

United States House of Representatives
Committee on Financial Services
2129 Rayburn House Office Building
Washington, DC 20515

January 19, 2016

The Honorable Loretta Lynch
Attorney General
U.S. Department of Justice
9500 Pennsylvania Ave, NW
Washington, D.C. 20530

Dear Attorney General Lynch:

I write to provide you with a copy of a Financial Services Committee majority staff report being released today entitled "*Unsafe at any Bureaucracy, Part II: How the Bureau of Consumer Financial Protection Removed Anti-Fraud Safeguards to Achieve Political Goals.*" This report is the second in a series documenting the disparate impact enforcement actions brought by the Bureau of Consumer Financial Protection (Bureau), in conjunction with the Department of Justice (DOJ), under the Equal Credit Opportunity Act.

As internal Bureau documents accompanying this report reveal, the Bureau is ordering a claims administrator to distribute settlement proceeds resulting from its enforcement action against Ally Financial, Inc. and Ally Bank (collectively, Ally) without first requiring recipients to verify their eligibility to receive such proceeds under penalty of perjury. While DOJ initially objected to this approach, which Bureau employees acknowledged would result in ineligible consumers receiving remuneration, the staff report reflects that a Bureau strategy to "push back at senior levels" was successful and that DOJ apparently withdrew its objection to the Bureau's planned distribution.

When Committee staff asked the Bureau's Deputy Assistant Director for Fair Lending and Equal Opportunity why the Bureau and DOJ had refrained from preventing fraud against the government by requiring claimants to verify their eligibility in writing under penalty of perjury before receiving settlement proceeds, she replied that "we are not in a position to question self-identification of race." It defies logic for federal agencies to distribute settlement funds without first verifying the eligibility of prospective recipients, particularly when the Bureau's case is premised upon a flawed statistical analysis, as conclusively demonstrated in the staff reports.

Accordingly, I hereby request that the Bureau and DOJ immediately suspend distribution of Ally settlement proceeds until such time as you have certified that all claimants have verified their eligibility in writing under penalty of perjury. To do otherwise invites fraud on a massive scale.

If you have any questions regarding this request, please have your staff contact Brian Johnson of the Committee Staff at (202) 225-7502.

Yours Respectfully,



JEB HENSARLING
Chairman

CC: The Honorable Maxine Waters, Ranking Member