19/19]

From January 2011 To April 2013, Kraninger Worked As A Staff Member On The House Appropriations Committee. ["Profile for Kathy Kraninger," *Legistorm.com*, accessed 12/19/19]

Kraninger Then Served As "Clerk For The U.S. Senate's Appropriations Subcommittee On Homeland Security" From April 2013 To March 2017. ["Young Alumna of the Year Award," *Marquette University*, 2014; "Profile for Kathy Kraninger," *Legistorm.com*, accessed 06/18/18]

From March 2017 To December 2018, Kraninger Was A "Program Associate Director For General Government" At The Office Of Management And Budget (OMB). [LinkedIn Profile for Kathy Kraninger, accessed 12/19/19]

In Fiscal Year 2018, Kraninger Made A Salary Of $170,000. [Search For Kraninger, Kathleen, FedsDataCenter.com, Accessed 12/19/19]

According To The White House, In Her Role At OMB, Kraninger Oversaw "$250 Billion In Budgetary Resources For Seven Cabinet Departments And Thirty Other Federal Agencies, Including The Department Of The Treasury, Department Of Housing And Urban Development And The Bureau Of Consumer Financial Protection." [Press Release, White House, 06/18/18]

In March 2017, Kathy Kraninger Attended Her First Meeting As A Member Of The Board Of The First Responder Network Authority (Firstnet), A "Quasi-Independent Unit Of The Department Of Commerce" Originally Tasked With Setting Up A "Telecommunications System Exclusively For Firefighters, Police, And Other First Responders." [First Responder Network Authority Meeting Minutes, *03/14/17;* Steven Brill, "The $47 Billion Network That's Already Obsolete," *The Atlantic*, September 2016]

Work For The Trump Administration

Kathy Kraninger's Fingerprints Are All Over The Trump Administration's "Zero-Tolerance" Family Separation Policy—She Had Budgetary Oversight Of Homeland Security And Likely Participated In Discussions On The Controversial Immigration Policy.

While Working At The Office Of Management And Budget (OMB), Kathy Kraninger Had Budgetary Oversight Of The Department Of Homeland Security (DHS) And Likely Participated In "Interagency Meetings And Discussions" About The Trump Administration's "Zero-Tolerance" Child Separation Policy.

While At The Office Of Management And Budget (OMB), Kathy Kraninger Had "Budgetary Oversight Of Seven Executive Branch Agencies, Including The Department Of Homeland Security And The Department Of Justice." "Kathy Kraninger, the nominee to head the Consumer Financial Protection Bureau, likely was deeply involved in President Trump's'zero-tolerance' immigration policy, according to former officials with the Office of Management and Budget and the Department of Homeland Security. […] At OMB, Kraninger has budgetary oversight of seven executive branch agencies, including the Department of Homeland Security and the Department of Justice." [Kate Berry, "CFPB nominee likely connected to Trump's 'zero-tolerance' immigration policy," *American Banker*, 06/19/18]

As OMB "Program Associate Director," Kathy Kraninger Would Have "Taken Part In Interagency Meetings And Discussions" Regarding The Trump Administration's Child Separation Policy. "Kraninger would have taken part in interagency meetings and discussions about the Trump administration's policy of separating migrant children from their parents at the U.S. border as part of her job at OMB, where she is a program associate director for general government programs, these sources said." [Kate Berry, "CFPB nominee likely connected to Trump's 'zero-tolerance' immigration policy," *American Banker*, 06/19/18]

- **Seth Grossman, A Former DHS Senior Official, Said It Is "'Likely That Someone Who Covers DHS And DOJ Would Be Working On The Design And Implementation Of A Policy Like' The Zero-Tolerance Policy."** "'It would be likely that someone who covers DHS and DOJ would be working on the design and implementation of a policy like' the zero-tolerance policy. 'That would be a typical role,' said Seth Grossman, a former deputy general counsel and counselor to former Homeland Security Secretary Janet Napolitano. 'At OMB, someone in that position of principal associate director would be involved in major policies, especially when they cut across departments.'" [Kate Berry, "CFPB nominee likely connected to Trump's 'zero-tolerance' immigration policy," *American Banker*, 06/19/18]

Kathy Kraninger Admitted She "Participated In Meetings Related To Immigration And Border Security Policy" While At OMB.

Kathy Kraninger Acknowledged That She "Participated In Meetings Related To Immigration And Border Security Policy That Included Relevant Officials Across The Administration" And That "OMB Has An Extensive Role In Supporting Agencies As They Implement The President's Priorities And Agenda […] Including Those Regarding Immigration And Border Security." In Response To Written Questions From Senate Banking Democrats About Her Involvement With The Trump Administration's Child Separation Policy, Kraninger wrote, "I had no role in setting the zero tolerance policy. Since the beginning of the administration, officials within the Office of Management and Budget (OMB), including the director, the deputy director, me, and my staff, participated in meetings related to immigration and border security policy that included relevant officials across the administration. OMB has an extensive role in supporting agencies as they implement the President's priorities and agenda, which includes reviewing legislative proposals, regulatory proposals, and the availability of budgetary resources, including those regarding immigration and border security. I also testified more specifically that OMB raises questions and supports agencies in analyzing their resource needs." ["Questions for Ms. Kathleen Laura Kraninger, Director-Designate, Bureau of Consumer Financial Protection, on behalf of Ranking Member Brown, Senator Catherine Cortez Masto, Senator Robert Menendez, and Senator Elizabeth Warren,:" U.S. Senate Committee on Banking, Housing, and Urban Affairs, 07/19/18]

Kraninger Contributed To The Trump Administration's FY2019 Budget, Which Supported The "Expansion Of ICE Enforcement Activities" And Requested $2.8 Billion For "Detention Beds" To Be Used For "Non-US Citizens Who Are Apprehended And Determined To Need Custodial Supervision."

Kathy Kraninger Was Listed As A Contributor To The White House's Fiscal Year 2019 Budget. ["Efficient, Effective, Accountable: An American Budget," Office of Management and Budget, 02/12/18]

- **The Trump Administration's FY 2019 Budget Supported "Expansion Of ICE Enforcement Activities, With $2.8 Billion Being Requested For "Detention Beds" For "Non-Us Citizens Who Are Apprehended And Determined To Need Custodial Supervision."** "The FY 2019 President's Budget supports expansion of ICE enforcement activities." It allocated: "$2.8 billion for 52,000 detention beds, which is comprised of 49,500 adult beds, and 2,500 family beds. Non-U.S. citizens who are apprehended and determined to need custodial supervision are placed in detention facilities. " ["Budget-in-Brief: Fiscal Year 2019," Department of Homeland Security, 02/21/18]

In 2018, Kathy Kraninger Met With High-Level Immigration Officials, As Well As An Executive From GEO Group, A Private Prison Company That Makes Millions Off Of ICE Detentions.

In February 2018, Kraninger Met With Several Officials From U.S. Immigration And Customs Enforcement (ICE) And U.S. Citizenship and Immigration Services (USCIS).

On February 27, 2018, Kathy Kraninger Appears To Have Met With James W. McCament, The Deputy Director Of U.S. Citizenship and Immigration Services At DHS. [US Office of Management and Budget WAVES Records Release, Office of Management and Budget, February 2018]

- James W. McCament is the Deputy Director Of U.S. Citizenship and Immigration Services At DHS. [Linkedin Profile for James W. McCament, accessed 12/19/19]

On February 27, 2018, Kathy Kraninger Appears To Have Met With Philip T. Miller, Then The Deputy Executive Associate Director Of ICE Enforcement And Removal Operations. [US Office of Management and Budget WAVES Records Release, Office of Management and Budget, February 2018]

- Philip Miller was the Deputy Executive Associate Director for U.S. Immigration And Customs Enforcement (ICE) From July 2015 To May 2018. [Linkedin Profile for Philip Miller, accessed 12/19/19]

- **Philip Miller Also Oversaw Enforcement And Removal Operations (ERO) While At ICE.** "Miller, formerly the Deputy Executive Associate Director of U.S. Immigration and Customs Enforcement (ICE) Enforcement and Removal Operations (ERO), brings nearly three decades of experience as an officer, manager, global threat advisor, and executive leader." [Press Release, Procentrix, 06/21/18]

On February 27, 2018, Kathy Kraninger Appears To Have Met With Tracy L. Renaud, Then-Acting USCIS Deputy Director. [US Office of Management and Budget WAVES Records Release, Office of Management and Budget, February 2018]

- "Tracy Renaud has been the associate director of the Management Directorate since Nov. 2, 2014. [...] She was the acting USCIS deputy director from March 2018 to May 2019 and from January to October 2017." [Tracy Renaud, Acting Deputy Director, U.S.

Citizenship and Immigration Services, U.S. Citizen and Immigration Services, accessed 12/19/19]

In February 2018, Kathy Kraninger Appears To Have Met With Adam Hasner, Vice President For Public Policy At GEO Group…

On February 21, 2018, Kathy Kraninger Appears To Have Met With Adam M. Hasner. [US Office of Management and Budget WAVES Records Release, Office of Management and Budget, February 2018]

- **Adam Hasner Is The Executive Vice President For Public Policy At The GEO Group, Inc..** [Linkedin Profile for Adam Hasner, accessed 12/19/19]

…A Private Prison Company That Takes "In Millions Of Dollars From ICE To Detain People Awaiting Immigration Or Asylum Hearings" And Supported An Effort In Texas To "Allow Immigration Detention Centers To Obtain Child Care Licenses."

Private Prison Companies Like GEO Group "Take In Millions Of Dollars From ICE To Detain People Awaiting Immigration Or Asylum Hearings." "A year and half later, with the administration's immigration crackdown in full swing, Immigration and Customs Enforcement is forecasting that next year will bring a 23 percent increase over the already historic number of people it locked up daily in 2017. That's good news for companies like CoreCivic and the GEO Group, which take in millions of dollars from ICE to detain people awaiting immigration or asylum hearings. [Madison Pauly, "Trump's Immigration Crackdown Is a Boom Time for Private Prisons," *Mother Jones*, May/June 2018]

- **In 2017, GEO Group Called On Republicans In The Texas State Legislature To "Submit A Law" That Would "Allow Immigration Detention Centers To Obtain Child Care Licenses."** "Within the Texas legislature, a controversial bill is pending. A private prisons company called the GEO Group has allegedly asked Republicans to submit a law that could lead to immigrant children being indefinitely detained in its lucrative centers. Representatives John Raney, John Cyrier and Mark Keough—all Republicans—have authored legislation that, if passed, would allow immigration detention centers to obtain child care licenses. Equipped with the permits, the centers would then be able to circumvent a 2015 federal ruling that said detained immigrant children must be transferred to a child care facility after 20 days in detention." [Mirren Gidda, "Private Prison Company Geo Group Gave Generously To Trump And Now Has Lucrative Contract," *Newsweek*, 05/11/17]

Kathy Kraninger Refused To Answer Questions About Her Role In The Response To Hurricane Maria During Her Confirmation Hearing…

When Questioned By Sen. Bob Menendez (D-NJ) About Her Role In The Hurricane Maria Response During Her Confirmation Hearing, Kraninger Refused To Provide A Response.

