

1 RPTS MCCONNELL

2 DCMN HOFSTAD

3 BUSINESS MEETING TO CONSIDER A RESOLUTION

4 AUTHORIZING THE ISSUANCE OF SUBPOENAS

5 Thursday, June 12, 2014

6 House of Representatives,

7 Subcommittee on Oversight and Investigations,

8 Committee on Financial Services,

9 Washington, D.C.

10 The subcommittee met, pursuant to call, at 9:35 a.m., in
11 Room 2128, Longworth House Office Building, Hon. Patrick T.
12 McHenry [chairman of the subcommittee] presiding.

13 Present: Representatives McHenry, Bachus, Fincher,
14 Hultgren, Wagner, Rothfus, Green, Maloney, Heck, Kildee, and
15 Waters.

16 Chairman MCHENRY. The committee will come to order.

17 And, without objection, the chair is authorized to
18 declare a recess of the subcommittee at any time.

19 Pursuant to notice, I offer a resolution to authorize
20 the issuance of subpoenas to compel the testimony of certain
21 individuals. I call up the resolution and move that the
22 committee agree to the resolution.

23 The clerk will report the matter.

24 The CLERK. Resolution offered by Mr. McHenry to
25 authorize the issuance of subpoenas to compel the testimony
26 of certain individuals--

27 Chairman MCHENRY. Without objection, the resolution is
28 considered as read and open to amendment.

29 [The information follows:]

30 ***** INSERT 1-1 *****

31 Chairman MCHENRY. I recognize myself to strike the last
32 word and speak for 5 minutes.

33 Today we will consider a resolution to authorize and
34 issue subpoenas to compel the appearance and testimony of Ali
35 Naraghi, an examiner in the Southeast Regional Division of
36 Supervision, Fair Lending and Enforcement of the CFPB, and
37 Kevin Williams, a former quality monitor in the Office of
38 Consumer Response at the Consumer Financial Protection
39 Bureau.

40 The subcommittee believes that these individuals have
41 knowledge pertinent to the subcommittee's investigation of
42 allegations of improper actions at the CFPB relating to,
43 among other matters, employee discrimination and retaliation.

44 Mr. Naraghi and Mr. Williams have requested that the
45 subcommittee compel their testimony to protect their
46 interests and to guard against retaliation at the CFPB.

47 I urge my colleagues to support this matter, and I yield
48 back.

49 For what purposes does the ranking member seek--

50 Mr. GREEN. To strike the last word, Mr. Chairman.

51 Chairman MCHENRY. The gentleman is recognized for 5
52 minutes.

53 Mr. GREEN. Thank you, Mr. Chairman.

54 Let me quickly thank the staff for the outstanding work
55 it has done and continues to do on these issues. I am always

56 | appreciative of the staff for what they do, and I am
57 | especially appreciative for the way they have managed to help
58 | us with these issues.

59 | Mr. Chairman, as you know, we have started a process
60 | that is unique to Congress. We are investigating allegations
61 | that have been made; in fact, some of these allegations have
62 | not been adjudicated. This is unusual. As was said last
63 | night when I was talking to someone, we are in uncharted
64 | waters.

65 | And as we move through these uncharted waters, we have
66 | indicated some consternation and some concern with the way
67 | the hearings are being conducted, in that we believe all
68 | sides should be heard but we are hearing from one side, in
69 | many cases.

70 | Mr. Chairman, we have offered to have Mr. Cordray
71 | appear. He has said he would appear without subpoena and he
72 | would testify. We have other persons who have offered to
73 | appear--the president of the union--without subpoena to give
74 | testimony. Yet, we continue to hear from witnesses about
75 | their various allegations of discrimination. And they are
76 | whistleblowers. They have lawyers. They have the right to
77 | be subpoenaed.

78 | But today what I would like to do is this. I have said
79 | to you that we should not limit this to the CFPB only. Given
80 | that this is the new paradigm that is being set, I think we

81 | need to prepare ourselves for other agencies, as well. I
82 | think we need to prepare ourselves for banks wherein there
83 | may be allegations of discrimination.

84 | So, today, in the spirit of what you have done, in the
85 | spirit of what we are doing today, I would like to invite
86 | persons who may have some concerns--and they have lawyers,
87 | they are whistleblowers--I would like for these
88 | whistleblowers to contact my office. And I want these
89 | whistleblowers to give us information concerning their
90 | allegations of discrimination.

