

---

From: Czwartacki, John S. EOP/OMB  
<john.s.czwartacki@omb.eop.gov>  
To: Czwartacki, John (Detailee)(CFPB)  
</o=cfpbexc/ou=exchange administrative group  
(fydibohf23spdlt)/cn=recipients/cn=czwartacki, john201>  
Cc:  
Bcc:  
Subject: Fwd: [EXTERNAL] Reuters: Exclusive: U.S. consumer protection official puts Equifax  
probe on ice - sources  
Date: Mon Feb 05 2018 07:54:40 EST  
Attachments:

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Sent from my iPhone

Begin forwarded message:

From: "Shah, Raj S. EOP/WHO" (b)(6)  
Date: February 5, 2018 at 6:29:57 AM EST  
To: "Czwartacki, John S. EOP/OMB" <John.S.Czwartacki@omb.eop.gov<mailto:John.S.  
Czwartacki@omb.eop.gov>>  
Cc: "Kennedy, Adam R. EOP/WHO" (b)(6)

(b)(6)

Subject: Fwd: [EXTERNAL] Reuters: Exclusive: U.S. consumer protection official puts Equifax probe on  
ice - sources

A version of this referred to CFPB is ok?

The CFPB has the tools to examine a data breach like Equifax, said John Czwartacki, a spokesman, but the agency is not permitted to acknowledge an open investigation. "The bureau has the desire, expertise, and know-how in-house to vigorously pursue hypothetical matters such as these," he said.

Sent from my iPhone

Begin forwarded message:

From: Comms Alert <CommsAlert@gop.com<mailto:CommsAlert@gop.com>>  
Date: February 5, 2018 at 6:22:27 AM EST  
To: undisclosed-recipients;;  
Subject: [EXTERNAL] Reuters: Exclusive: U.S. consumer protection official puts Equifax probe on ice -  
sources

Exclusive: U.S. consumer protection official puts Equifax probe on ice – sources

Reuters

Patrick Rucker

February 5, 2018 – 1:14 AM

><https://www.reuters.com/article/us-usa-equifax-cfpb/exclusive-u-s-consumer-protection-official-puts-equifax-probe-on-ice-sources-idUSKBN1FP0IZ><

WASHINGTON (Reuters) - Mick Mulvaney, head of the Consumer Financial Protection Bureau, has pulled back from a full-scale probe of how Equifax Inc failed to protect the personal data of millions of consumers, according to people familiar with the matter.

Equifax (EFX.N) said in September that hackers stole personal data it had collected on some 143 million Americans. Richard Cordray, then the CFPB director, authorized an investigation that month, said former officials familiar with the probe.

But Cordray resigned in November and was replaced by Mulvaney, President Donald Trump's budget chief. The CFPB effort against Equifax has sputtered since then, said several government and industry sources, raising questions about how Mulvaney will police a data-warehousing industry that has enormous sway over how much consumers pay to borrow money.

The CFPB has the tools to examine a data breach like Equifax, said John Czwartacki, a spokesman, but the agency is not permitted to acknowledge an open investigation. "The bureau has the desire, expertise, and know-how in-house to vigorously pursue hypothetical matters such as these," he said.

Three sources say, though, Mulvaney, the new CFPB chief, has not ordered subpoenas against Equifax or sought sworn testimony from executives, routine steps when launching a full-scale probe. Meanwhile the CFPB has shelved plans for on-the-ground tests of how Equifax protects data, an idea backed by Cordray.

The CFPB also recently rebuffed bank regulators at the Federal Reserve, Federal Deposit Insurance Corp and Office of the Comptroller of the Currency when they offered to help with on-site exams of credit bureaus, said two sources familiar with the matter.

Equifax has said it is under investigation by every state attorney general and faces more than 240 class action lawsuits.

The Federal Trade Commission is examining the breach and the company may face financial penalties. The last time the FTC penalized a major credit bureau was in 2012, a \$393,000 settlement with Equifax.

In contrast, the CFPB fined credit bureaus more than \$25 million just last year for over-marketing its monitoring services, which generated monthly fees.

The FTC confirmed in September it was investigating Equifax but a spokesman declined further comment.

Credit bureaus like Equifax, TransUnion and Experian collect and store personal information on scores of millions of consumers. Banks and other lenders rely on the information to track how consumers spend money and manage debt, then use it to decide what interest rate to charge for loans.

The Equifax breach exposed vulnerabilities in how the companies keep data safe. It also highlighted how credit bureaus exist in a regulatory gray zone where they are partly regulated by several agencies.

Under Cordray, the CFPB and FTC agreed to work together on the Equifax inquiry, sources said. But while the agencies have similar powers to investigate, only the FTC has issued a subpoena.

And while Cordray had asked bank regulators to join in fresh cyber security exams of the bureaus, last month the CFPB told the regulators that no on-site exams were planned, so their help was not needed, said three officials, who declined to be identified because they were not authorized to speak publicly.

The banking regulators declined to comment, and the credit bureaus declined to comment on their dealings with regulators.

But TransUnion said the CFPB has no authority to examine the company over cyber security concerns. "We believe that it is clear that the CFPB was not given legal authority to supervise any financial institutions with respect to cybersecurity," the company said in a statement.

The CFPB has come under sustained attack from Republicans during the seven years of its existence.

Mulvaney put a hold on much agency work when he took over in November, and said it would last at least 30 days to give him a chance to understand the job.

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From: CFPBPress </o=cfpbexc/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=press>  
To: Blankenstein, Eric (Detailee)(CFPB) </o=cfpbexc/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=blankenstein, eric0fe>; Chea, Keo (CFPB) </o=cfpbexc/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=keo.chea>; Czwartacki, John (Detailee)(CFPB) </o=cfpbexc/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=czwartacki, john201>; Doyle, Emma (Detailee)(CFPB) </o=cfpbexc/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=king doyle, emma4a7>; Ellis, Elizabeth (CFPB) </o=cfpbexc/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=elizabeth.brennan>; Fulton, Kate (CFPB) </o=cfpbexc/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=kate.fulton>; Galicia, Catherine (CFPB) </o=cfpbexc/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=catherine.galicia>; Gilford, Samuel (CFPB) </o=cfpbexc/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=samuel.gilford>; Greenwood, Sheila (CFPB) </o=cfpbexc/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=greenwood, sheila (cfpb)89a>; Hand, Delicia (CFPB) </o=cfpbexc/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=delicia.hand>; Howard, Jennifer (CFPB) </o=cfpbexc/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=jennifer.howard>; Johnson, Brian (CFPB) </o=cfpbexc/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=johnson, brian843>; Martinez, Zixta (CFPB) </o=cfpbexc/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=zixta.martinez>; Mayorga, David (CFPB) </o=cfpbexc/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=david.mayorga>; Parker Rose, Cheryl (CFPB) </o=cfpbexc/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=cheryl.rose>; Slemrod, Jonathan (CFPB) </o=cfpbexc/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=slemrod, jonathan (cfpb)ef5>; Smith, Daniel (CFPB) </o=cfpbexc/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=daniel.smith>; Sutton, Kirsten (CFPB) </o=cfpbexc/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=mork, kirsten7c6>; Welcher, Anthony (CFPB) </o=cfpbexc/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=welcher, anthony51c>  
Cc:  
Bcc:  
Subject: [PRESS] Politico: Senate Democrats 'deeply troubled' Equifax is going unpunished  
Date: Thu Feb 08 2018 13:44:36 EST  
Attachments:

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Senate Democrats 'deeply troubled' Equifax is going unpunished

By Martin Matishak

February 8, 2018

Thirty-one Senate Democrats are demanding to know if Consumer Financial Protection Bureau is slow-walking its investigation into last year's colossal Equifax data breach.

The group — led by Sen. Brian Schatz — sent a letter today to Office of Management and Budget Director Mick Mulvaney, who is temporarily overseeing the CFPB, saying they are "deeply troubled" by reports this week that Mulvaney has scaled back the agency's probe into the hack that exposed the sensitive personal information of more than 145 millions Americans.

"While we are aware of reports that the Federal Trade Commission (FTC) may be taking the lead in investigating Equifax's failure to maintain adequate data security standards, the CFPB still has a duty to investigate the harm to consumers and whether other federal consumer financial laws have been violated," wrote the group, which includes the top Democrats on the Senate's Finance, Banking, Armed Services, Budget committees.

Lawmakers "respectfully" asked Mulvaney to say whether the CFPB investigation has been stopped and who ordered such a move if so. It also asked whether the agency plans to carry out on-site inspections of Equifax and other credit bureau agencies.

Separately, the letter requests details about the CFPB's probe to-date, including information on whether Equifax employees have been interviewed and if the organization is coordinating with the FTC and other authorities.

"The responsibility of consumer reporting agencies as custodians of consumers' personal and financial information is of paramount importance to us and our constituents," the Democrats said.

<https://www.politicopro.com/cybersecurity/whiteboard/2018/02/senate-democrats-deeply-troubled-equifax-is-going-unpunished-575282>

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From: CFPBPress </o=cfpbexc/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=press>  
To: Blankenstein, Eric (Detaillee)(CFPB) </o=cfpbexc/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=blankenstein, eric0fe>; Czwartacki, John (Detaillee)(CFPB) </o=cfpbexc/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=czwartacki, john201>; Doyle, Emma (Detaillee)(CFPB) </o=cfpbexc/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=king doyle, emma4a7>; EA ADs <unknown>; Fulton, Kate (CFPB) </o=cfpbexc/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=kate.fulton>; Gilford, Samuel (CFPB) </o=cfpbexc/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=samuel.gilford>; Greenwood, Sheila (CFPB) </o=cfpbexc/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=greenwood, sheila (cfpb)89a>; Johnson, Brian (CFPB) </o=cfpbexc/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=johnson, brian843>; Mayorga, David (CFPB) </o=cfpbexc/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=david.mayorga>; Sutton, Kirsten (CFPB) </o=cfpbexc/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=mork, kirsten7c6>; Welcher, Anthony (CFPB) </o=cfpbexc/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=welcher, anthony51c>  
Cc:  
Bcc:  
Subject: [PRESS] Politico: Warren calls for crackdown on credit-reporting companies  
Date: Wed Feb 07 2018 13:46:55 EST  
Attachments:

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Warren calls for crackdown on credit-reporting companies

By Patrick Temple-West

February 7, 2018

Sen. Elizabeth Warren (D-Mass.) today called for stricter regulation of credit-reporting companies as she released a 15-page report criticizing Equifax Inc.'s response to a massive hack last year.

While highlighting Equifax's deficiencies, Warren also used the report to criticize the CFPB's acting director, Mick Mulvaney, who has reportedly pulled back from an investigation of the company.

On Monday, Reuters reported that under Mulvaney, the CFPB has not issued subpoenas against Equifax and has rebuffed bank regulators when they offered to help with on-site exams of credit bureaus.

"The American public deserves answers — and Mick Mulvaney needs to let the CFPB do its job and investigate Equifax's massive data breach, not shut it down," Warren said.

Atlanta-based Equifax in September disclosed that information potentially affecting about 145 million Americans was exposed in a cybersecurity breach. In a November regulatory filing, Equifax said the CFPB is one of the many regulators investigating the company about the hacking.

CFPB senior adviser John Czwartacki has said Mulvaney takes data security "very seriously."

"Under his direction, the CFPB is working with our partners across government on Equifax's data breach and response," Czwartacki said Tuesday. "We are committed to enforcing the law. As policy, we do not confirm or deny enforcement or supervisory matters."

Warren said her report demonstrates the need for legislation (S. 2289 (115)) that would implement new oversight for credit reporting agencies.

WHAT'S NEXT: Equifax is scheduled to report earnings after the stock markets close today.

<https://www.politicopro.com/cybersecurity/whiteboard/2018/02/warren-calls-for-crackdown-on-credit-reporting-companies-564001>

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From: Galicia, Catherine (CFPB)  
</o=cfpbexc/ou=exchange administrative group  
(fydibohf23spdlt)/cn=recipients/cn=catherine.galicia>  
To: Slemrod, Jonathan (CFPB)  
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(cfpb)ef5>; Welcher, Anthony (CFPB) </o=cfpbexc/ou=exchange  
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Cc: Martinez, Zixta (CFPB)  
</o=cfpbexc/ou=exchange administrative group  
(fydibohf23spdlt)/cn=recipients/cn=zixta.martinez>; Pippin,  
Matthew (CFPB) </o=cfpbexc/ou=exchange administrative group  
(fydibohf23spdlt)/cn=recipients/cn=matthew.pippin>; Manna,  
Meredith (CFPB) </o=cfpbexc/ou=exchange administrative group  
(fydibohf23spdlt)/cn=recipients/cn=meredith.connelly>  
Bcc:  
Subject: RE: Additional Equifax statements  
Date: Tue Feb 06 2018 14:18:38 EST  
Attachments: image001.png  
image002.png  
image003.png  
image004.png  
image005.png  
image006.png  
image007.png  
image008.png

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<https://www.klobuchar.senate.gov/public/index.cfm/news-releases?ID=A74D9ACC-1F81-4A55-B4D8-3DFEB2466403>

Klobuchar Urges the Federal Trade Commission to Increase Resources Dedicated to Investigation of Equifax after Consumer Financial Protection Bureau Pulls Back from Investigation

February 6, 2018

In September 2017, Equifax announced a security breach had exposed the personal information of as many as 145 million Americans; hackers were able to access names, Social Security numbers, birth dates and addresses

WASHINGTON, DC — U.S. Senator Amy Klobuchar (D-MN) today urged the Federal Trade Commission (FTC) to increase resources dedicated to its investigation of Equifax. Her letter follows news reports indicating that Office of Management and Budget (OMB) Director Mick Mulvaney has directed Consumer Financial Protection Bureau (CFPB) investigators to pull back from their investigation of Equifax. In September 2017, Equifax announced a security breach had exposed the personal information of as many as 145 million Americans. Hackers were able to access names, Social Security numbers, birth dates and addresses. This unprecedented attack on Americans' privacy and financial security falls under the jurisdiction of several federal agencies, including the FTC, the CFPB, and the Department of Justice (DOJ), each of which announced investigations shortly after the breach occurred. While the investigation by DOJ will seek to uncover any criminal wrongdoing, thorough civil investigations are also essential for identifying the missteps that rendered Equifax's data vulnerable to



such widespread exploitation and determining the necessary corrective actions.

"News reports yesterday indicated that Office of Management and Budget Director Mick Mulvaney has inexplicably directed CFPB investigators to pull back from their investigation of the Equifax breach. According to these reports, CFPB's investigation has been almost completely stalled, as investigators have failed to take routine investigative measures such as ordering subpoenas or seeking sworn testimony from Equifax executives," Klobuchar wrote.

"In light of this concerning development, I urge the FTC to consider increasing the resources and manpower dedicated to its own investigation of the Equifax breach announced in September 2017. The FTC is well-positioned to investigate this matter and its effect on consumers and Director Mulvaney's actions suggest that FTC may be the only independent federal agency left undertaking a thorough civil investigation. A full and fair FTC investigation now appears to be the only way that we will determine the steps needed to prevent similar attacks in the future."

The full text of the letter is below.

February 6, 2018

Dear Acting Chairman Ohlhausen and Commissioner McSweeney:

As you know, Equifax announced in September 2017 that a security breach had exposed the names, Social Security numbers, birth dates and addresses of as many as 145 million Americans.

This unprecedented attack on Americans' privacy and financial security falls under the jurisdiction of several federal agencies, including the Federal Trade Commission (FTC), the Consumer Financial Protection Bureau (CFPB), and the Department of Justice (DOJ), each of which announced investigations shortly after the breach occurred. While the investigation by DOJ will seek to uncover any criminal wrongdoing, thorough civil investigations are also essential for identifying the missteps that rendered Equifax's data vulnerable to such widespread exploitation and determining the necessary corrective actions.

Yet news reports yesterday indicated that Office of Management and Budget Director Mick Mulvaney has inexplicably directed CFPB investigators to pull back from their investigation of the Equifax breach. According to these reports, CFPB's investigation has been almost completely stalled, as investigators have failed to take routine investigative measures such as ordering subpoenas or seeking sworn testimony from Equifax executives.

In light of this concerning development, I urge the FTC to consider increasing the resources and manpower dedicated to its own investigation of the Equifax breach announced in September 2017. The FTC is well-positioned to investigate this matter and its effect on consumers and Director Mulvaney's actions suggest that FTC may be the only independent federal agency left undertaking a thorough civil investigation. A full and fair FTC investigation now appears to be the only way that we will determine the steps needed to prevent similar attacks in the future.

Thank you for your prompt attention to this matter.

Sincerely,

From: Galicia, Catherine (CFPB)

Sent: Monday, February 05, 2018 5:55 PM  
To: Slemrod, Jonathan (CFPB); Welcher, Anthony (CFPB)  
Cc: Martinez, Zixta (CFPB); Pippin, Matthew (CFPB); Manna, Meredith (CFPB)  
Subject: Additional Equifax statements

From: Galicia, Catherine (CFPB)  
Sent: Monday, February 05, 2018 3:35 PM  
To: Slemrod, Jonathan (CFPB); Welcher, Anthony (CFPB)  
Cc: Martinez, Zixta (CFPB); Pippin, Matthew (CFPB)  
Subject: RE: Senate Tweets

<https://www.brown.senate.gov/newsroom/press/release/brown-says-mulvaney-refusal-to-investigate-equifax-breach-is-malpractice>

Brown Says Mulvaney Refusal to Investigate Equifax Breach is Malpractice

Monday, February 5, 2018

WASHINGTON, D.C. — U.S. Sen. Sherrod Brown (D-DH) – ranking member of the U.S. Senate Committee on Banking, Housing, and Urban Affairs – released the following statement in response to

reports that the Consumer Financial Protection Bureau (CFPB), under orders from OMB Director Mick Mulvaney, has decided to end the investigation into the Equifax data breach, which put the personal information of 145 million consumers at risk.

"Refusing to investigate a data breach that put 145 million Americans at risk is malpractice," Brown said. "Once again, Mr. Mulvaney has made clear he will always side with special interests over the consumers who count on CFPB for help. The Administration needs to swiftly nominate a CFPB director who will protect consumers instead of letting well-connected corporations walk away scot-free."

Today's report is just the latest in a pattern of CFPB turning its back on consumers since Mulvaney took charge. One of Mulvaney's first acts was to freeze payments from the CFPB's civil penalties fund to families who were cheated by financial institutions. In January, under Mulvaney's guidance, the CFPB announced that it would delay the payday lending rule that protects consumers from predatory lenders. Mulvaney also dismissed a lawsuit against payday lenders who failed to disclose that predatory loans carried annual interest rates as high as 950 percent. He was also reported to be reconsidering whether Wells Fargo should have to pay tens of millions in fines for charging mortgage borrowers deceptive fees.

From: Galicia, Catherine (CFPB)  
Sent: Monday, February 05, 2018 3:23 PM  
To: Slemrod, Jonathan (CFPB); Welcher, Anthony (CFPB)  
Cc: Martinez, Zixta (CFPB); Pippin, Matthew (CFPB)  
Subject: FYI: Senate Tweets

<https://www.bgov.com/core/news/#!/articles/P3OSXZ6KLVR8>

Schumer: CFPB Giving 'Get Out of Jail Free' Cards to Equifax

By Holly Rosenkrantz | February 5, 2018 12:08PM ET

President Trump's CFPB leader Mick Mulvaney is a "hand-picked saboteur" who is "essentially handing out get of jail free cards," Sen. Chuck Schumer says of reports that CFPB has decided to halt its probe into Equifax.

\*\*\*\*\* "This decision to undermine the mission of the CFPB, at the expense of the middle class, is appalling, and the administration must reverse course immediately," he says



**Suzanne Bonamici**

The [redacted] should be protecting consumer financial info: it's right there in their name. Director Mulvaney should be strengthening, not dropping the

epic.org

investigation

EPIC-18-02-09-CFPB-FOIA-20180322-Production

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**Senator Bob Casey**



Instead of standing up for consumers, the Trump Admin is working to diminish  
the and surrender to special interests that put Americans at risk.

epic.org

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**Rep. Nydia Velazquez**

Payday loans prey on the most vulnerable. Last year, payday lenders in KS charged almost 1000% interest rates. The CFPB was set to take up the case until Trump-appointed Director Mick Mulvaney refused. This is how you stand up for the little guy?



### **Payday Rules Relax on Trump's Watch After Lobbying by Lenders**

The industry has gone from villain to victor, the result of a lobbying campaign that has culminated in a far friendlier approach by the Consumer Financial Protection Bureau.



**Senator Jeff Merkley**

Further proof that powerful corporations are being favored over consumers at the  
under the Trump administration. Equifax jeopardized the financial futures  
of more than 100 million Americans. Even by Trump admin standards this is  
stunningly bad.

epic.org

EPIC-18-02-09-CFPB-FOIA-20180322-Production

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## Elizabeth Warren

Another middle finger from  
s probe into the  
Americans.

to consumers; he's killed the  
that affected more than 145 million





## Sheldon Whitehouse

So now that [redacted] understands his job at [redacted], one of his first courses of action is to cancel an investigation into how [redacted] failed to protect millions of Americans' personal information? He's got it wrong -- his job is to protect American consumers.

### HuffPost

Consumer Financial Protection Bureau reportedly scales back probe of Equifax after massive data breach [huffpost/4PQCsk](#)

epic.org

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**Senator Cortez Masto**

In NV, 1.3 million people were impacted by Equifax's egregious data breach. Today, Mick Mulvaney turned his back on 145 million Americans who had their data stolen, & chose to protect Equifax instead. America needs a leader who will protect consumers, not negligent financial firms.



**Reuters Top News**

EXCLUSIVE: U.S. consumer protection official puts Equifax probe on ice - sources reuters/2GRSm5B

epic.org

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**Senator Bob Menendez**

Rumor has it the Trump Administration's next steps will be renaming the Consumer Financial Protection Bureau to Consumer Financial PUNISHMENT Bureau. (Benefits are \_\_\_\_\_ can keep their Twitter handle.)

**Senator Bob Menendez**

RED ALERT: Trump's Consumer Financial Protection Bureau retreats from Equifax investigation, apparently deciding that stolen personal data of millions of Americans is not worth their time. reuters.com/art.c/e/us-usa...

epic.org

EPIC-18-02-09-CFPB-FOIA-20180322-Production

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From: Galicia, Catherine (CFPB)  
</o=cfpbexc/ou=exchange administrative group  
(fydibohf23spdlt)/cn=recipients/cn=catherine.galicia>  
To: Slemrod, Jonathan (CFPB)  
</o=cfpbexc/ou=exchange administrative group  
(fydibohf23spdlt)/cn=recipients/cn=slemrod, jonathan  
(cfpb)ef5>; Welcher, Anthony (CFPB) </o=cfpbexc/ou=exchange  
administrative group  
(fydibohf23spdlt)/cn=recipients/cn=welcher, anthony51c>  
Cc: Martinez, Zixta (CFPB)  
</o=cfpbexc/ou=exchange administrative group  
(fydibohf23spdlt)/cn=recipients/cn=zixta.martinez>; Pippin,  
Matthew (CFPB) </o=cfpbexc/ou=exchange administrative group  
(fydibohf23spdlt)/cn=recipients/cn=matthew.pippin>; Manna,  
Meredith (CFPB) </o=cfpbexc/ou=exchange administrative group  
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Bcc:  
Subject: RE: Additional Equifax statements  
Date: Tue Feb 06 2018 18:11:01 EST  
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image012.png  
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image015.png  
image016.png  
image017.png

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A few more Equifax statements and tweets, including Senator Baldwin's letter to our IG (which I also sent in a separate email).

<https://www.facebook.com/USSenTinaSmith/posts/593952060951225>

U.S. Senator Tina Smith

1 hr ·

It's very disappointing that the Trump Administration is reportedly limiting a full-scale investigation into the Equifax hack, which exposed the personal data of close to half the country. Now President Trump and his nominee to lead the Consumer Financial Protection Bureau (CFPB) are faced with a choice: are they going to side with the 143 million people whose data was compromised, or the giant financial institution that kept the hack from the American public?

Equifax makes its money by collecting troves of data on you, compiling your credit report and credit score, and then selling that information to companies and lenders who want to use your data when they make decisions on everything from mortgages to whether you qualify for a cell phone contract. When Equifax was hacked, the data of more than 140 million Americans—including Social Security numbers and home addresses—was compromised. But for far too long, consumers had no clue that their data was stolen. A full-scale investigation into Equifax should be common sense at this point, but the Trump Administration reportedly disagrees. Americans deserve better.

I believe that Wall Street banks and big financial institutions should be held accountable when their actions harm Minnesotans and break the public's trust. Restricting the probe into Equifax would send a signal that the CFPB is no longer focused on its core mission: protecting consumers.

I'm going to be fighting to make sure there is a strong, independent watchdog for consumers at CFPB. We can't allow the agency that was created to protect consumers in the wake of the 2008 financial meltdown to become a crony of the very financial institutions that routinely take advantage of the American public

From: Galicia, Catherine (CFPB)  
Sent: Tuesday, February 06, 2018 2:19 PM  
To: Slemrod, Jonathan (CFPB); Welcher, Anthony (CFPB)

Cc: Martinez, Zixta (CFPB); Pippin, Matthew (CFPB); Manna, Meredith (CFPB)  
Subject: RE: Additional Equifax statements

<https://www.klobuchar.senate.gov/public/index.cfm/news-releases?ID=A74D9ACC-1F81-4A55-B4D8-3DFEB2466403>

## Klobuchar Urges the Federal Trade Commission to Increase Resources Dedicated to Investigation of Equifax after Consumer Financial Protection Bureau Pulls Back from Investigation

February 6, 2018

In September 2017, Equifax announced a security breach had exposed the personal information of as many as 145 million Americans; hackers were able to access names, Social Security numbers, birth dates and addresses

WASHINGTON, DC — U.S. Senator Amy Klobuchar (D-MN) today urged the Federal Trade Commission (FTC) to increase resources dedicated to its investigation of Equifax. Her letter follows news reports indicating that Office of Management and Budget (OMB) Director Mick Mulvaney has directed Consumer Financial Protection Bureau (CFPB) investigators to pull back from their investigation of Equifax. In September 2017, Equifax announced a security breach had exposed the personal information of as many as 145 million Americans. Hackers were able to access names, Social Security numbers, birth dates and addresses. This unprecedented attack on Americans' privacy and financial security falls under the jurisdiction of several federal agencies, including the FTC, the CFPB, and the Department of Justice (DOJ), each of which announced investigations shortly after the breach occurred. While the investigation by DOJ will seek to uncover any criminal wrongdoing, thorough civil investigations are also essential for identifying the missteps that rendered Equifax's data vulnerable to such widespread exploitation and determining the necessary corrective actions.

"News reports yesterday indicated that Office of Management and Budget Director Mick Mulvaney has inexplicably directed CFPB investigators to pull back from their investigation of the Equifax breach. According to these reports, CFPB's investigation has been almost completely stalled, as investigators have failed to take routine investigative measures such as ordering subpoenas or seeking sworn testimony from Equifax executives," Klobuchar wrote.

"In light of this concerning development, I urge the FTC to consider increasing the resources and manpower dedicated to its own investigation of the Equifax breach announced in September 2017. The FTC is well-positioned to investigate this matter and its effect on consumers and Director Mulvaney's actions suggest that FTC may be the only independent federal agency left undertaking a thorough civil investigation. A full and fair FTC investigation now appears to be the only way that we will determine the steps needed to prevent similar attacks in the future."

The full text of the letter is below.

February 6, 2018

Dear Acting Chairman Ohlhausen and Commissioner McSweeney:

As you know, Equifax announced in September 2017 that a security breach had exposed the names, Social Security numbers, birth dates and addresses of as many as 145 million Americans.

This unprecedented attack on Americans' privacy and financial security falls under the jurisdiction of several federal agencies, including the Federal Trade Commission (FTC), the Consumer Financial

Protection Bureau (CFPB), and the Department of Justice (DOJ), each of which announced investigations shortly after the breach occurred. While the investigation by DOJ will seek to uncover any criminal wrongdoing, thorough civil investigations are also essential for identifying the missteps that rendered Equifax's data vulnerable to such widespread exploitation and determining the necessary corrective actions.

Yet news reports yesterday indicated that Office of Management and Budget Director Mick Mulvaney has inexplicably directed CFPB investigators to pull back from their investigation of the Equifax breach. According to these reports, CFPB's investigation has been almost completely stalled, as investigators have failed to take routine investigative measures such as ordering subpoenas or seeking sworn testimony from Equifax executives.

In light of this concerning development, I urge the FTC to consider increasing the resources and manpower dedicated to its own investigation of the Equifax breach announced in September 2017. The FTC is well-positioned to investigate this matter and its effect on consumers and Director Mulvaney's actions suggest that FTC may be the only independent federal agency left undertaking a thorough civil investigation. A full and fair FTC investigation now appears to be the only way that we will determine the steps needed to prevent similar attacks in the future.

Thank you for your prompt attention to this matter.

Sincerely,

From: Galicia, Catherine (CFPB)  
Sent: Monday, February 05, 2018 5:55 PM  
To: Slemrod, Jonathan (CFPB); Welcher, Anthony (CFPB)  
Cc: Martinez, Zixta (CFPB); Pippin, Matthew (CFPB); Manna, Meredith (CFPB)  
Subject: Additional Equifax statements

From: Galicia, Catherine (CFPB)  
Sent: Monday, February 05, 2018 3:35 PM  
To: Slemrod, Jonathan (CFPB); Welcher, Anthony (CFPB)  
Cc: Martinez, Zixta (CFPB); Pippin, Matthew (CFPB)  
Subject: RE: Senate Tweets

<https://www.brown.senate.gov/newsroom/press/release/brown-says-mulvaney-refusal-to-investigate-equifax-breach-is-malpractice>

#### Brown Says Mulvaney Refusal to Investigate Equifax Breach is Malpractice

Monday, February 5, 2018

WASHINGTON, D.C. — U.S. Sen. Sherrod Brown (D-OH) – ranking member of the U.S. Senate Committee on Banking, Housing, and Urban Affairs – released the following statement in response to reports that the Consumer Financial Protection Bureau (CFPB), under orders from OMB Director Mick Mulvaney, has decided to end the investigation into the Equifax data breach, which put the personal information of 145 million consumers at risk.

“Refusing to investigate a data breach that put 145 million Americans at risk is malpractice,” Brown said. “Once again, Mr. Mulvaney has made clear he will always side with special interests over the consumers who count on CFPB for help. The Administration needs to swiftly nominate a CFPB director who will protect consumers instead of letting well-connected corporations walk away scot-free.”

Today’s report is just the latest in a pattern of CFPB turning its back on consumers since Mulvaney took charge. One of Mulvaney’s first acts was to freeze payments from the CFPB’s civil penalties fund to families who were cheated by financial institutions. In January, under Mulvaney’s guidance, the CFPB announced that it would delay the payday lending rule that protects consumers from predatory lenders. Mulvaney also dismissed a lawsuit against payday lenders who failed to disclose that predatory loans carried annual interest rates as high as 950 percent. He was also reported to be reconsidering whether Wells Fargo should have to pay tens of millions in fines for charging mortgage borrowers deceptive fees.

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Sent: Monday, February 05, 2018 3:23 PM  
To: Slemrod, Jonathan (CFPB); Welcher, Anthony (CFPB)  
Cc: Martinez, Zixta (CFPB); Pippin, Matthew (CFPB)



Subject: FYI: Senate Tweets

<https://www.bgov.com/core/news/#!/articles/P3OSXZ6KLVR8>

Schumer: CFPB Giving 'Get Out of Jail Free' Cards to Equifax

By Holly Rosenkrantz | February 5, 2018 12:08PM ET

President Trump's CFPB leader Mick Mulvaney is a "hand-picked saboteur" who is "essentially handing out get of jail free cards," Sen. Chuck Schumer says of reports that CFPB has decided to halt its probe into Equifax.

\*\*\*\*\* "This decision to undermine the mission of the CFPB, at the expense of the middle class, is appalling, and the administration must reverse course immediately," he says

**Dina Titus**

By dumping cold water on a **CFPB** Equifax investigation, Mulvaney is showing his true colors as an obstructionist and missing an opportunity to help prevent future attacks on credit bureau data. My full statement on Equifax:

“It is reckless that Director Mulvaney has not spearheaded interviews, subpoenas, and on-the-ground tests of Equifax systems during his time at CFPB. If he has squelched the investigation for good, it is a disservice to the 1.3 million Nevadans who were affected by the massive data breach and a missed opportunity to learn how to prevent future attacks on credit bureaus. He is also letting off the hook the executives who sold their shares and waited six weeks to tell the public about the breach. Mulvaney is showing his true colors as an obstructionist who is not concerned with the financial security of the nation and the hundreds of millions of people who have had their data hacked.”



**Tina Smith**

New President Trump and his nominee to lead the Consumer Financial Protection Bureau (CFPB) are faced with a choice: are they going to side with the 143 million people whose data was compromised, or the giant financial institution that kept the hack from the American public?



**Sen. Tammy Baldwin**

Today, I have called on the Inspector General to investigate whether the Trump Admin has put a probe into the \_\_\_\_\_ on ice. A data breach that threatened the sensitive, private information of more than 145 million Americans must be investigated fully by \_\_\_\_\_.

\_\_\_\_\_ Message  
\_\_\_\_\_ Date: \_\_\_\_\_  
\_\_\_\_\_ From: \_\_\_\_\_  
\_\_\_\_\_ To: \_\_\_\_\_  
\_\_\_\_\_ Subject: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_



**Chris Van Hollen**

Equifax was the biggest data breach in U.S. history, and now the **CFPB**—under Trump's management—puts the brakes on this investigation? That's totally unacceptable. We cannot let the Trump Administration abdicate their responsibility to protect American consumers.



**Reuters Top News**

Exclusive: U.S. consumer protection official puts Equifax probe on ice - sources reuters/2EFBCNg



image005.png **Rep. Paul Grijalva** Item: 16 ( Attachment 5 of 14)

Equifax's data breach impacted the financial security of millions of people — but the CFPB is dropping its investigation. The watchdog agency tasked with protecting consumers is being driven into the ground.



### Reuters Top News

Exclusive: U.S. consumer protection official puts Equifax probe on ice - sources reuters 12EF80Ng

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**Suzanne Bonamici**

The [redacted] should be protecting consumer financial info: it's right there in their name. Director Mulvaney should be strengthening, not dropping the

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investigation

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**Senator Bob Casey**



Instead of standing up for consumers, the Trump Admin is working to diminish  
the and surrender to special interests that put Americans at risk.

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**Rep. Nydia Velazquez**

Payday loans prey on the most vulnerable. Last year, payday lenders in KS charged almost 1000% interest rates. The CFPB was set to take up the case until Trump-appointed Director Mick Mulvaney refused. This is how you stand up for the little guy?



### **Payday Rules Relax on Trump's Watch After Lobbying by Lenders**

The industry has gone from villain to victor, the result of a lobbying campaign that has culminated in a far friendlier approach by the Consumer Financial Protection Bureau.



**Senator Jeff Merkley**

Further proof that powerful corporations are being favored over consumers at the  
under the Trump administration. Equifax jeopardized the financial futures  
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stunningly bad.

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## Elizabeth Warren

Another middle finger from  
s probe into the  
Americans.

to consumers; he's killed the  
that affected more than 145 million



## Sheldon Whitehouse

So now that [redacted] understands his job at [redacted], one of his first courses of action is to cancel an investigation into how [redacted] failed to protect millions of Americans' personal information? He's got it wrong -- his job is to protect American consumers.

### HuffPost

Consumer Financial Protection Bureau reportedly scales back probe of Equifax after massive data breach [huffpost/4PQCsk](#)

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**Senator Cortez Masto**

In NV, 1.3 million people were impacted by \_\_\_\_\_'s egregious data breach. Today, Mick Mulvaney turned his back on 145 million Americans who had their data stolen, & chose to protect Equifax instead. \_\_\_\_\_ needs a leader who will protect consumers, not negligent financial firms.



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From: Galicia, Catherine (CFPB)  
</o=cfpbexc/ou=exchange administrative group  
(fydibohf23spdlt)/cn=recipients/cn=catherine.galicia>  
To: Slemrod, Jonathan (CFPB)  
</o=cfpbexc/ou=exchange administrative group  
(fydibohf23spdlt)/cn=recipients/cn=slemrod, jonathan  
(cfpb)ef5>; Welcher, Anthony (CFPB) </o=cfpbexc/ou=exchange  
administrative group  
(fydibohf23spdlt)/cn=recipients/cn=welcher, anthony51c>  
Cc: Martinez, Zixta (CFPB)  
</o=cfpbexc/ou=exchange administrative group  
(fydibohf23spdlt)/cn=recipients/cn=zixta.martinez>; Pippin,  
Matthew (CFPB) </o=cfpbexc/ou=exchange administrative group  
(fydibohf23spdlt)/cn=recipients/cn=matthew.pippin>; Manna,  
Meredith (CFPB) </o=cfpbexc/ou=exchange administrative group  
(fydibohf23spdlt)/cn=recipients/cn=meredith.connelly>  
Bcc:  
Subject: Additional Equifax statements  
Date: Mon Feb 05 2018 17:54:42 EST  
Attachments: image004.png  
image005.png  
image006.png  
image007.png  
image008.png  
image009.png  
image010.png  
image011.png

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<https://www.bgov.com/core/news/#!/articles/P3OSXZ6KLVR8>

Schumer: CFPB Giving 'Get Out of Jail Free' Cards to Equifax

By Holly Rosenkrantz | February 5, 2018 12:08PM ET

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investigation

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### HuffPost

Consumer Financial Protection Bureau reportedly scales back probe of Equifax after massive data breach [huffpost/4PQCsk](#)

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EXCLUSIVE: U.S. consumer protection official puts Equifax probe on ice - sources reut.rs/2GRSm5B





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epic.org

EPIC-18-02-09-CFPB-FOIA-20180322-Production

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From: Smith, Daniel (CFPB)  
</o=cfpbexc/ou=exchange administrative group  
(fydibohf23spdlt)/cn=recipients/cn=daniel.smith>  
To: Welcher, Anthony (CFPB)  
</o=cfpbexc/ou=exchange administrative group  
(fydibohf23spdlt)/cn=recipients/cn=welcher, anthony51c>  
Cc: Howard, Jennifer (CFPB)  
</o=cfpbexc/ou=exchange administrative group  
(fydibohf23spdlt)/cn=recipients/cn=jennifer.howard>; Swartz,  
Jeff (CFPB) </o=cfpbexc/ou=exchange administrative group  
(fydibohf23spdlt)/cn=recipients/cn=jeff.swartz>  
Bcc:  
Subject: RE: American Banker  
Date: Tue Feb 06 2018 11:41:49 EST  
Attachments:

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From Equifax's 10Q:

Filed Nov 9th, 2017

## ITEM 1. LEGAL PROCEEDINGS

Cybersecurity Incident Litigation, Claims and Government Investigations. To date, more than 240 class actions have been filed by consumers against us in federal, state and Canadian courts relating to the cybersecurity incident. The plaintiffs in these cases, who purport to represent various classes of consumers, generally claim to have been harmed by alleged actions and/or omissions by Equifax in connection with the cybersecurity incident and assert a variety of common law and statutory claims seeking monetary damages, injunctive relief and other related relief. In addition, certain class actions have been filed by financial institutions who allege their businesses have been placed at risk due to the cybersecurity incident and generally assert various common law claims such as claims for negligence and breach of contract, as well as, in some cases, statutory claims. The financial institutions class actions seek compensatory damages and other related relief. Motions for consolidation and transfer for pre-trial proceedings with respect to the U.S. cases discussed above to a single U.S. District Court are pending before the U.S. Judicial Panel on Multidistrict Litigation. The Company has sought a stay of these cases pending consolidation and transfer. We have also appeared or notified the appropriate parties of representation in the Canadian class actions, but such actions are all at the preliminary stages. In addition, putative class action lawsuits have been commenced against us and certain of our current and former officers and directors alleging violations of the federal securities laws in connection with statements regarding our cybersecurity systems and controls. These complaints seek certification of a class of all persons who purchased or otherwise acquired Equifax securities during a set period of time and unspecified monetary damages, costs and attorneys' fees. We dispute the allegations in the

complaints described above and intend to defend against such claims.

In addition, we are cooperating with federal, state, city and foreign governmental agencies and officials investigating or otherwise seeking information and/or documents, including through Civil Investigative Demands, regarding the cybersecurity incident and related matters, including 50 state Attorneys General offices, as well as the District of Columbia and Puerto Rico, the Federal Trade Commission ("FTC"), the Consumer Finance Protection Bureau ("CFPB"), the U.S. Securities and Exchange Commission ("SEC"), the New York Department of Financial Services, the New York Department of State - Division of Consumer Protection, other U.S. state bank regulators, the Financial Industry Regulatory Authority ("FINRA"), certain Congressional committees of both the U.S. Senate and House of Representatives, the United Kingdom's Financial Conduct Authority ("FCA"), the Information Commissioner's Office in the United Kingdom and the Office of the Privacy Commissioner of Canada. The Enforcement Division of the FCA has opened an investigation into Equifax Ltd. (our U.K. subsidiary). In addition, a civil enforcement action has been filed by the Attorney General of Massachusetts, and lawsuits have also been filed by the Chicago City Council and City of San Francisco with respect to the cybersecurity incident alleging violations of state laws and local ordinances governing protection of personal data, consumer fraud and breach notice requirements and business practices. Although we are cooperating with these investigations and inquiries, an adverse outcome to any such investigations and inquiries could subject us to fines or other obligations, which may have an adverse effect on how we operate our business or our results of operations. In addition, we have received subpoenas with respect to investigations by the SEC and the U.S. Attorney's Office for the Northern District of Georgia regarding trading activities by certain of our employees in relation to the cybersecurity incident.

It is not possible to estimate the amount of loss or range of possible loss, if any, that might result from adverse judgments, settlements, penalties or other resolution of the above described proceedings and investigations based on the early stage of these proceedings and investigations, that alleged damages have not been specified, the uncertainty as to the certification of a class or classes and the size of any certified class, as applicable, and the lack of resolution on significant factual and legal issues.

Additional lawsuits and claims related to the cybersecurity incident may be asserted by or on behalf of consumers, customers, shareholders or others seeking damages or other related relief and additional inquiries from governmental agencies may be received or investigations by governmental agencies commenced.

Dan Smith

Assistant Director

Office of Financial Institutions and Business Liaison

Dan.Smith@cfpb.gov

(202)435-9708

Consumer Financial Protection Bureau  
consumerfinance.gov

From: Welcher, Anthony (CFPB)  
Sent: Tuesday, February 06, 2018 11:25 AM  
To: Smith, Daniel (CFPB)  
Cc: Howard, Jennifer (CFPB)  
Subject: FW: American Banker

Dan,

Do you by chance have the full statement below from Equifax anywhere?

From: Howard, Jennifer (CFPB)  
Sent: Tuesday, February 06, 2018 11:24 AM  
To: Welcher, Anthony (CFPB) <Anthony.Welcher@cfpb.gov>; Smith, Daniel (CFPB) <Daniel.Smith@cfpb.gov>; Martinez, Zixta (CFPB) <Zixta.Martinez@cfpb.gov>  
Cc: Mayorga, David (CFPB) <David.Mayorga@cfpb.gov>; CFPBPress <CFPBPress@cfpb.gov>  
Subject: RE: American Banker

If we do, Dan Smith would have it in EA.

Jen Howard

Consumer Financial Protection Bureau

E: jennifer.howard@cfpb.gov

O: 202-435-7454

C: (b)(6)

From: Welcher, Anthony (CFPB)  
Sent: Tuesday, February 06, 2018 11:22 AM  
To: Howard, Jennifer (CFPB)  
Subject: FW: American Banker

Are you able to confirm if we have a copy of this statement?:

In a statement, Equifax said it is "cooperating with agencies that are investigating or otherwise seeking information about the cybersecurity incident, including the CFPB." Marisa Salcines, an Equifax spokeswoman, said the credit bureau would not otherwise comment on an ongoing process.

From: Blankenstein, Eric (Detailee)(CFPB)  
Sent: Tuesday, February 06, 2018 10:31 AM  
To: Czwartacki, John (Detailee)(CFPB) <John.Czwartacki@cfpb.gov>; Czwartacki, John (Detailee) (CFPB) <John.Czwartacki@cfpb.gov>; Welcher, Anthony (CFPB) <Anthony.Welcher@cfpb.gov>  
Subject: American Banker

<https://www.americanbanker.com/news/is-cfpb-punting-on-equifax-its-complicated>

(b)(7)(A)

Thanks,  
Eric

Eric Blankenstein  
Senior Advisor, Director's Front Office  
Eric.Blankenstein@cfpb.gov  
202-435-5155 (office)

(b)(6) (cell)

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From: Dolan, Reilly (Detailee)(CFPB)  
</o=cfpbexc/ou=exchange administrative group  
(fydibohf23spdlt)/cn=recipients/cn=dolan, reilly955>  
To: Blankenstein, Eric (Detailee)(CFPB)  
</o=cfpbexc/ou=exchange administrative group  
(fydibohf23spdlt)/cn=recipients/cn=blankenstein, eric0fe>  
Cc:  
Bcc:  
Subject: FW: article  
Date: Tue Feb 06 2018 09:25:24 EST  
Attachments:

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FYI

From: Dolan, Reilly [mailto:JDOLAN@ftc.gov]  
Sent: Tuesday, February 06, 2018 9:23 AM  
To: Dolan, Reilly (Detailee)(CFPB)  
Subject: Fwd: article

Reuters

Exclusive: US consumer protection official puts Equifax probe on ice - sources

By Patrick Rucker

Mick Mulvaney, head of the Consumer Financial Protection Bureau, has pulled back from a full-scale probe of how Equifax Inc failed to protect the personal data of millions of consumers, according to people familiar with the matter.

Equifax (EFX.N) said in September that hackers stole personal data it had collected on some 143 million Americans. Richard Cordray, then the CFPB director, authorized an investigation that month, said former officials familiar with the probe.

But Cordray resigned in November and was replaced by Mulvaney, President Donald Trump's budget chief. The CFPB effort against Equifax has sputtered since then, said several government and industry sources, raising questions about how Mulvaney will police a data-warehousing industry that has enormous sway over how much consumers pay to borrow money.

The CFPB has the tools to examine a data breach like Equifax, said John Czwartacki, a spokesman, but the agency is not permitted to acknowledge an open investigation. "The bureau has the desire, expertise, and know-how in-house to vigorously pursue hypothetical matters such as these," he said.

Three sources say, though, Mulvaney, the new CFPB chief, has not ordered subpoenas against Equifax or sought sworn testimony from executives, routine steps when launching a full-scale probe. Meanwhile the CFPB has shelved plans for on-the-ground tests of how Equifax protects data, an idea backed by Cordray.

The CFPB also recently rebuffed bank regulators at the Federal Reserve, Federal Deposit Insurance Corp and Office of the Comptroller of the Currency when they offered to help with on-site exams of credit bureaus, said two sources familiar with the matter.

Equifax has said it is under investigation by every state attorney general and faces more than 240 class action lawsuits.

The Federal Trade Commission is examining the breach and the company may face financial penalties. The last time the FTC penalized a major credit bureau was in 2012, a \$393,000 settlement with Equifax.

In contrast, the CFPB fined credit bureaus more than \$25 million just last year for over-marketing its monitoring services, which generated monthly fees.

The FTC confirmed in September it was investigating Equifax but a spokesman declined further comment.

Credit bureaus like Equifax, TransUnion and Experian collect and store personal information on scores of millions of consumers. Banks and other lenders rely on the information to track how consumers spend money and manage debt, then use it to decide what interest rate to charge for loans.

The Equifax breach exposed vulnerabilities in how the companies keep data safe. It also highlighted how credit bureaus exist in a regulatory gray zone where they are partly regulated by several agencies.

Under Cordray, the CFPB and FTC agreed to work together on the Equifax inquiry, sources said. But while the agencies have similar powers to investigate, only the FTC has issued a subpoena.

And while Cordray had asked bank regulators to join in fresh cyber security exams of the bureaus, last month the CFPB told the regulators that no on-site exams were planned, so their help was not needed, said three officials, who declined to be identified because they were not authorized to speak publicly.

The banking regulators declined to comment, and the credit bureaus declined to comment on their dealings with regulators.

But TransUnion said the CFPB has no authority to examine the company over cyber security concerns. "We believe that it is clear that the CFPB was not given legal authority to supervise any financial institutions with respect to cybersecurity," the company said in a statement.

The CFPB has come under sustained attack from Republicans during the seven years of its existence.

Mulvaney put a hold on much agency work when he took over in November, and said it would last at least 30 days to give him a chance to understand the job.



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From: Galicia, Catherine (CFPB)  
</o=cfpbexc/ou=exchange administrative group  
(fydibohf23spdlt)/cn=recipients/cn=catherine.galicia>  
To: Slemrod, Jonathan (CFPB)  
</o=cfpbexc/ou=exchange administrative group  
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Cc: Pippin, Matthew (CFPB)  
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Bcc:  
Subject: FW: BALDWIN ON EQUIFAX  
Date: Tue Feb 06 2018 14:40:55 EST  
Attachments: Baldwin to CFPB OIG on Equifax Investigation 2.5.18.pdf

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<https://www.baldwin.senate.gov/press-releases/baldwin-calls-investigation-of-cfpb>

AFTER REPORTS THAT TRUMP ADMINISTRATION HAS PULLED BACK EQUIFAX PROBE, U.S. SENATOR TAMMY BALDWIN CALLS FOR INSPECTOR GENERAL INVESTIGATION OF CONSUMER FINANCIAL PROTECTION BUREAU

“Investigating the largest breach of consumer financial data in American history is not optional, but obligatory.”

WASHINGTON, D.C. – U.S. Senator Tammy Baldwin has asked Inspector General Mark Bialek to investigate whether the Consumer Financial Protection Bureau (CFPB) has put on ice a probe into the Equifax data breach that threatened the sensitive, private information of more than 145 million Americans.

On Monday, Reuters reported that “Mick Mulvaney, head of the Consumer Financial Protection Bureau, has pulled back from a full-scale probe of how Equifax Inc. failed to protect the personal data of millions of consumers.”

In her letter to the Inspector General, Senator Baldwin wrote, “The mission of the CFPB is to protect consumers in the financial marketplace. As such, investigating the largest breach of consumer financial data in American history is not optional, but obligatory. In fact, the CFPB initiated an investigation into Equifax under its previous leadership as part of a crucial first step to ensuring that consumer financial data is protected going forward. Media reports note that the CFPB has not issued a single subpoena for testimony from Equifax—and has even discouraged other regulators from examining the company. Given that the CFPB has the authority, resources, and expertise to direct the investigation, news of its suspension raises serious questions about the agency under the new leadership of Acting Director Mulvaney. Refusing to investigate Equifax appears to be a clear violation of the statutes that created the CFPB in Dodd-Frank. As the Inspector General, you are required to investigate violations of law, regulation, or policy at the CFPB.”

Senator Baldwin has been calling for stronger accountability for Equifax. At Senator Baldwin's insistence, Equifax executives were called before the Senate Commerce Committee last November, but failed to give direct answers to many questions posed by members of the committee. Following the hearing, Senator Baldwin sent a letter to the CEO of Equifax calling on him to provide direct notice to each and every American consumer impacted by the data breach.

The full letter to the Inspector General is available [here](#).

TAMMY BALDWIN  
WISCONSIN

COMMITTEES  
APPROPRIATIONS  
COMMERCE  
HEALTH, EDUCATION,  
LABOR, AND PENSIONS

## United States Senate

WASHINGTON, DC 20510

February 5, 2018

The Honorable Mark Bialek  
Inspector General  
Board of Governors of the Federal Reserve System  
Consumer Financial Protection Bureau  
20<sup>th</sup> Street and Constitution Avenue NW  
Washington, DC 20551

Dear Inspector General Bialek:

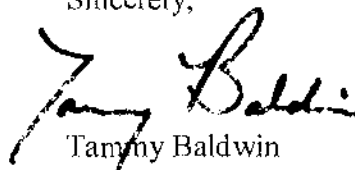
I write to you today concerned about reports that, under Acting Director Mulvaney's leadership, the Consumer Financial Protection Bureau (CFPB) has halted its full-scale investigation into the September 2016 Equifax data breach that exposed the personal data of 143 million Americans. President Trump and Acting Director Mulvaney have made their disdain for the CFPB's mission clear. As the independent oversight authority at the CFPB, I request that you investigate reports that Acting Director Mulvaney has halted the Consumer Financial Protection Bureau's investigation into Equifax. As part of a potential investigation, I would encourage you to review whether the Trump Administration's political opposition to the very existence of the CFPB played a role in the decision to halt the investigation.

The mission of the CFPB is to protect consumers in the financial marketplace. As such, investigating the largest breach of consumer financial data in American history is not optional, but obligatory. In fact, the CFPB initiated an investigation into Equifax under its previous leadership as part of a crucial first step to ensuring that consumer financial data is protected going forward.

Media reports note that the CFPB has not issued a single subpoena for testimony from Equifax—and has even discouraged other regulators from examining the company. Given that the CFPB has the authority, resources, and expertise to direct the investigation, news of its suspension raises serious questions about the agency under the new leadership of Acting Director Mulvaney.

Refusing to investigate Equifax appears to be a clear violation of the statutes that created the CFPB in Dodd-Frank. As the Inspector General, you are required to investigate violations of law, regulation, or policy at the CFPB. I appreciate your attention to this matter and stand ready to assist you in any way I can.

Sincerely,

  
Tammy Baldwin  
United States Senator

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From: CFPBPress </o=cfpbexc/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=press>  
To: CFPBPress </o=cfpbexc/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=press>  
Cc:  
Bcc:  
Subject: CFPB News Summary for Friday, February 9, 2018  
Date: Fri Feb 09 2018 09:44:50 EST  
Attachments: CFPBNewsSummary180209.doc

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Mobile version and searchable archives available at [cfpb.bulletinintelligence.com](http://cfpb.bulletinintelligence.com).

An asterisk at the end of a headline signifies a CFPB mention.

TO: THE DIRECTOR AND SENIOR STAFF

DATE: FRIDAY, FEBRUARY 9, 2018 8:00 AM EST

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- JO Supra: D.C. Circuit Court Affirms The Legality Of Captive Reinsurance Arrangements\*

- Bloomberg News: Easing Mortgage Standards Are Resulting In More Late Payments
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#### Consumer Financial Protection Bureau

Forbes: Appeals Court Gives Rogue Agency A Stay Of Execution; The Supreme Court Should Pull The Switch\*

By George Leef, Forbes

2010 was a bad year for the Constitution. Not only did Congress saddle us with the misnamed Affordable Care Act, which has caused a legal war over its highly questionable constitutionality, but it also passed the Dodd-Frank Act, which created the Consumer Financial Protection Bureau (CFPB). The CFPB was the brainchild of Senator Elizabeth Warren (D-Mass) and her idea was to make it an independent agency – amazingly, unconstitutionally independent agency.

Consider, for example, the way CFPB is funded. Unlike every other federal regulatory agency, which gets its budget through congressional appropriation, CFPB gets its money directly from the Federal Reserve. That's a glaring constitutional problem because no federal money is supposed to be spent except as appropriated by Congress – the power of the purse is given to Congress alone.

In Federalist #58, James Madison wrote that the power over spending is, "The most complete and effectual weapon with which any constitution can arm the immediate representatives of the people." It's a crucial part of our system of checks and balances between the branches of government. It promotes accountability.

<https://www.forbes.com/sites/georgeleef/2018/02/08/appeals-court-gives-rogue-agency-a-stay-of->

## The Conversation (US): Consumers Are Biggest Losers Of Trump's Ongoing War On Regulations\*

By Jeff Sovern, The Conversation (US)

President Donald Trump has been waging a war on regulation since he got into office on the ground that government red tape costs the economy billions of dollars a year.

Among the victors in this battle have been energy companies, banks and the president himself, who recently promised he's "just getting started." Perhaps the biggest losers, however, have been consumers.

The best illustration of this is the neutering of the Consumer Financial Protection Bureau, which began immediately after Mick Mulvaney stepped in as interim director in November.

<https://www.chron.com/news/article/Consumers-are-biggest-losers-of-Trump-s-ongoing-12561082.php>

## American Banker: Pink Slips Coming For Big Chunk Of Dodd-Frank Agency Staff

By Victoria Finkle, American Banker

BankThink editor Victoria Finkle writes in American Banker that the Office of Financial Research – the independent bureau of the Treasury Department designed to support the FSOC and conduct research on systemic risk – has begun laying off staff, an internal memo obtained by the publication shows.

<https://www.americanbanker.com/opinion/pink-slips-coming-for-major-portion-of-dodd-frank-agency-staff>

## Credit Union Insight: CFPB Asks For Feedback On Enforcement Processes\*

By Credit Union Insight

The CFPB on Wednesday issued a request for information to help the bureau assess the efficiency and effectiveness of its enforcement processes. This RFI is due to be published in the Federal Register Monday and will be open for comments for 60 days.

CFPB Acting Director Mick Mulvaney recently announced that the bureau will issue a series of requests to obtain public feedback on how to improve its functions and outcomes for consumers and the entities it regulates. Two other RFIs have been released so far on civil investigative demands (CIDs) and administrative adjudications; the next RFI set to be issued next week will be on supervisory processes.

The bureau, in its new request, said it would like feedback "on how best to achieve meaningful burden reduction" or other improvements to its enforcement of federal consumer financial law, while still meeting statutory objectives and being fair and transparent in its actions.

<https://www.cuinsight.com/cfpb-asks-feedback-enforcement-processes.html>

## PYMNTS: CFPB Wants Public Feedback On How It's Doing\*

By PYMNTS

The Consumer Financial Protection Bureau (CFPB) is putting out a call for public feedback on the agency's performance.

A press release announced that the Bureau is "seeking information to help assess the overall efficiency and effectiveness of its processes related to the enforcement of federal consumer financial law."

The Request for Information (RFI) – part of a review of all agency procedures that acting director Mick Mulvaney ordered last month – is intended to help the CFPB to determine "ways to improve outcomes for both consumers and covered entities."

<https://www.pymnts.com/news/cfpb/2018/cfpb-feedback-regulatory-agency-mulvaney-otting/>

## National Mortgage Professional: CFPB Issues RFI On Enforcement Process\*

By Phil Hall, National Mortgage Professional

The Consumer Financial Protection Bureau (CFPB) has issued a Request for Information (RFI) to encourage comment and insight on the agency's enforcement processes.

The new RFI is the third in a series announced by Acting Director Mick Mulvaney, who has called into question the often-onerous enforcement policies enacted by the CFPB under former director Richard Cordray. In a statement issued by the CFPB, the new RFI is being presented in order to "provide an opportunity for the public to submit feedback and suggest ways to improve outcomes for both consumers and covered entities."

The CFPB will begin accepting comments on the RFI after it is printed in the Federal Register, which is scheduled for early next week. A further RFI on the CFPB's supervisory processes is slated to be announced next week.

<https://nationalmortgageprofessional.com/news/66009/cfpb-issues-enforcement-process>

## Consumer Finance Monitor: CFPB Seeks Comment On Its Enforcement Processes\*

By Christopher J. Willis & James Kim, Consumer Finance Monitor

The CFPB has issued a request for information that seeks comment on how the agency can best achieve meaningful burden reduction or other improvement in the processes it uses to enforce federal consumer financial law while continuing to meet the CFPB's statutory objectives and ensuring a fair and transparent process. Comments on the RFI must be received no later than 60 days after the date it is published in the Federal Register, which the CFPB expects to be February 12, 2018.

The new RFI represents the third in a series of RFIs announced by Mick Mulvaney, President Trump's designee as Acting Director. The new RFI is broader than the two prior RFIs, which focused on specific aspects of enforcement. In the new RFI, the CFPB now seek comment on all aspects of its



enforcement processes but lists the following seven topics:

Communication between the CFPB and subjects of investigations, including timing and frequency of such communications and information provided by the CFPB on the status of an investigation

<https://www.consumerfinancemonitor.com/2018/02/08/cfpb-seeks-comment-on-its-enforcement-processes/>

#### Auto Remarketing: Now CFPB Wants Feedback On Enforcement Process\*

By Auto Remarketing

Along with naming a chief of staff who formerly served the chair of the House Financial Services Committee, Consumer Financial Protection Bureau acting director Mick Mulvaney is continuing to put his stamp on how the regulator operates.

The CFPB issued another request for information (RFI); this time in connection with the bureau's enforcement processes. The agency indicated it is seeking information to help assess the overall efficiency and effectiveness of its processes related to the enforcement of federal consumer financial law.

This is the third in a series of RFIs announced as part of Mulvaney's call for evidence to ensure the bureau is fulfilling its proper and appropriate functions to best protect consumers.

<http://www.autoremarketing.com/subprime/now-cfpb-wants-feedback-enforcement-process>

#### Banking Exchange: Mulvaney Wants To Hear About Enforcement\*

By Banking Exchange

When the Consumer Financial Protection Bureau first began regulating, rule-writing, and examining, consultants and other observers of the compliance scene frequently said, "There's a new cop on the beat."

Under the Trump Administration's Acting Director Mick Mulvaney, the cop wants to know what financial players think about the enforcement facet of the bureau.

The latest "request for information," announced Feb. 6, is the third in a series of such efforts Mulvaney announced shortly after taking his post. The first request concerns bureau investigative demands and the second concerns CFPB's administrative hearing process.

<http://www.bankingexchange.com/news-feed/item/7360-mulvaney-wants-to-hear-about-enforcement?Itemid=101>

#### National Law Review: CFPB Request For Information\*

By Davis Kuelthau, National Law Review

The CFPB has issued a request for information that seeks comment on how the agency can best achieve meaningful burden reduction or other improvement in the processes it uses to enforce federal

consumer financial law while continuing to meet the CFPB's statutory objectives and ensuring a fair and transparent process. Comments on the RFI must be received no later than 60 days after the date it is published in the Federal Register, which the CFPB expects to be February 12, 2018.

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- Communication between the CFPB and subjects of investigations, including timing and frequency of such communications and information provided by the CFPB on the status of an investigation

<http://www.natlawreview.com/article/cfpb-seeks-comment-its-enforcement-processes>

Inside Mortgage Finance: CFPB Solicits Public Input On Its Enforcement Actions, Signaling Big Changes May Be Afoot\*

By Inside Mortgage Finance

The mortgage industry has another opportunity to help usher in some potentially dramatic differences in the way the Consumer Financial Protection Bureau goes about its business in the post-Richard Cordray era.

[https://www.insidemortgagefinance.com/issues/imfpubs\\_imf/2018\\_6/news/CFPB-Solicits-Public-Input-on-its-Enforcement-Actions-Signaling-Big-Changes-1000044742-1.html](https://www.insidemortgagefinance.com/issues/imfpubs_imf/2018_6/news/CFPB-Solicits-Public-Input-on-its-Enforcement-Actions-Signaling-Big-Changes-1000044742-1.html)

Inside Mortgage Finance: Will CFPB Chief Mulvaney Say 'Never Mind' On PHH Case?\*

By Inside Mortgage Finance

In fact, it's possible the CFPB under Acting Director Mick Mulvaney may just say: never mind.

[https://www.insidemortgagefinance.com/imfnews/1\\_1290/daily/CFPB-Chief-mick-Mulvaney-may-drop-phh-case-1000044730-1.html](https://www.insidemortgagefinance.com/imfnews/1_1290/daily/CFPB-Chief-mick-Mulvaney-may-drop-phh-case-1000044730-1.html)

Banking

Newsday (NY): The Federal Reserve Steps Up To Protect Consumers\*

By Newsday (NY)

If no one else will look out for consumers, perhaps the nation's central bank will.

The Federal Reserve is usually tasked with the far broader mission of making sure the U.S. economy remains on a solid footing. It's rare to see Fed officials insert themselves into an individual bank's problems, or to defend and protect that bank's customers.

But that's exactly what the Fed did last week. On Janet Yellen's last day as Fed chair, the Federal Reserve imposed severe penalties on Wells Fargo, forcing the financial giant to replace board

members — and, in an extraordinary and rare move, preventing it from growing at all until “sufficient improvements” are made.

<https://www.newsday.com/opinion/editorial/fed-wells-fargo-1.16648977>

## Consumer Credit

### Reuters: U.S. Senators Ask Consumer Watchdog Head For Details On Equifax Probe\*

By Michelle Price, Reuters

A group of 31 senators wrote to Acting CFPB Director Mick Mulvaney and Deputy Director Leandra English “demanding information” on the CFPB’s “stalled probe” into Equifax’s massive data breach.

<https://www.reuters.com/article/us-usa-equifax-cfpb-lawmakers/u-s-senators-ask-consumer-watchdog-head-for-details-on-equifax-probe-idUSKBN1FS2R1>

### The Hill: Senators Demand Answers From CFPB On Equifax Probe\*

By Harper Neidig, The Hill

More than 30 senators are asking the Consumer Financial Protection Bureau (CFPB) for details about their investigation into last year’s massive Equifax data breach following reports the agency has been dragging its feet on the probe.

The group, led by Sen. Brian Schatz (D-Hawaii), sent a letter to the CFPB, dated Feb. 7, which cites a Reuters report that Acting Director Mick Mulvaney has not approved a number of preliminary steps in the investigation.

“The CFPB has a statutory mandate to participate in this process by conducting an investigation,” the senators wrote. “If that investigation exposes wrongdoing or consumer harm, the CFPB has the authority, and indeed a duty, to bring appropriate enforcement actions.”

<http://thehill.com/policy/technology/372958-senators-call-for-answers-from-cfpb-on-equifax-probe>

### Washington Times: Democrats Raise Concerns Over Status Of CFPB Probe Into Equifax Breach\*

By Andrew Blake, Washington (DC) Times

Dozens of Democrats have demanded answers from the director of President Trump’s Office of Management and Budget over reports that he recently halted the Consumer Financial Protection Bureau’s investigation into last year’s massive Equifax breach.

Thirty-one senators signed their names to a letter released Thursday requesting an update on the CFPB’s Equifax probe, including every Democratic member of the Senate Banking, Housing and Urban Affairs Committee, as well as Sens. Angus King of Maine and Bernie Sanders of Vermont, both independents, in light of a recent Reuters report that portrayed the investigation as effectively over.

The Department of Justice, Federal Trade Commission and CFPB each launched investigations into Equifax after the credit-rating agency revealed in September that a security incident had exposed the personal information of roughly 145 million Americans, including their names, Social Security numbers, birthdates and addresses. The official who initiated the CFPB's probe subsequently resigned, however, and his replacement, OMB Director Mick Mulvaney, has since halted the bureau's investigation, Reuters reported Sunday, citing multiple officials familiar with the matter.

<https://www.washingtontimes.com/news/2018/feb/8/democrats-raise-concerns-over-status-cfpb-probe-eq/>

Augusta (VA) Free Press: Warner Demands Answers On Stalled CFPB Investigation Into Equifax Breach\*

By Augusta (VA) Free Press

U.S. Sen. Mark R. Warner (D-VA), a member of the Senate Banking and Finance Committees, joined a group of 31 Senators to demand answers on reports that the Consumer Financial Protection Bureau has halted its investigation into how credit reporting agency Equifax failed to protect the personal data of more than 145 million Americans.

"We are deeply troubled by recent news reports that, under Director Mulvaney's leadership, the CFPB has stopped its investigation into the Equifax breach," the Senators wrote in a letter to Office of Management and Budget Director Mick Mulvaney and CFPB Acting Director Leandra English. "The CFPB is currently the only federal agency with supervisory authority over the largest consumer reporting agencies. Consumer reporting agencies and the data they collect play a central role in consumers' access to credit and the fair and competitive pricing of that credit. Therefore, the CFPB has a clear duty to supervise consumer reporting agencies, investigate how this breach has or will harm consumers, and bring enforcement actions as necessary."

According to reports, CFPB has not issued any subpoenas, sought testimony from key executives at Equifax, or proceeded with on-site examinations.

<http://augustafreepress.com/warner-demands-answers-stalled-cfpb-investigation-equifax-breach/>

Engadget: 32 Senators Want To Know If US Regulators Halted Equifax Probe\*

By Engadget

Reuters sources said that Mulvaney has neither ordered subpoenas against Equifax nor collected any sworn testimony from company executives. Additionally, reviews of how Equifax protects its data and on-site cybersecurity exams of other credit bureaus – which the Federal Reserve, Federal Deposit Insurance Corp and Office of the Comptroller of the Currency all offered to assist with – have been put on hold. The bank regulators who had offered to help were reportedly told that there were no exams planned and their assistance wouldn't be needed.

In their letter, the senators expressed their concern over these reports and reiterated the duty the CFPB has to not only investigate the breach but to bring action against Equifax if deemed necessary. "Consumer reporting agencies and the data they collect play a central role in consumers' access to credit and the fair and competitive pricing of that credit," they wrote. "Therefore, the CFPB has a duty to supervise consumer reporting agencies, investigate how this breach has or will harm consumers and bring enforcement actions as necessary." They specifically ask Mulvaney and Deputy Director Leandra English whether the probe has been halted and if so, why and under whose direction. They also ask

about any plans for on-site exams of Equifax and other bureaus, what steps they've taken in the investigation so far and whether they're coordinating with the FTC and its Equifax probe.

The senators have requested a response by February 19th.

<https://www.engadget.com/2018/02/08/senators-ask-if-us-regulators-halted-equifax-probe/>

HousingWire: Democratic Senators Demand Answers On CFPB's Stalled Equifax Data Breach Investigation\*

By Andy Crisenbery, HousingWire

Did the Consumer Financial Protection Bureau kill its investigation into Equifax's data breach that exposed the personal information of 145.5 million U.S. consumers to hackers?

Inquiring minds, including one-third of the Senate, want to know.

On Thursday, a group of 32 Democratic senators sent a letter to the CFPB, demanding answers on the state of the bureau's investigation into the Equifax breach.

<https://www.housingwire.com/articles/42486-democratic-senators-demand-answers-on-cfpbs-stalled-equifax-data-breach-investigation>

Atlanta Journal-Constitution: Sen. Warren Says Atlanta Equifax Is Careless With American Data\*

By Kelly Yamanouchi, Atlanta (GA) Journal-Constitution

Equifax this week endured yet another public battering – this time in a report issued by a high-profile critic of the financial services industry.

The company has been under fire since revealing in early September that the personal information of more than 145 million Americans had been compromised in a data breach.

According to U.S. Sen. Elizabeth Warren (D-Mass), the Atlanta-based, consumer credit reporting agency was guilty of a series of failures: setting up a flawed system, ignoring warnings about risk, taking too much time to notify consumers and regulators about the breach, and offering inadequate help to consumers afterward.

<http://www.myajc.com/business/equifax-lambasted-again-new-senate-report/SsfDDTy0vObqvLiEN4FcFJ/>

Business Insider: America's Consumer Debt Keeps Skyrocketing

By Wolf Richter, Business Insider

Total consumer credit rose 5.4% in the fourth quarter, year over year, to a record \$3.84 trillion not seasonally adjusted, according to the Federal Reserve. This includes credit-card debt, auto loans, and student loans, but not mortgage-related debt. December had been somewhat of a disappointment for those that want consumers to drown in debt, but the prior months, starting in Q4 2016, had seen blistering surges of consumer debt.

Think what you will of the election – consumers celebrated it or bemoaned it the American way: by piling on debt.

The chart below shows the progression of consumer debt since 2006 (not seasonally adjusted). Note the slight dip after the Financial Crisis, as consumers deleveraged – with much of the deleveraging being accomplished by defaulting on those debts. But it didn't last long. And consumer debt has surged since. It's now 45% higher than it had been in Q4 2008. Food for thought: Over the period, the consumer price index increased 17.5%:

<http://www.businessinsider.com/americas-consumer-debt-keeps-skyrocketing-2018-2>

## Payday Loans

Los Angeles Sentinel: Waters, Sen. Warren And CBC Members Question Consumer Financial Protection Bureau Actions Under Trump Appointee\*

By Charlene Crowell, Los Angeles (CA) Sentinel

In the wake of a recent series of anti-consumer actions taken by Mick Mulvaney, the Trump-appointed Consumer Financial Protection Bureau's Acting Director, a bicameral call for accountability was released on January 31. Led by Congresswoman Maxine Waters of California and Sen. Elizabeth Warren of Massachusetts, two other Congressional Black Caucus Members, Congressmen Keith Ellison (D-Minn.) and Al Green (D-Texas) joined Senators Richard Blumenthal (D-Conn.) and Jeff Merkley (D-Ore.) as signatories.

Together, the group of lawmakers seek to know what prompted Mr. Mulvaney's actions as well as his ties to the payday lending industry.

A January 31 letter calls into question the following specific actions that have occurred over the past month:

<https://lasentinel.net/waters-sen-warren-and-cbc-members-question-consumer-financial-protection-bureau-actions-under-trump-appointee.html>

American Banker: Mulvaney Can't Just Kill CFPB Payday Rule, But Here's What He Can Do\*

By Kate Berry, American Banker

American Banker describes the ways in which Acting CFPB Director Mick Mulvaney could alter the agency's payday lending rule, including a refocus on disclosure requirements or suspending the "current rule while considering changes" but prolonging the process to delay implementation.