When Sen. Bob Menendez (D-NJ) Asked Kathy Kraninger About Hurricane Maria During Her Confirmation Hearing, Kraninger Wouldn't Address Her Role In Providing Disaster Funds As Part Of The Response In Puerto Rico. When asked about the matter, Kraninger responded that she didn't "'think it was appropriate to characterize…advice'" she gave to the administration. [Nomination Hearing, Senate Banking, Housing, and Urban Affairs Committee, 07/19/18]

Eight Months After Hurricane Maria, Power Continued To Be "Nightmarishly Unreliable" In Puerto Rico.

Although Puerto Rican Officials Assert That They Have "Restored Power To 98 Percent Of The Grid's Customers," Service Can Be "Nightmarishly Unreliable" And Still Dependent On "Private Generators." A May 2018 report in the New York times found that, "while officials say the $2.5 billion reconstruction effort has restored power to 98 percent of the grid's customers, swaths of hilly country across the island are still pitch black after dark, punctuated by lights run on private generators. […] Even restored sections of the grid are nightmarishly unreliable, as evidenced by last month's outage, the second major power failure in a week and the fourth since early February." [James Glanz and Frances Robles, "How Storms, Missteps and an Ailing Grid Left Puerto Rico in the Dark," *The New York Times,* 05/06/18]

…But She Traveled To Puerto Rico In December 2017 With Then-Secretary Of Homeland Security Kirstjen Nielsen And Others From DHS, HUD And FEMA—Agencies Kraninger Helped To Oversee— Just Three Months After Hurricane Maria Hit.

On December 19, 2017, Kathy Kraninger Took A Day Trip To Puerto Rico With DHS, HUD, AND FEMA—Agencies She Oversaw And Agencies That Were Criticized For Having "'Abandoned' The Housing Needs Of Puerto Ricans Following Hurricane Maria.

On December 19, 2017, Kathy Kraninger Traveled To San Juan, Puerto Rico, And St. Croix, Virgin Islands, With DHS, HUD, And FEMA. On December 19, 2017, Kathy Kraninger traveled to Puerto Rico for the day with the Department of Homeland Security (DHS), the Department of Housing and Urban Development (HUD), and the Federal Emergency Management Agency (FEMA). Kraninger traveled to San Juan, Puerto Rico, and St. Croix, Virgin Islands. Kraninger's expenses for the trip totaled $101.75; she received a per diem of $87.00. [Trip Documentation for Kathy Kraninger, Obtained Through FOIA, 06/20/18]

Kathy Kraninger Told Sen. Bob Menendez (D-NJ) She Was "Involved In The Response To Puerto Rico" Through Her "Oversight Of FEMA, Treasury, And HUD" And She "Oversaw The Development Of Disaster Aid Requests To Congress." Sen. Bob Menendez (D-NJ) said to Kathy Kraninger, "In my office you told me that not only were you involved in the response to Puerto Rico through your oversight of FEMA, Treasury, and HUD, but that you oversaw the development of disaster aid requests to Congress." [Nomination Hearing, Senate Banking, Housing, and Urban Affairs Committee, 07/19/18]

FEMA And HUD Were Criticized For Having "'Abandoned' The Housing Needs" Of Puerto Ricans Following Hurricane Maria. "Fifteen Democrats in Congress are urging two federal agencies to extend and expand aid for displaced Puerto Ricans in Florida, claiming the agencies have 'abandoned' the housing needs of evacuees." **[**Bianca Padró Ocasio, "Democrats say FEMA, HUD have 'abandoned' Puerto Rican evacuees in last-minute aid push," *Orlando Sentinel,* 06/28/18]

Kraninger Traveled To Puerto Rico Via Military Air With Then-Secretary Of Homeland Security Kirstjen Nielsen.

Kathy Kraninger Was Scheduled To Travel "To Puerto Rico With The DHS Secretary On MIL AIR" On December 19, 2017. On December 18, 2017, OMB employee Amanda Sousane wrote in an email, "Wondering if you could help... Kathy Kraninger and Andrea Goel will be traveling to Puerto Rico with the DHS Secretary on MIL AIR tomorrow. Both Kathy and Andrea will need to submit a TA in GovTrip, correct?" [Email from Amanda Sousane, Obtained Through FOIA, 12/18/18]

Kirstjen Nielsen Was Secretary Of Homeland Security From December 2017 To April 2019. "Kirstjen Michele Nielsen was sworn in on December 6, 2017 as the sixth Secretary of Homeland Security and served until April 10, 2019." ["Kirstjen M. Nielsen, Secretary of Homeland Security, 2017 – 2019," U.S. Department of Homeland Security, accessed 12/19/19]

When Kraninger Visited Puerto Rico—Nearly Three Months After The Hurricane Hit—Parts Of The Island Were Still Without Power And It Was Thought The Deaths Caused By The Storm Had Been "Vastly Undercounted."

The Day Before Kraninger's Visit, Puerto Rico's Governor Called For A Review Of Hurricane Maria's "Vastly Undercounted" Death Count.

The Day Before Kraninger's Visit, Puerto Rico Governor Ricardo A. Rosselló Called For A Review Of The Hurricane Maria Death Count, Which Was Reportedly "Vastly Undercounted." "Facing mounting evidence that Puerto Rico has vastly undercounted the number of people who died because of Hurricane Maria, Gov. Ricardo A. Rosselló ordered [...]

that every death on the island since the calamitous storm be reviewed. Officials will look again at all deaths attributed to natural causes after the hurricane, which made landfall Sept. 20 and knocked out power to 3.4 million Puerto Ricans — and to their hospitals and clinics." [Patricia Mazzei, "Puerto Rico Orders Review and Recount of Hurricane Deaths," *The New York Times,* 12/18/17]

At The Time, Parts Of Puerto Rico Were "Still Without Power" And Its Power Grid Was "Operating At Only 70 Percent Of Capacity"—Undermining "Critical Medical Treatment For Some Of The Island's Most Vulnerable Patients."

At The Time, Parts Of Puerto Rico Were "Still Without Power" And Its Power Grid Was "Operating At Only 70 Percent Of Capacity." "Parts of the island are still without power almost three months later, and the power grid is operating at only 70 percent of capacity." [Patricia Mazzei, "Puerto Rico Orders Review and Recount of Hurricane Deaths," *The New York Times,* 12/18/17]

"The Prolonged Blackout Hampered Critical Medical Treatment For Some Of The Island's Most Vulnerable Patients, Including Many Who Were Bedridden Or Dependent On Dialysis Or Respirators." "The prolonged blackout hampered critical medical treatment for some of the island's most vulnerable patients, including many who were bedridden or dependent on dialysis or respirators. But if they died as a result, the storm's role in their deaths may have gone officially unrecorded." [Patricia Mazzei, "Puerto Rico Orders Review and Recount of Hurricane Deaths," *The New York Times,* 12/18/17]

During Her Time At OMB, Kathy Kraninger Helped Develop A Trump Budget That Sought To Slash $8.8 Billion From The Department Of Housing And Urban Developments, Including Cuts To Rental Assistance And Community Development Block Grants.

While At The Trump-OMB, Kathy Kraninger Developed The Administration's FY2019 Budget For The Department Of Housing And Urban Development (HUD), Which Would Have Cut Funding By $8.8 Billion, Including Cuts To Rental Assistance And Community Development Block Grants.

Kathy Kraninger Was "Responsible For Developing The Budget Of The Department Of Housing And Urban Development, Among Other Agencies." "Kraninger's OMB portfolio will draw pointed questions from Democrats. In her 15 months in that office, she was responsible for developing the budget of the Department of Housing and Urban Development, among other agencies. Congress has repeatedly ignored the Trump administration's requests to slash HUD's funding, boosting its appropriations instead." [Katy O'Donnell and Ben White, "Trump's little-known pick to lead consumer bureau sets up fight with Congress," *Politico*, 06/16/18]

The Trump Administration's Fiscal Year 2019 Budget Requested An $8.8 Billion (18.3%) Decrease In Funding From The Previous Year For The Department Of Housing And Urban Development (HUD), Which Would've Included An 11.2% Reduction In Funding For Rental Assistance Alone. "The Budget requests $39.2 billion in gross discretionary funding for HUD, an $8.8 billion or 18.3-percent decrease from the 2017 enacted level. […] The Budget requests $33.8 billion across HUD's rental assistance programs, a decrease of 11.2 percent relative to the 2017 enacted level." ["Fiscal Year 2019 Budget," The White House, accessed 12/19/19]

Additionally, The FY2019 Proposed Budget Would Have "[Zeroed] Out The Public Housing Capital Fund, Dedicated To Rehabilitating And Modernizing Public Housing Developments" And "Eliminate[d] The Community Development Block Grant Which Local Governments Can Use At Their Discretion To Address A Variety Of Community And Infrastructure Needs." "The White House's Fiscal Year 2019 budget proposal [...] calls for work requirements for those who receive public housing subsidies and slashes funding for the Department of Housing and Urban Development by $8.8 billion. The budget outline also zeroes out the Public Housing Capital Fund, dedicated to rehabilitating and modernizing public housing developments, and eliminates the Community Development Block Grant which local governments can use at their discretion to address a variety of community and infrastructure needs." [Brakkton Booker, "White House Budget Calls For Deep Cuts To HUD," *National Public Radio*, 02/13/18]

An Advocate For Residents Of Low Income Housing Said The Budget "'Would Mean More Than 200,000 Seniors, Families, And People With Disabilities Could Lose Their Rental Assistance […] Putting Them At Immediate Risk Of Evictions And Potentially Homelessness." "Diane Yentel, the president and chief executive officer of the National Low Income Housing Coalition, said her initial reactions to the budget were 'shock and dismay.' She said that rather than drastically reducing many of HUD's safety net programs, the administration should be moving to expand them 'His budget would mean more than 200,000 seniors, families, and people with disabilities could lose their rental assistance that they get today, putting them at immediate risk of evictions and potentially homelessness,' Yentel said." [Brakkton Booker, "White House Budget Calls For Deep Cuts To HUD," *National Public Radio*, 02/13/18]

Consumer Finance Issues

Kathy Kraninger's First Major Policy Proposal At The CFPB Was To Weaken Protections For Borrowers Of Predatory Payday Loans—Industry Could Make An Estimated $7.3 To $7.7 Billion A Year From Kraninger's Proposed Rollback.

Less Than Two Months Into Her Tenure, 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.

