

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

MEMORANDUM

To: Members of the Committee on Financial Services

From: FSC Majority Staff

Date: June 1, 2018

Re: June 6, 2018, Financial Institutions and Consumer Credit Subcommittee Hearing entitled “Improving Transparency and Accountability at the Bureau of Consumer Financial Protection”

The Subcommittee on Financial Institutions and Consumer Credit will hold a hearing entitled “Improving Transparency and Accountability at the Bureau of Consumer Financial Protection” on Wednesday, June 6, 2018, at 2:00 p.m. in room 2128 of the Rayburn House Office Building. This will be a one-panel hearing with the following witnesses:

- Mr. Steven G. Day, President, American Land Title Association
- Mr. Richard Hunt, President and CEO, Consumer Bankers Association
- Ms. Kate (Larson) Prochaska, Director, The Chamber of Commerce
- Mr. Elmer K. Whitaker, Chief Executive Officer, Whitaker Bank Corporation of Kentucky

Title X of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Pub. L. No. 111- 203) (the “Dodd-Frank Act”) created the Bureau of Consumer Financial Protection (“Bureau”) as an independent agency within the Federal Reserve System and charged it with regulating “the offering and provision of consumer financial products or services under the Federal consumer financial laws.”¹ The Bureau’s mission is to “[t]o regulate the offering and provision of consumer financial products or services under the Federal consumer financial laws and to educate and empower consumers to make better informed financial decisions.”² Title X grants the Bureau’s Director the “general authority” to “prescribe rules and issue orders and guidance” to administer, enforce, and implement federal consumer financial laws.³

¹ Dodd-Frank Act § 1011(a).

² Dodd- Frank Act § 1011(a) and 1013(d).

³ Dodd-Frank Act § 1022(b)(2).

On April 2, 2018, the Bureau issued its thirteenth Semi-Annual Report to the President and Congress. In opening pages of the report, Acting Director Mick Mulvaney expressed concerns that “the Bureau’s lack of accountability to any representative branch of government should be a warning sign that a lapse in democratic structure and republican principles has occurred. This cycle will repeat ad infinitum unless Congress acts to make it accountable to the American people.”⁴ As such, Acting Director Mulvaney requested that Congress enact four changes to establish accountability and transparency for the Bureau, including:

1. Fund the Bureau through Congressional appropriations;
2. Require legislative approval of major Bureau rules;
3. Ensure that the Director answers to the President in the exercise of executive authority; and
4. Create an independent Inspector General for the Bureau.

This hearing will discuss Acting Director Mulvaney’s recommendations as well as other reforms that would promote greater transparency and accountability at the Bureau.

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⁴ Semi-Annual Report of the Bureau of Consumer Financial Protection. Bureau of Consumer Financial Protection, April 2018, available at: <https://www.consumerfinance.gov/about-us/newsroom/cfpb-issues-semi-annual-report/>.