Menendez, Senate Democrats Call on CFPB to Immediately Reinstate Consumer Advisory Board

Friday, July 13, 2018

WASHINGTON, D.C. — Senator Bob Menendez (D-N.J.), a senior member of Senate Banking Committee, led 24 of his Senate colleagues in calling on Office of Management and Budget (OMB) Director Mick Mulvaney to immediately reassemble the current Consumer Advisory Board (CAB), and to provide a plan detailing how the Consumer Financial Protection Bureau (CFPB) will meet with the board and fulfill its statutory obligations under Dodd-Frank. Last month, Mr. Mulvaney dissolved the CAB.

> "By dismissing the CAB, the CFPB is deliberately rejecting statutorily required advice from qualified professionals who are volunteering their services to the American public, with no credible explanation as to why the present CAB members are not capable of fulfilling their responsibilities," **the Senators wrote** in a letter to Mulvaney. "Importantly, you took these actions without ever meeting with the advisory board. Since assuming the mantle at the CFPB, you have failed to convene the CAB once. In 2018, you canceled two scheduled meetings with the CAB, in spite of the statutory requirement that the advisory board meet twice a year."

The Senators urged OMB Director Mulvaney to reassemble the CAB and allow members to finish their terms and to provide a detailed plan on how and when the CFPB will meet with the CAB.

Members of the CAB include representatives from industry, academia, and consumer advocacy organizations who advise and inform the CFPB of potential emerging threats to consumers, as required by Dodd-Frank. Mr. Mulvaney has limited his interactions with the CAB to one twenty-minute phone call, originally scheduled for one hour, on March 6, 2018.

Joining Senator Menendez on the letter to OMB Director Mick Mulvaney are Senators Sherrod Brown (D-Ohio), Jack Reed (D-R.I.), Elizabeth Warren (D-Mass.), Chris Van Hollen (D-Md.), Catherine Cortez Masto (D-Nev.), Angus S. King, Jr. (D-Maine), Dianne Feinstein (D-Calif.), Ron

Wyden (D-Ore.), Kirsten Gillibrand (D-N.Y.), Mazie K. Hirono (D-Hawaii), Amy Klobuchar (D-Minn.), Richard Blumenthal (D-Conn.), Cory Booker (D-N.J.), Tammy Baldwin (D-Wis.), Edward J. Markey (D-Mass.), Jeffrey A. Merkley (D-Ore.), Tina Smith (D-Minn.), Sheldon Whitehouse (D-R.I.), Tammy Duckworth (D-Ill.), Thomas R. Carper (D-Del.), Bernie Sanders (I-Vt.), Maria Cantwell (D-Wash.), Kamala D. Harris (D-Calif.), Patty Murray (D-Wash.)

The full text of the letter can be found here and below.

The Honorable Mick Mulvaney

Director

Office of Management and Budget

725 17th Street NW

Washington, DC 20503

Dear Director Mulvaney:

We are extremely alarmed that the Consumer Financial Protection Bureau (CFPB) disbanded the statutorily required Consumer Advisory Board (CAB) on June 6, 2018. We urge you to immediately reassemble the current CAB and provide us with a plan detailing how the CFPB will meet with the advisory board and fulfill its statutory obligations.

The financial crisis was caused, in part, by the fact that there was no single regulator responsible for enforcing consumer protection laws, and the regulators who shared the responsibility failed to do so. In response, Congress created the CFPB to be an independent agency focused exclusively on protecting consumers – like military families, students, and older Americans – from abusive financial practices. The CAB is an integral part of the CFPB's ability to successfully fulfill its mandate to protect consumers.

As you know, the CAB advises and consults with the CFPB on how the agency can best implement consumer protection laws. The CAB members include representatives from industry, academia, and consumer advocacy organizations; by statute, one of their responsibilities is to inform the CFPB of potential emerging threats to consumers. The advisory board was assembled to provide a balanced perspective, ensuring that neither industry nor consumer advocates dominate. For example, current membership is comprised of eleven consumer advocates, eleven industry representatives, and three academics.

As further evidence of the unbiased nature of the CAB, consumer advocates and academics are not alone in expressing their concerns with CFPB's latest actions. Industry members have also criticized the agency's decision to ignore experts' input. In response to your targeting the advisory board, Arjan Schütte, a CAB Member and Managing Partner of Core Innovation Capital, said, "It was a genuine honor to serve on the Consumer Advisory Board for more than a year. But that's completely immaterial to the systemic irresponsibility I believe Mr. Mulvaney is exhibiting to his duty to protect everyday Americans from harm." By dismissing the CAB, the CFPB is deliberately rejecting statutorily required advice from qualified professionals who are volunteering their services to the American public, with no credible explanation as to why the present CAB members are not capable of fulfilling their responsibilities.

Additionally, with no justification, you barred any current CAB members from reapplying, raising concerns that his actions are not motivated by a desire to streamline processes but by animus towards the current board members.

Importantly, you took these actions without ever meeting with the advisory board. Since assuming the mantle at the CFPB, you have failed to convene the CAB once. In 2018, you canceled two scheduled meetings with the CAB, in spite of the statutory requirement that the advisory board meet twice a year. You have limited your interactions with the CAB to one twenty-minute phone call, originally scheduled for one hour, on March 6, 2018.

Former CFPB Director Richard Cordray, and many senior staff members, met with the CAB three times a year for two days of meetings. During these meetings, CAB members advised the CFPB on how to best develop regulations over the debt collection industry, highlighted the lack of affordable credit available to minority-owned small businesses, and offered feedback on the agency's mortgage lending education materials, among other issues. For almost a year, the CFPB has effectively prevented the CAB from offering the agency their insights as consumer advocates, industry leaders, and academics. Consequently, the Bureau has not fulfilled its obligations under the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank).

To ensure the CFPB meets its statutory requirements pertaining to the CAB, we urge you to:

(1) Reassemble the CAB and allow members to finish their terms;

(2) Provide a detailed plan on how and when the CFPB will meet with the CAB and facilitate communications between the CAB and yourself, as well as with future directors, allowing the board to advise and consult with CFPB as required by Dodd-Frank;

(3) Provide details of the material covered in the twenty minute call with the CAB on March 6, 2018, and what, if anything, the CFPB learned from the call;

(4) Provide the comments to the Requests for Information (RFI) on External Engagements that were used to justify disbanding the CAB;

(5) Provide the names of all individuals and organizations that gave feedback about the composition of the CAB (within and external to the CFPB, including meetings and exchanges not included in the RFI record that CFPB staff referenced in the June 6th call as contributing to the decision to disband the CAB), the specific feedback offered by each individual and organization, the names of all CFPB staff who participated in the meetings and exchanges, the dates of all the meetings and exchanges, an indication whether they took place electronically, by phone or in person, and, if in person, the location;

(6) Provide a full accounting of your schedule for the following dates: February 28, 2018, March 1, 2018, March 6, 2018, June 6, 2018, and June 7, 2018;

(7) Clarify, through agency policy or through CAB's charter, that CAB members shall be allowed to serve their full terms unless removed for inefficiency, neglect of duty, or malfeasance; and

(8) Provide a summary of the composition of the six member CAB outlined in the new advisory board Charter, dated June 2018.

We look forward to your response by July 26, 2018.

Sincerely,

Press Contact

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