

**UNITED STATES HOUSE OF  
REPRESENTATIVES  
HOUSE SUBCOMMITTEE ON  
OVERSIGHT AND  
INVESTIGATIONS**

**Examining Continuing Allegations of  
Discrimination and Retaliation at the  
Consumer Financial Protection  
Bureau**

**June 25, 2104 Room 2128 Rayburn  
House Office Building 10:00 a.m.**

My name is Rob Cauldwell. I am the Union Chapter President of NTEU's Chapter 335, which represents employees of the Consumer Financial Protection Bureau (CFPB).

I would like to thank Chairman Duffy, Ranking Member Green, and the other members of the House Subcommittee on Oversight and Investigations for your time, and for allowing me to speak about the important issues of discrimination and retaliation at the CFPB.

At the outset, I would like to make two critical points. First, today's hearing should not be about me, it should be about the people who work at the CFPB. As NTEU Chapter 335's first and only Union Chapter President, I represent the employees of the bargaining unit, who are dedicated to fulfilling the CFPB's mission. I care deeply about these people.

Second, this should not be a partisan hearing. I truly believe that both parties want to fix the discrimination and retaliation problems at the CFPB, and I implore everyone here today to focus on these very human issues and do your best to avoid demagoguery. I also believe that, regardless of political ideology, we all agree with the CFPB's mission of "help[ing] consumer finance markets work by making rules more effective, by consistently and fairly enforcing those rules, and by empowering consumers to take more control over their economic lives."

CFPB employees proudly serve their country, and they deserve the Bureau to treat them in a fair and consistent manner, just like the CFPB expects financial businesses to treat consumers. Unfortunately, the CFPB has not lived up to its own standards. The word "allegations" should be removed from this hearing's title – discrimination and retaliation against CFPB employees is a fact. The CFPB's management, all the way to the very top, has not exhibited the leadership, compassion, or skills needed to satisfactorily achieve the mission set forth in the Dodd-Frank Act.

The very soul of the CFPB is at issue in this hearing. Right now, the Bureau is soulless.

Last year, when Director Cordray testified before Congress that he cared about these legitimate complaints of discrimination and retaliation, I believe he was sincere. However, actions speak much louder than words. Director Cordray's inaction over the past year has created a more discriminatory, challenging, and intimidating workplace for CFPB employees.

Last year, I would have gladly come to speak before this Subcommittee, but circumstances prevented me from doing so. I am pleased that recent events have given me the opportunity to testify about these important issues today.

An aura of retaliation permeates every facet of this agency, as facts reported in the recent American Banker article show. This Bureau has the most Equal Employment Opportunity complaints of any federal regulator this year. The potential number of EEO complaints is actually 18, not 15, as reported by the

CFPB. The CFPB says that there is no evidence of discrimination at the agency. But it has settled several cases without acknowledging discrimination. The fact that cases settle to aggrieved employees' satisfaction does not obviate the CFPB's behavior in those cases.

Even when cases settle, the Bureau's retaliation continues. Ask Angela Martin, who just wanted to do her job for the American consumer – the CFPB continued to retaliate against her after she settled her cases. Ask Ali Naraghi, who also testified last year and unfortunately suffered similar treatment to Ms. Martin. Ali's wealth of experience and knowledge were not important to the "boy's club" that leads the Supervision arm of the CFPB, which retaliated against him at every turn. The retaliation took the form of questions about work behaviors no other employees face, lack of promotional opportunities, or denial of good work assignments. Ali suffered for no reason other than that he stood up to aggressive and controlling managers like Jim Carley, the Regional Director for the Southeast Region. Jim Carley's employees have given him the nickname King James because of his harsh rule and nepotistic management style. Even his own managers complain about this retaliation and mistreatment of employees. After years of taking this abuse, Ali just announced that he is leaving the CFPB. The Bureau is losing one of its true voices of reason and fairness. His leadership, mentorship, and experience will be sorely missed.

This is what happens at the CFPB. Management runs the experienced employees off, especially the older employees, and then hires new and inexperienced people who management can shape and mold into their own image. They send these new employees, who have never worked in the industry or litigated a case in court, to training classes for two or three weeks, and then put them in charge of decision making about the institutions we supervise.

Employees who come forward to question management's behavior are buried and swept under the carpet. They either leave the agency because it is too painful and difficult to continue, like Ali Naraghi, or they hang on and suffer in the back of the bus.

