

# United States Senate

WASHINGTON, DC 20510

September 13, 2018

The Honorable Mick Mulvaney  
Consumer Financial Protection Bureau  
1700 G Street, NW  
Washington, D.C. 20552

Dear Mr. Mulvaney,

We are alarmed by statements the Consumer Financial Protection Bureau (CFPB) Student Loan Ombudsman made in his letter of resignation which appear to confirm longstanding concerns raised by advocates for seniors, students, servicemembers, and all hardworking families that access consumer marketplaces. The resignation letter suggests that under your leadership, supervisory and enforcement activities, marketplace reporting, and interagency cooperation are governed by political expediency rather than strict adherence to the congressionally mandated mission of the CFPB. We seek additional information so that we may evaluate the independence and effectiveness of the Ombudsman's office under your tenure.

Over the last ten months, the CFPB has effectively disbanded the Office for Students and Young Consumers and removed student loan servicing reforms from its regulatory agenda. The resignation letter suggests that, in addition to these rollbacks, the CFPB has also failed to maintain rigorous supervisory oversight of student loan servicers. At the same time, this Department of Education, which has consistently failed to hold servicers accountable, has challenged states' oversight authorities as well. The Ombudsman's concern that the CFPB is abandoning consumers is evidenced by your recently reported decision to stop protecting servicemembers and their families by ending supervisory programs for violations of the Military Lending Act. Taken together, this leaves millions of families with more than \$1.5 trillion in student loan debt forced to fend for themselves against an industry with an abundance of well-documented predatory practices and abusive behaviors.

Members of Congress and consumer advocates have raised concerns that CFPB's recent pattern of siding with special interests, whether payday lenders, lenders that rip off servicemembers, or student loan servicers, has been exacerbated by the politicization of the agency. In addition to your controversial installation as Acting Director, you appear to have rerouted key decision-making processes away from career staff in favor of input from your hand-picked political appointees. It is especially concerning that your political hires might overrule the independent judgment of the Ombudsman's office. As Director of the Office of Management and Budget, it is in your political interest to shield from criticism other agencies you oversee, such as the Department of Education. It appears that this conflict of interest has not only inhibited CFPB enforcement actions, but even the sharing of data with other federal regulators and the United States Congress.

So that we may better understand the departing Ombudsman's concerns and the CFPB's plans for protecting borrowers and ensuring a fair marketplace, please respond to the following questions no later than October 1, 2018:

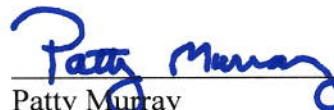
- 1) What actions has the CFPB taken to restore the Memoranda of Understanding with the Department of Education?
- 2) What actions has the CFPB taken to work with federal and state agencies to support “consumer-driven oversight of the student loan industry” and standards to strengthen the servicing practices for all student loans as recommended in the 2017 Annual Report of the CFPB Student Loan Ombudsman?
- 3) How many supervisory examinations of larger participants in the student loan servicing market has the CFPB performed in the last 10 months pursuant to the Bureau’s 2013 rulemaking? Did the examinations include the servicing of both private and federal loans?
- 4) In the last ten months, how many student loan related complaints submitted to the CFPB have resulted in investigations or enforcement actions?
- 5) In the last ten months, how many enforcement actions have career staff recommended be undertaken against student loan servicers?
- 6) Have any of these recommendations have been acted upon to date? Please provide the number of such actions you or any Bureau political appointees have approved or declined to approve.
- 7) What are your political appointees’ roles in determining the scope and timing of supervisory examinations of student loan servicers? Do the career staff of the Office for Students and Young Consumers provide input to Bureau examiners regarding scope or content of supervisory examinations?
- 8) The letter states that the CFPB suppressed a staff report “showing that the nation’s largest banks were ripping off students...by saddling them with legally dubious account fees.” Are you or any of your political appointees aware of this report? Please provide the report, any documentation relevant to the report, and an explanation for the contents of this report being withheld from Congress.

Sincerely,




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Sherrod Brown  
United States Senator





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Patty Murray  
United States Senator

  
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Jack Reed  
United States Senator

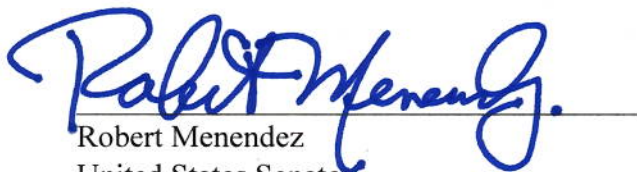
  
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Brian Schatz  
United States Senator

  
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Catherine Cortez Masto  
United States Senator

  
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Doug Jones  
United States Senator

  
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Margaret Wood Hassan  
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Chris Van Hollen  
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Robert Menendez  
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Tammy Baldwin  
United States Senator

  
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Tina Smith  
United States Senator

  
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Bernard Sanders  
United States Senator

  
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Elizabeth Warren  
United States Senator

  
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Richard Blumenthal  
United States Senator

*Dira Durbin*

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Richard J. Durbin  
United States Senator