<http://www.americanbanker.com/news/mulvaney-cant-just-kill-cfpb-payday-rule-but-heres-what-he-can-do>

JD Supra: Changes To The CFPB's Approach To The Payday Lending Industry\*

By JD Supra

The Trump Administration-appointed Acting Director of the Consumer Financial Protection Bureau (“CFPB”), Mick Mulvaney, recently stated in a memo to his staff that under his leadership, the CFPB would significantly change in its approach to regulation and enforcement. The most concrete example of this thus far is his approach to the payday lending industry.

The first clear indication of the CFPB’s new direction came with Mr. Mulvaney’s announcement on January 16, 2018, that the CFPB would re-open the rulemaking process for the much debated rule on payday lending, entitled “Payday, Vehicle Title, and Certain High-Cost Installment Loans” (“Payday Rule”). In its announcement, the CFPB also posted a conspicuous notice which informs potential applicants for preliminary approval to become a registered information system under the Payday Rule, that they can request a waiver of the April 16, 2018 deadline.

The Payday Rule, as we previously reported, contains various provisions, including requiring that payday lenders determine whether borrowers can afford to repay the loan within 30 days. It also contains a 30-day cooling off period for borrowers after they obtain a third loan in succession.

<https://www.jdsupra.com/post/documentViewer.aspx?fid=4af18691-20ee-47b6-b41d-148eb8180dcd>

## Financial Empowerment

### CNBC: Financial Education Stalls, Threatening Kids’ Future Economic Health

By CNBC

Only 17 states require high school students to take a class in personal finance — a number that hasn’t budged in the past four years, according to the newly released 2018 Survey of the States: Economic and Personal Finance Education in Our Nation’s Schools.

More than half of states still don’t require high school students to take an economics course, it found. And since 2014, the number of states that require students to be tested on economics concepts has stayed flat at 16.

“The majority of U.S. states are failing our students by declining to offer these fundamental courses which are critical to their financial stability and security later in life,” said Nan J. Morrison, president and CEO of the Council for Economic Education, which produced the report using data from the 50 states and the District of Columbia.

<https://www.cnbc.com/2018/02/08/financial-education-stalls-threatening-kids-future-economic-health.html>

### Forbes: States Slow Down Drive To Teach Kids How To Handle Money, Claims Advocacy Group

By Ted Knutson, Forbes

The states are slowing down the drive to teach kids how to handle money despite notable progress since 1998, an advocacy group claimed today.

“There has been little increase in economic education in recent years and no growth in personal finance education,” said The Council For Economic Education in unveiling its new once-every-two-

years state survey.

Since the last report in 2016, no states have added financial education to their K-12 standards and since the report before that in 2014, none have been added to the 16 that require testing of economic concepts.

<https://www.forbes.com/sites/tedknutson/2018/02/08/states-slow-down-drive-to-teach-kids-how-to-handle-money-claims-advocacy-group/>

Housing, Mortgages and Foreclosure

American Banker: House Clears Bill To Ease Limits On QM Points And Fees\*

By Brian Collins, American Banker

On Thursday, the House passed a bill that would loosen the CFPB's "qualified mortgage" rule, which restricts "mortgage points and fees charged by lender-affiliate title insurers and other companies."

<http://www.americanbanker.com/news/house-clears-bill-to-ease-limits-on-qm-points-and-fees>

HousingWire: Mortgage Choice Act Approved By House Of Representatives\*

By Andy Crisenbery, HousingWire

The House of Representatives voted Thursday to pass the Mortgage Choice Act of 2017, which would adjust the Truth in Lending Act's definitions of points and fees under the Ability to Repay/Qualified Mortgage rule.

This is actually the third time that the House has passed a "Mortgage Choice Act" that contained similar provisions.

This version of the Mortgage Choice Act, H.R. 1153, is bipartisan legislation introduced by Rep. Bill Huizenga, R-Mich., Rep. Gregory Meeks, D-N.Y., Rep. Ed Royce, R-Calif., Rep. David Scott, D-Ga., Rep. Steve Stivers, R-Ohio, Rep. Mike Doyle, D-Penn., and Rep. David Joyce, R-Ohio.

<https://www.housingwire.com/articles/42485-mortgage-choice-act-approved-by-house-of-representatives>

M Report: Industry Reacts To Passing Of Mortgage Choice Act\*

By Nicole Casperson, M Report

On Thursday, the House voted 280-131 to pass H.R. 1153, the Mortgage Choice Act of 2017, a CUNA-backed regulatory bill that was created in an effort to provide relief to mortgage lenders by excluding certain charges from the points and fees calculation.

This bipartisan legislation, sponsored by Capital Markets, Securities, and Investment Subcommittee Chairman Rep. Bill Huizenga (R-Michigan), would preserve consumer choice and



potentially help more Americans achieve the dream of homeownership—specifically low- and moderate-incomes and first-time homebuyers.

"I re-introduced the Mortgage Choice Act, bipartisan legislation to modify and clarify the way 'points and fees' are calculated and help families across America to one-stop shop," said Huizenga. "This legislation is narrowly focused to promote access to affordable mortgage credit without overturning the important consumer protections and sound underwriting required under Dodd-Frank's "ability to repay" provisions."

<http://www.themreport.com/daily-dose/02-08-2018/house-passes-mortgage-choice-act>

#### Credit Union National Association: CUNA Outlines Significant Issues W/ RESPA Amendments\*

By Credit Union National Association

CUNA joined with other financial trade organizations Wednesday to outline significant unaddressed issues in the Consumer Financial Protection Bureau's (CFPB) amendments to its Real Estate Settlement Procedures Act (RESPA) rule, scheduled to take effect in April. The rule requires mortgage servicers to send monthly billing statements to consumers in active bankruptcy cases and certain other bankruptcy cases.

"The CFPB's final rule is contrary to this strong public policy of protecting bankruptcy debtors, will cause conflict within the administration of the bankruptcy case, and will unnecessarily subject mortgage servicers to serious liability under the Bankruptcy Code," the letter reads, adding that the final rule "attempts to address a mistakenly perceived issue."

The organizations go on to note that the issue was comprehensively addressed by the Federal Bankruptcy Rules Committee in December 2011. These rules remain in effect.

<http://news.cuna.org/articles/113680-cuna-outlines-significant-issues-w-respa-amendments>

#### Independent Community Bankers Of America: ICBA, Coalition To CFPB: Withdraw Bankruptcy Billing Statements\*

By Independent Community Bankers Of America

ICBA and other financial trade groups called on the Consumer Financial Protection Bureau to repeal or change a requirement that mortgage servicers send monthly billing statements to borrowers in bankruptcy.

In a joint letter, the coalition said the provision of the CFPB's 2016 mortgage-servicing rule is redundant and needlessly confusing and would subject servicers to liability under the bankruptcy code.

While most community banks are small servicers and therefore exempt from the statement requirements, those that service more than 5,000 loans or buy mortgage loans from others are subject to the periodic statements rule and would be required to implement this new rule in April.

<http://www.icba.org/news-events/news-details/2018/02/08/icba-coalition-to-cfpb-withdraw-bankruptcy-billing-statements>

#### JD Supra: D.C. Circuit Court Affirms The Legality Of Captive Reinsurance Arrangements\*

By JD Supra

While the court opinion on the constitutionality of the CFPB's structure was long awaited, its decision related to RESPA affords the mortgage industry much-needed clarity.

The January 31 en banc ruling of the D.C. Court of Appeals gave a huge win to the mortgage industry by reinstating the October 2016 three-judge panel's findings that the Real Estate Settlement Procedures Act (RESPA) does not prohibit captive reinsurance arrangements. In a 250-page opinion that drew three concurrences and three dissents, the court addressed many controversial topics, including finding that the Consumer Financial Protection Bureau's (CFPB) structure of a single director who may only be removed for cause is constitutional. In particular, however, the court's rulings regarding RESPA provided needed clarity regarding a longstanding practice before it was challenged by the CFPB in early 2014.

Before the enactment of the Consumer Financial Protection Act in 2010, the Department of Housing and Urban Development (HUD) was responsible for administering and enforcing RESPA. Under HUD's jurisdiction, Section 8(c) of RESPA's anti-tying and kickback prohibitions were understood as permitting captive reinsurance arrangement in exchange for "bona fide payments," thereby prohibiting captive reinsurance arrangements with mortgage insurers if the mortgage insurer paid the reinsurer more than the "reasonable market rate." The CFPB assumed enforcement responsibility of RESPA in June 2011, and in January 2014, initiated an administrative enforcement proceeding against PHH Corp., a national mortgage lender.

<https://www.jdsupra.com/post/documentViewer.aspx?fid=de8eebdb-c7ce-48b4-922c-11e8ea53b131>

Bloomberg News: Easing Mortgage Standards Are Resulting In More Late Payments

By Prashant Gopal, Bloomberg News

Mortgage delinquencies for first-time buyers have climbed to a four-year high as tight credit standards imposed after the U.S. housing crash start to loosen.

The share of borrowers who are late on their Federal Housing Administration loans, which primarily go to first-time homebuyers, rose to 10.4 percent in the fourth quarter from 9 percent a year earlier, according to data from the Mortgage Bankers Association. While hurricanes in Florida and Texas near the end of last year played a part, delinquencies rose in most states, according to Marina Walsh, the group's vice president of industry analysis.

Delinquencies are still historically low, yet the jump is surprising given that employment is strong and home prices are steadily increasing. FHA mortgages originated in the past few years are going delinquent sooner than the older loans that had stricter credit standards, according to the MBA. With mortgage rates rising, it will get more difficult for borrowers who fall behind to refinance their way out of trouble.

<https://www.bloomberg.com/news/articles/2018-02-08/easing-mortgage-standards-are-resulting-in-more-late-payments>

Houston Chronicle: 2 Men Plead Guilty To Mortgage Fraud In Houston, Surfside Beach

By Jose R. Gonzalez, Houston (TX) Chronicle

Two men have plead guilty in a scheme to fraudulently obtain mortgage loans to purchase homes in Houston and Surfside Beach, according to a press release from the U.S. Attorney's Southern District of Texas office.

David Lee Morris, 55, and Derwin Jerome Blackshear, 50, plead guilty to one count each of wire fraud conspiracy and bank fraud. Blackshear additionally plead guilty to bank fraud and admitted to operating a multiple location tax preparation business in the Houston area that prepared fraudulent tax returns.

Between 2005 and 2009, Morris, Blackshear and others induced mortgage lenders to loan more money than properties' actual worth and then skimmed the excess funds from real estate transactions, according to the news release.

<http://www.chron.com/news/houston-texas/article/2-men-plead-guilty-to-mortgage-fraud-in-Houston-12563203.php>

### Investopedia: Increasing Mortgage Rates Could Hit Generation Xers Hardest

By Donna Fuscaldo, Investopedia

Mortgage rates are rising and home prices are increasing, potentially shutting some Millennials out of the real estate market. But it turns out that it's not the Millennials that are having the most trouble coming up with the down payment and thus purchasing a new home. According to the National Association of Realtors' monthly survey of people who currently aren't homeowners, it's their older counterparts, Generation Xers, that are struggling.

Of the roughly 4,000 survey respondents, Realtor.com, the real estate website owned by the National Association of Realtors, reported that around 47% of Generation Xers said they were having a tough time saving up for the down payment for a new home. That compares with 23% of Millennials. Generation Xers "are at an age where they may have children, car loans, credit card debt," said Jessica Lautz, the National Association of Realtors' managing director of survey research, in the Realtor.com report. "They're also less likely to be able to move back home [with their parents] to pay down debt."

Figure out how much home you can afford with our mortgage calculator.

<https://www.investopedia.com/news/increasing-mortgage-rates-could-hit-generation-xers-hardest/>

### Students

### Credible: 'Big Four' Student Loan Servicers Now 'Big Three'\*

By Matt Carter, Credible

It remains to be seen whether the big three loan servicers will continue to compete for borrowers next year. Photo credit: Shutterstock.com.

Three companies are now responsible for collecting payments on more than 90 percent of outstanding federal student loan debt, after antitrust regulators raised no objections to Nelnet's acquisition of a larger rival, Great Lakes Educational Loan Services Inc.

When it announced the proposed \$150 million acquisition of Great Lakes in October, Nelnet was the smallest of the “big four” government student loan servicers. Now it’s the largest of the “big three.”

<https://www.credible.com/news/student-loans/big-four-student-loan-servicers-now-three/>

Bankers Online: CFPB On Tax Law Change Benefiting Disabled Student Borrowers\*

By Bankers Online

The CFPB has posted an article, “Help is here for people with severe disabilities struggling with student loans,” reporting that, due to a recent change in federal law, borrowers whose student loans are forgiven on or after January 1, 2018, due to “death or total and permanent disability” no longer have to pay federal income taxes on those forgiven loans.

<https://www.bankersonline.com/topstory/157413>

Policy and Regulatory

New York Times: The Art Of The Scam\*

By Mark Schmitt, New York (NY) Times

Most American workers this month will see their take-home pay go up, some a little and a few quite a bit, as the new tax act takes effect and less money is withheld for federal income taxes.

But for many, the gift will be short-lived. Because the law was rushed and written in a partisan frenzy, withholding may not be accurate and you might owe money to the I.R.S. next year. You might even be advised to file new forms so that more money is withheld — and then the forms and withholding amounts are likely to change again later in the year and then again every year thereafter as the cuts for individuals head toward expiration.

This messy uncertainty, not abstractions like an increase in the federal deficit, will be the lived experience of Trump economic policy for most American households. It might seem like just a bureaucratic complication, but this episode could point progressives toward a persuasive economic message, one that reflects the economic realities of the middle class and the striving of people in struggling small communities as well as those in tech-driven metropolises.

<https://www.nytimes.com/2018/02/08/opinion/trump-republican-scam.html>

Bloomberg News: Fed’s Dudley Sticks To His Outlook, Calls The Market Moves ‘Small Potatoes’

By Matthew Boesler, Bloomberg News

U.S. stocks have fallen in recent days in part because of the rising prospect that global central banks will be tightening monetary policy, Federal Reserve Bank of New York President William Dudley said.

“Clearly the market is adjusting to the fact that the global economy is growing quite quickly, and as

a consequence of that, monetary authorities around the world are either starting to remove accommodation or are thinking about starting to remove accommodation," Dudley said Thursday in a Bloomberg Television and Radio interview with Kathleen Hays. "So bond yields have moved up, and as bond yields have moved up, that's put a little bit more pressure on the equity market."

Stocks have been roiled by the return of long-absent volatility in recent days, as the S&P 500 index of U.S. equities has declined almost 8 percent from its Jan. 26 record high. U.S. Treasuries, which typically perform well when stocks sell off, have been battered, too. The yield on 10-year Treasury notes rose to 2.88 percent at one point on Thursday, matching the highest level in four years.

<https://www.bloomberg.com/news/articles/2018-02-08/dudley-sticks-to-his-outlook-amid-small-potatoes-market-moves>

## The Hill: Senate Panel Clears Three Trump Financial Regulatory Nominees

By Sylvan Lane, The Hill

The Senate Financial Services Committee on Thursday approved three of President Trump's major financial regulatory nominations.

The panel voted to recommend Jelena McWilliams to be chair of the Federal Deposit Insurance Corporation, Marvin Goodfriend to be a governor on the Federal Reserve Board and Thomas Workman to be the Financial Stability Oversight Council member with insurance industry experience.

The panel voted largely along party lines to recommend the nominees to the full Senate. All will play critical roles in the Trump administration's efforts to rollback the Dodd-Frank financial reform law.

<http://thehill.com/policy/finance/372921-senate-panel-clears-three-trump-financial-regulatory-nominees>

## The Big Picture

Headlines From Today's Front Pages.

Wall Street Journal:

Congress Goes To The Wire On Budget Deal Ahead Of Shutdown Deadline

Dow Industrials Plunge Into Correction

The Corporate Giant Lurking Behind The Winter Olympics

US Secretly Offered Iran A Channel For Talks On Prisoners

New York Times:

Senate Passes Budget Bill To Raise Spending And Reopen Government

Far From Winding Down, Syria's War Escalates On Multiple Fronts

Stocks Plunge As Market Enters 'Correction' Territory

Republicans Learn To Love Deficit Spending They Once Loathed

Washington Post:

Shutdown Looms As Budget Deal Hits Obstacles On Hill

Top Trump Aides Knew Of Abuse Allegations

Dow Falls 1,000 As Investors' Fears Rise

Putting Words Into Action  
Chief Of Staff Again Finds Himself In The Spotlight

Financial Times:

US-Led Coalition Kills Dozens Of Pro-Assad Troops  
Twitter's First Profit Sends Shares Soaring  
Netanyahu Attacks Police Chief In Bribery Inquiries  
Bank Of England Looks At Earlier And Faster Rate Rises

Washington Times:

Budget Deal Shows High Cost Of Bipartisanship  
Congressional Leaders Battle Clock, Rand Paul In Bid To Stop Shutdown  
Winding Path To Olympics – NHL's Decision Gives Virginia Hockey Player The Chance Of A Lifetime  
'Mission Creep' Fears Rise After U.S. Airstrike In Syria  
Congress Scrubs Thomas Jefferson From Gateway To The West  
Students, Faculty Pose Biggest Threat To Academic Freedom, Report Finds

Story Lineup From Last Night's Network News:

ABC: White House Top Aide Resignation; Stock Market Crash; Budget Deal; Severe Weather; Winter Olympics; White House-Omarosa; Brazil-American Child Abduction; Serial Killer; NFL News; Super Bowl Victory Parade; Children's Toy.  
CBS: Stock Market Crash; Budget Deal; White House Top Aide Resignation; Flu Epidemic; Puerto Rico Restoration Controversy; Severe Weather; Border Patrol Death Investigation; Drowsy Driving; Super Bowl Victory Parade; Elderly Runner.  
NBC: Stock Market Crash; White House Top Aide Resignation; Budget Deal; Winter Olympics-North Korea; Winter Olympics-Team USA; Winter Olympics-South Korea History; Amazon-Review Scam; Severe Weather; Super Bowl Victory Parade; Chicago-Twins; Figure Skating Pair.

Network TV At A Glance:

White House Top Aide Resignation – 10 minutes, 10 seconds  
Stock Market Crash – 6 minutes, 5 seconds  
Budget Deal – 5 minutes, 50 seconds

Story Lineup From This Morning's Radio News Broadcasts:

ABC: Budget Deal; Winter Olympics-VP Pence; Stock Market Crash.  
CBS: Budget Deal; Stock Market Crash; Winter Olympics; White House Top Aide Resignation.  
FOX: Budget Deal; White House Top Aide Resignation; Stock Market Crash.  
NPR: Budget Deal; WH-Immigration Policy; White House Top Aide Resignation; Stock Market Crash.

Story Lineup From This Morning's Network News:

ABC: Budget Deal; Stock Market Crash; Severe Winter Weather; White House Top Aide Resignation; White House-Omarosa; Winter Olympics; Kate Upton-Sexual Misconduct Allegation; Flu Epidemic; Prince William-Body Shaming.  
CBS: Budget Deal; White House Top Aide Resignation; White House-Omarosa; Winter Olympics; US Gymnastics-Sexual Abuse Scandal; Stock Market Crash; Severe Winter Weather; Hollywood Manager Dies; FEMA-Puerto Rico Meal Contract; Amazon-Scammers.  
NBC: Budget Deal; Winter Olympics; Vice President Pence-North Korea Tensions; Severe Winter Weather; Stock Market Crash; Harvey Weinstein Scandal; White House Top Aide Resignation; Facebook-Downvote Feature.

Washington's Schedule

Today's Events In Washington.

White House:

PRESIDENT TRUMP — Meets with the Secretary of State Rex Tillerson; meets with EPA Administrator Scott Pruitt.

VICE PRESIDENT PENCE — Tours the West Sea Protection Hall, meet with North Korean defectors and tour the Republic of Korea's Cheonan memorial; attends the 2018 Olympic Winter Games Opening Ceremony.

US Senate: No Relevant Event Scheduled.

US House: No Relevant Event Scheduled.

Other: No Relevant Event Scheduled.

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# NEWS SUMMARY

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Online Version Available [Atcfpb.bulletinintelligence.com](http://cfpb.bulletinintelligence.com)

**TO: THE DIRECTOR AND SENIOR STAFF**  
**DATE: FRIDAY, FEBRUARY 9, 2018 8:00 AM EST**

An asterisk at the end of a headline signifies a CFPB mention.

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## Consumer Financial Protection Bureau

### **Forbes: Appeals Court Gives Rogue Agency A Stay Of Execution; The Supreme Court Should Pull The Switch\***

By George Leef, Forbes

2010 was a bad year for the Constitution. Not only did Congress saddle us with the misnamed Affordable Care Act, which has caused a legal war over its highly questionable constitutionality, but it also passed the Dodd-Frank Act, which created the Consumer Financial Protection Bureau (CFPB). The CFPB was the brainchild of Senator Elizabeth Warren (D-Mass) and her idea was to make it an independent agency amazingly, unconstitutionally independent agency.

Consider, for example, the way CFPB is funded. Unlike every other federal regulatory agency, which gets its budget through congressional appropriation, CFPB gets its money directly from the Federal Reserve. That's a glaring constitutional problem because no federal money is supposed to be spent except as appropriated by Congress the power of the purse is given to Congress alone.

In Federalist #58, James Madison wrote that the power over spending is, "The most complete and effectual weapon with which any constitution can arm the immediate representatives of the people". It's a crucial part of our system of checks and balances between the branches of government. It promotes accountability.

<https://www.forbes.com/sites/georgeleef/2018/02/08/appeals-court-gives-rogue-agency-a-stay-of-execution-the-supreme-court-should-pull-the-switch/>

### **The Conversation (US): Consumers Are Biggest Losers Of Trump's Ongoing War On Regulations\***

By Jeff Sovern, The Conversation (US)

President Donald Trump has been waging a war on regulation since he got into office on the ground that government red tape costs the economy billions of dollars a year.

Among the victors in this battle have been energy companies, banks and the president himself, who recently promised he's "just getting started". Perhaps the biggest losers, however, have been consumers.

The best illustration of this is the neutering of the Consumer Financial Protection Bureau, which began immediately after Mick Mulvaney stepped in as interim director in November.

<https://www.chron.com/news/article/Consumers-are-biggest-losers-of-Trump-s-ongoing-12561082.php>

### **American Banker: Pink Slips Coming For Big Chunk Of Dodd-Frank Agency Staff**

By Victoria Finkle, American Banker

BankThink editor Victoria Finkle writes in American Banker that the Office of Financial Research the independent bureau of the Treasury Department designed to support the FSOC and conduct research on systemic risk has begun laying off staff, an internal memo obtained by the publication shows.

<https://www.americanbanker.com/opinion/pink-slips-coming-for-major-portion-of-dodd-frank-agency-staff>

### **Credit Union Insight: CFPB Asks For Feedback On Enforcement Processes\***

By Credit Union Insight

The CFPB on Wednesday issued a request for information to help the bureau assess the efficiency and effectiveness of its enforcement processes. This RFI is due to be published in the Federal Register Monday and will be open for comments for 60 days.

CFPB Acting Director Mick Mulvaney recently announced that the bureau will issue a series of requests to obtain public feedback on how to improve its functions and outcomes for consumers and the entities it regulates. Two other RFIs have been released so far on civil investigative demands (CIDs) and administrative adjudications; the next RFI set to be issued next week will be on supervisory processes.

The bureau, in its new request, said it would like feedback "on how best to achieve meaningful burden

reduction" or other improvements to its enforcement of federal consumer financial law, while still meeting statutory objectives and being fair and transparent in its actions.

<https://www.cuinsight.com/cfpb-asks-feedback-enforcement-processes.html>

## **PYMNTS: CFPB Wants Public Feedback On How It's Doing\***

By PYMNTS

The Consumer Financial Protection Bureau (CFPB) is putting out a call for public feedback on the agency's performance.

A press release announced that the Bureau is seeking information to help assess the overall efficiency and effectiveness of its processes related to the enforcement of federal consumer financial law."

The Request for Information (RFI) part of a review of all agency procedures that acting director Mick Mulvaney ordered last month- is intended to help the CFPB to determine "ways to improve outcomes for both consumers and covered entities."

<https://www.pymnts.com/news/cfpb/2018/cfpb-feedback-regulatory-agency-mulvaney-otting/>

## **National Mortgage Professional: CFPB Issues RFI On Enforcement Process\***

By Phil Hall, National Mortgage Professional

The Consumer Financial Protection Bureau (CFPB) has issued a Request for Information (RFI) to encourage comment and insight on the agency's enforcement processes.

The new RFI is the third in a series announced by Acting Director Mick Mulvaney, who has called into question the often-onerous enforcement policies enacted by the CFPB under former director Richard Cordray. In a statement issued by the CFPB, the new RFI is being presented in order to "provide an opportunity for the public to submit feedback and suggest ways to improve outcomes for both consumers and covered entities."

The CFPB will begin accepting comments on the RFI after it is printed in the Federal Register, which is scheduled for early next week. A further RFI on the CFPB's supervisory processes is slated to be announced next week.

<https://nationalmortgageprofessional.com/news/66009/cfpb-issues-enforcement-process>

## **Consumer Finance Monitor: CFPB Seeks Comment On Its Enforcement Processes\***

By Christopher J. Willis & James Kim, Consumer Finance Monitor

The CFPB has issued a request for information that seeks comment on how the agency can best achieve meaningful burden reduction or other improvement in the processes it uses to enforce federal consumer financial law while continuing to meet the CFPB's statutory objectives and

ensuring a fair and transparent process. Comments on the RFI must be received no later than 60 days after the date it is published in the Federal Register, which the CFPB expects to be February 12, 2018.

The new RFI represents the third in a series of RFIs announced by Mick Mulvaney, President Trump's designee as Acting Director. The new RFI is broader than the two prior RFIs, which focused on specific aspects of enforcement. In the new RFI, the CFPB now seek comment on all aspects of its enforcement processes but lists the following seven topics:

Communication between the CFPB and subjects of investigations, including timing and frequency of such communications and information provided by the CFPB on the status of an investigation

<https://www.consumerfinance.com/2018/02/08/cfpb-seeks-comment-on-its-enforcement-processes/>

## **Auto Remarketing: Now CFPB Wants Feedback On Enforcement Process\***

By Auto Remarketing

Along with naming a chief of staff who formerly served the chair of the House Financial Services Committee, Consumer Financial Protection Bureau acting director Mick Mulvaney is continuing to put his stamp on how the regulator operates.

The CFPB issued another request for information (RFI); this time in connection with the bureau's enforcement processes. The agency indicated it is seeking information to help assess the overall efficiency and effectiveness of its processes related to the enforcement of federal consumer financial law.

This is the third in a series of RFIs announced as part of Mulvaney's call for evidence to ensure the bureau is fulfilling its proper and appropriate functions to best protect consumers.

<http://www.autoremarketing.com/subprime/now-cfpb-wants-feedback-enforcement-process>

## **Banking Exchange: Mulvaney Wants To Hear About Enforcement\***

By Banking Exchange

When the Consumer Financial Protection Bureau first began regulating, rule-writing, and examining, consultants and other observers of the compliance scene frequently said, "There's a new cop on the beat."

Under the Trump Administration's Acting Director Mick Mulvaney, the cop wants to know what financial players think about the enforcement facet of the bureau.

The latest "request for information," announced Feb. 6, is the third in a series of such efforts Mulvaney announced shortly after taking his post. The first request concerns bureau investigative demands and the second concerns CFPB administrative hearing process.

<http://www.bankingexchange.com/news-feed/item/7360-mulvaney-wants-to-hear-about-enforcement?Itemid=101>

## National Law Review: CFPB Request For Information\*

By Davis Kuelthau, National Law Review

The CFPB has issued a request for information that seeks comment on how the agency can best achieve meaningful burden reduction or other improvement in the processes it uses to enforce federal consumer financial law while continuing to meet the CFPB's statutory objectives and ensuring a fair and transparent process. Comments on the RFI must be received no later than 60 days after the date it is published in the Federal Register, which the CFPB expects to be February 12, 2018.

The new RFI represents the third in a series of RFIs announced by Mick Mulvaney, President Trump's designee as Acting Director. The new RFI is broader than the two prior RFIs, which focused on specific aspects of enforcement. In the new RFI, the CFPB now seek comment on all aspects of its enforcement processes but lists the following seven topics:

- Communication between the CFPB and subjects of investigations, including timing and frequency of such communications and information provided by the CFPB on the status of an investigation

<http://www.natlawreview.com/article/cfpb-seeks-comment-its-enforcement-processes>

## Inside Mortgage Finance: CFPB Solicits Public Input On Its Enforcement Actions, Signaling Big Changes May Be Afoot\*

By Inside Mortgage Finance

The mortgage industry has another opportunity to help usher in some potentially dramatic differences in the way the Consumer Financial Protection Bureau goes about its business in the post-Richard Cordray era.

[https://www.insidemortgagefinance.com/issues/imfpubs/imf/2018\\_6/news/CFPB-Solicits-Public-Input-on-its-Enforcement-Actions-Signaling-Big-Changes-1000044742-1.html](https://www.insidemortgagefinance.com/issues/imfpubs/imf/2018_6/news/CFPB-Solicits-Public-Input-on-its-Enforcement-Actions-Signaling-Big-Changes-1000044742-1.html)

## Inside Mortgage Finance: Will CFPB Chief Mulvaney Say 'Never Mind' On PHH Case?\*

By Inside Mortgage Finance

In fact, it's possible the CFPB under Acting Director Mick Mulvaney may just say: never mind.

[https://www.insidemortgagefinance.com/imfnews/1\\_1290/daily/CFPB-Chief-mick-Mulvaney-may-drop-phh-case-1000044730-1.html](https://www.insidemortgagefinance.com/imfnews/1_1290/daily/CFPB-Chief-mick-Mulvaney-may-drop-phh-case-1000044730-1.html)

## Banking

## Newsday (NY): The Federal Reserve Steps Up To Protect Consumers\*

By Newsday (NY)

If no one else will look out for consumers, perhaps the nation's central bank will.

The Federal Reserve is usually tasked with the far broader mission of making sure the U.S. economy remains on a solid footing. It's rare to see Fed officials insert themselves into an individual bank's problems, or to defend and protect that bank's customers.

But that's exactly what the Fed did last week. On Janet Yellen's last day as Fed chair, the Federal Reserve imposed severe penalties on Wells Fargo, forcing the financial giant to replace board members— and, in an extraordinary and rare move, preventing it from growing at all until sufficient improvements are made.

<https://www.newsday.com/opinion/editorial/fed-wells-fargo-1.16648977>

## Consumer Credit

### Reuters: U.S. Senators Ask Consumer Watchdog Head For Details On Equifax Probe\*

By Michelle Price, Reuters

A group of 31 senators wrote to Acting CFPB Director Mick Mulvaney and Deputy Director Leandra English "demanding information" on the CFPB's "stalled probe" into Equifax's massive data breach.

<https://www.reuters.com/article/us-usa-equifax-cfpb-lawmakers/u-s-senators-ask-consumer-watchdog-head-for-details-on-equifax-probe-idUSKBN1FS2R1>

### The Hill: Senators Demand Answers From CFPB On Equifax Probe\*

By Harper Neidig, The Hill

More than 30 senators are asking the Consumer Financial Protection Bureau (CFPB) for details about their investigation into last year's massive Equifax data breach following reports the agency has been dragging its feet on the probe.

The group, led by Sen. Brian Schatz (D-Hawaii), sent a letter to the CFPB, dated Feb. 7, which cites a Reuters report that Acting Director Mick Mulvaney has not approved a number of preliminary steps in the investigation.

"The CFPB has a statutory mandate to participate in this process by conducting an investigation, the senators wrote. "If that investigation exposes wrongdoing or consumer harm, the CFPB has the authority, and indeed a duty, to bring appropriate enforcement actions."

<http://thehill.com/policy/technology/372958-senators-call-for-answers-from-cfpb-on-equifax-probe>

## Washington Times: Democrats Raise Concerns Over Status Of CFPB Probe Into Equifax Breach\*

By Andrew Blake, Washington (DC) Times

Dozens of Democrats have demanded answers from the director of President Trump's Office of Management and Budget over reports that he recently halted the Consumer Financial Protection Bureau's investigation into last year's massive Equifax breach.

Thirty-one senators signed their names to a letter released Thursday requesting an update on the CFPB Equifax probe, including every Democratic member of the Senate Banking, Housing and Urban Affairs Committee, as well as Sens. Angus King of Maine and Bernie Sanders of Vermont, both independents, in light of a recent Reuters report that portrayed the investigation as effectively over.

The Department of Justice, Federal Trade Commission and CFPB each launched investigations into Equifax after the credit-rating agency revealed in September that a security incident had exposed the personal information of roughly 145 million Americans, including their names, Social Security numbers, birthdates and addresses. The official who initiated the CFPB's probe subsequently resigned, however, and his replacement, OMB Director Mick Mulvaney, has since halted the bureau's investigation, Reuters reported Sunday, citing multiple officials familiar with the matter.

<https://www.washingtontimes.com/news/2018/feb/8/democrats-raise-concerns-over-status-cfpb-probe-eq/>

## Augusta (VA) Free Press: Warner Demands Answers On Stalled CFPB Investigation Into Equifax Breach\*

By Augusta (VA) Free Press

U.S. Sen. Mark R. Warner (D-VA), a member of the Senate Banking and Finance Committees, joined a group of 31 Senators to demand answers on reports that the Consumer Financial Protection Bureau has halted its investigation into how credit reporting agency Equifax failed to protect the personal data of more than 145 million Americans.

"We are deeply troubled by recent news reports that, under Director Mulvaney's leadership, the CFPB has stopped its investigation into the Equifax breach, the Senators wrote in a letter to Office of Management and Budget Director Mick Mulvaney and CFPB Acting Director Leandra English. The CFPB is currently the only federal agency with supervisory authority over the largest consumer reporting agencies. Consumer reporting agencies and the data they collect play a central role in consumer's access to credit and the fair and competitive pricing of that credit. Therefore, the CFPB has a clear duty to supervise consumer reporting agencies, investigate how this breach has or will harm consumers, and bring enforcement actions as necessary."

According to reports, CFPB has not issued any subpoenas, sought testimony from key executives at Equifax, or proceeded with on-site examinations.

<http://augustafreepress.com/warner-demands-answers-stalled-cfpb-investigation-equifax-breach/>

## Engadget: 32 Senators Want To Know If US Regulators Halted Equifax Probe\*

By Engadget

Reuters sources said that Mulvaney has neither ordered subpoenas against Equifax nor collected any sworn testimony from company executives. Additionally, reviews of how Equifax protects its data and on-site cybersecurity exams of other credit bureaus- which the Federal Reserve, Federal Deposit Insurance Corp and Office of the Comptroller of the Currency all offered to assist with- have been put on hold. The bank regulators who had offered to help were reportedly told that there were no exams planned and their assistance wouldn't be needed.

In their letter, the senators expressed their concern over these reports and reiterated the duty the CFPB has to not only investigate the breach but to bring action against Equifax if deemed necessary. "Consumer reporting agencies and the data they collect play a central role in consumer's access to credit and the fair and competitive pricing of that credit," they wrote. "Therefore, the CFPB has a duty to supervise consumer reporting agencies, investigate how this breach has or will harm consumers and bring enforcement actions as necessary." They specifically ask Mulvaney and Deputy Director Leandra English whether the probe has been halted and if so, why and under whose direction. They also ask about any plans for on-site exams of Equifax and other bureaus, what steps they've taken in the investigation so far and whether they're coordinating with the FTC and its Equifax probe.

The senators have requested a response by February 19th.

<https://www.engadget.com/2018/02/08/senators-ask-if-us-regulators-halted-equifax-probe/>

## HousingWire: Democratic Senators Demand Answers On CFPB's Stalled Equifax Data Breach Investigation\*

By Andy Crisenbery, HousingWire

Did the Consumer Financial Protection Bureau kill its investigation into Equifax's data breach that exposed the personal information of 145.5 million U.S. consumers to hackers?

Inquiring minds, including one-third of the Senate want to know.

On Thursday, a group of 32 Democratic senators sent a letter to the CFPB, demanding answers on the state of the bureau's investigation into the Equifax breach.

<https://www.housingwire.com/articles/42486-democratic-senators-demand-answers-on-cfpbs-stalled-equifax-data-breach-investigation>

## Atlanta Journal-Constitution: Sen. Warren Says Atlanta Equifax Is Careless With American Data\*

By Kelly Yamanouchi, Atlanta (GA) Journal-Constitution

Equifax this week endured yet another public battering this time in a report issued by a high-profile critic of the financial services industry.

The company has been under fire since revealing in early September that the personal information of more than 145 million Americans had been compromised in a data breach.

According to U.S. Sen. Elizabeth Warren (D-Mass), the Atlanta-based, consumer credit reporting agency was guilty of a series of failures: setting up a flawed system, ignoring warnings about risk, taking too much time to notify consumers and regulators about the breach, and offering inadequate help to consumers afterward.

<http://www.myajc.com/business/equifax-lambasted-again-new-senate-report/SsfDDTy0vObqyLiEN4FcFJ/>

## Business Insider: America's Consumer Debt Keeps Skyrocketing

By Wolf Richter, Business Insider

Total consumer credit rose 5.4% in the fourth quarter, year over year, to a record \$3.84 trillion not seasonally adjusted, according to the Federal Reserve. This includes credit-card debt, auto loans, and student loans, but not mortgage-related debt. December had been somewhat of a disappointment for those that want consumers to drown in debt, but the prior months, starting in Q4 2016, had seen blistering surges of consumer debt.

Think what you will of the election—consumers celebrated it or bemoaned it the American way: by piling on debt.

The chart below shows the progression of consumer debt since 2006 (not seasonally adjusted). Note the slight dip after the Financial Crisis, as consumers deleveraged with much of the deleveraging being accomplished by defaulting on those debts. But it didn't last long. And consumer debt has surged since. It's now 45% higher than it had been in Q4 2008. Food for thought: Over the period, the consumer price index increased 17.5%:

<http://www.businessinsider.com/americas-consumer-debt-keeps-skyrocketing-2018-2>

## Payday Loans

### Los Angeles Sentinel: Waters, Sen. Warren And CBC Members Question Consumer Financial

## Protection Bureau Actions Under Trump Appointee\*

By Charlene Crowell, Los Angeles (CA) Sentinel

In the wake of a recent series of anti-consumer actions taken by Mick Mulvaney, the Trump-appointed Consumer Financial Protection Bureau's Acting Director, a bicameral call for accountability was released on January 31. Led by Congresswoman Maxine Waters of California and Sen. Elizabeth Warren of Massachusetts, two other Congressional Black Caucus Members, Congressmen Keith Ellison (D-Minn.) and Al Green (D-Texas) joined Senators Richard Blumenthal (D-Conn.) and Jeff Merkley (D-Ore.) as signatories.

Together, the group of lawmakers seek to know what prompted Mr. Mulvaney's actions as well as his ties to the payday lending industry.

A January 31 letter calls into question the following specific actions that have occurred over the past month:

<https://lasentinel.net/waters-sen-warren-and-cbc-members-question-consumer-financial-protection-bureau-actions-under-trump-appointee.html>

## American Banker: Mulvaney Can't Just Kill CFPB Payday Rule, But Here's What He Can Do\*

By Kate Berry, American Banker

American Banker describes the ways in which Acting CFPB Director Mick Mulvaney could alter the agency's payday lending rule, including a refocus on disclosure requirements or suspending the current rule while considering changes but prolonging the process to delay implementation.

<http://www.americanbanker.com/news/mulvaney-cant-just-kill-cfpb-payday-rule-but-heres-what-he-can-do>

## JD Supra: Changes To The CFPB's Approach To The Payday Lending Industry\*

By JD Supra

The Trump Administration-appointed Acting Director of the Consumer Financial Protection Bureau ("CFPB"), Mick Mulvaney, recently stated in a memo to his staff that under his leadership, the CFPB would significantly change in its approach to regulation and enforcement. The most concrete example of this thus far is his approach to the payday lending industry.

The first clear indication of the CFPB's new direction came with Mr. Mulvaney's announcement on January 16, 2018, that the CFPB would re-open the rulemaking process for the much debated rule on payday lending, entitled "Payday, Vehicle Title, and Certain High-Cost Installment Loans" ("Payday Rule"). In its announcement, the CFPB also posted a conspicuous notice which informs potential applicants for preliminary approval to become a registered information system under the Payday Rule, that they can request a waiver of the April 16, 2018 deadline.

The Payday Rule, as we previously reported, contains various provisions including requiring that payday lenders determine whether borrowers can afford to repay the loan within 30 days. It also contains a 30-day cooling off period for borrowers after they obtain a third loan in succession.

<https://www.jdsupra.com/post/documentViewer.aspx?fid=4af18691-20ee-47b6-b41d-148eb8180dcd>

## Financial Empowerment

### **CNBC: Financial Education Stalls, Threatening Kids' Future Economic Health**

By CNBC

Only 17 states require high school students to take a class in personal finance— a number that hasn't budged in the past four years, according to the newly released 2018 Survey of the States: Economic and Personal Finance Education in Our Nation's Schools.

More than half of states still do not require high school students to take an economics course, it found. And since 2014, the number of states that require students to be tested on economics concepts has stayed flat at 16.

"The majority of U.S. states are failing our students by declining to offer these fundamental courses which are critical to their financial stability and security later in life," said Nan J. Morrison, president and CEO of the Council for Economic Education, which produced the report using data from the 50 states and the District of Columbia.

<https://www.cnbc.com/2018/02/08/financial-education-stalls-threatening-kids-future-economic-health.html>

### **Forbes: States Slow Down Drive To Teach Kids How To Handle Money, Claims Advocacy Group**

By Ted Knutson, Forbes

The states are slowing down the drive to teach kids how to handle money despite notable progress since 1998, an advocacy group claimed today.

"There has been little increase in economic education in recent years and no growth in personal finance education," said The Council For Economic Education in unveiling its new once-every-two-years state survey.

Since the last report in 2016, no states have added financial education to their K-12 standards and since the report before that in 2014, none have been added to the 16 that require testing of economic concepts.

<https://www.forbes.com/sites/tedknutson/2018/02/08/states-slow-down-drive-to-teach-kids-how-to-handle-money-claims-advocacy-group/>

## Housing, Mortgages and Foreclosure

### **American Banker: House Clears Bill To Ease Limits On QM Points And Fees\***

By Brian Collins, American Banker

On Thursday, the House passed a bill that would loosen the CFPB's "qualified mortgage" rule, which restricts "mortgage points and fees charged by lender-affiliate title insurers and other companies."

<http://www.americanbanker.com/news/house-clears-bill-to-ease-limits-on-qm-points-and-fees>

### **HousingWire: Mortgage Choice Act Approved By House Of Representatives\***

By Andy Crisenbery, HousingWire

The House of Representatives voted Thursday to pass the Mortgage Choice Act of 2017, which would adjust the Truth in Lending Act's definitions of points and fees under the Ability to Repay/Qualified Mortgage rule.

This is actually the third time that the House has passed a "Mortgage Choice Act that contained similar provisions.

This version of the Mortgage Choice Act, H.R. 1153, is bipartisan legislation introduced by Rep. Bill Huizenga, R-Mich., Rep. Gregory Meeks, D-N.Y., Rep. Ed Royce, R-Calif., Rep. David Scott, D-Ga., Rep. Steve Stivers, R-Ohio, Rep. Mike Doyle, D-Penn., and Rep. David Joyce, R-Ohio.

<https://www.housingwire.com/articles/42485-mortgage-choice-act-approved-by-house-of-representatives>

### **M Report: Industry Reacts To Passing Of Mortgage Choice Act\***

By Nicole Casperson, M Report

On Thursday, the House voted 280-131 to pass H.R. 1153, the Mortgage Choice Act of 2017, a CUNA-backed regulatory bill that was created in an effort to provide relief to mortgage lenders by excluding certain charges from the points and fees calculation.

This bipartisan legislation, sponsored by Capital Markets, Securities, and Investment Subcommittee Chairman Rep. Bill Huizenga (R-Michigan), would preserve consumer choice and potentially help more Americans achieve the dream of homeownership— specifically low- and moderate-incomes and first-time homebuyers.

"I re-introduced the Mortgage Choice Act, bipartisan legislation to modify and clarify the way points and fees are calculated and help families across America to one-stop shop," said Huizenga. "This legislation is narrowly focused to promote access to affordable mortgage credit without overturning the important consumer protections and sound underwriting required under Dodd-Frank's "ability to repay" provisions."

<http://www.thereport.com/daily-dose/02-08-2018/house-passes-mortgage-choice-act>

## Credit Union National Association: CUNA Outlines Significant Issues W/ RESPA Amendments\*

By Credit Union National Association

CUNA joined with other financial trade organizations Wednesday to outline significant unaddressed issues in the Consumer Financial Protection Bureau's (CFPB) amendments to its Real Estate Settlement Procedures Act (RESPA) rule, scheduled to take effect in April. The rule requires mortgage servicers to send monthly billing statements to consumers in active bankruptcy cases and certain other bankruptcy cases.

"The CFPB's final rule is contrary to this strong public policy of protecting bankruptcy debtors, will cause conflict within the administration of the bankruptcy case, and will unnecessarily subject mortgage servicers to serious liability under the Bankruptcy Code," the letter reads, adding that the final rule "attempts to address a mistakenly perceived issue."

The organizations go on to note that the issue was comprehensively addressed by the Federal Bankruptcy Rules Committee in December 2011. These rules remain in effect.

<http://news.cuna.org/articles/113680-cua-outlines-significant-issues-w-respa-amendments>

## Independent Community Bankers Of America: ICBA, Coalition To CFPB: Withdraw Bankruptcy Billing Statements\*

By Independent Community Bankers Of America

ICBA and other financial trade groups called on the Consumer Financial Protection Bureau to repeal or change a requirement that mortgage servicers send monthly billing statements to borrowers in bankruptcy.

In a joint letter, the coalition said the provision of the CFPB's 2016 mortgage-servicing rule is redundant and needlessly confusing and would subject servicers to liability under the bankruptcy code.

While most community banks are small servicers and therefore exempt from the statement requirements, those that service more than 5,000 loans or buy mortgages from others are subject to the periodic statements rule and would be required to implement this new rule in April.

<http://www.icba.org/news-events/news-details/2018/02/08/icba-coalition-to-cfpb-withdraw-bankruptcy-billing-statements>

## JD Supra: D.C. Circuit Court Affirms The Legality Of Captive Reinsurance Arrangements\*

By JD Supra

While the court opinion on the constitutionality of the CFPB's structure was long awaited, its decision related to RESPA affords the mortgage industry much-needed clarity.

The January 31 en banc ruling of the D.C. Court of Appeals gave a huge win to the mortgage industry by reinstating the October 2016 three-judge panel's findings that the Real Estate Settlement Procedures Act (RESPA) does not prohibit captive reinsurance arrangements. In a 250-page opinion that drew three concurrences and three dissents, the court addressed many controversial topics, including finding that the Consumer Financial Protection Bureau's (CFPB) structure of a single director who may only be removed for cause is constitutional. In particular, however, the court's rulings regarding RESPA provided needed clarity regarding longstanding practice before it was challenged by the CFPB in early 2014.

Before the enactment of the Consumer Financial Protection Act in 2010, the Department of Housing and Urban Development (HUD) was responsible for administering and enforcing RESPA. Under HUD's jurisdiction, Section 8(c) of RESPA's anti-tying and kickback prohibitions were understood as permitting captive reinsurance arrangement in exchange for "bona fide payments," thereby prohibiting captive reinsurance arrangements with mortgage insurers if the mortgage insurer paid the reinsurer more than the "reasonable market rate." The CFPB assumed enforcement responsibility of RESPA in June 2011, and in January 2014, initiated an administrative enforcement proceeding against PHH Corp., a national mortgage lender.

<https://www.jdsupra.com/post/documentViewer.aspx?fid=de8eebdb-c7ce-48b4-922c-11e8ea53b131>

## Bloomberg News: Easing Mortgage Standards Are Resulting In More Late Payments

By Prashant Gopal, Bloomberg News

Mortgage delinquencies for first-time buyers have climbed to a four-year high as tight credit standards imposed after the U.S. housing crash start to loosen.

The share of borrowers who are late on their Federal Housing Administration loans, which primarily go to first-time homebuyers, rose to 10.4 percent in the fourth quarter from 9 percent a year earlier, according to data from the Mortgage Bankers Association. While hurricanes in Florida and Texas near the end of last year played a part, delinquencies rose in most states, according to Marina Walsh, the group's vice president of industry analysis.

Delinquencies are still historically low, yet the jump is surprising given that employment is strong and home prices are steadily increasing. FHA mortgages originated in the past few years are going delinquent sooner than the older loans that had stricter credit standards, according to the MBA. With mortgage rates rising, it will get more difficult for borrowers who fall behind to refinance their way out of trouble.

<https://www.bloomberg.com/news/articles/2018-02-08/easing-mortgage-standards-are-resulting-in-more-late-payments>

## Houston Chronicle: 2 Men Plead Guilty To Mortgage Fraud In Houston, Surfside Beach

By Jose R. Gonzalez, Houston (TX) Chronicle

Two men have plead guilty in a scheme to fraudulently obtain mortgage loans to purchase homes in Houston and Surfside Beach, according to a press release from the U.S. Attorney's Southern District of Texas office.

David Lee Morris, 55, and Derwin Jerome Blackshear, 50, plead guilty to one count each of wire fraud conspiracy and bank fraud. Blackshear additionally plead guilty to bank fraud and admitted to operating a multiple location tax preparation business in the Houston area that prepared fraudulent tax returns.

Between 2005 and 2009, Morris, Blackshear and others induced mortgage lenders to loan more money than properties' actual worth and then skimmed the excess funds from real estate transactions, according to the news release.

<http://www.chron.com/news/houston-texas/article/2-men-plead-guilty-to-mortgage-fraud-in-houston-12563203.php>

## Investopedia: Increasing Mortgage Rates Could Hit Generation Xers Hardest

By Donna Fuscaldo, Investopedia

Mortgage rates are rising and home prices are increasing, potentially shutting some Millennials out of the real estate market. But it turns out that it's not the Millennials that are having the most trouble coming up with the down payment and thus purchasing a new home. According to the National Association of Realtors' monthly survey of people who currently aren't homeowners, it's their older counterparts, Generation Xers, that are struggling.

Of the roughly 4,000 survey respondents, Realtor.com, the real estate website owned by the National Association of Realtors, reported that around 47% of Generation Xers said they were having a tough time saving up for the down payment for a new home. That compares with 23% of Millennials. Generation Xers are at an age where they may have children, car loans, credit card debt, said Jessica Lautz, the National Association of Realtors' managing director of survey research, in the Realtor.com report. They're also less likely to be able to move back home [with their parents] to pay down debt.

Figure out how much home you can afford with our mortgage calculator.

<https://www.investopedia.com/news/increasing-mortgage-rates-could-hit-generation-xers-hardest/>

## Students

### Credible: 'Big Four' Student Loan Servicers Now 'Big Three'

By Matt Carter, Credible

It remains to be seen whether the big three loan servicers will continue to compete for borrowers next year. Photo credit: Shutterstock.com.

Three companies are now responsible for collecting payments on more than 90 percent of outstanding federal student loan debt, after antitrust regulators raised no objections to Nelnet's acquisition of a larger rival, Great Lakes Educational Loan Services Inc.

When it announced the proposed \$150 million acquisition of Great Lakes in October, Nelnet was the smallest of the "big four" government student loan servicers. Now it's the largest of the "big three."

<https://www.credible.com/news/student-loans/big-four-student-loan-servicers-now-three/>

### Bankers Online: CFPB On Tax Law Change Benefiting Disabled Student Borrowers\*

By Bankers Online

The CFPB has posted an article, "Help is here for people with severe disabilities struggling with student loans," reporting that, due to a recent change in federal law, borrowers whose student loans are forgiven on or after January 1, 2018, due to "death or total and permanent disability" no longer have to pay federal income taxes on those forgiven loans.

<https://www.bankersonline.com/topstory/157413>

## Policy and Regulatory

### New York Times: The Art Of The Scam\*

By Mark Schmitt, New York (NY) Times

Most American workers this month will see their take-home pay go up, some a little and a few quite a bit, as the new tax act takes effect and less money is withheld for federal income taxes.

But for many, the gift will be short-lived. Because the law was rushed and written in a partisan frenzy, withholding may not be accurate and you might owe money to the I.R.S. next year. You might even be advised to file new forms so that more money is withheld - and then the forms and withholding amounts are likely to change again later in the year and then again every year thereafter as the cuts for individuals head toward expiration.

This messy uncertainty, not abstractions like an increase in the federal deficit, will be the lived experience of Trump economic policy for most American households. It might seem like just a bureaucratic complication, but this episode could point progressives toward a persuasive economic message, one that reflects the economic realities of the middle class and the striving of people in struggling small communities as well as those in tech-driven metropolises.

<https://www.nytimes.com/2018/02/08/opinion/trump-republican-scam.html>



## Bloomberg News: Fed's Dudley Sticks To His Outlook, Calls The Market Moves 'Small Potatoes'

By Matthew Boesler, Bloomberg News

U.S. stocks have fallen in recent days in part because of the rising prospect that global central banks will be tightening monetary policy, Federal Reserve Bank of New York President William Dudley said.

"Clearly the market is adjusting to the fact that the global economy is growing quite quickly, and as a consequence of that, monetary authorities around the world are either starting to remove accommodation or are thinking about starting to remove accommodation," Dudley said Thursday in a Bloomberg Television and Radio interview with Kathleen Hays. "So bond yields have moved up, and as bond yields have moved up, that's put a little bit more pressure on the equity market."

Stocks have been roiled by the return of long-absent volatility in recent days, as the S&P 500 index of U.S. equities has declined almost 8 percent from its Jan. 26 record high. U.S. Treasuries, which typically perform well when stocks sell off, have been battered, too. The yield on 10-year Treasury notes rose to 2.88 percent at one point on Thursday, matching the highest level in four years.

<https://www.bloomberg.com/news/articles/2018-02-08/dudley-sticks-to-his-outlook-amid-small-potatoes-market-moves>

## The Hill: Senate Panel Clears Three Trump Financial Regulatory Nominees

By Sylvan Lane, The Hill

The Senate Financial Services Committee on Thursday approved three of President Trump's major financial regulatory nominations.

The panel voted to recommend Jelena McWilliams to be chair of the Federal Deposit Insurance Corporation, Marvin Goodfriend to be a governor on the Federal Reserve Board and Thomas Workman to be the Financial Stability Oversight Council member with insurance industry experience.

The panel voted largely along party lines to recommend the nominees to the full Senate. All will play critical roles in the Trump administration's efforts to rollback the Dodd-Frank financial reform law.

<http://thehill.com/policy/finance/372921-senate-panel-clears-three-trump-financial-regulatory-nominees>

## The Big Picture

### Headlines From Today's Front Pages.

#### Wall Street Journal:

[Congress Goes To The Wire On Budget Deal Ahead Of Shutdown Deadline](#)

[Dow Industrials Plunge Into Correction](#)

[The Corporate Giant Lurking Behind The Winter Olympics](#)  
[US Secretly Offered Iran A Channel For Talks On Prisoners](#)

#### New York Times:

[Senate Passes Budget Bill To Raise Spending And Reopen Government](#)

[Far From Winding Down, Syria's War Escalates On Multiple Fronts](#)

[Stocks Plunge As Market Enters 'Correction' Territory](#)  
[Republicans Learn To Love Deficit Spending They Once Loathed](#)

#### Washington Post:

[Shutdown Looms As Budget Deal Hits Obstacles On Hill](#)

[Top Trump Aides Knew Of Abuse Allegations](#)

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#### Financial Times:

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['Mission Creep' Fears Rise After U.S. Airstrike In Syria](#)

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#### Story Lineup From Last Night's Network News:

ABC: White House Top Aide Resignation; Stock Market Crash; Budget Deal; Severe Weather; Winter Olympics; White House-Omarosa; Brazil-American Child Abduction; Serial Killer; NFL News; Super Bowl Victory Parade; Children's Toy.  
CBS: Stock Market Crash; Budget Deal; White House Top Aide Resignation; Flu Epidemic; Puerto Rico Restoration Controversy; Severe Weather; Border Patrol Bath Investigation; Drowsy Driving; Super Bowl Victory Parade; Elderly Runner.

NBC: Stock Market Crash; White House Top Aide Resignation; Budget Deal; Winter Olympics-North Korea; Winter Olympics-Team USA; Winter Olympics-South Korea History; Amazon-ReviewScam; Severe Weather; Super Bowl Victory Parade; Chicago-Twins; Figure Skating Pair.

#### Network TV At A Glance:

White House Top Aide Resignation- 10 minutes, 10 seconds

Stock Market Crash- 6 minutes, 5 seconds

Budget Deal- 5 minutes, 50 seconds

### Story Lineup From This Morning's Radio News Broadcasts:

ABC: Budget Deal; Winter Olympics-VP Pence; Stock Market Crash.

CBS: Budget Deal; Stock Market Crash; Winter Olympics; White House Top Aide Resignation.

FOX: Budget Deal; White House Top Aide Resignation; Stock Market Crash.

NPR: Budget Deal; WH-Immigration Policy; White House Top Aide Resignation; Stock Market Crash.

### Story Lineup From This Morning's Network News:

ABC: Budget Deal; Stock Market Crash; Severe Winter Weather; White House Top Aide Resignation; White House-Omarosa; Winter Olympics; Kate Upton-Sexual Misconduct Allegation; Flu Epidemic; Prince William-Body Shaming.

CBS: Budget Deal; White House Top Aide Resignation; White House-Omarosa; Winter Olympics; US Gymnastics-Sexual Abuse Scandal; Stock Market Crash; Severe Winter Weather; Hollywood Manager Dies; FEMA-Puerto Rico Meal Contract; Amazon-Scammers.

NBC: Budget Deal; Winter Olympics; Vice President Pence-North Korea Tensions; Severe Winter Weather; Stock Market Crash; Harvey Weinstein Scandal; White House Top Aide Resignation; Facebook-Downvote Feature.

## Washington's Schedule

### Today's Events In Washington.

White House:

PRESIDENT TRUMP- Meets with the Secretary of State Rex Tillerson; meets with EPA Administrator Scott Pruitt.

VICE PRESIDENT PENCE- Tours the West Sea Protection Hall, meet with North Korean defectors and tour the Republic of Korea's Cheonan memorial; attends the 2018 Olympic Winter Games Opening Ceremony.

US Senate: No Relevant Event Scheduled.

US House: No Relevant Event Scheduled.

Other: No Relevant Event Scheduled.

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To: CFPBPress </o=cfpbexc/ou=exchange  
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Cc:  
Bcc:  
Subject: CFPB News Summary for Thursday, February 8, 2018  
Date: Thu Feb 08 2018 10:07:52 EST  
Attachments: CFPBNewsSummary180208.doc

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Mobile version and searchable archives available at [cfpb.bulletinintelligence.com](http://cfpb.bulletinintelligence.com).

An asterisk at the end of a headline signifies a CFPB mention.

TO: THE DIRECTOR AND SENIOR STAFF

DATE: THURSDAY, FEBRUARY 8, 2018

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- PYMNTS: Otting Praises Mulvaney On Halting Payday Rule\*
- Law360: Bankrupt Payday Lender Can't Move CFPB Suit To Texas\*
- Alabama Live: Payday Loan Companies Oppose Change To 30-Day Loans

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- Huffington Post: New Survey Sheds Light On How Asian-American Elders Respond To Scammers

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#### Consumer Financial Protection Bureau

Los Angeles Times: Will Mick Mulvaney Be The End Of The Consumer Financial Protection Bureau As We Know It?\*

By Los Angeles (CA) Times

White House budget chief Mick Mulvaney once likened government regulations to a "slow cancer," an attitude he shares with many of President Trump's appointees as well as the man himself. So it's hardly surprising that, in his new part-time role as acting director of the Consumer Financial Protection Bureau, Mulvaney would waste little time pulling back on the agency's rules and its authority. It's yet another reminder, as if any more were necessary, that elections have consequences.

But some of Mulvaney's moves suggest that he's forgotten why Congress created the bureau in the first place, as well as the regulatory gap it exists to fill. And if he has, the consequences may be both severe and unwelcome.

The subprime mortgage collapse that triggered the Great Recession in 2007 exposed many weak beams in the financial industry, one of them being the dangerous willingness of lenders seeking short-term revenue to offer loans to people with limited ability to repay. The perversity of the incentives involved became obvious once huge swaths of subprime and exotic loans started going bad, but by then it was too late.

<http://www.latimes.com/opinion/editorials/la-ed-cfpb-mulvaney-payday-20180207-story.html>

Forbes: Why Reform Is Necessary At The CFPB\*

By Gary Davis, Forbes

The opportunity for new leadership at the Consumer Financial Protection Bureau (CFPB) presents the agency with a chance to work with the Trump administration and Congress to reform how it meets its obligations to protect consumers while ensuring access to credit is not unnecessarily restricted.

The agency recently took a major step toward reform when it announced a series of Requests for Information in the coming months to allow public comment on nearly every aspect of the agency's operations, from enforcement to supervision and even rulemaking.

The CFPB has an important and worthy goal, but former Director Richard Cordray's tenure saw the agency create many rules and enforcement actions that appeared to be motivated by politics and internal bias. This included aggressive pursuits against the growing fintech industry, even when the agency's own consumer complaint database consistently ranks these firms as less of a concern than many traditional financial service providers.

<https://www.forbes.com/sites/forbesfinancecouncil/2018/02/07/why-reform-is-necessary-at-the-cfpb/>

The New Yorker: The Steady, Alarming Destruction Of The Consumer Financial Protection Bureau\*

By Sheelah Kolhatkar, The New Yorker

The Consumer Financial Protection Bureau was established in the aftermath of the financial crisis, as part of the 2010 Dodd-Frank legislation, with the intended goal of protecting consumers from abusive practices by banks, mortgage lenders, and other financial institutions. In part because of its strong association with Elizabeth Warren, the liberal Massachusetts senator who originally proposed creating such an agency, the C.F.P.B. met immediate resistance from the financial industry, which argued that the agency was too powerful and its rules too onerous, and that its actions could end up stifling the economy. The industry found ready allies among Republicans in Congress—notably Representative Jeb Hensarling, the chairman of the House Financial Services Committee—who echoed the financial industry's complaints and pledged to dismantle the agency, or at least dramatically reduce its reach. Part of what gave the C.F.P.B. its power was its independence; it had been designed to operate outside the bounds of influence of Congress and the White House, and it was difficult for a President to replace the person running it, which prompted its critics to argue that it had no accountability. Last week, a federal appeals court upheld the agency's structure as legal and necessary. "Congress's decision to provide the C.F.P.B. director a degree of insulation reflects its permissible judgment that civil regulation of consumer financial protection should be kept one step removed from political winds and presidential

will," Judge Cornelia Pillard wrote in the ruling. Supporters of the C.F.P.B. greeted the ruling as a major victory.

Still, with Donald Trump as President, the C.F.P.B. continues to be under existential threat. The departure of the founding director, Richard Cordray, in November, gave Trump the ability to choose the person who would oversee the agency until a permanent director was selected. Briefly, there were rumors that Trump was going to appoint his Wall Street-friendly Treasury Secretary, Steven Mnuchin, to the position of interim director. Instead, he chose Mick Mulvaney, the White House budget director, who is on record as saying that he wanted to "get rid of" the C.F.P.B. altogether. Now Mulvaney is doing just that, using the levers he has available to him to essentially starve the C.F.P.B. of resources and let it wither. If there was ever any doubt that the Trump Administration would simply do the financial industry's bidding, Mulvaney's recent actions at the C.F.P.B. have cleared it up. And anyone with a bank account or a stake in the American economy should be concerned.

In January, Mulvaney submitted the agency's quarterly funding request to the Federal Reserve, asking for "\$0" to finance the C.F.P.B.'s operations for the next three months. (He argued at the time that the agency had enough money on hand to cover its expenses.) He also, somewhat inexplicably, singled out new regulations that the C.F.P.B. had put in place to rein in the widely loathed payday-lending industry. The new rules were intended to make it more difficult for consumers to borrow more money than they could realistically repay, potentially leading them into a debt trap. Mulvaney has announced that his new agency would be revisiting the payday-lending regulations to see if they should be kept or not. He then dropped a lawsuit that the C.F.P.B. had filed against a group of online payday lenders that had allegedly been charging consumers interest rates as high as nine hundred and fifty per cent.

<https://www.newyorker.com/news/news-desk/the-steady-alarming-destruction-of-the-consumer-financial-protection-bureau>

#### Daily Caller: An Exclusive Peek Into Elizabeth Warren's Luxurious CFPB Headquarters\*

By Richard Pollock, Daily Caller

Taxpayers no longer have to wonder how their money has been spent at the newly renovated headquarters at the Consumer Financial Protection Bureau.

Mick Mulvaney, the CFPB's acting director, graciously allowed The Daily Caller News Foundation to take an exclusive tour on Feb. 1 of the federal office — founded by Democratic Sen. Elizabeth Warren of Massachusetts — that has been widely criticized for cost overruns and extravagance.

A June 2014 Inspector General report concluded there was "no sound basis" for the agency's renovation cost estimates. Shortly thereafter, the contracting for the building was transferred from the bureau to the General Services Administration, that oversaw the current renovation.

<http://dailycaller.com/2018/02/07/cfpb-headquarters-tour/>

#### St. Louis American: Why Is The Consumer Financial Protection Bureau Turning Against Consumers?\*

By Charlene Crowell, St. Louis (MO) American

In the wake of a recent series of anti-consumer actions taken by Mick Mulvaney, the Trump-appointed Consumer Financial Protection Bureau's acting director, a bicameral call for accountability was released on January 31. Led by Congresswoman Maxine Waters of California and Sen. Elizabeth

Warren of Massachusetts, two other Congressional Black Caucus Members, Congressmen Keith Ellison (MN) and Al Green (TX), joined Senators Richard Blumenthal (CT) and Jeff Merkley (OR) as signatories.

Together, the group of lawmakers seek to know what prompted Mulvaney's actions as well as his ties to the payday lending industry.

A January 31 letter calls into question the following specific actions that have occurred over the past month:

[http://www.stlamerican.com/business/personal\\_finance/why-is-the-consumer-financial-protection-bureau-turning-against-consumers/article\\_512a3574-0c53-11e8-bc13-83fa4a63d7dd.html](http://www.stlamerican.com/business/personal_finance/why-is-the-consumer-financial-protection-bureau-turning-against-consumers/article_512a3574-0c53-11e8-bc13-83fa4a63d7dd.html)

American Banker: CFPB Seeks Input On Ways To Reform Enforcement Process\*

By Kate Berry, American Banker

The CFPB is seeking comment on "all aspects of its enforcement processes" as the bureau "continues to be reshaped under the leadership of acting Director Mick Mulvaney."

<https://www.americanbanker.com/news/cfpb-seeks-input-on-ways-to-reform-enforcement-process?feed=00000158-baad-d32b-adfa-bffde31c0000>

Credit Union Times: CFPB Seeks Comment On Enforcement Actions\*

By David Baumann, Credit Union Times

Even as policymakers continue to battle over the effectiveness of the CFPB, the agency has issued its latest request for comment on its activities--this one focusing on its enforcement powers.

Acting Director Mick Mulvaney, an outspoken critic of how the agency operated under former Director Richard Cordray, has announced that the agency is reexamining how it administers consumer protection laws. The bureau already has asked for comment on improvements to its administrative adjudication and civil demand processes.

<http://www.cutimes.com/2018/02/07/cfpb-seeks-comment-on-enforcement-actions>

HousingWire: CFPB Requests Information On Its Own Enforcement Process\*

By Kelsey Ramirez, HousingWire

The Consumer Financial Protection Bureau announced Wednesday it is investigating and requesting information on its own enforcement process.

The bureau announced it is seeking information to help assess the overall efficiency and effectiveness of its processes related to the enforcement of federal consumer financial law.

The request was led by Mick Mulvaney, who is currently serving as acting director of the CFPB until either President Donald Trump names a permanent replacement for former Director Richard Cordray or a federal court tells him otherwise.



<https://www.housingwire.com/articles/42475-cfpb-requests-information-on-its-own-enforcement-process>

#### ABA Banking Journal: CFPB Seeks Public Feedback On Enforcement Processes\*

By ABA Banking Journal

As anticipated, the Consumer Financial Protection Bureau today issued a request for information seeking feedback from the public on its enforcement processes. The request is the third in a series of request for public input the bureau has issued following Acting Director Mick Mulvaney's announcement last month that the CFPB will engage in a broad public feedback initiative to ensure that it is fulfilling its statutory requirement to protect consumers.

Among other things, the CFPB is seeking feedback on how it communicates with subjects of investigations, the length of investigations, the calculation of civil money penalties, the standard provisions in its consent orders and how it carries out enforcement activities with other state and federal agencies that may have overlapping jurisdiction. For more information, or to provide input for the American Bankers Association's comments on the RFI, contact ABA's Virginia O'Neill.

<https://bankingjournal.aba.com/2018/02/cfpb-seeks-public-feedback-on-enforcement-processes/>

#### SNL Financial: CFPB Requests Feedback On Enforcement Processes\*

By Nicole De Dios, SNL Financial

Suggested topics for public comment include the calculation of civil money penalties, the regulator's standard provisions in consent orders and its coordination with other regulatory agencies.

<https://www.snl.com/interactivex/article.aspx?KPLT=7&id=43466358>

#### Law360: CFPB Info Request Could Mean Shift In Enforcement Policies\*

By Jack Newsham, Law360

The Consumer Financial Protection Bureau said Wednesday it is seeking information about its enforcement process, the latest move by acting agency head Mick Mulvaney that could signal changes are on the way that would benefit financial firms and other investigation targets.

The agency said it is interested in hearing about the costs and benefits of changing the way it conducts investigations, negotiates settlements and calculates penalties, with an eye on making things easier for the businesses it regulates. The announcement comes just a week after the...

<https://www.law360.com/articles/1010176/cfpb-info-request-could-mean-shift-in-enforcement-policies>

#### Bankers Online: CFPB Issues Info Request On Its Enforcement Processes\*

By Bankers Online

The CFPB has released the third in its series of "calls for evidence" to ensure that the Bureau is fulfilling its proper functions to best protect consumers. The latest Request for Information (RFI), expected to be published on Monday, asks for feedback on the CFPB's enforcement processes. If the RFI is published as scheduled, the 60-day comment period will expire on Friday, April 13, 2018.

<https://www.bankersonline.com/topstory/157402>

Oklahoma Journal Record: Gavel To Gavel: CFPB Changes In The Works\*

By Joel W. Harmon, Oklahoma Journal Record

On Jan. 31, the U.S. Court of Appeals for the D.C. Circuit published its decision in the case of PHH v. CFPB. In the case, PHH argued that the structure of the Consumer Finance Protection Bureau is unconstitutional. The court held, 7 to 3, that the CFPB's current structure, where a single director is removable only for cause, is constitutional.

The CFPB came into existence as a result of legislation enacted in the wake of the 2008-2009 financial and mortgage crisis. Its intent was to provide a central government regulator for consumer-related financial issues.

President Obama appointed its first director, Richard Cordray. Critics say Cordray went too far in regulating banks and other financial institutions, arguing that the bureau exceeded its scope of authority. When the CFPB went after PHH for violations of residential lending laws, PHH argued that the CFPB's structure was unconstitutional because it has a single director that the president has no ability to terminate except for cause, effectively making the bureau's director one of the most powerful people in Washington, D.C., something they argue was never intended by Congress.

<http://journalrecord.com/2018/02/07/gavel-to-gavel-cfpb-changes-in-the-works/>

JD Supra: Win Some, Lose Some: Trump Gets A Loss And A Win In The Fight To Control The CFPB\*

By JD Supra

Seyfarth Synopsis: One court upholds protection of Dodd-Frank limiting the President's removal authority, while another court stifles a challenge against Mulvaney serving as acting Director of CFPB.

Last week, the Trump Administration experienced mixed results in the ongoing litigation over the Consumer Financial Protection Bureau ("CFPB"). As we've mentioned in our prior publications, there are several actions pending that involve the President's authority to control the CFPB. The first action discussed below, which had been languishing in the court for some time, raised the issue of whether the CFPB's structure as an independent agency is constitutional. The Trump Administration lost on this issue for the moment. In the second action, the Trump Administration dodged, at least temporarily, a challenge to President Trump's appointment of current CFPB Director Mick Mulvaney because the court determined that the plaintiff, a non-profit credit union, had no standing to bring its case.

On January 31, 2018, the United States Court of Appeals for the District of Columbia, sitting en banc, ruled that the CFPB's structure is constitutional by upholding Dodd-Frank's restriction that the Director of the CFPB can be removed by the President only for cause. The court reasoned that under Dodd-Frank, independence of the agency is persevered and that with Article II, the "President [still] retains 'ample authority to assure' that the official 'is competently performing his or her statutory

responsibilities.” This ruling is a blow to the Trump Administration’s recent efforts to challenge the CFPB’s structure on grounds that the director was unaccountable to the executive branch, and that he or she should be subject to removal for any reason and not only for inefficiency, neglect or wrongdoing.