On February 6, 2019, Less Than Two Months After Being Sworn In, 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]

- **Kathy Kraninger Was Sworn In On December 10, 2018.** [Kate Berry, "Kathy Kraninger sworn in as CFPB director," *American Banker*, 12/11/8]

Sen. Elizabeth Warren (D-MA) And Rep. Maxine Waters (D-CA) Called On Kathy Kraninger To Rescind The CFPB's "Proposal To Weaken The Payday Lending Rule." "Sen. Elizabeth Warren (D-Mass.) called on Kathy Kraninger, the new director of the Consumer Financial Protection Bureau, to 'immediately' rescind a proposal to weaken the payday lending rule, becoming the latest prominent Democrat to weigh in on Kraninger's first major initiative. 'The rule you released today makes a mockery of the CFPB's statutory mission of protecting consumers. It should be withdrawn immediately,' Warren, who helped establish the CFPB under President Barack Obama, said in a letter […] House Financial Services Committee Chairwoman Maxine Waters (D-Calif.) also called on Kraninger to withdraw the rule in a statement Wednesday. Sen. Sherrod Brown (D-Ohio), the ranking Democrat on the Senate Banking Committee, which oversees the industry, criticized the revision as well." [Katy O'Donnell, "Warren calls on Kraninger to 'immediately' withdraw payday revision," *Politico,* 02/07/19]

The Payday Lending Industry Will Earn An Estimated $7.3 To $7.7 Billion Dollars From Kraninger's Proposed Rollback Of The Payday Rule.

During Her March 2019 Appearance Before The Senate Banking Committee, Kathy Kraninger Acknowledged That The CFPB's Own Analysis Found That "The Payday Lending Industry, On An Annualized Basis, Would Save About $7.3 To $7.7 Billion That They Would Not Otherwise Have Under The Previous Rule." "VAN HOLLEN: Thank you. I'm looking at your analysis here now. Are you familiar with the Dodd-Frank Act Section 1022-b3 analysis that accompanied the notices? KRANINGER: Yes, Senator. VAN HOLLEN: And, are you familiar with the fact that you found that the payday lending industry, on an annualized basis, would save about $7.3 to $7.7 billion that they would not otherwise have under the previous rule? KRANINGER: Senator again there were a number of things that were looked at including – VAN HOLLEN: I'm just asking you about this provision which is right here in the documents you submitted. Does it conclude that by rescinding the rule on an annualized basis payday lenders will be able to pocket $7.3 to $7.7 billion dollars more? Isn't that what it says right here? KRANINGER: Yes, Senator it does." [Press Release, Sen. Chris Van Hollen, 03/12/19]

In February 2019, 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]

Kathy Kraninger's CFPB Proposed A New Rule That Would Allow Debt Collectors To Send Consumers An Unlimited Number Of Texts And Emails.

In May 2019, The CFPB Proposed A New Rule That Would Allow Debt Collectors To "Send Consumers Unlimited Amounts Of Texts And Emails."

In May 2019, The CFPB Issued Its Proposed Debt Collection Rule That Would Allow Debt Collectors To "Send Consumers Unlimited Amounts Of Texts And Emails." "The Consumer Financial Protection Bureau […] proposed rules that would give the industry the go-ahead to send consumers unlimited amounts of texts and emails, accelerating a trend the watchdog bureau says could be beneficial for everyone." [Renae Merle, "Trump administration wants to allow debt collectors to call 7 times a week and text, email as much as they want," *The Washington Post*, 05/07/19]

- **Under The Proposed Rule, Consumers Would Be Required To Actively "Unsubscribe" From Digital Communications.** "It regulates how debt collectors may use voicemails, emails and text messages to communicate with consumers. Notably, the Proposed Rulemaking would permit consumers to 'unsubscribe' from future communications through these methods. Under the Proposed Rulemaking, consumers could limit the ways debt collectors contact them, e.g., while at work." [Thomas H. Wagner, "The CFPB's Long Awaited Debt Collection Rule is Certain to Shake Up the Industry," *The National Law Review*, 05/20/19]

While The CFPB's Proposed Rule Would Limit Phone Calls From Debt Collectors To No More Than Seven Times Per Week Per Debt…

The Proposed Rule Would Limit "The Number Of Times A Debt Collector May Attempt To Contact A Consumer By Telephone About A Specific Debt," With Collectors Able To Contact A Borrower "No More Than Seven Times Per Week." "It provides a numeric limit on the number of times a debt collector may attempt to contact a consumer by telephone about a specific debt. Under the proposal, debt collectors could try to contact consumers no more than seven times per week, and once contact is made, a debt collector would have to wait at least one week before calling the consumer again." [Thomas H. Wagner, "The CFPB's Long

Awaited Debt Collection Rule is Certain to Shake Up the Industry," *The National Law Review*, 05/20/19]

- **The Proposed Rule Would Restrict The Number Of Calls A Collector Could Make Per Debt.** "The senators also raised concerns over other components of the Administration's proposal, including allowing a debt collector to call a consumer seven times a week per debt." [Press Release, Sen. Catherine Cortez Masto, 06/07/19]

…This Could Still Result In "Dozens Of Calls Each Week" For Consumers With Multiple Debts, Such As Separate Bills For A Single Medical Event.

April Kuehnhoff, An Attorney For The National Consumer Law Center, Noted That The Seven-Call Weekly Limit "Could Be Particularly Tough On People With Medical Debt" As A Single Medical Event Could Result In Several Bills From Several Providers, "Potentially Resulting In Dozens Of Calls Each Week." "For instance, the center wants a limit of just three telephone attempts each week on a debt. The seven-call limit could be particularly tough on people with medical debt, Kuehnhoff said. They may accumulate bills from several providers for a single medical event — hospital, doctors, a lab and a nursing home, for example — and all could be in collections separately, potentially resulting in dozens of calls each week. [Kaiser Health News, "New rules would change how collectors can go after medical debt," *The Oregonian*, 06/02/19]

Kathy Kraninger Has Failed To Resume Supervisory Examinations Of Financial Institutions For Compliance With The Military Lending Act After They Were Halted By Her Predecessor Mick Mulvaney.

Kathy Kraninger's CFPB Has Failed To Resume Supervisory Examinations Of Financial Institutions For Compliance With The Military Lending Act After They Were Halted By Acting Director Mick Mulvaney.

Under Kathy Kraninger, The CFPB Has Failed To Resume "Examinations Of Financial Firms For Compliance With The Military Lending Act" After Mick Mulvaney Halted Them. "In addition, several senators sharply criticized Kraninger over the CFPB's decision to halt examinations of financial firms for compliance with the Military Lending Act. Kraninger has yet to resume the exams after taking over for Mulvaney, who halted them. The Obama administration had conducted supervisory exams for years, and long cited its authority not just under the Dodd-Frank Act, but also in regulating 'unfair, deceptive or abusive acts or practices,' known as UDAAP. In January, Kraninger sided with Mulvaney and specifically asked Congress to give the CFPB 'clear authority' to conduct supervisory exams for MLA compliance. [Kate Berry, "CFPB's Kraninger grilled over payday, military lending," *American Banker*, 03/12/19]

Kathy Kraninger Claims There Isn’t “Clear Authority” For The CFPB To Supervise Lenders’ Compliance With The Military Lending Act…

Kathy Kraninger Asked Congress For “Clear Authority” To Conduct Supervisory Examinations Of Banks And Lenders For Compliance With The Military Lending Act…

In January 2019, Kathy Kraninger Asked Congress To Give The CFPB “Clear Authority” To Conduct Supervisory Examinations Of Banks And Lenders For Compliance With The Military Lending Act. “The director of the Consumer Financial Protection Bureau on Thursday asked Congress to give it the ‘clear authority’ to conduct supervisory exams of banks and financial firms for compliance with the Military Lending Act. The director, Kathy Kraninger, sent a letter to Vice President Mike Pence and House Speaker Nancy Pelosi with draft legislation that would give the bureau ‘nonexclusive authority to require reports and conduct examinations on a periodic basis.’ ‘The requested authority would complement the work the Bureau currently does to enforce the MLA,’ Kraninger said in the one-page letter.” [Kate Berry, “CFPB's Kraninger asks for ‘clear authority’ over military lending exams,” *American Banker,* 01/17/19]

…Even Though Legal Experts And Thirty State Attorneys General Agree “There Is No Question” That The CFPB Has Supervisory Authority For Compliance With The Military Lending Act (MLA).

Thirty State Attorneys General, Plus The AGs Of D.C., Puerto Rico, And The Virgin Islands, Criticized Acting Director Mick Mulvaney’s Move To Limit The CFPB’s Supervision Of Lenders For Compliance With The MLA.

In October 2018, “Thirty State Attorneys General,” Plus “The AGs Of The District Of Columbia, Puerto Rico, And The Virgin Islands,” “Sent A Letter To CFPB Acting Director Mulvaney” Expressing Concern About Reports That The CFPB Would “‘No Longer Ensure That Lenders Are Complying With The Military Lending Act (MLA) As Part Of Its Regular, Statutorily Mandated Supervisory Examinations.’” “Thirty state attorneys general, joined by the AGs of the District of Columbia, Puerto Rico, and the Virgin Islands, have sent a letter to CFPB Acting Director Mulvaney ‘to express our concern about recent reports that the [Bureau] will no longer ensure that lenders are complying with the Military Lending Act (MLA) as part of its regular, statutorily mandated supervisory examinations.’ Such recent reports included one from the New York Times published in August 2018 indicating that Mr. Mulvaney was planning to eliminate routine supervisory examinations of creditors for MLA violations because the CFPB lacks statutory authority to conduct such examinations." [John L. Culhane, Jr., "State AGs criticize CFPB plans to end MLA exams," Ballard Spahr LLP, 10/24/18]

- **The AGs Asserted That, By Restricting Supervisory Examinations, The CFPB Is Failing Its Statutorily Mandated Duty To Enforce The MLA.** "In addition to describing the benefits that the MLA provides to servicemembers, the AGs assert that the Bureau 'would be failing to abide by its statutorily mandated duty to enforce the MLA by restrictively interpreting its examination authority to preclude lenders' compliance with the MLA.' […] The AGs argue that this language allows the CFPB to examine for MLA compliance because 'Congress has explicitly provided [in the Consumer Financial Protection Act (CFPA)] that one 'applicable authority' available to the CFPB is examination of lenders in order to "detect[] and assess[] risks to consumers and to markets for consumer financial products and services."'" [John L. Culhane, Jr., "State AGs criticize CFPB plans to end MLA exams," Ballard Spahr LLP, 10/24/18]

The CFPB Conducted Supervisory Examinations On MLA For Years During The Obama Administration, Citing Its Authority Under Dodd-Frank.

