

[Banking and Finance Law Daily Wrap Up, OVERSIGHT AND INVESTIGATION—Brown urges Kraninger to cease work on the Payday Lending rule in light of misconduct allegations, \(May 5, 2020\)](#)

Banking and Finance Law Daily Wrap Up

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By [Stephanie K. Mann, J.D.](#)

Brown, along with 11 other Democratic senators, are concerned with the rulemaking process after a leaked memorandum in the *New York Times* alleged specific incident of criminal misconduct.

After recent allegations that President Trump's appointees engaged in criminal misconduct at the Consumer Financial Protection Bureau to manipulate the rulemaking process for the Payday Lending Rule, 12 Democratic senators have [encouraged](#) Bureau Director Kathy Kraninger to immediately halt work on the rule. Led by Sen. Sherrod Brown (D-Ohio), Ranking Member of the Senate Banking Committee, the [letter](#) was also signed by Sens. Elizabeth Warren (D-Mass), Doug Jones (D-Ala), Chris Van Hollen (D-Md), Catherine Cortez Masto (D-Nev), Tina Smith (D-Minn), Jack Reed (D-RI), Brian Schatz (D-Hawaii), Jon Tester (D-Mont), Robert Menendez (D-NJ), Mark R. Warner (D-Va), and Richard J. Durbin (D-III).

"The memorandum provides details of a CFPB rulemaking process that, if true, flagrantly violates the Administrative Procedure Act's requirements—in which political appointees exerted improper influence, manipulated or misinterpreted economic research, and overruled career staff to support a predetermined outcome," wrote the senators. "In light of these disturbing allegations, we urge you to halt work on the Payday Rule immediately and begin the rulemaking process anew."

On April 29, 2020, the *New York Times* published a 14-page internal memo, reportedly authored by former CFPB economist Jonathan Lanning, detailing potential political influence on the rulemaking process with the intention of undermining consumer protections in the Bureau's attempts to revise its payday lending rule. The leaked memo cites specific instances of alleged misconduct by CFPB officials (see [Banking and Finance Law Daily](#), May 4, 2020), including the "alleged persistent, repeated interference and attempts to manipulate or misinterpret research by political appointees to support their predetermined repeal outcome."

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