

U.S. House of Representatives
Committee on Financial Services
2129 Rayburn House Office Building
Washington, DC 20515

January 24, 2017

The Honorable Donald J. Trump
President of the United States of America
The White House
Washington, DC 20250

Dear Mr. Trump:

It has recently come to our attention that you may be considering whether you will have the legal authority to remove Richard Cordray as the Director of the Consumer Financial Protection Bureau (“CFPB” or “Bureau”) after you are sworn into office as the President of the United States on January 20, 2017. The Dodd-Frank Wall Street Reform and Consumer Protection (“Dodd-Frank”) Act established the CFPB as an independent federal agency with a limitation under 12 U.S.C. §5491(c) (3) of the President’s authority to remove the Bureau’s Director absent a finding of “inefficiency, neglect of duty, or malfeasance in office.” This limitation was intentionally included in the Dodd-Frank Act to protect the Bureau from any attempts by partisan and special interest influences to interfere with the Bureau’s efforts to protect consumers from predatory policies and products in the financial services market. We write to underscore to you that we are aware of no facts that would support Director Cordray’s removal, even under any of the steepest legal standards.

No President of the United States has ever removed the head of an independent agency for cause. The absence of any precedent suggests that “for-cause removal” is an extraordinary remedy whose use must be subjected to enhanced congressional, judicial, and public scrutiny. We are especially troubled by suggestions that your administration is seeking to twist Director Cordray’s attempts to address discrimination allegations within the CFPB as cause for removal.

As you may know, the Great Recession was particularly hard on communities of color. African American households lost 53 percent of their wealth during the crisis, while Latino households suffered losses at 66 percent¹. A great deal of that loss was a direct result of unfair, abusive, and deceptive practices by the financial services industry that specifically targeted minority populations and communities. The CFPB’s work, under Director Cordray, has been critical to vindicating the rights of minority consumers.

During his tenure, for example, the CFPB has brought nearly a dozen enforcement actions against financial service providers that overcharged or restricted access for minority borrowers, which has led to nearly \$30 million in civil monetary penalties and over \$400 million in restitution for approximately 1.4 million affected minority consumers.

¹ Pew Research Center - Social & Demographic Trends, *Wealth Gaps Rise to Record Highs Between Whites, Blacks, Hispanics* (July 26, 2011) (online at <http://www.pewsocialtrends.org/2011/07/26/wealth-gaps-rise-to-record-highsbetween-whites-blacks-hispanics>).

While the Bureau, like many other federal agencies, has dealt with allegations of racial discrimination, we support Director Cordray's efforts to root out any patterns of invidious discrimination, and to institute effective strategies to combat practices that may have disparate effects on employees of color. In doing so, Director Cordray has demonstrated his commitment to promote equal employment opportunities for all Bureau employees and to ensure that the Bureau enforces the same high standards of fairness on itself that it expects of its regulated entities.

Specifically, when an internal report designed to evaluate the Bureau's Performance Management Rating (PMR) system revealed disparate treatment for certain categories of employees several years ago, Director Cordray ensured that he confronted the problem head on by modifying the Bureau's performance rating system and compensating all past and current employees who may have potentially been harmed. Director Cordray also empowered a joint labor-management working group within the Bureau to monitor the performance rating system, identify any disparities and their causes, and recommend changes. Thus, under Director Cordray's strong leadership, the CFPB has implemented a massive programmatic overhaul that has greatly improved the Bureau's workplace and ensures that all employees are treated fairly.

In *Humphrey's Executor v. United States*², the Supreme Court acknowledged that "illimitable power of removal is not possessed by the President in respect to [independent agency heads]³." Director Cordray has done nothing to give the necessary cause for his removal from office. Therefore, we would strongly oppose any attempt by your Administration to remove Director Cordray before the expiration of his term on July 15, 2018 and would view such an action as an illegitimate abuse of power. Communities of color and, indeed, all consumers in America will benefit from having Director Cordray remain in his position and continue to independently implement the mandates imposed upon him by Congress as the Director of the CFPB.

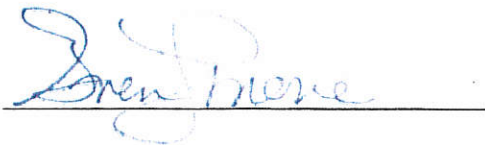
Sincerely,

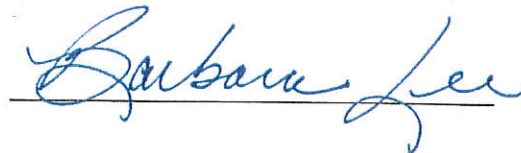


MAXINE WATERS



CEDRIC RICHMOND





² 295 U.S. 602 (1935).

³ *Id.* at 628-629.

Al Dun

Ernest Brown

Gregory W. Muka

Ge. Bitten

Alvete D. Clarke

Sheila Jackson Lee

Flynn E. Trammis

Danney G. Davis

Frederica S. Wilson

Wm. Lang. Clay

Eddie Bernice Johnson

Edgar B. ...

Brian Watson Wilson

Al Lawson

Brenda L. Lawrence

Bob ...

Keith ...

John Lewis

Spacy E. Plasket

Al Adams

Val Dimungo

James E. Clyburn
Dwight D.

Joyce Beatty
John Layton

Berni M. Thompson

Marcia L. Judge

Keith El

Hank Johnson

Jenni Sewell

Gob G. Lush

Mal

Kamran