The CFPB Conducted Supervisory Examinations For Years During The Obama Administration, Citing "Its Authority Not Just Under The Dodd-Frank Act, But Also In Regulating 'Unfair, Deceptive Or Abusive Acts Or Practices,' Known As UDAAP." "Last year, Mick Mulvaney, at the time the acting director of the CFPB, claimed that further legislation was needed for the CFPB to examine financial firms for MLA compliance. The Obama administration had conduced supervisory exams for years, and has long cited its authority not just under the Dodd-Frank Act, but also in regulating 'unfair, deceptive or abusive acts or practices,' known as UDAAP. Mulvaney, now the White House chief of staff, had argued Dodd-Frank did not specifically identify the MLA among the 19 statutes under the CFPB's authority." [Kate Berry, "CFPB's Kraninger asks for 'clear authority' over military lending exams," *American Banker,* 01/17/19]

- "The bureau has always had enforcement authority over a range of lenders, including payday and installment lenders, but without supervisory authority, investigations can take longer and often are based on consumer complaints." [Kate Berry, "CFPB's Kraninger asks for 'clear authority' over military lending exams," *American Banker,* 01/17/19]

Kathy Kraninger Refused To Say Whether The CFPB Should Even Exist And Has Argued The Bureau Is Unconstitutionally Structured.

Kathy Kraninger Refused To Say Whether The CFPB Should Even Exist.

During A March 2019 Hearing Of The House Financial Services Committee, Kathy Kraninger Refused To Explicitly State That The CFPB Is Needed When Questioned By Rep. Rashida Tlaib (D-MI). *Rep. Tlaib:* Do you believe that we even need the bureau at all? *Kathy Kraninger:* I absolutely believe consumer protection is a responsibility of the federal government and as I said, Congress created the Bureau to that end. ["Putting Consumers First? A Semi-Annual Review of the Consumer Financial Protection Bureau," House Financial Services Committee, 03/07/19 (2:44:13)]

In September 2019, Kathy Kraninger Told Congressional Leaders She Believed That The CFPB Was Unconstitutionally Structured.

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." "The head of the Consumer Financial Protection Bureau now believes that the financial regulator she leads is unconstitutionally structured. 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*, 09/17/19]

Kathy Kraninger Told House Speaker Nancy Pelosi (D-CA) And Senate Majority Leader Mitch McConnell (R-KY) That The CFPB Should Adopt The Department Of Justice's Position That The Bureau Is Unconstitutional. "'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. [...] While the Justice Department had earlier said the CFPB was unconstitutional, the bureau had continued to defend itself against court challenges." [Tucker Higgins, "The head of the CFPB now believes that the financial regulator is unconstitutionally structured," *CNBC*, 09/17/19]

Under Kathy Kraninger's Leadership, The CFPB Returned An Average Of $925,000 Per Week To Harmed Consumers—Even Less Than Under Mick Mulvaney's Leadership And Only A Fraction Of The $43 Million Returned To Consumers A Week Under Former Director Richard Cordray.

CFPB Enforcement Actions Decreased 80% In 2018 From 2015—And Have Remained Low Under Kathy Kraninger's Leadership.

The CFPB Announced 80% Fewer Enforcement Actions In 2018, While Mulvaney Led The CFPB, Than It Did In 2015, When Richard Cordray Was Leading The Bureau. "The number of public enforcement cases announced in 2018 declined by 80% from the Bureau's peak productivity in 2015. In 2015, the CFPB announced 55 public law enforcement actions. In 2018, this number had declined to 11." [Christopher L. Peterson, "Dormant: The Consumer Financial Protection Bureau's Law Enforcement Program in Decline," Consumer Federation of America, 03/12/19]

Under Kathy Kraninger's Leadership, "Law Enforcement Activity Continues To Remain Significantly Below Earlier Levels Since Her Confirmation." "Overall, enforcement activity and relief to the consumer has declined since the appointment of Mick Mulvaney in 2017. And, despite being touted as one of Director Kraninger's initial priorities for her term of leadership, law enforcement activity continues to remain significantly below earlier levels since her confirmation." [Christopher L. Peterson, "Dormant: The Consumer Financial Protection Bureau's Law Enforcement Program in Decline," Consumer Federation of America, 03/12/19]

Under Kathy Kraninger, The CFPB Returns $925,000 A Week To Consumers – Compared To $43 Million A Week Under Richard Cordray.

Under Richard Cordray, The CFPB "Returned About $43 Million In Restitution To Consumers Every Single Week," While The CFPB Under Kraninger "Is Now Down To About $925,000." "It says the bureau returned about $43 million in restitution to consumers every single week when Richard Cordray, an Obama appointee, was in charge. Under Mulvaney that figure dropped to $6.4 million a week, and under Kraninger is now down to about $925,000." [David Lazarus, "While campaigning, Trump said he'd be a consumer champion. Guess what's happened," *The Los Angeles Times*, 03/15/19]

Under Kathy Kraninger, The CFPB Announced Its Intention To Eliminate A Mortgage Provision That Has Allowed For Millions Of Mortgages To Minority And Low-Income Americans.

In July 2019, The CFPB Announced It Would "Eliminate A Regulatory Loophole That Made Getting A Mortgage More Feasible For Thousands Of Americans."

The CFPB Announced It Will "Eliminate A Regulatory Loophole That Made Getting A Mortgage More Feasible For Thousands Of Americans." "The Consumer Financial Protection Bureau is set to eliminate a regulatory loophole that made getting a mortgage more feasible for thousands of Americans. The consumer watchdog agency announced this month that it will allow a temporary provision commonly known as the 'qualified mortgage patch' to expire in January 2021 as originally planned or shortly thereafter. The CFPB has also started fielding comments from the public as to what should replace the patch." [Jacob Passy, "Why it could get more difficult for Americans to get approved for a mortgage," *MarketWatch*, 08/04/19]

The Regulatory Loophole Exempted The Government-Sponsored Fannie Mae And Freddie Mac From "Certain Requirements Of The CFPB's 'Ability To Repay/Qualified Mortgage Rule.'"

The Regulatory Loophole Exempted Fannie Mae And Freddie Mac From The CFPB's Ability To Repay Requirements. "The provision at hand exempted Fannie Mae and Freddie Mac from certain requirements of the CFPB's 'Ability to Repay/Qualified Mortgage Rule,' which set the standards for the design and underwriting of loans purchased by the government-sponsored enterprises. This also ensured that borrowers could afford the loans they were receiving." [Jacob Passy, "Why it could get more difficult for Americans to get approved for a mortgage," *MarketWatch*, 08/04/19]

Elimination Of The Loophole, Which Made Around 3.3 Million Mortgages Possible, "Would Be Most Acutely Felt By Black, Hispanic And Low-Income Americans."

The Urban Institute Recently Estimated That The Loophole Made About 3.3 Million Mortgages Possible, Or 19% Of The Loans Held By Fannie Mae And Freddie Mac From 2014-2018. "A March 2019 study from the Urban Institute found that roughly 3.3 million mortgages, equivalent to 19% of the loans sold to Fannie and Freddie between 2014 and 2018, were made possible by the regulatory loophole." [Jacob Passy, "Why it could get more difficult for Americans to get approved for a mortgage," *MarketWatch*, 08/04/19]

The Loophole's Elimination "Would Be Most Acutely Felt By Black, Hispanic And Low-Income Americans." "Moreover, the policy change's impact would be most acutely felt by black, Hispanic and low-income Americans. For instance, the Urban Institute report found that black Americans were 29% more likely than borrowers overall to have a Fannie or Freddie loan with a debt-to-income ratio above 43% than below that level." [Jacob Passy, "Why it could get more difficult for Americans to get approved for a mortgage," *MarketWatch*, 08/04/19]

A Group Of Civil Rights Organizations Publicly Questioned If Kraninger Is Working To "'Root Out Potentially Discriminatory Practices'" In Student Lending, Telling Her She Doesn't Need "'A Permission Slip'" To Enforce Civil Rights Law.

Several Civil Rights Organizations Signed A Letter To Kathy Kraninger Asking If She Is Working To "'Root Out Potentially Discriminatory Practices'" In Student Lending.

Civil Right Groups Have Sent A Joint Letter To Kathy Kraninger Questioning Her Commitment To Ensuring Discriminatory Practices Are Fought In The Student Loan Market. "Several civil rights groups have sent a letter to Director Kraninger questioning whether the CFPB is engaging in the oversight of the student loan market that they believe is necessary to 'root out potentially discriminatory practices.' In particular, the groups suggest that access to income-driven repayment programs is being provided 'in an unequal way, with a disproportionate impact by race or sex.'" [John L. Culhane, "Civil rights groups question CFPB oversight of student loan market," *The National Law Review*, 06/11/19]

They Groups Told Kraninger She Doesn't Need "'A Permission Slip From Secretary Betsy Devos To Ensure That The Nation's Civil Rights Law Are Being Followed.'"

The Groups Told Kraninger She Doesn't Need To "'Receive A Permission Slip From Secretary Betsy Devos To Ensure That The Nation's Civil Rights Law Are Being Followed.'" "The civil rights groups conclude their letter by commenting that the CFPB is not required to 'receive a permission slip from Secretary Betsy DeVos to ensure that the nation's civil rights law are being followed' and that the Bureau has 'a mandate from Congress to oversee student loan servicers for compliance with the nation's consumer financial laws, including the Equal Credit Opportunity Act.'" [John L. Culhane, "Civil rights groups question CFPB oversight of student loan market," *The National Law Review*, 06/11/19]

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]

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]

In November 2019, Kathy Kraninger Admitted That The Banking Industry Was "Helping Drive The Agenda" At The CFPB.

Also In November 2019, Kathy Kraninger Told An Audience Of Bankers They Were "Really Helping Drive The Agenda" At CFPB.

In November 2019, Kathy Kraninger Told An "Audience Of Bankers" That They Were "Really Helping Drive The Agenda" On Policy At CFPB. ""CFPB Director Kraninger tells audience of bankers about how much she's been meeting with industry, saying 'you are really helping drive the agenda' on what policies need to be made more efficient." ["Tweet By Victoria Guida," *@vtg2*, 11/21/19]

Mismanagement Of The CFPB

Kathy Kraninger Invited Industry And A Leader Of A Right-Wing Group To Her Private Swearing-In Ceremony—And She Only Allowed Reporters To Record The First Five Minutes Of Her First Media Appearance.

Kraninger's Swearing-In Ceremony Was Closed To The Public And The Press… But It Was Open To The Right-Wing Heritage Action And The Texas Bankers Association.