<https://www.jdsupra.com/post/documentViewer.aspx?fid=20427acc-84e9-4fa2-a227-7a2f67e380fc>

#### Law360: DC Circ. CFPB Decision Is A Big Win For Industry\*

By Joseph Palmore, Law360

There was something for everyone in Jan. 31’s long-awaited decision from the en banc D.C. Circuit in PHH Corp. v. CFPB. In the part of the decision that has garnered widespread attention, the D. C. Circuit held that the structure of the Consumer Financial Protection Bureau is constitutional. At the same time, however, the court reinstated an earlier panel decision that soundly rejected every statutory argument advanced by the CFPB in the underlying adjudication while also holding that the agency had violated constitutional fair-notice principles.

Separation of...

<https://www.law360.com/publicpolicy/articles/1009326>

#### Independent Community Bankers Of America: OCC, CFPB Heads Meet On Reg Burden\*

By Independent Community Bankers Of America

Comptroller of the Currency Joseph Otting said he shares Consumer Financial Protection Bureau Acting Director Mick Mulvaney’s willingness to reevaluate unnecessary regulatory burdens that hamper banks’ ability to serve their customers.

Following a meeting with Mulvaney and citing his delayed implementation of the bureau’s Home Mortgage Disclosure Act final rule, Otting said unnecessary regulatory burden is a waste that places a drag on our entire economy without making the system safer or fairer.

<http://www.icba.org/news-events/news-details/2018/02/07/occ-cfpb-heads-meet-on-reg-burden>

#### Real Estate News: CFPB Appoints Chief Of Staff\*

By Suzanne De Vita, Real Estate News

The Consumer Financial Protection Bureau (CFPB) has appointed Kirsten Sutton Mork chief of staff, the agency announced on Tuesday.

Sutton Mork has been an aide to Congressman Jeb Hensarling (R-Texas) in the House Financial Services Committee, named deputy staff director of the Committee in 2013 and staff director in 2017. Hensarling, chairman of the Committee, has openly opposed the organization in the past.

“I am pleased to announce Ms. Sutton Mork as the new chief of staff at the Bureau of Consumer Financial Protection,” said Mick Mulvaney, acting director of the CFPB, in a statement. “I worked with Kirsten during my tenure as a member on the House Financial Services Committee and can attest to her in-depth financial policy expertise, proven track record of developing and implementing strategic

initiatives, and ability to manage a team. Kirsten brings with her more than a decade of invaluable experience that will advance the mission of the Bureau and make it more efficient, effective, and accountable.”

<http://rismedia.com/2018/02/07/cfpb-appoints-chief-staff/>

Independent Community Bankers Of America: CFPB's Mulvaney Names Chief Of Staff\*

By Independent Community Bankers Of America

Consumer Financial Protection Bureau Acting Director Mick Mulvaney named Kirsten Sutton Mork as the agency's chief of staff. Sutton Mork has been serving as staff director of the House Financial Services Committee under Chairman Jeb Hensarling (R-Texas).

<http://www.icba.org/news/news-details/2018/02/07/cfpb-s-mulvaney-names-chief-of-staff>

Law360: Consumer Attys Fear Mulvaney's CFPB Could Leave Void\*

By Evan Weinberger, Law360

Attorneys representing consumers fear that they are losing a key ally as the Consumer Financial Protection Bureau changes gears to be more industry friendly under the leadership of Mick Mulvaney.

Mulvaney, the Office of Management and Budget director whose appointment as acting CFPB director is being challenged in court, has been open about wanting to alter the bureau's stance as one that "pushes the envelope" in taking on aggressive enforcement actions and rulemakings to one that more completely takes into account the views of the businesses...

<https://www.law360.com/publicpolicy/articles/1010234>

Legal Description: English, Amici File Briefs As Date For Arguments Set\*

By Legal Description

Consumer Financial Protection Bureau Deputy Director Leandra English and several amici filed their briefs in an appeal, seeking to reverse a lower court's denial of her motion for a preliminary injunction in her case against President Donald Trump and acting CFPB director Mick Mulvaney. During this time, the D.C. Circuit Court of Appeal also ordered that the case be scheduled for oral arguments on April 12.

<http://www.thelegaldescription.com/TLD/ArticlesTLD/db76ec6e-dab0-457a-9afe-a1838f353923.aspx>

Consumer Credit

San Francisco Chronicle: Editorial: Consumer Agency May Be Backing Off A Financial Scandal\*

By San Francisco (CA) Chronicle

When financial firms cause harm, they should expect sanctions that hit their bottom line and warn others to obey the law. But two recent cases raise concerns about whether President Trump's appointees will continue the Obama-era commitment to consumers' interest.

The instances involve harsh sanctions against Wells Fargo for abusive banking practices and indications that the new head of the Consumer Financial Protection Bureau will go easy on Equifax, which permitted the theft of personal data of 143 million Americans.

Wells is feeling the pain via a remarkably tough edict from the Federal Reserve, which oversees lending rates and other banking policies. The bank will be barred from growing larger until the Fed sees that Wells has mended abusive sales practices and overcharges. Millions in penalties were already levied and the bank is shuffling its executive and board lineup in the wake of the scandal.

<https://www.sfchronicle.com/opinion/editorials/article/Editorial-Consumer-agency-may-be-backing-off-a-12559948.php>

Mortgage Professional America: Under Mulvaney, CFPB Pulls Back On Equifax Probe\*

By Francis Monfort, Mortgage Professional America

A Consumer Financial Protection Bureau investigation into the Equifax data breach that exposed the personal data of about 143 million Americans has been put on ice by new bureau leadership, according to a Reuters report.

Three sources told Reuters the CFPB Acting Director Mick Mulvaney has not yet ordered initial steps in a routine probe such as ordering subpoenas against the company or seeking sworn testimony from executives. Additionally, the consumer watchdog has put on hold plans for on-the-ground tests into data protection practices at the company.

Former CFPB Director Richard Cordray had supported the idea of on-the-ground testing as well as authorized an investigation into Equifax after the breach was announced, Reuters said, citing former officials familiar with the probe. Cordray left the bureau in November and was replaced by Mulvaney, President Donald Trump's pick as interim leader.

<https://www.mpamag.com/news/under-mulvaney-cfpb-pulls-back-on-equifax-probe-91452.aspx>

Courthouse News: Mulvaney Takes Heat For Handling Of Equifax Probe\*

By James Palmer , Courthouse News

Mick Mulvaney, director of the Office of Management and Budget, continued to scale back regulatory efforts in the finance industry, so the Center for Responsible Lending held a media call Wednesday to address how Mulvaney's actions within the Trump Administration could affect current and future regulatory efforts imposed on the payday lending industry.

The conference, hosted by the Center for Responsible Lending and Americans for Financial Reform, primarily addressed their assertion that Mulvaney "has turned the [Consumer Financial Protection Bureau] away from its mission of protecting families from abusive financial practices," including Mulvaney's backtrack on the Equifax probe, according to a press release Tuesday.

Senator Elizabeth Warren, D-Mass., who initially proposed and helped launch the agency, also weighed in on the Reuters report on Twitter Tuesday, calling the move a “middle finger” to 145 million consumers.

<https://www.courthousenews.com/mulvaney-takes-heat-for-handling-of-equifax-probe/>

JD Supra: CFPB Reportedly Puts Investigation Of Equifax On Ice While Other Government Agencies Press Forward\*

By JD Supra

Equifax announced on September 7, 2017 a massive data breach affecting an estimated 143 million consumers. Richard Cordray, the then Director of the CFPB, shortly thereafter authorized an investigation according to several media reports. Reuters reported Monday that the investigation sputtered since then, according to several government and industry sources. That is not surprising since there is substantial doubt as to whether the CFPB has enforcement jurisdiction over data breaches. See our March 3, 2016 blog about the one and only data security enforcement action taken by the CFPB. Professor Jeff Sovern acknowledged Monday in the Consumer Law and Policy Blog that “the CFPB has very limited jurisdiction over the Equifax data breach, if it has any jurisdiction anyway....”

Equifax is reportedly being investigated by every state attorney general and the FTC and is facing an onslaught of class actions. So even though the CFPB appears not to be involved in the Equifax matter, this has not stopped the FTC and the state attorneys general from aggressively pursuing their own investigations.

<https://www.jdsupra.com/legalnews/cfpb-reportedly-puts-investigation-of-70139/>

NPR: Massachusetts Sues Equifax Amid Questions About CFPB’s Investigation\*

By NPR

Amid a report that the Consumer Financial Protection Bureau is scaling down its probe into the Equifax breach, David Greene talks to Massachusetts Attorney General Maura Healey.

DAVID GREENE, HOST:

The sheer number of Americans impacted made it one of the biggest stories of 2017. I’m talking about the data breach at the credit reporting firm Equifax. The company admitted hackers stole the personal data of more than 140 million consumers. The Consumer Financial Protection Bureau launched an investigation into this. But that watchdog agency now has a different leader, interim director and Trump appointee Mick Mulvaney. This week, Reuters reported that the agency is scaling back its Equifax investigation. The agency would not comment on that assertion.

<https://www.npr.org/2018/02/07/583910352/massachusetts-sues-equifax-amid-questions-about-cfpbs-investigation>

MarketWatch: Senator Elizabeth Warren’s Office Makes New Allegations Against Equifax\*

By Maria LaMagna, MarketWatch

Elizabeth Warren, the Democratic senator from Massachusetts, isn't done talking about the data breach at credit reporting agency Equifax EFX, +0.16% which exposed the personal data of more than 145 million U.S. adults.

Her office on Wednesday published a new report on the breach, after four months of investigation. The report made a new allegation that Equifax "lost" the passport numbers of "an unidentified number" of Americans and did not disclose that.

But Equifax says that's not true.

<https://www.marketwatch.com/story/senator-elizabeth-warrens-office-makes-new-allegations-against-equifax-2018-02-07>

Vox: Elizabeth Warren Warns Equifax Could "Wiggle Off The Hook" For Users' Credit Data Getting Hacked\*

By Emily Stewart, Vox

Days after a report emerged that the Consumer Financial Protection Bureau might be pulling back its probe into the Equifax data breach under acting head Mick Mulvaney, Sen. Elizabeth Warren (D-MA) is releasing a new report on the incident that left the personal information of more than 145 million Americans exposed.

In September 2017, the consumer credit reporting agency revealed that millions of its US users had had their personal information, including Social Security numbers, birthdates, and addresses, compromised from mid-May through July 2017. It took about six weeks for Equifax to publicly announcing the breach, during which time three executives sold nearly \$2 million worth of the company's shares.

Warren's report paints a damning portrait of Equifax's handling of the data breach before, during, and after the incident. It highlights a number of findings already uncovered in various reports on and inquiries into the Equifax data breach as well as a handful of new details.

<https://www.vox.com/policy-and-politics/2018/2/7/16984522/elizabeth-warren-equifax-data-breach-cfpb>

American Banker: Equifax Misled Public On Data Breach, Warren Claims

By Kate Berry, American Banker

A report issued from Sen. Elizabeth Warren's office on Wednesday on the Equifax data breach found that the credit reporting firm "failed to disclose the fact that the hackers gained access to consumers' passport numbers."

<https://www.americanbanker.com/news/equifax-misled-public-on-data-breach-warren-claims>

Seeking Alpha: Mnuchin Wants Answers On Equifax Breach\*

By Seeking Alpha

U.S. Treasury Secretary Steven Mnuchin wants to know how the CFPB is handling an investigation into the Equifax (NYSE:EFX) breach following a report that the agency put its probe on ice.

"I haven't spoken to Director Mulvaney about it but I will," he told the House of Representatives Financial Services Committee.

Mnuchin also said he has taken the lead on bringing together federal government agencies to coordinate regulation of cryptocurrencies.

<https://seekingalpha.com/news/3328728-mnuchin-wants-answers-equifax-breach>

National Law Review: Mnuchin To Discuss Equifax Data Breach With FSOC\*

By National Law Review

Appearing before the House Financial Services Committee yesterday at a hearing entitled "The Annual Report of the Financial Stability Oversight Council" (FSOC), Treasury Secretary Mnuchin indicated that he intends to discuss the CFPB's handling of its investigation of Equifax's massive 2017 data breach with the FSOC.

We blogged yesterday about Reuters' report that the CFPB's investigation has sputtered since it was authorized by former CFPB Director Cordray shortly after Equifax revealed the data breach. We commented that the Reuters report was not surprising since there is substantial doubt as to whether the CFPB has enforcement jurisdiction over data breaches. We also noted that even though the CFPB appears not to be involved in the Equifax matter, this has not stopped the FTC and state attorneys general from aggressively pursuing their own investigations.

Secretary Mnuchin's statement that he plans to discuss the CFPB's investigation with both the FSOC and Mick Mulvaney, President Trump's designee as CFPB Acting Director, was made in response to concerns expressed by a Committee member about the CFPB's inaction. The FSOC, which was established by the Dodd-Frank Act to analyze and mitigate potential threats to the financial sector, is comprised of representatives from each of the federal financial regulators, including the CFPB.

<http://www.natlawreview.com/article/mnuchin-to-discuss-equifax-data-breach-fsoc>

Politico: Big Data Vs. The Credit Gap\*

By Colin Wilhelm, Politico

There's a catch-22 at the core of the U.S. financial system: To get credit, you need to already have established a credit history. Millions of Americans never find a way around the contradiction, and as a result, are locked out of things like credit cards or student loans that the rest of the population can take for granted.

Banks and other financial companies usually rely on the three major credit reporting agencies to decide whether to let you have credit, using something called your FICO score, an algorithm based on your credit history. No credit history; no FICO score. (If you have a thin credit history or a bad score, you might be able to get a car or a loan, but you will pay higher interest rates and fees.)

But not having a credit history is not the same thing as being a credit risk. In fact, many people



without credit histories may be very good credit risks; they've figured out ways to pay rent, buy groceries and keep the electricity on without the convenience of cards or other forms of credit.

<https://www.politico.com/agenda/story/2018/02/07/big-data-credit-gap-000630>

## Credit Union Insight: The Final Prepaid Rule: Version 3.0\*

By Elizabeth M. Young LaBerge, Credit Union Insight

Since 1982, no less than seven different cuts of Ridley Scott's science fiction masterpiece Blade Runner have been shown to theater audiences. The initial workprint version didn't test well, so the studio re-cut it, adding a rightfully maligned voice-over and a preposterous "happy ending." Both the director and generations of film snobs-to-come found it insufferable. A version with extended, more violent fight scenes was released for international audiences, and a version with toned down violence and nudity was produced for television broadcast. In the early 90's, positive responses to an unauthorized release of the original workprint prompted the 1992 release of a director's cut version, but Ridley Scott still didn't feel he had sufficient time or control to finish it the way he wanted. In 2007, Scott was able to make the version he wanted — the "Final Cut" — which was released with the 25th Anniversary Edition blu-ray. Blade Runner is one of my favorite movies, and it proves that, sometimes to get something right you need a quarter of a century and at least seven iterations.

Which is to say, the CFPB is still working on the Prepays Rule.

The initial proposed rule was released on December 23, 2014, with following corrections to the proposal being released February 5, 2015. The rule went final for the first time on November 22, 2016, with an effective date of October 1, 2017. Less than 4 months later, on March 15, 2017 the Bureau issued another proposal, recognizing some issues with implementation of the final rule, seeking more time for additional adjustments and suggesting the effective date be delayed six months. That proposal went final on April 25, 2017, with a new effective date of April 1, 2018. However, the Bureau did believe further adjustments were necessary, and on June 29, 2017, another proposal was issued, delaying the implementation date further and proposing changes to the regulation. While it has not yet been published in the Federal Register, the Bureau has released the third Final Rule on prepaids, and the new effective date is April 1, 2019.

<https://www.cuinsight.com/final-prepaid-rule-version-3-0.html>

## Automotive News: Keep An Eye On Compliance Under CFPB's New Chief, Experts Say\*

By Jackie Charniga, Automotive News

With uncertainty surrounding the Consumer Financial Protection Bureau's regulatory oversight under Acting Director Mick Mulvaney, auto dealers should keep an eye on compliance and the potential for fraud or other abusive practices.

Those are the main takeaways from industry experts participating last month in the webinar "2018 Predictions: Fair Lending in the Trump Era" held by Hudson Cook law firm and Compli, a work force compliance specialist.

President Donald Trump named Mulvaney acting director of the CFPB in November after Richard Cordray, the agency's director under the Obama administration, resigned. Along with the CFPB post, Mulvaney heads the White House's Office of Management and Budget.

[http://www.autonews.com/article/20180207/FINANCE\\_AND\\_INSURANCE/180209813/keep-an-eye-on-compliance-under-cfpbs-new-chief-experts-say](http://www.autonews.com/article/20180207/FINANCE_AND_INSURANCE/180209813/keep-an-eye-on-compliance-under-cfpbs-new-chief-experts-say)

## Associated Press: US Consumers Boosted Borrowing By \$18.4 Billion In December

By Martin Crutsinger, Associated Press

American consumers stepped up their borrowing by \$18.4 billion in December, a solid performance that followed a massive gain the previous month.

The increase reflects gains of \$5.1 billion in the category that covers credit cards and \$13.3 billion in the category for auto and student loans, the Federal Reserve reported Wednesday.

The overall increase followed a \$31 billion surge in November as consumers took on extra credit to finance holiday shopping.

<http://www.chron.com/news/education/article/US-consumers-boosted-borrowing-by-18-4-billion-12559268.php>

## Bloomberg News: Consumer Credit Growth In U.S. Cools After November Surge

By Katia Dmitrieva, Bloomberg News

An \$18.4 billion pickup in U.S. consumer debt in December followed an upwardly revised November increase, Federal Reserve data showed Wednesday. **Key Takeaways**

Fourth-quarter revolving debt accelerated from the previous three months, increasing at an annualized 9.7 percent rate. The advance in revolving debt shows larger credit-card balances during the holiday-shopping season. The increase in non-revolving credit outstanding probably reflects steady purchases of motor vehicles.

<https://www.bloomberg.com/news/articles/2018-02-07/u-s-consumer-credit-outstanding-cools-after-november-surge>

## Payday Loans

### Des Moines (IA) Register: Payday Lenders Hit Pay Dirt With Trump\*

By Des Moines (IA) Register

The future looks bright for U.S. businesses that gouge the poor.

Payday lenders, which issue short-term, high-interest loans, are likely celebrating recent changes in Washington leadership. This includes the election of Donald Trump. In two months, industry members will gather for their annual retreat at the Trump National Doral Golf Club in Florida.

Perhaps they'll drink a toast to the exodus of Richard Cordray, the former director of the Consumer Financial Protection Bureau. After years of pressure from Republicans, he resigned in November.

<https://www.desmoinesregister.com/story/opinion/editorials/2018/02/07/payday-lenders-trump-mulvaney/315643002/>

## PYMNTS: Otting Praises Mulvaney On Halting Payday Rule\*

By PYMNTS

After a 45-minute meeting on Tuesday (Feb. 6), Comptroller of the Currency Joseph Otting had nothing but praise for acting Consumer Financial Protection Bureau (CFPB) Director Mick Mulvaney.

According to American Banker, the two met to discuss how to reduce regulatory burden, as well as to coordinate supervision of financial firms.

The job of regulators “is to help our system fulfill its important role in society by ensuring it operates in a safe and sound manner and treats customers fairly,” Otting said in a press release. “But, unnecessary regulatory burden is a waste that places a drag on our entire economy without making the system safer or fairer.”

<https://www.pymnts.com/news/cfpb/2018/otting-mulvaney-payday-rule-occ-cfpb-banking-regulation/>

## Law360: Bankrupt Payday Lender Can't Move CFPB Suit To Texas\*

By Dorothy Atkins, Law360

A Montana federal judge refused to transfer a CFPB action alleging Think Finance duped borrowers and used sham tribal payday lenders to collect money it was not owed, finding Tuesday the case need not be moved to where the financial technology company's Texas bankruptcy is.

U.S. District Judge Brian M. Morris said the state of Montana has a “substantial interest” in hearing the Consumer Financial Protection Bureau's case since Think Finance LLC's loans were voided under the state's law. Also, the judge said, Congress expressly exempted regulatory...

<https://www.law360.com/nativeamerican/articles/1009944/bankrupt-payday-lender-can-t-move-cfpb-suit-to-texas>

## Alabama Live: Payday Loan Companies Oppose Change To 30-Day Loans

By Alabama Live

Payday loan companies are fighting a bill that would set the terms of loans at 30 days, instead of 10 to 31 days allowed under Alabama law now.

Supporters of the change say it would cut unreasonably high fees that can keep credit-shaky borrowers stuck in debt for months.

Payday lenders say the change would slash their revenues and could drive them out of business, sending borrowers to online lenders who don't follow state regulations.

[http://www.al.com/news/index.ssf/2018/02/payday\\_loan\\_companies\\_oppose\\_c.html](http://www.al.com/news/index.ssf/2018/02/payday_loan_companies_oppose_c.html)

## Banking

### American Prospect: Wells Fargo Gets What It Deserves—And Just In Time\*

By Erin Aubry Kaplan, American Prospect

On Friday, Janet Yellen's last day as chair of the Federal Reserve, the central bank imposed harsh penalties on Wells Fargo—the nation's fourth-largest bank and its leading home lender—as punishment for its long-term abuse of consumers and employees. Much more than a slap on the wrist, the Fed announced that it would replace four members of Wells Fargo's 16-member board, which it accused of failing to oversee the bank and fix problems that have transformed it from a corporate icon to a public disgrace. It also prohibited Wells Fargo from growing any larger than its current asset size (\$2 trillion) until the regulator is persuaded that the bank has changed its ways. That means that Wells Fargo won't be able to keep pace with rival banks engaged in mergers and acquisitions with other financial firms.

"We cannot tolerate pervasive and persistent misconduct at any bank," said Yellen.

The Fed's decision was unprecedented, but it was also the last hurrah for Yellen, whom President Trump replaced with Jerome Powell, a former partner at the private equity firm The Carlyle Group. More than any other Fed chair, Yellen had held banks accountable for their racial bias, abusive consumer practices, and mistreatment of employees. Whether Powell, who has served on the Fed board for five years, will follow Yellen's example or change course remains to be seen.

<http://prospect.org/article/wells-fargo-gets-what-it-deserves-and-just-time>

## Housing, Mortgages and Foreclosure

### Inside Mortgage Finance: Mortgage Servicers Worry About Bankruptcy Provisions In CFPB Rule\*

By Inside Mortgage Finance

As of April 2018, mortgage servicers will have to send monthly billing statements to consumers in active bankruptcy cases...

[https://www.insidemortgagefinance.com/imfnews/1\\_1289/daily/servicers-Worry-about-Bankruptcy-language-in-cfpb-rule-1000044726-1.html](https://www.insidemortgagefinance.com/imfnews/1_1289/daily/servicers-Worry-about-Bankruptcy-language-in-cfpb-rule-1000044726-1.html)

## Older Americans

### Salon: The GOP Is Wrecking Your Retirement Savings\*

By Thom Hartmann, Salon

he #GOPTaxScam was the straw that broke the markets' back. Here's why and how.

First, America is hugely in debt (known as "overleveraged" in econ workspeak).

There's over \$1.4 trillion in student debt, a number never, ever before seen in the US, and nonexistent in the rest of the world because we're the only developed country in the world that makes students pay so much for college that they can't attend without taking out loans.

[https://www.salon.com/2018/02/07/thom-hartmann-gop-is-wrecking-your-retirement-savings\\_partner/](https://www.salon.com/2018/02/07/thom-hartmann-gop-is-wrecking-your-retirement-savings_partner/)

## MarketWatch: These New Rules Will Help Protect Seniors Against Fraud

By Alessandra Malito, MarketWatch

The Financial Industry Regulatory Authority, or FINRA, has instated two new rules this week to combat financial abuse and fraud against the elderly and other vulnerable adults.

The two rules are: firms now being required to make every reasonable effort to get the name and contact information of a trusted person for a senior customer, and to place a temporary hold and not disperse funds if the adviser believes the senior investor may have been exploited. If the latter occurs, the adviser must reach out to the trusted contact while the funds are on hold. The regulations went into effect on Monday.

FINRA's Securities Helpline for Seniors sparked the enactment of these rules. More than 12,000 calls have been made to the helpline in regard to fraud and exploitation in roughly the past three years, the self-regulator said, recovering \$5.3 million in voluntary reimbursements to customers. Financial abuse is the second most common reported form of abuse against the elderly, behind psychological abuse, according to a recent study of people 60 and older published in the journal Lancet Global Health.

<https://www.marketwatch.com/story/these-new-rules-will-help-protect-seniors-against-fraud-2018-02-07>

## Huffington Post: New Survey Sheds Light On How Asian-American Elders Respond To Scammers

By Huffington Post

Aging Asian-Americans and Pacific Islanders may need to rethink how susceptible they are to fraudulent offers and scams.

A new survey by the AARP, the nation's largest senior advocacy group, revealed that AAPI individuals are frequent targets of scammers, yet they are overly confident in their abilities to spot a scam.

The organization surveyed a sample of 1,120 AAPI individuals ages 50 and older from across the country and published its findings last week.

[https://www.huffingtonpost.com/entry/aarp-asian-american-pacific-islander-fraud-victims\\_us\\_5a7a1f7ae4b06505b4e8e800](https://www.huffingtonpost.com/entry/aarp-asian-american-pacific-islander-fraud-victims_us_5a7a1f7ae4b06505b4e8e800)

Policy and Regulatory

## Wall Street Journal: Former Lawmaker Who Was Rejected As Ex-Im Bank Chief To Join SEC

By Dave Michaels And Andrew Ackerman, Wall Street Journal

Former US Rep. Scott Garrett has been hired as an adviser to SEC Chairman Jay Clayton, despite being a continual critic of the regulatory agency when he was a lawmaker.

<https://www.wsj.com/articles/former-lawmaker-who-was-rejected-as-ex-im-bank-chief-to-join-sec-1518049323>

## Bloomberg News: Fed Officials Aren't Worried About The Turmoil In Equities

By Christopher Condon , Rich Miller , And Lananh Nguyen, Bloomberg News

Federal Reserve officials played down recent turmoil in global stock markets, sounding as resolved to push ahead with gradual increases in interest rates as before the rout.

"Having a bump like this has virtually no consequence in my view of the economic outlook," New York Fed President William Dudley said Wednesday at an event in New York. "My outlook hasn't changed because the stock market is a little bit lower than a few days ago. It's still up sharply from where it was a year ago."

"That said, if the stock market were to go down precipitously and stay down, then that would actually feed into the economic outlook and that would affect my view in terms what's the implications for monetary policy," he said.

<https://www.bloomberg.com/news/articles/2018-02-07/fed-officials-wave-off-worries-over-blood-letting-in-equities>

## Bloomberg News: Cryptocurrencies Get Word From SEC Inspectors: We Are Watching

By Benjamin Bain, Bloomberg News

Digital currencies just got name-checked by a group that many of their boosters would probably rather avoid: Securities and Exchange Commission inspectors.

For the first time ever, the SEC's Office of Compliance Inspections and Examinations put cryptocurrencies and initial coin offerings on a list of focal points for scrutiny this year at the financial firms and advisers the agency oversees. The markets for such products "present a number of risks for retail investors," the office said.

OCIE runs the SEC's National Exam Program, which involves on-site inspections of financial firms meant to prevent fraud, monitor risk and ensure compliance with securities laws. It refers findings on potential misconduct to the SEC's enforcement division, which can sanction firms over violations.

<https://www.bloomberg.com/news/articles/2018-02-07/cryptocurrencies-get-word-from-sec-inspectors-we-are-watching>

## Bloomberg News: U.S. Announces Takedown Of \$530 Million Cyberfraud Network

By Bloomberg News

The Justice Department on Wednesday announced the racketeering conspiracy along with the arrest of 13 people, eight of whom the government will seek to extradite from Australia, the U.K., France, Italy, Kosovo and Serbia. Five members of the group, known as the Infracard Organization, were arrested in the U.S.

"Today's indictment and arrests mark one of the largest cyberfraud enterprise prosecutions ever undertaken by the Department of Justice," said acting Assistant Attorney General John Cronan. "Infracard operated like a business to facilitate cyberfraud on a global scale."

Prosecutors in the case, which was unsealed in Nevada, allege that the group was created in October 2010 by Svyatoslav Bondarenko, a Ukrainian who sought to create "the premier destination" for purchasing retail items on the internet with counterfeit or stolen credit card information.

<https://www.americanbanker.com/articles/us-announces-take-down-of-530-million-cyberfraud-network>

## The Big Picture

Headlines From Today's Front Pages.

Wall Street Journal:

Congressional Leaders Reach Budget Deal

A Warning Sign Behind The Market Swings

Vice Just Had A Big Revenue Miss, And Investors Are Getting Antsy

How YouTube Drives People To The Internet's Darkest Corners

New York Times:

Senate Leaders Reach Deal To Raise Spending Over Two Years

Angela Merkel Strikes New Deal With Old Partners, At A High Cost

At 11th Hour, Status Of Russian Olympians Remains Uncertain

Rob Porter, White House Aide, Resigns After Accusations Of Abuse

Washington Post:

How Mattis Succeeds In Turbulent White House

Trump Aide To Exit After Ex-Wives Allege Abuse

Decoding The Redwoods

Congress Set For Vote On Budget To Avert A Shutdown

Pelosi Makes Marathon Plea To Help 'Dreamers'

Financial Times:

Zuma's Exit Appears Closer As He Meets Rival

Germany's Parties Reach Grand Coalition Deal

North Korean Leader's Sister To Attend Winter Olympics Opening

SpaceX Success Lifts Pentagon Hopes Of Ending Launch Pad Monopoly

Washington Times:

Newly Released Texts Raise Questions About Obama's Role In Clinton Probe

FBI Put Misplaced Trust In Trump Dossier Author, Misled Judge

Incendiary Rhetoric Boosts Cory Booker In 2020 Democrats' Race To Far Left

Congress Busts Budget With Bipartisan Spending Deal  
IRS Overpaid Nearly \$3.5 Billion In Obamacare Tax Credits In 2017, Can't Recoup Money  
Latin America Wary Of U.S. Harder Line Against Venezuela

Story Lineup From Last Night's Network News:

ABC: Severe Weather; Weather Forecast; White House Aide Resignation; Immigration Deal; Trump-Military Parade; Russia-US Elections Interference; Florida Highway Shooting; Taiwan Earthquake; Vegas Shooting Investigation; Illinois Missing Mother; NFL Player-Home Break-In; Netflix Email Scam; Gerber Baby; SpaceX Rocket.

CBS: Immigration Deal; White House Aide Resignation; Winter Olympics-North Korea; Trump-Military Parade; Severe Weather; Steve Wynn Resignation; Uber-Google Lawsuit; SpaceX Rocket; Taiwan Earthquake; Old Skeleton DNA; In-Home Healthcare; Song Writer; Gerber Baby; Young Pianist-Coding.  
NBC: White House Aide Resignation; Immigration Deal; Trump-Military Parade; Russia-US Elections Interference; Winter Olympics-North Korea; Flu Epidemic; Severe Weather; Smart-TV Warning; Steve Wynn Resignation; Taiwan Earthquake; Dunkin Donuts; Gerber Baby.

Network TV At A Glance:

White House Aide Resignation – 8 minutes, 5 seconds

Immigration Deal – 6 minutes, 35 seconds

Trump-Military Parade – 6 minutes, 10 seconds

Severe Weather – 4 minutes, 10 seconds

Taiwan Earthquake – 50 seconds

Story Lineup From This Morning's Radio News Broadcasts:

ABC: Immigration Deal; White House Aide Resignation; VP-East Asia Tour; Winter Olympics; Texas-Police Shot.

CBS: Immigration Deal; White House Aide Resignation; FBI Text Messages; E-Cig Health Risk; NCAA News; Wall Street News.

FOX: Immigration Deal; White House Aide Resignation.

NPR: Immigration Deal; Trump-Military Parade; Turkey-Kurdish Conflict; Wall Street News.

Story Lineup From This Morning's Network News:

ABC: White House Aide Resignation; Budget Deal; North Korea-Military Parade; Olympic Security; Las Vegas Serial Killer; Philadelphia-Super Bowl Parade; Kate Upton-Sexual Allegations; Claw Machine-Child Rescued; Health-Smart Devices; Marvel-Black Panther Movie.

CBS: White House Aide Resignation; North Korea-Military Parade; Olympics; Flu Epidemic; Olympic Swim Coach-Sexual Assault; US Gymnastics-Sexual Misconduct Scandal; Philadelphia-Super Bowl Parade; Texas-International Abduction; Driving Safety-Drowsy Driving; Coffee-Cancer Lawsuit.

NBC: White House Aide Resignation; Budget Deal; Clinton Email Probe; Vice President Mike Pence-North Korea Comments; Winter Olympics; Flu Epidemic; Philadelphia-Super Bowl Parade; Space X Rocket Launch; Winter Olympics-Team USA.

Washington's Schedule

Today's Events In Washington.

White House:

**PRESIDENT TRUMP** — Participates in a bilateral meeting with the President of Guatemala; delivers remarks at the National Prayer Breakfast; meets with Secretary of Defense James Mattis; has lunch with Secretary of Veterans Affairs David Shulkin; meets with Dr. Henry Kissinger.

**VICE PRESIDENT PENCE** — Participates in a briefing on the mission of Yokota Air Base and its joint efforts with Japan; participates in a tour of Yokota Air Base's command center; delivers remarks to troops; participates in a bilateral meeting with President Moon Jae-in of the Republic of Korea;



participates in a guestbook signing; has dinner with President Moon Jae-in.

US Senate: No Relevant Events Scheduled.

US House: No Relevant Events Scheduled.

Other: No Relevant Events Scheduled.

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# NEWS SUMMARY

a CISION company

Online Version Available At [cfpb.bulletinintelligence.com](http://cfpb.bulletinintelligence.com)

**TO: THE DIRECTOR AND SENIOR STAFF**  
**DATE: THURSDAY, FEBRUARY 8, 2018 8:00 AM EST**

An asterisk at the end of a headline signifies a CFPB mention.

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## Consumer Financial Protection Bureau

### Los Angeles Times: Will Mick Mulvaney Be The End Of The Consumer Financial Protection Bureau As We Know It?\*

By Los Angeles (CA) Times

White House budget chief Mick Mulvaney once likened government regulations to a "slow cancer," an attitude he shares with many of President Trump's appointees as well as the man himself. So it's hardly surprising that, in his new part-time role as acting director of the Consumer Financial Protection Bureau, Mulvaney would waste little time pulling back on the agency's rules and its authority. It's yet another reminder, as if any more were necessary, that elections have consequences.

But some of Mulvaney's moves suggest that he's forgotten why Congress created the bureau in the first place, as well as the regulatory gap it exists to fill. And if he has, the consequences may be both severe and unwelcome.

The subprime mortgage collapse that triggered the Great Recession in 2007 exposed many weak beams in the financial industry, one of them being the dangerous willingness of lenders seeking short-term revenue to offer loans to people with limited ability to repay. The perversity of the incentives involved became obvious once huge swaths of subprime and exotic loans started going bad, but by then it was too late.

<http://www.latimes.com/opinion/editorials/la-ed-cfpb-mulvaney-payday-20180207-story.html>

### Forbes: Why Reform Is Necessary At The CFPB\*

By Gary Davis, Forbes

The opportunity for new leadership at the Consumer Financial Protection Bureau (CFPB) presents the agency with a chance to work with the Trump administration and Congress to reform how it meets its obligations to protect consumers while ensuring access to credit is not unnecessarily restricted.

The agency recently took a major step toward reform when it announced a series of Requests for Information in the coming months to allow public comment on nearly every aspect of the agency's operations, from enforcement to supervision and even rulemaking.

The CFPB has an important and worthy goal, but former Director Richard Cordray's tenure saw the agency create many rules and enforcement actions that appeared to be motivated by politics and internal bias. This included aggressive pursuits against the growing fintech industry, even when the agency's own consumer complaint database consistently ranks these firms as less of a concern than many traditional financial service providers.

<https://www.forbes.com/sites/forbesfinancecouncil/2018/02/07/why-reform-is-necessary-at-the-cfpb/>

### The New Yorker: The Steady, Alarming Destruction Of The Consumer Financial Protection Bureau\*

By Sheelah Kolhatkar, The New Yorker

The Consumer Financial Protection Bureau was established in the aftermath of the financial crisis, as part of the 2010 Dodd-Frank legislation, with the intended goal of protecting consumers from abusive practices by banks, mortgage lenders, and other financial institutions. In part because of its strong association with Elizabeth Warren, the liberal Massachusetts senator who originally proposed creating such an agency, the C.F.P.B. met immediate resistance from the financial industry, which argued that the agency was too powerful and its rules too onerous, and that its actions could end up stifling the economy. The industry

found ready allies among Republicans in Congress notably Representative **Job Hensarling**, the chairman of the House Financial Services Committee who echoed the financial industry's complaints and pledged to dismantle the agency, or at least dramatically reduce its reach. Part of what gave the C.F.P.B. its power was its independence; it had been designed to operate outside the bounds of influence of Congress and the White House, and it was difficult for a President to replace the person running it, which prompted its critics to argue that it had no accountability. Last week, a federal appeals court upheld the agency's structure as legal and necessary. "Congress's decision to provide the C.F.P.B. director a degree of insulation reflects its permissible judgment that civil regulation of consumer financial protection should be kept one step removed from political winds and presidential will," Judge **Cornelia Pillard** wrote in the ruling. Supporters of the C.F.P.B. greeted the ruling as a major victory.

Still, with Donald Trump as President, the C.F.P.B. continues to be under existential threat. The departure of the founding director, **Richard Cordray**, in November, gave Trump the ability to choose the person who would oversee the agency until a permanent director was selected. Briefly, there were rumors that Trump was going to appoint his Wall Street-friendly Treasury Secretary, **Steven Mnuchin**, to the position of interim director. Instead, he chose **Mick Mulvaney**, the White House budget director, who is on record as saying that he wanted to "get rid of the C.F.P.B. altogether. Now Mulvaney is doing just that, using the levers he has available to him to essentially starve the C.F.P.B. of resources and let it wither. If there was ever any doubt that the Trump Administration would simply do the financial industry bidding, Mulvaney's recent actions at the C.F.P.B. have cleared it up. And anyone with a bank account or a stake in the American economy should be concerned.

In January, Mulvaney submitted the agency's quarterly funding request to the Federal Reserve, asking for "\$0" to finance the C.F.P.B.'s operations for the next three months. (He argued at the time that the agency had enough money on hand to cover its expenses.) He also, somewhat inexplicably, singled out new regulations that the C.F.P.B. had put in place to rein in the widely loathed payday-lending industry. The new rules were intended to make it more difficult for consumers to borrow more money than they could realistically repay, potentially leading them into a debt trap. Mulvaney has announced that his new agency would be revisiting the payday-lending regulations to see if they should be kept or not. He then dropped a lawsuit that the C.F.P.B. had filed against a group of online payday lenders that had allegedly been charging consumers interest rates as high as nine hundred and fifty per cent.

<https://www.newyorker.com/news/news-desk/the-steady-alarms-destruction-of-the-consumer-financial-protection-bureau>

## Daily Caller: An Exclusive Peek Into Elizabeth Warren's Luxurious CFPB Headquarters\*

By Richard Pollock, Daily Caller

Taxpayers no longer have to wonder how the money has been spent at the newly renovated headquarters at the Consumer Financial Protection Bureau.

**Mick Mulvaney**, the CFPB's acting director, graciously allowed The Daily Caller News Foundation to take an exclusive tour on Feb. 1 of the federal office founded by Democratic Sen. **Elizabeth Warren** of Massachusetts that has been widely criticized for cost overruns and extravagance.

A June 2014 Inspector General report concluded there was "no sound basis" for the agency's renovation cost estimates. Shortly thereafter, the contracting for the building was transferred from the bureau to the General Services Administration, that oversaw the current renovation.

<http://dailycaller.com/2018/02/07/cfpb-headquarters-tour/>

## St. Louis American: Why Is The Consumer Financial Protection Bureau Turning Against Consumers?\*

By Charlene Crowell, St. Louis (MO) American

In the wake of a recent series of anti-consumer actions taken by **Mick Mulvaney**, the Trump-appointed Consumer Financial Protection Bureau's acting director, a bicameral call for accountability was released on January 31. Led by Congresswoman **Maxine Waters** of California and Sen. **Elizabeth Warren** of Massachusetts, two other Congressional Black Caucus Members, Congressmen **Keith Ellison** (MN) and **Al Green** (TX), joined Senators **Richard Blumenthal** (CT) and **Jeff Merkley** (OR) as signatories.

Together, the group of lawmakers seek to know what prompted Mulvaney's actions as well as his ties to the payday lending industry.

A January 31 letter calls into question the following specific actions that have occurred over the past month:

[http://www.stlamerican.com/business/personal\\_finance/why-is-the-consumer-financial-protection-bureau-turning-against-consumers/article\\_512a3574-0c53-11e8-bc13-83fa4a63d7dd.html](http://www.stlamerican.com/business/personal_finance/why-is-the-consumer-financial-protection-bureau-turning-against-consumers/article_512a3574-0c53-11e8-bc13-83fa4a63d7dd.html)

## American Banker: CFPB Seeks Input On Ways To Reform Enforcement Process\*

By Kate Berry, American Banker

The CFPB is seeking comment on "all aspects of its enforcement processes" as the bureau "continues to be reshaped under the leadership of acting Director **Mick Mulvaney**."

<https://www.americanbanker.com/news/cfpb-seeks-input-on-ways-to-reform-enforcement-process?feed=00000158-baad-d32b-adfa-bffde31c0000>

## Credit Union Times: CFPB Seeks Comment On Enforcement Actions\*

By David Baumann, Credit Union Times

Even as policymakers continue to battle over the effectiveness of the CFPB, the agency has issued its latest request for comment on its activities--this one focusing on its enforcement powers.

Acting Director Mick Mulvaney, an outspoken critic of how the agency operated under former Director Richard Cordray, has announced that the agency is reexamining how it administers consumer protection laws. The bureau already has asked for comment on improvements to its administrative adjudication and civil demand processes.

<http://www.cutimes.com/2018/02/07/cfpb-seeks-comment-on-enforcement-actions>

## HousingWire: CFPB Requests Information On Its Own Enforcement Process\*

By Kelsey Ramirez, HousingWire

The Consumer Financial Protection Bureau announced Wednesday it is investigating and requesting information on its own enforcement process.

The bureau announced it is seeking information to help assess the overall efficiency and effectiveness of its processes related to the enforcement of federal consumer financial law.

The request was led by Mick Mulvaney, who is currently serving as acting director of the CFPB until either President Donald Trump names a permanent replacement for former Director Richard Cordray or a federal court tells him otherwise.

<https://www.housingwire.com/articles/42475-cfpb-requests-information-on-its-own-enforcement-process>

## ABA Banking Journal: CFPB Seeks Public Feedback On Enforcement Processes\*

By ABA Banking Journal

As anticipated, the Consumer Financial Protection Bureau today issued a request for information seeking feedback from the public on its enforcement processes. The request is the third in a series of request for public input the bureau has issued following Acting Director Mick Mulvaney's announcement last month that the CFPB will engage in a broad public feedback initiative to ensure that it is fulfilling its statutory requirement to protect consumers.

Among other things, the CFPB is seeking feedback on how it communicates with subjects of investigations, the length of investigations, the calculation of civil money penalties, the standard provisions in its consent orders and how it carries out enforcement activities with other state and federal agencies that may have overlapping jurisdiction. For more information, or to provide input for the American Bankers Association's comments on the RFI, contact ABA's Virginia O'Neill.

<https://bankingjournal.aba.com/2018/02/cfpb-seeks-public-feedback-on-enforcement-processes/>

## SNL Financial: CFPB Requests Feedback On Enforcement Processes\*

By Nicole De Dios, SNL Financial

Suggested topics for public comment include the calculation of civil money penalties, the regulator's standard provisions in consent orders and its coordination with other regulatory agencies.

<https://www.snl.com/interactivex/article.aspx?KPLT=7&d=43466358>

## Law360: CFPB Info Request Could Mean Shift In Enforcement Policies\*

By Jack Newsham, Law360

The Consumer Financial Protection Bureau said Wednesday it is seeking information about its enforcement process, the latest move by acting agency head Mick Mulvaney that could signal changes are on the way that would benefit financial firms and other investigation targets.

The agency said it is interested in hearing about the costs and benefits of changing the way it conducts investigations, negotiates settlements and calculates penalties, with an eye on making things easier for the businesses it regulates. The announcement comes just a week after the...

<https://www.law360.com/articles/1010176/cfpb-info-request-could-mean-shift-in-enforcement-policies>

## Bankers Online: CFPB Issues Info Request On Its Enforcement Processes\*

By Bankers Online

The CFPB has released the third in its series of calls for evidence to ensure that the Bureau is fulfilling its proper functions to best protect consumers. The latest Request for Information (RFI), expected to be published on Monday, asks for feedback on the CFPB's enforcement processes. If the RFI is published as scheduled, the 60-day comment period will expire on Friday, April 13, 2018.

<https://www.bankersonline.com/topstory/157402>

## Oklahoma Journal Record: Gavel To Gavel: CFPB Changes In The Works\*

By Joel W. Harmon, Oklahoma Journal Record

On Jan. 31, the U.S. Court of Appeals for the D.C. Circuit published its decision in the case of PHH v. CFPB. In the case, PHH argued that the structure of the Consumer Finance Protection Bureau is unconstitutional. The court held, 7 to 3, that the CFPB's current structure, where a single director is removable only for cause, is constitutional.

The CFPB came into existence as a result of legislation enacted in the wake of the 2008-2009 financial and mortgage

crisis. Its intent was to provide a central government regulator for consumer-related financial issues.

President Obama appointed its first director, Richard Cordray. Critics say Cordray went too far in regulating banks and other financial institutions, arguing that the bureau exceeded its scope of authority. When the CFPB went after PHH for violations of residential lending laws, PHH argued that the CFPB's structure was unconstitutional because it has a single director that the president has no ability to terminate except for cause, effectively making the bureau's director one of the most powerful people in Washington, D.C., something they argue was never intended by Congress.

<http://journalrecord.com/2018/02/07/gavel-to-gavel-cfpb-changes-in-the-works/>

## JD Supra: Win Some, Lose Some: Trump Gets A Loss And A Win In The Fight To Control The CFPB\*

By JD Supra

Seyfarth Synopsis: One court upholds protection of Dodd-Frank limiting the President's removal authority, while another court stifles a challenge against Mulvaney serving as acting Director of CFPB.

Last week, the Trump Administration experienced mixed results in the ongoing litigation over the Consumer Financial Protection Bureau (CFPB). As we've mentioned in our prior publications, there are several actions pending that involve the President's authority to control the CFPB. The first action discussed below, which had been languishing in the court for some time, raised the issue of whether the CFPB structure as an independent agency is constitutional. The Trump Administration lost on this issue for the moment. In the second action, the Trump Administration dodged, at least temporarily, a challenge to President Trump's appointment of current CFPB Director Mick Mulvaney because the court determined that the plaintiff, a non-profit credit union, had no standing to bring its case.

On January 31, 2018, the United States Court of Appeals for the District of Columbia, sitting en banc, ruled that the CFPB's structure is constitutional by upholding Dodd-Frank's restriction that the Director of the CFPB can be removed by the President only for cause. The court reasoned that under Dodd-Frank, independence of the agency is persevered and that with Article II, the President [still] retains 'ample authority to assure that the official is competently performing his or her statutory responsibilities.' This ruling is a blow to the Trump Administration's recent efforts to challenge the CFPB's structure on grounds that the director was unaccountable to the executive branch, and that he or she should be subject to removal for any reason and not only for inefficiency, neglect or wrongdoing.

<https://www.jdsupra.com/post/documentViewer.aspx?fid=20427acc-84e9-4fa2-a227-7a2f67e380fc>

## Law360: DC Cir. CFPB Decision Is A Big Win For Industry\*

By Joseph Palmore, Law360

There was something for everyone in Jan. 3's long-awaited decision from the en banc D.C. Circuit in PHH Corp. v. CFPB. In the part of the decision that has garnered widespread attention, the D.C. Circuit held that the structure of the Consumer Financial Protection Bureau is constitutional. At the same time, however, the court reinstated an earlier panel decision that soundly rejected every statutory argument advanced by the CFPB in the underlying adjudication while also holding that the agency had violated constitutional fair-notice principles.

Separation of...

<https://www.law360.com/publicpolicy/articles/1009326>

## Independent Community Bankers Of America: OCC, CFPB Heads Meet On Reg Burden\*

By Independent Community Bankers Of America

Comptroller of the Currency Joseph Otting said he shares Consumer Financial Protection Bureau Acting Director Mick Mulvaney's willingness to reevaluate unnecessary regulatory burdens that hamper banks' ability to serve their customers.

Following a meeting with Mulvaney and citing his delayed implementation of the bureau's Home Mortgage Disclosure Act final rule, Otting said unnecessary regulatory burden is a waste that places a drag on our entire economy without making the system safer or fairer.

<http://www.icba.org/news-events/news-details/2018/02/07/occ-cfpb-heads-meet-on-reg-burden>

## Real Estate News: CFPB Appoints Chief Of Staff\*

By Suzanne De Vita, Real Estate News

The Consumer Financial Protection Bureau (CFPB) has appointed Kirsten Sutton Mork chief of staff, the agency announced on Tuesday.

Sutton Mork has been an aide to Congressman Jeb Hensarling (R-Texas) in the House Financial Services Committee, named deputy staff director of the Committee in 2013 and staff director in 2017. Hensarling, chairman of the Committee, has openly opposed the organization in the past.

"I am pleased to announce Ms. Sutton Mork as the new chief of staff at the Bureau of Consumer Financial Protection," said Mick Mulvaney, acting director of the CFPB, in a statement. "I worked with Kirsten during my tenure as a member on the House Financial Services Committee and can attest to her in-depth financial policy expertise, proven track record of developing and implementing strategic initiatives, and ability to manage a team. Kirsten brings with her more than a decade of invaluable experience that will advance the mission of the Bureau and make it more efficient, effective, and accountable."

<http://rismedia.com/2018/02/07/cfpb-appoints-chief-staff/>

## Independent Community Bankers Of America: CFPB's Mulvaney Names Chief Of Staff\*

By Independent Community Bankers Of America  
Consumer Financial Protection Bureau Acting Director  
Mick Mulvaney named Kirsten Sutton Mork as the agency  
chief of staff. Sutton Mork has been serving as staff director of  
the House Financial Services Committee under Chairman Jeb  
Hensarling (R-Texas).

<http://www.icba.org/news/news-details/2018/02/07/cfpb-s-mulvaney-names-chief-of-staff>

## Law360: Consumer Attys Fear Mulvaney's CFPB Could Leave Void\*

By Evan Weinberger, Law360

Attorneys representing consumers fear that they are  
losing a key ally as the Consumer Financial Protection Bureau  
changes gears to be more industry friendly under the  
leadership of Mick Mulvaney.

Mulvaney, the Office of Management and Budget  
director whose appointment as acting CFPB director is being  
challenged in court, has been open about wanting to alter the  
bureau's stance as one that "pushes the envelope" in taking  
on aggressive enforcement actions and rulemakings to one  
that more completely takes into account the views of the  
businesses...

<https://www.law360.com/publicpolicy/articles/100234>

## Legal Description: English, Amici File Briefs As Date For Arguments Set\*

By Legal Description

Consumer Financial Protection Bureau Deputy Director  
Leandra English and several amici filed their briefs in an  
appeal, seeking to reverse a lower court's denial of her motion  
for a preliminary injunction in her case against President  
Donald Trump and acting CFPB director Mick Mulvaney.  
During this time, the D.C. Circuit Court of Appeal also ordered  
that the case be scheduled for oral arguments on April 12.

<http://www.thelegaldescription.com/TLD/ArticlesTLD/db76ec6e-dab0-457a-9afe-a1838f353923.aspx>

## Consumer Credit

### San Francisco Chronicle: Editorial: Consumer Agency May Be Backing Off A Financial Scandal\*

By San Francisco (CA) Chronicle

When financial firms cause harm, they should expect  
sanctions that hit their bottom line and warn others to obey the  
law. But two recent cases raise concerns about whether  
President Trump's appointees will continue the Obama-era  
commitment to consumers' interest.

The instances involve harsh sanctions against Wells  
 Fargo for abusive banking practices and indications that the  
new head of the Consumer Financial Protection Bureau will

go easy on Equifax, which permitted the theft of personal data  
of 143 million Americans.

Wells is feeling the pain via a remarkably tough edict  
from the Federal Reserve, which oversees lending rates and  
other banking policies. The bank will be barred from growing  
larger until the Fed sees that Wells has mended abusive sales  
practices and overcharges. Millions in penalties were already  
levied and the bank is shuffling its executive and board lineup  
in the wake of the scandal.

<https://www.sfchronicle.com/opinion/editorials/article/Editorial-Consumer-agency-may-be-backing-off-a-12559948.php>

### Mortgage Professional America: Under Mulvaney, CFPB Pulls Back On Equifax Probe\*

By Francis Monfort, Mortgage Professional America

A Consumer Financial Protection Bureau investigation  
into the Equifax data breach that exposed the personal data of  
about 143 million Americans has been put on ice by new  
bureau leadership, according to a Reuters report.

Three sources told Reuters the CFPB Acting Director  
Mick Mulvaney has not yet ordered initial steps in a routine  
probe such as ordering subpoenas against the company or  
seeking sworn testimony from executives. Additionally, the  
consumer watchdog has put on hold plans for on-the-ground  
tests into data protection practices at the company.

Former CFPB Director Richard Cordray had supported  
the idea of on-the-ground testing as well as authorized a  
investigation into Equifax after the breach was announced,  
Reuters said, citing former officials familiar with the probe.  
Cordray left the bureau in November and was replaced by  
Mulvaney, President Donald Trump's pick as interim leader.

<https://www.mpamag.com/news/under-mulvaney-cfpb-pulls-back-on-equifax-probe-91452.aspx>

### Courthouse News: Mulvaney Takes Heat For Handling Of Equifax Probe\*

By James Palmer, Courthouse News

Mick Mulvaney, director of the Office of Management  
and Budget, continued to scale back regulatory efforts in the  
finance industry, so the Center for Responsible Lending held  
a media call Wednesday to address how Mulvaney's actions  
within the Trump Administration could affect current and future  
regulatory efforts imposed on the payday lending industry.

The conference, hosted by the Center for Responsible  
Lending and Americans for Financial Reform, primarily  
addressed their assertion that Mulvaney "has turned the  
[Consumer Financial Protection Bureau] away from its  
mission of protecting families from abusive financial  
practices," including Mulvaney's backtrack on the Equifax  
probe, according to a press release Tuesday.

Senator Elizabeth Warren, D-Mass., who initially  
proposed and helped launch the agency, also weighed in on  
the Reuters report on Twitter Tuesday, calling the move a  
"middle finger" to 145 million consumers.

<https://www.courthousenews.com/mulvaney-takes-heat-for-handling-of-equifax-probe/>

## JD Supra: CFPB Reportedly Puts Investigation Of Equifax On Ice While Other Government Agencies Press Forward\*

By JD Supra

Equifax announced on September 7, 2017 a massive data breach affecting an estimated 143 million consumers. Richard Cordray, the then Director of the CFPB, shortly thereafter authorized an investigation according to several media reports. Reuters reported Monday that the investigation sputtered since then, according to several government and industry sources. That is not surprising since there is substantial doubt as to whether the CFPB has enforcement jurisdiction over data breaches. See our March 3, 2016 blog about the one and only data security enforcement action taken by the CFPB. Professor Jeff Sovern acknowledged Monday in the Consumer Law and Policy Blog that the CFPB has very limited jurisdiction over the Equifax data breach, if it has any jurisdiction anyway ."

Equifax is reportedly being investigated by every state attorney general and the FTC and is facing an onslaught of class actions. So even though the CFPB appears not to be involved in the Equifax matter, this has not stopped the FTC and the state attorneys general from aggressively pursuing their own investigations.

<https://www.jdsupra.com/legalnews/cfpb-reportedly-puts-investigation-of-70139/>

## NPR: Massachusetts Sues Equifax Amid Questions About CFPB's Investigation\*

By NPR

Amid a report that the Consumer Financial Protection Bureau is scaling down its probe into the Equifax breach, David Greene talks to Massachusetts Attorney General Maura Healey.

DAVID GREENE, HOST:

The sheer number of Americans impacted made it one of the biggest stories of 2017. I'm talking about the data breach at the credit reporting firm Equifax. The company admitted hackers stole the personal data of more than 140 million consumers. The Consumer Financial Protection Bureau launched an investigation into this. But that watchdog agency now has a different leader, interim director and Trump appointee Mick Mulvaney. This week, Reuters reported that the agency is scaling back its Equifax investigation. The agency would not comment on that assertion.

<https://www.npr.org/2018/02/07/583910352/massachusetts-sues-equifax-amid-questions-about-cfpbs-investigation>

## MarketWatch: Senator Elizabeth Warren's Office Makes New Allegations Against Equifax\*

By Maria LaMagna, MarketWatch

Elizabeth Warren, the Democratic senator from Massachusetts, isn't done talking about the data breach at credit reporting agency Equifax EFX, +0.16% which exposed the personal data of more than 145 million U.S. adults.

Her office on Wednesday published a new report on the breach, after four months of investigation. The report made a new allegation that Equifax "lost" the passport numbers of an unidentified number of Americans and did not disclose that.

But Equifax says that's not true.

<https://www.marketwatch.com/story/senator-elizabeth-warrens-office-makes-new-allegations-against-equifax-2018-02-07>

## Vox: Elizabeth Warren Warns Equifax Could "Wiggle Off The Hook" For Users' Credit Data Getting Hacked\*

By Emily Stewart, Vox

Days after a report emerged that the Consumer Financial Protection Bureau might be pulling back its probe into the Equifax data breach under acting head Mick Mulvaney, Sen. Elizabeth Warren (D-MA) is releasing a new report on the incident that left the personal information of more than 145 million Americans exposed.

In September 2017, the consumer credit reporting agency revealed that millions of its US users had had their personal information, including Social Security numbers, birthdates, and addresses, compromised from mid-May through July 2017. It took about six weeks for Equifax to publicly announcing the breach, during which time three executives sold nearly \$2 million worth of the company's shares.

Warren's report paints a damning portrait of Equifax's handling of the data breach before, during, and after the incident. It highlights a number of findings already uncovered in various reports on and inquiries into the Equifax data breach as well as a handful of new details.

<https://www.vox.com/policy-and-politics/2018/2/7/16984522/elizabeth-warren-equifax-data-breach-cfpb>

## American Banker: Equifax Misled Public On Data Breach, Warren Claims

By Kate Berry, American Banker

A report issued from Sen. Elizabeth Warren's office on Wednesday on the Equifax data breach found that the credit reporting firm "failed to disclose the fact that the hackers gained access to consumers' passport numbers."

<https://www.americanbanker.com/news/equifax-misled-public-on-data-breach-warren-claims>

## Seeking Alpha: Mnuchin Wants Answers On Equifax Breach\*

By Seeking Alpha



U.S. Treasury Secretary Steven Mnuchin wants to know how the CFPB is handling an investigation into the Equifax (NYSE:EFX) breach following a report that the agency put its probe on ice.

"I haven't spoken to Director Mulvaney about it but I will," he told the House of Representatives Financial Services Committee.

Mnuchin also said he has taken the lead on bringing together federal government agencies to coordinate regulation of cryptocurrencies.

<https://seekingalpha.com/news/3328728-mnuchin-wants-answers-equifax-breach>

## National Law Review: Mnuchin To Discuss Equifax Data Breach With FSOC\*

By National Law Review

Appearing before the House Financial Services Committee yesterday at a hearing entitled The Annual Report of the Financial Stability Oversight Council (FSOC), Treasury Secretary Mnuchin indicated that he intends to discuss the CFPB's handling of its investigation of Equifax's massive 2017 data breach with the FSOC.

We blogged yesterday about Reuters' report that the CFPB's investigation has sputtered since it was authorized by former CFPB Director Cordray shortly after Equifax revealed the data breach. We commented that the Reuters report was not surprising since there is substantial doubt as to whether the CFPB has enforcement jurisdiction over data breaches. We also noted that even though the CFPB appears not to be involved in the Equifax matter, this has not stopped the FTC and state attorneys general from aggressively pursuing their own investigations.

Secretary Mnuchin's statement that he plans to discuss the CFPB's investigation with both the FSOC and Mick Mulvaney, President Trump's designee as CFPB Acting Director, was made in response to concerns expressed by a Committee member about the CFPB's inaction. The FSOC, which was established by the Dodd-Frank Act to analyze and mitigate potential threats to the financial sector, is comprised of representatives from each of the federal financial regulators, including the CFPB.

<http://www.natlawreview.com/article/mnuchin-to-discuss-equifax-data-breach-fsoc>

## Politico: Big Data Vs. The Credit Gap\*

By Colin Wilhelm, Politico

There's a catch-22 at the core of the U.S. financial system: To get credit, you need to already have established a credit history. Millions of Americans never find a way around the contradiction, and as a result, are locked out of things like credit cards or student loans that the rest of the population can take for granted.

Banks and other financial companies usually rely on the three major credit reporting agencies to decide whether to let

you have credit, using something called your FICO score, an algorithm based on your credit history. No credit history; no FICO score. (If you have a thin credit history or a bad score, you might be able to get a car or a loan, but you will pay higher interest rates and fees.)

But not having a credit history is not the same thing as being a credit risk. In fact, many people without credit histories may be very good credit risks; they've figured out ways to pay rent, buy groceries and keep the electricity on without the convenience of cards or other forms of credit.

<https://www.politico.com/agenda/story/2018/02/07/big-data-credit-gap-000630>

## Credit Union Insight: The Final Prepaid Rule: Version 3.0\*

By Elizabeth M. Young LaBerge, Credit Union Insight

Since 1982, no less than seven different cuts of Ridley Scott's science fiction masterpiece Blade Runner have been shown to theater audiences. The initial workprint version didn't test well, so the studio re-cut it, adding a rightfully maligned voice-over and a preposterous "happy ending." Both the director and generations of film snobs-to-come found it insufferable. A version with extended, more violent fight scenes was released for international audiences, and a version with toned down violence and nudity was produced for television broadcast. In the early 90s, positive responses to an unauthorized release of the original workprint prompted the 1992 release of a director's cut version, but Ridley Scott still didn't feel he had sufficient time or control to finish it the way he wanted. In 2007, Scott was able to make the version he wanted - the "Final Cut" - which was released with the 25th Anniversary Edition blu-ray. Blade Runner is one of my favorite movies, and it proves that, sometimes to get something right you need a quarter of a century and at least seven iterations.

Which is to say, the CFPB is still working on the Prepaids Rule.

The initial proposed rule was released on December 23, 2014, with following corrections to the proposal being released February 5, 2015. The rule went final for the first time on November 22, 2016, with an effective date of October 1, 2017. Less than 4 months later, on March 15, 2017 the Bureau issued another proposal, recognizing some issues with implementation of the final rule, seeking more time for additional adjustments and suggesting the effective date be delayed six months. That proposal went final on April 25, 2017, with a new effective date of April 1, 2018. However, the Bureau did believe further adjustments were necessary, and on June 29, 2017, another proposal was issued, delaying the implementation date further and proposing changes to the regulation. While it has not yet been published in the Federal Register, the Bureau has released the third Final Rule on prepaids, and the new effective date is April 1, 2019.

<https://www.cuinsight.com/final-prepaid-rule-version-3-0.html>

## Automotive News: Keep An Eye On Compliance Under CFPB's New Chief, Experts Say\*

By Jackie Charniga, Automotive News

With uncertainty surrounding the Consumer Financial Protection Bureau's regulatory oversight under Acting Director Mick Mulvaney, auto dealers should keep an eye on compliance and the potential for fraud or other abusive practices.

Those are the main takeaways from industry experts participating last month in the webinar "2018 Predictions: Fair Lending in the Trump Era" held by Hudson Cook law firm and Compli, a work force compliance specialist.

President Donald Trump named Mulvaney acting director of the CFPB in November after Richard Cordray, the agency's director under the Obama administration, resigned. Along with the CFPB post, Mulvaney heads the White House's Office of Management and Budget.

[http://www.autonews.com/article/20180207/FINANCE AND INSURANCE/180209813/keep-an-eye-on-compliance-under-cfpbs-new-chief-experts-say](http://www.autonews.com/article/20180207/FINANCE_AND_INSURANCE/180209813/keep-an-eye-on-compliance-under-cfpbs-new-chief-experts-say)

## Associated Press: US Consumers Boosted Borrowing By \$18.4 Billion In December

By Martin Crutsinger, Associated Press

American consumers stepped up their borrowing by \$18.4 billion in December, a solid performance that followed a massive gain the previous month.

The increase reflects gains of \$5.1 billion in the category that covers credit cards and \$13.3 billion in the category for auto and student loans, the Federal Reserve reported Wednesday.

The overall increase followed a \$31 billion surge in November as consumers took on extra credit to finance holiday shopping.

<http://www.chron.com/news/education/article/US-consumers-boosted-borrowing-by-18-4-billion-12559268.php>

## Bloomberg News: Consumer Credit Growth In U.S. Cools After November Surge

By Katia Dmitrieva, Bloomberg News

An \$18.4 billion pickup in U.S. consumer debt in December followed an upwardly revised November increase, Federal Reserve data showed Wednesday. Key Takeaways

Fourth-quarter revolving debt accelerated from the previous three months, increasing at an annualized 9.7 percent rate. The advance in revolving debt shows larger credit-card balances during the holiday-shopping season. The increase in non-revolving credit outstanding probably reflects steady purchases of motor vehicles.

<https://www.bloomberg.com/news/articles/2018-02-07/u-s-consumer-credit-outstanding-cools-after-november-surge>

## Payday Loans

### Des Moines (IA) Register: Payday Lenders Hit Pay Dirt With Trump\*

By Des Moines (IA) Register

The future looks bright for U.S. businesses that gouge the poor.

Payday lenders, which issue short-term, high-interest loans, are likely celebrating recent changes in Washington leadership. This includes the election of Donald Trump. In two months, industry members will gather for their annual retreat at the Trump National Doral Golf Club in Florida.

Perhaps they'll drink a toast to the exodus of Richard Cordray, the former director of the Consumer Financial Protection Bureau. After years of pressure from Republicans, he resigned in November.

<https://www.desmoinesregister.com/story/opinion/editors/2018/02/07/payday-lenders-trump-mulvaney/15643002/>

### PYMNTS: Otting Praises Mulvaney On Halting Payday Rule\*

By PYMNTS

After a 45-minute meeting on Tuesday (Feb. 6), Comptroller of the Currency Joseph Otting had nothing but praise for acting Consumer Financial Protection Bureau (CFPB) Director Mick Mulvaney.

According to American Banker, the two met to discuss how to reduce regulatory burden, as well as to coordinate supervision of financial firms.

The job of regulators "is to help our system fulfill its important role in society by ensuring it operates in a safe and sound manner and treats customers fairly," Otting said in a press release. "But, unnecessary regulatory burden is a waste that places a drag on our entire economy without making the system safer or fairer."

<https://www.pymnts.com/news/cfpb/2018/otting-mulvaney-payday-rule-occ-cfpb-banking-regulation/>

### Law360: Bankrupt Payday Lender Can't Move CFPB Suit To Texas\*

By Dorothy Atkins, Law360

A Montana federal judge refused to transfer a CFPB action alleging Think Finance duped borrowers and used sham tribal payday lenders to collect money it was not owed, finding Tuesday the case need not be moved to where the financial technology company's Texas bankruptcy is.

U.S. District Judge Brian M. Morris said the state of Montana has a "substantial interest" in hearing the Consumer Financial Protection Bureau's case since Think Finance LLC's loans were voided under the state's law. Also, the judge said, Congress expressly exempted regulatory...

<https://www.law360.com/nativeamerican/articles/1009944/bankrupt-payday-lender-can-t-move-cfpb-suit-to-texas>

## Alabama Live: Payday Loan Companies Oppose Change To 30-Day Loans

By Alabama Live

Payday loan companies are fighting a bill that would set the terms of loans at 30 days, instead of 10 to 31 days allowed under Alabama law now

Supporters of the change say it would cut unreasonably high fees that can keep credit-shaky borrowers stuck in debt for months.

Payday lenders say the change would slash their revenues and could drive them out of business, sending borrowers to online lenders who don't follow state regulations.

[http://www.al.com/news/index.ssf/2018/02/payday\\_loan\\_companies\\_oppose\\_c.html](http://www.al.com/news/index.ssf/2018/02/payday_loan_companies_oppose_c.html)

## Banking

### American Prospect: Wells Fargo Gets What It Deserves- And Just In Time\*

By Erin Aubry Kaplan, American Prospect

On Friday, Janet Yellen's last day as chair of the Federal Reserve, the central bank imposed harsh penalties on Wells Fargo- the nation's fourth-largest bank and its leading home lender- as punishment for its long-term abuse of consumers and employees. Much more than a slap on the wrist, the Fed announced that it would replace four members of Wells Fargo's 16-member board, which it accused of failing to oversee the bank and fix problems that have transformed it from a corporate icon to a public disgrace. It also prohibited Wells Fargo from growing any larger than its current asset size (\$2 trillion) until the regulator is persuaded that the bank has changed its ways. That means that Wells Fargo won't be able to keep pace with rival banks engaged in mergers and acquisitions with other financial firms.

"We cannot tolerate pervasive and persistent misconduct at any bank," said Yellen.

The Fed's decision was unprecedented, but it was also the last hurrah for Yellen, whom President Trump replaced with Jerome Powell, a former partner at the private equity firm The Carlyle Group. More than any other Fed chair, Yellen had held banks accountable for their racial bias, abusive consumer practices, and mistreatment of employees. Whether Powell, who has served on the Fed board for five years, will follow Yellen's example or change course remains to be seen.

<http://prospect.org/article/wells-fargo-gets-what-it-deserves-and-just-time>

## Housing, Mortgages and Foreclosure

## Inside Mortgage Finance: Mortgage Servicers Worry About Bankruptcy Provisions In CFPB Rule\*

By Inside Mortgage Finance

As of April 2018, mortgage servicers will have to send monthly billing statements to consumers in active bankruptcy cases.

[https://www.insidemortgagefinance.com/imfnews/1\\_1289/daily/servicers-Worry-about-Bankruptcy-language-in-cfpb-rule-1000044726-1.html](https://www.insidemortgagefinance.com/imfnews/1_1289/daily/servicers-Worry-about-Bankruptcy-language-in-cfpb-rule-1000044726-1.html)

## Older Americans

### Salon: The GOP Is Wrecking Your Retirement Savings\*

By Thom Hartmann, Salon

The #GOPTaxScam was the straw that broke the markets' back. Here's why and how.

First, America is hugely in debt (known as "overleveraged" in econ wonkspeak).

There's over \$1.4 trillion in student debt, a number never, ever before seen in the US, and nonexistent in the rest of the world because we're the only developed country in the world that makes students pay so much for college that they can't attend without taking out loans.

[https://www.salon.com/2018/02/07/thom-hartmann-gop-is-wrecking-your-retirement-savings\\_partner/](https://www.salon.com/2018/02/07/thom-hartmann-gop-is-wrecking-your-retirement-savings_partner/)

### MarketWatch: These New Rules Will Help Protect Seniors Against Fraud

By Alessandra Malito, MarketWatch

The Financial Industry Regulatory Authority, or FINRA, has instated two new rules this week to combat financial abuse and fraud against the elderly and other vulnerable adults.

The two rules are: firms now being required to make every reasonable effort to get the name and contact information of a trusted person for a senior customer, and to place a temporary hold and not disperse funds if the adviser believes the senior investor may have been exploited. If the latter occurs, the adviser must reach out to the trusted contact while the funds are on hold. The regulations went into effect on Monday.

FINRA's Securities Helpline for Seniors sparked the enactment of these rules. More than 12,000 calls have been made to the helpline in regard to fraud and exploitation in roughly the past three years, the self-regulator said, recovering \$5.3 million in voluntary reimbursements to customers. Financial abuse is the second most common reported form of abuse against the elderly, behind psychological abuse, according to a recent study of people 60 and older published in the journal *Lancet Global Health*.

<https://www.marketwatch.com/story/these-new-rules-will-help-protect-seniors-against-fraud-2018-02-07>

## Huffington Post: New Survey Sheds Light On How Asian-American Elders Respond To Scammers

By Huffington Post

Aging Asian-Americans and Pacific Islanders may need to rethink how susceptible they are to fraudulent offers and scams.

A new survey by the AARP, the nation's largest senior advocacy group, revealed that AAPI individuals are frequent targets of scammers, yet they are overly confident in their abilities to spot a scam.

The organization surveyed a sample of 1,120 AAPI individuals ages 50 and older from across the country and published its findings last week.

[https://www.huffingtonpost.com/entry/aarp-asian-american-pacific-islander-fraud-victims\\_us\\_5a7a1f7ae4b06505b4e8e800](https://www.huffingtonpost.com/entry/aarp-asian-american-pacific-islander-fraud-victims_us_5a7a1f7ae4b06505b4e8e800)

## Policy and Regulatory

### Wall Street Journal: Former Lawmaker Who Was Rejected As Ex-Im Bank Chief To Join SEC

By Dave Michaels And Andrew Ackerman, Wall Street Journal

Former US Rep. Scott Garrett has been hired as an adviser to SEC Chairman Jay Clayton, despite being a continual critic of the regulatory agency when he was a lawmaker.