EEO complaints have been filed for various reasons by African-American females, Asian females, Hispanic females, Hispanic males, GLBT employees, and older Americans with many years of experience in public service. One agency tactic is making employees who complain report daily or every couple of days to their manager "just to check in," when others on their teams do not have to do so. Another frightening management tactic is inappropriate use of performance improvement plans, or PIPs, as cover to remove older or unwanted employees.

The CFPB trains employees in the EEO process and the No Fear Act, which are supposed to protect employees and managers by separating them during complaint investigations. However, on many occasions, during investigations related to the EEO process or the Human Capital complaint process, employees have not been separated from the involved managers. Employees are left to work under the very same managers they complained about for years.

Employees who have filed complaints against the CFPB and its management have been told the agency will be "reviewing their travel charges from 2013 as a precautionary measure." Could the Bureau's retaliation tactics be more obvious?

Non-promotion and poor performance reviews are just the start. When employees file complaints, the CFPB reaches into their past to dig up irrelevant information and use it against them. This behavior gets more and more shameful every day. One CFPB lawyer has shared employees' private information with others not authorized to see that information. They ask people to accept retirement rather than admit wrongdoing. They have not followed their own rules regarding Notices of Proposed Removals, which has led to Unfair Labor Practice filings against the Bureau. The agency's leaders seem willing to sell their own souls to protect the CFPB's ideology. The examples of retaliation they are too numerous to mention.

The CFPB tells institutions across this country how not to discriminate against the American Consumer. However, they do not observe these "how not to discriminate" principles when dealing with their own

employees. Their lack of experience in these areas shows.

The relationship between the Union and the CFPB's Labor Relations office, who speaks for management, is very good. However, Labor Relations is thwarted at every turn by rogue managers. Jim Carley and his neophyte yes men tried to give an employee a fail rating. Labor Relations determined that this employee would receive a pass rating. Yet, Jim Carley acted like a child and refused to sign the employee's final review. We have to deal with such tactics on a daily basis.

CFPB employees see this behavior and know that those who have come forward have been retaliated against. The fear of retaliation is palpable. Even managers are scared to come forward. As long as this cesspool of poor behavior, discrimination, and retaliation continues, the CFPB will never be one of the best places in government to work. This is really a shame, because the Bureau's mission is so vital to the American people.

Management refuses to remove or even admonish its bad actors. The senior leadership does not have the wherewithal to even discipline those who have repeatedly proven to be poor managers. However, they did secretly reward themselves with a 5% differential pay raise. After poor performance review results, skyrocketing Equal Employment Opportunity claims, and the Subcommittee's multiple discoveries of egregious behavior, how could the CFPB's managers deserve a 5 % differential?

I said this was not about me and I meant it. I sit in a position that allows me to see much, and I believe CFPB employees deserve better.

Finally, Director Cordray is well aware of these behaviors and the fear of retaliation that permeates the Bureau. I told him myself over a year and a half ago in a meeting with him and his staff. Richard Cordray is an affable person who believes in the CFPB's mission, is probably very smart when it comes to financial issues that affect this country, and is very good at reading schedules, depositions, and the like. However, he does not possess the skills to bring positive change to the employees at this agency. If he did, the problems with discrimination and retaliation at the CFPB would not continue at the Bureau four years after its launch. We are no longer a new agency. Things have not gotten better. Things are getting worse.

This is a battle to save this soulless agency from its rudderless leadership. I cannot sit by idly as employees continue to be mistreated. I have given CFPB management every opportunity to make things better for its employees. For whatever reason, they refuse to acknowledge that a problem exists. They must admit there is a discrimination and retaliation problem so that we can have frank, meaningful discussions to fix it.

Hubris, persecution, retaliation, discrimination. These are not words one would associate with an agency that is supposed to protect American consumers from these very same vices in the financial industry. It is my belief, based on careful consideration and talks with employees for the past two years, that the Bureau does not have the capacity to clean someone else's house when they cannot get their own house in order.

I ask the Subcommittee on Oversight and Investigations for help in protecting the CFPB's employees in a non-partisan, open, and transparent manner. Congress can and should take several important steps to fix the Bureau's broken Equal Opportunity complaint process. The current process is far too lengthy for discriminated-against employees to truly receive justice. The backlogs are unacceptable. CFBP senior management must respect the advice of its Labor Relations office, and not always side with managers in employee disputes without objectively hearing both sides. There must be better respect and enforcement of employees' due process and whistleblower rights.

Finally, there needs to be an independent, delegated sole source OIG within the CFPB at all times.

Thank you for your time. I look forward to answering your questions about this sensitive and difficult topic.

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