Kathy Kraninger's Swearing-In Ceremony Was Not Open To The Public Or The Press. On December 10, 2018, Sylvan Lane of *The Hill* reported that, Vice President Mike "Pence will swear in Kathy Kraninger to be the next CFPB director at 5 p.m. today, per his schedule. The event is closed press and the CFPB did not respond to prior questions about its installation of its new leader." [Tweet from Sylvan Lane, *Twitter.com*, 12/10/18]

- **However, Heritage Action's Vice President, Jessica Anderson, Attended The Event.** [Tweet from Jessica Anderson, *Twitter.com*, 12/10/18]
    - **Heritage Action Is A "Conservative Advocacy Group."** "Heritage Action, the conservative advocacy group, declared its opposition — saying the bill was 'loaded down with liberal poison pills and bad policy riders' [...]" [Emily Cochrane, "House Approves Spending Measures to Avert Government Shutdown," *The New York Times*, 12/17/19]
- **Chris Furlow, CEO of the Texas Bankers Association Was Also Present For Kraninger's Swearing In.** [Tweet From Chris Furlow, *Twitter.com*, 12/10/18]

At Kathy Kraninger's First Press Availability, The CFPB Only Allowed Reporters To Record For The First Five Minutes Of The Event

At Kathy Kraninger's First Press Availability Reporters Are Only Allowed To Record The First Five Minutes Of The Event. An announcement for Kathy Kraninger's first media availability included the following ground rules: "Pen and pad Q&A with accredited media only. Members of the press attending must have a White House or congressional media credential. Electronic media will only be permitted during the first five minutes of the news availability. This includes still photographers and video." ["MEDIA ADVISORY/Press availability for new BCFP Director Kathy Kraninger," *E-Mail From Consumer Financial Protection Bureau*, 12/11/18]

On Her First Day As CFPB Director, Kathy Kraninger Wouldn't Commit To Firing The CFPB Fair Lending Official Who Was Exposed For Writing Racist Blog Posts, Saying She'd Take Him At "Face Value" To Evaluate Where He Is "Today."

On Her First Day As CFPB Director, Kathy Kraninger Refused To Say Whether She'd Fire CFPB Fair Lending Official Eric Blankenstein For His Racist Writings—She Said She'd Take Blankenstein "At Face Value" And Evaluate Where He Was At "Today."

In September 2018, *The Washington Post* Reported That Eric Blankenstein, The "Trump Appointee Responsible For Enforcing Laws Against Financial Discrimination" At The CFPB, Had Written Blog Posts In Which He Questioned "If Using The N-Word Was Inherently Racist And Claimed That The Great Majority Of Hate Crimes Were Hoaxes." "A senior Trump appointee responsible for enforcing laws against financial discrimination once questioned in blog posts written under a pen name if using the n-word was inherently racist and claimed that the great majority of hate crimes were hoaxes. Eric Blankenstein, a policy director at the Consumer Financial Protection Bureau, expressed those and other controversial views more than a decade ago on a political blog he co-authored with two other anonymous contributors." [Robert O'Harrow Jr., Renae Merle and Shawn Boburg, "Trump anti-discrimination official once called most hate crimes hoaxes," *The Washington Post,* 09/26/18]

On Her First Day At The CFPB, Kathy Kraninger Said She'd Take Eric Blankenstein "At Face Value" And Evaluate Where He Was At "Today." On her first day at the CFPB, Kathy Kraninger was asked if she would remove Eric Blankenstein from the Bureau. Kraninger said, "So I knew that question would be coming, I can tell you that I have no intention of making any personnel decisions on my first day and I'd also tell you that, and I know that all of you would appreciate it too, personnel matters are inherently confidential. Its pretty important if you're talking about how this affects people's lives to do that with the people who are affected, and to have that conversation at the appropriate time and place. And so that is certainly the way I will approach it, that's the way I've always approached it in my career. But I do recognize that the concerns have been out there, again given its day one, what I know is what I've heard from the press and so I certainly will take stock of everything going forward on that. I think it's important to, that I will take people at face value, again in where they are today and what they're doing for the bureau. 1500 employees so I'm not going to go back and look at everything they may have ever written in their lives." [Press Briefing, Consumer Financial Protection Bureau, 12/11/18]

After His Posts Were First Reported In The Media, Eric Blankenstein Was Unapologetic, Saying That He Was Only Guilty Of "Governing While Conservative."

When First Confronted Over His Writings, Eric Blankenstein Admitted That He Wrote The Blog Posts But Claimed His Only Misstep was "Governing While Conservative." "In a statement, Blankenstein acknowledged that he had written the posts but said they have no bearing on his work today. 'The insight to be gained about how I perform my job today - by reading snippets of 14 year old blog posts that have nothing to do with consumer protection law — is exactly zero,' he said. 'Any attempt to do so is a naked exercise in bad faith, and represents another nail in the coffin of civil discourse and the ability to reasonably disagree over questions of law and policy," he said. 'The need to dig up statements I wrote as a 25 year old shows that in the eyes of my critics I am not guilty of a legal infraction or neglect of my duties, but rather just governing while conservative.'" [Robert O'Harrow Jr., Shawn Boburg, and Renae Merle, "Trump anti-discrimination official once called most hate crimes hoaxes," *The Washington Post*, 09/26/18]

Blankenstein's Refusal To Take Responsibility For His Writings And His Sentiment Left Career Staff Outraged.

Dissent In The CFPB Has Grown As Senior Officials Have Questioned Blankenstein's Fitness To Lead The Office Of Fair Lending And Equal Opportunity. "What started as a single senior official at the Consumer Financial Protection Bureau voicing concerns about blog posts written 14 years ago by a top agency political appointee is rapidly becoming a rising chorus of discontent.” [Kate Berry and Rachel Witkowski, “'It is an issue for all of us': Dissent spreads at CFPB over top aide's writings,” *American Banker*, 09/30/18]

- **The CFPB’s Assistant Director Of Enforcement Said Blankenstein’s Language And Sentiments Were “‘Completely Unacceptable And Call Into Question Eric’s Ability To Lead The Fair Lending Program Specifically.’”** “Kirsten Donoghue, the CFPB’s assistant director of enforcement, became the second senior leader at the agency to question the fitness of Eric Blankenstein, her boss as policy director of supervision, enforcement and fair lending, after his past writings were uncovered that used a racial slur for African Americans and suggested most hate crimes were ‘hoaxes.’ ‘The language used, and sentiments expressed, are completely unacceptable and call into question Eric’s ability to lead the fair lending program specifically, and the division generally,’ Donoghue wrote in an email to staff late Friday, which was obtained by American Banker.” [Kate Berry and Rachel Witkowski, “'It is an issue for all of us': Dissent spreads at CFPB over top aide's writings,” *American Banker*, 09/30/18]

- **A CFPB Enforcement Attorney Said The Posts Were “Intolerable” And Suggested Calling For Blankenstein’s Resignation.** “‘This is intolerable,’ wrote a CFPB enforcement attorney, who requested that the CFPB's union demand that Mulvaney call for Blankenstein's resignation. ‘I have spoken with several colleagues — many of them women and people of color — who were deeply offended by Mr. Blankenstein’s language,’ the attorney wrote in an email obtained by American Banker. ‘They can’t fathom continuing to work under Mr. Blankenstein’s direction; and they have lost all faith in his ability to carry out the Bureau’s enforcement of our fair-lending laws in a manner that credibly ensures the protection of women, people of color, and other historically disadvantaged political minorities.’” [Kate Berry and Rachel Witkowski, “'It is an issue for all of us': Dissent spreads at CFPB over top aide's writings,” *American Banker*, 09/30/18]

- **The CFPB’s Associate Director For Supervision Said Blankenstein’s Views “‘Undermines Constructive Discourse And Is Inconsistent With The Consumer Protection And Fair Lending Mandates Of The Bureau.”** “‘Earlier Monday, Christopher D'Angelo, the CFPB's associate director for supervision, enforcement and fair lending, sent an email to staff stating: ‘Hate speech cannot be tolerated.’ ‘The suggestion that a racial slur is intended to do anything other than demean and oppress on the basis of race undermines constructive discourse and is inconsistent with the consumer protection and fair lending mandates of the Bureau,’ D'Angelo wrote, saying he had raised concerns with Mulvaney.” [Kate Berry and Rachel Witkowski, “CFPB official tries to defuse furor over his ‘provocative’ writings,” *American Banker*, 10/01/18]

Staff Uproar Over His Blog Posts Led Blankenstein To Issue An Apology… But Only For His “Choice Of Words” And “Tone And Framing.”

Eric Blankenstein Sent An Email To CFPB Staff In An Attempt To Defuse The Anger Around His Blog Posts, In Which He Apologized for “‘The Tone And Framing Of’” His Statements. “Eric Blankenstein, the CFPB’s policy director of supervision, enforcement and fair lending, said in an email to staff that he regrets his 'choice of words.' Blankenstein has come under fire for blog posts in which he suggested that people who use racial slurs are not necessarily racist and that most hate crimes were 'hoaxes.' 'The tone and framing of my statements reflected poor judgment,' Blankenstein wrote in the email to the bureau's staff, which was obtained by American Banker. 'Do I regret some of the things I wrote when I was 25—relatively fresh out of college and not yet even thinking about applying to law school—that I wouldn't write today? Absolutely. I recognize that many of you had a visceral, negative reaction to reading what I wrote in some of my old blog posts. I did too.'" [Kate Berry and Rachel Witkowski, "CFPB official tries to defuse furor over his 'provocative' writings," American Banker, 10/01/18]

Kathy Kraninger Confirmed That She Was Aware Of The Racist Blog Posts Written By Eric Blankenstein During Appearances Before Congressional Committees…But Refused To Read His Racist Words Aloud.

Kathy Kraninger Admitted That She Is Aware Of The Racist Blog Posts Written By Eric Blankenstein.

CFPB Director Kathy Kraninger Acknowledged That She Had Read About Blankenstein's Racist Blog Posts In The Press When Asked By House Financial Services Committee Chairwoman Maxine Waters About Political Appointee Eric Blankenstein In March 2019. *Chairwoman Maxine Waters:* Are you aware of this comment on the University of Virginia's honor code and acting against hate crimes, he wrote, and I quote, "Until a hood wearing KKK member is caught, why should the honor system be changed?" End Quote. Are you aware of that? *CFPB Director Kathy Kraninger:* Chairwoman I have … *Waters:* Are you aware of that? Please Ms. Kraninger just answer the question. *Kraninger:* I have read what is reported in the press, all of this took place prior…*Waters:* So you know that the press has indicated that this was something that he said? You are aware of that? *Kraninger:* I have read what has been covered in the press. I would also… *Waters:* So you are aware of the fact that this was reported in the press? You have seen, heard, or you know about that? Is that correct? *Kraninger:* That is correct, and I would note that there is an ongoing investigation… *Waters:* Thank you, that is all I need to know. Here is another quote, "Fine, let's say they called him the N-word" … This is a quote from him… "Would that make them racist or just an A-hole?" End of quote. Are you aware of that quote? *Kraninger:* Chairwoman I've stipulated that I've read the press reporting on this matter…*Waters:* OK then you are aware, you are aware that that has been quoted. Thank you very much. We will continue to move on. ["Putting Consumers First? A Semi-Annual Review of the Consumer Financial Protection Bureau," House Financial Services Committee, 03/07/19 (0:30:00)]

Kathy Kraninger Refused To Read The Racist Statements Written By Eric Blankenstein Aloud, Stating That They Are "Not Words That I Would Use."