<https://www.wsj.com/articles/former-lawmaker-who-was-rejected-as-ex-im-bank-chief-to-join-sec-1518049323>

### Bloomberg News: Fed Officials Are Worried About The Turmoil In Equities

By Christopher Condon , Rich Miller , And Lananh Nguyen, Bloomberg News

Federal Reserve officials played down recent turmoil in global stock markets, sounding as resolved to push ahead with gradual increases in interest rates as before the rout.

"Having a bump like this has virtually no consequence in my view of the economic outlook," New York Fed President William Dudley said Wednesday at an event in New York. "My outlook hasn't changed because the stock market is a little bit lower than a few days ago. It's still up sharply from where it was a year ago."

"That said, if the stock market were to go down precipitously and stay down, then that would actually feed into the economic outlook and that would affect my view in terms of what's the implications for monetary policy," he said.

<https://www.bloomberg.com/news/articles/2018-02-07/fed-officials-wave-off-worries-over-blood-letting-in-equities>

### Bloomberg News: Cryptocurrencies Get Word From SEC Inspectors: We Are Watching

By Benjamin Bain, Bloomberg News

Digital currencies just got name-checked by a group that many of their boosters would probably rather avoid: Securities and Exchange Commission inspectors.

For the first time ever, the SEC's Office of Compliance Inspections and Examinations put cryptocurrencies and initial coin offerings on a list of focal points for scrutiny this year at the financial firms and advisers the agency oversees. The markets for such products "present a number of risks for retail investors," the office said.

DCIE runs the SEC's National Exam Program, which involves on-site inspections of financial firms meant to prevent fraud, monitor risk and ensure compliance with securities laws. It refers findings on potential misconduct to the SEC's enforcement division, which can sanction firms over violations.

<https://www.bloomberg.com/news/articles/2018-02-07/cryptocurrencies-get-word-from-sec-inspectors-we-are-watching>

### Bloomberg News: U.S. Announces Takedown Of \$530 Million Cyberfraud Network

By Bloomberg News

The Justice Department on Wednesday announced the racketeering conspiracy along with the arrest of 13 people, eight of whom the government will seek to extradite from Australia, the U.K., France, Italy, Kosovo and Serbia. Five members of the group, known as the Infraud Organization, were arrested in the U.S.

"Today's indictment and arrests mark one of the largest cyberfraud enterprise prosecutions ever undertaken by the Department of Justice," said acting Assistant Attorney General John Cronan. "Infraud operated like a business to facilitate cyberfraud on a global scale."

Prosecutors in the case, which was unsealed in Nevada, allege that the group was created in October 2010 by Svyatoslav Bondarenko, a Ukrainian who sought to create the premier destination for purchasing retail items on the internet with counterfeit or stolen credit card information.

<https://www.americanbanker.com/articles/us-announces-take-down-of-530-million-cyberfraud-network>

## The Big Picture

### Headlines From Today's Front Pages.

Wall Street Journal:

[Congressional Leaders Reach Budget Deal](#)

[A Warning Sign Behind The Market Swings](#)

[Vice Just Had A Big Revenue Miss, And Investors Are Getting Antsy](#)

How YouTube Drives People To The Internet's Darkest Corners**New York Times:**Senate Leaders Reach Deal To Raise Spending Over Two YearsAngela Merkel Strikes New Deal With Old Partners, At A High CostAt 11th Hour, Status Of Russian Olympians Remains UncertainRob Porter, White House Aide, Resigns After Accusations Of Abuse**Washington Post:**How Mattis Succeeds In Turbulent White HouseTrump Aide To Exit After Ex-Wives Allege AbuseDecoding The RedwoodsCongress Set For Vote On Budget To Avert A ShutdownPelosi Makes Marathon Plea To Help Dreamers'**Financial Times:**Zuma's Exit Appears Closer As He Meets RivalGermany's Parties Reach Grand Coalition DealNorth Korean Leader's Sister To Attend Winter Olympics OpeningSpaceX Success Lifts Pentagon Hopes Of Ending Launch Pad Monopoly**Washington Times:**Newly Released Texts Raise Questions About Obama's Role In Clinton ProbeFBI Put Mispaced Trust In Trump Dossier Author, Misled JudgeIncendiary Rhetoric Boosts Cory Booker In 2020 Democrats Race To Far LeftCongress Busts Budget With Bipartisan Spending DealIRS Overpaid Nearly \$3.5 Billion In Obamacare Tax Credits In 2017, Can't Recoup MoneyLatin America Wary Of U.S. Harder Line Against Venezuela**Story Lineup From Last Night's Network News:**

ABC: Severe Weather; Weather Forecast; White House Aide Resignation; Immigration Deal; Trump-Military Parade; Russia-US Elections Interference; Florida Highway Shooting; Taiwan Earthquake; Vegas Shooting Investigation; Illinois Missing Mother; NFL Player-Home Break-In; Netflix Email Scam; Gerber Baby; SpaceX Rocket.

CBS: Immigration Deal; White House Aide Resignation; Winter Olympics-North Korea; Trump-Military Parade; Severe Weather; Steve Wynn Resignation; Uber/Google Lawsuit; SpaceX Rocket; Taiwan Earthquake; Old Skeleton DNA; In-Home Healthcare; Song Writer; Gerber Baby; Young Pianist-Coding.

NBC: White House Aide Resignation; Immigration Deal; Trump-Military Parade; Russia-US Elections Interference;

Winter Olympics-North Korea; Flu Epidemic; Severe Weather; Smart-TV Warning; Steve Wynn Resignation; Taiwan Earthquake; Dunkin Donuts; Gerber Baby.

**Network TV At A Glance:**

White House Aide Resignation- 8 minutes, 5 seconds

Immigration Deal- 6 minutes, 35 seconds

Trump-Military Parade- 6 minutes, 10 seconds

Severe Weather- 4 minutes, 10 seconds

Taiwan Earthquake- 50 seconds

**Story Lineup From This Morning's Radio News Broadcasts:**

ABC: Immigration Deal; White House Aide Resignation; VP-East Asia Tour; Winter Olympics; Texas-Police Shot.

CBS: Immigration Deal; White House Aide Resignation; FBI Text Messages; E-Cig Health Risk; NCAA News; Wall Street News.

FOX: Immigration Deal; White House Aide Resignation.

NPR: Immigration Deal; Trump-Military Parade; Turkey-Kurdish Conflict; Wall Street News.

**Story Lineup From This Morning's Network News:**

ABC: White House Aide Resignation; Budget Deal; North Korea-Military Parade; Olympic Security; Las Vegas Serial Killer; Philadelphia-Super Bowl Parade; Kate Upton-Sexual Allegations; Claw Machine-Child Rescued; Health-Smart Devices; Marvel-Black Panther Movie.

CBS: White House Aide Resignation; North Korea-Military Parade; Olympics; Flu Epidemic; Olympic Swim Coach-Sexual Assault; US Gymnastics-Sexual Misconduct Scandal; Philadelphia-Super Bowl Parade; Texas-International Abduction; Driving Safety-Drowsy Driving; Coffee-Cancer Lawsuit.

NBC: White House Aide Resignation; Budget Deal; Clinton Email Probe; Vice President Mike Pence-North Korea Comments; Winter Olympics; Flu Epidemic; Philadelphia-Super Bowl Parade; Space X Rocket Launch; Winter Olympics-Team USA.

## Washington's Schedule

**Today's Events In Washington.****White House:**

**PRESIDENT TRUMP-** Participates in a bilateral meeting with the President of Guatemala; delivers remarks at the National Prayer Breakfast; meets with Secretary of Defense James Mattis; has lunch with Secretary of Veterans Affairs David Shulkin; meets with Dr. Henry Kissinger.

**VICE PRESIDENT PENCE-** Participates in a briefing on the mission of Yokota Air Base and its joint efforts with Japan; participates in a tour of Yokota Air Base's command center; delivers remarks to troops; participates in a bilateral meeting with President Moon Jae-in of the Republic of Korea;

participates in a guestbook signing; has dinner with President Moon Jae-in.

US Senate: No Relevant Events Scheduled.

US House: No Relevant Events Scheduled.

Other: No Relevant Events Scheduled.

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An asterisk at the end of a headline signifies a CFPB mention.

TO: THE DIRECTOR AND SENIOR STAFF

DATE: TUESDAY, FEBRUARY 6, 2018

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- Atlanta Journal-Constitution: It's Payday Loans Group Vs. The State In Open Records Dispute
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#### The Big Picture

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#### Consumer Credit

Reuters: Senators Urge Trump Administration To Resume Equifax Probe\*

By Patrick Rucker, Reuters

Consumer advocates and Democratic Senators urged the Trump Administration to resume its investigation into the Equifax data leak, Reuters reports, after the Consumer Financial Protection

Bureau announced it would pull back on the ongoing probe.

<https://www.reuters.com/article/us-usa-equifax-cfpb-lawmakers/lawmakers-advocates-urge-trump-administration-to-resume-equifax-probe-idUSKBN1FP2EI>

Reuters: CFPB Scores Too Low On Equifax Transparency\*

By Christopher Beddor, Reuters

Reuters "Breakingviews" columnist Christopher Beddor says that "if protecting vital data of the kind hacked at the US credit-scoring firm isn't [the CFPB's] remit," Mulvaney "needs to explain what is."

<https://www.reuters.com/article/us-usa-equifax-breakingviews/breakingviews-cfpb-scores-too-low-on-equifax-transparency-idUSKBN1FP2SN>

Washington Post: Democrats Lash Out At Consumer Watchdog Amid Reports The Agency Is Dropping Equifax Investigation\*

By Renae Merle, Washington (DC) Post

Democratic lawmakers lashed out at the Consumer Financial Protection Bureau on Monday amid a report that the agency was backing off an investigation into a massive data breach at Equifax last year that exposed sensitive data about millions of people.

Reuters, citing former officials familiar with the probe, reported that the CFPB has not taken routine steps to move forward with an investigation into the incident, including ordering subpoenas or seeking sworn testimony from Equifax executives.

The report stirred backlash from Democratic lawmakers, who have feared that President Trump's pick to temporarily lead the agency, Mick Mulvaney, is weakening the consumer watchdog. Failing to investigate the data breach would put "145 million Americans at risk [and] is malpractice," said Sen. Sherrod Brown (Ohio), ranking Democrat of the Senate Banking Committee. Sen. Catherine Cortez Masto (D-Nev.) said, "The Trump administration has chosen to protect Equifax while denying Americans justice and accountability."

<https://www.washingtonpost.com/news/business/wp/2018/02/05/democrats-lash-out-at-consumer-watchdog-amid-reports-the-agency-is-dropping-equifax-investigation/>

Los Angeles Times: An Act Of Madness: CFPB Said To Be Letting Equifax Off The Hook For Data Breach\*

By David Lazarus, Los Angeles (CA) Times

The down-is-up world of the Trump administration grew even battier Monday amid reports that the Consumer Financial Protection Bureau is scaling back its investigation into credit agency Equifax, which allowed hackers to access the personal information of more than 145 million Americans.

Because, you know, why would you want the nation's top consumer watchdog aggressively looking into one of the worst data breaches in the country's history?

When I first heard the news, I felt a little like Alice trying to adjust to the impossible happening. “One can’t believe impossible things,” she laments.

<http://www.latimes.com/business/lazarus/la-fi-lazarus-cfpb-equifax-20180205-story.html>

New York Daily News: Trump Administration Reportedly Puts Brakes On Equifax Data Breach Probe\*

By Graham Rayman, New York Daily News

The Trump administration has reportedly slammed the brakes on a probe into the security breach at Equifax that jeopardized the personal information of over 140 million Americans.

“If you needed further proof that the Trump Administration is rigging the system to benefit the most egregious corporate actors — all at the expense of hard-working Americans — look no further than the administration’s decision to install Mick Mulvaney at the CFPB,” Senate Minority Leader Chuck Schumer (D-N.Y.) fumed.

Mulvaney, head of the Consumer Financial Protection Bureau, quietly pulled back from a full-scale probe of the credit bureau, according to Reuters quoting people familiar with the move.

<http://www.nydailynews.com/news/politics/trump-admin-puts-brakes-equifax-data-breach-probe-report-article-1.3800763>

New York Post: Trump-Appointed CFPB Head Eases Up On Equifax Probe\*

By Kevin Dugan, New York Post

Mick Mulvaney is slowing down a probe into one of last year’s most egregious data breaches.

The interim head of a Washington consumer watchdog is easing off an investigation of Equifax, where executives so mishandled updating software, which had a flaw, in 2017 that hackers were able to steal the personal information of 145 million people.

The Consumer Financial Protection Bureau, which in the aftermath of the hack had launched a full-scale probe of Equifax, is now, under Mulvaney, backing down, according to a report on Monday.

<https://nypost.com/2018/02/05/trump-appointed-cfpb-head-eases-off-on-equifax-probe/>

New York Magazine: CFPB Director Mulvaney Halts Equifax-Breach Probe\*

By Madison Malone Kircher, New York Magazine

Back in September, Equifax reported that 143 million of its customers could have been implicated in a major breach of the credit-reporting firm’s data. This was bad. Really bad. Social Security numbers, birthdays, addresses, and credit-card-information-level bad. The kind of bad where you feel inclined to call up your not-so-tech-savvy relatives and walk them through the necessary steps to freeze their credit as a protective measure.

In addition to Equifax trying to become more secure and keep its customers — the firm’s Argentine arm was discovered to be using “admin” as both the username and password for an employee-log-in

portal a week after the breach news, which wasn't particularly confidence inspiring — the company faced a Senate hearing in October. (With a special visit from somebody dressed as the Monopoly dude sitting directly behind former Equifax CEO Richard Smith.) The company was simultaneously undergoing a formal probe by the Consumer Financial Protection Bureau ordered by former CFPB director Richard Cordray. Today, that probe has been put on hold, according to a new report from Reuters.

From Reuters:

<http://nymag.com/selectall/2018/02/cfpb-director-mulvaney-halts-equifax-breach-probe.html>

Atlanta Journal-Constitution: Trump's Chief Of Bureau Drops Equifax Probe\*

By Tyler Estep, Atlanta (GA) Journal-Constitution

The newly appointed head of the Consumer Financial Protection Bureau has reportedly steered the agency away from a full investigation of Atlanta-based Equifax for its failure to protect Americans' data.

Mick Mulvaney, named by President Trump in November to lead the bureau, has decided against taking the legal steps needed for an investigation, according to Reuters, which cites three unnamed sources. The Atlanta Journal-Constitution has not been able to independently confirm that assertion.

However, the report drew rapid and angry condemnation from Richard Cordray, the former CFPB director, as well as from Congressional Democrats.

<http://www.myajc.com/business/new-chief-drops-equifax-probe-fed-consumer-bureau/fKV8UgNtPQXwnbO9gzafgK/>

Washington Examiner: CFPB Slows Work On Equifax Probe: Report\*

By Melissa Quinn, Washington (DC) Examiner

The Consumer Financial Protection Bureau's investigation into the data breach at Equifax that affected more than 140 million consumers has "sputtered" since Office of Management and Budget chief Mick Mulvaney took over.

Reuters reported Monday that sources close to the investigation say Mulvaney hasn't requested subpoenas against the credit monitoring company or asked for sworn testimony from Equifax's top officials, moves that should be typical under a major investigation.

The CFPB has also put on hold plans to conduct on-site tests to examine how Equifax protects its data, and has rejected requests from regulators at other agencies to help.

<http://www.washingtonexaminer.com/cfpb-slows-work-on-equifax-probe-report/article/2648114>

Washington Examiner: Mick Mulvaney Giving Consumers The 'Middle Finger' At CFPB\*

By Joseph Lawler, Washington (DC) Examiner

Sen. Elizabeth Warren, D-Mass., said Monday that the Consumer Financial Protection Bureau, led by Mick Mulvaney, is giving the “middle finger” to consumers by reportedly backing off the agency’s investigation into Equifax.

“Another middle finger from @MickMulvaneyOMB to consumers,” Warren remarked on Twitter.

Reuters reported Monday that the probe into the data breach affecting more than 140 million people has slowed under Mulvaney.

<http://www.washingtonexaminer.com/elizabeth-warren-mick-mulvaney-giving-consumers-the-middle-finger-at-cfpb/article/2648161>

The Hill: Mulvaney Puts Brakes On Equifax Probe: Reuters\*

By Brett Samuels, The Hill

White House budget director and Consumer Financial Protection Bureau (CFPB) acting Director Mick Mulvaney has dialed back the agency’s investigation into a massive data breach at Equifax, Reuters reported Sunday.

Mulvaney has not sought subpoenas or sworn testimony as part of the investigation, Reuters reported, citing three unnamed sources. The bureau has also put on hold plans to test how Equifax protects data.

A CFPB spokesman told Reuters the agency is not allowed to acknowledge an open investigation.

<http://thehill.com/policy/finance/372308-mulvaney-puts-brakes-on-equifax-probe-reuters>

The Hill: Schumer: Trump Administration Rigging The System To Help ‘Most Egregious Corporate Actors’\*

By Brett Samuels, The Hill

Senate Minority Leader Charles Schumer (D-N.Y.) on Monday accused the Trump administration of “rigging the system to benefit the most egregious corporate actors,” citing reports that the Consumer Financial Protection Bureau (CFPB) has dialed back its investigation into massive Equifax data breaches.

“First the Trump administration gave lavish tax breaks to corporate CEOs and wealthy investors, now the Trump administration’s hand-picked saboteur is essentially handing out get out of jail free cards to Equifax executives,” Schumer said in a statement, referring to CFPB leader Mick Mulvaney, who is also the Office of Management and Budget director.

Schumer’s comments follow a Reuters report Monday morning that Mulvaney has dialed back the CFPB’s investigation into the breaches at the credit monitoring company. Equifax had two data breaches last year, including one that affected nearly 150 million Americans.

<http://thehill.com/homenews/senate/372345-schumer-trump-administration-rigging-the-system-to-help-most-egregious>

U.S. News & World Report: Report: CFPB’s Equifax Probe Stalls As Mulvaney Defangs Watchdog\*

By U.S. News & World Report

The Consumer Financial Protection Bureau has reportedly pulled back from a full-fledged investigation into the Equifax breach that last year exposed the sensitive personal information of tens of millions of Americans, the latest example of the agency's defanging under acting head Mick Mulvaney.

Reuters reported the development Monday, citing "people familiar with the matter" as saying Mulvaney has scaled back efforts to look into how Equifax managed to expose the Social Security numbers, addresses, birth dates – and in some cases driver's license numbers and credit card information – of more than 145 million Americans.

The sources indicated Mulvaney – President Donald Trump's Office of Management and Budget director who moonlights as the head of a consumer watchdog agency he once described as a "sick, sad" joke – has not ordered new subpoenas against Equifax, requested testimony from executives or followed up on plans to specifically look into Equifax's data protection practices.

<https://www.usnews.com/news/economy/articles/2018-02-05/report-cfpbs-equifax-probe-stalls-as-mulvaney-defangs-watchdog>

MarketWatch: CFPB Under Mick Mulvaney Reportedly Going Slow On Equifax Probe\*

By Steve Goldstein, MarketWatch

Office of Management and Budget Director Mick Mulvaney is temporarily at the helm of the Consumer Financial Protection Bureau, as well.

The Consumer Financial Protection Bureau investigation into the hack at Equifax that exposed personal data about 143 million Americans has reportedly sputtered.

Reuters reported, citing three sources, that the CFPB hasn't ordered subpoenas against the company EFX, -2.54% or sought testimony from executives. The agency also has shelved plans for testing how Equifax protects data, and rebuffed offers from federal bank regulators who offered to help with credit bureau exams.

<https://www.marketwatch.com/story/cfpb-under-mick-mulvaney-reportedly-going-slow-on-equifax-probe-2018-02-05>

CNET News: New CFPB Chief Has Reportedly Killed Its Equifax Probe\*

By Brian Bennett, CNET News

The US Consumer Financial Protection Bureau's probe into the Equifax data breach is apparently dead. Reuters reports that CFPB head Mick Mulvaney has walked away from the regulator's authorized investigation into the matter.

Sources close to the CFPB probe told Reuters that Mulvaney, who is also Director of the Office of Management and Budget in the Trump administration, has done nothing to further the inquiry.

The CFPB chief, who took over in November, has not issued subpoenas against the credit rating company, nor has the CFPB pursued sworn testimony under oath from Equifax executives.

<https://www.cnet.com/news/the-new-cfpb-chief-has-reportedly-killed-its-equifax-probe/#ftag=CADf328eec>

#### CFO: CFPB Said To Be Icing Probe Of Equifax Breach \*

By Matthew Heller, CFO

The Consumer Financial Protection Bureau is reportedly backing off its investigation into last year's massive security breach at Equifax, fueling Democratic lawmakers' concerns that the Trump administration is seeking to gut the consumer watchdog.

Citing people familiar with the matter, Reuters reported that the CFPB has not taken routine steps to move forward with an investigation, including ordering subpoenas or seeking sworn testimony from Equifax executives.

Equifax, one of only three credit bureaus in the nation, disclosed in September that it was the victim of a "cybersecurity incident" that potentially affected as many as 143 million consumers. The Obama-era CFPB opened an investigation later that month.

<http://ww2.cfo.com/regulation/2018/02/cfpb-said-icing-probe-equifax-breach/>

#### PC Magazine: Report: Feds Dragging Heels On Equifax Probe\*

By Angela Moscaritolo, PC Magazine

Equifax may wind up getting a slap on the wrist from the feds following its massive data breach.

Reuters, citing unnamed sources familiar with the matter, reports that the new head of the Consumer Financial Protection Bureau (CFPB), Mick Mulvaney, has scaled back the agency's investigation into the breach.

Mulvaney's predecessor, Richard Cordray, launched the probe after Equifax in September revealed that hackers broke into its systems and stole the personal information of about 143 million US consumers. The hackers made away with names, Social Security numbers, birth dates, addresses, some driver's license numbers, along with some credit card numbers and other documents containing personal information, Equifax revealed.

<http://www.pcmag.com/article2/0,2817,2526323,00.asp?kc=PCRSS03069TX1K0001121>

#### Gizmodo: President Trump's Head Of Consumer Protection Doesn't Give A Shit About Investigating The Equifax Breach\*

By Matt Novak, Gizmodo

In any normal society, the top executives at Equifax would be hauled in front of Congress, many would be thrown in prison, the company would be shut down, and all of the company's assets would be seized. But we don't live in a normal society—a fact that has become even more clear today.

Reuters reports that Mick Mulvaney, the Trump regime's head of the Consumer Financial



Protection Bureau (CFPB), is dragging his heels and not conducting a proper investigation into the Equifax breach. Why? It might have something to do with the fact that Mulvaney has previously said he'd like to kill the agency completely.

Back in September, Americans were shocked to learn that hackers stole sensitive information from Equifax on over 145.5 million people. And aside from some bullshit Congressional hearings to deliver a slap on the wrist, Equifax has so far largely gone unpunished. According to the Reuters report, Mulvaney is going to let the company slide by not doing much of anything for the foreseeable future.

<https://gizmodo.com/president-trumps-head-of-consumer-protection-doesnt-giv-1822722789>

Slate: Consumer Financial Protection Bureau Limiting Its Investigation Into Equifax: Report\*

By Aaron Mak, Slate

Future Tense is a partnership of Slate, New America, and Arizona State University that examines emerging technologies, public policy, and society.

The Consumer Financial Protection Bureau will not be conducting a full investigation of Equifax, the credit agency whose trove of Social Security numbers, addresses, credit card details, and other information belonging to more than 140 million people was hacked in May, according to a report from Reuters.

Richard Cordray, the former head of the CFPB, had backed a cybersecurity investigation into Equifax in September. However, he resigned two months later, and President Trump subsequently appointed his budget chief Mick Mulvaney to be head of the bureau.

<https://slate.com/technology/2018/02/cfpb-investigation-equifax-limited.html>

Fast Company: The Probe Into Equifax's Data Breach Has Reportedly Sputtered\*

By Michael Grothaus, Fast Company

The head of the Consumer Financial Protection Bureau (CFPB) has reportedly scaled back the probe into how Equifax failed to protect the personal data of 143 million Americans during hacks that occurred between May and July of last year, says Reuters. After Equifax made news of the hack public in September, the then-CFPB director Richard Cordray authorized a full investigation into the breach. However, in November Cordray was replaced by Mick Mulvaney, President Trump's budget chief, and since then the Equifax investigation has "sputtered" according to several government and industry sources. But even if the CFPB is going light on Equifax, the company is still being investigated by every state attorney general over the data breach and their other security problems.

<https://www.fastcompany.com/40526558/the-probe-into-equifaxs-data-breach-has-reportedly-sputtered>

Vox: Equifax Compromised Half Of The Country's Information. Trump's CFPB Isn't Looking Into It.\*

By Emily Stewart, Vox

Credit reporting agency Equifax in September revealed that a data breach had left the information

of 145 million customers exposed. The company waited weeks before disclosing the incident to the public, during which time three executives sold nearly \$2 million worth of the company's shares.

Not even six months later, the Consumer Financial Protection Bureau, under interim director Mick Mulvaney, is scaling back an investigation into what happened, according to a new report. It's the latest example of how the CFPB, which was created under the Obama administration to look out for consumers in the financial products and services space, is stepping back from that under Trump.

Reuters reported on Monday that Mulvaney, who President Donald Trump in November tapped to temporarily head the CFPB after Director Richard Cordray stepped down, has pulled back from a full-scale probe into how Equifax failed to protect customer data. Sources told the publication that Mulvaney has not ordered subpoenas against Equifax or sought sworn testimony from executives, which it would be expected to do in a full-scale probe. It has put a pause on plans for tests of Equifax's data protection practices and turned down offers from other federal regulators for help in on-site credit bureau exams.

<https://www.vox.com/policy-and-politics/2018/2/5/16974090/mick-mulvaney-cfpb-equifax-data-breach-probe>

UpRoxx: Mick Mulvaney Reportedly Pulls Back The CFPB's Equifax Probe\*

By Andrew Husband, UpRoxx

Officials at the consumer credit reporting agency Equifax revealed last September that hackers had stolen the personal data of 143 million Americans. The company then misled worried customers with links to insecure websites to help them determine whether their information was compromised, while additional hacks were revealed in subsequent news reports and during congressional testimony. Hence why former Consumer Financial Protection Bureau chief Richard Cordray authorized an in-depth investigation into the matter. Yet Mick Mulvaney, Cordray's controversial replacement, has reportedly pulled it back.

According to Reuters, Mulvaney has reportedly "pulled back from a full-scale probe" like the one his ousted predecessor had endorsed:

Three sources say, though, Mulvaney, the new CFPB chief, has not ordered subpoenas against Equifax or sought sworn testimony from executives, routine steps when launching a full-scale probe. Meanwhile the CFPB has shelved plans for on-the-ground tests of how Equifax protects data, an idea backed by Cordray.

<http://uproxx.com/news/mick-mulvaney-pulls-back-equifax-probe/>

SC Magazine: Mulvaney Ditches CFPB's Equifax Probe\*

By Teri Robinson, SC Magazine

Equifax had been under investigation by the Consumer Financial Protection Bureau.

White House Budget Director Mick Mulvaney, recently installed by President Trump as acting head of the Consumer Financial Protection Bureau, has backburnered a comprehensive investigation into Equifax's data protection practices after hackers nicked the personal data of 145.5 million American consumers.

The Equifax breach, now believed to have been accomplished through the exploitation of a

vulnerability in open-source server software Apache Struts (disclosed earlier in September), put the credit information company in the line of fire for criticism over poor security practices and prompted at least three congressional committees to consider probing the incident.

<https://www.scmagazine.com/data-breach/mulvaney-ditches-cfpbs-equifax-probe/article/742125/>

#### American Banker: Is CFPB Punting On Equifax? It's Complicated\*

By Kate Berry, American Banker

The announcement that the CFPB was pulling back from a "full-scale probe" of Equifax led to wide-ranging Democratic criticism of the CFPB and revived scrutiny of the credit bureaus.

<http://www.americanbanker.com/news/is-cfpb-punting-on-equifax-its-complicated>

#### HousingWire: CFPB Reportedly Pulling Back From Equifax Data Breach Investigation\*

By Jacob Gaffney, HousingWire

In another signal that Mick Mulvaney's Consumer Financial Protection Bureau will operate far differently than it did under Richard Cordray, the CFPB is reportedly pulling back from its investigation in the data breach at Equifax, which exposed the personal information of 145.5 million U.S. consumers to hackers.

Shortly after Equifax revealed the data breach, the CFPB said that it would begin looking into the breach, but Reuters reported Monday that the CFPB is not taking its previously traditional actions when pursuing a case of this magnitude.

From Reuters:

<https://www.housingwire.com/articles/42454-cfpb-reportedly-pulling-back-from-equifax-data-breach-investigation>

#### PYMNTS: CFPB Seems To Pause Equifax Investigation\*

By PYMNTS

Interim director Mick Mulvaney may not be able to completely shutdown the government agency he currently runs — but he is surely working overtime to make sure that the CFPB does as little as humanly imaginable while he is at its helm.

In his latest effort to scale back when and where the Consumer Financial Protection Bureau intercedes, Mulvaney has decided to put a pin in the full-scale probe of how Equifax Inc failed to protect the personal data of millions of consumers, according to Reuters reports.

Equifax admitted in September that it had lost the data of 143 million Americans (nearly every American adult), promoting then-director Richard Cordray to authorize a full scale investigation. But Cordray stepped down in November and was replaced by Mulvaney (legal challenges to the side), under whom the investigation has slowed to a nearly non-existent crawl.

<https://www.pymnts.com/news/cfpb/2018/cfpb-seemingly-hits-pause-on-equifax-investigation/>

## Payments Journal: Breach On Ice Or Are There Still Credit Card Risks\*

By Brian Riley, Payments Journal

The news cycle on the 120 million record breach at Equifax appears over for now, as the latest news cycles deal with the Philadelphia Eagles, North Korea participating in the 2018 Olympics, and shifts in the stock market.

Is the Equifax issue over? Far from it, but it looks like shifts in the CFPB pushed Equifax down in investigative priorities.

Mick Mulvaney, head of the Consumer Financial Protection Bureau, has pulled back from a full-scale probe of how Equifax Inc failed to protect the personal data of millions of consumers, according to people familiar with the matter.

<http://paymentsjournal.com/equifax-data-breach-breach-ice-still-credit-card-risks/>

## National Mortgage Professional: Mulvaney Reportedly Stalls CFPB Probe Of Equifax\*

By Phil Hall, National Mortgage Professional

The Consumer Financial Protection Bureau (CFPB) is reportedly slowing down its probe of the Equifax data breach, in stark contrast to other federal and state investigations.

According to a Reuters report that is attributed to anonymous "people familiar with the matter," Acting Director Mick Mulvaney has not ordered any subpoenas against Equifax or sought sworn testimony from the Atlanta-based company's executives. Furthermore, Mulvaney has yet to give the green light for on-the-ground tests of how Equifax protects customer data.

Equifax said it is now being investigated by all 50 state attorneys general and is dealing with more than 240 class action lawsuits as a result of the data breach. The Federal Trade Commission (FTC) has been conducting its own investigation of Equifax since September.

<http://nationalmortgageprofessional.com/news/65973/mulvaney-reportedly-stalls-cfpb-probe-equifax>

## International Association of Privacy Professionals: CFPB Allegedly Pulls Back Full-Scale Investigation Of Equifax Breach\*

By International Association Of Privacy Professionals

The Consumer Financial Protection Bureau has yet to move forward in its investigation of last year's data breach of Equifax, and sources close to the matter now say the agency "has pulled back from a full-scale probe," Reuters reports. Acting CFPB Director Mick Mulvaney has not ordered subpoenas against the credit monitoring firm or sought any testimony from Equifax executives. The agency will not move forward with its plans to conduct tests on the ways Equifax handles data. CFPB Spokesman John Czwartacki said the agency has the tools to examine the Equifax breach, but it is not permitted to say whether an investigation is ongoing. "The bureau has the desire, expertise, and know-

how in-house to vigorously pursue hypothetical matters such as these," Czwartacki said.

<https://iapp.org/news/a/cfpbs-equifax-investigation-yet-to-move-forward>

#### SNL Financial: CFPB Denies Report That Equifax Probe Is On Hold\*

By Zach Fox, SNL Financial

A spokesperson said the consumer protection agency is looking into the data breach at Equifax, calling reports to the contrary incorrect.

<https://www.snl.com/interactivex/article.aspx?KPLT=7&id=43436778>

#### Credit: Credit Card Outlook For 2018\*

By Bob Sullivan, Credit

If you're thinking about applying for a new credit card or asking for a higher limit on a card you already have, you might want to do that sooner rather than later. Credit cards, and credit card issuers, have been on a good run lately, but the good times might end — or at least slow down — in 2018. What's Happening With Credit Card Debt

Overall credit card debt hit an all-time high in 2017, and about 110 million new accounts were opened in 2016 — a full 50% increase over 2010 — according to the Consumer Financial Protection Bureau. In total, Americans who have a credit card enjoy a total credit limit of an astonishing \$4 trillion — just shy of the \$4.4 trillion all-time high set during the housing bubble, the CFPB says. Consumers with the best credit have seen their credit lines sharply increase — from \$29,176 back in 2010 to \$33,371 in 2017, according to Trans Union. And by the end of last year, a record 196 million U.S. consumers had access to credit cards or other kinds of revolving credit.

In other words, it's been relatively easy to get new cards and higher limits lately. But not for long, warns Mercator Advisory Group in a recent report.

<http://blog.credit.com/2018/02/credit-card-outlook-for-2018-181100/>

#### Auto Finance News: Compliance 2018: Even More Complex And Costly?\*

By Auto Finance News

With the Consumer Financial Protection Bureau in transition and state regulators moving to pick up any slack, vehicle finance regulation is going to present complex challenges in 2018. Here are a few of the difficulties in store, as forecasted by LenderLive's Compliance Solutions team:

**Servicemembers Civil Relief Act (SCRA)** – In 2017 we saw a sharp increase in the number of enforcement actions and settlements under the SCRA. Expect this trend to continue in 2018.

**Federal bankruptcy rule updates** – Significant changes were made to the Federal Rules of Bankruptcy Procedure, including Chapter 13 cases that are especially relevant to the auto finance industry.

<http://www.autofinancenews.net/compliance-2018-even-more-complex-and-costly-sponsored/>

## JD Supra: CFPB's Relaxed 'Prepaid Accounts Rule' Fixes Key Problems\*

By JD Supra

Mick Mulvaney's CFPB has now issued final changes to its Prepaid Rule, and the payments industry receives a huge reprieve from some of the more draconian elements of the original rule as issued in 2016.

What happened

The Bureau of Consumer Financial Protection (CFPB) has now amended Regulation E, which implements the Electronic Fund Transfer Act (EFTA), and Regulation Z, which implements the Truth in Lending Act (TILA). This new rulemaking materially revises the then-final rule published in the Federal Register on Nov. 22, 2016, as amended on April 25, 2017, regarding prepaid accounts under Regulations E and Z. In so doing, the CFPB is finalizing modifications to several aspects of that rule, including with respect to error resolution and limitations on liability for prepaid accounts where the financial institution has not successfully completed its consumer identification and verification process; application of the rule's credit-related provisions to digital wallets that are capable of storing funds; certain other clarifications and minor adjustments; technical corrections; and an extension of the overall effective date to April 1, 2019.

<https://www.jdsupra.com/legalnews/cfpb-s-relaxed-prepaid-accounts-rule-57911/>

## JD Supra: US Consumer Financial Protection Bureau Issues Final Rule Regarding Prepaid Accounts\*

By JD Supra

The US Consumer Financial Protection Bureau published a final rule that amends the regulations implementing the Electronic Funds Transfer Act (Regulation E), and the Truth in Lending Act (Regulation Z), and corresponding official interpretations. The final rule makes a number of modifications to these regulations, including changes to error resolution requirements and limited liability provisions, which will now apply after a consumer's identity has been verified, designed to promote prompt registration of prepaid cards by individuals. In addition, the final rule clarifies how the prepaid rule applies to credit cards linked to digital wallets, which promotes consumer use of digital wallets, while providing the same protections that apply to traditional credit card accounts. The final rule also delays the effective date of these provisions until April 1, 2019.

<https://www.jdsupra.com/post/documentViewer.aspx?fid=45cfda9d-899e-49ad-97e6-e68d1fcc0c71>

Consumer Financial Protection Bureau

## Los Angeles Times: Consumer Financial Protection Bureau Appears To Shed Its Aggressive Reputation\*

By James Rufus Koren, Los Angeles (CA) Times

The Consumer Financial Protection Bureau last year sued four lenders affiliated with a Northern California Native American tribe, alleging their costly loans violated interest rate caps in more than a dozen states.

The enforcement action came amid a probe into yet another high-interest lender, World Acceptance, which the federal watchdog was considering accusing of consumer-protection law violations.

Months later, the agency issued tough regulations aimed at reining in the practices of payday lenders, including limiting the number of costly short-term loans they can offer to cash-strapped Americans.

<http://www.latimes.com/business/la-fi-cfpb-overhaul-20180205-story.html>

CNBC: Trump Team Is Determined To Rein In The Consumer Financial Protection Bureau\*

By CNBC

A legal challenge failed to strip the federal Consumer Financial Protection Bureau of its independence, yet efforts to rein in its regulatory reach are continuing full steam ahead.

Hours after a federal appeals court ruled last week against a challenge to the structure of the CFPB, the agency said it is formally evaluating its administrative judicial process for companies accused of wrongdoing.

And today, Reuters reported that the bureau is dialing back an investigation of how Equifax failed to protect millions of consumers' personal data in a massive cyberattack on the credit-reporting firm last year. A CFPB spokesman told Reuters the agency cannot acknowledge the existence of an open investigation.

<https://www.cnbc.com/2018/02/05/trump-team-is-determined-to-rein-in-the-consumer-financial-protection-bureau.html>

USA Today: Upheaval At 'Newsweek:' Top Editors Fired Amid Investigation\*

By Mike James, USA Today

Newsweek, whose iconic history as a news organization has spanned eight decades, is making headlines of a different sort this week: Its top editors have been fired amid a maelstrom of controversy in the newsroom.

Some of its staffers are wondering whether the magazine will survive. Writers and editors at the publication's New York offices were told they could go home for the day on Monday afternoon, although they were notified that a new editor would be in place Tuesday.

Former Editor-in-Chief Bob Roe confirmed his firing in an email to CNN, saying, "Can confirm I was fired. I know nothing else. Can say nothing else yet." Executive Editor Ken Li was also fired, CNN reported.

<https://www.usatoday.com/story/news/2018/02/05/upheaval-newsweek-top-editors-fired-amid-investigation/308784002/>

## MarketWatch: Newsweek Fires Top Editors Amid Legal Struggles: Report\*

By Trey Williams, MarketWatch

Newsweek fired top editors, Editor in Chief Bob Roe and Executive Editor Ken Li, on Monday, according to a report from the Daily Beast, citing sources. The company, which has been under investigation for its finances by the Manhattan District Attorney's office. Last week Newsweek Media Group's Chairman Etienne Uzac and finance director Marion Kim stepped down. The Daily Beast said Newsweek news director Christina Silvia told staff in a company meeting on Monday that Roe and Li, along with reporters Celeste Katz and Josh Saul, and International Business Times editor Josh O'Keefe, had been let go. The three had been reporting on the company's legal woes. Following the meeting, Newsweek sent staff home for the day. There was also a report from BuzzFeed News last week that the Newsweek and the International Business Times publisher used fraudulent online traffic practices to win a \$2.8 million video ad campaign from the Consumer Financial Protection Bureau

<https://www.marketwatch.com/story/newsweek-fires-top-editors-amid-legal-struggles-report-2018-02-05>

## Daily Beast: Newsweek Guts Its Top Edit Staff Amid Legal Turmoil\*

By Maxwell Tani, Daily Beast

Newsweek on Monday fired all of its top staff amid turmoil that has upended the newsroom.

In a company meeting, several editors announced that the outlet had fired Editor in Chief Bob Roe, Executive Editor Ken Li and reporters Celeste Katz, Josh Saul, and International Business Times editor Josh Keefe.

The editors told staffers some of the firings were not official, but according to one person with direct knowledge, both Katz and Keefe were locked out of their work email and computer accounts and instructed to meet a human-resources representative offsite shortly after Roe was fired.

<https://www.thedailybeast.com/newsweek-guts-its-top-edit-staff-amid-legal-turmoil>

## Huffington Post: Newsweek's Top Editor And Staffers Suddenly Fired\*

By Lydia O'Connor, Huffington Post

Newsweek Media Group on Monday fired multiple staffers from the publications it oversees.

Those fired include Newsweek Editor-in-Chief Bob Roe, executive editor Ken Li and reporter Celeste Katz, multiple sources told HuffPost.

Nancy Cooper, managing editor at the International Business Times, one of Newsweek's sister sites, has taken on the role of acting editor at Newsweek, according to an internal memo.

<https://www.yahoo.com/news/newsweek-apos-top-editor-staffers-193137450.html>

## Esquire Magazine: The Truth About Mick Mulvaney\*



By Charles P. Pierce, Esquire Magazine

Look, there is nothing to Mick Mulvaney at all. He's a Tea Party drone from South Carolina, a former congressman who led the fight to make the government shutdown a legitimate tool of political advantage during the Obama years, and who knows less about the federal budget than I know about the mating rituals on Saturn.

Nonetheless, he is the White House director of the Budget and, in his spare time, Mulvaney is transforming the Consumer Finance Protection Bureau into the best friend gougers, sharpers, and grifters—which is to say, Mulvaney's donor base—ever had. The latest and greatest comes from Reuters, whence he learn that Mulvaney's CFPB is turning off a full-scale investigation into how Equifax failed to protect the personal data of millions of its customers. Equifax (EFX.N) said in September that hackers stole personal data it had collected on some 143 million Americans. Richard Cordray, then the CFPB director, authorized an investigation that month, said former officials familiar with the probe. But Cordray resigned in November and was replaced by Mulvaney, President Donald Trump's budget chief. The CFPB effort against Equifax has sputtered since then, said several government and industry sources, raising questions about how Mulvaney will police a data-warehousing industry that has enormous sway over how much consumers pay to borrow money.

Be prepared. We are now going to venture deep into Beltway weaselspeak. I'm not kidding. This is a masterpiece of the form. The CFPB has the tools to examine a data breach like Equifax, said John Czwartacki, a spokesman, but the agency is not permitted to acknowledge an open investigation. "The bureau has the desire, expertise, and know-how in-house to vigorously pursue hypothetical matters such as these," he said. Three sources say, though, Mulvaney, the new CFPB chief, has not ordered subpoenas against Equifax or sought sworn testimony from executives, routine steps when launching a full-scale probe. Meanwhile the CFPB has shelved plans for on-the-ground tests of how Equifax protects data, an idea backed by Cordray.

<http://www.esquire.com/news-politics/politics/a16593438/mick-mulvaney-equifax/>

Credit Union Insight: Federal Judge Throws Out Credit Union Suit Challenging CFPB Appointment\*

By David Baumann, Credit Union Insight

A federal judge has dismissed a lawsuit filed by a New York City credit union that challenged the appointment of Mick Mulvaney as acting director of the CFPB.

U.S. District Judge Paul Gardephe ruled on Friday that the Lower East Side People's Federal Credit Union did not have standing to challenge the appointment.

"The mere fact that the plaintiff is regulated by the CFPB does not confer standing to bring this suit," the judge ruled, adding that the credit union was relying on a "fear-based theory" to challenge the appointment.

<https://www.cuinsight.com/federal-judge-throws-credit-union-suit-challenging-cfpb-appointment.html>

National Mortgage Professional: Judge Dismisses Credit Union Lawsuit On Mulvaney\*

By Phil Hall, National Mortgage Professional

A legal challenge by a New York City credit union against President Trump's appointment of Mick Mulvaney as Acting Director of the Consumer Financial Protection Bureau (CFPB) was thrown out of court.

According to a Reuters report, U.S. District Judge Paul Gardephe in Manhattan dismissed the lawsuit, stating that the Lower East Side People's Federal Credit Union had no legal authority to sue while belittling the financial institution's "fear-based theory of standing." The judge added that the credit union did not show how any potential or ongoing policy changes under Mulvaney would impact its mission of working with underserved communities.

"Organizations advocating for a particular policy goal who have alleged no injury to themselves as organizations may not establish their standing simply on the basis of that goal," Gardephe wrote in his decision.

<http://nationalmortgageprofessional.com/news/65971/judge-dismisses-credit-union-lawsuit-mulvaney>

National Law Review: Mulvaney Challenge Dismissed\*

By National Law Review

The U.S. District Court for the Southern District of New York has dismissed for lack of Article III standing the lawsuit filed by a credit union challenging President Trump's appointment of Mick Mulvaney as CFPB Acting Director. The dismissal has no impact on Leandra English's appeal to the D. C. Circuit of the D.C. federal district court's denial of her preliminary injunction motion in her action challenging Mr. Mulvaney's appointment. Briefing is currently ongoing in the appeal.

The dismissal was perhaps foreshadowed by the district court's instruction at the oral argument on the credit union's motion for a preliminary injunction and the DOJ's motion to dismiss that the parties focus on standing. The credit union claimed that it had standing to challenge Mr. Mulvaney's appointment because (1) it is an entity regulated by the CFPB, (2) the CFPB's actions under Mr. Mulvaney's leadership have harmed the credit union's mission of improving the financial health of underserved communities, (3) changes to HMDA compliance will cause economic harm to the credit union, and (4) the uncertainty created by the CFPB's stated intention to engage in HMDA rulemaking has injured the credit union.

The district court found each of these claims insufficient to establish standing for the following reasons:

<http://www.natlawreview.com/article/court-dismisses-credit-union-s-lawsuit-challenging-mulvaney-s-appointment>

National Law Review: Oral Argument Set For April 12 In English Preliminary Injunction Appeal\*

By National Law Review

The U.S. Court of Appeals for the D.C. Circuit is scheduled to hear oral argument on April 12, 2018 in Leandra English's appeal of the district court's denial of her preliminary injunction motion in her action seeking a declaration that she is the lawful CFPB Acting Director.

The D.C. Circuit's order setting the briefing schedule in her appeal directed the Court Clerk to

calendar the case for oral argument on the first available date following the completion of briefing. Ms. English filed her opening appeal brief on January 30.

Under the D.C. Circuit's briefing schedule, the DOJ's opposition brief is due by February 23, 2018 and Ms. English's reply brief is due by March 6, 2018. Pursuant to federal appellate rules, amicus briefs must be filed within 7 days of the due date of the brief of the party an amici is supporting. Accordingly, amicus briefs supporting Ms. English must be filed by February 6, 2018 and amicus briefs supporting Mr. Mulvaney must be filed by March 2, 2018.

<https://www.natlawreview.com/article/oral-argument-set-april-12-english-preliminary-injunction-appeal>

#### Mortgage Professional America: Mulvaney Assumes Direct Control Of CFPB Fair Lending Office\*

By Francis Monfort, Mortgage Professional America

More changes are afoot at the Consumer Financial Protection Bureau with Acting Director Mick Mulvaney placing the agency's Office of Fair Lending and Equal Opportunity (OFLEO) under his direct control.

So far in 2018, Mulvaney has initiated a review of the agency's policies and procedures, requested a zero-dollar budget from the Federal Reserve, and told staff that the agency's approach will now be marked by "humility and prudence."

According to an email to staff obtained by The Intercept, Mulvaney is transferring the OFLEO from the Supervision, Enforcement, and Fair Lending (SEFL) division to the director's office as part of the CFPB's Office of Equal Opportunity and Fairness (OEOF).

<https://www.mpamag.com/news/mulvaney-assumes-direct-control-of-cfpb-fair-lending-office-91189.aspx>

#### Inside Mortgage Finance: AD Mulvaney Consolidates, Restructures Fair Lending Office\*

By Inside Mortgage Finance

The CFPB last week moved to restructure how the agency enforces fair lending laws, consolidating that function under the director's office, which is headed by interim appointee Mick Mulvaney. In a statement provided to Inside the CFPB, John Czwartacki, senior advisor to the acting director, said: "The bureau's statutory mandate includes the supervision and enforcement of fair lending laws and regulations [and] the bureau will continue to perform those functions." He added: "The fact is, it never made sense to have two separate and duplicative supervision and enforcement functions within the same agency – one for all cases except fair lending, and the other only for fair lending cases. By announcing our intent to combine these efforts under one roof, we ...

[https://www.insidemortgagefinance.com/issues/imfpubs\\_irs/29\\_3/news/AD-Mulvaney-Consolidates-Restructures-Fair-Lending-Office-1000044704-1.html](https://www.insidemortgagefinance.com/issues/imfpubs_irs/29_3/news/AD-Mulvaney-Consolidates-Restructures-Fair-Lending-Office-1000044704-1.html)

#### JD Supra: An En Banc Panel Of The DC Circuit Court Of Appeals Upholds The Constitutionality Of The CFPB\*

By JD Supra

On October 11, 2016, a panel of the U.S. Court of Appeals for the District of Columbia consisting of Judges Henderson and Kavanaugh and Senior Circuit Judge Randolph decided the case of PHH Corp. v. Consumer Financial Protection Bureau. The panel majority held that the structure of Consumer Financial Protection Bureau (CFPB), a creation of the Dodd–Frank Wall Street Reform and Consumer Protection Act (Pub.L. 111–203, H.R. 4173, commonly referred to as Dodd–Frank), was unconstitutional, in that it vested enormous power in an agency headed by a Director who cannot be adequately supervised by the President because of the five year term the Director’s serves, the lack of Congressional control over the CFPB’s funding, and the fact that the President can only remove the Director “for cause” even though in theory the President should have more authority over such officials. The panel concluded that this structure thus violates the U.S. Constitution’s separation of powers.

All members of the panel agreed that the administrative enforcement action under review and a civil penalty of \$109M must be set aside because the CFPB misconstrued and misapplied certain precepts of administrative law and important provisions of the Real Estate Settlement Procedures Act of 1974. In addition, Senior Judge Randolph stated that the actions of the CFPB’s Administrative Law Judge (ALJ) were invalid because his legal status was constitutionally infirm under the Appointments Clause.

A petition for en banc review was submitted and, on January 31, 2018, the en banc panel granted the petition for review, holding that the majority of this panel saw no constitutional defect in Dodd-Frank’s provision limiting the President to discharge the Director only for cause. However, the en banc panel upheld and reinstated the original panel’s decision granting relief to PHH Corp., and thus reinforced several important tenets of administrative law pertinent to the interpretation of statutes, the bar against a retroactive enforcement of new interpretations, and the application of relevant statutes of limitation on civil and administrative enforcement actions.

<https://www.jdsupra.com/post/documentViewer.aspx?fid=17feb0d1-4c1e-454b-92cf-ee7ab04f3e66>

Lexology: Consumer Financial Services Standing Committee E-Bulletin\*

By Lexology

In a reversal of its October 2016 ruling, on Wednesday January 31, 2018 the United States Court of Appeals for the D.C. Circuit held that the single-director structure of the Consumer Financial Protection Bureau and protections which require cause to remove the director, are constitutional. See PHH Corp. et al., v. CFPB, Case No. 15-1177 (D.C. Cir. Jan. 31, 2018).

In its decision, the Court explained:

Congress established the independent CFPB to curb fraud and promote transparency in consumer loans, home mortgages, personal credit cards, and retail banking. See 12 U.S.C. § 5481(12). The Supreme Court eighty years ago sustained the constitutionality of the independent Federal Trade Commission, a consumer-protection financial regulator with powers analogous to those of the CFPB. *Humphrey’s Executor v. United States*, 295 U.S. 602 (1935). In doing so, the Court approved the very means of independence Congress used here: protection of agency leadership from at-will removal by the President. The Court has since reaffirmed and built on that precedent, and Congress has embraced and relied on it in designing independent agencies. We follow that precedent here to hold that the parallel provision of the Dodd-Frank Wall Street Reform and Consumer Protection Act shielding the Director of the CFPB from removal without cause is consistent with Article II.

<https://www.lexology.com/library/detail.aspx?g=10e4c124-f076-4031-9378-b40dd81229da>

## Inside Mortgage Finance: PHH Beats The RESPA Rap The Bureau Tried To Stick It With\*

By Inside Mortgage Finance

The second part of last week's ruling by the en banc panel of the U.S. Court of Appeals for the District of Columbia Circuit went in favor of PHH Mortgage in its lengthy legal dispute with the CFPB over issues tied to the Real Estate Settlement Procedures Act. The court upheld the original three-judge panel interpretation of RESPA and its application to PHH in this case, stating that it was improperly applied and that the lender is entitled to the relief granted. More specifically, the en banc court reinstated the Oct. 11, 2016, panel decision related to the RESPA issues, which included vacating the bureau's order imposing \$109 million in disgorgement penalties, and remanded the matter for further proceedings based ...

[https://www.insidemortgagefinance.com/issues/imfpubs\\_irs/29\\_3/news/PHH-Beats-the-RESPA-Rap-the-Bureau-Tried-to-Stick-it-With-1000044699-1.html](https://www.insidemortgagefinance.com/issues/imfpubs_irs/29_3/news/PHH-Beats-the-RESPA-Rap-the-Bureau-Tried-to-Stick-it-With-1000044699-1.html)

## Inside Mortgage Finance: Mulvaney Details Hundreds Of Breaches Of CFPB Database\*

By Inside Mortgage Finance

CFPB Acting Director Mick Mulvaney recently brought Sen. Elizabeth Warren, D-MA, up to speed on data security at the bureau, in response to her recent inquiry that challenged his imposition of a freeze in industry data collection efforts. "I do not expect you, as an outside observer of the bureau's activities, to be aware of the bureau's other data security risks," he said in reply to her earlier correspondence. "You may not know that prior to my appointment as acting director, there were 233 confirmed breaches of consumer personally identifiable information (PII) within the bureau's consumer response system by the bureau or its contractor, and at least another 840 suspected PII breaches by financial institutions using the company portal were ...

[https://www.insidemortgagefinance.com/issues/imfpubs\\_irs/29\\_3/news/Mulvaney-Details-Hundreds-of-Breaches-of-CFPB-Database-1000044706-1.html](https://www.insidemortgagefinance.com/issues/imfpubs_irs/29_3/news/Mulvaney-Details-Hundreds-of-Breaches-of-CFPB-Database-1000044706-1.html)

## Inside Mortgage Finance: Bureau Asks For Public Input On Administrative Adjudications\*

By Inside Mortgage Finance

The CFPB last week issued another in its series of requests for information – this one focusing on the bureau's administrative adjudications. "The bureau is seeking to better understand the benefits and impacts of its use of administrative adjudications, and how its existing process may be improved," the agency said. "This RFI will provide an opportunity for the public to submit feedback and suggest ways to improve outcomes for both consumers and covered entities." In order to more effectively evaluate suggestions, the bureau asked that comments include specific discussion of the positive and negative aspects of the agency's administrative adjudication processes, including whether a policy of proceeding in federal court in all instances would be preferable. The CFPB also would like ...

[https://www.insidemortgagefinance.com/issues/imfpubs\\_irs/29\\_3/news/Bureau-Asks-for-Public-Input-on-Administrative-Adjudications-1000044702-1.html](https://www.insidemortgagefinance.com/issues/imfpubs_irs/29_3/news/Bureau-Asks-for-Public-Input-on-Administrative-Adjudications-1000044702-1.html)

## Inside Mortgage Finance: CFPB Issues Request For Info On Civil Investigative Demands\*

By Inside Mortgage Finance

Following up on the recent pledge by CFPB Acting Director Mick Mulvaney to “seek evidence” that the bureau is fulfilling its mission, the CFPB has issued a formal request for information on civil investigative demands, a source of tremendous controversy and uncertainty for the industry during the tenure of former director Richard Cordray. The agency asked for “comments and information from interested parties to assist it in assessing potential changes to the bureau’s CID processes, consistent with law, to consider whether any changes to the processes would be appropriate,” said the document. Entities that have received CIDs as well as their attorneys were invited to comment. “The issuance of CIDs is an essential tool for fulfilling the bureau’s statutory mission ...

[https://www.insidemortgagefinance.com/issues/imfpubs\\_irs/29\\_3/news/CFPB-Issues-Request-for-Info-On-Civil-Investigative-Demands-CIDs-1000044701-1.html](https://www.insidemortgagefinance.com/issues/imfpubs_irs/29_3/news/CFPB-Issues-Request-for-Info-On-Civil-Investigative-Demands-CIDs-1000044701-1.html)

Inside Mortgage Finance: Hensarling Wants CFPB AD Mulvaney To Appeal To SCOTUS\*

By Inside Mortgage Finance

In response to last week’s ruling by the D.C. Circuit Court of Appeals that confirmed the constitutionality of the CFPB but rejected the bureau’s interpretation of RESPA in its legal dispute with PHH Mortgage, Rep. Jeb Hensarling, R-TX, suggested CFPB Acting Director Mick Mulvaney appeal to the Supreme Court of the United States. “I am deeply disappointed with the court’s decision and hope the Supreme Court will review the ruling in short order,” said Hensarling, chairman of the House Financial Services Committee. “In the meantime, I take great solace in the fact that Mick Mulvaney can use his unchecked, unilateral powers to continue the agency’s transformation into one that will, as he said, ‘exercise [its] statutory authority to enforce the ...

[https://www.insidemortgagefinance.com/issues/imfpubs\\_irs/29\\_3/news/Hensarling-Wants-CFPB-AD-Mulvaney-to-Appeal-to-SCOTUS-1000044700-1.html](https://www.insidemortgagefinance.com/issues/imfpubs_irs/29_3/news/Hensarling-Wants-CFPB-AD-Mulvaney-to-Appeal-to-SCOTUS-1000044700-1.html)

Payday Loans

Wall Street Journal: Lawmaker Seeks Probe Into Fake Comments On Payday-Lending Rule

By James V. Grimaldi, Wall Street Journal

Rep. Frank Pallone, ranking member of the House Energy and Commerce Committee, has asked the Trump Administration to look into fake comments discovered on The Wall Street Journal website that promoted loosening payday-lending regulations.

<https://www.wsj.com/articles/lawmaker-seeks-probe-into-fake-comments-on-payday-lending-rule-1517862004>

Palm Beach (FL) Post: Payday Loans: Make ‘em Bigger In Florida? No, Senior Group Says\*

By Charles Elmore, Palm Beach (FL) Post

For those who think the problem with payday loans is too many government restrictions, bills in the state legislature aim to please by doubling to \$1,000 the amount that can be loaned at a time.

Folks who call such products "predatory" might be more inclined to cheer on a senior advocacy group that plans to raise a fuss online today.

"Some borrowers end up in a 'debt trap' and lose everything, even their homes," said AARP Florida state director Jeff Johnson in an email to members. "In fact, payday lenders have already stripped more than \$2.5 billion dollars in fees from Floridians since 2005, with more than \$311 million collected last year alone. Wealth stripping affects us all and negatively affects our communities."

<http://protectingyourpocket.blog.palmbeachpost.com/2018/02/05/payday-loans-make-em-bigger-in-florida-senior-group-says-no/>

#### Arkansas Times: Here Come The Payday Lenders\*

By Arkansas Times

The Trump administration's aim to destroy the Consumer Financial Protection Bureau is seen here as good news for the bloodsuckers of the payday lending industry, which plans a big April gathering at, where else, Donald Trump's Florida golfing resort.

The room charges should be commensurate with an industry that hits consumers with 300 percent interest rates.

Gone is a tough advocate for consumers, in for the Trump White House is Mick Mulvaney.

<https://www.arktimes.com/ArkansasBlog/archives/2018/02/05/here-come-the-payday-lenders>

#### American Banker: How The Payday Lending Industry Shapes Academic Research

By Kevin Wack, American Banker

The "hotly contested question" of how to regulate payday lending "is partly about ideology."

<https://www.americanbanker.com/news/how-the-payday-lending-industry-shapes-academic-research?feed=00000158-baad-d32b-ada-bffde31c0000>

#### Atlanta Journal-Constitution: It's Payday Loans Group Vs. The State In Open Records Dispute

By Raisa Habersham, Atlanta (GA) Journal-Constitution

A case heard by the Georgia Supreme Court on Monday could have profound implications for citizens seeking public records under the state's sunshine laws.

The dispute is about whether a watchdog group may obtain correspondence between a Kennesaw State University professor and a payday lending group that commissioned the university to conduct a study. The group, which calls itself the Consumer Credit Research Foundation, publishes reports favorable to the industry.

The Board of Regents, which oversees the state's university system, agreed that the communications should be released under the Open Records Act. But the research foundation filed suit to block its release to the Campaign for Accountability, a Washington-based nonprofit that contends the payday loan industry funds favorable academic studies to boost its bottom line.

<http://www.myajc.com/news/local/court-hears-arguments-about-public-records-payday-loans-case/mHWTtE0HacUlicddFbHKUK/>

Miami Herald: Florida Lawmakers Should Reject The Push To Make Predatory Payday Lenders Even Stronger

By Adora Obi Nweze , Miami (FL) Herald

The Florida NAACP strongly opposes a bill that payday lenders are pushing through the state Legislature with the support of some lawmakers who may not understand the damage that predatory loans do to families and communities.

Payday lenders want to add a new product to a state already teeming with loans that are designed to look like they provide short-term relief, but that, instead, systematically strip wealth from low-wealth communities.

SB 920/HB 857 allows payday lenders to charge up to 208 percent APR for loans up to \$1,000. This is twice the size of the loans they can currently make. The proposal would strengthen payday lenders' ability to trap their customers in debt, rather than strengthen the reform Florida needs in this area.

<http://www.miamiherald.com/opinion/op-ed/article198552544.html>

Banking

ThinkAdvisor: Wells Fargo Moves To Resolve Another 'Phantom Accounts' Whistleblower Case\*

By C. Ryan Barber, ThinkAdvisor

Wells Fargo & Co. was negotiating a settlement as recently as last month with a former executive in Colorado who claimed she was unlawfully fired in retaliation for refusing to accept the bank's widespread practice of opening accounts without customer consent.

Lawyers for the bank notified the U.S. Labor Department in January that settlement talks with Laura Worzella, a former senior vice president in charge of Wells Fargo's operations in the Denver area, were ongoing. Worzella was fired in June 2017.

Investigators with the Labor Department's Occupational Safety and Health Administration dismissed Worzella's whistleblower complaint in November after finding there was sufficient evidence supporting Wells Fargo's position that it had fired her for reasons unrelated to what she called the "phantom account" scandal. Worzella, represented by the Denver-based attorney Elizabeth "Booka" Smith, appealed the decision, keeping her claims against Wells Fargo alive, according to public records The National Law Journal obtained.

<http://www.thinkadvisor.com/2018/02/05/wells-fargo-moves-to-resolve-another-phantom-accou?ref=rss>



## Bloomberg News: Fed's Wells Fargo Punishment Sets Precedent For Harsher Era

By Laura J Keller And Shahien Nasiripour, Bloomberg News

The Federal Reserve just devised a harsh new punishment after Wells Fargo & Co. landed in scandal after scandal – one that may haunt every big bank.

The San Francisco-based lender had its rating cut by three analysts and fell by the most in more than two years on Monday after the Fed banned the bank from growing until it convinces authorities it's addressing shortcomings. The cap on total assets could cost it \$400 million in profit this year and handicap it long-term by giving its largest competitors an advantage in pursuing new business.

Even as the Trump administration signals a loosening of regulations across industries including Wall Street, the Fed's move sets a unnerving tone for an industry where public scorn seems to shift every few years to another colossal U.S. firm.

<https://www.bloomberg.com/news/articles/2018-02-05/harsher-era-greets-banks-if-wells-fargo-punishment-is-precedent>

## Bloomberg View: Wells Fargo Must Be Better Before It Gets Bigger

By Matt Levine, Bloomberg View

Oh Wells Fargo.

Janet Yellen kicked Wells Fargo & Co. on her way out the door at the Federal Reserve on Friday, announcing that the Fed will “restrict the growth of the firm until it sufficiently improves its governance and controls.” The bank's total assets, averaged over any two-quarter period, will not be allowed to exceed its total assets at the end of 2017, until it gets its act together to the Fed's satisfaction. The Fed's action came in a response to Wells Fargo's recent string of regulatory failings, of which the most embarrassing was the 2016 revelation that Wells Fargo bankers, pressured to meet sales quotas, had opened millions of fake customer accounts.

The Fed also announced that four of the bank's directors will step down, and “sent letters to each current Wells Fargo board member confirming that the firm's board of directors, during the period of compliance breakdowns, did not meet supervisory expectations.” Here's the letter, which I hope Wells Fargo will have framed and hang in its boardroom. Actually the letter is on the Fed's website; anyone can go print it out and frame it. If I ran Goldman Sachs or JPMorgan, I'd frame it and hang it in my boardroom. It focuses the mind!

<https://www.bloomberg.com/view/articles/2018-02-05/wells-fargo-must-be-better-before-it-gets-bigger>

## MarketWatch: The Sanctions Against Wells Fargo Are So Unusual, No One Knows What To Think

By Andrea Riquier, MarketWatch

A previous report incorrectly reported the percentage of 2017's profit that the Fed actions could represent. It has been corrected. The Federal Reserve took unprecedented actions against Wells Fargo

after what might be called unprecedented misconduct that lasted for years.

In the wake of surprise Federal Reserve sanctions against Wells Fargo & Co., the bank will likely lose customers. Unless it won't. The Fed's directive that the bank replace multiple board members and clean up its act is an easily remedied situation that's already in the works – or it might take until 2021 to resolve. Other regulatory shoes may drop – or not.

One thing is certain: the Fed's shock-and-awe sanctions against Wells Fargo WFC, -9.22% announced late Friday, have Wall Street and Washington analysts reeling, and there's little agreement on what they could mean, both for Wells Fargo investors, and for the bank regulatory environment at large.

<https://www.marketwatch.com/story/the-sanctions-against-wells-fargo-are-so-unusual-no-one-knows-what-to-think-2018-02-05>

Housing, Mortgages and Foreclosure

Credit Union National Association: CUNA Urges House Leadership To Pass Mortgage Choice Act\*

By Credit Union National Association

CUNA and other trade organizations wrote to House leadership Monday urging them to support the Mortgage Choice Act (H.R. 1153), which is scheduled for House consideration this week. The bill would exclude affiliated title insurance charges and escrowed homeowners' insurance premiums from the points and fees calculation.

"H.R. 1153 endeavors to restore a full and open competitive market by clarifying the definition of fees and points," the letter reads. "In doing so, the legislation will ensure consumers more choices in credit providers and settlement service options."

The Consumer Financial Protection Bureau's qualified mortgage (QM) rule states that points and fees may not exceed 3% of the loan amount. Under current laws and rules, what is considered a "fee" or a "point" toward the points and fees cap varies depending on who is making the loan and what arrangement borrowers have made to obtain title insurance.

<http://news.cuna.org/articles/113665-cuna-urges-house-leadership-to-pass-mortgage-choice-act>

DS News: Bracing For A Sea Of Change In Mortgage Servicing\*

By David Wharton, DS News

Last year was momentous for the housing industry. The economy tracked well as home prices leapt to highs not seen since the Great Recession and existing home sales beat expectations with a sharp rise at the end.

Not all went smoothly for servicers, however, especially the largest and most well-known institutions. According to a January servicer handbook report by Fitch Ratings, servicing portfolios shrank for the Big Four—Bank of America, CitiMortgage, JPMorgan Chase, and Wells Fargo. The organization noted that Wells Fargo acquired billions of dollars in mortgage servicing rights from a competitor that could "ultimately lift [its] portfolio size," but that assessment feels like an exception to the rule for what awaits the industry in 2018.

As Fitch Ratings analysts wrote in their handbook, “Basel III and ongoing regulatory scrutiny are leading big U.S. banks further away from servicing residential mortgage loans while nonbanks swoop in and beef up their portfolios.”

<http://www.dsnews.com/daily-dose/02-05-2018/bracing-sea-change-mortgage-servicing>

JD Supra: Back From The Dead: The D.C. Circuit Breaths Life Into RESPA Section 8 Safe Harbor\*

By JD Supra

Through its recent en banc decision in PHH Corp. v. Consumer Financial Protection Bureau, [1] the D.C. Circuit reinstated the holding of the three-judge panel regarding the safe harbor provision in Section 8(c) of the Real Estate Settlement Procedures Act (RESPA). Specifically, the court reaffirmed that under Section 8(c), payments made by one settlement service provider to another do not violate Section 8(a), even if made in connection with a captive relationship or a referral, when the payments are reasonably related to the market value of the goods, services, or facilities provided. Although potentially overshadowed by the portion of the en banc court’s holding that the leadership structure of the Consumer Financial Protection Bureau (CFPB) is constitutional, the panel court’s reinstated holding regarding RESPA’s Section 8(c) safe harbor is notable and important for the simple confirmation that the safe harbor “is what it is.”

By way of background, RESPA Sections 8(a) and (b) prohibit certain conduct such as kickbacks and referral fees made in connection with real estate settlement services. [2] By contrast, Section 8(c) (2) sets forth a safe harbor for permissible conduct, and states in relevant part that: “Nothing in this section [i.e., sub-sections 8(a) and (b)] shall be construed as prohibiting ... the payment to any person of a bona fide salary or compensation or other payment for goods or facilities actually furnished or for services actually performed.” [3] Indeed, as noted in a prior client alert by K&L Gates, [4] courts and the U.S. Department of Housing and Urban Development (HUD) (the federal agency previously responsible for interpreting and enforcing RESPA) have long interpreted Section 8(c)(2) as providing a safe harbor under certain circumstances. In particular, “bona fide” payments for “services actually performed,” even if made in connection with a referral of settlement service business, were deemed excluded from the prohibition of RESPA Sections 8(a) and 8(b).

In its decision leading to the subject appeal, [5] the CFPB held that PHH Corp. (PHH) violated RESPA Section 8(a) by using “captive reinsurance agreements” whereby PHH referred its customers to certain mortgage insurers to purchase insurance if those insurers agreed to purchase reinsurance from PHH’s wholly owned subsidiaries. In that decision, former CFPB Director Richard Cordray held, contrary to prior court and HUD precedent, that Section 8(c)(2) merely “clarifies section 8(a), providing direction as to how that section should be interpreted, but does not provide a substantive exemption from section 8(a).” [6] Further, Director Cordray determined that if a referral was involved in a transaction, any payment made for that referral was in violation of Section 8, regardless of whether it was reasonably related to the market value of services provided. [7] To compound its overreach, the CFPB then applied its newly minted interpretation retroactively and without regard to the statute of limitations. [8]

<https://www.jdsupra.com/post/documentViewer.aspx?fid=0d0ab70c-f8a3-4a83-9d41-1cb8672be8fb>

Inside Mortgage Finance: Servicers Express Concern About Bankruptcy-Related Provisions\*

By Inside Mortgage Finance

The Consumer Mortgage Coalition recently wrote to CFPB Acting Director Mick Mulvaney to express the continuing, unresolved concerns its members have with some of the bankruptcy-related provisions of the bureau's mortgage servicing rules. As of April 2018, mortgage servicers will have to send monthly billing statements to consumers in active bankruptcy cases and certain bankruptcy cases in which the debtor's personal liability was previously discharged. This is problematic for a number of reasons, according to the CMC. First, these proposed rules conflict with well-settled bankruptcy law prohibiting a creditor from collecting from consumers who are in an active bankruptcy case or who have previously been discharged from personal liability in a prior bankruptcy case. "The courts have held these provisions ...

[https://www.insidemortgagefinance.com/issues/imfpubs\\_irs/29\\_3/news/Servicers-Express-Concern-About-Bankruptcy-Related-Provisions-1000044705-1.html](https://www.insidemortgagefinance.com/issues/imfpubs_irs/29_3/news/Servicers-Express-Concern-About-Bankruptcy-Related-Provisions-1000044705-1.html)

## Older Americans

### Morningstar: How Regulators Can Unleash Fintech To Improve Retirement Security\*

By Aron Szapiro, Morningstar

Often, when policymakers hear about ways they can adjust regulation to help investors, they tune out or downplay ideas because they assume investing is just for the rich. But delivering high-quality investment advice is critical for millions of ordinary workers who will rely on that advice to save effectively for retirement and turn these savings into lifetime income. Policies that support getting the best advice possible to millions of workers are critical for Americans' retirement security.

#### Reliable Data Aggregation

Perhaps the most important thing for the 57 million U.S. households investing for retirement is the ability to easily aggregate their retirement investment accounts. Aggregation technology provides a low-cost way to collect the investment account data advisors need to help workers form a good plan for achieving success in retirement. These tools monitor multiple accounts and ensure workers' financial plans match their financial reality.

<http://news.morningstar.com/articlenet/article.aspx?id=846349>

## Servicemember Affairs

### Inside Mortgage Finance: Service Member Mortgage Complaints Drifting Higher\*

By Inside Mortgage Finance

Complaints by active-duty and retired U.S. military personnel about their mortgages rose in many categories tracked, both on a quarterly basis and on an annual basis, according to a new analysis and ranking by Inside the CFPB. Overall, they are definitely trending up. For instance, complaints by service members about all mortgage products in general rose from 582 incidents in the fourth quarter of 2016 to 739 in the fourth quarter of 2017, but they fell from a total of 741 in the third quarter of last year. The increase was a little more consistent when particular mortgage products were segregated out from the aggregate data. For instance, gripes about conventional mortgages rose from 218 in 4Q16 to 334 [with charts] ...

