

NOVEMBER 26, 2019

Senators Warren and Brown Raise Alarm in Letter to CFPB amid Reports of Gender Discrimination by Goldman Sachs and the New Apple Card

CFPB under the Trump Administration has shown "little willingness" to enforce fair lending laws, raising questions about Bureau's commitment to combatting discrimination

[Text of the Letter \(PDF\)](#)

Washington, DC - United States Senator Elizabeth Warren (D-Mass.), Ranking Member of the Senate Banking, Housing, and Urban Affairs Committee Subcommittee on Financial Institutions and Consumer Protection, and Senator Sherrod Brown (D-Ohio), Ranking Member of the Senate Banking, Housing, and Urban Affairs Committee, sent a letter to Consumer Financial Protection Bureau (CFPB) Director Kathleen Kraninger, following reports of alleged gender discrimination in underwriting for the Apple Card, which is issued by Goldman Sachs. The senators are seeking information about the CFPB's enforcement of fair lending laws and whether recent changes in the leadership and structure of the CFPB have derailed those enforcement efforts.

Goldman Sachs first entered the consumer lending space in 2016, and earlier this year teamed up with Apple to launch the Apple Card, a credit card designed for use with Apple Wallet, an application on Apple's iPhone. Goldman Sachs CEO David Solomon claimed that Apple Card was the "the most successful credit-card launch ever," but according to recent complaints, Goldman Sachs offered lower credit limits to women who applied for Apple Cards than it did to similarly creditworthy men.

"These public reports raise questions on whether there is a pattern of sex discrimination in the underwriting of the Apple Card, and underscore the importance of the CFPB adequately monitoring the lending practices of financial institutions, including those like Goldman Sachs, that are new to the consumer lending space," **wrote the lawmakers.**

The Equal Credit Opportunity Act (ECOA), which the CFPB is responsible for enforcing, makes it unlawful for creditors to discriminate against applicants "on the basis of race, color, religion, national origin, sex or marital status, or age." As part of its oversight activities, the CFPB conducts examinations to determine lenders' compliance with ECOA. While the CFPB schedules these examinations based on assessments of the risks to consumers, it is not clear how the Bureau evaluates such risks for new lenders or new products, like Goldman Sachs and the Apple Card. Changes to the CFPB's structure during the Trump Administration also raise broader questions regarding the Bureau's commitment to protecting consumers from discrimination.

"We're concerned that this new structure, where many offices have varying degrees of authority, may allow new potentially discriminatory products to get to market without adequate oversight," **the lawmakers wrote.** "Adding to our alarm, under your leadership, the CFPB has shown little willingness to fulfill its statutory mandate to enforce fair lending laws."

The lawmakers requested responses by December 9, 2019 to better understand how the CFPB enforces fair lending laws and whether Apple Card faced adequate scrutiny before going to market.

Senator Warren has conducted vigorous oversight of the banking and financial sectors and of the Trump Administration's efforts to weaken the CFPB:

- In June 2019, Senator Warren asked regulators about discrimination built into automated lending decisions that resulted in Latinx and African-American borrowers being charged higher interest rates.
- In August 2019, Senator Warren, along with Representatives Raja Krishnamoorthi (D-Ill.), Ayanna Pressley (D-Mass.), and Katie Porter (D-Calif.), pressed the CFPB for information about a proposal that would indefinitely exempt financial technology companies from complying with consumer protection and anti-discrimination laws.

- At a March 2019 Senate Banking Committee hearing, Senator Warren criticized Director Kraninger for the sharp decline in enforcement actions and a significant drop in compensation to consumers.
- Senator Warren continues to raise concerns and call for the removal of Trump Administration official Eric Blankenstein, who has a history of racist writings and whose views disqualified him from overseeing the enforcement of lending discrimination law while at the CFPB. She's also called on the CFPB to fire Paul Watkins, the director of CFPB's Office of Innovation who previously represented an anti-LGBTQ hate group.
- In February 2018, Senators Warren, Brown, and Representative Maxine Waters (D-Calif.) wrote to Office of Management and Budget (OMB) Director Mulvaney about his decision to relocate the Office of Fair Lending and Equal Opportunity and to strip it of its statutorily mandated supervisory and enforcement powers while he ran the CFPB.
- In January 2018, Senator Warren and Congresswoman Waters sent a letter to Acting CFPB Director Leandra English and OMB Director Mulvaney, questioning Mulvaney's actions that benefited payday and installment lenders and raising concerns about Mulvaney's close ties to the payday loan industry.
- In May 2018, Senator Warren joined Senator Catherine Cortez Masto (D-Nev.) in sending a letter to Mark Bialek, Inspector General of the Federal Reserve System, urging him to investigate Mulvaney's actions at the CFPB after reports surfaced that Mulvaney has taken numerous actions to benefit payday lenders.

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