Kathy Kraninger Refused To Read Aloud Racist Statements Written By Eric Blankenstein, Stating They Were "Not Words That I Would Use," When Asked by Sen. Sherrod Brown During A Senate Banking Committee Oversight Hearing. *Sen. Brown:* Eric Blankenstein, one of your top deputies in charge of enforcing anti-discrimination laws, his title I believe is Chief of supervision enforcement and underscore fair lending. You may remember that reporters uncovered he has a history of writing racist statements on his blog. If Mr. Hardy would come forward and please present this to the Director. These are some of the statements that Mr. Blankenstein made. If you would take a look at those. These are statements, the worst statements he made I didn't print. Some that are just really unspeakable in the halls of the Senate and unbelievable to me in the year 2018 when he said these. Would you be willing to read any of those aloud to us? His statements. *Kathy Kraninger:* Senator, the words here are not words that I would use. *Brown:* I guess that means no, right? ["The Consumer Financial Protection Bureau's Semi-Annual Report to Congress," Senate Banking Committee, 03/12/19 (46:45)]

Kathy Kraninger Defended Paul Watkins, The Head Of The CFPB's Office Of Innovation, After It Was Revealed That Worked As An Attorney For Alliance Defending Freedom, An Anti-LGBT Hate Group That Supports Recriminalizing Homosexuality.

Former CFPB Acting Director Mick Mulvaney Appointed Paul Watkins To Lead The Bureau's Newly Created Office Of Innovation And Cut Regulatory "'Red Tape.'"

In July 2018, Then-Acting Director Mick Mulvaney Appointed Paul Watkins To Lead The CFPB's New Office Of Innovation And Reduce Regulatory "Red Tape." "Bureau of Consumer Financial Protection (Bureau) Acting Director Mick Mulvaney today announced he has selected Paul Watkins to lead the Bureau's new Office of Innovation. […] 'I am confident that, under his leadership, the Office of Innovation will make significant progress in creating an environment where companies can advance new products and services without being unduly restricted by red tape that belongs in the 20th century.'" [Press Release, Consumer Financial Protection Bureau, 07/18/18]

Paul Watkins Was Senior Legal Counsel For Alliance Defending Freedom (ADF) From 2012 To 2015…

According To His Resume, Paul Watkins Was Senior Legal Counsel For Alliance Defending Freedom From 2012 To 2015. [Paul Watkins Resume, Obtained Through FOIA (CFPB-2019-0276-F)]

…But He Left It Off His LinkedIn Profile, And It Was Not Included In The Bureau's Announcement Of His Hiring.

Paul Watkins Does Not List Any Employers Between 2013 and 2015 On His LinkedIn Profile. Paul Watkins' LinkedIn Profile does not list any employers between 2013 and 2015, between his time at law firm Covington & Burling and the Arizona Attorney General's Office. [LinkedIn Profile for Paul Watkins, accessed 12/04/19]

Experience

Director, Office of Innovation
Consumer Financial Protection Bureau
Jul 2018 – Present · 1 yr 6 mos
Washington D.C. Metro Area

Head up the Office of Innovation at the Bureau tasked with promoting competition, innovation and consumer access within financial services.

Chief Counsel, Civil Litigation Division
Arizona Attorney General's Office
Jan 2015 – Jul 2018 · 3 yrs 7 mos
Phoenix, Arizona Area

Lead 150-person Civil Litigation Division enforcing state law related to consumer fraud, antitrust, tobacco, collections, environmental, bankruptcy, and civil rights. Civil Litigation Division also represents state agencies including Department of Financial Institutions, Insurance, Real Estate and Game & Fish.

Associate
Covington & Burling LLP
2008 – 2012 · 4 yrs

Securities litigation, general commercial litigation.

[LinkedIn Profile for Paul Watkins, accessed 12/04/19]

In Announcement The Hiring Of Paul Watkins, The CFPB Made No Mention Of Watkins' Work For The Alliance Defending Freedom. "Watkins comes to the Bureau from the Arizona Office of the Attorney General, where he was in charge of the office's fintech initiatives. He managed the FinTech Regulatory Sandbox, the first state fintech sandbox in the country, which allows a company limited access to the marketplace in exchange for relaxing some regulations. Watkins was also the Chief Counsel for the Civil Litigation Division. In that role, he managed the state's litigation in areas such as consumer fraud, antitrust, and civil rights. Previously, Watkins practiced at Covington & Burling LLP in San Francisco and Simpson, Thacher & Bartlett LLP in Palo Alto, Calif. He is a graduate of Hillsdale College and Harvard Law School, and a former clerk for Judge Dennis W. Shedd on the United States Court of Appeals for the Fourth Circuit." [Press Release, "Bureau of Consumer Financial Protection Announces Director for the Office of Innovation," *Consumer Financial Protection Bureau*, 07/18/18]

Alliance Defending Freedom Is Classified As A Hate Group By The Southern Poverty Law Center For Its Extremist Homophobic Agenda.

Alliance Defending Freedom Has Been Designated A Hate Group By The Southern Poverty Law Center For Its Homophobic Agenda. Alliance Defending Freedom is an "SLPC Designated Hate Group. ["Alliance Defending Freedom," Southern Poverty Law Center, accessed 05/30/19]

- **Alliance Defending Freedom "Supported The Recriminalization Of Homosexuality In The U.S. And Criminalization Abroad" And "Claims That A 'Homosexual Agenda' Will Destroy Christianity And Society."** ["Alliance Defending Freedom," Southern Poverty Law Center, accessed 05/30/19]

Kathy Kraninger Defended Paul Watkins As "Eminently Qualified" As She Suggested The Revelations About His Work With ADF Were "Unfounded, Gratuitous Attacks."

Kathy Kraninger Defended Paul Watkins In A Letter To Sen. Elizabeth Warren, Arguing Watkins Was "Eminently Qualified" And That She Would "Not Countenance Unfounded, Gratuitous Attacks On Any Bureau Staff." On June 26, 2019, Kathy Kraninger Wrote A Letter To Sen. Elizabeth Warren (D-MA) Defended Paul Watkins, Arguing "Mr. Watkins Is Eminently Qualified For The Position He Holds" And That She Would "Not Countenance Unfounded, Gratuitous Attacks On Any Bureau Staff." [Letter from Kathleen L. Kraninger to Sen. Elizabeth Warren, 06/26/19]

While Paul Watkins Worked There, Alliance Defending Freedom Co-Wrote An Arizona Bill That Would Have Allowed Businesses To Discriminate Against LGBT Individuals.

While Paul Watkins Was At Alliance Defending Freedom, The Group Co-Wrote An Arizona Bill Allowing Businesses, Individuals, And Groups To "Use Their Religious Beliefs As A Defense In A Discrimination Lawsuit." "The Arizona bill, which is headed to Gov. Jan Brewer's desk for her signature, would allow people who object to same-sex marriage to use their religious beliefs as a defense in a discrimination lawsuit. […] The Arizona bill would broaden the state's definition of the exercise of religion to include both the practice and observance of religious beliefs. It would expand those protected under the state's free-exercise-of-religion law to 'any individual, association, partnership, corporation, church, religious assembly or institution or other business organization.' The law was written by the conservative advocacy group Center for Arizona Policy and Alliance Defending Freedom, a prominent Arizona-based Christian law firm." [Sarah Pulliam Bailey, "Kansas, Arizona bills reflect national fight over gay rights vs. religious liberty," *The Washington Post*, 02/21/14]

- **In February 2014, Arizona Governor Jan Brewer Vetoed The Bill In Response To Public Backlash.** "Arizona Gov. Jan Brewer vetoed a bill Wednesday that would have allowed businesses that asserted their religious beliefs the right to deny service to gay and lesbian customers. The controversial measure faced a surge of opposition in recent days from large corporations and athletic organizations, including Delta Air Lines, the Super Bowl host committee and Major League Baseball." [Catherine E. Shoichet and Halimah Abdullah, "Arizona Gov. Jan Brewer vetoes controversial anti-gay bill, SB 1062," *CNN*, 02/26/14]

- **Paul Watkins Was Senior Legal Counsel For Alliance Defending Freedom From 2012 To 2015.** [Paul Watkins Resume, Obtained Through FOIA (CFPB-2019-0276-F)]

While Paul Watkins Worked There, Alliance Defending Freedom Petitioned The Supreme Court To Hear Their Case Defending A Photographer Who Refused Service To A Lesbian Couple.

In 2014, Alliance Defending Freedom Petitioned The Supreme Court To Hear Their Case Defending A New Mexico Photographer Who Refused Service To A Lesbian Couple. "The Supreme Court declined […] to consider whether a New Mexico photographer had a right to refuse service to a same-sex couple who wanted her to record their commitment ceremony. […] The case at the court came from Elaine and Jonathan Huguenin, whose company, Elane Photography, refused service for the 2007 commitment ceremony of a lesbian couple, Vanessa Willock and Misti Collinsworth. […] In their petition, the Huguenins and lawyer Jordan W. Lorence of the Alliance Defending Freedom mentioned religion frequently. But their plea did not cite constitutional protection of their right to freely exercise their religion. Instead, they relied on another part of the First Amendment: their right to free speech." [Robert Barnes, "Supreme Court declines case of photographer who denied service to gay couple," *The Washington Post*, 04/07/14]

- **Paul Watkins Was Senior Legal Counsel For Alliance Defending Freedom From 2012 To 2015.** [Paul Watkins Resume, Obtained Through FOIA (CFPB-2019-0276-F)]

While Paul Watkins Worked There, Alliance Defending Freedom Defended The State Of Arizona's Same-Sex Marriage Ban.