91 | I want to fight invidious discrimination wherever it is.
92 | It doesn't exist in one place only. This is an opportunity
93 | for us to explore some of these other venues where invidious
94 | discrimination may exist.

95 | We have had, in the past, allegations about banks. In
96 | fact, there are many banks that have settled lawsuits
97 | involving discrimination. And I am inviting persons, if you
98 | have an opportunity to visit with your lawyer and you have a
99 | lawyer, have your lawyer contact my office. We would like to
100 | explore your possibility of having your information submitted
101 | to the committee.

102 | This is an opportunity for us to explore other agencies
103 | for their acts, as well as what is happening in the Consumer
104 | Financial Protection Bureau.

105 | Let me conclude with this, Mr. Chairman. We on this

106 | side have a great deal of reluctance about the process. I
107 | have had Members who express it to me. But notwithstanding
108 | our reluctance, we want to fight discrimination. So we find
109 | ourselves in a unique position, wanting to fight
110 | discrimination but believing that a process ought to lend
111 | itself to the opportunity for all sides to be heard.

112 | Notwithstanding this, we are having to go forward. We
113 | go forward reluctantly, but we also go forward understanding
114 | that there are others who have complaints that ought to be
115 | heard, as well.

116 | So I conclude as I began. I do want persons who have
117 | complaints to contact my office, have your lawyer contact my
118 | office. I am Congressman Al Green, the ranking member on
119 | this committee. Have your lawyers contact my office so that
120 | we may gather your complaints, look at them. We cannot give
121 | you any guarantees. We don't guarantee that you will have
122 | the opportunity to do what these witnesses who are being
123 | subpoenaed will have the opportunity to do, which is to come
124 | before this committee. But we at least will have your
125 | information, and I will share it with the committee, and we
126 | will make some determination as we go forward.

127 | I think this is a fair way to conduct business, given
128 | the way we are conducting business currently. I think this
129 | is in the spirit of what we are doing currently. And I trust
130 | that all complaints of invidious discrimination will have a

131 | fair opportunity to be heard. That is what the committee
132 | appears to be doing, giving people with a complaint of
133 | invidious discrimination an opportunity to be heard.

134 | Chairman MCHENRY. Will the gentleman yield?

135 | Mr. GREEN. I will yield, of course, Mr. Chairman.

136 | Chairman MCHENRY. And I appreciate the ranking member's
137 | comments. And I concur with the ranking member's comments
138 | about the other regulators.

139 | The subcommittee ranking member and the full committee
140 | ranking member have urged this committee to hear the
141 | complaints of anyone within our jurisdiction that are
142 | like-kind to what we are hearing from the CFPB, you know.

143 | And so, in the last hearing, at the ranking member's
144 | urging, I called upon folks that are experiencing this type
145 | of discrimination and retaliation to come forward to tell
146 | their stories, and I will do so again. And if there are
147 | allegations of retaliation and discrimination within this
148 | committee's jurisdiction, come forward. Tell us your
149 | stories.

150 | We have heard devastating stories from the CFPB's
151 | employees, including the first hearing we had in this matter
152 | regarding Ms. Angela Martin, whose complaint is still not
153 | resolved and she is still suffering under that retaliation at
154 | the CFPB. These things need to be righted, and I concur with
155 | the ranking member on that. And I appreciate his career of

156 | service to this matter want to join with him.

157 | And thank you so much. And I yield back. And I am
158 | sorry to take so much of your time.

159 | Mr. GREEN. Thank you.

160 | I am sure the chairman will be fair and allow me to give
161 | additional commentary.

162 | I am absolutely in agreement, Mr. Chairman. I think we
163 | do have to hear from other agencies. But I want to make sure
164 | we include the banks. I want to make sure we include the
165 | banks in these other agencies that we are talking about.
166 | Because we get lots of complaints about discrimination in
167 | banking, about hiring and promotions within banking. We have
168 | seen lawsuits filed against banks.

169 | So you don't have to have your lawsuit finally
170 | adjudicated now to present your case to us for our
171 | consideration. We can't guarantee any results. If you are a
172 | whistleblower and you are experiencing discrimination or
173 | retaliation, this appears to be the committee to come to.
174 | And I will do my best to make sure you have an opportunity to
175 | be heard.