[https://www.insidemortgagefinance.com/issues/irmpubs\\_irs/29\\_3/latest\\_data/Service-Member-Mortgage-Complaints-Drifting-Higher-1000044707-1.html](https://www.insidemortgagefinance.com/issues/irmpubs_irs/29_3/latest_data/Service-Member-Mortgage-Complaints-Drifting-Higher-1000044707-1.html)

## Policy and Regulatory

Associated Press: Powell Sworn In As 16th Chairman Of Federal Reserve

By Martin Crutsinger, Associated Press

Jerome Powell was sworn in Monday as the 16th chairman of the Federal Reserve in a brief ceremony in the Fed's board room. In a video message, Powell pledged to support continued economic growth and a healthy job market while remaining "vigilant" to any emerging economic risks.

Powell took the oath of office one day after his 65th birthday from Randal Quarles, the Fed's vice chairman for supervision, in a ceremony that was attended by Fed staff and Fed board member Lael Brainard.

Powell succeeds Janet Yellen, the first woman to lead the nation's central bank in its 100-year history. President Donald Trump picked Powell after deciding to break with recent tradition and not offer Yellen a second four-year term.

<https://apnews.com/3f695a15c4c74f66b5dc68ad7764dbb0/Powell-sworn-in-as-16th-chairman-of-Federal-Reserve>

Reuters: Banks In Britain And U.S. Ban Bitcoin Buying With Credit Cards

By Lawrence White, Emma Rumney, Reuters

Banks in the UK and the US "have banned the use of credit cards to buy Bitcoin and other 'cryptocurrencies', fearing a plunge in their value will leave customers unable to repay their debts."

<https://www.reuters.com/article/us-lloyds-bank-uk-bitcoin/banks-in-britain-and-us-ban-bitcoin-buying-with-credit-cards-idUSKBN1FO0UL>

Wall Street Journal: Lawrence Lindsey Withdraws From Consideration For No. 2 Fed Post

By Nick Timiraos And Peter Nicholas, Wall Street Journal

Lawrence Lindsey has said he will not be considered for Federal Reserve vice chairman.

<https://www.wsj.com/articles/lawrence-lindsey-withdraws-from-consideration-for-no-2-fed-post-1517853689>

Washington Examiner: We're Not Undermining Bitcoin, Just Warning About Its Risks

By Joseph Lawler, Washington (DC) Examiner

The Securities and Exchange Commission is not trying to undermine the potential benefits of cryptocurrencies but instead is trying to raise awareness that many promoters of bitcoin and other coins and tokens might be running afoul of securities laws, SEC Chairman Jay Clayton said Monday.

"These warnings are not an effort to undermine the fostering of innovation through our capital markets – America was built on the ingenuity, vision and spirit of entrepreneurs who tackled old and new problems in new, innovative ways," Clayton said in testimony prepared for a Senate Banking Committee hearing on virtual currencies scheduled for Tuesday.

Instead, he said, he and other regulators have been warning investors to think twice about putting money into cryptocurrencies or "initial coin offerings" because they might run afoul of U.S. securities laws and lack protections.

<http://www.washingtonexaminer.com/sec-chairman-were-not-undermining-bitcoin-just-warning-about-its-risks/article/2648138>

## American Banker: Five Regulators Release Proposal To Alter Swaps Requirements

By Joe Adler, American Banker

On Monday, the OCC, Fed, FDIC, FHFA, and Farm Credit Administration issued a proposal that would exempt some legacy swaps from a 2015 swap margin rule "if those swaps have changed in order to comply" with 2017 rules imposing restrictions on certain qualified financial contracts.

<https://www.americanbanker.com/news/five-regulators-release-proposal-to-alter-swaps-requirements>

## The Big Picture

Headlines From Today's Front Pages.

Wall Street Journal:

Dow Tumbles Over 1,100 Points In Biggest Point Drop Ever

What Should We Make Of The Stock-price Drop?

Victoria's Secret Boss Bets On A Radical Idea: Smartphones Will Fade

Broadcom Raises Offer For Qualcomm To Over \$121 Billion. Investors Don't Bite

New York Times:

Dow Jones And S&P Slide Again, Dropping By More Than 4%

Trump, Running Alongside The Market's Bulls, Risks Being Trampled

Trump's Lawyers Want Him To Refuse An Interview In Russia Inquiry

An 'Iceberg' Of Unseen Crimes: Many Cyber Offenses Go Unreported

Committee Votes To Release Democratic Rebuttal To GOP Russia Memo

Many Say He's The Least Qualified Lawyer Ever To Lead A Guantánamo Case. He Agrees.

Workers Of Germany, Unite: The New Siren Call Of The Far-Right

Washington Post:

Trump And GOP See The Downside Of Touting Market

Dow Ends Wild Day Down 1,175

In Philadelphia, There's Catharsis Amid Some Chaos  
Panel Votes To Release Rebuttal Of GOP Memo  
Frozen On A Snowy Mountain  
Her Penance, After Trying To Disrupt The Olympics

Financial Times:

US Stocks Suffer Worst Fall In Six Years  
Broadcom Raises Qualcomm Bid To \$146bn  
Samsung's Lee Jae-Yong Freed From Jail By Appeals Court

Washington Times:

Dow Jones Tumbles More Than 1,000 Points, Erasing All 2018 Gains  
Clinton Operatives Funneled Info To Christopher Steele For Trump Dossier  
Super Bowl Airs Call For 'Equal Pay' After NFL Rejects #PleaseStand Ad As Too Political  
U.S., Turkish Forces On Course For Clash In Syrian Town  
Smuggling, Other Crimes By Dreamers Complicate Immigration Debate  
Famed U.S. Anti-Poaching Crusader Stabbed To Death In Kenyan Home

Story Lineup From Last Night's Network News:

ABC: Stock Market Crash; House Intelligence Committee Memo; Flu Epidemic; South Carolina Amtrak Crash; Weather Forecast; Pentagon Budget Transparency; USA Gymnastics Sex Abuse; US Military-Middle East Policy; Super Bowl News; Hollywood Mystery; DUI Accident; John Mahoney Dies; Paul Simon Retirement; Super Bowl Commercials.

CBS: Stock Market Crash; Trump-Ohio Visit; House Intelligence Committee Memo; South Carolina Amtrak Crash; US Military-Middle East Policy; Yemen Civil War; Winter Olympics Preparation; USA Gymnastics Sex Abuse; Traffic Pileup Accident; Super Bowl Celebration; Flu Epidemic; SpaceX Launch; Super Bowl News.

NBC: Stock Market Crash; Trump-Ohio Visit; Gov. Shutdown Possibility; South Carolina Amtrak Crash; Flu Epidemic; Hollywood Mystery; Severe Weather; Team USA-Winter Olympics; Tax Filing Tips; USA Gymnastics Sex Abuse; Traffic Pileup Accident; Musicians Retirement; Super Bowl News.

Network TV At A Glance:

Stock Market Crash – 7 minutes, 45 seconds  
South Carolina Amtrak Crash – 6 minutes, 5 seconds  
Flu Epidemic – 6 minutes

Story Lineup From This Morning's Radio News Broadcasts:

ABC: House Intelligence Committee Memo; Russia Probe; SCOTUS-Gerrymandering Ruling; Colorado Springs-Police Shot; Stock Market Crash.

CBS: Stock Market Crash; Russia Probe; House Intelligence Committee Memo; VP-East Asia Tour; Colorado Springs-Police Shot; Severe Weather.

FOX: House Intelligence Committee Memo; Russia Probe; Colorado Springs-Police Shot; Stock Market Crash.

NPR: Trump-Ohio Visit; Stock Market Crash; House Intelligence Committee Memo; Paris Attacker Trial.

Washington's Schedule

Today's Events In Washington.

White House:

PRESIDENT TRUMP — Hosts a law enforcement roundtable on MS-13; signs the National Security Presidential Memorandum (NSPM) establishing the National Vetting Center.

VICE PRESIDENT PENCE — Meets Japanese Prime Minister Shinzo Abe.

US Senate: 10:00 AM SEC and CFTC heads testify to Senate Banking Committee on virtual currencies – Hearing on ‘Virtual Currencies: The Oversight Role of the U.S. Securities and Exchange Commission and the U.S. Commodity Futures Trading Commission’, with testimony from Securities and Exchange Commission Chairman Jay Clayton; and Commodity Futures Trading Commission Chairman J. Christopher Giancarlo Location: Dirksen Senate Office Building, Rm 538, Washington, DC <http://banking.senate.gov/>

US House: 10:00 AM Treasury Secretary Mnuchin testifies to House committee hearing on Financial Stability Oversight Council report – Hearing on ‘The Annual Report of the Financial Stability Oversight Council’, with testimony from Secretary of the Treasury Steven Mnuchin \* Council was created by the Dodd-Frank Wall Street Reform and Consumer Protection Act to provide comprehensive oversight over the stability of the U.S. financial system for the first time, charged with identifying threats, promoting market discipline, and responding to emerging risks Location: Rayburn House Office Building, Rm 2128, Washington, DC <http://financialservices.house.gov> <https://twitter.com/FinancialCmte>

Other: No Relevant Events Scheduled.

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# NEWS SUMMARY

a CISION company

Online Version Available At [cfpb.bulletinintelligence.com](http://cfpb.bulletinintelligence.com)

TO: THE DIRECTOR AND SENIOR STAFF  
DATE: TUESDAY, FEBRUARY 6, 2018 8:00 AM EST

An asterisk at the end of a headline signifies a CFPB mention.

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## Consumer Credit

### Reuters: Senators Urge Trump Administration To Resume Equifax Probe\*

By Patrick Rucker, Reuters

Consumer advocates and Democratic Senators urged the Trump Administration to resume its investigation into the Equifax data leak, Reuters reports, after the Consumer

Financial Protection Bureau announced it would pull back on the ongoing probe.

<https://www.reuters.com/article/us-usa-equifax-cfpb-lawmakers/lawmakers-advocates-urge-trump-administration-to-resume-equifax-probe-idUSKBN1FP2EI>

### Reuters: CFPB Scores Too Low On Equifax Transparency\*

By Christopher Beddor, Reuters

Reuters "Breakingviews" columnist Christopher Beddor says that "if protecting vital data of the kind hacked at the US credit-scoring firm isn't [the CFPB's] remit," Mulvaney "needs to explain what is."

<https://www.reuters.com/article/us-usa-equifax-breakingviews/breakingviews-cfpb-scores-too-low-on-equifax-transparency-idUSKBN1FP2SN>

## Washington Post: Democrats Lash Out At Consumer Watchdog Amid Reports The Agency Is Dropping Equifax Investigation\*

By Renae Merle, Washington (DC) Post

Democratic lawmakers lashed out at the Consumer Financial Protection Bureau on Monday amid a report that the agency was backing off an investigation into a massive data breach at Equifax last year that exposed sensitive data about millions of people.

Reuters, citing former officials familiar with the probe, reported that the CFPB has not taken routine steps to move forward with an investigation into the incident, including ordering subpoenas or seeking sworn testimony from Equifax executives.

The report stirred backlash from Democratic lawmakers, who have feared that President Trump's pick to temporarily lead the agency, Mick Mulvaney, is weakening the consumer watchdog. Failing to investigate the data breach would put "145 million Americans at risk [and] is malpractice," said Sen. Sherrod Brown (Ohio), ranking Democrat of the Senate Banking Committee. Sen. Catherine Cortez Masto (D-Nev.) said, "The Trump administration has chosen to protect Equifax while denying Americans justice and accountability.

<https://www.washingtonpost.com/news/business/wp/2018/02/05/democrats-lash-out-at-consumer-watchdog-amid-reports-the-agency-is-dropping-equifax-investigation/>

## Los Angeles Times: An Act Of Madness: CFPB Said To Be Letting Equifax Off The Hook For Data Breach\*

By David Lazarus, Los Angeles (CA) Times

The down-is-up world of the Trump administration grew even battier Monday amid reports that the Consumer Financial Protection Bureau is scaling back its investigation into credit agency Equifax, which allowed hackers to access the personal information of more than 145 million Americans.

Because, you know, why would you want the nation's top consumer watchdog aggressively looking into one of the worst data breaches in the country's history?

When I first heard the news, I felt a little like Alice trying to adjust to the impossible happening: "One can't believe impossible things," she laments.

<http://www.latimes.com/business/lazarus/la-fi-lazarus-cfpb-equifax-20180205-story.html>

## New York Daily News: Trump Administration Reportedly Puts Brakes On Equifax Data Breach Probe\*

By Graham Rayman, New York Daily News

The Trump administration has reportedly slammed the brakes on a probe into the security breach at Equifax that jeopardized the personal information of over 140 million Americans.

"If you needed further proof that the Trump Administration is rigging the system to benefit the most egregious corporate actors- all at the expense of hard-working Americans- look no further than the administration's decision to install Mick Mulvaney at the CFPB, Senate Minority Leader Chuck Schumer (D-N.Y.) fumed.

Mulvaney, head of the Consumer Financial Protection Bureau, quietly pulled back from a full-scale probe of the credit bureau, according to Reuters quoting people familiar with the move.

<http://www.nydailynews.com/news/politics/trump-admin-puts-brakes-equifax-data-breach-probe-report-article-1.3800763>

## New York Post: Trump-Appointed CFPB Head Eases Up On Equifax Probe\*

By Kevin Dugan, New York Post

Mick Mulvaney is slowing down a probe into one of last year's most egregious data breaches.

The interim head of a Washington consumer watchdog is easing off an investigation of Equifax, where executives so mishandled updating software, which had a flaw, in 2017 that hackers were able to steal the personal information of 145 million people.

The Consumer Financial Protection Bureau, which in the aftermath of the hack had launched a full-scale probe of Equifax, is now, under Mulvaney, backing down, according to a report on Monday.

<https://nypost.com/2018/02/05/trump-appointed-cfpb-head-eases-off-on-equifax-probe/>

## New York Magazine: CFPB Director Mulvaney Halts Equifax-Breach Probe\*

By Madison Malone Kircher, New York Magazine

Back in September, Equifax reported that 143 million of its customers could have been implicated in a major breach of the credit-reporting firm's data. This was bad. Really bad. Social Security numbers, birthdays, addresses, and credit-card-information-level bad. The kind of bad where you feel inclined to call up your not-so-tech-savvy relatives and walk them through the necessary steps to freeze their credit as a protective measure.

In addition to Equifax trying to become more secure and keep its customers- the firm's Argentine arm was discovered to be using "admin" as both the username and

password for an employee-log-in portal a week after the breach news, which wasn't particularly confidence inspiring—the company faced a Senate hearing in October. (With a special visit from somebody dressed as the Monopoly dude sitting directly behind former Equifax CEO Richard Smith.) The company was simultaneously undergoing a formal probe by the Consumer Financial Protection Bureau ordered by former CFPB director Richard Cordray. Today, that probe has been put on hold, according to a new report from Reuters.

From Reuters:

<http://nymag.com/selectall/2018/02/cfpb-director-mulvaney-halts-equifax-breach-probe.html>

## Atlanta Journal-Constitution: Trump's Chief Of Bureau Drops Equifax Probe\*

By Tyler Estep, Atlanta (GA) Journal-Constitution

The newly appointed head of the Consumer Financial Protection Bureau has reportedly steered the agency away from a full investigation of Atlanta-based Equifax for its failure to protect Americans' data.

Mick Mulvaney, named by President Trump in November to lead the bureau, has decided against taking the legal steps needed for an investigation, according to Reuters, which cites three unnamed sources. The Atlanta Journal-Constitution has not been able to independently confirm that assertion.

However, the report drew rapid and angry condemnation from Richard Cordray, the former CFPB director, as well as from Congressional Democrats.

<http://www.myajc.com/business/new-chief-drops-equifax-probe-fed-consumer-bureau/fKV8UgNtPQXwnbO9gzafgK/>

## Washington Examiner: CFPB Slows Work On Equifax Probe: Report\*

By Melissa Quinn, Washington (DC) Examiner

The Consumer Financial Protection Bureau's investigation into the data breach at Equifax that affected more than 140 million consumers has "sputtered" since Office of Management and Budget chief Mick Mulvaney took over.

Reuters reported Monday that sources close to the investigation say Mulvaney hasn't requested subpoenas against the credit monitoring company or asked for sworn testimony from Equifax's top officials, moves that should be typical under a major investigation.

The CFPB has also put on hold plans to conduct on-site tests to examine how Equifax protects its data, and has rejected requests from regulators at other agencies to help.

<http://www.washingtonexaminer.com/cfpb-slows-work-on-equifax-probe-repot/article/2648114>

## Washington Examiner: Mick Mulvaney Giving Consumers The 'Middle Finger' At CFPB\*

By Joseph Lawler, Washington (DC) Examiner

Sen. Elizabeth Warren, D-Mass., said Monday that the Consumer Financial Protection Bureau, led by Mick Mulvaney, is giving the "middle finger" to consumers by reportedly backing off the agency's investigation into Equifax.

"Another middle finger from @MickMulvaneyOMB to consumers," Warren remarked on Twitter.

Reuters reported Monday that the probe into the data breach affecting more than 140 million people has slowed under Mulvaney.

<http://www.washingtonexaminer.com/elizabeth-warren-mick-mulvaney-giving-consumers-the-middle-finger-at-cfpb/article/2648161>

## The Hill: Mulvaney Puts Brakes On Equifax Probe: Reuters\*

By Brett Samuels, The Hill

White House budget director and Consumer Financial Protection Bureau (CFPB) acting Director Mick Mulvaney has dialed back the agency's investigation into a massive data breach at Equifax, Reuters reported Sunday.

Mulvaney has not sought subpoenas or sworn testimony as part of the investigation, Reuters reported, citing three unnamed sources. The bureau has also put on hold plans to test how Equifax protects data.

A CFPB spokesman told Reuters the agency is not allowed to acknowledge an open investigation.

<http://thehill.com/policy/finance/372308-mulvaney-puts-brakes-on-equifax-probe-reuters>

## The Hill: Schumer: Trump Administration Rigging The System To Help 'Most Egregious Corporate Actors'\*

By Brett Samuels, The Hill

Senate Minority Leader Charles Schumer (D-N.Y.) on Monday accused the Trump administration of rigging the system to benefit the most egregious corporate actors, citing reports that the Consumer Financial Protection Bureau (CFPB) has dialed back its investigation into massive Equifax data breaches.

"First the Trump administration gave lavish tax breaks to corporate CEOs and wealthy investors, now the Trump administration's hand-picked saboteur is essentially handing out get out of jail free cards to Equifax executives," Schumer said in a statement, referring to CFPB leader Mick Mulvaney, who is also the Office of Management and Budget director.

Schumer's comments follow a Reuters report Monday morning that Mulvaney has dialed back the CFPB investigation into the breaches at the credit monitoring company. Equifax had two data breaches last year, including one that affected nearly 150 million Americans.

<http://thehill.com/homenews/senate/372345-schumer-trump-administration-rigging-the-system-to-help-most-egregious>

## U.S. News & World Report: Report: CFPB's Equifax Probe Stalls As Mulvaney Defangs Watchdog\*

By U.S. News & World Report

The Consumer Financial Protection Bureau has reportedly pulled back from a full-fledged investigation into the Equifax breach that last year exposed the sensitive personal information of tens of millions of Americans, the latest example of the agency's defanging under acting head Mick Mulvaney.

Reuters reported the development Monday, citing "people familiar with the matter" as saying Mulvaney has scaled back efforts to look into how Equifax managed to expose the Social Security numbers, addresses, birth dates and in some cases driver's license numbers and credit card information - of more than 145 million Americans.

The sources indicated Mulvaney - President Donald Trump's Office of Management and Budget director who moonlights as the head of a consumer watchdog agency he once described as a "sick, sad" joke - has not ordered new subpoenas against Equifax, requested testimony from executives or followed up on plans to specifically look into Equifax's data protection practices.

<https://www.usnews.com/news/economy/articles/2018-02-05/report-cfpbs-equifax-probe-stalls-as-mulvaney-defangs-watchdog>

## MarketWatch: CFPB Under Mick Mulvaney Reportedly Going Slow On Equifax Probe\*

By Steve Goldstein, MarketWatch

Office of Management and Budget Director Mick Mulvaney is temporarily at the helm of the Consumer Financial Protection Bureau, as well.

The Consumer Financial Protection Bureau investigation into the hack at Equifax that exposed personal data about 143 million Americans has reportedly sputtered.

Reuters reported, citing three sources, that the CFPB hasn't ordered subpoenas against the company EFX, -2.54% or sought testimony from executives. The agency also has shelved plans for testing how Equifax protects data, and rebuffed offers from federal bank regulators who offered to help with credit bureau exams.

<https://www.marketwatch.com/story/cfpb-under-mick-mulvaney-reportedly-going-slow-on-equifax-probe-2018-02-05>

## CNET News: New CFPB Chief Has Reportedly Killed Its Equifax Probe\*

By Brian Bennett, CNET News

The US Consumer Financial Protection Bureau's probe into the Equifax data breach is apparently dead. Reuters reports that CFPB head Mick Mulvaney has walked away from the regulator's authorized investigation into the matter.

Sources close to the CFPB probe told Reuters that Mulvaney, who is also Director of the Office of Management and Budget in the Trump administration, has done nothing to further the inquiry.

The CFPB chief, who took over in November, has not issued subpoenas against the credit rating company, nor has the CFPB pursued sworn testimony under oath from Equifax executives.

<https://www.cnet.com/news/the-new-cfpb-chief-has-reportedly-killed-its-equifax-probe/#tag=CADf328eec>

## CFO: CFPB Said To Be Icing Probe Of Equifax Breach \*

By Matthew Heller, CFO

The Consumer Financial Protection Bureau is reportedly backing off its investigation into last year's massive security breach at Equifax, fueling Democratic lawmakers' concerns that the Trump administration is seeking to gut the consumer watchdog.

Citing people familiar with the matter, Reuters reported that the CFPB has not taken routine steps to move forward with an investigation, including ordering subpoenas or seeking sworn testimony from Equifax executives.

Equifax, one of only three credit bureaus in the nation, disclosed in September that it was the victim of a "cybersecurity incident that potentially affected as many as 143 million consumers. The Obama-era CFPB opened an investigation later that month.

<http://ww2.cfo.com/regulation/2018/02/cfpb-said-icing-probe-equifax-breach/>

## PC Magazine: Report: Feds Dragging Heels On Equifax Probe\*

By Angela Moscaritolo, PC Magazine

Equifax may wind up getting a slap on the wrist from the feds following its massive data breach.

Reuters, citing unnamed sources familiar with the matter, reports that the new head of the Consumer Financial Protection Bureau (CFPB), Mick Mulvaney, has scaled back the agency's investigation into the breach.

Mulvaney's predecessor, Richard Cordray, launched the probe after Equifax in September revealed that hackers broke into its systems and stole the personal information of about 143 million US consumers. The hackers made away with names, Social Security numbers, birth dates, addresses, some driver's license numbers, along with some credit card numbers and other documents containing personal information, Equifax revealed.

<http://www.pcmag.com/article2/0,2817,2526323,00.asp?kc=PCRSS03069TX1K0001121>

## Gizmodo: President Trump's Head Of Consumer Protection Doesn't Give A Shit About Investigating The Equifax Breach\*

By Matt Novak, Gizmodo

In any normal society, the top executives at Equifax would be hauled in front of Congress, many would be thrown in prison, the company would be shut down, and all of the company's assets would be seized. But we don't live in a normal society—a fact that has become even more clear today.

Reuters reports that Mick Mulvaney, the Trump regime's head of the Consumer Financial Protection Bureau (CFPB), is dragging his heels and not conducting a proper investigation into the Equifax breach. Why? It might have something to do with the fact that Mulvaney has previously said he'd like to kill the agency completely.

Back in September, Americans were shocked to learn that hackers stole sensitive information from Equifax on over 145.5 million people. And aside from some bullshit Congressional hearings to deliver a slap on the wrist, Equifax has so far largely gone unpunished. According to the Reuters report, Mulvaney is going to let the company slide by not doing much of anything for the foreseeable future.

<https://gizmodo.com/president-trumps-head-of-consumer-protection-doesnt-giv-1822722789>

## Slate: Consumer Financial Protection Bureau Limiting Its Investigation Into Equifax: Report\*

By Aaron Mak, Slate

Future Tense is a partnership of Slate, New America, and Arizona State University that examines emerging technologies, public policy, and society.

The Consumer Financial Protection Bureau will not be conducting a full investigation of Equifax, the credit agency whose trove of Social Security numbers, addresses, credit card details, and other information belonging to more than 140 million people was hacked in May, according to a report from Reuters.

Richard Cordray, the former head of the CFPB, had backed a cybersecurity investigation into Equifax in September. However, he resigned two months later, and President Trump subsequently appointed his budget chief Mick Mulvaney to be head of the bureau.

<https://slate.com/technology/2018/02/cfpb-investigation-equifax-limited.html>

## Fast Company: The Probe Into Equifax's Data Breach Has Reportedly Sputtered\*

By Michael Grothaus, Fast Company

The head of the Consumer Financial Protection Bureau (CFPB) has reportedly scaled back the probe into how Equifax failed to protect the personal data of 143 million Americans during hacks that occurred between May and July of last year, says Reuters. After Equifax made news of the hack public in September, the then-CFPB director Richard Cordray authorized a full investigation into the breach. However, in November Cordray was replaced by Mick

Mulvaney, President Trump's budget chief, and since then the Equifax investigation has "sputtered" according to several government and industry sources. But even if the CFPB is going light on Equifax, the company is still being investigated by every state attorney general over the data breach and their other security problems.

<https://www.fastcompany.com/40526558/the-probe-into-equifaxs-data-breach-has-reportedly-sputtered>

## Vox: Equifax Compromised Half Of The Country's Information. Trump's CFPB Isn't Looking Into It.\*

By Emily Stewart, Vox

Credit reporting agency Equifax in September revealed that a data breach had left the information of 145 million customers exposed. The company waited weeks before disclosing the incident to the public, during which time three executives sold nearly \$2 million worth of the company's shares.

Not even six months later, the Consumer Financial Protection Bureau, under interim director Mick Mulvaney, is scaling back an investigation into what happened, according to a new report. It's the latest example of how the CFPB, which was created under the Obama administration to look out for consumers in the financial products and services space, is stepping back from that under Trump.

Reuters reported on Monday that Mulvaney, who President Donald Trump in November tapped to temporarily head the CFPB after Director Richard Cordray stepped down, has pulled back from a full-scale probe into how Equifax failed to protect customer data. Sources told the publication that Mulvaney has not ordered subpoenas against Equifax or sought sworn testimony from executives, which it would be expected to do in a full-scale probe. It has put a pause on plans for tests of Equifax's data protection practices and turned down offers from other federal regulators for help in on-site credit bureau exams.

<https://www.vox.com/policy-and-politics/2018/2/5/16974090/mick-mulvaney-cfpb-equifax-data-breach-probe>

## UpRoxx: Mick Mulvaney Reportedly Pulls Back The CFPB's Equifax Probe\*

By Andrew Husband, UpRoxx

Officials at the consumer credit reporting agency Equifax revealed last September that hackers had stolen the personal data of 143 million Americans. The company then misled worried customers with links to insecure websites to help them determine whether their information was compromised, while additional hacks were revealed in subsequent news reports and during congressional testimony. Hence why former Consumer Financial Protection Bureau chief Richard Cordray authorized an in-depth investigation into the matter. Yet Mick Mulvaney, Cordray's controversial replacement, has reportedly pulled it back.

According to Reuters, Mulvaney has reportedly "pulled back from a full-scale probe like the one his ousted predecessor had endorsed:

Three sources say, though, Mulvaney, the new CFPB chief, has not ordered subpoenas against Equifax or sought sworn testimony from executives, routine steps when launching a full-scale probe. Meanwhile the CFPB has shelved plans for on-the-ground tests of how Equifax protects data, an idea backed by Cordray.

<http://uproxx.com/news/mick-mulvaney-pulls-back-equifax-probe/>

## SC Magazine: Mulvaney Ditches CFPB's Equifax Probe\*

By Teri Robinson, SC Magazine

Equifax had been under investigation by the Consumer Financial Protection Bureau.

White House Budget Director Mick Mulvaney, recently installed by President Trump as acting head of the Consumer Financial Protection Bureau, has backburnered a comprehensive investigation into Equifax's data protection practices after hackers nicked the personal data of 145.5 million American consumers.

The Equifax breach, now believed to have been accomplished through the exploitation of a vulnerability in open-source server software Apache Struts (disclosed earlier in September), put the credit information company in the line of fire for criticism over poor security practices and prompted at least three congressional committees to consider probing the incident.

<https://www.scmagazine.com/databreach/mulvaney-ditches-cfpbs-equifax-probe/article/742125/>

## American Banker: Is CFPB Punting On Equifax? It's Complicated\*

By Kate Berry, American Banker

The announcement that the CFPB was pulling back from a "full-scale probe" of Equifax led to wide-ranging Democratic criticism of the CFPB and revived scrutiny of the credit bureaus.

<http://www.americanbanker.com/news/is-cfpb-punting-on-equifax-its-complicated>

## HousingWire: CFPB Reportedly Pulling Back From Equifax Data Breach Investigation\*

By Jacob Gaffney, HousingWire

In another signal that Mick Mulvaney's Consumer Financial Protection Bureau will operate far differently than it did under Richard Cordray, the CFPB is reportedly pulling back from its investigation in the data breach at Equifax, which exposed the personal information of 145.5 million U.S. consumers to hackers.

Shortly after Equifax revealed the data breach, the CFPB said that it would begin looking into the breach, but

Reuters reported Monday that the CFPB is not taking its previously traditional actions when pursuing a case of this magnitude.

From Reuters:

<https://www.housingwire.com/articles/42454-cfpb-reportedly-pulling-back-from-equifax-data-breach-investigation>

## PYMNTS: CFPB Seems To Pause Equifax Investigation\*

By PYMNTS

Interim director Mick Mulvaney may not be able to completely shutdown the government agency he currently runs - but he is surely working overtime to make sure that the CFPB does as little as humanly imaginable while he is at its helm.

In his latest effort to scale back when and where the Consumer Financial Protection Bureau intercedes, Mulvaney has decided to put a pin in the full-scale probe of how Equifax Inc failed to protect the personal data of millions of consumers, according to Reuters reports.

Equifax admitted in September that it had lost the data of 143 million Americans (nearly every American adult), prompting then-director Richard Cordray to authorize a full scale investigation. But Cordray stepped down in November and was replaced by Mulvaney (legal challenges to the side), under whom the investigation has slowed to a nearly non-existent crawl.

<https://www.pymnts.com/news/cfpb/2018/cfpb-seemingly-hits-pause-on-equifax-investigation/>

## Payments Journal: Breach On Ice Or Are There Still Credit Card Risks\*

By Brian Riley, Payments Journal

The news cycle on the 120 million record breach at Equifax appears over for now, as the latest news cycles deal with the Philadelphia Eagles, North Korea participating in the 2018 Olympics, and shifts in the stock market.

Is the Equifax issue over? Far from it, but it looks like shifts in the CFPB pushed Equifax down in investigative priorities.

Mick Mulvaney, head of the Consumer Financial Protection Bureau, has pulled back from a full-scale probe of how Equifax Inc failed to protect the personal data of millions of consumers, according to people familiar with the matter.

<http://paymentsjournal.com/equifax-data-breach-breach-ice-still-credit-card-risks/>

## National Mortgage Professional: Mulvaney Reportedly Stalls CFPB Probe Of Equifax\*

By Phil Hall, National Mortgage Professional

The Consumer Financial Protection Bureau (CFPB) is reportedly slowing down its probe of the Equifax data breach, in stark contrast to other federal and state investigations.

According to a Reuters report that is attributed to anonymous "people familiar with the matter," Acting Director Mick Mulvaney has not ordered any subpoenas against Equifax or sought sworn testimony from the Atlanta-based company's executives. Furthermore, Mulvaney has yet to give the green light for on-the-ground tests of how Equifax protects customer data.

Equifax said it is now being investigated by all 50 state attorneys general and is dealing with more than 240 class action lawsuits as a result of the data breach. The Federal Trade Commission (FTC) has been conducting its own investigation of Equifax since September.

<http://nationalmortgageprofessional.com/news/65973/mulvaney-reportedly-stalls-cfpb-probe-equifax>

### International Association of Privacy Professionals: CFPB Allegedly Pulls Back Full-Scale Investigation Of Equifax Breach\*

By International Association Of Privacy Professionals  
The Consumer Financial Protection Bureau has yet to move forward in its investigation of last year's data breach of Equifax, and sources close to the matter now say the agency "has pulled back from a full-scale probe," Reuters reports. Acting CFPB Director Mick Mulvaney has not ordered subpoenas against the credit monitoring firm or sought any testimony from Equifax executives. The agency will not move forward with its plans to conduct tests on the ways Equifax handles data. CFPB Spokesman John Czwartacki said the agency has the tools to examine the Equifax breach, but it is not permitted to say whether an investigation is ongoing. The bureau has the desire, expertise, and know-how in-house to vigorously pursue hypothetical matters such as these, Czwartacki said.

<https://iapp.org/news/a/cfpbsequifax-investigation-yet-to-move-forward>

### SNL Financial: CFPB Denies Report That Equifax Probe Is On Hold\*

By Zach Fox, SNL Financial

A spokesperson said the consumer protection agency is looking into the data breach at Equifax, calling reports to the contrary incorrect.

<https://www.snl.com/interactivex/article.aspx?KPLT=7&id=43436778>

### Credit: Credit Card Outlook For 2018\*

By Bob Sullivan, Credit

If you're thinking about applying for a new credit card or asking for a higher limit on a card you already have, you might want to do that sooner rather than later. Credit cards, and credit card issuers, have been on a good run lately, but the good times might end - or at least slow down - in 2018. **What's Happening With Credit Card Debt**

Overall credit card debt hit an all-time high in 2017, and about 110 million new accounts were opened in 2016 - a full 50% increase over 2010 - according to the Consumer Financial Protection Bureau. In total, Americans who have a credit card enjoy a total credit limit of an astonishing \$4 trillion - just shy of the \$4.4 trillion all-time high set during the housing bubble, the CFPB says. Consumers with the best credit have seen their credit lines sharply increase - from \$29,176 back in 2010 to \$33,371 in 2017, according to Trans Union. And by the end of last year, a record 196 million U.S. consumers had access to credit cards or other kinds of revolving credit.

In other words, it's been relatively easy to get new cards and higher limits lately. But not for long, warns Mercator Advisory Group in a recent report.

<http://blog.credit.com/2018/02/credit-card-outlook-for-2018-181100/>

### Auto Finance News: Compliance 2018: Even More Complex And Costly?\*

By Auto Finance News

With the Consumer Financial Protection Bureau in transition and state regulators moving to pick up any slack, vehicle finance regulation is going to present complex challenges in 2018. Here are a few of the difficulties in store, as forecasted by LenderLive's Compliance Solutions team:

**Servicemembers Civil Relief Act (SCRA)** In 2017 we saw a sharp increase in the number of enforcement actions and settlements under the SCRA. Expect this trend to continue in 2018.

**Federal bankruptcy rule updates** Significant changes were made to the Federal Rules of Bankruptcy Procedure, including Chapter 13 cases that are especially relevant to the auto finance industry.

<http://www.autofinancenews.net/compliance-2018-even-more-complex-and-costly-sponsored/>

### JD Supra: CFPB's Relaxed 'Prepaid Accounts Rule' Fixes Key Problems\*

By JD Supra

Mick Mulvaney's CFPB has now issued final changes to its Prepaid Rule, and the payments industry receives a huge reprieve from some of the more draconian elements of the original rule as issued in 2016.

**What happened**

The Bureau of Consumer Financial Protection (CFPB) has now amended Regulation E, which implements the Electronic Fund Transfer Act (EFTA), and Regulation Z, which implements the Truth in Lending Act (TILA). This new rulemaking materially revises the then-final rule published in the Federal Register on Nov. 22, 2016, as amended on April 25, 2017, regarding prepaid accounts under Regulations E and Z. In so doing, the CFPB is finalizing modifications to several aspects of that rule, including with respect to error



resolution and limitations on liability for prepaid accounts where the financial institution has not successfully completed its consumer identification and verification process; application of the rule's credit-related provisions to digital wallets that are capable of storing funds; certain other clarifications and minor adjustments; technical corrections; and an extension of the overall effective date to April 1, 2019.

<https://www.jdsupra.com/legalnews/cfpb-s-relaxed-prepaid-accounts-rule-57911/>

## JD Supra: US Consumer Financial Protection Bureau Issues Final Rule Regarding Prepaid Accounts\*

By JD Supra

The US Consumer Financial Protection Bureau published a final rule that amends the regulations implementing the Electronic Funds Transfer Act (Regulation E), and the Truth in Lending Act (Regulation Z), and corresponding official interpretations. The final rule makes a number of modifications to these regulations, including changes to error resolution requirements and limited liability provisions, which will now apply after a consumer's identity has been verified, designed to promote prompt registration of prepaid cards by individuals. In addition, the final rule clarifies how the prepaid rule applies to credit cards linked to digital wallets, which promotes consumer use of digital wallets, while providing the same protections that apply to traditional credit card accounts. The final rule also delays the effective date of these provisions until April 1, 2019.

<https://www.jdsupra.com/post/documentViewer.aspx?fid=45cfa9d-899e-49ad-97e6-e68d1fcc0c71>

## Consumer Financial Protection Bureau

### Los Angeles Times: Consumer Financial Protection Bureau Appears To Shed Its Aggressive Reputation\*

By James Rufus Koren, Los Angeles (CA) Times

The Consumer Financial Protection Bureau last year sued four lenders affiliated with a Northern California Native American tribe, alleging their costly loans violated interest rate caps in more than a dozen states.

The enforcement action came amid a probe into yet another high-interest lender, World Acceptance, which the federal watchdog was considering accusing of consumer-protection law violations.

Months later, the agency issued tough regulations aimed at reining in the practices of payday lenders, including limiting the number of costly short-term loans they can offer to cash-strapped Americans.

<http://www.latimes.com/business/la-fi-cfpb-overhaul-20180205-story.html>

### CNBC: Trump Team Is Determined To Rein In The Consumer Financial Protection Bureau\*

By CNBC

A legal challenge failed to strip the federal Consumer Financial Protection Bureau of its independence, yet efforts to rein in its regulatory reach are continuing full steam ahead.

Hours after a federal appeals court ruled last week against a challenge to the structure of the CFPB, the agency said it is formally evaluating its administrative judicial process for companies accused of wrongdoing.

And today, Reuters reported that the bureau is dialing back an investigation of how Equifax failed to protect millions of consumers' personal data in a massive cyberattack on the credit-reporting firm last year. A CFPB spokesman told Reuters the agency cannot acknowledge the existence of an open investigation.

<https://www.cnbc.com/2018/02/05/trump-team-is-determined-to-rein-in-the-consumer-financial-protection-bureau.html>

### USA Today: Upheaval At 'Newsweek' Top Editors Fired Amid Investigation\*

By Mike James, USA Today

Newsweek, whose iconic history as a news organization has spanned eight decades, is making headlines of a different sort this week: Its top editors have been fired amid a maelstrom of controversy in the newsroom.

Some of its staffers are wondering whether the magazine will survive. Writers and editors at the publication's New York offices were told they could go home for the day on Monday afternoon, although they were notified that a new editor would be in place Tuesday.

Former Editor-in-Chief Bob Roe confirmed his firing in an email to CNN, saying, "Can confirm I was fired. I know nothing else. Can say nothing else yet. Executive Editor Ken Li was also fired, CNN reported.

<https://www.usatoday.com/story/news/2018/02/05/upheaval-newsweek-top-editors-fired-amid-investigation/308784002/>

### MarketWatch: Newsweek Fires Top Editors Amid Legal Struggles: Report\*

By Trey Williams, MarketWatch

Newsweek fired top editors, Editor in Chief Bob Roe and Executive Editor Ken Li, on Monday, according to a report from the Daily Beast, citing sources. The company, which has been under investigation for its finances by the Manhattan District Attorney's office. Last week Newsweek Media Group's Chairman Etienne Uzac and finance director Marion Kim stepped down. The Daily Beast said Newsweek news director Christina Silvia told staff in a company meeting on Monday

that Roe and Li, along with reporters Celeste Katz and Josh Saul, and International Business Times editor Josh Keefe, had been let go. The three had been reporting on the company's legal woes. Following the meeting, Newsweek sent staff home for the day. There was also a report from BuzzFeed News last week that the Newsweek and the International Business Times publisher used fraudulent online traffic practices to win a \$2.8 million video ad campaign from the Consumer Financial Protection Bureau

<https://www.marketwatch.com/story/newsweek-fires-top-editors-amid-legal-struggles-report-2018-02-05>

## Daily Beast: Newsweek Guts Its Top Edit Staff Amid Legal Turmoil\*

By Maxwell Tani, Daily Beast

Newsweek on Monday fired all of its top staff amid turmoil that has upended the newsroom.

In a company meeting, several editors announced that the outlet had fired Editor in Chief Bob Roe, Executive Editor Ken Li and reporters Celeste Katz, Josh Saul, and International Business Times editor Josh Keefe.

The editors told staffers some of the firings were not official, but according to one person with direct knowledge, both Katz and Keefe were locked out of their work email and computer accounts and instructed to meet a human-resources representative offsite shortly after Roe was fired.

<https://www.thedailybeast.com/newsweek-guts-its-top-edit-staff-amid-legal-turmoil>

## Huffington Post: Newsweek's Top Editor And Staffers Suddenly Fired\*

By Lydia O'Connor, Huffington Post

Newsweek Media Group on Monday fired multiple staffers from the publications it oversees.

Those fired include Newsweek Editor-in-Chief Bob Roe, executive editor Ken Li and reporter Celeste Katz, multiple sources told HuffPost.

Nancy Cooper, managing editor at the International Business Times, one of Newsweek's sister sites, has taken on the role of acting editor at Newsweek, according to an internal memo.

<https://www.yahoo.com/news/newsweek-apos-top-editor-staffers-193137450.html>

## Esquire Magazine: The Truth About Mick Mulvaney\*

By Charles P. Pierce, Esquire Magazine

Look, there is nothing to Mick Mulvaney at all. He's a Tea Party drone from South Carolina, a former congressman who led the fight to make the government shutdown a legitimate tool of political advantage during the Obama years, and who knows less about the federal budget than I know about the mating rituals on Saturn.

Nonetheless, he is the White House director of the Budget and, in his spare time, Mulvaney is transforming the Consumer Finance Protection Bureau into the best friend of gougers, sharpers, and grifters—which is to say, Mulvaney's donor base—ever had. The latest and greatest comes from Reuters, whence he learns that Mulvaney's CFPB is turning off a full-scale investigation into how Equifax failed to protect the personal data of millions of its customers. Equifax (EFX.N) said in September that hackers stole personal data it had collected on some 143 million Americans. Richard Cordray, then the CFPB director, authorized an investigation that month, said former officials familiar with the probe. But Cordray resigned in November and was replaced by Mulvaney, President Donald Trump's budget chief. The CFPB effort against Equifax has sputtered since then, said several government and industry sources, raising questions about how Mulvaney will police a data-warehousing industry that has enormous sway over how much consumers pay to borrow money.

Be prepared. We are now going to venture deep into Beltway weaselspeak. I'm not kidding. This is a masterpiece of the form. The CFPB has the tools to examine a data breach like Equifax, said John Czwartacki, a spokesman, but the agency is not permitted to acknowledge an open investigation. "The bureau has the desire, expertise, and know-how in-house to vigorously pursue hypothetical matters such as these," he said. Three sources say, though, Mulvaney, the new CFPB chief, has not ordered subpoenas against Equifax or sought sworn testimony from executives, routine steps when launching a full-scale probe. Meanwhile the CFPB has shelved plans for on-the-ground tests of how Equifax protects data, an idea backed by Cordray.

<http://www.esquire.com/news-politics/politics/a16593438/mick-mulvaney-equifax/>

## Credit Union Insight: Federal Judge Throws Out Credit Union Suit Challenging CFPB Appointment\*

By David Baumann, Credit Union Insight

A federal judge has dismissed a lawsuit filed by a New York City credit union that challenged the appointment of Mick Mulvaney as acting director of the CFPB.

U.S. District Judge Paul Gardephe ruled on Friday that the Lower East Side People's Federal Credit Union did not have standing to challenge the appointment.

"The mere fact that the plaintiff is regulated by the CFPB does not confer standing to bring this suit," the judge ruled, adding that the credit union was relying on a "fear-based theory" to challenge the appointment.

<https://www.cuinsight.com/federal-judge-throws-credit-union-suit-challenging-cfpb-appointment.html>

## National Mortgage Professional: Judge Dismisses Credit Union Lawsuit On Mulvaney\*

By Phil Hall, National Mortgage Professional

A legal challenge by a New York City credit union against President Trump's appointment of Mick Mulvaney as Acting Director of the Consumer Financial Protection Bureau (CFPB) was thrown out of court.

According to a Reuters report, U.S. District Judge Paul Gardephe in Manhattan dismissed the lawsuit stating that the Lower East Side People's Federal Credit Union had no legal authority to sue while belittling the financial institution's "fear-based theory of standing." The judge added that the credit union did not show how any potential or ongoing policy changes under Mulvaney would impact its mission of working with underserved communities.

"Organizations advocating for a particular policy goal who have alleged no injury to themselves as organizations may not establish their standing simply on the basis of that goal," Gardephe wrote in his decision.

<http://nationalmortgageprofessional.com/news/65971/judge-dismisses-credit-union-lawsuit-mulvaney>

## National Law Review: Mulvaney Challenge Dismissed\*

By National Law Review

The U.S. District Court for the Southern District of New York has dismissed for lack of Article III standing the lawsuit filed by a credit union challenging President Trump's appointment of Mick Mulvaney as CFPB Acting Director. The dismissal has no impact on Leandra English's appeal to the D.C. Circuit of the D.C. federal district court's denial of her preliminary injunction motion in her action challenging Mr. Mulvaney's appointment. Briefing is currently ongoing in the appeal.

The dismissal was perhaps foreshadowed by the district court's instruction at the oral argument on the credit union's motion for a preliminary injunction and the DOJ's motion to dismiss that the parties focus on standing. The credit union claimed that it had standing to challenge Mr. Mulvaney's appointment because (1) it is an entity regulated by the CFPB, (2) the CFPB's actions under Mr. Mulvaney's leadership have harmed the credit union's mission of improving the financial health of underserved communities, (3) changes to HMDA compliance will cause economic harm to the credit union, and (4) the uncertainty created by the CFPB's stated intention to engage in HMDA rulemaking has injured the credit union.

The district court found each of these claims insufficient to establish standing for the following reasons:

<http://www.natlawreview.com/article/court-dismisses-credit-union-s-lawsuit-challenging-mulvaney-s-appointment>

## National Law Review: Oral Argument Set For April 12 In English Preliminary Injunction Appeal\*

By National Law Review

The U.S. Court of Appeals for the D.C. Circuit is scheduled to hear oral argument on April 12, 2018 in Leandra English's appeal of the district court's denial of her preliminary

injunction motion in her action seeking a declaration that she is the lawful CFPB Acting Director.

The D.C. Circuit's order setting the briefing schedule in her appeal directed the Court Clerk to calendar the case for oral argument on the first available date following the completion of briefing. Ms. English filed her opening appeal brief on January 30.

Under the D.C. Circuit's briefing schedule, the DOJ's opposition brief is due by February 23, 2018 and Ms. English's reply brief is due by March 6, 2018. Pursuant to federal appellate rules, amicus briefs must be filed within 7 days of the due date of the brief of the party an amici is supporting. Accordingly, amicus briefs supporting Ms. English must be filed by February 6, 2018 and amicus briefs supporting Mr. Mulvaney must be filed by March 2, 2018.

<https://www.natlawreview.com/article/oral-argument-set-april-12-english-preliminary-injunction-appeal>

## Mortgage Professional America: Mulvaney Assumes Direct Control Of CFPB Fair Lending Office\*

By Francis Monfort, MortgageProfessional America

More changes are afoot at the Consumer Financial Protection Bureau with Acting Director Mick Mulvaney placing the agency's Office of Fair Lending and Equal Opportunity (OFLEO) under his direct control.

So far in 2018, Mulvaney has initiated a review of the agency's policies and procedures, requested a zero-dollar budget from the Federal Reserve, and told staff that the agency's approach will now be marked by "humility and prudence."

According to an email to staff obtained by The Intercept, Mulvaney is transferring the OFLEO from the Supervision, Enforcement, and Fair Lending (SEFL) division to the director's office as part of the CFPB's Office of Equal Opportunity and Fairness (OEOF).

<https://www.mpamag.com/news/mulvaney-assumes-direct-control-of-cfpb-fair-lending-office-91189.aspx>

## Inside Mortgage Finance: AD Mulvaney Consolidates, Restructures Fair Lending Office\*

By Inside Mortgage Finance

The CFPB last week moved to restructure how the agency enforces fair lending laws, consolidating that function under the director's office, which is headed by interim appointee Mick Mulvaney. In a statement provided to Inside the CFPB, John Czwartacki, senior advisor to the acting director, said: "The bureau's statutory mandate includes the supervision and enforcement of fair lending laws and regulations [and] the bureau will continue to perform those functions." He added: "The fact is, it never made sense to have two separate and duplicative supervision and enforcement functions within the same agency - one for all

cases except fair lending, and the other only for fair lending cases. By announcing our intent to combine these efforts under one roof, we ...

[https://www.insidemortgagefinance.com/issues/imfpubs/irs/29\\_3/news/AD-MulvaneyConsolidates-Restructures-Fair-Lending-Office-1000044704-1.html](https://www.insidemortgagefinance.com/issues/imfpubs/irs/29_3/news/AD-MulvaneyConsolidates-Restructures-Fair-Lending-Office-1000044704-1.html)

## JD Supra: An En Banc Panel Of The DC Circuit Court Of Appeals Upholds The Constitutionality Of The CFPB\*

By JD Supra

On October 11, 2016, a panel of the U.S. Court of Appeals for the District of Columbia consisting of Judges Henderson and Kavanaugh and Senior Circuit Judge Randolph decided the case of PHH Corp. v. Consumer Financial Protection Bureau. The panel majority held that the structure of Consumer Financial Protection Bureau (CFPB), a creation of the Dodd Frank Wall Street Reform and Consumer Protection Act (Pub.L. 111203, H.R. 4173, commonly referred to as Dodd Frank), was unconstitutional, in that it vested enormous power in an agency headed by a Director who cannot be adequately supervised by the President because of the five year term the Director serves, the lack of Congressional control over the CFPB funding, and the fact that the President can only remove the Director "for cause" even though in theory the President should have more authority over such officials. The panel concluded that this structure thus violates the U.S. Constitution's separation of powers.

All members of the panel agreed that the administrative enforcement action under review and a civil penalty of \$109M must be set aside because the CFPB misconstrued and misapplied certain precepts of administrative law and important provisions of the Real Estate Settlement Procedures Act of 1974. In addition, Senior Judge Randolph stated that the actions of the CFPB's Administrative Law Judge (ALJ) were invalid because his legal status was constitutionally infirm under the Appointments Clause.

A petition for en banc review was submitted and, on January 31, 2018, the en banc panel granted the petition for review, holding that the majority of this panel saw no constitutional defect in Dodd-Frank's provision limiting the President to discharge the Director only for cause. However, the en banc panel upheld and reinstated the original panel decision granting relief to PHH Corp and thus reinforced several important tenets of administrative law pertinent to the interpretation of statutes, the bar against a retroactive enforcement of new interpretations, and the application of relevant statutes of limitation on civil and administrative enforcement actions.

<https://www.jdsupra.com/post/documentViewer.aspx?fid=17feb0d1-4c1e-454b-92cf-ee7ab04f3e66>

## Lexology: Consumer Financial Services Standing Committee E-Bulletin\*

By Lexology

In a reversal of its October 2016 ruling, on Wednesday January 31, 2018 the United States Court of Appeals for the D.C. Circuit held that the single-director structure of the Consumer Financial Protection Bureau and protections which require cause to remove the director, are constitutional. See PHH Corp. et al., v. CFPB, Case No. 15-1177 (D.C. Cir. Jan. 31, 2018).

In its decision, the Court explained:

Congress established the independent CFPB to curb fraud and promote transparency in consumer loans, home mortgages, personal credit cards, and retail banking. See 12 U.S.C. § 5481(12). The Supreme Court eighty years ago sustained the constitutionality of the independent Federal Trade Commission, a consumer-protection financial regulator with powers analogous to those of the CFPB. *Humphrey Executor v. United States*, 295 U.S. 602 (1935). In doing so, the Court approved the very means of independence Congress used here: protection of agency leadership from at-will removal by the President. The Court has since reaffirmed and built on that precedent, and Congress has embraced and relied on it in designing independent agencies. We follow that precedent here to hold that the parallel provision of the Dodd-Frank Wall Street Reform and Consumer Protection Act shielding the Director of the CFPB from removal without cause is consistent with Article II.

<https://www.lexology.com/library/detail.aspx?g=10e4c124-f076-4031-9378-b40dd81229da>

## Inside Mortgage Finance: PHH Beats The RESPA Rap The Bureau Tried To Stick It With\*

By Inside Mortgage Finance

The second part of last week's ruling by the en banc panel of the U.S. Court of Appeals for the District of Columbia Circuit went in favor of PHH Mortgage in its lengthy legal dispute with the CFPB over issues tied to the Real Estate Settlement Procedures Act. The court upheld the original three-judge panel interpretation of RESPA and its application to PHH in this case, stating that it was improperly applied and that the lender is entitled to the relief granted. More specifically, the en banc court reinstated the Oct. 11, 2016, panel decision related to the RESPA issues, which included vacating the bureau's order imposing \$109 million in disgorgement penalties, and remanded the matter for further proceedings based ...

[https://www.insidemortgagefinance.com/issues/imfpubs/irs/29\\_3/news/PHH-Beats-the-RESPA-Rap-the-Bureau-Tried-to-Stick-it-With-1000044699-1.html](https://www.insidemortgagefinance.com/issues/imfpubs/irs/29_3/news/PHH-Beats-the-RESPA-Rap-the-Bureau-Tried-to-Stick-it-With-1000044699-1.html)

## Inside Mortgage Finance: Mulvaney Details Hundreds Of Breaches Of CFPB Database\*

By Inside Mortgage Finance

CFPB Acting Director Mick Mulvaney recently brought Sen. Elizabeth Warren, D-MA, up to speed on data security at the bureau, in response to her recent inquiry that challenged his imposition of a freeze in industry data collection efforts. "I do not expect you, as an outside observer of the bureau's activities, to be aware of the bureau's other data security risks," he said in reply to her earlier correspondence. "You may not know that prior to my appointment as acting director, there were 233 confirmed breaches of consumer personally identifiable information (PII) within the bureau's consumer response system by the bureau or its contractor, and at least another 840 suspected PII breaches by financial institutions using the company portal were ...

[https://www.insidemortgagefinance.com/issues/imfpubs/irs/29\\_3/news/Mulvaney-Details-Hundreds-of-Breaches-of-CFPB-Database-1000044706-1.html](https://www.insidemortgagefinance.com/issues/imfpubs/irs/29_3/news/Mulvaney-Details-Hundreds-of-Breaches-of-CFPB-Database-1000044706-1.html)

### Inside Mortgage Finance: Bureau Asks For Public Input On Administrative Adjudications\*

By Inside Mortgage Finance

The CFPB last week issued another in its series of requests for information- this one focusing on the bureau's administrative adjudications. "The bureau is seeking to better understand the benefits and impacts of its use of administrative adjudications, and how its existing process may be improved," the agency said. "This RFI will provide an opportunity for the public to submit feedback and suggest ways to improve outcomes for both consumers and covered entities." In order to more effectively evaluate suggestions, the bureau asked that comments include specific discussion of the positive and negative aspects of the agency's administrative adjudication processes, including whether a policy of proceeding in federal court in all instances would be preferable. The CFPB also would like ...

[https://www.insidemortgagefinance.com/issues/imfpubs/irs/29\\_3/news/Bureau-Asks-for-Public-Input-on-Administrative-Adjudications-1000044702-1.html](https://www.insidemortgagefinance.com/issues/imfpubs/irs/29_3/news/Bureau-Asks-for-Public-Input-on-Administrative-Adjudications-1000044702-1.html)

### Inside Mortgage Finance: CFPB Issues Request For Info On Civil Investigative Demands\*

By Inside Mortgage Finance

Following up on the recent pledge by CFPB Acting Director Mick Mulvaney to "seek evidence" that the bureau is fulfilling its mission, the CFPB has issued a formal request for information on civil investigative demands, a source of tremendous controversy and uncertainty for the industry during the tenure of former director Richard Cordray. The agency asked for "comments and information from interested parties to assist it in assessing potential changes to the bureau's CID processes, consistent with law, to consider whether any changes to the processes would be appropriate," said the document. Entities that have received CIDs as well as their attorneys were invited to comment. "The issuance of

CIDs is an essential tool for fulfilling the bureau's statutory mission ...

[https://www.insidemortgagefinance.com/issues/imfpubs/irs/29\\_3/news/CFPB-Issues-Request-for-Info-On-Civil-Investigative-Demands-CIDs-1000044701-1.html](https://www.insidemortgagefinance.com/issues/imfpubs/irs/29_3/news/CFPB-Issues-Request-for-Info-On-Civil-Investigative-Demands-CIDs-1000044701-1.html)

### Inside Mortgage Finance: Hensarling Wants CFPB AD Mulvaney To Appeal To SCOTUS\*

By Inside Mortgage Finance

In response to last week's ruling by the D.C. Circuit Court of Appeals that confirmed the constitutionality of the CFPB but rejected the bureau's interpretation of RESPA in its legal dispute with PHH Mortgage, Rep. Jeb Hensarling, R-TX, suggested CFPB Acting Director Mick Mulvaney appeal to the Supreme Court of the United States. "I am deeply disappointed with the court's decision and hope the Supreme Court will review the ruling in short order," said Hensarling, chairman of the House Financial Services Committee. "In the meantime, I take great solace in the fact that Mick Mulvaney can use his unchecked, unilateral powers to continue the agency's transformation into one that will, as he said, 'exercise [its] statutory authority to enforce the ...

[https://www.insidemortgagefinance.com/issues/imfpubs/irs/29\\_3/news/Hensarling-Wants-CFPB-AD-Mulvaney-to-Appeal-to-SCOTUS-1000044700-1.html](https://www.insidemortgagefinance.com/issues/imfpubs/irs/29_3/news/Hensarling-Wants-CFPB-AD-Mulvaney-to-Appeal-to-SCOTUS-1000044700-1.html)

## Payday Loans

### Wall Street Journal: Lawmaker Seeks Probe Into Fake Comments On Payday-Lending Rule

By James V. Grimaldi, Wall Street Journal

Rep. Frank Pallone, ranking member of the House Energy and Commerce Committee, has asked the Trump Administration to look into fake comments discovered on The Wall Street Journal website that promoted loosening payday-lending regulations.

<https://www.wsj.com/articles/lawmaker-seeks-probe-into-fake-comments-on-payday-lending-rule-1517862004>

### Palm Beach (FL) Post: Payday Loans: Make'em Bigger In Florida? No, Senior Group Says\*

By Charles Elmø, Palm Beach (FL) Post

For those who think the problem with payday loans is too many government restrictions, bills in the state legislature aim to please by doubling to \$1,000 the amount that can be loaned at a time.

Folks who call such products "predatory" might be more inclined to cheer on a senior advocacy group that plans to raise a fuss online today.

"Some borrowers end up in a debt trap and lose everything, even their homes," said AARP Florida state director Jeff Johnson in an email to members. "In fact, payday lenders have already stripped more than \$2.5 billion dollars in

fees from Floridians since 2005, with more than \$311 million collected last year alone. Wealth stripping affects us all and negatively affects our communities.

<http://protectingyourpocket.blog.palmbeachpost.com/2018/02/05/payday-loans-make-em-bigger-in-florida-senior-group-says-no/>

## Arkansas Times: Here Come The Payday Lenders\*

By Arkansas Times

The Trump administration's aim to destroy the Consumer Financial Protection Bureau is seen here as good news for the bloodsuckers of the payday lending industry, which plans a big April gathering at where else, Donald Trump's Florida golfing resort.

The room charges should be commensurate with an industry that hits consumers with 300 percent interest rates.

Gone is a tough advocate for consumers, in for the Trump White House is Mick Mulvaney.

<https://www.arktimes.com/ArkansasBlog/archives/2018/02/05/here-come-the-payday-lenders>

## American Banker: How The Payday Lending Industry Shapes Academic Research

By Kevin Wack, American Banker

The "hotly contested question of how to regulate payday lending" is partly about ideology.

<https://www.americanbanker.com/news/how-the-payday-lending-industry-shapes-academic-research?feed=00000158-baad-d32b-adfa-bffde31c0000>

## Atlanta Journal-Constitution: Its Payday Loans Group Vs. The State In Open Records Dispute

By Raisa Habersham, Atlanta (GA) Journal-Constitution

A case heard by the Georgia Supreme Court on Monday could have profound implications for citizens seeking public records under the state's sunshine laws.

The dispute is about whether a watchdog group may obtain correspondence between a Kennesaw State University professor and a payday lending group that commissioned the university to conduct a study. The group, which calls itself the Consumer Credit Research Foundation, publishes reports favorable to the industry.

The Board of Regents, which oversees the state's university system, agreed that the communications should be released under the Open Records Act. But the research foundation filed suit to block its release to the Campaign for Accountability, a Washington-based nonprofit that contends the payday loan industry funds favorable academic studies to boost its bottom line.

<http://www.myajc.com/news/local/court-hears-arguments-about-public-records-payday-loans-case/mHWTtE0HacUlicddFbHKUK/>

## Miami Herald: Florida Lawmakers Should Reject The Push To Make Predatory Payday Lenders Even Stronger

By Adora Obi Nweze, Miami (FL) Herald

The Florida NAACP strongly opposes a bill that payday lenders are pushing through the state Legislature with the support of some lawmakers who may not understand the damage that predatory loans do to families and communities.

Payday lenders want to add a new product to a state already teeming with loans that are designed to look like they provide short-term relief, but that, instead, systematically strip wealth from low-wealth communities.

SB 920/HB 857 allows payday lenders to charge up to 208 percent APR for loans up to \$1,000. This is twice the size of the loans they can currently make. The proposal would strengthen payday lenders' ability to trap their customers in debt, rather than strengthen the reform Florida needs in this area.

<http://www.miamiherald.com/opinion/op-ed/article198552544.html>

## Banking

### ThinkAdvisor: Wells Fargo Moves To Resolve Another 'Phantom Accounts' Whistleblower Case\*

By C. Ryan Barber, ThinkAdvisor

Wells Fargo & Co. was negotiating a settlement as recently as last month with a former executive in Colorado who claimed she was unlawfully fired in retaliation for refusing to accept the bank's widespread practice of opening accounts without customer consent.

Lawyers for the bank notified the U.S. Labor Department in January that settlement talks with Laura Worzella, a former senior vice president in charge of Wells Fargo's operations in the Denver area, were ongoing. Worzella was fired in June 2017.

Investigators with the Labor Department's Occupational Safety and Health Administration dismissed Worzella's whistleblower complaint in November after finding there was sufficient evidence supporting Wells Fargo's position that it had fired her for reasons unrelated to what she called the "phantom account scandal. Worzella, represented by the Denver-based attorney Elizabeth "Booka" Smith, appealed the decision, keeping her claims against Wells Fargo alive, according to public records The National Law Journal obtained.

<http://www.thinkadvisor.com/2018/02/05/wells-fargo-moves-to-resolve-another-phantom-accou?ref=rss>

### Bloomberg News: Fed's Wells Fargo Punishment Sets Precedent For Harsher Era

By Laura J Keller And Shahien Nasiripour, Bloomberg News

The Federal Reserve just devised a harsh new punishment after Wells Fargo & Co. landed in scandal after scandal - one that may haunt every big bank.

The San Francisco-based lender had its rating cut by three analysts and fell by the most in more than two years on Monday after the Fed banned the bank from growing until it convinces authorities its addressing shortcomings. The cap on total assets could cost it \$400 million in profit this year and handicap it long-term by giving its largest competitors an advantage in pursuing new business.

Even as the Trump administration signals a loosening of regulations across industries including Wall Street, the Fed's move sets a unnerving tone for an industry where public scorn seems to shift every few years to another colossal U.S. firm.

<https://www.bloomberg.com/news/articles/2018-02-05/harsher-era-greets-banks-if-wells-fargo-punishment-is-precedent>

## Bloomberg View: Wells Fargo Must Be Better Before It Gets Bigger

By Matt Levine, Bloomberg View  
Oh Wells Fargo.

Janet Yellen kicked Wells Fargo & Co. on heway out the door at the Federal Reserve on Friday, announcing that the Fed will "restrict the growth of the firm until it sufficiently improves its governance and controls". The bank's total assets, averaged over any two-quarter period, will not be allowed to exceed its total assets at the end of 2017, until it gets its act together to the Fed's satisfaction. The Fed's action came in a response to Wells Fargo's recent string of regulatory failings, of which the most embarrassing was the 2016 revelation that Wells Fargo bankers, pressured to meet sales quotas, had opened millions of fake customer accounts.

The Fed also announced that four of the bank's directors will step down, and sent letters to each current Wells Fargo board member confirming that the firm's board of directors, during the period of compliance breakdowns, did not meet supervisory expectations. Here's the letter, which I hope Wells Fargo will have framed and hang in its boardroom. Actually the letter is on the Fed's website; anyone can go print it out and frame it. If I ran Goldman Sachs or JPMorgan, I'd frame it and hang it in my boardroom. It focuses the mind!

<https://www.bloomberg.com/view/articles/2018-02-05/wells-fargo-must-be-better-before-it-gets-bigger>

## MarketWatch: The Sanctions Against Wells Fargo Are So Unusual, No One Knows What To Think

By Andrea Riquier, MarketWatch

A previous report incorrectly reported the percentage of 2017's profit that the Fed actions could represent. It has been corrected. The Federal Reserve took unprecedented actions against Wells Fargo after what might be called unprecedented misconduct that lasted for years.

In the wake of surprise Federal Reserve sanctions against Wells Fargo & Co., the bank will likely lose customers. Unless it works. The Fed's directive that the bank replace multiple board members and clean up its act is an easily remedied situation that's already in the works - or it might take until 2021 to resolve. Other regulatory shoes may drop or not.

One thing is certain: the Fed's shock-and-awe sanctions against Wells Fargo WFC, -9.22% announced late Friday, have Wall Street and Washington analysts reeling, and there's little agreement on what they could mean, both for Wells Fargo investors, and for the bank regulatory environment at large.

<https://www.marketwatch.com/story/the-sanctions-against-wells-fargo-are-so-unusual-no-one-knows-what-to-think-2018-02-05>

## Housing, Mortgages and Foreclosure

### Credit Union National Association: CUNA Urges House Leadership To Pass Mortgage Choice Act\*

By Credit Union National Association

CUNA and other trade organizations wrote to House leadership Monday urging them to support the Mortgage Choice Act (H.R. 1153), which is scheduled for House consideration this week. The bill would exclude affiliated title insurance charges and escrowed homeowner's insurance premiums from the points and fees calculation.

"H.R. 1153 endeavors to restore a full and open competitive market by clarifying the definition of fees and points," the letter reads. "In doing so, the legislation will ensure consumers more choices in credit providers and settlement service options."

The Consumer Financial Protection Bureau's qualified mortgage (QM) rule states that points and fees may not exceed 3% of the loan amount. Under current laws and rules, what is considered a "fee" or a "point" toward the points and fees cap varies depending on who is making the loan and what arrangement borrowers have made to obtain title insurance.

<http://news.cuna.org/articles/113665-cuna-urges-house-leadership-to-pass-mortgage-choice-act>

### DS News: Bracing For A Sea Of Change In Mortgage Servicing\*

By David Wharton, DS News

Last year was momentous for the housing industry. The economy tracked well as home prices leapt to highs not seen since the Great Recession and existing home sales beat expectations with a sharp rise at the end.

Not all went smoothly for servicers, however, especially the largest and most well-known institutions. According to a January servicer handbook report by Fitch Ratings, servicing portfolios shrank for the Big Four: Bank of America, CitiMortgage, JPMorgan Chase, and Wells Fargo. The organization noted that Wells Fargo acquired billions of dollars in mortgage servicing rights from a competitor that could "ultimately lift [its] portfolio size, but that assessment feels like an exception to the rule for what awaits the industry in 2018.

As Fitch Ratings analysts wrote in their handbook, "Basel III and ongoing regulatory scrutiny are leading big U.S. banks further away from servicing residential mortgage loans while nonbanks swoop in and beef up their portfolios."

<http://www.dsnews.com/daily-dose/02-05-2018/bracing-sea-change-mortgage-servicing>

## JD Supra: Back From The Dead: The D.C. Circuit Breaths Life Into RESPA Section 8 Safe Harbor\*

By JD Supra

Through its recent en banc decision in PHH Corp. v. Consumer Financial Protection Bureau, [1] the D.C. Circuit reinstated the holding of the three-judge panel regarding the safe harbor provision in Section 8(c) of the Real Estate Settlement Procedures Act (RESPA). Specifically, the court reaffirmed that under Section 8(c), payments made by one settlement service provider to another do not violate Section 8(a), even if made in connection with a captive relationship or a referral, when the payments are reasonably related to the market value of the goods, services, or facilities provided. Although potentially overshadowed by the portion of the en banc court's holding that the leadership structure of the Consumer Financial Protection Bureau (CFPB) is constitutional, the panel court's reinstated holding regarding RESPA's Section 8(c) safe harbor is notable and important for the simple confirmation that the safe harbor is what it is."

By way of background, RESPA Sections 8(a) and (b) prohibit certain conduct such as kickbacks and referral fees made in connection with real estate settlement services. [2] By contrast, Section 8(c)(2) sets forth a safe harbor for permissible conduct, and states in relevant part that "Nothing in this section [i.e., sub-sections 8(a) and (b)] shall be construed as prohibiting . . . the payment to any person of a bona fide salary or compensation or other payment for goods or facilities actually furnished or for services actually performed." [3] Indeed, as noted in a prior client alert by K&L Gates, [4] courts and the U.S. Department of Housing and Urban Development (HUD) (the federal agency previously responsible for interpreting and enforcing RESPA) have long interpreted Section 8(c)(2) as providing a safe harbor under certain circumstances. In particular, "bona fide" payments for "services actually performed," even if made in connection with a referral of settlement service business, were deemed excluded from the prohibition of RESPA Sections 8(a) and 8(b).

In its decision leading to the subject appeal, [5] the CFPB held that PHH Corp. (PHH) violated RESPA Section 8(a) by using "captive reinsurance agreements" whereby PHH referred its customers to certain mortgage insurers to purchase insurance if those insurers agreed to purchase reinsurance from PHH's wholly owned subsidiaries. In that decision, former CFPB Director Richard Cordray held, contrary to prior court and HUD precedent, that Section 8(c)(2) merely "clarifies section 8(a), providing direction as to how that section should be interpreted, but does not provide a substantive exemption from section 8(a)." [6] Further, Director Cordray determined that if a referral was involved in a transaction, any payment made for that referral was in violation of Section 8, regardless of whether it was reasonably related to the market value of services provided. [7] To compound its overreach, the CFPB then applied its newly minted interpretation retroactively and without regard to the statute of limitations. [8]

<https://www.jdsupra.com/post/documentViewer.aspx?fid=0d0ab70c-f8a3-4a83-9d41-1cb8672be8fb>

## Inside Mortgage Finance: Servicers Express Concern About Bankruptcy-Related Provisions\*

By Inside Mortgage Finance

The Consumer Mortgage Coalition recently wrote to CFPB Acting Director Mick Mulvaney to express the continuing, unresolved concerns its members have with some of the bankruptcy-related provisions of the bureau's mortgage servicing rules. As of April 2018, mortgage servicers will have to send monthly billing statements to consumers in active bankruptcy cases and certain bankruptcy cases in which the debtor's personal liability was previously discharged. This is problematic for a number of reasons, according to the CMC. First, these proposed rules conflict with well-settled bankruptcy law prohibiting a creditor from collecting from consumers who are in an active bankruptcy case or who have previously been discharged from personal liability in a prior bankruptcy case. "The courts have held these provisions ...

[https://www.insidemortgagefinance.com/issues/imfpubs/irs/29\\_3/news/Servicers-Express-Concern-About-Bankruptcy-Related-Provisions-1000044705-1.html](https://www.insidemortgagefinance.com/issues/imfpubs/irs/29_3/news/Servicers-Express-Concern-About-Bankruptcy-Related-Provisions-1000044705-1.html)

## Older Americans

### Morningstar: How Regulators Can Unleash Fintech To Improve Retirement Security\*

By Aron Szapiro, Morningstar

Often, when policymakers hear about ways they can adjust regulation to help investors, they tune out or downplay ideas because they assume investing is just for the rich. But delivering high-quality investment advice is critical for millions of ordinary workers who will rely on that advice to save effectively for retirement and turn these savings into lifetime



income. Policies that support getting the best advice possible to millions of workers are critical for America's retirement security.