While Paul Watkins Worked For Alliance Defending Freedom, The Group's Lawyers Were Drafted By The Arizona Attorney General To Defend Its Prohibition Against Gay Marriage In A 2014 Lawsuit. "Attorneys for the state are telling a federal judge there's a good reason Arizona won't let gays marry: They can't reproduce, at least not without the help of a third person. […] While the lawsuit is against the state, the case is being defended by the Alliance Defending Freedom, a self-described 'legal ministry' formed by Christian leaders to advocate for religious liberty and marriage. Attorney General Tom Horne agreed to let that organization take the lead, naming their lawyers as special assistant attorneys general." [Howard Fischer, "Gays can't have kids, shouldn't be allowed to marry, Arizona attorneys argue," *Arizona Capitol Times*, 07/23/14]

- **"'Only Man-Woman Couples Are Capable Of Furthering The State's Interest In Linking Children To Both Of Their Biological Parents,' Argued Attorneys From The**

Alliance Defending Freedom. And They Said The Vast Majority Of Such Couples Produce Their Own Biological Children." [Howard Fischer, "Gays can't have kids, shouldn't be allowed to marry, Arizona attorneys argue," *Arizona Capitol Times*, 07/23/14]

- **Paul Watkins Was Senior Legal Counsel For Alliance Defending Freedom From 2012 To 2015.** [Paul Watkins Resume, Obtained Through FOIA (CFPB-2019-0276-F)]

Paul Watkins, As Head Of The CFPB's Innovation Office, Has Been Spearheading Efforts That Could Grant Industry Immunity From Anti-Discrimination Rules That Protect LGBTQ Consumers And Could Grant Businesses Exemptions From Fair Lending Laws.

Paul Watkins Leads The CFPB's Office Of Innovation, Which Is Responsible For The Bureau's No-Action Letter And Product Sandbox Initiatives.

The CFPB's Office of Innovation Is Led By Paul Watkins, Who Was Appointed To Reduce Regulatory "Red Tape." "Bureau of Consumer Financial Protection (Bureau) Acting Director Mick Mulvaney today announced he has selected Paul Watkins to lead the Bureau's new Office of Innovation. […] 'I am confident that, under his leadership, the Office of Innovation will make significant progress in creating an environment where companies can advance new products and services without being unduly restricted by red tape that belongs in the 20th century.'" [Press Release, Consumer Financial Protection Bureau, 07/18/18]

Paul Watkins And Office Of Innovation Staff Are The Primary Contacts For The CFPB's No-Action Letter And Product Sandbox. ["Policy on No-Action Letters and the BCFP Product Sandbox," Federal Register, 12/13/18]

Paul Watkins Has Said That The No-Action Letter Policy Could Shield Companies Not Only From CFPB Enforcement Of The Equal Credit Opportunity Act (ECOA), But Also From Liability To Other Agencies And Private Lawsuits.

Paul Watkins Has Explained That The No-Action Letter Policy Could Eliminate Companies' Liability "Not Just For The Bureau But Other Agencies Or Private Litigants." Paul Watkins explained on a podcast in February 2019, "There are several statutes that identify approval authority, TILA, ECOA, and EFTA, allowing the bureau to approve practices as compliant. The difference with a no action letter is when the bureau makes that determination, then there is not liability under that statute not just for the bureau but other agencies or private litigants." ["Bonus Episode: The CFPB Innovation Director Paul Watkins," Barefoot Innovation Group, 02/04/19 (21:01)]

Paul Watkins Emphasized That Agencies Have As Much Power To Exempt Companies From Rules As They Do To Issues Those Rules In The First Place. "It does provide more of a comprehensive sandbox like safe harbor. That's a core element of the sandbox proposal. The other element, the other main element, is inherent authority that agencies have when the agencies are granted the authority to issue rules, they're also granted the authority to exempt from those rules so long as they're not conflicting with the statute that generated the rule." ["Bonus Episode: The CFPB Innovation Director Paul Watkins," Barefoot Innovation Group, 02/04/19 (21:28)]

CFPB Director Kathy Kraninger Has Said That The Bureau's Compliance Assistance Sandbox Will Give Companies A "'Safe Harbor' From Liability" To Consumer Protection Laws, Including ECOA.

According To CFPB Director Kathy Kraninger, The Compliance Assistance Sandbox (CAS) Will Allow Businesses To Test Financial Products Or Services "Where There Is Regulatory Uncertainty" Under Existing Consumer Law, Including The Equal Credit Opportunity Act (ECOA). "First is our Compliance Assistance Sandbox or CAS policy. [...] In this sandbox, the Bureau will work with companies that are testing new financial products and services while sharing data with the Bureau. Our CAS Policy enables testing of a financial product or service where there is regulatory uncertainty arising under three enumerated consumer laws – the Truth in Lending Act, the Equal Credit Opportunity Act, and the Electronic Fund Transfer Act." [Director Kraninger's Speech at Innovation Policies Launch Event, Consumer Financial Protection Bureau, 11/19/19]

Director Kraninger Said That Since ECOA And Other Statutes "Impose A Broad Range Of Complicated Restrictions Over A Wide Variety Of Consumer Financial Products Or Services," The CAS Will Allow Businesses To "Test New Financial Products And Services" In A "'Safe Harbor' From Liability." "These three statutes impose a broad range of complicated restrictions over a wide variety of consumer financial products or services. Many innovators therefore should be able to use our sandbox to test new financial products and services without the chilling effect of concerns about triggering supervision or enforcement or creating private liability about possible violation of these laws. To help address that problem, an approved applicant participating in the sandbox will have a 'safe harbor' from liability during the testing period." [Director Kraninger's Speech at Innovation Policies Launch Event, Consumer Financial Protection Bureau, 11/19/19]

The CFPB's No-Action Letter Policy Could Grant Businesses Potentially Indefinite Exemptions From Fair Lending Laws, Safe Harbor From Federal And State Enforcement Actions, And Immunity From Private Lawsuits.

The CFPB's No-Action Letter Proposal Issued Under Former Acting Director Mick Mulvaney Would Make "The Recipient Immune From Enforcement Actions By Any Federal Or State Authorities, As Well As From Lawsuits Brought By Private Parties." "By operation of the applicable statutory provision(s), the recipient would have a 'safe harbor' from liability under the applicable statute(s) to the fullest extent permitted by these provisions as to any act done or omitted in good faith in conformity with the approval; i.e., the recipient would be immune from enforcement actions by any Federal or State authorities, as well as from lawsuits brought by private parties." ["Policy on No-Action Letters and the BCFP Product Sandbox," Federal Register, 12/13/18]

The CFPB's No-Action Letter Policy States That The Bureau Will "Not Make Supervisory Findings Or Bring A Supervisory Or Enforcement Action Against The Recipient." "[...] the Bureau will not make supervisory findings or bring a supervisory or enforcement action against the recipient predicated on the recipient's offering or providing the described aspects of the product or service under (a) its authority to prevent unfair, deceptive, or abusive acts or practices; or (b) any other identified statutory or regulatory authority within the Bureau's jurisdiction." ["Policy on No-Action Letters and the BCFP Product Sandbox," Federal Register, 12/13/18]

The No-Action Letter Policy Would Grant Businesses Exemptions From "Fair Lending Laws That Prohibit Discrimination." "Among others, the policy would permit exemptions from provisions of the laws governing mortgages, credit cards, and other forms of lending; fair lending laws that prohibit discrimination; and the laws protecting bank accounts and electronic payments." [Press Release, National Consumer Law Center, 12/11/18]

The No-Action Letter Policy Would "Effectively Grant Companies An Unlimited Enforcement Reprieve" By Eliminating The Original Policy's 3-Year Limit. "The agency also would do away with the three-year time limit for companies to be protected from potential enforcement actions when testing out products. That change would effectively grant companies an unlimited enforcement reprieve for products or services permitted through the no-action letter process." Lydia Beyoud, "CFPB Reboots No-Action Letter Policy With New Enforcement Relief," *Bloomberg,* 12/07/18]

> **The National Consumer Law Center Has Argued, "The default assumption will be that the letters would last indefinitely."** [Press Release, National Consumer Law Center, 12/11/18]

Rep. Maxine Waters (D-CA) Said The CFPB's Proposal To Loosen Its No-Action Letter Policy "Could Let Bad Actors That Abuse Consumers Off The Hook Entirely From Enforcement Action By The Agency."

Rep. Maxine Waters (D-CA) Said She Was Concerned By The CFPB's Proposal "To Significantly Loosen Its 'No-Action Letter' Policy In A Way That Could Let Bad Actors That Abuse Consumers Off The Hook Entirely From Enforcement Action By The Agency." On December 11, 2018, "following a Consumer Financial Protection Bureau

(Consumer Bureau) proposal to weaken its 'no-action letter' policy and reduce enforcement, Congresswoman Maxine Waters (D-CA), Ranking Member of the Committee on Financial Services, made the following statement: 'I am very concerned by the Consumer Bureau proposal, issued in the last days of Mick Mulvaney's leadership, to significantly loosen its 'no-action letter' policy in a way that could let bad actors that abuse consumers off the hook entirely from enforcement action by the agency. This is yet another step to weaken the Consumer Bureau and curtail its enforcement tools. While it is important for our financial regulators to encourage responsible innovation, this is a deeply irresponsible overreach that instead encourages and abets consumer abuses by putting certain financial institutions in an enforcement-free-zone.'" [Press Release, Rep. Maxine Waters, 12/11/18]

Under Kathy Kraninger, The CFPB Increased Its Focus On Financial Literacy, "Shift[ing] The Burden Of Consumer Protection From Financial Companies To Ordinary Citizens."

Under Kathy Kraninger, The CFPB Is Increasing Its Focus On Financial Literacy, A Move Consumer Advocates Believe Will Shift Responsibility From Companies To Consumers.

The CFPB "Has Increased Its Focus On Financial Literacy" A Move That Consumer Advocates Believe "Shifts The Burden Of Consumer Protection From Financial Companies To Ordinary Citizens." "Under the leadership of Kathy Kraninger, a Trump appointee who took over the agency seven months ago, the Consumer Financial Protection Bureau has increased its focus on financial literacy. The CFPB continues to boost spending on consumer education and engagement this year, after raising such spending by 76% during the fiscal year ended Sept. 30, 2018, to $77.8 million, nearly twice the level from two years earlier when Obama officials still ran the bureau. […] Democrats and consumer advocates say the education push shifts the burden of consumer protection from financial companies to ordinary citizens." [Yuka Hayashi, "Financial Watchdog Shifts From Enforcer to Educator," *The Wall Street Journal*, 07/12/19]

In Her First Months, Kathy Kraninger Held Several Meetings With Members Of Congress—Calling Into Question Her Independence—And Meetings With Industry More Frequently Than Former CFPB Director Richard Cordray Did In His First Months.

Kathy Kraninger Met With Congress "More Than Twice As Often" As Former Director Richard Cordray Did In His First Months, Prompting Questions About Her Independence.

In Her First Months, Kathy Kraninger Met With Congress "More Than Twice As Often" As Former Director Richard Cordray Did In A Similar Period, And "Some Observers Are Perplexed [...] Given That The CFPB Was Created As An Independent Agency." "In her first four and a half months on the job, Consumer Financial Protection Bureau Director Kathy Kraninger was no stranger to Capitol Hill, holding in-person meetings with lawmakers more than twice as often as her predecessor did during a similar time frame. [...] Although it is common for agency heads to meet with members of Congress leading up to their confirmation hearings, some observers are perplexed by Kraninger's outreach to lawmakers given that the CFPB was created as an independent agency." [Kate Berry, "CFPB chief's equal-opportunity calendar," *American Banker*, 06/17/19]

- **Former CFPB Director Richard Cordray Met With "Only Seven Lawmakers."** "During an equivalent time frame in 2012, former CFPB Director Richard Cordray, appointed under President Barack Obama, met face-to-face with only seven lawmakers." [Kate Berry, "CFPB chief's equal-opportunity calendar," *American Banker*, 06/17/19]

In The Same Short Timeframe, Kathy Kraninger Met With Bankers And Industry Group Leaders More Frequently Than Former CFPB Director Richard Cordray Did In His First Months.