176 | With this said, Mr. Chairman, I thank you and I will
177 | yield back.

178 | Chairman MCHENRY. I thank the ranking member.

179 | Does any other Member seek recognition?

180 | The former chairman of the full committee, Mr. Bachus.

181 Mr. BACHUS. Right. Thank you, Mr. Chairman.

182 Chairman MCHENRY. The gentleman moves to strike the
183 last word?

184 Mr. BACHUS. I move to strike the last word.

185 Chairman MCHENRY. You are recognized for 5 minutes.

186 Mr. BACHUS. The bottom line on this hearing, I think we
187 all understand, is that these two witnesses have requested
188 that we officially subpoena them for their own protection.
189 So the purpose of this particular procedure is at the request
190 of the witnesses.

191 Mr. GREEN. Would the gentleman yield?

192 Mr. BACHUS. Yes.

193 Mr. GREEN. I absolutely agree. And there may be other
194 persons who would request an opportunity to be heard. And if
195 they are whistleblowers who have lawyers and request an
196 opportunity to be heard, we want to be fair to all of these
197 agencies.

198 We don't want to give the appearance, to my very dear
199 friend Mr. Bachus, we don't want to give the appearance that
200 this is all about the CFPB, that there is a possibility that
201 some of this intelligence will be utilized to in some way
202 cripple the CFPB. It is bigger than the CFPB.

203 And the only way we can cause it to be what it is,
204 bigger than the CFPB, is to allow others who are beyond the
205 CFPB to have an opportunity to present their cases to us for

206 | consideration, just as we are considering the case of the
207 | CFPB.

208 | Mr. BACHUS. Thank you. And I am sure, if you have
209 | those people, you will identify them to us if we have--

210 | Mr. GREEN. If the gentleman would yield? Absolutely,
211 | when they are called to my attention, I will get with the
212 | chairperson, and--

213 | Mr. BACHUS. Thank you. I yield back.

214 | Mr. GREEN. --we will make sure they are known to you.

215 | Mr. BACHUS. I yield back the balance of my time.

216 | Chairman MCHENRY. The gentleman yields back.

217 | Does any other Member wish to seek recognition?

218 | If no other Member seeks recognition, I submit for the
219 | record the--

220 | Mrs. MALONEY. A point of information?

221 | Chairman MCHENRY. Will the gentlelady turn her mike on?

222 | Mrs. MALONEY. Yes.

223 | Chairman MCHENRY. Yes?

224 | Mrs. MALONEY. I think the gentleman, the ranking
225 | member, raised a good point, that we should get input across
226 | the board. And my question is, where does that stand? Are
227 | we going to be allowed input from other places or not? What
228 | is the decision on the idea that he put forward?

229 | Chairman MCHENRY. Well, it is the intention of the
230 | chair, and as I stated in three previous hearings, to hear

231 | those complaints of discrimination or retaliation from any
232 | agency within our jurisdiction. And--

233 | Mrs. MALONEY. Okay. Great. Thank you.

234 | Chairman MCHENRY. --I renew that call--

235 | Mrs. MALONEY. Okay. Thank you. I just wanted to get
236 | it clarified. It seemed like--

237 | Chairman MCHENRY. But, so far, it has been 6 weeks
238 | since we have done that, or 5 weeks since we have done that.
239 | We have not heard from other agencies outside of the CFPB.
240 | Though we have had more folks come forward from the CFPB to
241 | tell their stories.

242 | Mrs. MALONEY. Thank you.

243 | Chairman MCHENRY. I ask unanimous consent to submit for
244 | the record two letters: one from Jason Zuckerman, who is the
245 | attorney representing Ali Naraghi; and, second, Mr. Leicester
246 | Stovell, representing Mr. Kevin Williams. Both these letters
247 | request that this committee take the action that we are
248 | taking this morning.

249 | And, without objection, that is ordered.

250 | [The information follows:]

251 | ***** COMMITTEE INSERT *****

252 Chairman MCHENRY. We will now move forward with a vote.
253 And so, a quorum present, the question occurs on agreeing to
254 the resolution.

255 Those in favor, say aye.

256 Those opposed, say nay.

257 In the opinion of the chair, the ayes have it. The ayes
258 have it, and the resolution is adopted.

259 And there being no further business before the
260 committee, we stand adjourned.

261 [Whereupon, at 9:48 a.m., the subcommittee was
262 adjourned.]