#### Reliable Data Aggregation

Perhaps the most important thing for the 57 million U.S. households investing for retirement is the ability to easily aggregate their retirement investment accounts. Aggregation technology provides a low-cost way to collect the investment account data advisors need to help workers form a good plan for achieving success in retirement. These tools monitor multiple accounts and ensure workers' financial plans match their financial reality.

<http://news.morningstar.com/articlenet/article.aspx?id=846349>

## Servicemember Affairs

### Inside Mortgage Finance: Service Member Mortgage Complaints Drifting Higher\*

By Inside Mortgage Finance

Complaints by active-duty and retired U.S. military personnel about their mortgages rose in many categories tracked, both on a quarterly basis and on an annual basis, according to a new analysis and ranking by Inside the CFPB. Overall, they are definitely trending up. For instance, complaints by service members about all mortgage products in general rose from 582 incidents in the fourth quarter of 2016 to 739 in the fourth quarter of 2017, but they fell from a total of 741 in the third quarter of last year. The increase was a little more consistent when particular mortgage products were segregated out from the aggregate data. For instance, gripes about conventional mortgages rose from 218 in 4Q16 to 334 [with charts] ...

[https://www.insidemortgagefinance.com/issues/imfpubs\\_irs/29\\_3/latest\\_data/Service-Member-Mortgage-Complaints-Drifting-Higher-1000044707-1.html](https://www.insidemortgagefinance.com/issues/imfpubs_irs/29_3/latest_data/Service-Member-Mortgage-Complaints-Drifting-Higher-1000044707-1.html)

## Policy and Regulatory

### Associated Press: Powell Sworn In As 16th Chairman Of Federal Reserve

By Martin Crutsinger, Associated Press

Jerome Powell was sworn in Monday as the 16th chairman of the Federal Reserve in a brief ceremony in the Fed's board room. In a video message, Powell pledged to support continued economic growth and a healthy job market while remaining "vigilant" to any emerging economic risks.

Powell took the oath of office one day after his 65th birthday from Randal Quarles, the Fed's vice chairman for supervision, in a ceremony that was attended by Fed staff and Fed board member Lael Brainard.

Powell succeeds Janet Yellen, the first woman to lead the nation's central bank in its 100-year history. President

Donald Trump picked Powell after deciding to break with recent tradition and not offer Yellen a second four-year term.

<https://apnews.com/3f695a15c4c74f66b5dc68ad7764dbb0/Powell-sworn-in-as-16th-chairman-of-Federal-Reserve>

### Reuters: Banks In Britain And U.S. Ban Bitcoin Buying With Credit Cards

By Lawrence White, Emma Rumney, Reuters

Banks in the UK and the US have banned the use of credit cards to buy Bitcoin and other cryptocurrencies, fearing a plunge in their value will leave customers unable to repay their debts."

<https://www.reuters.com/article/us-lloyds-bank-uk-bitcoin/banks-in-britain-and-us-ban-bitcoin-buying-with-credit-cards-idUSKBN1FD0UL>

### Wall Street Journal: Lawrence Lindsey Withdraws From Consideration For No. 2 Fed Post

By Nick Timiraos And Peter Nicholas, Wall Street Journal

Lawrence Lindsey has said he will not be considered for Federal Reserve vice chairman.

<https://www.wsj.com/articles/lawrence-lindsey-withdraws-from-consideration-for-no-2-fed-post-1517853689>

### Washington Examiner: We're Not Undermining Bitcoin, Just Warning About Its Risks

By Joseph Lawler, Washington (DC) Examiner

The Securities and Exchange Commission is not trying to undermine the potential benefits of cryptocurrencies but instead is trying to raise awareness that many promoters of bitcoin and other coins and tokens might be running afoul of securities laws, SEC Chairman Jay Clayton said Monday.

"These warnings are not an effort to undermine the fostering of innovation through our capital markets America was built on the ingenuity, vision and spirit of entrepreneurs who tackled old and new problems in new, innovative ways, Clayton said in testimony prepared for a Senate Banking Committee hearing on virtual currencies scheduled for Tuesday.

Instead, he said, he and other regulators have been warning investors to think twice about putting money into cryptocurrencies or "initial coin offerings" because they might run afoul of U.S. securities laws and lack protections.

<http://www.washingtonexaminer.com/sec-chairman-were-not-undermining-bitcoin-just-warning-about-its-risks/article/2648138>

### American Banker: Five Regulators Release Proposal To Alter Swaps Requirements

By Joe Adler, American Banker

On Monday, the OCC, Fed, FDIC, FHFA, and Farm Credit Administration issued a proposal that would exempt some legacy swaps from a 2015 swap margin rule if those

swaps have changed in order to comply with 2017 rules imposing restrictions on certain qualified financial contracts.  
<https://www.americanbanker.com/news/five-regulators-release-proposal-to-alter-swaps-requirements>

## The Big Picture

### Headlines From Today's Front Pages.

#### Wall Street Journal:

[Dow Tumbles Over 1,100 Points In Biggest Point Drop Ever What Should We Make Of The Stock-price Drop?](#)

[Victoria's Secret Boss Bets On A Radical Idea: Smartphones Will Fade](#)

[Broadcom Raises Offer For Qualcomm To Over \\$121 Billion. Investors Don't Bite](#)

#### New York Times:

[Dow Jones And S&P Slide Again, Dropping By More Than 4%](#)

[Trump, Running Alongside The Market's Bulls, Risks Being Trampled](#)

[Trump's Lawyers Want Him To Refuse An Interview In Russia Inquiry](#)

[An 'Iceberg' Of Unseen Crimes: Many Cyber Offenses Go Unreported](#)

[Committee Votes To Release Democratic Rebuttal To GOP Russia Memo](#)

[Many Say He's The Least Qualified Lawyer Ever To Lead A Guantánamo Case. He Agrees.](#)

[Workers Of Germany, Unite: The New Siren Call Of The Far-Right](#)

#### Washington Post:

[Trump And GOP See The Downside Of Touting Market Dow Ends Wild Day Down 1,175](#)

[In Philadelphia, There's Catharsis Amid Some Chaos Panel Votes To Release Rebuttal Of GOP Memo](#)

[Frozen On A Snowy Mountain](#)

[Her Penance, After Trying To Disrupt The Olympics](#)

#### Financial Times:

[US Stocks Suffer Worst Fall In Six Years](#)

[Broadcom Raises Qualcomm Bid To \\$146bn](#)

[Samsung's Lee Jae-Yong Freed From Jail By Appeals Court](#)

#### Washington Times:

[Dow Jones Tumbles More Than 1,000 Points, Erasing All 2018 Gains](#)

[Clinton Operatives Funneled Info To Christopher Steele For Trump Dossier](#)

[Super Bowl Airs Call For Equal Pay After NFL Rejects](#)

[#PleaseStand As Too Political](#)

[U.S., Turkish Forces On Course For Clash In Syrian Town](#)

[Smuggling, Other Crimes By Dreamers Complicate Immigration Debate](#)

[Famed U.S. Anti-Poaching Crusader Stabbed To Death In Kenyan Home](#)

### Story Lineup From Last Night's Network News:

ABC: Stock Market Crash; House Intelligence Committee Memo; Flu Epidemic; South Carolina Amtrak Crash; Weather Forecast; Pentagon Budget Transparency; USA Gymnastics Sex Abuse; US Military-Middle East Policy; Super Bowl News; Hollywood Mystery; DUI Accident; John Mahoney Dies; Paul Simon Retirement; Super Bowl Commercials.

CBS: Stock Market Crash; Trump-Ohio Visit; House Intelligence Committee Memo; South Carolina Amtrak Crash; US Military-Middle East Policy; Yemen Civil War; Winter Olympics Preparation; USA Gymnastics Sex Abuse; Traffic Pileup Accident; Super Bowl Celebration; Flu Epidemic; SpaceX Launch; Super Bowl News.

NBC: Stock Market Crash; Trump-Ohio Visit; Gov. Shutdown Possibility; South Carolina Amtrak Crash; Flu Epidemic; Hollywood Mystery; Severe Weather; Team USA-Winter Olympics; Tax Filing Tips; USA Gymnastics Sex Abuse; Traffic Pileup Accident; Musicians Retirement; Super Bowl News.

### Network TV At A Glance:

Stock Market Crash- 7 minutes, 45 seconds

South Carolina Amtrak Crash- 6 minutes, 5 seconds

Flu Epidemic- 6 minutes

### Story Lineup From This Morning's Radio News Broadcasts:

ABC: House Intelligence Committee Memo; Russia Probe; SCOTUS-Gerrymandering Ruling; Colorado Springs-Police Shot; Stock Market Crash.

CBS: Stock Market Crash; Russia Probe; House Intelligence Committee Memo; VP-East Asia Tour; Colorado Springs-Police Shot; Severe Weather.

FOX: House Intelligence Committee Memo; Russia Probe; Colorado Springs-Police Shot; Stock Market Crash.

NPR: Trump-Ohio Visit; Stock Market Crash; House Intelligence Committee Memo; Paris Attack Trial.

## Washington's Schedule

### Today's Events In Washington.

#### White House:

PRESIDENT TRUMP- Hosts a law enforcement roundtable on MS-13; signs the National Security Presidential Memorandum (NSPM) establishing the National Vetting Center.

VICE PRESIDENT PENCE- Meets Japanese Prime Minister Shinzo Abe.

US Senate: 10:00 AM SEC and CFTC heads testify to Senate Banking Committee on virtual currencies Hearing on Virtual Currencies: The Oversight Role of the U.S. Securities and Exchange Commission and the U.S. Commodity Futures Trading Commission, with testimony from Securities and Exchange Commission Chairman Jay Clayton; and Commodity Futures Trading Commission Chairman J. Christopher Giancarlo Location: Dirksen Senate Office Building, Rm 538, Washington, DC <http://banking.senate.gov/>

US House: 10:00 AM Treasury Secretary Mnuchin testifies to House committee hearing on Financial Stability Oversight Council report- Hearing on The Annual Report of the Financial Stability Oversight Council, with testimony from Secretary of the Treasury Steven Mnuchin \* Council was created by the Dodd-Frank Wall Street Reform and Consumer Protection Act to provide comprehensive oversight over the stability of the U.S. financial system for the first time, charged with identifying threats, promoting market discipline, and responding to emerging risks Location: Rayburn House Office Building, Rm 2128, Washington, DC <http://financialservices.house.gov> <https://twitter.com/FinancialCmte>

Other: No Relevant Events Scheduled.

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Cc:  
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Date: Wed Feb 07 2018 09:51:49 EST  
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Mobile version and searchable archives available at [cfpb.bulletinintelligence.com](http://cfpb.bulletinintelligence.com).

An asterisk at the end of a headline signifies a CFPB mention.

TO: THE DIRECTOR AND SENIOR STAFF

DATE: WEDNESDAY, FEBRUARY 7, 2018

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- TechSpot: Consumer Financial Protection Bureau Pulls Back Investigation Into Equifax Breach\*
- National Law Review: CFPB Reportedly Puts Investigation Of Equifax On Ice While Other Government Agencies Press Forward\*
- PYMNTS: CFPB Equifax Investigation Scaled Back\*
- Inside Cybersecurity: CFPB Denies Report That It's Backing Away From Equifax Breach Investigation\*

- Big Law Business: CFPB 'Push The Envelope' Memo In Enforcement Gets Early Test\*
- Law360: CFPB's Suit Should Be Tossed, Debt Settlement Co. Says\*
- NBC News: America's Poor Subsidize Wealthier Consumers In A Vicious Income Inequality Cycle
- Bloomberg News: Wave Of Crypto Scams, Bitcoin's Crash Spook Card Issuers

#### Banking

- Los Angeles Times: The Wells Fargo Board Is Still Getting A Pass For Failure
- Chicago Tribune: Fed's Wells Fargo Smackdown Sends Message To Other Bank Giants' Leaders: Shape Up Or Else
- The Hill: The Fed Hammers Wells Fargo, Sends A Message To The Banking Sector
- Roll Call (DC): Latest Wells Fargo Penalties Add Fuel To Dodd-Frank Debate
- American Banker: What The Fed's Wells Fargo Order Means For Bank Directors
- American Banker: Payment Fraud On The Rise At U.S. Banks, Credit Unions: Fed Survey
- American Banker: Misdeeds Force Megabanks To Engage In Stealth Lobbying

#### Payday Loans

- Compliance Week: Coalition Urges Congress To Halt CFPB Rule On 'Payday' Loans\*
- Electronic Urban Report: Consumer Protection Payday Rule At Risk\*

#### Financial Empowerment

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#### Students

- Wall Street Journal: Student Aid Would Fall By \$15 Billion Under GOP Bill, CBO Says

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#### The Big Picture

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Consumer Financial Protection Bureau

## Washington Post: Fellow Banking Regulator Comes To Defense Of Mick Mulvaney\*

By Renae Merle, Washington (DC) Post

Since taking control of the Consumer Financial Protection Bureau two months ago, Office of Management and Budget Director Mick Mulvaney has faced a barrage of criticism from Democrats and consumer groups who complained he was attempting to weaken the agency.

On Tuesday, Mulvaney received support from another financial regulator, Comptroller of the Currency Joseph M. Otting. Otting took the helm of the Office of the Comptroller of the Currency in November, making him one of the country's most powerful banking regulators. While it is not surprising that Otting and Mulvaney would work closely together, Otting's public statements in support of Mulvaney are unusual.

"I have been impressed with Mick's leadership and emphasis on operational efficiency and excellence," Otting said in a statement.

<https://www.washingtonpost.com/news/business/wp/2018/02/06/fellow-banking-regulator-comes-to-defense-of-mick-mulvaney/>

## American Banker: OCC's Otting Heaps Praise On CFPB's Mulvaney\*

By Kate Berry, American Banker

Comptroller of the Currency Joseph Otting lent his support to Acting CFPB Director Mick Mulvaney, saying that he has been "impressed" with Mulvaney's leadership and his "emphasis on operational efficiency and excellence."

<https://www.americanbanker.com/news/occs-otting-heaps-praise-on-cfpbs-mulvaney>

## HousingWire: Comptroller Of The Currency Otting Expresses Support For Mulvaney's Actions At CFPB\*

By Andy Crisenbery, HousingWire

In the Trump administration, it appears that birds of a deregulatory feather flock together.

On Tuesday, Comptroller of the Currency Joseph Otting said that he supports the actions being taken by Mick Mulvaney at the Consumer Financial Protection Bureau.

In just the last few weeks, Mulvaney told the CFPB's employees that the agency was ending regulation by enforcement, and said the CFPB works not only for consumers, but also for the companies it supervises.

<https://www.housingwire.com/articles/42465-comptroller-of-the-currency-otting-expresses-support-for-mulvaney-actions-at-cfpb>

## RESPA News: Otting: Mulvaney And I Share 'Common Belief'\*

By RESPA News

As Consumer Financial Protection Bureau (CFPB) acting director Mick Mulvaney officially announced the hiring of a new chief of staff, Comptroller of the Currency Joseph Otting met with Mulvaney to discuss coordination between his agency and the CFPB.

Otting released a statement following the meeting, saying he was impressed by Mulvaney, and that the two regulatory leaders shared a common belief.

Read on for more details from the meeting, including Otting's view of how the CFPB is handling the Home Mortgage Disclosure Act.

<http://respanews.com/RN/ArticlesRN/Otting-Mulvaney-and-I-share-common-belief-72296.aspx>

## Breitbart: Newsweek Abruptly Fires Editor-In-Chief, More Top Staff After Multiple Company Scandals Revealed\*

By Charlie Nash, Breitbart

Several high-profile Newsweek employees have been fired from the company, including the magazine's editor-in-chief.

Newsweek Editor-in-Chief Bob Roe, executive editor Ken Li, and reporter Celeste Katz were all fired, according to HuffPost, prompting senior writer Matthew Cooper to quit "in solidarity," criticizing the company's "reckless leadership."

Josh Keefe, a reporter for the Newsweek Media Group-owned International Business Times, was also going to be fired, according to the report; however, he kept his position after other employees threatened to leave.

<http://www.breitbart.com/tech/2018/02/06/newsweek-abruptly-fires-editor-in-chief-more-top-staff-after-multiple-company-scandals-revealed/>

## Washington Free Beacon: Conservatives Call On Mulvaney To Audit CFPB Finances\*

By Todd Shepherd, Washington (DC) Free Beacon

More than 25 conservative leaders are pressing the Consumer Financial Protection Bureau's Acting Director Mick Mulvaney to conduct an audit of the bureau's finances.

"Every aspect related to CFPB should be put on the table, and what we can do through administrative action, either through the audit process or whatever rollbacks we need to do, we should do it," said FreedomWorks vice president of legislative affairs Jason Pye, who signed on to a letter sent to Mulvaney last week.

The CFPB is a creation of the 2010 Dodd-Frank Act and has been under the leadership of Obama appointees until November of last year when the long-time director Richard Cordray resigned to pursue his candidacy for Ohio governor.



<http://freebeacon.com/issues/conservatives-call-mulvaney-audit-cfpb-finances/>

### Alabama Live: Understanding The 'Mulvaney Syndrome'\*

By Alabama Live

Not too long ago, almost half of America was victimized by a severe data breach at Equifax, one of the nation's largest credit rating companies. Millions of Americans private information was hacked and Equifax acted like it could really care less. Their response to the largest hack in the history of our country was like a J.D. Crowe cartoon depicting apathy eating lethargy in a cesspool of incompetence reeking of fine print disclosures and poisoned by corporate avarice.

When this went down, the Consumer Financial Protection Bureau, under the leadership of Director Richard Cordray, vowed to investigate the matter and provide remedies for consumers that were adversely affected. For a hot second, it looked like the problem might be solved for future consumers and that those affected might get some due relief.

All was going along fine until White House Budget Director Mick Mulvaney was appointed to head the consumer watchdog agency when Cordray stepped down. Sadly, Mulvaney decided that the best course of action was to forget anything happened because, well, he hates the CFPB.

[http://www.al.com/opinion/index.ssf/2018/02/understanding\\_the\\_mulvaney\\_syn.html](http://www.al.com/opinion/index.ssf/2018/02/understanding_the_mulvaney_syn.html)

### Pennsylvania Record: Ballard Spahr's CFPB Practice Will Continue, Despite Federal Agency's New Leadership\*

By John Sammon, Pennsylvania Record

The federal Consumer Financial Protection Bureau will become less Draconian and more complaint-based, its new stewards say, and there will likely be a decline in its investigations, but an attorney who focuses on the CFPB said the mission of the agency – and his firm – will continue.

"The CFPB is not disappearing," Ballard Spahr attorney Alan S. Kaplinsky told the Pennsylvania Record. "While the number of enforcement investigations will likely decline, we will still help our clients who are being supervised and examined by them. The decline in enforcement actions will be offset by more enforcement activity by state attorneys general and banking departments."

Ballard Spahr, like a number of other firms, has a CFPB practice, handling cases involving investigations by the consumer protection agency.

<http://pennrecord.com/stories/511327618-ballard-spahr-s-cfpb-practice-will-continue-despite-federal-agency-s-new-leadership>

### Gateway Pundit: Inspector General Reveals Laptops Mysteriously Missing From Elizabeth Warren's CFPB\*

By Joshua Caplan, Gateway Pundit

The Consumer Financial Protection Bureau, the brainchild of Senator Elizabeth Warren (D-MA), is

having difficulty accounting for laptops belonging to the agency. According to the CFPB's Inspector General, a number of laptops have gone missing despite the agency sending out an "early alert memorandum," on how to prevent inventory loss back in 2016.

National Law Review reports:

The CFPB's Office of Inspector General has issued a report indicating that, in performing an audit of the CFPB's encryption of data on mobile devices issued to staff members, the OIG found the CFPB had not yet completed all of the steps previously identified by the OIG to address the risk created by unaccounted-for-laptops. Because of the sensitive nature of the information, the OIG only made an executive summary of the report publicly available.

<http://www.thegatewaypundit.com/2018/02/uh-oh-inspector-general-reveals-laptops-mysteriously-missing-elizabeth-warrens-cfpb/>

Investor Place: 7 Stocks To Buy That Could Skyrocket With A Weakened CFPB\*

By Lawrence Meyers, Investor Place

Financial services stocks have suffered quite a bit ever since the Consumer Financial Protection Bureau was created. While the bureau did hand out a few deserved enforcement actions, it was an unaccountable agency that overstepped its authority on more than one occasion.

As a result, many legitimate businesses found themselves targeted by overzealous enforcement. The amount of additional compliance that financial services stocks had to endure since the CFPB was created cost enormous amounts of money — money that instead could have gone to growing the businesses.

With Richard Cordray having resigned as the head of the bureau, and a pro-business administration in power, the CFPB looks to be significantly weakened. It has already dropped one lawsuit, and I expect numerous enforcement actions and rule-making to be cut short.

<https://investorplace.com/2018/02/7-stocks-to-buy-that-will-skyrocket-with-a-weakened-cfpb/>

Reverse Mortgage Daily: Acting CFPB Director Settles In, Names Chief Of Staff\*

By Alex Spanko, Reverse Mortgage Daily

The fight over his legitimacy is still active, but the acting director of the Consumer Financial Protection Bureau is building out his team.

Mick Mulvaney on Tuesday announced the hiring of Kirsten Sutton Mork as the bureau's chief of staff. Sutton Mork previously served as staff director of the House Financial Services Committee under its chairman, Texas Republican Rep. Jeb Hensarling.

"I worked with Kirsten during my tenure as a member on the House Financial Services Committee, and can attest to her in-depth financial policy expertise, proven track record of developing and implementing strategic initiatives, and ability to manage a team," Mulvaney said in a statement announcing her hire.

<https://reversmortgagedaily.com/2018/02/06/acting-cfpb-director-settles-in-names-chief-of-staff/>

## National Mortgage Professional: Court Date Set For English's CFPB Appeal\*

By Phil Hall, National Mortgage Professional

Leandra English will have her day in court on April 12, when the U.S. Court of Appeals for the D.C. Circuit is scheduled to hear the oral argument on why she should be considered as the Acting Director of the Consumer Financial Protection Bureau (CFPB).

English filed her opening appeal brief on Jan. 30, and the Department of Justice will need to file its opposition brief no later than Feb. 23. English will have the right to a reply brief that is due by March 6.

English is appealing the district court's denial of a preliminary injunction motion seeking the legal affirmation that she is the CFPB Acting Director, a job that is held by President Trump's appointee Mick Mulvaney. The President has yet to nominate a replacement for Richard Cordray, who resigned as CFPB Director in late November to pursue the Democratic nomination for Governor of Ohio.

<https://nationalmortgageprofessional.com/news/65986/court-date-englishcfpb-appeal>

## Mortgage Professional America: Credit Union's Suit Against Mulvaney Appointment Dismissed\*

By Mortgage Professional America

A federal credit union's attempt to block Mick Mulvaney from serving as acting director of the Consumer Financial Protection Bureau has failed after its lawsuit was dismissed, Reuters reported.

The Lower East Side People's Federal Credit Union filed the case in December, arguing that President Donald Trump's appointment of Mulvaney was an "illegal takeover." The credit union sought a court declaration that CFPB Deputy Director Leandra English should be acting director instead. English was named by former CFPB Director Richard Cordray as his interim successor.

US District Judge Paul Gardephe said the credit union did not have the legal authority to sue and rejected what he described as the plaintiff's "fear-based theory of standing."

<https://www.mpamag.com/news/credit-unions-suit-against-mulvaney-appointment-dismissed-91321.aspx>

## JD Supra: Court Dismisses Credit Union's Lawsuit Challenging Mulvaney's Appointment\*

By JD Supra

The U.S. District Court for the Southern District of New York has dismissed for lack of Article III standing the lawsuit filed by a credit union challenging President Trump's appointment of Mick Mulvaney as CFPB Acting Director. The dismissal has no impact on Leandra English's appeal to the D. C. Circuit of the D.C. federal district court's denial of her preliminary injunction motion in her action challenging Mr. Mulvaney's appointment. Briefing is currently ongoing in the appeal.

The dismissal was perhaps foreshadowed by the district court's instruction at the oral argument on the credit union's motion for a preliminary injunction and the DOJ's motion to dismiss that the parties focus on standing. The credit union claimed that it had standing to challenge Mr. Mulvaney's appointment because (1) it is an entity regulated by the CFPB, (2) the CFPB's actions under Mr.

Mulvaney's leadership have harmed the credit union's mission of improving the financial health of underserved communities, (3) changes to HMDA compliance will cause economic harm to the credit union, and (4) the uncertainty created by the CFPB's stated intention to engage in HMDA rulemaking has injured the credit union.

The district court found each of these claims insufficient to establish standing for the following reasons:

<https://www.jdsupra.com/post/documentViewer.aspx?fid=178e5e0f-515c-41aa-9bf8-8e4f28c45a38>

BuzzFlash: Under Trump Interim Director, Consumer Financial Protection Bureau Is Under Attack\*

By Mark Karlin, BuzzFlash

Former Rep. Mick Mulvaney is a busy man. He was not only selected by Trump to serve as the director of the White House Office of Management and Budget, but Trump also appointed him – in a controversial move – to be interim head of the Consumer Financial Protection Bureau (CFPB). The CFPB, of course, was the brainchild of Elizabeth Warren, before she was elected senator. It was intended to protect consumers against the exploitative practices of financial institutions. It opened its doors in 2011, and, according to the agency's website, has obtained \$11.9 billion dollars in relief for more than 29 million consumers.

However, under Trump and Mulvaney, the CFPB is under danger of becoming the financial institution protection bureau. A January 23 New York Times article disclosed an internal memo Mulvaney sent around to CFPB staff. The Times characterized Mulvaney's approach:

Mr. Mulvaney made clear that under his direction, the consumer bureau would be more reluctant to target companies without overwhelming evidence of wrongdoing and suggested that the effect on a business should be weighed more heavily when considering cracking down on potential consumer abuses.

<http://www.truth-out.org/buzzflash/commentary/under-trump-interim-director-consumer-financial-protection-bureau-is-under-assault>

US Public Interest Research Group: Consumer Advocates Explain Crucial Public Interest In A Strong CFPB\*

By Michael Landis, US Public Interest Research Group

The U.S. Consumer Financial Protection Bureau's (CFPB) independence from external political influence is crucial to the agency's mission of protecting consumers, 10 groups told a court today in an amicus brief filed in the U.S. Court of Appeals for the District of Columbia Circuit.

The groups are Public Citizen, Americans for Financial Reform, Center for Responsible Lending, Consumer Action, National Association of Consumer Advocates, National Consumer Law Center, National Consumers League, National Fair Housing Alliance, Tzedek DC, and U.S. Public Interest Research Group Education Fund.

In the case, CFPB Deputy Director Leandra English is appealing the trial court's denial of a preliminary injunction allowing her to serve as acting director of the CFPB while litigation proceeds over the lawful acting director—herself or U.S. Office of Management and Budget Director Mick Mulvaney. In their amicus filing, the groups explain that the public interest supports English serving as the acting

director while the court further considers the legal issues.

<https://uspirg.org/news/usp/consumer-advocates-explain-crucial-public-interest-strong-cfpb>

## US Public Interest Research Group: Why The Legal Dispute Over The Leadership Of The CFPB Matters\*

By Michael Landis, US Public Interest Research Group

There's an important legal fight happening right now over the temporary leadership of the Consumer Financial Protection Bureau. And U.S. PIRG Education Fund, along with nine other consumer advocacy groups, just weighed in with a friend-of-the-court brief. Our brief argues that the public interest lies in having the CFPB's current deputy director, Leandra English, serve as the acting director until a new director is nominated by the President and confirmed by Congress.

The dispute arose following the departure of the former CFPB director, Rich Cordray, who left prior to the conclusion of his five-year term to run for governor in Ohio. Knowing that vacancies were bound to occur, Congress included in the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010—the law that created the CFPB—a specific provision clearly stating that the deputy director “shall serve . . . as acting Director in the absence or unavailability of the Director.” Thus, Leandra English (the CFPB's deputy director) automatically became the agency's acting director the moment Rich Cordray left office.

Simple, right? Well, the Trump administration saw this as an opportunity to attempt a hostile takeover of the CFPB and install a member of the President's cabinet as the acting director. Using a general provision of the Federal Vacancies Reform Act of 1998, President Trump purportedly named Mick Mulvaney—the current director of the White House's Office of Management and Budget—as the acting director of the CFPB. The problem, however, is that the specific provision of Dodd-Frank governs over the general provision of the FVRA. In addition, having a current member of the President's cabinet serve as the acting director violates the intent of Dodd-Frank, which envisioned the CFPB as an independent financial regulator free from political influence.

<https://uspirg.org/blogs/blog/usp/why-legal-dispute-over-leadership-cfpb-matters>

## Dodd Frank Update: Judges Vary On Constitutionality Question\*

By Dodd Frank Update

The U.S. Court of Appeals' majority ruling on *PHH Corp. v. the Consumer Financial Protection Bureau (CFPB)* was mosaic of varying statutory interpretations with two main outcomes.

Akerman Partner Thomas Kearney and Buckley Sandler Partner Ben Dison dissected portions of the court's ruling for Dodd Frank Update that the CFPB is constitutionally structured while simultaneously overturning former director Richard Cordray's interpretation of the Real Estate Settlement Procedures Act.

Find out what differences in the judges' interpretations could have significance if the ruling is appealed.

<http://www.doddfrankupdate.com/DFU/ArticlesDFU/Judges-vary-on-constitutionality-question-72295.aspx>

## Dodd Frank Update: CFPB Publishes RFI About Administrative Adjudications\*

By Dodd Frank Update

Seeking feedback about the agency's use of administrative adjudications, the Consumer Financial Protection Bureau recently issued its second Request for Information since acting director Mick Mulvaney's call for evidence to evaluate the efficiency and effectiveness of the bureau's functions.

Financial professionals and interested members of the public are invited to comment on the benefits and impacts of administrative adjudications utilized by the bureau, as well as how the existing procedures can be improved.

<http://www.doddfrankupdate.com/DFU/ArticlesDFU/CFPB-publishes-RFI-about-administrative-adjudicati-72285.aspx>

Consumer Credit

## Reuters: Treasury's Mnuchin Says He Wants Answers On Equifax Breach\*

By Patrick Rucker, Reuters

Testifying before the House Financial Services Committee on Tuesday, Treasury Secretary Steven Mnuchin said he wants to know how the CFPB is handling an investigation into Equifax after reports that Acting Director Mick Mulvaney has pulled back on probing the credit reporting firm over an incident last year in which 143 million Americans' personal data was hacked.

<https://www.reuters.com/article/us-equifax-cfpb-congress/treasurys-mnuchin-says-he-wants-answers-on-equifax-breach-idUSKBN1FQ2M2>

## The Hill: Mnuchin Wants To Know How Consumer Bureau Is Handling Equifax Breach\*

By Brett Samuels, The Hill

Treasury Secretary Steven Mnuchin said Tuesday he plans to talk with Consumer Financial Protection Bureau (CFPB) acting Director Mick Mulvaney about the bureau's handling of an investigation into Equifax.

"I haven't spoken to Director Mulvaney about it, but I will," Mnuchin said during testimony in front of the House Financial Services Committee.

"Do you have any reason why Mr. Mulvaney would even do such a thing?" Rep. David Scott (D-Ga.) asked Mnuchin.

<http://thehill.com/policy/finance/372624-mnuchin-wants-to-know-how-consumer-bureau-is-handling-equifax-breach>

## HousingWire: Treasury Sec. Mnuchin Wants Answers Dn Equifax Investigation\*

By Caroline Basile, HousingWire

U.S. Treasury Secretary Steven Mnuchin told members of the House Financial Services Committee on Tuesday he is interested in how the Consumer Financial Protection Bureau and its acting director, Mick Mulvaney, is handling the investigation into the data breach at credit agency Equifax.

During Mnuchin's appearance before the committee, in between questions about Russian sanctions and the stock market, he was asked by Rep. David Scott, D-Ga. if he was aware of Reuters reporting on the bureau's investigation and what he plans to do about it.

"I haven't spoken to Director Mulvaney about it but I will," Mnuchin told the committee. "It is something I am going to discuss with him."

<https://www.housingwire.com/articles/42463-treasury-sec-mnuchin-wants-answers-on-equifax-investigation>

The Hill: Dem Senator Presses FTC To Ramp Up Equifax Hack Probe\*

By Harper Neidig, The Hill

Sen. Amy Klobuchar (D-Minn.) is urging the Federal Trade Commission to pour more resources into its probe of the Equifax data breach after reports that another agency, the Consumer Financial Protection Bureau (CFPB), is freezing its own investigation.

Reuters reported on Sunday that Mick Mulvaney, the CFPB's acting director, has been dialing back the agency's questioning of Equifax officials and has not sought any subpoenas or sworn testimony.

"In light of this concerning development, I urge the FTC to consider increasing the resources and manpower dedicated to its own investigation of the Equifax breach announced in September 2017," Klobuchar wrote to the two sitting FTC commissioners.

<http://thehill.com/policy/technology/372546-klobuchar-urges-ftc-to-ramp-up-equifax-probe>

Washington Times: FTC Urged To Widen Equifax Data Breach Investigation Amid Concerns Over CFPB Probe\*

By Andrew Blake, Washington (DC) Times

The Federal Trade Commission (FTC) is being asked to ramp up its investigation into last year's Equifax breach after the Trump administration reportedly reined in a similar probe initiated by the Consumer Financial Protection Bureau (CFPB).

Sen. Amy Klobuchar, Minnesota Democrat, wrote FTC leadership on Tuesday urging the agency to broaden its Equifax investigation after Reuters reported over the weekend that the CFPB's probe has effectively been put on ice.

"In light of this concerning development, I urge the FTC to consider increasing the resources and manpower dedicated to its own investigation of the Equifax breach announced in September 2017," Ms. Klobuchar wrote Monday to acting FTC Chairwoman Maureen Ohlhausen and Commissioner Terrell McSweeney.

<https://www.washingtontimes.com/news/2018/feb/6/ftc-urged-widen-equifax-data-breach-investigation-/>

## Compliance Week: As CFPB Retreats, FTC Urged To Charge Ahead With Equifax Investigation\*

By Compliance Week

Sen. Amy Klobuchar (D-Minn.) is urging the Federal Trade Commission to increase resources dedicated to its investigation of Equifax.

Equifax announced in September 2017 that a security breach had exposed the names, Social Security numbers, birth dates and addresses of as many as 145 million Americans.

Klobuchar's letter to the FTC follows published reports indicating that Office of Management and Budget Director Mick Mulvaney directed Consumer Financial Protection Bureau investigators to pull back from their investigation of Equifax. Mulvaney serves as acting director of the CFPB.

<https://www.complianceweek.com/blogs/the-filing-cabinet/as-cfpb-retreats-ftc-urged-to-charge-ahead-with-equifax-investigation>

## U.S. News & World Report: Equifax Inc. (EFX) Isn't Out Of The Woods Just Yet\*

By U.S. News & World Report

Equifax Inc. (NYSE: EFX) is hoping to show its investors the company has put its massive security breach behind on Tuesday when the company reports its fourth-quarter earnings after the market close. While analysts are expecting some solid numbers from Equifax, fallout from the breach will likely continue to hurt the stock.

Analysts are expecting Equifax to report fourth-quarter earnings per share of \$1.35 on revenue of \$825.69 million. The consensus revenue number represents 3.1 percent year-over-year growth. Last quarter, Equifax's profit dropped 27 percent after the company said it endured a \$27.3 million pre-tax income hit associated with the breach, which exposed sensitive data of more than 140 million Americans.

This quarter, shareholders will be looking for those breach-related expenses to decline and will be watching for commentary from management about how the company is moving past its security issues.

<https://www.usnews.com/investing/stock-market-news/articles/2018-02-06/equifax-inc-efx-stock>

## Columbus (OH) Dispatch: Cordray Assails New CFPB Head On Equifax Probe\*

By Jack Torry, Columbus (OH) Dispatch

Democratic gubernatorial candidate Richard Cordray charged Tuesday that his successor at a federal consumer watchdog agency is "stonewalling" an investigation into the credit company Equifax.

One day after Reuters reported the Consumer Financial Protection Bureau has "pulled back from a full-scale probe" of Equifax for allegedly not protecting the personal information of more than 140 million



consumers, Cordray complained the bureau is “refusing to work with other agencies to address how consumers remain vulnerable to further mass data breaches.”

Cordray, who resigned his post as head of the bureau last year to run for governor, said in a fund-raising appeal that “Equifax was shockingly reckless with Americans’ private information, from credit cards to drivers’ licenses to Social Security numbers.”

<http://www.dispatch.com/news/20180206/cordray-assails-new-cfpb-head-on-equifax-probe>

Gizmodo: CFPB Keeps Sending Us Emails Filled With Bullshit Platitudes And It’s Really Just Embarrassing Now\*

By Matt Novak, Gizmodo

This morning, a spokesperson from the US Consumer Financial Protection Bureau (CFPB) emailed Gizmodo a Very Serious Statement™. They wanted us to include this Very Serious Statement™ in our blog post about the CFPB not giving a shit about the Equifax hack. And it’s so hilariously vague that it only supports the conclusion that the agency doesn’t care about holding Equifax accountable for losing the sensitive data of 145.5 million Americans.

Here’s the statement that Gizmodo received from the CFPB:

The Bureau has statutory authority over the collection and maintenance of consumer report information. Additionally, the Bureau is authorized to take supervisory and enforcement action against certain institutions engaged in unfair, deceptive, or abusive acts or practices, or that otherwise violate federal consumer financial laws. This includes acting in response to the failure of institutions to engage in reasonable data security practices in connection with the collection and maintenance of consumer report information. As noted previously, the Bureau is looking into Equifax’s data breach and response. Reports to the contrary are incorrect. The Bureau cannot comment further at this time.

<https://gizmodo.com/in-laughably-vague-statement-consumer-watchdog-insists-1822761707>

Digital Trends: Federal Investigation Into Massive Equifax Hack Reportedly Withers\*

By Digital Trends

Consumer credit reporting agency Equifax stunned the world late last year, admitting to major hacks in the spring and summer of 2017, exposing credit data on millions of consumers across multiple countries including the U.S., U.K., and Canada. Now, Reuters alleges that one major investigation into the hack is spinning its wheels.

Sources say the Consumer Financial Protection Bureau (CFPB), a federal agency that oversees consumer protection in the financial arena, has allowed its investigation to wither. The CFPB, then lead by Richard Cordray, began its investigation in September 2017. Cordray resigned in November, however. Mick Mulvaney, appointed as Cordray’s replacement by President Donald Trump, may not be pursuing the investigation with vigor.

Specifically, Mulvaney hasn’t ordered subpoenas or sought testimony from company executives. Sources also claim the CFPB decided not to pursue a plan to test Equifax’s data protection. Finally, the agency is said to be uncooperative with regulators from the Federal Reserve, among others.

<https://www.digitaltrends.com/computing/cfpb-investigation-equifax-hack/>

## ConsumerAffairs: Report Claims CFPB Is Backing Away From Equifax Probe\*

By Mark Huffman, ConsumerAffairs

A published report claims the Trump Administration is stepping back from a full investigation of last year's massive Equifax data breach.

The Reuters news agency cites three sources it says have confirmed the Consumer Financial Protection Bureau (CFPB), under new director Mick Mulvaney, has so far not ordered subpoenas against Equifax, a first step in any full-scale probe.

A spokesman for CFPB told Reuters the agency is not permitted to say whether or not there is an investigation underway, nor to comment on the status of any probe.

<https://www.consumeraffairs.com/news/report-claims-cfpb-is-backing-away-from-equifax-probe-020618.html>

## TechSpot: Consumer Financial Protection Bureau Pulls Back Investigation Into Equifax Breach\*

By William Gayde, TechSpot

The US Consumer Financial Protection Bureau has been taking heat for their lackluster approach to the investigation into the massive security breach at Equifax. This was the breach that made headlines late last year and resulted in the compromise of personal data for 143 million Americans.

As the name implies, the CFPB is responsible for consumer protections relating to the financial sector. They have jurisdiction over banks, credit reporting agencies, and other financial companies.

Although the agency is not allowed to acknowledge open investigations, three sources have come forward to Reuters about troubling details regarding the Equifax investigation. They allege CFPB head Mick Mulvaney, Trump's former budget chief, has not been performing his full duties as head of the CFPB. He has not requested subpoenas, sought testimony, or conducted tests of Equifax's security protocols. These are all steps routinely taken when conducting full-scale investigations of this magnitude.

<https://www.techspot.com/news/73121-consumer-financial-protection-bureau-pulls-back-investigation-equifax.html>

## National Law Review: CFPB Reportedly Puts Investigation Of Equifax On Ice While Other Government Agencies Press Forward\*

By National Law Review

Equifax announced on September 7, 2017 a massive data breach affecting an estimated 143 million consumers. Richard Cordray, the then Director of the CFPB, shortly thereafter authorized an investigation according to several media reports. Reuters reported yesterday that the investigation sputtered since then, according to several government and industry sources. That is not surprising since there is substantial doubt as to whether the CFPB has enforcement jurisdiction over data breaches. See our March 3, 2016 blog about the one and only data security enforcement action taken

by the CFPB. Professor Jeff Sovern acknowledged yesterday in the Consumer Law and Policy Blog that “the CFPB has very limited jurisdiction over the Equifax data breach, if it has any jurisdiction anyway....”

Equifax is reportedly being investigated by every state attorney general and the FTC and is facing an onslaught of class actions. So even though the CFPB appears not to be involved in the Equifax matter, this has not stopped the FTC and the state attorneys general from aggressively pursuing their own investigations.

<http://www.natlawreview.com/article/cfpb-reportedly-puts-investigation-equifax-ice-while-other-government-agencies-press>

#### PYMNTS: CFPB Equifax Investigation Scaled Back\*

By PYMNTS

President Donald Trump and his administration are facing complaints from consumer protection advocates, who are advocating for a reopening of the investigation into the Equifax data breach.

According to Reuters, the call from consumer advocates came after the news service reported Mick Mulvaney, the head of the Consumer Financial Protection Bureau (CFPB), dialed back the investigation into the Equifax data breach that was started by former CFPB director Richard Cordray.

Mulvaney, according to Reuters, is scaling back the probe despite the fact that the breach exposed the personal information of 145.5 million people, including Social Security numbers and other information and 209,000 credit card account numbers. Sources told Reuters that Mulvaney pushed back against issuing subpoenas against Equifax, which the report noted was a routine step when getting involved in a full-scale inquiry. The CFPB has also halted a test into how Equifax protects its data, noted Reuters, adding that it turned down offers from the Federal Reserve, Federal Deposit Insurance Corporation and the Office of the Comptroller of the Currency, all of which offered to help with the on-site examinations of Equifax.

<https://www.pymnts.com/news/cfpb/2018/consumer-protection-mick-mulvaney-equifax/>

#### Inside Cybersecurity: CFPB Denies Report That It’s Backing Away From Equifax Breach Investigation\*

By Inside Cybersecurity

The Consumer Financial Protection Bureau on Monday rebutted a Reuters news service report that Director Mick Mulvaney, who also heads the Office of Management and Budget, is not pursuing a probe into the Equifax data breach begun by his predecessor.

Reuters reported that Mulvaney “has not ordered subpoenas against Equifax or sought sworn testimony from executives,” and further that “the CFPB has shelved plans for on-the-ground tests of how Equifax protects data.”

But a CFPB spokesperson told Inside Cybersecurity:...

<https://insidecybersecurity.com/daily-briefs/cfpb-denies-report-its-backing-away-equifax-breach-investigation>

## Big Law Business: CFPB 'Push The Envelope' Memo In Enforcement Gets Early Test\*

By Chris Bruce, Big Law Business

A debt settlement services provider asked a federal judge to dismiss a Consumer Financial Protection Bureau enforcement case, citing a recent memo that says the CFPB will take a new approach on such questions.

The Jan. 23 memo by budget director Mick Mulvaney, whose role as CFPB acting director is in dispute, said the CFPB will no longer "push the envelope" in its efforts to protect consumers. However, the memo also indicated that debt collection-related matters will continue to be an important focus.

Freedom Debt Relief, which has been sued by the CFPB, asked Magistrate Judge Elizabeth D. LaPorte of the U.S. District Court for the Northern District of California to dismiss the CFPB's case, which alleges deceptive practices. Although the Jan. 23 memo said the CFPB will focus on "quantifiable and unavoidable harm to the consumer," the CFPB's complaint in this suit doesn't meet that test, Freedom Debt Relief said. The CFPB's complaint, it said, "contains no support for any quantifiable and unavoidable harm."

<https://biglawbusiness.com/cfpb-push-the-envelope-memo-in-enforcement-gets-early-test/>

## Law360: CFPB's Suit Should Be Tossed, Debt Settlement Co. Says\*

By Jon Hill, Law360

Freedom Debt Relief LLC on Monday sought to torpedo a Consumer Financial Protection Bureau suit that accuses the company of having misled customers about its debt settlement services, telling a California federal court that the consumer financial watchdog's allegations don't show anything the company did or said was actually deceptive or harmful.

The San Mateo, Calif.-based Freedom, which is the nation's largest provider of debt settlement services, argued the CFPB's case should be dismissed because its allegations are too vague and sometimes contradictory.

"The complaint is...

<https://www.law360.com/articles/1009531/cfpb-s-suit-should-be-tossed-debt-settlement-co-says>

## NBC News: America's Poor Subsidize Wealthier Consumers In A Vicious Income Inequality Cycle

By Aaron Klein, NBC News

Being poor is expensive. This problematic paradox is evident with basic financial services. And judging by Bank of America's recent decision to impose fees of almost \$150 a year on what were free checking accounts, the problem is getting worse. Too bad (almost) no one is paying attention.

In January, The Atlantic's Gillian White noted that, "free checking is basically a thing of the past." White's headline captures a reality for many Americans who regularly live near the bottom of their bank account. But it also misses the other side of the coin: financial services are cheaper the richer you are. This hidden driver of income inequality is embedded in something that we use every day and never think twice about: the payment system.

It isn't what or where you buy, but rather how you pay that determines whether you ultimately benefit or lose from our economy's payment system. Antiquated and unnecessarily slow, this system indirectly imposes large costs on middle and working class families, in the process actually redistributing money up the income scale. Indeed, substantial portions of the \$14 billion that people pay in overdraft fees a year, and the \$9 billion in payday loans fees, are partially the result of a U.S. payment system that is slower than similar ones used in Mexico or Poland. Meanwhile, credit cards that lower-income consumers are ineligible to receive reward wealthy users for money spent. The richer you are, the better your rewards.

<http://www.nbcnews.com/think/opinion/america-s-poor-subsidize-wealthier-consumers-vicious-income-inequality-cycle-ncna845091>

## Bloomberg News: Wave Of Crypto Scams, Bitcoin's Crash Spook Card Issuers

By Jennifer Surane, Bloomberg News

America's largest banks had myriad worries in mind when they rushed this week to ban customers from using credit cards to buy cryptocurrencies. Bitcoin's gut-wrenching slide was just one of the threats.

JPMorgan Chase & Co., Bank of America Corp. and Citigroup Inc. started to decline purchases as industry executives zeroed in on a variety of ways they could get burned, according to people briefed on the decisions. Publicly, JPMorgan cited the risk that borrowers might not repay. Behind the scenes, card issuers were also concerned about the protections they offer shoppers and their vulnerability to thieves, the people said.

Near the top of many lists were initial coin offerings. Startups have embraced the fundraising method, selling tradable tokens to gather money for projects, sometimes promising future rewards. ICOs drew \$3.7 billion last year, but in many cases companies have struggled to make good on obligations or revealed themselves as scams. Increasingly, regulators are intervening, deeming some tokens to be unregistered securities.

<https://www.bloomberg.com/news/articles/2018-02-06/wave-of-crypto-scams-bitcoin-s-crash-said-to-spook-card-issuers>

## Banking

## Los Angeles Times: The Wells Fargo Board Is Still Getting A Pass For Failure

By Michael Hiltzik, Los Angeles (CA) Times

On the surface, the Federal Reserve seemed really to lay the hammer on Wells Fargo & Co. for its accounts scandal and serial wrongdoing. In a sentence handed down Feb. 2, the Fed placed a cap on the bank's future asset growth; the bank announced the departure of four unidentified directors, presumably at the regulator's urging.

Investors certainly thought the punishment was harsh. Wells Fargo stock was battered to a 9.2% loss in Monday's trading on the New York Stock Exchange. As my colleagues Jim Puzanghera and James Rufus Koren reported, that was twice the loss suffered by the broad market on a bad day. Wells Fargo was down an additional 3.5% as of midday Tuesday, while the broad market was eking out a

gain.

Yet former Treasury Secretary Lawrence Summers is correct to assert that the board members are "getting off too easy," as the headline on his Washington Post op-ed had it on Tuesday. Summers noted that the four directors being ushered off the board have not yet been identified. They may not be named until the bank issues the proxy statement for its 2018 annual meeting, probably in mid-March.

<http://www.latimes.com/business/hiltzik/la-fi-hiltzik-wells-fargo-20180206-story.html>

#### Chicago Tribune: Fed's Wells Fargo Smackdown Sends Message To Other Bank Giants' Leaders: Shape Up Or Else

By Robert Reed, Chicago (IL) Tribune

There's no crying in banking.

So let's not shed any tears for Wells Fargo Bank, which last week got justifiably slapped down by Janet Yellen in one of her last decisions as chair of the powerful Federal Reserve, the country's premier banking regulator.

Yellen put the country on notice that Wells Fargo, which secretly created and profited from millions of bogus consumer banking accounts, remains a rogue financial institution. The unprecedented Fed sanctions, which include capping the bank's size while forcing directors to provide better and more oversight, is publicly pressuring Wells to accelerate efforts to clean up its act and regain the public's trust and confidence.

<http://www.chicagotribune.com/business/columnists/reed/ct-biz-wells-fargo-sanctions-necessary-robert-reed-0206-story.html>

#### The Hill: The Fed Hammers Wells Fargo, Sends A Message To The Banking Sector

By Bert Ely, The Hill

Last Friday, the Board of Governors of the Federal Reserve System sent a powerful message to the U.S. banking industry when it issued an especially punitive and directive enforcement order against Wells Fargo & Company (WFC), the bank holding company that owns Wells Fargo Bank.

WFC is the third-largest banking company in the United States, with total assets of \$1.95 trillion at Dec. 31, 2017.

In addition to the link to the enforcement order in the Federal Reserve news release announcing this action, there are links to letters the Federal Reserve sent to WFC's board of directors, to WFC's former chairman and CEO, John Stumpf, and to Stephen Sanger, WFC's former lead director.

<http://thehill.com/opinion/finance/372605-fed-hammers-wells-fargo-sends-message-to-banking-sector>

#### Roll Call (DC): Latest Wells Fargo Penalties Add Fuel To Dodd-Frank Debate

By Doug Sword, Roll Call (DC)

Democrats are praising former Federal Reserve Board Chair Janet Yellen's actions against Wells Fargo & Co. and questioning whether the Fed will continue to be as tough now that she has left the central bank.

The Fed's cease-and-desist order released Friday evening, on Yellen's final day as chairwoman, restricts the nation's third-largest bank to the \$1.95 trillion in total consolidated assets it had at the end of 2017, a move the company estimates will cut its earnings this year by between \$300 million and \$400 million. The company had a net income of \$22.2 billion in 2017.

"This action to punish Wells Fargo's scams against consumers is a good step, but long overdue," Senate Banking ranking member Sherrod Brown said in a statement. "Scandals at Wells Fargo demonstrate why Congress and the new leadership at the Fed shouldn't weaken the rules for Wall Street."

<https://www.rollcall.com/news/politics/latest-wells-fargo-penalties-add-fuel-dodd-frank-debate>

American Banker: What The Fed's Wells Fargo Order Means For Bank Directors

By John Heltman, American Banker

The Fed's enforcement order and the additional actions surrounding it "were seen as a warning for board members of other institutions, according to interviews with several industry observers."

<https://www.americanbanker.com/news/what-the-wells-order-means-for-bank-directors>

American Banker: Payment Fraud On The Rise At U.S. Banks, Credit Unions: Fed Survey

By Kevin Wack, American Banker

According to a Minneapolis Fed report released Tuesday, of 283 banks and credit unions surveyed last summer, "63% said that fraud losses on signature-based debit cards were higher in 2016 than they were a year earlier, while only 15% said that losses were lower."

<https://www.americanbanker.com/news/payment-fraud-on-the-rise-at-us-banks-credit-unions-fed-survey>

American Banker: Misdeeds Force Megabanks To Engage In Stealth Lobbying

By Victoria Finkle, American Banker

While there's a "sense that the regulatory climate has improved for Wall Street with the election of President Trump," there is "still little political will when it comes to openly helping" big banks, and "with each major scandal, that position gets further ingrained."

<https://www.americanbanker.com/opinion/misdeeds-force-megabanks-to-engage-in-stealth-lobbying>

Payday Loans

## Compliance Week: Coalition Urges Congress To Halt CFPB Rule On 'Payday' Loans\*

By Joe Mont, Compliance Week

On Feb. 6, 23 free market groups led by the Competitive Enterprise Institute, petitioned Congress to stop the Consumer Financial Protection Bureau's rule against short-term "payday" loans.

"The CFPB's rule will make it harder for millions of struggling Americans to cover emergency expenses between paychecks," said Daniel Press, a CEI policy analyst and author of a recent report on the rule.

The rule, he and other critics say, also deprives state legislators from deciding how to regulate small dollar loans.

<https://www.complianceweek.com/blogs/the-filing-cabinet/coalition-urges-congress-to-halt-cfpb-rule-on-payday-loans>

## Electronic Urban Report: Consumer Protection Payday Rule At Risk\*

By Charlene Crowell, Electronic Urban Report

After years of fierce advocacy that drew bright lines between a predatory lending industry and a coalition of concern that looks like America, a rule was announced in 2017, designed to ensure that loans only went to consumers who could afford to repay them. The rule also curbed triple-digit interest rates on small-dollar loans like payday. Payday Rule

The new announcement came on the watch of Mick Mulvaney who was hand-picked by the White House to serve as CFPB's Acting Director. The validity of that appointment is currently the subject of two lawsuits. Mulvaney also continues to serve as President Trump's Director of the Office of Management and Budget.

But Mulvaney's years of serving as a member of South Carolina's congressional delegation could help to explain how an agency created to be the consumers' financial cop on the beat still supports lenders who helped to finance his campaigns. Payday Rule

<https://www.eurweb.com/2018/02/consumer-protection-payday-rule-risk/>

## Financial Empowerment

## U.S. News & World Report: Why Financial Literacy Matters In An Era Of Deregulation\*

By U.S. News & World Report

Love it or hate it, deregulation is a major priority for the current political administration. And while regulatory battles may seem like concerns for policymakers on Capitol Hill, they have real, whack-you-in-the-wallet implications for consumers, too.

The impact of deregulation is especially relevant when it comes to the financial services industry,



where regulatory rollbacks may give lenders, credit card companies and other financial institutions the freedom to engage in business practices some consider predatory or abusive.

“Deregulation may spur the economy, but in doing so, it emboldens corporations and companies to look out for themselves,” says Kathryn Hauer, author of “Financial Advice for Blue Collar America.” “It’s going to become more important for individuals to make sure they’re not getting scammed or tricked [and are] led down the right financial path.”

<https://money.usnews.com/money/personal-finance/family-finance/articles/2018-02-06/why-financial-literacy-matters-in-an-era-of-deregulation>

## Students

Wall Street Journal: Student Aid Would Fall By \$15 Billion Under GOP Bill, CBO Says

By Josh Mitchell, Wall Street Journal

According to the CBO, the House Republican education bill would reduce student aid programs by nearly \$15 billion over the next decade.

<https://www.wsj.com/articles/student-aid-would-fall-by-15-billion-under-gop-bill-cbo-says-1517956517>

## Policy and Regulatory

Reuters: U.S. States Join Forces On Fintech Licenses

By Reuters

Banking regulators in Georgia, Kansas, Tennessee, Massachusetts, Illinois, Texas, and Washington agreed to create a simpler licensing process to allow money services businesses, including fintechs, to operate across state lines.

<https://www.reuters.com/article/us-fintech-regulations/u-s-states-join-forces-on-fintech-licenses-idUSKBN1FQ2CK>

Reuters: Fed’s Bullard Says Doesn’t Expect Big Changes Under Powell

By Reuters

St. Louis Fed President James Bullard said he does not expect to see significant changes to monetary policy under new Fed Chair Jerome Powell.

<https://www.reuters.com/article/us-usa-fed-bullard-powell/feds-bullard-says-doesnt-expect-big-changes-under-powell-idUSKBN1FQ217>

Reuters: Lawsuit Claiming Citigroup Ran ‘Boys Club’ Dismissed By U.S. Judge

By Jonathan Stempel, Reuters

US District Judge Richard Sullivan dismissed a lawsuit by Erin Daly – a fired Citigroup financial adviser who claimed that the bank stripped her of client contacts and responsibilities due to her gender, reducing her to a “glorified secretary” because its “boys’ club” policies dictated that “the men were doing business” – because she had signed an arbitration agreement with the company.

<https://www.reuters.com/article/us-citigroup-lawsuit-discrimination/lawsuit-claiming-citigroup-ran-boys-club-dismissed-by-u-s-judge-idUSKBN1FQ2XE?rpc=69>

The Big Picture

Headlines From Today’s Front Pages.

Wall Street Journal:

Investors Suffer Losses On Bets Against Volatility

Top Senators Pursue 2-Year Budget Deal

A Breakthrough Stroke Treatment Can Save Lives—If It’s Available

Snap Shares Pop As Revenue Rises

New York Times:

Suddenly, It Sinks In: Era Of Easy Money Is Finally Ending

U.S. Seesawing On Libya Paves Path For Russia

FEMA Contract for 30 Million Meals Gave Only 50,000

Trump’s Talk Of Unity Replaced By ‘Treason’ And ‘Shutdown’

SpaceX Succeeds In Test Launch Of Falcon Heavy Rocket

‘Death Camp’ Law Strains The Bond Of Jews And Poles

Washington Post:

How A British Ex-Spy Became A Flash Point In Russia Probe

Senators Say Deal On Budget Is In Sight

Plans For US Military Parade Take Step Ahead

Shredded Roofs, Shattered Lives

As Whites Find Black Roots, Identity Gets Tangled

Main St. Rebounds, Wall St. Worries

Financial Times:

US Stocks Halt Losing Streak After Wild Ride

ANC Delays Crisis Meeting After ‘Fruitful’ Talks With Zuma

German Union Wins Right To 28-Hour Working Week And 4.3% Pay Rise

Washington Times:

Illegal Immigrant Deported 44 Times In 15 Years Tops Feds’ List

Trump: ‘I’d Love To See A Shutdown’ Unless Dems Fix Immigration

Stock Market Roars Back As White House Affirms Strength Of U.S. Economy

FBI ‘Needs To Clean House,’ Former Agents Say

Apathy, Boycotts Could Undercut Putin’s Expected Electoral Cakewalk

Top Pakistani Security Official Says Nation Critical To Trump’s Afghan War Plan

Story Lineup From Last Night’s Network News:

ABC: SpaceX-Falcon Heavy Launch; Severe Weather; Weather Forecast; Immigration Deal; Wall Street News; Amtrak-Acela Accident; Flu Epidemic; Taiwan-Earthquake; Hollywood Director Controversy; LA-Police Shooting; Super Bowl News; Pregnancy-Alcohol Danger; Amazon-HQ Move.  
CBS: SpaceX-Falcon Heavy Launch; Wall Street News; Immigration Deal; Illegal Immigrant-Traffic Accident; Amtrak-Acela Accident; Philly Amtrak Accident Trial; East Coast-False Tsunami Warning; Syria-Civil War; LA Traffic; Iowa-Traffic Pileup; Arctic-Permafrost Melting; Lottery Winner; Winter Olympics; Super Bowl News; Wrestling Tournament; Girl Scouts.  
NBC: SpaceX-Falcon Heavy Launch; Wall Street News; Immigration Deal; Amtrak-Acela Accident; Winter Olympics; Figure Skating-Biased Judges; Colorado Springs-Policy Shot; Severe Weather; Music Streaming; Lottery Winner; Happiness Study.

#### Network TV At A Glance:

SpaceX-Falcon Heavy Launch – 8 minutes, 30 seconds

Immigration Deal – 7 minutes, 20 seconds

Wall Street News – 5 minutes

Amtrak-Acela Accident – 4 minutes

#### Story Lineup From This Morning's Radio News Broadcasts:

ABC: Immigration Deal; Opioid Crisis; Hotel Exec Sex Allegation; SpaceX-Falcon Heavy Launch; Wall Street News.

CBS: Immigration Deal; SpaceX-Falcon Heavy Launch; Hotel Exec Sex Allegation; WH-Military Parade Plan.

FOX: Immigration Deal; Hotel Exec Sex Allegation; SpaceX-Falcon Heavy Launch.

NPR: Immigration Deal; House Intelligence Committee Memo; SpaceX-Falcon Heavy Launch; Wall Street News.

#### Washington's Schedule

#### Today's Events In Washington.

#### White House:

**PRESIDENT TRUMP** — Meets with the Secretary of Health and Human Services; meets with the Chair of the Commodity Futures Trading Commission; meets with Republican Members of the Senate Finance Committee; hosts the National Prayer Breakfast Dinner.

**VICE PRESIDENT PENCE** — Participates in a briefing on missile defense; observes a Phased Array Tracking to Intercept of Target (PATRIOT) Advanced Capability-Three (PAC-3) demonstration; participates in a briefing on regional security; participates in a bilateral meeting with Prime Minister Shinzō Abe of Japan; delivers joint statements with Prime Minister Shinzō Abe of Japan; participates in a banquet hosted by the government of Japan.

**US Senate:** No Relevant Events Scheduled.

**US House:** 9:00 AM House expected to vote on Mortgage Choice Act – House of Representatives meets for legislative business, with agenda expected to include completion of consideration of 'H.R. 1153 – Mortgage Choice Act of 2017' Location: U.S. Capitol, Washington, DC <http://www.house.gov/>

**Other:** No Relevant Events Scheduled.

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# NEWS SUMMARY

a CISION company

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**TO: THE DIRECTOR AND SENIOR STAFF**  
**DATE: WEDNESDAY, FEBRUARY 7, 2018 8:00 AM EST**

An asterisk at the end of a headline signifies a CFPB mention

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## Consumer Financial Protection Bureau

### **Washington Post: Fellow Banking Regulator Comes To Defense Of Mick Mulvaney\***

By Renae Merle, Washington (DC) Post

Since taking control of the Consumer Financial Protection Bureau two months ago, Office of Management and Budget Director Mick Mulvaney has faced a barrage of criticism from Democrats and consumer groups who complained he was attempting to weaken the agency.

On Tuesday, Mulvaney received support from another financial regulator, Comptroller of the Currency Joseph M. Otting. Otting took the helm of the Office of the Comptroller of the Currency in November, making him one of the country's most powerful banking regulators. While it is not surprising that Otting and Mulvaney would work closely together, Otting's public statements in support of Mulvaney are unusual.

"I have been impressed with Mick's leadership and emphasis on operational efficiency and excellence, Otting said in a statement.

<https://www.washingtonpost.com/news/business/wp/2018/02/06/fellow-banking-regulator-comes-to-defense-of-mick-mulvaney/>

### **American Banker: OCC's Otting Heaps Praise On CFPB's Mulvaney\***

By Kate Berry, American Banker

Comptroller of the Currency Joseph Otting lends his support to Acting CFPB Director Mick Mulvaney, saying that he has been "impressed" with Mulvaney's leadership and his "emphasis on operational efficiency and excellence.

<https://www.americanbanker.com/news/occs-otting-heaps-praise-on-cfpbs-mulvaney>

### **HousingWire: Comptroller Of The Currency Otting Expresses Support For Mulvaney's Actions At CFPB\***

By Andy Crisenbery, HousingWire

In the Trump administration, it appears that birds of a deregulatory feather flock together.

On Tuesday, Comptroller of the Currency Joseph Otting said that he supports the actions being taken by Mick Mulvaney at the Consumer Financial Protection Bureau.

In just the last few weeks, Mulvaney told the CFPB's employees that the agency was ending regulation by enforcement, and said the CFPB works not only for consumers, but also for the companies it supervises.

<https://www.housingwire.com/articles/42465-comptroller-of-the-currency-otting-expresses-support-for-mulvaney-actions-at-cfpb>

### **RESPA News: Otting: Mulvaney And I Share 'Common Belief'**

By RESPA News

As Consumer Financial Protection Bureau (CFPB) acting director Mick Mulvaney officially announced the hiring of a new chief of staff, Comptroller of the Currency Joseph

Ottling met with Mulvaney to discuss coordination between his agency and the CFPB.

Ottling released a statement following the meeting, saying he was impressed by Mulvaney, and that the two regulatory leaders shared a common belief.

Read on for more details from the meeting, including Ottling's view of how the CFPB is handling the Home Mortgage Disclosure Act.

<http://respanews.com/RN/ArticlesRN/Ottling-Mulvaney-and-I-share-common-belief-72296.aspx>

## Breitbart: Newsweek Abruptly Fires Editor-in-Chief, More Top Staff After Multiple Company Scandals Revealed\*

By Charlie Nash, Breitbart

Several high-profile Newsweek employees have been fired from the company, including the magazine's editor-in-chief.

Newsweek Editor-in-Chief Bob Roe, executive editor Ken Li, and reporter Celeste Katz were all fired, according to HuffPost, prompting senior writer Matthew Cooper to quit in solidarity, criticizing the company's "reckless leadership."

Josh Keefe, a reporter for the Newsweek Media Group-owned International Business Times, was also going to be fired, according to the report; however, he kept his position after other employees threatened to leave.

<http://www.breitbart.com/tech/2018/02/06/newsweek-abruptly-fires-editor-in-chief-more-top-staff-after-multiple-company-scandals-revealed/>

## Washington Free Beacon: Conservatives Call On Mulvaney To Audit CFPB Finances\*

By Todd Shepherd, Washington (DC) Free Beacon

More than 25 conservative leaders are pressing the Consumer Financial Protection Bureau's Acting Director Mick Mulvaney to conduct an audit of the bureau's finances.

"Every aspect related to CFPB should be put on the table, and what we can do through administrative action, either through the audit process or whatever rollbacks we need to do, we should do it," said FreedomWorks vice president of legislative affairs Jason Pye, who signed on to a letter sent to Mulvaney last week.

The CFPB is a creation of the 2010 Dodd-Frank Act and has been under the leadership of Obama appointees until November of last year when the long-time director Richard Cordray resigned to pursue his candidacy for Ohio governor.

<http://freebeacon.com/issues/conservatives-call-mulvaney-audit-cfpb-finances/>

## Alabama Live: Understanding The 'Mulvaney Syndrome'

By Alabama Live

Not too long ago, almost half of America was victimized by a severe data breach at Equifax, one of the nation's largest credit rating companies. Millions of Americans' private information was hacked and Equifax acted like it could really care less. Their response to the largest hack in the history of our country was like a J.D. Crowe cartoon depicting apathy eating lethargy in a cesspool of incompetence reeking of fine print disclosures and poisoned by corporate avarice.

When this went down, the Consumer Financial Protection Bureau, under the leadership of Director Richard Cordray, vowed to investigate the matter and provide remedies for consumers that were adversely affected. For a hot second, it looked like the problem might be solved for future consumers and that those affected might get some due relief.

All was going along fine until White House Budget Director Mick Mulvaney was appointed to head the consumer watchdog agency when Cordray stepped down. Sadly, Mulvaney decided that the best course of action was to forget anything happened because, well, he hates the CFPB.

<http://www.al.com/opinion/index.ssf/2018/02/understanding-the-mulvaney-syn.html>

## Pennsylvania Record: Ballard Spahr's CFPB Practice Will Continue, Despite Federal Agency's New Leadership\*

By John Sammon, Pennsylvania Record

The federal Consumer Financial Protection Bureau will become less Draconian and more complaint-based, its new stewards say, and there will likely be a decline in its investigations, but an attorney who focuses on the CFPB said the mission of the agency- and his firm- will continue.

"The CFPB is not disappearing," Ballard Spahr attorney Alan S. Kaplinsky told the Pennsylvania Record. "While the number of enforcement investigations will likely decline, we will still help our clients who are being supervised and examined by them. The decline in enforcement actions will be offset by more enforcement activity by state attorneys general and banking departments."

Ballard Spahr, like a number of other firms, has a CFPB practice, handling cases involving investigations by the consumer protection agency.

<http://pennrecord.com/stories/511327618-ballard-spahr-s-cfpb-practice-will-continue-despite-federal-agency-s-new-leadership>

## Gateway Pundit: Inspector General Reveals Laptops Mysteriously Missing From Elizabeth Warren's CFPB\*

By Joshua Caplan, Gateway Pundit

The Consumer Financial Protection Bureau, the brainchild of Senator Elizabeth Warren (D-MA), is having difficulty accounting for laptops belonging to the agency.

According to the CFPB's Inspector General, a number of laptops have gone missing despite the agency sending out an "early alert memorandum" on how to prevent inventory loss back in 2016.

National Law Review reports:

The CFPB's Office of Inspector General has issued a report indicating that, in performing an audit of the CFPB's encryption of data on mobile devices issued to staff members, the OIG found the CFPB had not yet completed all of the steps previously identified by the OIG to address the risk created by unaccounted-for laptops. Because of the sensitive nature of the information, the OIG only made an executive summary of the report publicly available.

<http://www.thegatewaypundit.com/2018/02/uh-oh-inspector-general-reveals-laptops-mysteriously-missing-elizabeth-warrens-cfpb/>

## Investor Place: 7 Stocks To Buy That Could Skyrocket With A Weakened CFPB\*

By Lawrence Meyers, Investor Place

Financial services stocks have suffered quite a bit ever since the Consumer Financial Protection Bureau was created. While the bureau did hand out a few deserved enforcement actions, it was an unaccountable agency that overstepped its authority on more than one occasion.

As a result, many legitimate businesses found themselves targeted by overzealous enforcement. The amount of additional compliance that financial services stocks had to endure since the CFPB was created cost enormous amounts of money- money that instead could have gone to growing the businesses.

With Richard Cordray having resigned as the head of the bureau, and a pro-business administration in power, the CFPB looks to be significantly weakened. It has already dropped one lawsuit, and I expect numerous enforcement actions and rule-making to be cut short.

<https://investorplace.com/2018/02/7-stocks-to-buy-that-will-skyrocket-with-a-weakened-cfpb/>

## Reverse Mortgage Daily: Acting CFPB Director Settles In, Names Chief Of Staff\*

By Alex Spanko, Reverse Mortgage Daily

The fight over his legitimacy is still active, but the acting director of the Consumer Financial Protection Bureau is building out his team.

Mick Mulvaney on Tuesday announced the hiring of Kirsten Sutton Mork as the bureau's chief of staff. Sutton Mork previously served as staff director of the House Financial Services Committee under its chairman, Texas Republican Rep. Jeb Hensarling.

"I worked with Kirsten during my tenure as a member on the House Financial Services Committee, and can attest to her in-depth financial policy expertise, proven track record of developing and implementing strategic initiatives, and ability to

manage a team," Mulvaney said in a statement announcing her hire.

<https://reversemortgagedaily.com/2018/02/06/acting-cfpb-director-settles-in-names-chief-of-staff/>

## National Mortgage Professional: Court Date Set For English's CFPB Appeal\*

By Phil Hall, National Mortgage Professional

Leandra English will have her day in court on April 12, when the U.S. Court of Appeals for the D.C. Circuit is scheduled to hear the oral argument on why she should be considered as the Acting Director of the Consumer Financial Protection Bureau (CFPB).

English filed her opening appeal brief on Jan. 30, and the Department of Justice will need to file its opposition brief no later than Feb. 23. English will have the right to a reply brief that is due by March 6.

English is appealing the district court's denial of a preliminary injunction motion seeking the legal affirmation that she is the CFPB Acting Director, a job that is held by President Trump's appointee Mick Mulvaney. The President has yet to nominate a replacement for Richard Cordray, who resigned as CFPB Director in late November to pursue the Democratic nomination for Governor of Ohio.

<https://nationalmortgageprofessional.com/news/65986/court-date-english-cfpb-appeal>

## Mortgage Professional America: Credit Union's Suit Against Mulvaney Appointment Dismissed\*

By Mortgage Professional America

A federal credit union's attempt to block Mick Mulvaney from serving as acting director of the Consumer Financial Protection Bureau has failed after its lawsuit was dismissed, Reuters reported.

The Lower East Side People's Federal Credit Union filed the case in December, arguing that President Donald Trump's appointment of Mulvaney was an illegal takeover. The credit union sought a court declaration that CFPB Deputy Director Leandra English should be acting director instead. English was named by former CFPB Director Richard Cordray as his interim successor.

US District Judge Paul Gardephe said the credit union did not have the legal authority to sue and rejected what he described as the plaintiff's "fear-based theory of standing."