Kathy Kraninger Met With Five More Individual Bankers In Her First Months Than Richard Cordray Did In His, In Addition To Kraninger's "Several Meetings" With Industry Group Leaders And Staff. "Meanwhile, Kraninger met with 13 individual bankers, five more than Cordray during a similar time frame. Kraninger's meetings with bank executives included one on April 16 with interim Wells Fargo CEO C. Allen Parker. She has also held several meetings with trade group CEOs and staffs." [Kate Berry, "CFPB chief's equal-opportunity calendar," *American Banker*, 06/17/19]

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]

Student Lending

Kathy Kraninger Refused To Acknowledge That There Is A Student Debt Crisis In America.

Kathy Kraninger Refused To Acknowledge That There Is A Student Debt Crisis In America.

When Questioned By Rep. Ayanna Pressley (D-MA), Kathy Kraninger Refused To Acknowledge There Is A Student Debt Crisis In America. *Rep. Pressley:* Yes or no. Would you agree that we have a student debt crisis in our country? *Kathy Kraninger:* Certainly growing student debt is a concern that we absolutely need to look at and ensure that people… *Rep. Pressley:* Yes or no, would you agree that we have student debt crisis in this country? *Kathy Kraninger:* That word is a very loaded word and for that reason… *Rep. Pressley:* I'll take that as a no. ["Putting Consumers First? A Semi-Annual Review of the Consumer Financial Protection Bureau," House Financial Services Committee, 03/07/19 (3:59:46)]

Kathy Kraninger Refused To Follow A Recommendation From The Government Accountability Office (GAO) To Hold Private Student Loan Companies More Accountable.

Kathy Kraninger Flatly Said She Wouldn't Act On A Recommendation From The Government Accountability Office To Hold Private Student Loan Companies More Accountable.

A May 2019 GAO Report Recommended That The CFPB Issues Clearer Recommendations To Private Student Loan Companies On How They Carry Out Their Student Loan Rehabilitation Programs. "A new report issued by the Government Accountability Office titled, 'Private Student Loans: Clarification from CFPB Could Help Ensure More Consistent opportunities and Treatment for Borrowers,' calls on the CFPB to provide clarification to nonbank private student loan lenders regarding private student loan rehabilitation programs." [John L. Culhane, Jr., "GAO report on private student loan rehabilitation programs calls on CFPB to provide clarification," *JD Supra*, 05/30/19]

Kathy Kraninger Responded To The Report, "Stating That The Bureau Does Not Intend To Act On This Recommendation." "Following a review of a draft copy of the GAO's report, Director Kraninger sent a letter to the GAO stating that the Bureau does not intend to act on this recommendation, observing that there is no Congressional directive for a financial institution that is not supervised by a federal banking agency to seek the Bureau's approval for a private student loan rehabilitation program nor does the FCRA indicate that the Bureau's approval would carry any consequences." [John L. Culhane, Jr., "GAO report on private student loan rehabilitation programs calls on CFPB to provide clarification," *JD Supra*, 05/30/19]

A Group Of Senators Publicly Questioned The Kraninger-CFPB's Commitment To Policing Student Loan Servicers—Telling Kraninger They Were Concerned "'That CFPB Leadership Has Abandoned Its Supervision And Enforcement Activities.'"

In April 2019, Six Senators Questioned The CFPB's Commitment To Policing Student Loan Servicers In A Letter To Kathy Kraninger, Expressing Concern "'That CFPB Leadership Has Abandoned Its Supervision And Enforcement Activities.'"

In April 2019, A Group Of Six Senators Demanded Demanded Kathy Kraninger To Prove That The CFPB Was Sufficiently Policing Student Loan Servicers. "Six Democratic senators, including two presidential candidates, sent a letter to the head of the Consumer Financial Protection Bureau on Wednesday demanding that the agency prove it is policing the companies, known as servicers, that the government pays to manage its trillion-dollar, federal student loan portfolio." [Cory Turner, "Senators To Consumer Watchdog: Prove You're Protecting Student Borrowers," *KUOW*, 04/05/19]

The Senators Wrote, "'We Are Concerned,' [...] 'That CFPB Leadership Has Abandoned Its Supervision And Enforcement Activities Related To Federal Student Loan Servicers.'" "'We are concerned,' the letter reads, 'that CFPB leadership has abandoned its supervision and enforcement activities related to federal student loan servicers. This suggests a shocking disregard for the financial well-being of our nation's public servants, including teachers, first responders, and members of the military.'" [Cory Turner, "Senators To Consumer Watchdog: Prove You're Protecting Student Borrowers," *KUOW*, 04/05/19]

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]

Other Issues

Kathy Kraninger's Brother Runs A $1.8 Billion Investment Firm That Manages Over $56 Million In Financial Services Industry Stocks.

Kathy Kraninger's Brother Runs Northcoast Asset Management, LLC, An Investment Firm That Managed Over $1.5 Billion In Assets As Of September 30, 2019.

Kathy Kraninger's Brother Is President & CEO Of An Securities And Exchange Commission (SEC) Registered Investment Advisory Firm With $1.8 Billion In Assets Under Management. "Thanks to spotting a Walsh Jesuit bus on the highway, Pat and Dave enrolled their son, David '87, followed soon by Daniel '89 and Matthew '97 into Walsh Jesuit High School. Unfortunately, Walsh Jesuit was not coed when their daughter Kathleen was ready for high school." ["Wells, Kraninger couples receive Walsh Jesuit High School's Manresa Award," *My Town NEO*, 12/08/15]

- Dan Kraninger is the President & CEO of NorthCoast Asset Management. ["Meet the Team," *NorthCoast Asset Management*, accessed 12/19/19]
- NorthCoast Asset Management, LLC "is an SEC registered investment adviser." ["NorthCoast Asset Management Brochure," *SEC Investment Adviser Public Disclosure*, June 2018]

As Of September 30, 2019, Northcoast Asset Management, LLC Managed $1,503,891,000 In Holdings. [Northcoast Asset Management SEC Form 13F Cover Page, 11/13/19]

Northcoast Asset Management Managed Over $56 Million In Financial Services Industry Stock Holdings As Of September 30, 2019.

As of September 30, 2019, NorthCoast Asset Management, LLC managed approximately $56,490,000 In Stock For The Following Financial Services Companies:

Company	**Approximate Value (As Of 09/30/19)**	**Source**
The Charles Schwab Corporation	$20,317,000	Northcoast Asset Management SEC Form 13F
Citigroup Inc.	$19,454,000	Northcoast Asset Management SEC Form 13F
Capital One Financial Corp.	$2,541,000	Northcoast Asset Management SEC Form 13F
First Bancorp PR	$2,200,000	Northcoast Asset Management SEC Form 13F

Wells Fargo	$2,010,000	Northcoast Asset Management SEC Form 13F
East West Bancorp Inc.	$1,996,000	Northcoast Asset Management SEC Form 13F
Morgan Stanley	$1,618,000	Northcoast Asset Management SEC Form 13F
First American Financial Corp.	$1,472,000	Northcoast Asset Management SEC Form 13F
Ally Financial Inc.	$1,357,000	Northcoast Asset Management SEC Form 13F
Hartford Financial Services Group Inc.	$1,088,000	Northcoast Asset Management SEC Form 13F
Mastercard	$646,000	Northcoast Asset Management SEC Form 13F
Flagstar Bancorp Inc.	$574,000	Northcoast Asset Management SEC Form 13F
Valley National Bancorp	$502,000	Northcoast Asset Management SEC Form 13F
Paypal Holdings Inc.	$439,000	Northcoast Asset Management SEC Form 13F
Meridian Bancorp Inc MD	$276,000	Northcoast Asset Management SEC Form 13F

Kathy Kraninger's Brother Runs An Investment Firm That May Invest In Student Loan Giant Sallie Mae And Invests Nearly $1.5 Million In Wells Fargo, Which Offers Student Loan Refinancing.

Kathy Kraninger's Brother's Firm "May Make Short-Term Investments" In Obligations Held By Sallie Mae, Which Is The United States' Largest Private Student Lender And Controls 55% Of The Private Loan Market.

One Of NorthCoast's Funds Disclosed It "May Make Short-Term Investments In Agency Obligations" Held By Sallie Mae. NorthCoast Asset Management's "CAN SLIM Select Growth Fund" **"**may make short-term investments in agency obligations, such as […] the Student Loan Marketing Association. […] the Student Loan Marketing Association, are supported only by the credit of the instrumentality. No assurance can be given that the U.S. government would provide financial support to U.S. government- sponsored instrumentalities if it is not obligated to do so by law." ["Statement of Additional Information," NorthCoast Asset Management, 07/29/19]

- **The Student Loan Marketing Association Is Commonly Known As Sallie Mae.** "The Student Loan Marketing Association (commonly referred to as "Sallie Mae") is the largest originator, funder and servicer of student loans in the United States." ["Student Loan Marketing Association (Sallie Mae)," *InvestingAnswers,"* accessed 11/21/18]

Sallie Mae Is The United States' "Largest Private Student Lender." [Kevin Wack, "Sallie Mae's student loan servicing changes could prove costly," *American Banker*, 10/27/19]

- **Sallie Mae Controlled 55% Of The Private Education Lending Market In 2019.** In the first quarter of 2018, Sallie Mae claimed it had "Industry leading market share in private education lending: 55% market share." ["SLM Corporation Investor Presentation," Sallie Mae, First Quarter 2018]

Kathy Kraninger's Brother's Firm Has Nearly $1.5 Million Invested In Wells Fargo, Which Offers Student Loan Refinancing.

Kathy Kraninger's Brother Runs An Investment Firm That Has Nearly $1.5 Million In Wells Fargo Stock. NorthCoast Asset Management, LLC held $2,010,000 in Wells Fargo stock as of September 30, 2019. [Northcoast Asset Management Form 13F, Securities and Exchange Commission, 11/13/19]

- **Wells Fargo "Offers Student Loans And Student Loan Refinancing."** "Wells Fargo offers student loans and student loan refinancing, which it calls private consolidation. Wells Fargo has provided student loans since the mid-1960s." [Anna Helhoski, "Wells Fargo Reviews: Student Loan Refinancing and Private Student Loans," *NerdWallet,* 09/11/18]