

M E M O R A N D U M

To: Members of the Committee on Financial Services

From: FSC Majority Staff

Date: June 13, 2014

Subject: June 18, 2014, Oversight and Investigations Subcommittee Hearing
Entitled “Allegations of Discrimination and Retaliation within the
Consumer Financial Protection Bureau, Part Three”

The Subcommittee on Oversight and Investigations of the Committee on Financial Services will hold a hearing entitled “Allegations of Discrimination and Retaliation within the Consumer Financial Protection Bureau, Part Three” at 2:00 p.m. on June 18, 2014, in room 2128 of the Rayburn House Office Building. The hearing is the third in a series of hearings examining allegations of discrimination and retaliation against employees of the Consumer Financial Protection Bureau (CFPB). This will be a one-panel hearing with the following witnesses, each of whom the Subcommittee has compelled to testify by subpoena:

- Ali Naraghi, Examiner, Southeast Region, Division of Supervision, Enforcement and Fair Lending, Consumer Financial Protection Bureau
- Kevin Williams, former Quality Monitor, Office of Consumer Response, Consumer Financial Protection Bureau

A March 6, 2014, *American Banker* article titled “CFPB Staff Evaluations Show Sharp Racial Disparities” exposed serious personnel problems at the CFPB including evidence that “the CFPB’s own managers have shown distinctly different patterns in how they rate employees of different races.”¹ According to “confidential agency data” reviewed by the *American Banker*, “CFPB managers show a pattern of

¹ “CFPB Staff Evaluations Show Sharp Racial Disparities,” *American Banker*, March 6, 2014 available at http://www.americanbanker.com/issues/179_44/cfpb-staff-evaluations-show-sharp-racial-disparities-1066045-1.html.

ranking white employees distinctly better than minorities in performance reviews used to grant raises and issue bonuses. Overall, whites were twice as likely in 2013 to receive the agency's top grade than were African-American or Hispanic employees."²

At an April 2, 2014, Subcommittee hearing, Angela Martin, a current CFPB employee, testified about the discrimination and retaliation she experienced at CFPB. Misty Raucci, an outside investigator retained by CFPB to examine Ms. Martin's claims of retaliation, testified that Ms. Martin's claims were valid. Ms. Raucci also testified that a culture of exclusion, retaliation and collusion is pervasive throughout the division of CFPB in which Ms. Martin worked, the Office of Consumer Response.

At a May 21, 2014 Subcommittee hearing, two CFPB employees testified under subpoena about allegations of discrimination and retaliation at the Bureau. Liza Strong, Lead of Employee Relations for the CFPB, testified to her experiences processing Ms. Martin's complaint. Ben Konop, an attorney from CFPB's Enforcement division and the Executive Vice President, National Treasury Employees Union Chapter 335, testified that the union chapter has repeatedly raised concerns with the CFPB about its employee performance review system and pay equity.

This hearing will continue the Subcommittee's investigation into these matters. Ali Naraghi currently serves as a bank examiner in the division of Supervision, Enforcement and Fair Lending at CFPB. Mr. Naraghi will describe the discrimination and retaliation he has experienced at CFPB and will also testify about deficiencies in the bank examination process at CFPB. Kevin Williams is a former term employee of the Office of Consumer Response at CFPB. Mr. Williams will testify on the culture of discrimination and retaliation within the Office of Consumer Response as well as the mismanagement and inexperience of leaders within this Office.

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² *Id.*