<https://www.mpamag.com/news/credit-unions-suit-against-mulvaney-appointment-dismissed-91321.aspx>

## JD Supra: Court Dismisses Credit Union's Lawsuit Challenging Mulvaney's Appointment\*

By JD Supra

The U.S. District Court for the Southern District of New York has dismissed for lack of Article III standing the lawsuit filed by a credit union challenging President Trump's appointment of Mick Mulvaney as CFPB Acting Director. The



dismissal has no impact on Leandra English's appeal to the D.C. Circuit of the D.C. federal district court's denial of her preliminary injunction motion in her action challenging Mr. Mulvaney's appointment. Briefing is currently ongoing in the appeal.

The dismissal was perhaps foreshadowed by the district court's instruction at the oral argument on the credit union's motion for a preliminary injunction and the DOJ's motion to dismiss that the parties focus on standing. The credit union claimed that it had standing to challenge Mr. Mulvaney's appointment because (1) it is an entity regulated by the CFPB, (2) the CFPB's actions under Mr. Mulvaney's leadership have harmed the credit union's mission of improving the financial health of underserved communities, (3) changes to MDA compliance will cause economic harm to the credit union, and (4) the uncertainty created by the CFPB's stated intention to engage in HMDA rulemaking has injured the credit union.

The district court found each of these claims insufficient to establish standing for the following reasons:

<https://www.ldsupra.com/post/documentViewer.aspx?fid=178e5e0f-515c-41aa-9bf8-8e4f28c45a38>

## BuzzFlash: Under Trump Interim Director, Consumer Financial Protection Bureau Is Under Attack\*

By Mark Karlin, BuzzFlash

Former Rep. Mick Mulvaney is a busy man. He was not only selected by Trump to serve as the director of the White House Office of Management and Budget, but Trump also appointed him- in a controversial move- to be interim head of the Consumer Financial Protection Bureau (CFPB). The CFPB, of course, was the brainchild of Elizabeth Warren, before she was elected senator. It was intended to protect consumers against the exploitative practices of financial institutions. It opened its doors in 2011, and, according to the agency's website, has obtained \$11.9 billion dollars in relief for more than 29 million consumers.

However, under Trump and Mulvaney, the CFPB is under danger of becoming the financial institution protection bureau. A January 23 New York Times article disclosed an internal memo Mulvaney sent around to CFPB staff. The Times characterized Mulvaney's approach:

Mr. Mulvaney made clear that under his direction, the consumer bureau would be more reluctant to target companies without overwhelming evidence of wrongdoing and suggested that the effect on a business should be weighed more heavily when considering cracking down on potential consumer abuses.

<http://www.truth-out.org/buzzflash/commentary/under-trump-interim-director-consumer-financial-protection-bureau-is-under-assault>

## US Public Interest Research Group: Consumer Advocates Explain Crucial Public Interest In A Strong CFPB\*

By Michael Landis, US Public Interest Research Group  
The U.S. Consumer Financial Protection Bureau's (CFPB) independence from external political influence is crucial to the agency's mission of protecting consumers, 10 groups told a court today in an amicus brief filed in the U.S. Court of Appeals for the District of Columbia Circuit.

The groups are Public Citizen, Americans for Financial Reform, Center for Responsible Lending, Consumer Action, National Association of Consumer Advocates, National Consumer Law Center, National Consumers League, National Fair Housing Alliance, Tzedek DC, and U.S. Public Interest Research Group Education Fund.

In the case, CFPB Deputy Director Leandra English is appealing the trial court's denial of a preliminary injunction allowing her to serve as acting director of the CFPB while litigation proceeds over the lawful acting director herself or U.S. Office of Management and Budget Director Mick Mulvaney. In their amicus filing, the groups explain that the public interest supports English serving as the acting director while the court further considers the legal issues.

<https://uspirg.org/news/usp/consumer-advocates-explain-crucial-public-interest-strong-cfpb>

## US Public Interest Research Group: Why The Legal Dispute Over The Leadership Of The CFPB Matters\*

By Michael Landis, US Public Interest Research Group  
There's an important legal fight happening right now over the temporary leadership of the Consumer Financial Protection Bureau. And U.S. PIRG Education Fund, along with nine other consumer advocacy groups, just weighed in with a friend-of-the-court brief. Our brief argues that the public interest lies in having the CFPB's current deputy director, Leandra English, serve as the acting director until a new director is nominated by the President and confirmed by Congress.

The dispute arose following the departure of the former CFPB director, Rich Cordray, who left prior to the conclusion of his five-year term to run for governor in Ohio. Knowing that vacancies were bound to occur, Congress included in the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010- the law that created the CFPB- a specific provision clearly stating that the deputy director shall serve . . . as acting Director in the absence or unavailability of the Director. Thus, Leandra English (the CFPB's deputy director) automatically became the agency's acting director the moment Rich Cordray left office.

Simple, right? Well, the Trump administration saw this as an opportunity to attempt a hostile takeover of the CFPB and install a member of the President's cabinet as the acting

director. Using a general provision of the Federal Vacancies Reform Act of 1998, President Trump purportedly named Mick Mulvaney— the current director of the White House Office of Management and Budget— as the acting director of the CFPB. The problem, however, is that the specific provision of Dodd-Frank governs over the general provision of the FVRA. In addition, having a current member of the President's cabinet serve as the acting director violates the intent of Dodd-Frank, which envisioned the CFPB as an independent financial regulator free from political influence.

<https://uspipg.org/blogs/blog/usp/why-legal-dispute-over-leadership-cfpb-matters>

## Dodd Frank Update: Judges Vary On Constitutionality Question\*

By Dodd Frank Update

The U.S. Court of Appeals' majority ruling on PHH Corp. v. the Consumer Financial Protection Bureau (CFPB) was a mosaic of varying statutory interpretations with two main outcomes.

Akerman Partner Thomas Kearney and Buckley Sandler Partner Ben Olson dissected portions of the court's ruling for Dodd Frank Update that the CFPB is constitutionally structured while simultaneously overturning former director Richard Cordray's interpretation of the Real Estate Settlement Procedures Act.

Find out what differences in the judges' interpretations could have significance if the ruling is appealed.

<http://www.doddfrankupdate.com/DFU/ArticlesDFU/Judges-vary-on-constitutionality-question-72295.aspx>

## Dodd Frank Update: CFPB Publishes RFI About Administrative Adjudications\*

By Dodd Frank Update

Seeking feedback about the agency's use of administrative adjudications, the Consumer Financial Protection Bureau recently issued its second Request for Information since acting director Mick Mulvaney's call for evidence to evaluate the efficiency and effectiveness of the bureau's functions.

Financial professionals and interested members of the public are invited to comment on the benefits and impacts of administrative adjudications utilized by the bureau, as well as how the existing procedures can be improved.

<http://www.doddfrankupdate.com/DFU/ArticlesDFU/CFPB-publishes-RFI-about-administrative-adjudications-72285.aspx>

## Consumer Credit

### Reuters: Treasury's Mnuchin Says He Wants Answers On Equifax Breach\*

By Patrick Rucker, Reuters

Testifying before the House Financial Services Committee on Tuesday, Treasury Secretary Steven Mnuchin said he wants to know how the CFPB is handling an investigation into Equifax after reports that Acting Director Mick Mulvaney has pulled back on probing the credit reporting firm over an incident last year in which 143 million Americans' personal data was hacked.

<https://www.reuters.com/article/us-equifax-cfpb-congress/treasurys-mnuchin-says-he-wants-answers-on-equifax-breach-idUSKBN1FQ2M2>

### The Hill: Mnuchin Wants To Know How Consumer Bureau Is Handling Equifax Breach\*

By Brett Samuels, The Hill

Treasury Secretary Steven Mnuchin said Tuesday he plans to talk with Consumer Financial Protection Bureau (CFPB) acting Director Mick Mulvaney about the bureau's handling of an investigation into Equifax.

"I haven't spoken to Director Mulvaney about it, but I will," Mnuchin said during testimony in front of the House Financial Services Committee.

"Do you have any reason why Mr. Mulvaney would even do such a thing?" Rep. David Scott (D-Ga.) asked Mnuchin.

<http://thehill.com/policy/finance/372624-mnuchin-wants-to-know-how-consumer-bureau-is-handling-equifax-breach>

### HousingWire: Treasury Sec. Mnuchin Wants Answers On Equifax Investigation\*

By Caroline Basile, HousingWire

U.S. Treasury Secretary Steven Mnuchin told members of the House Financial Services Committee on Tuesday he is interested in how the Consumer Financial Protection Bureau and its acting director, Mick Mulvaney, is handling the investigation into the data breach at credit agency Equifax.

During Mnuchin's appearance before the committee, in between questions about Russian sanctions and the stock market, he was asked by Rep. David Scott, D-Ga. if he was aware of Reuters reporting on the bureau's investigation and what he plans to do about it.

"I haven't spoken to Director Mulvaney about it but I will," Mnuchin told the committee. "It is something I am going to discuss with him."

<https://www.housingwire.com/articles/42463-treasury-sec-mnuchin-wants-answers-on-equifax-investigation>

### The Hill: Dem Senator Presses FTC To Ramp Up Equifax Hack Probe\*

By Harper Neidig, The Hill

Sen. Amy Klobuchar (D-Minn.) is urging the Federal Trade Commission to pour more resources into its probe of the Equifax data breach after reports that another agency, the Consumer Financial Protection Bureau (CFPB), is freezing its own investigation.

Reuters reported on Sunday that Mick Mulvaney, the CFPB's acting director, has been dialing back the agency's questioning of Equifax officials and has not sought any subpoenas or sworn testimony.

"In light of this concerning development, I urge the FTC to consider increasing the resources and manpower dedicated to its own investigation of the Equifax breach announced in September 2017," Klobuchar wrote to the two sitting FTC commissioners.

<http://thehill.com/policy/technology/372546-klobuchar-urges-ftc-to-ramp-up-equifax-probe>

## Washington Times: FTC Urged To Widen Equifax Data Breach Investigation Amid Concerns Over CFPB Probe\*

By Andrew Blake, Washington (DC) Times

The Federal Trade Commission (FTC) is being asked to ramp up its investigation into last year's Equifax breach after the Trump administration reportedly reined in a similar probe initiated by the Consumer Financial Protection Bureau (CFPB).

Sen. Amy Klobuchar, Minnesota Democrat, wrote FTC leadership on Tuesday urging the agency to broaden its Equifax investigation after Reuters reported over the weekend that the CFPB's probe has effectively been put on ice.

"In light of this concerning development, I urge the FTC to consider increasing the resources and manpower dedicated to its own investigation of the Equifax breach announced in September 2017," Ms. Klobuchar wrote Monday to acting FTC Chairwoman Maureen Ohlhausen and Commissioner Terrell McSweeney.

<https://www.washingtontimes.com/news/2018/feb/6/ftc-urged-widen-equifax-databreach-investigation/>

## Compliance Week: As CFPB Retreats, FTC Urged To Charge Ahead With Equifax Investigation\*

By Compliance Week

Sen. Amy Klobuchar (D-Minn.) is urging the Federal Trade Commission to increase resources dedicated to its investigation of Equifax.

Equifax announced in September 2017 that a security breach had exposed the names, Social Security numbers, birth dates and addresses of as many as 145 million Americans.

Klobuchar's letter to the FTC follows published reports indicating that Office of Management and Budget Director Mick Mulvaney directed Consumer Financial Protection Bureau investigators to pull back from their investigation of Equifax. Mulvaney serves as acting director of the CFPB.

<https://www.complianceweek.com/blogs/the-filing-cabinet/as-cfpb-retreats-ftc-urged-to-charge-ahead-with-equifax-investigation>

## U.S. News & World Report: Equifax Inc. (EFX) Isn't Out Of The Woods Just Yet\*

By U.S. News & World Report

Equifax Inc. (NYSE: EFX) is hoping to show its investors the company has put its massive security breach behind on Tuesday when the company reports its fourth-quarter earnings after the market close. While analysts are expecting some solid numbers from Equifax, fallout from the breach will likely continue to hurt the stock.

Analysts are expecting Equifax to report fourth-quarter earnings per share of \$1.35 on revenue of \$825.69 million. The consensus revenue number represents 3.1 percent year-over-year growth. Last quarter, Equifax's profit dropped 27 percent after the company said it endured a \$27.3 million pre-tax income hit associated with the breach, which exposed sensitive data of more than 140 million Americans.

This quarter, shareholders will be looking for those breach-related expenses to decline and will be watching for commentary from management about how the company is moving past its security issues.

<https://www.usnews.com/investing/stock-market-news/articles/2018-02-06/equifax-inc-efx-stock>

## Columbus (OH) Dispatch: Cordray Assails New CFPB Head On Equifax Probe\*

By Jack Torry, Columbus (OH) Dispatch

Democratic gubernatorial candidate Richard Cordray charged Tuesday that his successor at a federal consumer watchdog agency is "stonewalling" an investigation into the credit company Equifax.

One day after Reuters reported the Consumer Financial Protection Bureau has "pulled back from a full-scale probe of Equifax for allegedly not protecting the personal information of more than 140 million consumers, Cordray complained the bureau is "refusing to work with other agencies to address how consumers remain vulnerable to further mass data breaches."

Cordray, who resigned his post as head of the bureau last year to run for governor, said in a fund-raising appeal that "Equifax was shockingly reckless with American's private information, from credit cards to driver's licenses to Social Security numbers."

<http://www.dispatch.com/news/20180206/cordray-assails-new-cfpb-head-on-equifax-prbe>

## Gizmodo: CFPB Keeps Sending Us Emails Filled With Bullshit Platitudes And It's Really Just Embarrassing Now\*

By Matt Novak, Gizmodo

This morning, a spokesperson from the US Consumer Financial Protection Bureau (CFPB) emailed Gizmodo a "Very Serious Statement". They wanted us to include this "Very Serious Statement" in our blog post about the CFPB not

giving a shit about the Equifax hack. And it's so hilariously vague that it only supports the conclusion that the agency doesn't care about holding Equifax accountable for losing the sensitive data of 145.5 million Americans.

Here's the statement that Gizmodo received from the CFPB:

The Bureau has statutory authority over the collection and maintenance of consumer report information. Additionally, the Bureau is authorized to take supervisory and enforcement action against certain institutions engaged in unfair, deceptive, or abusive acts or practices, or that otherwise violate federal consumer financial laws. This includes acting in response to the failure of institutions to engage in reasonable data security practices in connection with the collection and maintenance of consumer report information. As noted previously, the Bureau is looking into Equifax's data breach and response. Reports to the contrary are incorrect. The Bureau cannot comment further at this time.

<https://gizmodo.com/in-laughably-vague-statement-consumer-watchdog-insists-1822761707>

## Digital Trends: Federal Investigation Into Massive Equifax Hack Reportedly Withers\*

By Digital Trends

Consumer credit reporting agency Equifax stunned the world late last year, admitting to major hacks in the spring and summer of 2017, exposing credit data on millions of consumers across multiple countries including the U.S., U.K., and Canada. Now, Reuters alleges that one major investigation into the hack is spinning its wheels.

Sources say the Consumer Financial Protection Bureau (CFPB), a federal agency that oversees consumer protection in the financial arena, has allowed its investigation to wither. The CFPB, then lead by Richard Cordray, began its investigation in September 2017. Cordray resigned in November, however. Mick Mulvaney, appointed as Cordray replacement by President Donald Trump, may not be pursuing the investigation with vigor.

Specifically, Mulvaney hasn't ordered subpoenas or sought testimony from company executives. Sources also claim the CFPB decided not to pursue a plan to test Equifax data protection. Finally, the agency is said to be uncooperative with regulators from the Federal Reserve, among others.

<https://www.digitaltrends.com/computing/cfpb-investigation-equifax-hack/>

## ConsumerAffairs: Report Claims CFPB Is Backing Away From Equifax Probe\*

By Mark Huffman, ConsumerAffairs

A published report claims the Trump Administration is stepping back from a full investigation of last year's massive Equifax data breach.

The Reuters news agency cites three sources it says have confirmed the Consumer Financial Protection Bureau (CFPB), under new director Mick Mulvaney, has so far not ordered subpoenas against Equifax, a first step in any full-scale probe.

A spokesman for CFPB told Reuters the agency is not permitted to say whether or not there is an investigation underway, nor to comment on the status of any probe.

<https://www.consumeraffairs.com/news/report-claims-cfpb-is-backing-away-from-equifax-probe-020618.html>

## TechSpot: Consumer Financial Protection Bureau Pulls Back Investigation Into Equifax Breach\*

By William Gayde, TechSpot

The US Consumer Financial Protection Bureau has been taking heat for their lackluster approach to the investigation into the massive security breach at Equifax. This was the breach that made headlines late last year and resulted in the compromise of personal data for 143 million Americans.

As the name implies, the CFPB is responsible for consumer protections relating to the financial sector. They have jurisdiction over banks, credit reporting agencies, and other financial companies.

Although the agency is not allowed to acknowledge open investigations, three sources have come forward to Reuters about troubling details regarding the Equifax investigation. They allege CFPB head Mick Mulvaney, Trump's former budget chief, has not been performing his full duties as head of the CFPB. He has not requested subpoenas, sought testimony, or conducted tests of Equifax security protocols. These are all steps routinely taken when conducting full-scale investigations of this magnitude.

<https://www.techspot.com/news/73121-consumer-financial-protection-bureau-pulls-back-investigation-equifax.html>

## National Law Review: CFPB Reportedly Puts Investigation Of Equifax On Ice While Other Government Agencies Press Forward\*

By National Law Review

Equifax announced on September 7, 2017 a massive data breach affecting an estimated 143 million consumers. Richard Cordray, the then Director of the CFPB, shortly thereafter authorized an investigation according to several media reports. Reuters reported yesterday that the investigation sputtered since then, according to several government and industry sources. That is not surprising since there is substantial doubt as to whether the CFPB has enforcement jurisdiction over data breaches. See our March 3, 2016 blog about the one and only data security enforcement action taken by the CFPB. Professor Jeff Sovern acknowledged yesterday in the Consumer Law and Policy

Blog that "the CFPB has very limited jurisdiction over the Equifax data breach, if it has any jurisdiction anyway."

Equifax is reportedly being investigated by every state attorney general and the FTC and is facing an onslaught of class actions. So even though the CFPB appears not to be involved in the Equifax matter, this has not stopped the FTC and the state attorneys general from aggressively pursuing their own investigations.

<http://www.natlawreview.com/article/cfpb-reportedly-puts-investigation-equifax-ice-while-other-government-agencies-press>

## PYMNTS: CFPB Equifax Investigation Scaled Back\*

By PYMNTS

President Donald Trump and his administration are facing complaints from consumer protection advocates, who are advocating for a reopening of the investigation into the Equifax data breach.

According to Reuters, the call from consumer advocates came after the news service reported Mick Mulvaney, the head of the Consumer Financial Protection Bureau (CFPB), dialed back the investigation into the Equifax data breach that was started by former CFPB director Richard Cordray.

Mulvaney, according to Reuters, is scaling back the probe despite the fact that the breach exposed the personal information of 145.5 million people, including Social Security numbers and other information and 209,000 credit card account numbers. Sources told Reuters that Mulvaney pushed back against issuing subpoenas against Equifax, which the report noted was a routine step when getting involved in a full-scale inquiry. The CFPB has also halted a test into how Equifax protects its data, noted Reuters, adding that it turned down offers from the Federal Reserve, Federal Deposit Insurance Corporation and the Office of the Comptroller of the Currency, all of which offered to help with the on-site examinations of Equifax.

<https://www.pymnts.com/news/cfpb/2018/consumer-protection-mick-mulvaney-equifax/>

## Inside Cybersecurity: CFPB Denies Report That It's Backing Away From Equifax Breach Investigation\*

By Inside Cybersecurity

The Consumer Financial Protection Bureau on Monday rebutted a Reuters news service report that Director Mick Mulvaney, who also heads the Office of Management and Budget, is not pursuing a probe into the Equifax data breach begun by his predecessor.

Reuters reported that Mulvaney "has not ordered subpoenas against Equifax or sought sworn testimony from executives," and further that "the CFPB has shelved plans for on-the-ground tests of how Equifax protects data."

But a CFPB spokesperson told Inside Cybersecurity:...

<https://insidecybersecurity.com/daily-briefs/cfpb-denies-report-its-backing-away-equifax-breach-investigation>

## Big Law Business: CFPB 'Push The Envelope' Memo In Enforcement Gets Early Test\*

By Chris Bruce, Big Law Business

A debt settlement services provider asked a federal judge to dismiss a Consumer Financial Protection Bureau enforcement case, citing a recent memo that says the CFPB will take a new approach on such questions.

The Jan. 23 memo by budget director Mick Mulvaney, whose role as CFPB acting director is in dispute, said the CFPB will no longer "push the envelope" in its efforts to protect consumers. However, the memo also indicated that debt collection-related matters will continue to be an important focus.

Freedom Debt Relief, which has been sued by the CFPB, asked Magistrate Judge Elizabeth D. LaPorte of the U.S. District Court for the Northern District of California to dismiss the CFPB's case, which alleges deceptive practices. Although the Jan. 23 memo said the CFPB will focus on "quantifiable and unavoidable harm to the consumer," the CFPB's complaint in this suit doesn't meet that test, Freedom Debt Relief said. The CFPB's complaint, it said, "contains no support for any quantifiable and unavoidable harm."

<https://biglawbusiness.com/cfpb-push-the-envelope-memo-in-enforcement-gets-early-test/>

## Law360: CFPB's Suit Should Be Tossed, Debt Settlement Co. Says\*

By Jon Hill, Law360

Freedom Debt Relief LLC on Monday sought to torpedo a Consumer Financial Protection Bureau suit that accuses the company of having misled customers about its debt settlement services, telling a California federal court that the consumer financial watchdog's allegations don't show anything the company did or said was actually deceptive or harmful.

The San Mateo, Calif.-based Freedom, which is the nation's largest provider of debt settlement services, argues the CFPB's case should be dismissed because its allegations are too vague and sometimes contradictory.

"The complaint is..."

<https://www.law360.com/articles/1009531/cfpb-s-suit-should-be-tossed-debt-settlement-co-says>

## NBC News: America's Poor Subsidize Wealthier Consumers In A Vicious Income Inequality Cycle

By Aaron Klein, NBC News

Being poor is expensive. This problematic paradox is evident with basic financial services. And judging by Bank of America's recent decision to impose fees of almost \$150 a year on what were free checking accounts, the problem is getting worse. Too bad (almost) no one is paying attention.

In January, The Atlantic's Gillian White noted that, "free checking is basically a thing of the past. White's headline captures a reality for many Americans who regularly live near the bottom of their bank account. But it also misses the other side of the coin: financial services are cheaper the richer you are. This hidden driver of income inequality is embedded in something that we use every day and never think twice about: the payment system.

It isn't what or where you buy, but rather how you pay that determines whether you ultimately benefit or lose from our economy's payment system. Antiquated and unnecessarily slow, this system indirectly imposes large costs on middle and working class families, in the process actually redistributing money up the income scale. Indeed, substantial portions of the \$14 billion that people pay in overdraft fees a year, and the \$9 billion in payday loans fees, are partially the result of a U.S. payment system that is slower than similar ones used in Mexico or Poland. Meanwhile, credit cards that lower-income consumers are ineligible to receive reward wealthy users for money spent. The richer you are, the better your rewards.

<http://www.nbcnews.com/think/opinion/america-s-poor-subsidize-wealthier-consumers-vicious-income-inequality-cycle-ncna845091>

## Bloomberg News: Wave Of Crypto Scams, Bitcoin's Crash Spook Card Issuers

By Jennifer Surane, Bloomberg News

America's largest banks had myriad worries in mind when they rushed this week to ban customers from using credit cards to buy cryptocurrencies. Bitcoin's gut-wrenching slide was just one of the threats.

JPMorgan Chase & Co., Bank of America Corp. and Citigroup Inc. started to decline purchases as industry executives zeroed in on a variety of ways they could get burned, according to people briefed on the decisions. Publicly, JPMorgan cited the risk that borrowers might not repay. Behind the scenes, card issuers were also concerned about the protections they offer shoppers and their vulnerability to thieves, the people said.

Near the top of many lists were initial coin offerings. Startups have embraced the fundraising method, selling tradable tokens to gather money for projects, sometimes promising future rewards. ICOs drew \$3.7 billion last year, but in many cases companies have struggled to make good on obligations or revealed themselves as scams. Increasingly, regulators are intervening, deeming some tokens to be unregistered securities.

<https://www.bloomberg.com/news/articles/2018-02-06/wave-of-crypto-scams-bitcoin-s-crash-said-to-spook-card-issuers>

## Banking

### Los Angeles Times: The Wells Fargo Board Is Still Getting A Pass For Failure

By Michael Hiltzik, Los Angeles (CA) Times

On the surface, the Federal Reserve seemed really to lay the hammer on Wells Fargo & Co. for its accounts scandal and serial wrongdoing. In a sentence handed down Feb. 2, the Fed placed a cap on the bank's future asset growth; the bank announced the departure of four unidentified directors, presumably at the regulator's urging.

Investors certainly thought the punishment was harsh. Wells Fargo stock was battered to a 9.2% loss in Monday trading on the New York Stock Exchange. As my colleagues Jim Puzanghera and James Rufus Koren reported, that was twice the loss suffered by the broad market on a bad day. Wells Fargo was down an additional 3.5% as of midday Tuesday, while the broad market was eking out a gain.

Yet former Treasury Secretary Lawrence Summers is correct to assert that the board members are getting off too easy," as the headline on his Washington Post op-ed had it on Tuesday. Summers noted that the four directors being ushered off the board have not yet been identified. They may not be named until the bank issues the proxy statement for its 2018 annual meeting, probably in mid-March.

<http://www.latimes.com/business/hiltzik/la-fi-hiltzik-wells-fargo-20180206-story.html>

### Chicago Tribune: Fed's Wells Fargo Smackdown Sends Message To Other Bank Giants Leaders: Shape Up Or Else

By Robert Reed, Chicago (IL) Tribune

There's no crying in banking.

So let's not shed any tears for Wells Fargo Bank, which last week got justifiably slapped down by Janet Yellen in one of her last decisions as chair of the powerful Federal Reserve, the country's premier banking regulator.

Yellen put the country on notice that Wells Fargo, which secretly created and profited from millions of bogus consumer banking accounts, remains a rogue financial institution. The unprecedented Fed sanctions, which include capping the bank's size while forcing directors to provide better and more oversight, is publicly pressuring Wells to accelerate efforts to clean up its act and regain the public's trust and confidence.

<http://www.chicagotribune.com/business/columnists/free-dt-biz-wells-fargo-sanctions-necessary-robert-reed-0206-story.html>

### The Hill: The Fed Hammers Wells Fargo, Sends A Message To The Banking Sector

By Bert Ely, The Hill

Last Friday, the Board of Governors of the Federal Reserve System sent a powerful message to the U.S. banking

industry when it issued an especially punitive and directive enforcement order against Wells Fargo & Company (WFC), the bank holding company that owns Wells Fargo Bank.

WFC is the third-largest banking company in the United States, with total assets of \$1.95 trillion at Dec. 31, 2017.

In addition to the link to the enforcement order in the Federal Reserve news release announcing this action, there are links to letters the Federal Reserve sent to WFC's board of directors, to WFC's former chairman and CEO, John Stumpf, and to Stephen Sanger, WFC's former lead director.

<http://thehill.com/opinion/finance/372605-fed-hammers-wells-fargo-sends-message-to-banking-sector>

## Roll Call (DC): Latest Wells Fargo Penalties Add Fuel To Dodd-Frank Debate

By Doug Sword, Roll Call (DC)

Democrats are praising former Federal Reserve Board Chair Janet Yellen's actions against Wells Fargo & Co. and questioning whether the Fed will continue to be as tough now that she has left the central bank.

The Fed's cease-and-desist order released Friday evening, on Yellen's final day as chairwoman, restricts the nation's third-largest bank to the \$1.95 trillion in total consolidated assets it had at the end of 2017, a move the company estimates will cut its earnings this year by between \$300 million and \$400 million. The company had a net income of \$22.2 billion in 2017.

"This action to punish Wells Fargo's scams against consumers is a good step, but long overdue," Senate Banking ranking member Sherrod Brown said in a statement. "Scandals at Wells Fargo demonstrate why Congress and the new leadership at the Fed should not weaken the rules for Wall Street."

<https://www.rollcall.com/news/politics/latest-wells-fargo-penalties-add-fuel-dodd-frank-debate>

## American Banker: What The Fed's Wells Fargo Order Means For Bank Directors

By John Heltman, American Banker

The Fed's enforcement order and the additional actions surrounding it "were seen as a warning for board members of other institutions, according to interviews with several industry observers."

<https://www.americanbanker.com/news/what-the-wells-order-means-for-bank-directors>

## American Banker: Payment Fraud On The Rise At U.S. Banks, Credit Unions: Fed Survey

By Kevin Wack, American Banker

According to a Minneapolis Fed report released Tuesday, of 283 banks and credit unions surveyed last summer, "63% said that fraud losses on signature-based debit cards were higher in 2016 than they were a year earlier, while only 15% said that losses were lower."

<https://www.americanbanker.com/news/payment-fraud-on-the-rise-at-us-banks-credit-unions-fed-survey>

## American Banker: Misdeeds Force Megabanks To Engage In Stealth Lobbying

By Victoria Finkle, American Banker

While there's a "sense that the regulatory climate has improved for Wall Street with the election of President Trump, there is "still little political will when it comes to openly helping big banks, and "with each major scandal, that position gets further ingrained."

<https://www.americanbanker.com/opinion/misdeeds-force-megabanks-to-engage-in-stealth-lobbying>

## Payday Loans

### Compliance Week: Coalition Urges Congress To Halt CFPB Rule On 'Payday' Loans\*

By Joe Mont, Compliance Week

On Feb. 6, 23 free market groups led by the Competitive Enterprise Institute, petitioned Congress to stop the Consumer Financial Protection Bureau's rule against short-term "payday" loans.

"The CFPB's rule will make it harder for millions of struggling Americans to cover emergency expenses between paychecks," said Daniel Press, a CEI policy analyst and author of a recent report on the rule.

The rule, he and other critics say also deprives state legislators from deciding how to regulate small dollar loans.

<https://www.complianceweek.com/blogs/the-fing-cabinet/coalition-urges-congress-to-halt-cfpb-rule-on-payday-loans>

### Electronic Urban Report: Consumer Protection Payday Rule At Risk\*

By Charlene Crowell, Electronic Urban Report

After years of fierce advocacy that drew bright lines between a predatory lending industry and a coalition of concern that looks like America, a rule was announced in 2017, designed to ensure that loans only went to consumers who could afford to repay them. The rule also curbed triple-digit interest rates on small-dollar loans like payday. Payday Rule

The new announcement came on the watch of Mick Mulvaney who was hand-picked by the White House to serve as CFPB's Acting Director. The validity of that appointment is currently the subject of two lawsuits. Mulvaney also continues to serve as President Trump's Director of the Office of Management and Budget.

But Mulvaney's years of serving as a member of South Carolina's congressional delegation could help to explain how an agency created to be the consumer's financial cop on the

beat still supports lenders who helped to finance his campaigns. Payday Rule

<https://www.eurweb.com/2018/02/consumer-protection-payday-rule-risk/>

## Financial Empowerment

### **U.S. News & World Report: Why Financial Literacy Matters In An Era Of Deregulation\***

By U.S. News & World Report

Love it or hate it, deregulation is a major priority for the current political administration. And while regulatory battles may seem like concerns for policymakers on Capitol Hill, they have real, whack-you-in-the-wallet implications for consumers, too.

The impact of deregulation is especially relevant when it comes to the financial services industry, where regulatory rollbacks may give lenders, credit card companies and other financial institutions the freedom to engage in business practices some consider predatory or abusive.

"Deregulation may spur the economy, but in doing so, it emboldens corporations and companies to look out for themselves," says Kathryn Hauer, author of "Financial Advice for Blue Collar America". "It's going to become more important for individuals to make sure they're not getting scammed or tricked [and are] led down the right financial path.

<https://money.usnews.com/money/personal-finance/family-finance/articles/2018-02-06/why-financial-literacy-matters-in-an-era-of-deregulation>

## Students

### **Wall Street Journal: Student Aid Would Fall By \$15 Billion Under GOP Bill, CBO Says**

By Josh Mitchell, Wall Street Journal

According to the CBO, the House Republican education bill would reduce student aid programs by nearly \$15 billion over the next decade.

<https://www.wsj.com/articles/student-aid-would-fall-by-15-billion-under-gop-bill-cbo-says-1517956517>

## Policy and Regulatory

### **Reuters: U.S. States Join Forces On Fintech Licenses**

By Reuters

Banking regulators in Georgia, Kansas, Tennessee, Massachusetts, Illinois, Texas, and Washington agreed to create a simpler licensing process to allow money services businesses, including fintechs, to operate across state lines.

<https://www.reuters.com/article/us-fintech-regulations/us-states-join-forces-on-fintechlicenses-idUSKBN1FQ2CK>

### **Reuters: Fed's Bullard Says Doesn't Expect Big Changes Under Powell**

By Reuters

St. Louis Fed President James Bullard said he does not expect to see significant changes to monetary policy under new Fed Chair Jerome Powell.

<https://www.reuters.com/article/us-usa-fed-bullard-powell/feds-bullard-says-doesnt-expect-big-changes-under-powell-idUSKBN1FQ2I7>

### **Reuters: Lawsuit Claiming Citigroup Ran 'Boys Club' Dismissed By U.S. Judge**

By Jonathan Stempel, Reuters

US District Judge Richard Sullivan dismissed a lawsuit by Erin Daly - a fired Citigroup financial adviser who claimed that the bank stripped her of client contacts and responsibilities due to her gender, reducing her to "glorified secretary" because its "boys' club" policies dictated that "the men were doing business" - because she had signed an arbitration agreement with the company.

<https://www.reuters.com/article/us-citigroup-lawsuit-discrimination/lawsuit-claiming-citigroup-ran-boys-club-dismissed-by-u-s-judge-idUSKBN1FQ2XE?rpc=69>

## The Big Picture

### **Headlines From Today's Front Pages.**

#### **Wall Street Journal:**

[Investors Suffer Losses On Bets Against Volatility](#)

[Top Senators Pursue 2-Year Budget Deal](#)

[A Breakthrough Stroke Treatment Can Save Lives If It's Available](#)

[Snap Shares Pop As Revenue Rises](#)

#### **New York Times:**

[Suddenly, It Sinks In: Era Of Easy Money Is Finally Ending](#)

[U.S. Seesawing On Libya Paves Path For Russia](#)

[FEMA Contract for 30 Million Meals Gave Only 50,000](#)

[Trump's Talk Of Unity Replaced By 'Treason' And 'Shutdown'](#)

[SpaceX Succeeds In Test Launch Of Falcon Heavy Rocket](#)

['Death Camp' Law Strains The Bond Of Jews And Poles](#)

#### **Washington Post:**

[How A British Ex-Spy Became A Flash Point In Russia Probe](#)

[Senators Say Deal On Budget Is In Sight](#)

[Plans For US Military Parade Take Step Ahead](#)

[Shredded Roofs, Shattered Lives](#)

[As Whites Find Black Roots, Identity Gets Tangled](#)

[Main St. Rebounds, Wall St. Worries](#)

#### **Financial Times:**

[US Stocks Halt Losing Streak After Wild Ride](#)

[ANC Delays Crisis Meeting After Fruitful Talks With Zuma](#)



German Union Wins Right To 28-Hour Working Week And 4.3% Pay Rise

**Washington Times:**

Illegal Immigrant Deported 44 Times In 15 Years Top Feds' List

Trump: 1'd Love To See A Shutdown Unless Dems Fix Immigration

Stock Market Roars Back As White House Affirms Strength Of U.S. Economy

FBI 'Needs To Clean House,' Former Agents Say

Apathy, Boycotts Could Undercut Putifs Expected Electoral Cakewalk

Top Pakistani Security Official Says Nation Critical To Trump's Afghan War Plan

**Story Lineup From Last Night's Network News:**

ABC: SpaceX-Falcon Heavy Launch; Severe Weather; Weather Forecast; Immigration Deal; Wall Street News; Amtrak-Acela Accident; Flu Epidemic; Taiwan-Earthquake; Hollywood Director Controversy; LA-Police Shooting; Super Bowl News; Pregnancy-Alcohol Danger; Amazon-HQ Move.  
CBS: SpaceX-Falcon Heavy Launch; Wall Street News; Immigration Deal; Illegal Immigrant-Traffic Accident; Amtrak-Acela Accident; Philly Amtrak Accident Trial; East Coast-False Tsunami Warning; Syria-Civil War; LA Traffic; Iowa-Traffic Pileup; Arctic-Permafrost Melting; Lottery Winner; Winter Olympics; Super Bowl News; Wrestling Tournament; Girl Scouts.

NBC: SpaceX-Falcon Heavy Launch; Wall Street News; Immigration Deal; Amtrak-Acela Accident; Winter Olympics; Figure Skating-Biased Judges; Colorado Springs-Policy Shot; Severe Weather; Music Streaming; Lottery Winner; Happiness Study.

**Network TV At A Glance:**

SpaceX-Falcon Heavy Launch- 8 minutes, 30 seconds

Immigration Deal- 7 minutes, 20 seconds

Wall Street News- 5 minutes

Amtrak-Acela Accident- 4 minutes

**Story Lineup From This Morning's Radio News Broadcasts:**

ABC: Immigration Deal; Opioid Crisis; Hotel Exec Sex Allegation; SpaceX-Falcon Heavy Launch; Wall Street News.

CBS: Immigration Deal; SpaceX-Falcon Heavy Launch; Hotel Exec Sex Allegation; WH-Military Parade Plan.

FOX: Immigration Deal; Hotel Exec Sex Allegation; SpaceX-Falcon Heavy Launch.

NPR: Immigration Deal; House Intelligence Committee Memo; SpaceX-Falcon Heavy Launch; Wall Street News.

## Washington's Schedule

### Today's Events In Washington.

**White House:**

PRESIDENT TRUMP- Meets with the Secretary of Health and Human Services; meets with the Chair of the Commodity Futures Trading Commission; meets with Republican Members of the Senate Finance Committee; hosts the National Prayer Breakfast Dinner.

VICE PRESIDENT PENCE- Participates in a briefing on missile defense; observes a Phased Array Tracking to Intercept of Target (PATRIOT) Advanced Capability-Three (PAC-3) demonstration; participates in a briefing on regional security; participates in a bilateral meeting with Prime Minister Shinzō Abe of Japan; delivers joint statements with Prime Minister Shinzō Abe of Japan; participates in a banquet hosted by the government of Japan.

US Senate: No Relevant Events Scheduled.

US House: 9:00 AM House expected to vote on Mortgage Choice Act - House of Representatives meets for legislative business, with agenda expected to include completion of consideration of H.R. 1153- Mortgage Choice Act of 2017

Location: U.S. Capitol, Washington, DC

<http://www.house.gov/>

Other: No Relevant Events Scheduled.

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From: Logan, Amanda (CFPB)  
</o=cfpbexc/ou=exchange administrative group  
(fydibohf23spdlt)/cn=recipients/cn=amanda.logan>  
To: D'Angelo, Chris (CFPB)  
</o=cfpbexc/ou=exchange administrative group  
(fydibohf23spdlt)/cn=recipients/cn=chris.dangelo>  
Cc: Blankenstein, Eric (Detailee)(CFPB)  
</o=cfpbexc/ou=exchange administrative group  
(fydibohf23spdlt)/cn=recipients/cn=blankenstein, eric0fe>  
Bcc:  
Subject: RE: Community roundtable today  
Date: Wed Feb 07 2018 13:21:59 EST  
Attachments: Equifax\_stakeholders stmts 020618.pdf

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I've attached one last document from EA for the Community Groups Roundtable today: a compilation of statements made by groups who will be at the meeting regarding recent articles suggesting that the Bureau is pulling back on an investigation of Equifax.

Amanda M. Logan

SEFL Front Office | Consumer Financial Protection Bureau

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From: D'Angelo, Chris (CFPB)  
Sent: Wednesday, February 07, 2018 12:43 PM  
To: Logan, Amanda (CFPB)  
Cc: Blankenstein, Eric (Detailee)(CFPB)  
Subject: RE: Community roundtable today

Adding Eric

From: Logan, Amanda (CFPB)  
Sent: Wednesday, February 07, 2018 12:41 PM  
To: D'Angelo, Chris (CFPB)  
Subject: RE: Community roundtable today

I've attached a copy of the Briefing Memo for the Community Group Roundtable scheduled for 4PM today.

Amanda M. Logan

SEFL Front Office | Consumer Financial Protection Bureau

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From: Logan, Amanda (CFPB)  
Sent: Wednesday, February 07, 2018 12:11 PM  
To: D'Angelo, Chris (CFPB)  
Subject: RE: Community roundtable today

I just confirmed with EA that they would like you and Eric to attend the community roundtable in person or call in, if your schedules allow. I have not been able to get the invite changed from a "HOLD" on your calendar, but you should know it is not intended to be a hold at this point. EA is confirming that the meeting is appearing appropriately on Eric's calendar (other PDs are also invited). The seating arrangements are the same as what I described for the Industry Roundtables. EA apologizes for the late notice (due to late decisions). I have asked for the Briefing Memo about this Round Table.

EA anticipates that the community groups may raise three types of questions related to SEFL:

- 1) Equifax-related questions
- 2) Questions about the announcement of the changes to Fair Lending, especially as Fair Lending focused organizations have RSVPed yes
- 3) General questions about the direction of our enforcement and supervisory work under new leadership

Amanda M. Logan

SEFL Front Office | Consumer Financial Protection Bureau

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From: D'Angelo, Chris (CFPB)  
Sent: Wednesday, February 07, 2018 10:30 AM  
To: Logan, Amanda (CFPB)  
Subject: Community roundtable today

Can you give me a ring about the roundtable at 4 today? I want to make sure the set up is the same as the industry roundtables we discussed yesterday. Thanks



Consumer Financial  
Protection Bureau

## *Equifax*

### 1. National Consumers League, February 6, 2018

“Washington, DC--Consumers should be extremely troubled by reports that Mick Mulvaney, acting director of the Consumer Financial Protection Bureau (CFPB), has stopped investigating the Equifax breach, which affected 143 million consumers' accounts. Equifax's mishandling of consumers' most personal data increased the risk of identity fraud for millions of consumers.

The following statement is attributable to John Breyault, Vice President of Public Policy, Telecommunications and Fraud:

“The mission of the CFPB is simple: to protect consumers. In the wake of one of America's most damaging data breach, 143 million Americans are now at increased risk for becoming a victim of identity fraud. Victims of such crime can have their ability to borrow, get a job, or rent a home damaged for years. The idea that protecting consumers from data breaches and identity fraud is somehow beyond the scope of the CFPB is ridiculous. It's time for the acting director of the CFPB to stop protecting businesses that harm Americans and fulfill the mission of its Congressionally-mandated mission. The CFPB must continue its investigation to make sure that a data breach like Equifax's never happens again.”

### 2. Americans for Financial Reform, February 5, 2018

“Mulvaney is going easy on Wells Fargo and predatory payday lenders, and now we have fresh evidence of another terrible move: Mick Mulvaney wants to let Equifax off the hook for its reckless abuse and negligence that may have a lasting impact on millions of Americans. It's one more reason why it's so important to have someone with a track record of protecting consumers running the CFPB, not someone who wants to destroy its work. There are billions of dollars at stake for families and communities across the country.”

### 3. Center for Responsible Lending, February 5, 2018

“WASHINGTON, D.C. – Today, Reuters, citing multiple sources, published an article saying that the Consumer Financial Protection Bureau (CFPB), currently led by unlawfully appointed Acting Director Mick Mulvaney, has pulled back on its investigation of Equifax's massive data breach.



Yana Miles, Senior Legislative Counsel at the Center for Responsible Lending (CRL), issued the following statement:

If this report is true, then some 145 million Americans deserve an explanation from Mick Mulvaney. National credit bureaus have immense power over our financial lives. The credit consumers have access to is only as good as the credit bureaus' files. Equifax's massive data breach exposed an enormous flaw that must be addressed by the company and regulators. The public deserves to have a consumer protection watchdog that's going to keep the bureaus and other financial companies accountable and transparent to the public.

It's discouraging to see that every week Mulvaney is finding new ways to sabotage the consumer bureau. He's dropped court cases against abusive predatory lenders, redefined the mission of the consumer bureau, dismissed investigations against bad financial actors, and he's working to eliminate the payday lending rule—which took five years to produce. The Administration should recognize the severe harm Mulvaney is doing to the public and nominate a director who has peoples' interest at heart."

#### 4. National Consumer Law Center, February 5, 2018

"WASHINGTON, DC – Reports that the Consumer Financial Protection Bureau (Consumer Bureau) is stepping back from efforts to investigate the massive Equifax data breach and to oversee the credit bureaus' data security are highly troubling, according to advocates from the National Consumer Law Center. An article today from Reuters noted that the Consumer Bureau "has not ordered subpoenas against Equifax or sought sworn testimony from executives" and has also "shelved plans for on-the-ground tests of how Equifax protects data."

"This is frankly unbelievable," stated National Consumer Law Center Attorney Chi Chi Wu. "With half of the US population victimized, you think there'd be universal agreement that Equifax should be held accountable for its incompetence, and that credit bureaus need close monitoring to make sure they are handling OUR data safely and securely."

The Equifax data breach, announced on September 7, 2017, affected 145 million Americans, with thieves stealing highly sensitive information including Social Security numbers, dates of births, and in some cases, driver's license numbers. It was possibly the worst data breach in U.S. history given the magnitude and type of data stolen.



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Wu urged the Consumer Bureau to step up its efforts to investigate Equifax and oversee the credit bureaus, instead of cutting back on them. "The Consumer Bureau should be doubling down with Equifax and the protection of our credit data, not letting the credit bureaus off the hook," stated Wu. "Mick Mulvaney needs to state publicly whether the Consumer Bureau is committed to making sure that the credit bureaus protect our data."

#### 5. Public Citizen, February 5, 2018

"Statement of Bartlett Naylor, Financial Policy Advocate, Public Citizen's Congress Watch Division

Note: Acting director of the U.S. Consumer Financial Protection Bureau (CFPB) Mick Mulvaney reportedly has pulled back the agency's investigation into Equifax. Hackers stole personal data from more than 143 million Americans held by the consumer credit reporting firm.

Mulvaney's decision to drop the Equifax investigation is just the latest example of how he is gutting the CFPB, which Congress established to protect consumers from Wall Street scams. Equifax's tissue-thin security allowed hackers to steal personal data from more than 140 million Americans, yet Mulvaney appears intent on protecting Equifax instead of consumers.

Mulvaney has halted other similar probes, derailed rules to protect loan shark victims and is bleeding the agency of funding. In picking a new director for the CFPB, Trump must name a true champion of consumer rights, not a government-loathing ideologue who has celebrated shutting down all federal operations."

#### 6. U.S. PIRG News Release, February 5, 2018

"Widespread media reports that the CFPB acting director, Mick Mulvaney of OMB, is dropping its investigation into the Equifax breach leave its 145 million consumer-victims with nowhere to go. Only the Consumer Bureau has the tools and powers needed to investigate and hold the powerful financial gatekeeper Equifax accountable. It is time for the President to move his part-time caretaker back into the White House and to nominate a full-time director who is qualified to do, and will do, the CFPB's only job: protecting consumers in the financial marketplace.

This lack of enforcement also underscores the need for Congress to pass two important reforms. The "Data Breach Prevention and Compensation Act," introduced by Senators



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**Elizabeth Warren (MA) and Mark Warner (VA), will hold big credit bureaus accountable when they fail to protect our information (our blog). The "Control Your Personal Credit Information Act" (S. 2362), from Senator Jack Reed (RI), will give consumers greater control over when and how their consumer reports are shared by consumer reporting agencies (his release)."**



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From: Octavio Blanco  
<octavio.blanco@consumer.org>  
To: Gilford, Samuel (CFPB)  
</o=cfpbexc/ou=exchange administrative group  
(fydibohf23spdlt)/cn=recipients/cn=samuel.gilford>; Mayorga,  
David (CFPB) </o=cfpbexc/ou=exchange administrative group  
(fydibohf23spdlt)/cn=recipients/cn=david.mayorga>; Czwartacki,  
John (Detailee)(CFPB) </o=cfpbexc/ou=exchange administrative  
group (fydibohf23spdlt)/cn=recipients/cn=czwartacki, john201>  
Cc:  
Bcc:  
Subject: Consumer Reports inquiry - Status of CFPB investigation into Equifax breach  
Date: Mon Feb 05 2018 11:48:32 EST  
Attachments:

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Good morning,

I'm writing a story reacting to a news report by Reuters that the CFPB is pausing its investigation into Equifax following the massive security breach this summer.

Can you confirm that the CFPB is stopping its investigation? If so, could you please provide a few details about what led to this decision and what the next steps the CFPB is taking vis-a-vis Equifax are?

I am working on a tight deadline for Consumer Reports Online, I'd greatly appreciate response to this inquiry at your earliest convenience.

Best regards,

Octavio Blanco  
Reporter, CR.org  
O: (914) 378-2146  
C: (b)(6)  
@octavioNYC

\*\*\*

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From: American Banker  
<americanbanker@email.americanbanker.com>  
To: Blankenstein, Eric (Detailee)(CFPB)  
</o=cfpbexc/ou=exchange administrative group  
(fydibohf23spdlt)/cn=recipients/cn=blankenstein, eric0fe>  
Cc:  
Bcc:  
Subject: Daily Briefing: Groans as Congress again uses Fed's capital fund to plug holes  
Date: Fri Feb 09 2018 06:01:23 EST  
Attachments:

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A provision in the Senate's two-year budget deal would cut the Federal Reserve's operating surplus by \$2.5 billion, the second time in recent years that Congress has diverted Fed funds.

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by JOHN HELTMAN, IAN MCKENDRY

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Senate panel approves Trump's pick for FDIC chair, two other nominees  
by IAN MCKENDRY

The full Senate will now consider the nomination of Jelena McWilliams to lead the FDIC, as well as nominees to sit on the Federal Reserve Board and the Financial Stability Oversight Council.  
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House clears bill to ease limits on QM points and fees  
by BRIAN COLLINS

The legislation, a similar version of which passed in the last Congress, would give favorable regulatory treatment to certain loans even if real estate-related fees were paid to an affiliate of the lender.  
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'It's about time that there is sane leadership at the CFPB': Comments of the week  
by MARY WISNIEWSKI

Readers react to the Consumer Financial Protection Bureau pulling back from investigating the Equifax breach, opine on the Federal Reserve's tough enforcement against Wells Fargo, weigh in on gender pay issues and more.  
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Why did this bank CEO get fired shortly after reporting a profit?  
by JOHN REOSTI

Codorus Valley Bancorp fired Dwight Utz, the head of its bank unit, "without cause" just a few weeks after reporting earnings of \$12 million for 2017.  
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Fed bars ex-CEO of failed Md. institution from rejoining banking industry  
by LAURA ALIX

The Fed determined that Jacob Goldstein, who was also president of NBRS Financial Bank, improperly signed off on loans without telling the board that he would benefit from them. The bank failed in 2014.  
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From: American Banker  
<americanbanker@email.americanbanker.com>  
To: Czwartacki, John (Detailee)(CFPB)  
</o=cfpbexc/ou=exchange administrative group  
(fydibohf23spdlt)/cn=recipients/cn=czwartacki, john201>  
Cc:  
Bcc:  
Subject: Daily Briefing: 'It's about time that there is sane leadership at the CFPB': Comments of  
the week  
Date: Fri Feb 09 2018 06:00:34 EST  
Attachments:

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Walmart's quest to stabilize its workers' financial lives  
by KEVIN WACK

It's not just hourly workers who struggle to make ends meet — many managers also often find themselves short on cash each month. To help employees cope, the retail chain is using a tool developed by the fintech Even to give them access to their wages before the next pay period.  
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Buckley Sandler co-founder retiring to pursue other businesses  
by KATE BERRY

Andrew Sandler, who is also CEO of Treliant, co-founded Buckley Sandler in 2009. He will step down from the firm in March.  
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Pink slips coming for big chunk of Dodd-Frank agency staff  
by VICTORIA FINKLE

More than one-third of the Office of Financial Research's staff could soon be laid off, but the agency

seems to lack the political clout needed to block the move.

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From: Fulton, Kate (CFPB)  
</o=cfpbexc/ou=exchange administrative group  
(fydibohf23spdlt)/cn=recipients/cn=kate.fulton>  
To: Doyle, Emma (Detailee)(CFPB)  
</o=cfpbexc/ou=exchange administrative group  
(fydibohf23spdlt)/cn=recipients/cn=king doyle, emma4a7>;  
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Czwartacki, John (Detailee)(CFPB) </o=cfpbexc/ou=exchange  
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Cc:  
Bcc:  
Subject: FW: Daily Press Download  
Date: Tue Feb 06 2018 15:32:13 EST  
Attachments: 01.18.2018 Golden Valley Statement FINAL.PDF  
Careers and the disABLED HR Questions.doc  
Careers and the disABLED Questions.doc  
image003.jpg  
RE: Writing an editorial today about the CFPB's direction (5).msg  
image001.gif

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I don't usually weigh in on press matters, but I think it is worth discussing whether at this point it makes sense to have a statement on the record from Mick himself regarding the Equifax matter, even if he was just saying the same things. I mentioned it to Emma, but happy to discuss.

From: Howard, Jennifer (CFPB)  
Sent: Tuesday, February 06, 2018 2:47 PM  
To: Czwartacki, John S. EOP/OMB; Czwartacki, John (Detailee)(CFPB); Welcher, Anthony (CFPB)  
Cc: Gilford, Samuel (CFPB); McLeod, Mary (CFPB); Fulton, Kate (CFPB); Ellis, Elizabeth (CFPB);  
Martinez, Zixta (CFPB); Doyle, Emma (Detailee)(CFPB); D'Angelo, Chris (CFPB); Mayorga, David  
(CFPB); CFPBPress; Sutton, Kirsten (CFPB); Johnson, Brian (CFPB)  
Subject: Daily Press Download

Hi there-

I'm still waiting for the responses to Richard Pollack questions from COO. Also, just confirming that the next RFI will go out tomorrow at noon? We will send around the updated template.

New incoming

Patrick Rucker, Reuters: Received today, deadline is today

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\*\*\*\*\* Request: Looks like we'll actually have a story today. Mnuchin was just asked about the Equifax matter at a House hearing. As I update this story, I can get in there the idea that you all are 'looking into Equifax'. (I did not have that from you yesterday). Though I'll also point out that you declined to comment on the substance of Monday's story. Whatever else you all want to add today, welcome it. Mnuchin said he'd bring it up with Mulvaney as a FSOC. Is that where Mnuchin heading after this house hearing?

\*\*\*\*\* Suggested response: (b)(5)

(b)(5)

\*\*\*\*\* Front office feedback: Waiting for sign off from Brian and Eric

Jack Torry, Columbus Dispatch: Received today, deadline is TBD

\*\*\*\*\* Request: Former director Richard Cordray has charged today you are stonewalling the Equifax investigation? Can you comment?

\*\*\*\*\* Suggested response: (b)(5)

(b)(5)

\*\*\*\*\* Front office feedback: Waiting for sign off from Brian and Eric

Matt Novak, Gizmodo: Received today, no firm deadline

\*\*\*\*\* Request: I'm happy to include your statement but frankly it doesn't substantially address a single issue that's addressed in my story. Everyone knows that the Bureau "has statutory authority" and "is authorized to take enforcement action" but why isn't the Bureau actually ordering subpoenas against Equifax and getting sworn testimony from Equifax executives?

\*\*\*\*\* Suggested response: (b)(5)

(b)(5)

\*\*\*\*\* Front office feedback: Waiting for sign off from Brian and Eric

Saundra Torry, USA Today Editorial: Received today, deadline 4 pm today for her editorial, 3pm tomorrow for ours (if we want to offer)

\*\*\*\*\* Request: Two requests. The first request is to confirm today that the facts below in her summary are accurate. Second, she would like to get an Opposing Viewpoint from the CFPB for an editorial scheduled to run on Thursday. We'd need this 320-word Opposing View by 3 p.m. Wednesday. I need to know today as soon as possible if Director Mulvaney or someone else there would like to provide this piece. Rules for Opposing Views: Please write a maximum of 320 words, including a short ID at the bottom of the piece for the author. We reserve the right to write headlines and to edit for length, accuracy, grammar to comport with our style, including such things as not using acronyms on first reference. For any factual assertions, such as rules, statistics, studies, etc., include a hyperlink to an authoritative source. If the source is a lengthy document, please include a page number of keyword so we can find the data you are referring to. Please confirm that you've received this and let me know either way, if you are interested or decline to write for us. Below is a summary of what we'll be saying.

Our View is that Acting Director Mick Mulvaney has taken actions that are gutting the bureau, an agency that banks, credit card issuers, debt collectors and payday lenders have been seeking to weaken for years. Now they're getting their wish. Since the agency was created, regular folks who never before had a champion in the federal government won protection from scams and received millions of dollars in relief from the bureau's enforcement actions. However, since Mulvaney took over, he has dropped a lawsuit against payday lenders accused of charging as much as 950% on loans; is reconsidering a common-sense rule requiring payday lenders to determine if consumers can pay back their loans; and has stripped enforcement power from a unit that pursues cases involving lender discrimination. Those actions alone – and they are not the only ones Mulvaney has taken – are quickly turning this fierce consumer watchdog into an industry lapdog.

\*\*\*\*\* Suggested response: (b)(5)

(b)(5)

\*\*\*\*\* Front office feedback:

John Healy, Los Angeles Times: Received today, deadline is 5:30pm today

\*\*\*\*\* Request: I have a bunch of questions and would prefer to do this interactively, but per your request, here are at least some of the issues I was hoping to get some feedback on. Please note, we don't generally quote the people we interview; instead, the point of the interview is just to shape our opinions. So if you'd prefer not to offer official quotable responses on any of these items, that's fine with me.

1. Is this document accurate? <http://www.documentcloud.org/documents/4357880-Mulvaney-Memo.html>
2. If the document is indeed accurate, what does that mean for the bureau's interest in bringing UDAAP cases?
3. Why did the bureau drop its lawsuits against four tribal affiliated lenders from northern California?
4. Why did the bureau terminate its investigation of World Acceptance?
5. The public statements about the new payday loan rulemaking and the revisions in the prepaid

card rules didn't say what problems in the rules the bureau was seeking to address. Could you provide some insight on that?

6. What problem was solved by shifting the Office of Fair Lending and Equal Opportunity to the director's office and refocusing its work?

\*\*\*\*\* Suggested response:

(b)(5)

\*\*\*\*\* Front office feedback:

Fred Williams, CreditCards.com: Received today, deadline is Wednesday

\*\*\*\*\* Request: According to published reports, Newsweek inflated its traffic or engagement numbers in order to secure a purchase of online advertising from the CFPB.

1. Can you confirm there was such an ad buy?
2. Can you say what the ads are about?
3. Can you provide an example?
4. Is the CFPB taking action to check it was not defrauded in connection with the ad purchase?

\*\*\*\*\* Suggested response: (b)(5)

(b)(5)

\*\*\*\*\* Front office feedback:

John Maxfield, Bank Director magazine: Received today, deadline is next Friday (2/16)

\*\*\*\*\* Request: I'm a writer with Bank Director magazine and am putting together a piece on the CFPB's new direction under Mr. Mulvaney. We're an industry publication, and, as you can imagine, bankers are very interested in getting a sense for what to expect. Ideally, I would like an hour of Mr. Mulvaney's time for a phone interview. And if not him, then one of his close associates at the CFPB. Please let me know if this is something we could arrange.

\*\*\*\*\* Suggested response: (b)(5)

\*\*\*\*\* Front office feedback:

Shelby Lindsay, Cronkite News Arizona PBS: Received late yesterday, deadline is this week

\*\*\*\*\* Request: I'm a reporter for Cronkite News Arizona PBS. I'm doing a story on the regulation that is going into monitoring bank management (specifically Wells Fargo) and any possibilities into who the President will be nominating as the new director for CFPB. My deadline is within the next few days.

\*\*\*\*\* Suggested response: (b)(5)

\*\*\*\*\* Front office feedback:

William Hoffman, Auto Finance News: Received today, deadline is Monday (2/12)

\*\*\*\*\* Request: I've already written a short write-up for the website on changes the CFPB has made to fair lending, but I'm now working on a longer piece for our magazine and I'm curious if anyone from the bureau would be available to talk with me about how fair lending will be enforced going forward? Particularly, I'm curious about the implications for Auto Finance companies including the Bureau's view on disparate impact, the BISG model, and caps on dealer markup. Could we schedule an interview to talk over the phone? If that's not possible I'd love to send along questions via email for an official to answer. My deadline is Monday the 12th and I'd love to get comment from the CFPB before then if possible.

\*\*\*\*\* Suggested response: (b)(5)

(b)(5)

\*\*\*\*\* Front office feedback:

Pending incoming

Jesse Eisinger, ProPublica: Received Monday, asked that we tell him by COB today whether it's a possibility

\*\*\*\*\* Request: I am working on a story about Mick Mulvaney's tenure at the CFPB, and was hoping to have an interview with him and with Eric Blankenstein. I'm trying to understand Mr. Mulvaney's vision for the bureau, which really has only been articulated in his memo to staff/WSJ oped. I'd like to cover the rationale for the data freeze; the effort to assess voluntary compliance with presidential executive orders; and various enforcement initiatives and priorities.

\*\*\*\*\* Suggested response: (b)(5)

\*\*\*\*\* Front office feedback: Have not received instructions

Victoria Finkle, American Banker: Received last Friday, deadline is early this week

\*\*\*\*\* Request: I'm back at the Banker these days as a senior editor overseeing our BankThink opinion blog and working on some of my own reporting and analysis. I'm working on a story right now about what Dodd-Frank mandates remain unfulfilled and looking at whether they are likely to be finalized or not under the current administration. A law firm did the analysis of what's left under the law for me and a couple of CFPB items came up that I wanted to ask about. In each case, I'm hoping you might be able to comment on the status of the provision and when it might be completed (if the agency has an estimate). If any have been completed in ways that this analysis might not have picked up, please do let me know.

1071 The CFPB must prescribe rules and issue guidance to financial institutions to carry out, enforce and compile data regarding applications for credit by a women-owned, minority-owned, or small business pursuant to amended Equal Credit Opportunity Act § 704B. The CFPB may, by rule or order, adopt exceptions to any requirement of § 1071 and exempt any financial institution or class of financial institutions from this section. The CFPB must issue guidance designed to facilitate compliance with § 1071, including assisting financial institutions in working with applicants to determine whether they are women-owned, minority-owned or small businesses for purposes of this section. See also definitions in § 1071, Equal Credit Opportunity Act § 704B(h).

Two joint requirements:

1473(q) The Federal Reserve, OCC, FDIC, NCUA, FHFA, and CFPB, in consultation with the Appraisal Subcommittee and the Appraisal Standards Board of the Appraisal Foundation, must promulgate rules to implement quality control standards for any computerized model used by mortgage originators and secondary market issuers to determine the collateral worth of a mortgage secured by a consumer's principal dwelling ("Automated valuation model").

1447 HUD and the CFPB, in consultation with the Federal agencies responsible for regulation of banking and financial institutions involved in residential mortgage lending and servicing, must establish and maintain a database of information on foreclosures and defaults on mortgage loans for one- to four-unit residential properties and shall make such information publicly available. In establishing and maintaining the database, HUD and the CFPB must (1) be subject to the standards applicable to Federal agencies for the protection of the confidentiality of personally identifiable information and for data security and integrity; (2) implement the necessary measures to conform to the standards for data integrity and security described in paragraph (1); and (3) collect and make available information under this section, in accordance with paragraphs (5) and (6) of section

1022(c) and the rules prescribed under such paragraphs, in order to protect privacy and confidentiality. [NOTE: I UNDERSTAND THIS MAY BE PARTIALLY COMPLETED BUT WANTED TO CONFIRM WHETHER OR NOT THAT'S THE CASE]

\*\*\*\*\* Suggested response: (b)(5)

(b)(5)

\*\*\*\*\* Front office feedback: Have not received instructions for the last few downloads

John Wilen, Debtwire: Received Monday, no firm deadline

\*\*\*\*\* Request: Can you tell me if the CFPB plans to continue to defend the settlement it reached with the National Collegiate Student Loan Trusts under the previous director? As I'm assuming you're aware, most parties to those securitization trusts have asked the court overseeing the settlement and CFPB complaint to let them argue against it. There is rampant speculation among legal, regulatory and industry observers that I've spoken to that the CFPB's new management may simply withdraw the complaint and drop the settlement, which would end the whole matter.

\*\*\*\*\* Suggested response: (b)(5)

\*\*\*\*\* Front office feedback: Have not received instructions for yesterday's download

Shawna Thomas, VICE News: Received Monday, no firm deadline

\*\*\*\*\* Request: I'm hoping to speak with someone at CFPB about putting in a request for an interview with Director Mulvaney in his capacity as the head of the Consumer Financial Protection Bureau. It would be an interview about his vision for the bureau going forward. What he thinks works there and what he thinks doesn't work and needs to be addressed.

\*\*\*\*\* Suggested response: (b)(5)

\*\*\*\*\* Front office feedback: Have not received instructions for yesterday's download

Brittney Laryea, MagnifyMoney.com: Received Thursday, deadline is TBD

\* Request: I'm working on an article about the CFPB's recent actions regarding the payday lending rule. Including the letter Sen. Elizabeth Warren and Rep. Maxine Waters sent to the Bureau's Acting and Deputy Directors yesterday, Jan. 31. I'm reaching out to the CFPB to ask if the Bureau has any response to the letter or any comment regarding the Bureau's intention to "engage in a rulemaking process so that the Bureau may reconsider the Payday Rule." Would the bureau have any response to the letter or comment on what reconsidering the Payday Rule entails?

\* Suggested response: (b)(5)

(b)(5)

\* Front office feedback: (b)(5)

(b)(5)

Katie McKy, Careers & the disabled Magazine: Received Thursday, deadline is March 5

\* Request: For the award-winning Careers & the disABLED magazine, I'd like to interview one of your disABLED colleagues who works in any capacity. Careers & the disABLED has won the "Media



Award of Excellence" - President's Committee on Employment of People with Disabilities and other awards. The disability could have to do with hearing, sight, locomotion, autism, or something else. If you don't know of a disABLED colleague, I could instead interview a nondisabled diversity officer, someone in HR, a PR person, or any agency spokesperson who could speak to your company's commitment to a diverse workforce and openness to hiring disabled people. The purpose of the piece is to encourage disabled graduates and working professionals to consider working in the federal sector. You'd have until March 5th to get the answers to me. Naturally, sooner is always better. Your colleague could answer the questions by email or we could do the interview by phone. The profile will be one of four and you'll get about 600 words of positive press for the half hour it typically takes to answer the questions. Of course, the changes to Section 503 of the Rehabilitation Act of 1973 make this a prime time to appear in Careers & the disABLED.

\* Suggested response: (b)(5)

(b)(5)

\* Front office feedback: Have not received instructions for the last few downloads

### Past Deadline

Brian Cheung, S&P Global Market Intelligence: Received last Friday, deadline was Friday

\*\*\*\*\* Request: Wondering if the CFPB has a response to this (see attached letter)? Specifically the allegations that some there is personally identifying data in the agency's collections, which violates Dodd-Frank? Running with something this afternoon. Thanks!

\*\*\*\*\* Suggested response: (b)(5)

\*\*\*\*\* Front office feedback: Did not receive final instructions by deadline.

\*\*\*\*\* Comms update: No story posted yet.

Chris Rickert, Wisconsin State Journal: Received last Friday, deadline was Friday

\* Request: I do a column at a Madison, WI, newspaper called SOS, in which we try to solve readers' problems. Usually that means trying to get them a refund of money they've been duped out of. For this Monday, I'm writing about a problem 68-year-old Dean Anderson of Waunakee, WI, had with TransUnion. He said he signed up for a TransUnion offer of a \$1 credit report he saw advertised on TV in September. Apparently at that time he was also signed up for TransUnion's \$19.95-per-month credit-monitoring service. He said no one told him he would be signed up for the service when he signed up for the \$1 report. He said when he tried to cancel the service with TransUnion by phone, he only got automated messages. After I made several attempts to contact TransUnion on Anderson's behalf, the company called him and told him they were cancelling the automatic withdrawals and refunding his money for what they'd already taken. Then I saw this. Shouldn't the consent order filed on Jan. 3, 2017, have prohibited TransUnion from engaging in the kinds of advertising and practices Anderson was subjected to?

\* Suggested response: (b)(5)

\* Front office feedback: Did not receive instructions by deadline.

\*\*\*\*\* Comms update: Story is posted: [http://host.madison.com/wsj/news/local/ask/sos/sos-monitor-this-reader-gets-refund-for-service-he-says/article\\_719f802a-e406-5002-8b79-f1dce4d3f1cf.html](http://host.madison.com/wsj/news/local/ask/sos/sos-monitor-this-reader-gets-refund-for-service-he-says/article_719f802a-e406-5002-8b79-f1dce4d3f1cf.html)

James Grimaldi, WSJ: Received Monday, deadline was Monday

\*\*\*\*\* Request: Is there any follow up to our fake comments story? We are working on a short story for today about Rep. Pallone calling for an investigation by CFPB into our investigation revealing fake comments filed with CFPB. Have you investigated or are you considering an investigation?

\*\*\*\*\* Suggested response: (b)(5)

\*\*\*\*\* Front office feedback: Did not receive final instructions by deadline.

\*\*\*\*\* Comms update: Story posted: <https://www.wsj.com/articles/lawmaker-seeks-probe-into-fake-comments-on-payday-lending-rule-1517862004>

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From: Howard, Jennifer (CFPB)  
</o=cfpbexc/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=jennifer.howard>  
To: Welcher, Anthony (CFPB)  
</o=cfpbexc/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=welcher, anthony51c>  
Cc: Martinez, Zixta (CFPB)  
</o=cfpbexc/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=zixta.martinez>; Ellis, Elizabeth (CFPB) </o=cfpbexc/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=elizabeth.brennan>; Mayorga, David (CFPB) </o=cfpbexc/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=david.mayorga>; Gilford, Samuel (CFPB) </o=cfpbexc/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=samuel.gilford>  
Bcc:  
Subject: RE: Daily Press Download  
Date: Wed Feb 07 2018 15:20:33 EST  
Attachments:

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Anthony is going to surface the first two, along with the ProPublica, with front office staff and get back to us.

New incoming

Chris Bruce, Bloomberg BNA: Received today, deadline 4:30pm

\*\*\*\*\* Request: Just a note to see if anyone wants to comment on a suggestion that Federal Reserve Vice Chair Randal Quarles might be able to serve as acting director of the Consumer Financial Protection Bureau. I don't have any particular questions, though. My deadline is 430 pm Eastern Time today.

We're doing a short story today on a brief (link below) filed by Wharton School Professor Peter Conti-Brown in the English v. Trump case. Prof. Conti-Brown has filed a friend of the court brief in support of Ms. English. He says President Trump's appointment of OMB Director Mick Mulvaney as acting CFPB director isn't consistent with Congress' mandate in Dodd-Frank for an independent CFPB, because Mulvaney is part of the administration.

In a telephone interview with Prof. Conti-Brown a few minutes ago, he named Mr. Quarles as an example of someone who would be an appropriate choice. Here's the quote from Prof. Brown I'll be using in the piece: My view is that a Fed governor would be a perfectly appropriate and legal acting director of the CFPB, including Randy Quarles.

Again, no particular questions, just wanted to make sure you had a chance to comment if it makes sense to do so. 430 pm Eastern Time deadline.

\*\*\*\*\* Suggested response: (b)(5)

(b)(5)

\*\*\*\*\* Front office feedback: (b)(5)

Kate Berry, American Banker: Received just now, deadline this afternoon

\*\*\*\*\* Request: In the RFI it says: The calculation of civil money penalties, consistent with the penalty amounts and mitigating factors set out in 12 U.S.C. 5565(c), including whether the Bureau should adopt a civil money penalty matrix, and, if it does adopt such a matrix, what that matrix should include;

Also, why is the CFPB asking for input from the companies it regulates on civil money penalties?? Wouldn't most companies say they want no penalties or less?

\*\*\*\*\* Suggested response: (b)(5)

\*\*\*\*\* Front office feedback:

Kevin Dugan, New York Post: Received today, deadline is TBD

\*\*\*\*\* Request: Did Sec. Munching or anyone at Treasury reach out to the CFPB or Acting Director Mulvaney to discuss the Equifax investigation?

\*\*\*\*\* Suggested response: The reporter already has both approved press statements. (b)(5)

(b)(5)

\*\*\*\*\* Front office feedback: (b)(5)

Thomas Blanton, Kiplinger: Received today, deadline COB

\*\*\*\*\* Request: Quick question related to mortgage closing scams: <https://www.consumerfinance.gov/about-us/blog/buying-home-watch-out-mortgage-closing-scams/> How many victims of the scam have there been in the past couple years, and how many of those victims got all or part of their stolen funds back?

\*\*\*\*\* Suggested response: (b)(5)

(b)(5)

\*\*\*\*\* Front office feedback: (b)(5)

Emily Long, Magnify Money: Received today, deadline Friday

\*\*\*\*\* Request: I'm working on a piece for MagnifyMoney -- a guide to secured loans. I'd love to connect with someone at CFPB via phone to chat about things consumers should know about this topic (when to use, what the benefits and risks are, how to obtain, etc). Would you be able to arrange between now and Friday?

\*\*\*\*\* Suggested response: (b)(5)

(b)(5)

\*\*\*\*\* Front office feedback: (b)(5)

Jon Hill, Legal News & Data: Received late yesterday, deadline TBD

\*\*\*\*\* Request: I am working on a story for today about the motions to dismiss filed by the defendants in the CFPB's case against Freedom Debt Relief and Andrew Houser. (This is the case that was announced in this press release: <https://www.consumerfinance.gov/about-us/newsroom/cfpb-sues-freedom-debt-relief-misleading-consumers-about-its-debt-settlement-services/>). Does the CFPB have any response to the arguments being made by the defendants, or any other comment on why the case shouldn't be dismissed?

\*\*\*\*\* Suggested response: (b)(5)

\*\*\*\*\* Front office feedback:

Gema De Las Heras, Univision News: Received yesterday, deadline Thursday at noon

\*\*\*\*\* Request: I am writing to request more information about the regulation of loans for medical and cosmetic procedures, how much interest financial institutions can charge, etc. Our deadline is noon on Thursday 2/8, but please do not hesitate to contact me at (b)(6), if you have any questions and/or concerns.

\*\*\*\*\* Suggested response: (b)(5)

\*\*\*\*\* Front office feedback:

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From: Howard, Jennifer (CFPB)  
</o=cfpbexc/ou=exchange administrative group  
(fydibohf23spdlt)/cn=recipients/cn=jennifer.howard>  
To: Czwartacki, John S. EOP/OMB  
<john.s.czwartacki@omb.eop.gov>; Czwartacki, John  
(Detailee)(CFPB) </o=cfpbexc/ou=exchange administrative group  
(fydibohf23spdlt)/cn=recipients/cn=czwartacki, john201>;  
Welcher, Anthony (CFPB) </o=cfpbexc/ou=exchange administrative  
group (fydibohf23spdlt)/cn=recipients/cn=welcher, anthony51c>  
Cc: Gilford, Samuel (CFPB)  
</o=cfpbexc/ou=exchange administrative group  
(fydibohf23spdlt)/cn=recipients/cn=samuel.gilford>; McLeod,  
Mary (CFPB) </o=cfpbexc/ou=exchange administrative group  
(fydibohf23spdlt)/cn=recipients/cn=mcleod, mary (cfpb)65b>;  
Fulton, Kate (CFPB) </o=cfpbexc/ou=exchange administrative  
group (fydibohf23spdlt)/cn=recipients/cn=kate.fulton>; Ellis,  
Elizabeth (CFPB) </o=cfpbexc/ou=exchange administrative group  
(fydibohf23spdlt)/cn=recipients/cn=elizabeth.brennan>;  
Martinez, Zixta (CFPB) </o=cfpbexc/ou=exchange administrative  
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Doyle, Emma (Detailee)(CFPB) </o=cfpbexc/ou=exchange  
administrative group (fydibohf23spdlt)/cn=recipients/cn=king  
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administrative group  
(fydibohf23spdlt)/cn=recipients/cn=chris.dangelo>; Mayorga,  
David (CFPB) </o=cfpbexc/ou=exchange administrative group  
(fydibohf23spdlt)/cn=recipients/cn=david.mayorga>; CFPBPress  
</o=cfpbexc/ou=exchange administrative group  
(fydibohf23spdlt)/cn=recipients/cn=press>; Sutton, Kirsten  
(CFPB) </o=cfpbexc/ou=exchange administrative group  
(fydibohf23spdlt)/cn=recipients/cn=mork, kirsten7c6>; Johnson,  
Brian (CFPB) </o=cfpbexc/ou=exchange administrative group  
(fydibohf23spdlt)/cn=recipients/cn=johnson, brian843>  
Bcc:  
Subject: Daily Press Download  
Date: Fri Feb 02 2018 13:45:36 EST  
Attachments: Careers and the disABLED HR Questions.doc  
Careers and the disABLED Questions.doc

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Hi there-

We received the below incoming.

New incoming

Patrick Rucker, Reuters: Received today, deadline is 3pm

\*\*\*\*\* Request: He is seeking comment or to speak with someone on: Our story says the CFPB has held back from scrutinizing cyber security at Equifax and the other credit bureaus in three material

ways.

A. Cordray authorized an Equifax investigation in September but there have been no CID filed by the CFPB since then. The FTC has filed CID and you have the authority to work together on the Equifax matter. We will point that out. But the CFPB has not sought evidence under its own steam. And filing a CID is a fundamental part of investigations, as you all know.

B. The CFPB has not fulfilled the on-site cyber security exams that Cordray had envisioned in September. We've heard from at least one of the three credit bureau on record saying that makes sense – it does not believe the CFPB has the authority to scrutinize cyber security. Arguably the CFPB could test its authority as Cordray envisioned but the current CFPB has held back from doing that. That brings me to C

C. In early October, Cordray invited the three banking regulators to join the CFPB in cyber security exams. The Fed, OCC and FDIC were all willing to do that. They proposed writing a MOU that would outline how they each would send one or two staffers for on-site visits. But in recent weeks the CFPB scratched that plan. Specifically, Experian said they were not going to allow the prudential regulators on-site. And the CFPB explained that to the bank regulators. The plan for joint, site-visits was dropped.

\*\*\*\*\* Suggested response: (b)(5)

\*\*\*\*\* Front office feedback:

Jon Stempel, Reuters: Received today, deadline is 3pm today

\*\*\*\*\* Request: U.S. District Judge Paul Gardephe in Manhattan has dismissed a credit union's lawsuit challenging Mick Mulvaney's appointment to lead the CFPB, because the plaintiff lacked legal standing. The decision is attached, and we would welcome comment on behalf of Mr. Mulvaney and the agency.

\*\*\*\*\* Suggested response: (b)(5)

(b)(5)

\*\*\*\*\* Front office feedback:

Chris Rickert, Wisconsin State Journal: Received late afternoon, deadline is 5pm today

\*\*\*\*\* Request: I do a column at a Madison, WI, newspaper called SOS, in which we try to solve readers' problems. Usually that means trying to get them a refund of money they've been duped out of. For this Monday, I'm writing about a problem 68-year-old Dean Anderson of Waunakee, WI, had with TransUnion. He said he signed up for a TransUnion offer of a \$1 credit report he saw advertised on TV in September. Apparently at that time he was also signed up for TransUnion's \$19.95-per-month credit-monitoring service. He said no one told him he would be signed up for the service when he signed up for the \$1 report. He said when he tried to cancel the service with TransUnion by phone, he only got automated messages. After I made several attempts to contact TransUnion on Anderson's behalf, the company called him and told him they were cancelling the automatic withdrawals and refunding his money for what they'd already taken. Then I saw this. Shouldn't the consent order filed on Jan. 3, 2017, have prohibited TransUnion from engaging in the kinds of advertising and practices Anderson was subjected to?

\*\*\*\*\* Suggested response: (b)(5)

\*\*\*\*\* Front office feedback:

Sarah O'Brien, CNBC Digital: Received today, deadline is COB

\*\*\*\*\* Request: She wants a status update about the Civil Penalty Fund – i.e., is it still frozen? Are disbursements being made? Is it going to be ended? Sam did not provide information.

\*\*\*\*\* Suggested response: (b)(5)

(b)(5)

\*\*\*\*\* Front office feedback:

Chris Arnold, NPR: Received today, requesting interview Monday

\*\*\*\*\* Request: I'm working on another story where I'd very much like to talk to CFPB interim director Mick Mulvaney. This story focuses mostly on the lawsuit that the CFPB recently dropped against the online lender "Golden Valley." This lender has been charging 900% interest rates in states where that's illegal under state law. I'd like to talk about why the CFPB decided not to move forward with the case. And I'd like to talk more generally about the new direction for the CFPB that Mick Mulvaney described to staff in his memo on January 23rd that was widely reported on. Is there a time on Monday that would work for an interview? I could make Tuesday work too if need be. Or if another time before then is better just let me know.

\*\*\*\*\* Suggested response: (b)(5)

\*\*\*\*\* Front office feedback:

David Baumann, Credit Union Times: Received today, deadline is TBD

\*\*\*\*\* Request: Do you folks have any comment on the Waters-Warren payday lending letter sent to the director and deputy director?

\*\*\*\*\* Suggested response: (b)(5)

\*\*\*\*\* Front office feedback:

Katie MKY, Careers & the disabled Magazine: Received yesterday, deadline is March 5

\*\*\*\*\* Request: For the award-winning Careers & the disabled magazine, I'd like to interview one of your disabled colleagues who works in any capacity. Careers & the disabled has won the "Media Award of Excellence" - President's Committee on Employment of People with Disabilities and other awards. The disability could have to do with hearing, sight, locomotion, autism, or something else. If you don't know of a disabled colleague, I could instead interview a nondisabled diversity officer, someone in HR, a PR person, or any agency spokesperson who could speak to your company's commitment to a diverse workforce and openness to hiring disabled people. The purpose of the piece is to encourage disabled graduates and working professionals to consider working in the federal sector. You'd have until March 5th to get the answers to me. Naturally, sooner is always better. Your colleague



could answer the questions by email or we could do the interview by phone. The profile will be one of four and you'll get about 600 words of positive press for the half hour it typically takes to answer the questions. Of course, the changes to Section 503 of the Rehabilitation Act of 1973 make this a prime time to appear in Careers & the disABLED.

\*\*\*\*\* Suggested response: (b)(5)

(b)(5)

\*\*\*\*\* Front office feedback:

Pending incoming

Chris Freeman, October Research/RESPA News: Received yesterday, deadline is Monday morning

\*\*\*\*\* Request: I was looking through the CFPB to see whether there was a process in place for how the CFPB would handle an administrative case that was remanded back to it by the courts, the way the RESPA interpretation ruling here was. I haven't had any luck finding anything that would say how long the bureau has to review it, who it has to notice about a decision, etc. etc. Not looking for someone to comment on what's next, just whether there is a statutory or legal process the CFPB has to follow now. If I can get a hand with that, or just get pointed to the right place if there is one, I'd certainly appreciate it.

\*\*\*\*\* Suggested response

(b)(5)

\*\*\*\*\* Front office feedback

\*\*\*\*\* Comms update

(b)(5)

Brittney Laryea, MagnifyMoney.com: Received yesterday, deadline is TBD

\*\*\*\*\* Request: I'm working on an article about the CFPB's recent actions regarding the payday lending rule. Including the letter Sen. Elizabeth Warren and Rep. Maxine Waters sent to the Bureau's Acting and Deputy Directors yesterday, Jan. 31. I'm reaching out to the CFPB to ask if the Bureau has any response to the letter or any comment regarding the Bureau's intention to "engage in a rulemaking process so that the Bureau may reconsider the Payday Rule." Would the bureau have any response to the letter or comment on what reconsidering the Payday Rule entails?

\*\*\*\*\* Suggested response:

(b)(5)

(b)(5)

\*\*\*\*\* Front office feedback:

(b)(5)

(b)(5)

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From: Howard, Jennifer (CFPB)  
</o=cfpbexc/ou=exchange administrative group  
(fydibohf23spdlt)/cn=recipients/cn=jennifer.howard>  
To: Welcher, Anthony (CFPB)  
</o=cfpbexc/ou=exchange administrative group  
(fydibohf23spdlt)/cn=recipients/cn=welcher, anthony51c>  
Cc: Martinez, Zixta (CFPB)  
</o=cfpbexc/ou=exchange administrative group  
(fydibohf23spdlt)/cn=recipients/cn=zixta.martinez>; Ellis,  
Elizabeth (CFPB) </o=cfpbexc/ou=exchange administrative group  
(fydibohf23spdlt)/cn=recipients/cn=elizabeth.brennan>; Mayorga,  
David (CFPB) </o=cfpbexc/ou=exchange administrative group  
(fydibohf23spdlt)/cn=recipients/cn=david.mayorga>; Gilford,  
Samuel (CFPB) </o=cfpbexc/ou=exchange administrative group  
(fydibohf23spdlt)/cn=recipients/cn=samuel.gilford>  
Bcc:  
Subject: Daily Press Download  
Date: Fri Feb 09 2018 14:37:37 EST  
Attachments:

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Just to confirm, after the internal all hands email goes out this afternoon, we can provide the following statement from a Bureau spokesperson: "The draft strategic plan was presented to Congress today and will be finalized when Acting Director Mulvaney signs it this weekend. The final strategic plan will be released publicly on Monday."

Did you find out if we can also provide a PDF of the email from the Acting Director (not the plan itself)? Every all hands email that's been sent has found its way to the press. Once one reporter has it, we start getting requests from other reporters to confirm it exists and asking us to provide them with an original copy so they don't have to link to a competitor's story. We've ended up providing these emails to them fairly late, so they have been portrayed as "leaked" memos erroneously.

New incoming

Ian McKendry, American Banker: Received today, no deadline given

\*\*\*\*\* Request: I was wondering if you know how long Mulvaney can serve as an acting director and when that time expires. I remember with Noreika it was 130 business days.

\*\*\*\*\* Suggested response: (b)(5)

(b)(5)

\*\*\*\*\* Front office feedback:

Ryan Barber, National Law Journal: Received today, no firm deadline

\*\*\*\*\* Request: I know that the CFPB does not generally comment on litigation, but I was hoping an

exception could be made for the following request. In the Ocwen case down in South Florida, I noticed that the CFPB earlier this week gave notice of Mick Mulvaney's decision to "ratify" the lawsuit. We're going to report on this move but want to be careful not to read too far into it—meaning, we don't want to say that he "endorsed" or "approved" of the lawsuit if, in fact, he ratified the case more as a technical matter. Would you be able to clarify this for me, even just on background? I'd appreciate it.

\*\*\*\*\* Suggested response: (b)(5)

(b)(5)

\*\*\*\*\* Front office feedback:

Renaë Merle, Washington Post: Received today, deadline is TBD

\*\*\*\*\* Request: Is Mick Mulvaney's schedule published publicly anywhere and, if not, can someone send me his schedule for his first two months at CFPB director?

\*\*\*\*\* Suggested response: (b)(5)

(b)(5)

\*\*\*\*\* Front office feedback:

Joe Ducey, ABC Arizona: Received late yesterday, deadline is TBD

\*\*\*\*\* Request: I'm a consumer reporter with abc15 in Phoenix. I'm working on a story about the investigation into last year's Equifax breach. There've been reports that this hasn't been given priority. I know at least one Congressperson who is pushing for answers. Could you please comment on the Equifax investigation. Is it active and is it a priority? What can you tell consumers about your concerns over the breach.

\*\*\*\*\* Suggested response: (b)(5)

(b)(5)

\*\*\*\*\* Front office feedback:

Brad Wolverton, AARP Magazine: Received today, deadline is next week

\*\*\*\*\* Request: I know the bureau has jurisdiction over reverse mortgage servicing, has issued warnings about them and cracked down on illegal marketing tactics several reverse mortgage companies have used. But in looking at the mortgage servicing rules (Regulation X), I came across a passage that tripped me up. It says: "The general servicing policies, procedure, and requirements, early intervention, continuity contact, and loss mitigation procedures provisions are generally inapplicable to servicers of reverse mortgage transactions or to servicers of mortgage loans for which the servicers are also qualified lenders under the Farm Credit Act of 1971." Can you please provide any clarity on this? Does it mean the CFPB has jurisdiction over reverse mortgage servicing, but that the reverse mortgage industry is exempt from those policies and requirements?

\*\*\*\*\* Suggested response:

(b)(5)

(b)(5)

\*\*\*\*\* Front office feedback:

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From: Welcher, Anthony (CFPB)  
</o=cfpbexc/ou=exchange administrative group  
(fydibohf23spdlt)/cn=recipients/cn=welcher, anthony51c>  
To: Blankenstein, Eric (Detailee)(CFPB)  
</o=cfpbexc/ou=exchange administrative group  
(fydibohf23spdlt)/cn=recipients/cn=blankenstein, eric0fe>;  
Sutton, Kirsten (CFPB) </o=cfpbexc/ou=exchange administrative  
group (fydibohf23spdlt)/cn=recipients/cn=mork, kirsten7c6>;  
Johnson, Brian (CFPB) </o=cfpbexc/ou=exchange administrative  
group (fydibohf23spdlt)/cn=recipients/cn=johnson, brian843>;  
Doyle, Emma (Detailee)(CFPB) </o=cfpbexc/ou=exchange  
administrative group (fydibohf23spdlt)/cn=recipients/cn=king  
doyle, emma4a7>  
Cc:  
Bcc:  
Subject: Equifax 10 K Filing  
Date: Tue Feb 06 2018 12:06:53 EST  
Attachments:

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FYI... they have publically recognized a review

From: Smith, Daniel (CFPB)  
Sent: Tuesday, February 06, 2018 11:42 AM  
To: Welcher, Anthony (CFPB) <Anthony.Welcher@cfpb.gov>  
Cc: Howard, Jennifer (CFPB) <Jennifer.Howard@cfpb.gov>; Swartz, Jeff (CFPB) <Jeffrey.  
Swartz2@cfpb.gov>  
Subject: RE: American Banker

From Equifax's 10Q:

Filed Nov 9th, 2017

## ITEM 1. LEGAL PROCEEDINGS

Cybersecurity Incident Litigation, Claims and Government Investigations. To date, more than 240 class actions have been filed by consumers against us in federal, state and Canadian courts relating to the cybersecurity incident. The plaintiffs in these cases, who purport to represent various classes of

consumers, generally claim to have been harmed by alleged actions and/or omissions by Equifax in connection with the cybersecurity incident and assert a variety of common law and statutory claims seeking monetary damages, injunctive relief and other related relief. In addition, certain class actions have been filed by financial institutions who allege their businesses have been placed at risk due to the cybersecurity incident and generally assert various common law claims such as claims for negligence and breach of contract, as well as, in some cases, statutory claims. The financial institutions class actions seek compensatory damages and other related relief. Motions for consolidation and transfer for pre-trial proceedings with respect to the U.S. cases discussed above to a single U.S. District Court are pending before the U.S. Judicial Panel on Multidistrict Litigation. The Company has sought a stay of these cases pending consolidation and transfer. We have also appeared or notified the appropriate parties of representation in the Canadian class actions, but such actions are all at the preliminary stages. In addition, putative class action lawsuits have been commenced against us and certain of our current and former officers and directors alleging violations of the federal securities laws in connection with statements regarding our cybersecurity systems and controls. These complaints seek certification of a class of all persons who purchased or otherwise acquired Equifax securities during a set period of time and unspecified monetary damages, costs and attorneys' fees. We dispute the allegations in the complaints described above and intend to defend against such claims.

In addition, we are cooperating with federal, state, city and foreign governmental agencies and officials investigating or otherwise seeking information and/or documents, including through Civil Investigative Demands, regarding the cybersecurity incident and related matters, including 50 state Attorneys General offices, as well as the District of Columbia and Puerto Rico, the Federal Trade Commission ("FTC"), the Consumer Finance Protection Bureau ("CFPB"), the U.S. Securities and Exchange Commission ("SEC"), the New York Department of Financial Services, the New York Department of State - Division of Consumer Protection, other U.S. state bank regulators, the Financial Industry Regulatory Authority ("FINRA"), certain Congressional committees of both the U.S. Senate and House of Representatives, the United Kingdom's Financial Conduct Authority ("FCA"), the Information Commissioner's Office in the United Kingdom and the Office of the Privacy Commissioner of Canada. The Enforcement Division of the FCA has opened an investigation into Equifax Ltd. (our U.K. subsidiary). In addition, a civil enforcement action has been filed by the Attorney General of Massachusetts, and lawsuits have also been filed by the Chicago City Council and City of San Francisco with respect to the cybersecurity incident alleging violations of state laws and local ordinances governing protection of personal data, consumer fraud and breach notice requirements and business practices. Although we are cooperating with these investigations and inquiries, an adverse outcome to any such investigations and inquiries could subject us to fines or other obligations, which may have an adverse effect on how we operate our business or our results of operations. In addition, we have received subpoenas with respect to investigations by the SEC and the U.S. Attorney's Office for the Northern District of Georgia regarding trading activities by certain of our employees in relation to the cybersecurity incident.

It is not possible to estimate the amount of loss or range of possible loss, if any, that might result from adverse judgments, settlements, penalties or other resolution of the above described proceedings and investigations based on the early stage of these proceedings and investigations, that alleged damages have not been specified, the uncertainty as to the certification of a class or classes and the size of any certified class, as applicable, and the lack of resolution on significant factual and legal issues.

Additional lawsuits and claims related to the cybersecurity incident may be asserted by or on behalf of consumers, customers, shareholders or others seeking damages or other related relief and additional inquiries from governmental agencies may be received or investigations by governmental agencies commenced.

Dan Smith

Assistant Director

Office of Financial Institutions and Business Liaison

Dan.Smith@cfpb.gov

(202)435-9708

Consumer Financial Protection Bureau  
consumerfinance.gov

From: Welcher, Anthony (CFPB)  
Sent: Tuesday, February 06, 2018 11:25 AM  
To: Smith, Daniel (CFPB)  
Cc: Howard, Jennifer (CFPB)  
Subject: FW: American Banker

Dan,

Do you by chance have the full statement below from Equifax anywhere?

From: Howard, Jennifer (CFPB)  
Sent: Tuesday, February 06, 2018 11:24 AM  
To: Welcher, Anthony (CFPB) <Anthony.Welcher@cfpb.gov>; Smith, Daniel (CFPB) <Daniel.Smith@cfpb.gov>; Martinez, Zixta (CFPB) <Zixta.Martinez@cfpb.gov>  
Cc: Mayorga, David (CFPB) <David.Mayorga@cfpb.gov>; CFPBPress <CFPBPress@cfpb.gov>  
Subject: RE: American Banker

If we do, Dan Smith would have it in EA.

Jen Howard

Consumer Financial Protection Bureau

E: jennifer.howard@cfpb.gov

O: 202-435-7454

C: (b)(6)

From: Welcher, Anthony (CFPB)  
Sent: Tuesday, February 06, 2018 11:22 AM  
To: Howard, Jennifer (CFPB)  
Subject: FW: American Banker

Are you able to confirm if we have a copy of this statement?:

In a statement, Equifax said it is "cooperating with agencies that are investigating or otherwise seeking information about the cybersecurity incident, including the CFPB." Marisa Salcines, an Equifax spokeswoman, said the credit bureau would not otherwise comment on an ongoing process.

From: Blankenstein, Eric (Detailee)(CFPB)  
Sent: Tuesday, February 06, 2018 10:31 AM  
To: Czwartacki, John (Detailee)(CFPB) <John.Czwartacki@cfpb.gov>; Czwartacki, John (Detailee) (CFPB) <John.Czwartacki@cfpb.gov>; Welcher, Anthony (CFPB) <Anthony.Welcher@cfpb.gov>  
Subject: American Banker

<https://www.americanbanker.com/news/is-cfpb-punting-on-equifax-its-complicated>

(b)(7)(A)

Thanks,

Eric

Eric Blankenstein



Senior Advisor, Director's Front Office

Eric.Blankenstein@cfpb.gov

202-435-5155 (office)

(b)(6) (cell)

---

From: Blankenstein, Eric (Detaillee)(CFPB)  
</o=cfpbexc/ou=exchange administrative group  
(fydibohf23spdlt)/cn=recipients/cn=blankenstein, eric0fe>  
To: Doyle, Emma (Detaillee)(CFPB)  
</o=cfpbexc/ou=exchange administrative group  
(fydibohf23spdlt)/cn=recipients/cn=king doyle, emma4a7>;  
Czwartacki, John (Detaillee)(CFPB) </o=cfpbexc/ou=exchange  
administrative group  
(fydibohf23spdlt)/cn=recipients/cn=czwartacki, john201>;  
Johnson, Brian (CFPB) </o=cfpbexc/ou=exchange administrative  
group (fydibohf23spdlt)/cn=recipients/cn=johnson, brian843>  
Cc:  
Bcc:  
Subject: RE: Equifax probe  
Date: Fri Feb 02 2018 12:31:14 EST  
Attachments:

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Heading over now.

---

From: Doyle, Emma (Detaillee)(CFPB) <Emma.Doyle@cfpb.gov>  
Date: February 2, 2018 at 12:05:09 PM EST  
To: Blankenstein, Eric (Detaillee)(CFPB) <Eric.Blankenstein@cfpb.gov>, Czwartacki, John (Detaillee)  
(CFPB) <John.Czwartacki@cfpb.gov>, Johnson, Brian (CFPB) <Brian.Johnson2@cfpb.gov>  
Subject: RE: Equifax probe

CZ can meet early afternoon at EEOB but has a hard stop at 2:30 pm

---

From: Blankenstein, Eric (Detaillee)(CFPB) <Eric.Blankenstein@cfpb.gov>  
Date: February 2, 2018 at 10:43:34 AM EST  
To: Czwartacki, John (Detaillee)(CFPB) <John.Czwartacki@cfpb.gov>, Doyle, Emma (Detaillee)(CFPB)  
<Emma.Doyle@cfpb.gov>, Johnson, Brian (CFPB) <Brian.Johnson2@cfpb.gov>  
Subject: RE: Equifax probe

(b)(5) I can come by EEOB this afternoon to discuss if you'd  
like.

Thanks,

Eric

From: Czwartacki, John (Detailee)(CFPB)  
Sent: Thursday, February 1, 2018 2:35 PM  
To: Doyle, Emma (Detailee)(CFPB) <Emma.Doyle@cfpb.gov>; Johnson, Brian (CFPB) <Brian.Johnson2@cfpb.gov>; Blankenstein, Eric (Detailee)(CFPB) <Eric.Blankenstein@cfpb.gov>  
Subject: Fwd: Equifax probe

I need help responding to the below inquiry.

---

From: patrick.rucker@thomsonreuters.com <patrick.rucker@thomsonreuters.com>  
Date: February 1, 2018 at 2:06:27 PM EST  
To: Czwartacki, John (Detailee)(CFPB) <John.Czwartacki@cfpb.gov>  
Subject: Equifax probe

Afternoon, John.

Take a look at this and get back when you can?

It's getting late in the afternoon so tomorrow morning fine.

But here are some facts on the Equifax matter I wanted to run past you.

- Cordray opened a CFPB investigation into Equifax in late September. And that was envisioned to be a joint effort with the FTC. Though the CFPB has not issued any CID. The only CID have come from FTC. Though someone said you all are copied on those replies from Equifax?
- Also under Cordray, the CFPB invited the bank regulators to join in on-site exams of cyber security. The FDIC, OCC and Fed were all willing to send someone along. But in recent week you all notified the regulators that they were not needed. As of now, you all are not examining the credit bureau for cyber security concerns.

I'm sure I've got that much right but please weigh in.

And a few words on record on where things going in the Equifax inquiry would be helpful.

Give a call when you can.

Best,

Patrick Rucker

ThomsonReuters

cell 202 415 4075

desk (b)(6)

@PatrickmRucker

---

From: Czwartacki, John (Detailee)(CFPB)  
</o=cfpbexc/ou=exchange administrative group  
(fydibohf23spdlt)/cn=recipients/cn=czwartacki, john201>  
To: patrick.rucker@thomsonreuters.com  
<patrick.rucker@thomsonreuters.com>; Gilford, Samuel (CFPB)  
</o=cfpbexc/ou=exchange administrative group  
(fydibohf23spdlt)/cn=recipients/cn=samuel.gilford>  
Cc:  
Bcc:  
Subject: RE: Equifax probe  
Date: Fri Feb 02 2018 15:31:17 EST  
Attachments:

---

Yes and yes

-----  
From: patrick.rucker@thomsonreuters.com <patrick.rucker@thomsonreuters.com>  
Date: February 2, 2018 at 1:30:51 PM EST  
To: Czwartacki, John (Detailee)(CFPB) <John.Czwartacki@cfpb.gov>, Gilford, Samuel (CFPB)  
<Samuel.Gilford@cfpb.gov>  
Subject: RE: Equifax probe

Thank you.

And you mean authority to supervise cyber security at the credit bureaus, yes?

So the lede-in for the quote might say the agency believes it has power to examine the credit bureaus 'up and down the business' or 'all parts of the business' or some such. That's ok?

Thank you

From: Czwartacki, John (Detailee)(CFPB) [mailto:John.Czwartacki@cfpb.gov]  
Sent: Friday, February 02, 2018 1:16 PM  
To: Rucker, Patrick (Reuters); Gilford, Samuel (CFPB); Jennifer.G.Dunn@wellsfargo.com  
Subject: Re: Equifax probe

Patrick, you can have this on the record from me:  
"we will not comment on investigations, including whether they exist.

"it should be noted, however, that the bureau has the desire, expertise, and know-how, in-house, to vigorously pursue hypothetical matters such as these."

You could add "the bureau is confident that it has a clear legal authority to supervise credit bureaus under Title 10 of the Dodd Frank act, specifically section 1024."

---

From: patrick.rucker@thomsonreuters.com <patrick.rucker@thomsonreuters.com>  
Date: February 2, 2018 at 8:55:01 AM EST  
To: Czwartacki, John (Detailer)(CFPB) <John.Czwartacki@cfpb.gov>, Gilford, Samuel (CFPB) <Samuel.Gilford@cfpb.gov>, Jennifer.G.Dunn@wellsfargo.com <Jennifer.G.Dunn@wellsfargo.com>  
Subject: FW: Equifax probe

Morning, John.

Haven't heard back from you on this yet.

Copying your colleagues there now. Hope to connect by phone this morning.

We're ready to go with this but I don't want to do that without hearing from you all.

Call anytime.

Best, Patrick

Our story says the CFPB has held back from scrutinizing cyber security at Equifax and the other credit bureaus in three material ways.

A) Cordray authorized an Equifax investigation in September but there have been no CID filed by the CFPB since then.

The FTC has filed CID and you have the authority to work together on the Equifax matter. We will point that out.

But the CFPB has not sought evidence under its own steam. And filing a CID is a fundamental part of investigations, as you all know.

B) The CFPB has not fulfilled the on-site cyber security exams that Cordray had envisioned in September. We've heard from at least one of the three credit bureau on record saying that makes sense – it does not believe the CFPB has the authority to scrutinize cyber security. Arguably the CFPB could test its authority as Cordray envisioned but the current CFPB has held back from doing that. That brings me to C

C) In early October, Cordray invited the three banking regulators to join the CFPB in cyber security exams. The Fed, OCC and FDIC were all willing to do that. They proposed writing a MOU that would outline how they each would send one or two staffers for on-site visits. But in recent weeks the CFPB scratched that plan. Specifically, Experian said they were not going to allow the prudential regulators on-site. And the CFPB explained that to the bank regulators. The plan for joint, site-visits was dropped.

From: Rucker, Patrick (Reuters)  
Sent: Thursday, February 01, 2018 2:06 PM  
To: 'Czwartacki, John (Detailee)(CFPB)'  
Subject: Equifax probe

Afternoon, John.

Take a look at this and get back when you can?

It's getting late in the afternoon so tomorrow morning fine.

But here are some facts on the Equifax matter I wanted to run past you.

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I'm sure I've got that much right but please weigh in.

And a few words on record on where things going in the Equifax inquiry would be helpful.

Give a call when you can.

Best,

Patrick Rucker

ThomsonReuters

cell (b)(6)

desk 202 354 5858

@PatrickmRucker



---

From: Blankenstein, Eric (Detailee)(CFPB)  
</o=cfpbexc/ou=exchange administrative group  
(fydibohf23spdlt)/cn=recipients/cn=blankenstein, eric0fe>  
To: Czwartacki, John (Detailee)(CFPB)  
</o=cfpbexc/ou=exchange administrative group  
(fydibohf23spdlt)/cn=recipients/cn=czwartacki, john201>;  
Welcher, Anthony (CFPB) </o=cfpbexc/ou=exchange administrative  
group (fydibohf23spdlt)/cn=recipients/cn=welcher, anthony51c>;  
Johnson, Brian (CFPB) </o=cfpbexc/ou=exchange administrative  
group (fydibohf23spdlt)/cn=recipients/cn=johnson, brian843>  
Cc:  
Bcc:  
Subject: RE: Equifax probe  
Date: Fri Feb 02 2018 10:45:47 EST  
Attachments:

---

Call me. 202-435-5155.

Thanks,

Eric

From: Czwartacki, John (Detailee)(CFPB)  
Sent: Friday, February 2, 2018 10:20 AM  
To: Welcher, Anthony (CFPB) <Anthony.Welcher@cfpb.gov>; Johnson, Brian (CFPB) <Brian.Johnson2@cfpb.gov>; Blankenstein, Eric (Detailee)(CFPB) <Eric.Blankenstein@cfpb.gov>  
Subject: FW: Equifax probe

Help?

---

From: patrick.rucker@thomsonreuters.com <patrick.rucker@thomsonreuters.com>  
Date: February 2, 2018 at 8:55:01 AM EST  
To: Czwartacki, John (Detailee)(CFPB) <John.Czwartacki@cfpb.gov>, Gilford, Samuel (CFPB) <Samuel.Gilford@cfpb.gov>, Jennifer.G.Dunn@wellsfargo.com <Jennifer.G.Dunn@wellsfargo.com>  
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From: Rucker, Patrick (Reuters)  
Sent: Thursday, February 01, 2018 2:06 PM  
To: 'Czwartacki, John (Detailee)(CFPB)'  
Subject: Equifax probe

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And a few words on record on where things going in the Equifax inquiry would be helpful.

Give a call when you can.

Best,

Patrick Rucker

ThomsonReuters

cell (b)(6)

desk 202 354 5858

@PatrickmRucker

---

From: Borak, Donna <donna.borak@turner.com>  
To: Czwartacki, John (Detailee)(CFPB)  
</o=cfpbexc/ou=exchange administrative group  
(fydibohf23spdlt)/cn=recipients/cn=czwartacki, john201>  
Cc:  
Bcc:  
Subject: Re: Equifax  
Date: Mon Feb 05 2018 12:16:40 EST  
Attachments:

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Hi John – I'm getting hit with a lot of reaction about the Reuters story on the Equifax investigation. Can we please hop on the phone ASAP?

From: Donna Borak <Donna.Borak@turner.com>  
Date: Monday, February 5, 2018 at 10:48 AM  
To: John Czwartacki <john.czwartacki@cfpb.gov>  
Subject: Equifax

Hi John – Left a voice mail for you earlier, can you hop on the phone with me? Trying to understanding what the agency's plans are exactly with the Equifax investigation. Thank you.

--

Donna Borak

Senior Economics Writer, CNNMoney

820 First Street, N.E.

Washington, DC 20002

donna.borak@turner.com

o: 202-772-2631

c: (b)(6)

@donnaborak

---

From: Pippin, Matthew (CFPB)  
</o=cfpbexc/ou=exchange administrative group  
(fydibohf23spdlt)/cn=recipients/cn=matthew.pippin>  
To: Doyle, Emma (Detaillee)(CFPB)  
</o=cfpbexc/ou=exchange administrative group  
(fydibohf23spdlt)/cn=recipients/cn=king doyle, emma4a7>;  
Czwartacki, John (Detaillee)(CFPB) </o=cfpbexc/ou=exchange  
administrative group  
(fydibohf23spdlt)/cn=recipients/cn=czwartacki, john201>  
Cc: Slemrod, Jonathan (CFPB)  
</o=cfpbexc/ou=exchange administrative group  
(fydibohf23spdlt)/cn=recipients/cn=slemrod, jonathan  
(cfpb)ef5>; Galicia, Catherine (CFPB) </o=cfpbexc/ou=exchange  
administrative group  
(fydibohf23spdlt)/cn=recipients/cn=catherine.galicia>  
Bcc:  
Subject: Fwd: Front Office review request: MM to Schatz and others  
Date: Fri Feb 09 2018 14:56:48 EST  
Attachments: 2018.02.07 Schatz et al to MM\_LE\_Equifax.pdf  
2018.02.09 MM to Schatz et al\_Equifax.doc

---

Emma and CZ,  
Jonny asked that I share this draft with you as well.

Thank you,  
Matt

---

From: Pippin, Matthew (CFPB) <Matthew.Pippin@cfpb.gov>  
Date: February 9, 2018 at 12:25:00 PM EST  
To: Fulton, Kate (CFPB) <Katherine.Fulton@cfpb.gov>, Slemrod, Jonathan (CFPB) <Jonathan.Slemrod@cfpb.gov>, Johnson, Brian (CFPB) <Brian.Johnson2@cfpb.gov>, Welcher, Anthony (CFPB) <Anthony.Welcher@cfpb.gov>, Martinez, Zixta (CFPB) <Zixta.Martinez@cfpb.gov>  
Cc: Galicia, Catherine (CFPB) (Catherine.Galicia@cfpb.gov) <Catherine.Galicia@cfpb.gov>  
Subject: Front Office review request: MM to Schatz and others

Good afternoon,

Attached for Front Office review is a draft response to Senator Brian Schatz (HI) and 31 other Senators about the Bureau's response to the Equifax data breach. The letter requests a response by February 19. The incoming letter is attached for your reference.

Please send me any edits/comments by 1 pm on Monday, February 12.

Please let me know if you have any questions.

Thank you,

Matt

# United States Senate

WASHINGTON, DC 20540

February 7, 2018

Leandra English  
Acting Director, Consumer Financial Protection Bureau  
1700 G Street, NW  
Washington, DC 20552

Mick Mulvaney  
Director, Office of Management and Budget  
725 17th Street, NW  
Washington, DC 20503

Dear Acting Director English and Director Mulvaney,

We write to express serious concerns that, according to recent news reports, the Consumer Financial Protection Bureau (CFPB) may have halted an investigation into the massive Equifax data breach, which compromised the personal information of 145.5 million Americans.<sup>1</sup>

The Equifax breach exposed significant gaps in cybersecurity standards in an industry that collects a substantial amount of personal information on virtually every adult in the country. The three largest consumer reporting agencies alone collect information on more than 200 million Americans—information that is used in more than 3 billion consumer reports a year.<sup>2</sup> The data collected and reported by consumer reporting agencies determines Americans' access to credit and the cost of that credit for individuals and small businesses. This data also impacts Americans' ability to get a job or secure housing. By letting criminals gain access to its databases, Equifax has put nearly half the US population at risk for identity theft and fraud, which can ruin the financial lives of its victims and increase risk in our financial system.

Unfortunately, in the immediate aftermath of the breach, Equifax's response caused more consumer harm and confusion. Just to name a few examples, the company responded by promoting its affiliated paid credit monitoring service (*i.e.*, LifeLock), asking consumers to waive their rights to access free credit monitoring, and charging consumers to protect their data by freezing their credit reports.<sup>3</sup> Not only do we need to better understand how this breach has impacted consumers, we also must ensure that consumer reporting agencies are taking the steps

---

<sup>1</sup>Patrick Rucker, *Exclusive: U.S. consumer protection official puts Equifax probe on ice*, February 5, 2018,

<https://www.washingtonpost.com/archive/local/2018/02/05/equifax-cfpb-exclusive-u-s-consumer-protection-official-puts-equifax-probe-on-ice/2018/02/05/>

<sup>2</sup>"CFPB to supervise Credit Reporting," *consumerfinance.gov*, July 16, 2012,

<https://www.consumerfinance.gov/about-us/newsroom/consumer-financial-protection-bureau-supervises-credit-reporting/>

<sup>3</sup>Helaine Olen, "Equifax draws fire for bungled response to data breach," *chsnews.com*, September 12, 2017,

<https://www.chsnews.com/news/equifax-data-breach-bank-customers-punished-01/>

necessary to mitigate this harm—not misleading consumers or taking advantage of the situation for their own financial gain.

As established by the Dodd-Frank Wall Street Reform and Consumer Protection Act, the CFPB has a statutory mandate to implement and enforce federal consumer protection laws.<sup>4</sup> This mandate specifically includes protecting consumers from “unfair, deceptive, or abusive acts and practices” and ensuring that “federal consumer financial laws are enforced consistently.”<sup>5</sup> Dodd-Frank specifically includes the Fair Credit Reporting Act as one of the enumerated federal consumer financial laws.<sup>6</sup> The CFPB also has clear supervisory authority over the largest consumer reporting agencies.<sup>7</sup> Consumer reporting agencies and the data they collect play a central role in consumers’ access to credit and the fair and competitive pricing of that credit. Therefore, the CFPB has a duty to supervise consumer reporting agencies, investigate how this breach has or will harm consumers, and bring enforcement actions as necessary.

We are deeply troubled by recent news reports that, under Director Mulvaney’s leadership, the CFPB may have stopped its investigation into the Equifax breach. According to these reports, the CFPB has not taken even the most preliminary steps to conduct an investigation.<sup>8</sup> While we are aware of reports that the Federal Trade Commission (FTC) may be taking the lead in investigating Equifax’s failure to maintain adequate data security standards, the CFPB still has a duty to investigate the harm to consumers and whether other federal consumer financial laws have been violated. We are also concerned that the CFPB appears to be scaling back its supervision of large consumer reporting agencies. The agency has reportedly scrapped plans to conduct on-site exams of Equifax and other consumer reporting agencies and turned down offers from the Federal Reserve, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency to help with such on-site exams.<sup>9</sup>

The responsibility of consumer reporting agencies as custodians of consumers’ personal and financial information is of paramount importance to us and our constituents. Several committees in both the House and Senate have held hearings to investigate the causes of the breach and the inadequate post-breach response. The CFPB has a statutory mandate to participate in this process by conducting an investigation. If that investigation exposes wrongdoing or consumer harm, the CFPB has the authority, and indeed a duty, to bring appropriate enforcement actions.

We respectfully ask for more information about the CFPB’s actions with respect to investigating the Equifax breach. Specifically, please answer the following questions by February 19, 2018:

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<sup>4</sup> Dodd-Frank Wall Street Reform and Consumer Protection Act, 12 U.S.C. § 5511(a)

<sup>5</sup> Dodd-Frank Wall Street Reform and Consumer Protection Act, 12 U.S.C. §§ 5511(b)(2);(b)(4)

<sup>6</sup> Dodd-Frank Wall Street Reform and Consumer Protection Act, 12 U.S.C. § 5481(14)

<sup>7</sup> Defining Larger Participants of the Consumer Reporting Market, 12 C.F.R. § 1090.101

<sup>8</sup> Rucker, *supra* note 1.

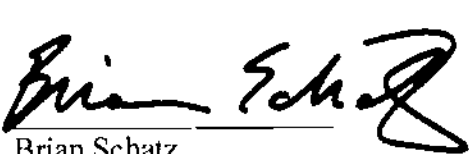
<sup>9</sup> *Id.*



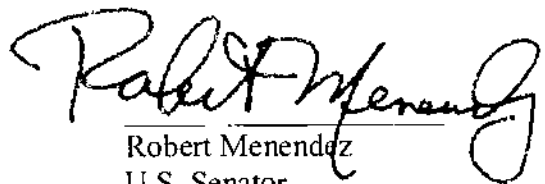
1. In September, then-CFPB Director Richard Cordray announced that the CFPB would begin a probe into the Equifax breach.<sup>10</sup> Has the CFPB stopped this or any other investigation related to this matter?
  - a. If so, why was that or any investigation halted?
  - b. Who directed the ending of any investigation?
2. Is the CFPB planning to conduct on-site exams of Equifax and the other consumer reporting agencies under its supervisory authority?
  - a. Has the CFPB conducted an examination of a consumer reporting agency following the Equifax hack?
3. If the CFPB is conducting an investigation, what specific steps has the CFPB taken pursuant to this investigation?
  - a. Has the CFPB issued Civil Investigative Demands (CIDs)?
  - b. Has the CFPB interviewed Equifax personnel?
  - c. Have the CFPB personnel examined Equifax systems or gone onsite to Equifax facilities?
4. Is the CFPB coordinating with the FTC, state law enforcement officials, or other Federal regulators in their investigations?

Thank you for your prompt attention to this important issue.

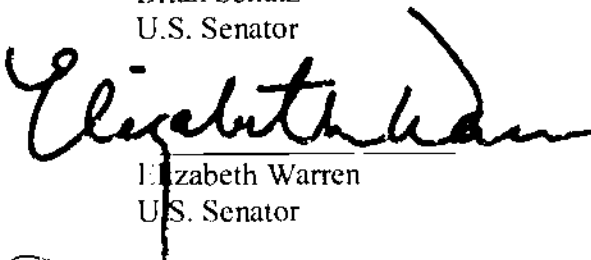
Sincerely,



Brian Schatz  
U.S. Senator



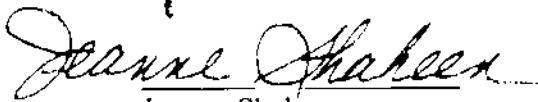
Robert Menendez  
U.S. Senator



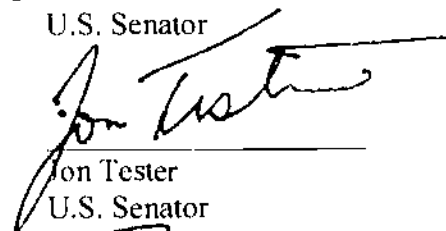
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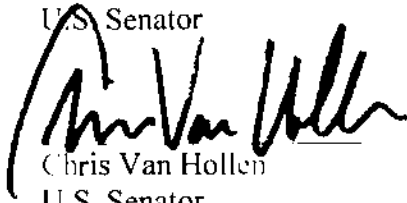
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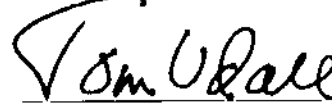
Jeanne Shaheen  
U.S. Senator



Jon Tester  
U.S. Senator



Chris Van Hollen  
U.S. Senator



Tom Udall  
U.S. Senator

<sup>10</sup> Roger Yu and Kevin McCoy, "Equifax data breach: Feds start investigation," USA Today, September 14, 2017, <https://www.usatoday.com/story/money/2017/09/14/feds-investigating-equifax-data-breach/405551001/>.

Heidi Heitkamp  
U.S. Senator

Tammy Duckworth  
U.S. Senator

Catherine Cortez Masto  
U.S. Senator

Jeffrey A. Merkley  
U.S. Senator

Jack Reed  
U.S. Senator

Edward J. Markey  
U.S. Senator

Joe Donnelly  
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Gary C. Peters  
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Patty Murray  
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Bernard Sanders  
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Richard Blumenthal  
U.S. Senator

Angus S. King, Jr.  
U.S. Senator

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U.S. Senator

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U.S. Senator

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Hebbie Stabenow  
U.S. Senator

*Dick Durbin*

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*Doug Jones*

Doug Jones  
U.S. Senator

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CFPB

Daily update · February 5, 2018

NEWS

Consumer Financial Protection Bureau Reportedly Scales Back Probe Of Equifax  
HuffPost

The CFPB has the tools to examine a data breach like Equifax, said John Czwartacki, a spokesman, but the agency is not permitted to acknowledge an open investigation. "The bureau has the desire, expertise, and know-how in-house to vigorously pursue hypothetical matters such as these," he said.

CFPB Hits Pause On Equifax Investigation - PYMNTS.com

Consumer Financial Protection Bureau appears to shed its aggressive reputation - Los Angeles Times

JPMorgan Reassures Clients On Health Care Partnership Concerns - PYMNTS.com

Full Coverage

Flag as irrelevant

CFPB case threatens the power of a president to shape his administration's policies

American Enterprise Institute

The federal appeals-court decision last week in PHH v. CFPB should be of concern to all Americans. Very simply, by permitting Congress to create an executive-branch agency that is independent the president, the court's ruling authorizes Congress to put vast areas of the United States government ...

Flag as irrelevant

Appeals court CFPB ruling a big win for consumers

The Hill

In 2016, a panel of three judges of the U.S. Court of Appeals for the D.C. Circuit held that the structure of the Consumer Financial Protection Bureau (CFPB) was unconstitutional. The CFPB has a single executive (unlike some agencies, which are headed by a multi-person commission), and the CFPB's ...

Flag as irrelevant

CFPB pulls back from Equifax probe

Seeking Alpha

The Consumer Financial Protection Bureau has put a full-scale probe of how Equifax (NYSE:EFX) failed to protect the personal data of some 143M Americans on ice, sources told Reuters. The effort has sputtered since Mick Mulvaney was named director in November, raising questions about he will ...

Flag as irrelevant

Exclusive: US consumer protection official puts Equifax probe on ice - sources

Reuters

Three sources say, though, Mulvaney, the new CFPB chief, has not ordered subpoenas against Equifax or sought sworn testimony from executives, routine steps when launching a full-scale probe. Meanwhile the CFPB has shelved plans for on-the-ground tests of how Equifax protects data, an idea

...  
Flag as irrelevant

SOS: Monitor this! Reader gets refund for service he says he didn't sign up for  
Madison.com

Then-CFPB Director Richard Cordray said in a statement accompanying the order that TransUnion and another of the big three credit-reporting agencies, Equifax, "deceived consumers about the usefulness of the credit scores they marketed, and lured consumers into expensive recurring payments with ...  
Flag as irrelevant

Consumer Financial Services Standing Committee E-Bulletin  
Lexology

Congress established the independent CFPB to curb fraud and promote transparency in consumer loans, home mortgages, personal credit cards, and retail banking. See 12 U.S.C. § 5481(12). The Supreme Court eighty years ago sustained the constitutionality of the independent Federal Trade ...  
Flag as irrelevant

Choose tosses swimsuit in opposition to Trump over CFPB chief  
Kaplan Herald

A Manhattan federal judge on Friday threw out of court a lawsuit that claimed Trump had no legal authority to appoint an interim head of a Wall Street watchdog. The Lower East Side People's Credit Union had asked the court to block the White House's move to install Mick Mulvaney as the interim boss ...  
Flag as irrelevant

Jayne: Consumer protection well worth having, protecting  
The Columbian

Among the CFPB's actions has been a \$100 million fine to Wells Fargo for secretly opening accounts in the name of customers and then charging them for it. And holding accountable mortgage companies that systematically charge higher interest rates for minority applicants, regardless of their credit ...  
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CFPB  
Daily update · February 6, 2018

#### NEWS

New CFPB chief has reportedly killed its Equifax probe

CNET

The US Consumer Financial Protection Bureau's probe into the Equifax data breach is apparently dead. Reuters reports that CFPB head Mick Mulvaney has walked away from the regulator's authorized investigation into the matter. Sources close to the CFPB probe told Reuters that Mulvaney, who is also

...

Trump-appointed CFPB head eases Equifax probe: sources - New York Post

Equifax compromised half of the country's information. Trump's CFPB isn't looking into it. - Vox

US consumer protection official puts Equifax probe on ice: Sources - CNBC

Full Coverage

Flag as irrelevant

Mulvaney to Move CFPB's Consumer Response; ACA Puts Complaints in Perspective  
insideARM.com

According to a release by Americans for Financial Reform, Consumer Action and U.S. PIRG, CFPB Acting Director Mick Mulvaney has announced to employees that he is planning to transfer the bureau's Office of Consumer Response into the Consumer Education and Engagement division. insideARM ...

Flag as irrelevant

Mulvaney assumes direct control of CFPB fair lending office

Mortgage Professional America

Elizabeth Warren (D-Mass.) said Mulvaney's move is an effort to weaken the OEFL. "For years, Mick Mulvaney opposed CFPB's efforts to fight discrimination in the consumer financial marketplace even as the agency returned \$400 million from discriminatory financial institutions to American families who ...

Flag as irrelevant

Consumer Advocates Cry Foul On CFPB's Equifax Stance

PYMNTS.com

The CFPB has also halted a test into how Equifax protects its data, noted Reuters, adding that it turned down offers from the Federal Reserve, Federal Deposit Insurance Corporation and the Office of the Comptroller of the Currency, all of which offered to help with the on-site examinations of Equifax.

Flag as irrelevant

Blog: PHH wins partial victory in CFPB battle

Scotsman Guide News

A federal appeals court last week came down with a split decision in the mortgage company PHH Corp.'s case against the Consumer Financial Protection Bureau (CFPB). The United States Court of

Appeals for the District of Columbia (the D.C. Circuit) ruled that the leadership structure of the CFPB ...  
Kider: PHH ruling ends regulation by enforcement - RESPA News  
Full Coverage  
Flag as irrelevant

Judge Dismisses Credit Union's Case Challenging Mick Mulvaney's Appointment to CFPB  
ACA International  
U.S. District Judge Paul Gardephe dismissed a federal credit union's case challenging the Trump administration's appointment of Mick Mulvaney as acting director of the Consumer Financial Protection Bureau, Reuters reports. Gardephe said in his Feb. 1 decision that the Lower East Side People's ...  
Flag as irrelevant

Oral Argument Set For April 12 In English Preliminary Injunction Appeal  
The National Law Review  
The U.S. Court of Appeals for the D.C. Circuit is scheduled to hear oral argument on April 12, 2018 in Leandra English's appeal of the district court's denial of her preliminary injunction motion in her action seeking a declaration that she is the lawful CFPB Acting Director. The D.C. Circuit's order setting the ...  
Flag as irrelevant

Yellen's Last Hurrah: Friday penalties send Wells Fargo stock on Monday morning Nosedive  
The District Sentinel News Co-op  
On Friday, Powell voted with Yellen to penalize Wells Fargo. Trump's current interim CFPB Director, by comparison, is taking a more hands-off approach to regulation. Top White House budget aide Mick Mulvaney has ceased enforcement of the agency's payday lender rule, amid a wider review of CFPB ...  
Flag as irrelevant

Monday Morning Briefing  
Reuters  
The CFPB effort against Equifax has sputtered since Mulvaney's appointment in November, said several government and industry sources, raising questions about how Mulvaney will police a data-warehousing industry that has enormous sway over how much consumers pay to borrow money.  
Flag as irrelevant

WEB  
The CFPB Is Scaling Back on Equifax Probe  
The Points Guy  
When Equifax said in September that it had been hacked, then-CFPB director Richard Cordray authorized an investigation by the bureau. In November, Cordray resigned from his position and was replaced by Mulvaney, President Trump's budget chief. Since Mulvaney's appointment, sources familiar ...  
Flag as irrelevant

CFPB Halts Investigation of Equifax Breach  
Scout.com  
So the idiot Trump put in charge of the CFPB (Consumer Financial Protection Bureau) stopped the investigation into the Equifax credit reporting data theft. This is one of the biggest problems with Trump. He is unqualified and he is appointing other unqualified people into positions of authority.  
Flag as irrelevant

New Emails Raise Even More Questions Surrounding Richard Cordray's CFPB Exit  
Republican Governors Association  
Scandal-plagued Washington D.C. Bureaucrat Richard Cordray finds himself facing even more questions over his exit from the Consumer Financial Protection Bureau (CFPB). A new report notes that he allegedly plotted to subvert the President's executive power and appoint his own successor when he ...  
Flag as irrelevant

Trump Administration Must Not Impede CFPB's Independent Equifax Probe

Senator Jack Reed

2/05/2018 —. WASHINGTON, DC – Today, U.S. Senator Jack Reed (D-RI), a senior member of the Senate Banking Committee, questioned the Trump Administration's reported efforts to slow the Consumer Financial Protection Bureau's (CFPB) investigation into the Equifax data breach scandal that

...

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CFPB allegedly ends full-scale investigation of Equifax breach

International Association of Privacy Professionals

Acting CFPB Director Mick Mulvaney has not ordered subpoenas against the credit monitoring firm or sought any testimony from Equifax executives. The agency will not move forward with its plans to conduct tests on the ways Equifax handles data. CFPB Spokesman John Czwartacki said the agency ...

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CFPB  
Daily update · February 7, 2018

#### NEWS

Why The Legal Dispute Over the Leadership of the CFPB Matters  
State PIRGs (blog)

The dispute arose following the departure of the former CFPB director, Rich Cordray, who left prior to the conclusion of his five-year term to run for governor in Ohio. Knowing that vacancies were bound to occur, Congress included in the Dodd-Frank Wall Street Reform and Consumer Protection Act of ...

Court Date Set for English's CFPB Appeal - National Mortgage Professional Magazine

Consumer Advocates Explain Crucial Public Interest in a Strong CFPB - ConnPIRG

Full Coverage

Flag as irrelevant

Cordray assails new CFPB head on Equifax probe

The Columbus Dispatch

Reports to the contrary are incorrect. The bureau cannot comment further at this time. The Reuters report prompted Sen. Sherrod Brown, D-Ohio, to say the Trump administration "needs to swiftly nominate a CFPB director who will protect consumers instead of letting well-connected corporations walk ...

Treasury's Mnuchin says will raise Equifax breach with CFPB chief - Reuters

Treasury's Mnuchin says will raise Equifax breach with CFPB chief - Business Insider

Fellow banking regulator comes to defense of Mick Mulvaney - Washington Post

Full Coverage

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Top Hensarling aide named CFPB chief of staff

HousingWire

The CFPB announced Tuesday that CFPB Acting Director Mick Mulvaney named Mork to the position of chief of staff. While working for the House Financial Services Committee, Mork was a top aide to Committee Chairman Rep. Jeb Hensarling, R-Texas, who has never been shy when it comes to ...

Flag as irrelevant

Comptroller of the Currency Otting expresses support for Mulvaney's CFPB

HousingWire

On Tuesday, Comptroller of the Currency Joseph Otting said that he supports the actions being taken by Mick Mulvaney at the Consumer Financial Protection Bureau. In just the last few weeks, Mulvaney told the CFPB's employees that the agency was ending regulation by enforcement, and said the ...

Flag as irrelevant

Mnuchin Presses CFPB For Answers On Equifax Hack

PYMNTS.com

A report on Monday said that CFPB's acting chief, Mick Mulvaney, has decided to put a pin in the full-scale probe of how Equifax failed to protect the personal data of millions of consumers. The hack exposed personal information that includes names, Social Security numbers, birth dates, ... Will Mick Mulvaney be the end of the Consumer Financial Protection Bureau as we know it? - Los Angeles Times

COLUMN: Big business being let off the hook again - Glens Falls Post-Star

Full Coverage

Flag as irrelevant

Massachusetts Sues Equifax Amid Questions About CFPB's Investigation

NPR

Amid a report that the Consumer Financial Protection Bureau is scaling down its probe into the Equifax breach, David Greene talks to Massachusetts Attorney General Maura Healey. Facebook; Twitter; Flipboard; Email. It's Your Business. Each week, we'll send stories that explore trends in money, work ...

Flag as irrelevant

Treasury's Mnuchin Says Will Raise Equifax Breach With CFPB Chief

U.S. News & World Report

Treasury's Mnuchin Says Will Raise Equifax Breach With CFPB Chief. Feb. 6, 2018, at 12:37 p.m..

Treasury's ... "I haven't spoken to Director Mulvaney about it but I will," Mnuchin told the House Financial Services Committee, referring to CFPB chief Mick Mulvaney. "It is something I am going to discuss ...

Flag as irrelevant

Morning Scan Wells' stock plunges; Is CFPB backing off on Equifax probe?

American Banker

Battered: Amid a global freefall in stocks, Wells Fargo's share price plunged more than 9% on Monday, its first day of trading following last Friday's announcement by the Federal Reserve that it was banning the bank from increasing its asset base for the foreseeable future. The drop was nearly twice as ...

Flag as irrelevant

CFPB acting Director announces chief of staff

CUinsight.com (press release)

"I am pleased to announce Ms. Sutton Mork as the new chief of staff at the Bureau of Consumer Financial Protection," said CFPB Acting Director Mick Mulvaney. "I worked with Kirsten during my tenure as a member on the House Financial Services Committee and can attest to her in-depth financial policy ...

Flag as irrelevant

DC Circuit Court of Appeals Rules that CFPB Structure is Constitutional, but Rejects the CFPB's ...

Lexology

On Jan. 31, 2018, the U.S. Court of Appeals for the District of Columbia Circuit issued its long-awaited ruling in the PHH v. Consumer Financial Protection Bureau case, finding that the structure of the Consumer Financial Protection Bureau (CFPB) is constitutional, but reinstating the previous panel ...

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WEB

CFPB Acting Director Announces Chief of Staff

Consumer Financial Protection Bureau

"I am pleased to announce Ms. Sutton Mork as the new chief of staff at the Bureau of Consumer Financial Protection," said CFPB Acting Director Mick Mulvaney. "I worked with Kirsten during my tenure as a member on the House Financial Services Committee and can attest to her in-depth financial policy ...

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Attorney General Becerra: Trump Administration Must Respect CFPB's Independence

California Department of Justice - State of California

SACRAMENTO – California Attorney General Xavier Becerra once again called on the Trump Administration to respect the Consumer Financial Protection Bureau's (CFPB) independence. Joining an amicus brief with XXX states, Attorney General Becerra underscores that, under law, the president may ...

Flag as irrelevant

Jonice Gray Tucker to discuss "Riding the CFPB roller-coaster: How the new CFPB will treat ...

Buckley Sandler LLP

The CFPB's enforcement actions and new rules have put many banks on unstable footing the past few years, but with a new administration in town, banks have a chance prescribe some change in their favor. This panel of CFPB experts will discuss what your bank can do with a new head at the bureau to ...

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Comptroller Statement on Meeting with the Acting Director of the CFPB

OCC

WASHINGTON—Comptroller of the Currency Joseph M. Otting today issued the following statement after meeting with Mick Mulvaney, Office of Management and Budget Director and Acting Director of the Consumer Financial Protection Bureau (CFPB). Today, Acting Director of the CFPB Mick Mulvaney ...

Flag as irrelevant

CFPB reportedly puts investigation of Equifax on ice while other government agencies press forward

Consumer Finance Monitor

Equifax announced on September 7, 2017 a massive data breach affecting an estimated 143 million consumers. Richard Cordray, the then Director of the CFPB,

Flag as irrelevant

Senators press CFPB to continue Equifax probe

SmartBrief

After reports that Consumer Financial Protection Bureau head Mick Mulvaney was not taking steps to move forward the investigation into the Equifax data breach revealed last year, Democratic senators called on the Trump administration to ensure the probe continues. A CFPB statement said the agency ...

Flag as irrelevant

Don't Let CFPB Uncertainty Distract You from What Matters

Compli

If you've followed the CFPB up until now, this news might cause cognitive dissonance, so let's reiterate: the same federal agency that has processed over a million consumer complaints and fined lenders billions of dollars since 2010 now appears to be backing off one of the biggest cases—with the ...

Flag as irrelevant

Cfpb Said To Be Letting Equifax Off The Hook For Data Breach

Consumer Action

Released: February 06, 2018. CFPB said to be letting Equifax off the hook for data breach. Source: David Lazarus, Los Angeles Times (Free Registration). The down-is-up world of the Trump administration grew even battier Monday amid reports that the Consumer Financial Protection Bureau is scaling ...

Flag as irrelevant

Coalition Letter: Support Congressional Disapproval of CFPB's Small-Dollar Loan Rule

FreedomWorks

FreedomWorks has signed onto the following coalition letter, led by the Competitive Enterprise Institute. This letter supports House Joint Resolution 122, which provides for congressional disapproval under the Congressional Review Act (CRA) of the Consumer Financial Protection Bureau's (CFPB) ...  
Flag as irrelevant

Untitled - Senator Tammy Baldwin  
Senator Tammy Baldwin

I write to you today concerned about reports that, under Acting Director Mulvaney's leadership, the Consumer Financial Protection Bureau (CFPB) has halted its full-scale investigation into the September 2016 Equifax data breach that exposed the personal data of 143 million Americans.  
President ...  
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CFPB  
Daily update · February 8, 2018

#### NEWS

Why Reform Is Necessary At The CFPB  
Forbes

The opportunity for new leadership at the Consumer Financial Protection Bureau (CFPB) presents the agency with a chance to work with the Trump administration and Congress to reform how it meets its obligations to protect consumers while ensuring access to credit is not unnecessarily restricted. The Steady, Alarming Destruction of the Consumer Financial Protection Bureau - The New Yorker CFPB requests information on its own enforcement process - HousingWire CFPB seeks input on ways to reform enforcement process - American Banker Full Coverage  
Flag as irrelevant

Keep an eye on compliance under CFPB's new chief, experts say  
Automotive News (blog)

Along with the CFPB post, Mulvaney heads the White House's Office of Management and Budget. During the fair lending webinar, much of the discussion stemmed from a Mulvaney-issued memo that promises a full review of the CFPB's practices. In the memo, Mulvaney calls for an increased department ...  
Flag as irrelevant

Treasury's Mnuchin says will raise Equifax breach with CFPB chief  
Business Insider

"I haven't spoken to Director Mulvaney about it but I will," Mnuchin told the House Financial Services Committee, referring to CFPB chief Mick Mulvaney. "It is something I am going to discuss with him." On Monday, Reuters reported that Mulvaney has pulled his agency back from a full-scale investigation ... Treasury's Mnuchin says he wants answers on Equifax breach - Yahoo7 News Fellow banking regulator comes to defense of Mulvaney - Standard-Examiner Full Coverage  
Flag as irrelevant

Appeals Court Gives Rogue Agency A Stay Of Execution; The Supreme Court Should Pull The Switch  
Forbes

Not only did Congress saddle us with the misnamed Affordable Care Act, which has caused a legal war over its highly questionable constitutionality, but it also passed the Dodd-Frank Act, which created the Consumer Financial Protection Bureau (CFPB). The CFPB was the brainchild of Senator ...  
Flag as irrelevant

Rep. Pallone calls for CFPB to investigate fake comments on payday lending rule

## Financial Regulation News

Citing a recent report in the Wall Street Journal, Pallone said millions of fraudulent comments were submitted to federal agencies, including the CFPB, about the payday loan rule. Pallone said as many as 40 percent of the comments submitted to CFPB in opposition to the rule appear to be fake, using ...

Flag as irrelevant

## Bankrupt Payday Lender Can't Move CFPB Suit To Texas

Law360

Law360 (February 7, 2018, 3:42 PM EST) -- A Montana federal judge refused to transfer a CFPB action alleging Think Finance duped borrowers and used sham tribal payday lenders to collect money it was not owed, finding Tuesday the case need not be moved to where the financial technology ...

Flag as irrelevant

## Consumer Attys Fear Mulvaney's CFPB Could Leave Void

Law360

Mulvaney, the Office of Management and Budget director whose appointment as acting CFPB director is being challenged in court, has been open about wanting to alter the bureau's stance as one that "pushes the envelope" in taking on aggressive enforcement actions and rulemakings to one that more ...

Flag as irrelevant

## Uber Hackers Hailed From Canada And Florida

PYMNTS.com

The hackers behind the 2016 data breach of rideshare startup firm Uber were located in Canada and Florida, according to Reuters reports published Tuesday (Feb. 6). The breach, which impacted nearly 57 million accounts worldwide, resulted in compromised names, phone numbers, email addresses ...

Flag as irrelevant

## Mobile Dominated Dnline Ordering By End Of 2017

PYMNTS.com

Mobile traffic and mobile orders hit new highs during the fourth quarter, based on Salesforce's fourth-quarter shopping index. According to a report in Footwear News, during the last three months of 2017, mobile traffic hit a high of 60 percent, while mobile orders reached 39 percent. At the same time, ...

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## Equifax misled public on data breach, Warren claims

American Banker

Warren also used the report to take a swipe at Mick Mulvaney, acting director of the Consumer Financial Protection Bureau, after Reuters reported Monday that the CFPB was backing off its investigation of Equifax. (The Federal Trade Commission is the lead investigator on the Equifax matter and the two ...

Flag as irrelevant

## WEB

### Here's What's Inside the Massive CFPB Complaint Database

The Penny Hoarder

Do you know which companies appear most frequently in the CFPB complaint database? We dove into the hundreds of thousands of records for answers.

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## Consumer Attys Fear Mulvaney's CFPB Could Leave Void

LexisNexis

Attorneys representing consumers fear that they are losing a key ally as the Consumer Financial Protection Bureau changes gears to be more industry friendly under the leadership of Mick Mulvaney. ...  
.read more.

Flag as irrelevant

## CFPB Info Request Could Mean Shift In Enforcement Policies

LexisNexis

CFPB Info Request Could Mean Shift In Enforcement Policies. The Consumer Financial Protection Bureau said Wednesday it is seeking information about its enforcement process, the latest move by acting agency head Mick Mulvaney that could signal changes are on the way that would benefit financial ...

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## MADIGAN FILES BRIEF TO PROTECT CFPB'S INDEPENDENCE

Illinois Attorney General

MADIGAN FILES BRIEF TO PROTECT CFPB'S INDEPENDENCE. Madigan & 16 States File Amicus Brief Challenging CFPB Appointment, Saying Attempt to Control Agency Endangers Consumers.

Chicago — Attorney General Lisa Madigan today joined with 16 other states in filing an amicus brief in ...

Flag as irrelevant

## Mnuchin to discuss Equifax data breach with FSOC

Consumer Finance Monitor

Appearing before the House Financial Services Committee yesterday at a hearing entitled "The Annual Report of the Financial Stability Oversight Council" (FSOC), Treasury Secretary Mnuchin indicated that he intends to discuss the CFPB's handling of its investigation of Equifax's massive 2017 data ...

Flag as irrelevant

## What to Expect from the CFPB Under New Acting Director Mick Mulvaney

Compli

After months of theatrics, the CFPB has lost some of its fangs and is stuck with a director who seeks to limit, rather than broaden, its authority. But it's not dead.

Flag as irrelevant

## EPIC Files FOIA Request About Mulvaney's Decision to Halt CFPB Equifax Investigation

Electronic Privacy Information Center

EPIC has filed an urgent Freedom of Information Act request for records about Acting Director Mulvaney's decision to shut down the CFPB investigation of Equifax. The 2017 data breach, likely undertaken by a foreign adversary, compromised the personal data of 143 million Americans. Last year CFPB ...

Flag as irrelevant

## Bankrupt Payday Lender Can't Move CFPB Suit To Texas

LexisNexis

A Montana federal judge refused to transfer a CFPB action alleging Think Finance duped borrowers and used sham tribal payday lenders to collect money it was not owed, finding Tuesday the case need not be moved to where the financial technology company's...

Flag as irrelevant

## John C. Redding quoted in an American Financial Services Association article

Buckley Sandler LLP

John C. Redding was quoted on January 31, 2018 in an American Financial Services Association article, "Circuit court upholds constitutionality of CFPB structure," which discussed the D.C. Circuit Court of Appeals 7-3 ruling to keep the constitutionality of the Consumer Financial Protection Bureau's ...

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CFPB  
Daily update · February 9, 2018

#### NEWS

Democratic senators demand answers on CFPB's stalled Equifax data breach investigation  
HousingWire

"The CFPB is currently the only federal agency with supervisory authority over the largest consumer reporting agencies. Consumer reporting agencies and the data they collect play a central role in consumers' access to credit and the fair and competitive pricing of that credit," the Senators continued. Sen. Warner Demands Answers on Stalled CFPB Investigation into Equifax Breach - WVNS-TV  
Senators demand answers from CFPB on Equifax probe - The Hill  
CFPB Seeks Comment on its Enforcement Processes - The National Law Review  
Full Coverage  
Flag as irrelevant

Mulvaney can't just kill CFPB payday rule, but here's what he can do

American Banker

One option would be to refocus the rule on disclosure requirements, which would be several steps short of a repeal but more amenable to lenders than the current CFPB regulation. Another option would be for Mulvaney to suspend the current rule while considering changes but prolong the process as ...  
CFPB Issues RFI on Enforcement Process - National Mortgage Professional Magazine  
Full Coverage  
Flag as irrelevant

'It's about time that there is sane leadership at the CFPB': Comments of the week

American Banker

Readers react to the Consumer Financial Protection Bureau pulling back from investigating the Equifax breach, opine on the Federal Reserve's tough enforcement against Wells Fargo, weigh in on gender pay issues and more. next. print ...  
Flag as irrelevant

DC Circuit Court Affirms the Legality of Captive Reinsurance Arrangements

Lexology

While the court opinion on the constitutionality of the CFPB's structure was long awaited, its decision related to RESPA affords the mortgage industry much-needed clarity. The January 31 en banc ruling of the D.C. Court of Appeals gave a huge win to the mortgage industry by reinstating the October ...  
Flag as irrelevant

Mnuchin to discuss Equifax data breach with FSOC

JD Supra (press release)

Appearing before the House Financial Services Committee Tuesday at a hearing entitled "The Annual

Report of the Financial Stability Oversight Council" (FSOC), Treasury Secretary Mnuchin indicated that he intends to discuss the CFPB's handling of its investigation of Equifax's massive 2017 data ...

Flag as irrelevant

DC Circuit Court Affirms the Legality of Captive Reinsurance Arrangements

JD Supra (press release)

The CFPB alleged PHH violated Section 8 of RESPA (12 U.S.C. § 2607(c)) when PHH paid a reasonable market rate to its captive reinsurance agency, Atrium Reinsurance Corp., and viewed these payments as "kickbacks." PHH responded to these allegations with a number of affirmative defenses, ...

Flag as irrelevant

DC Court of Appeals finds RESPA doesn't prohibit captives

Captive Insurance Times

In 2014, CFPB initiated and won an administrative enforcement proceeding against US mortgage lender PHH, alleging they violated Section 8 when the firm paid a reasonable market rate to its captive reinsurer, defining the payments as "kickbacks". PHH appealed to the DC Court of Appeals and in ...

Flag as irrelevant

Sen. Warren Blasts Equifax for Lax Cybersecurity in Report

Credit Union Times

TransUnion, another credit bureau, told the newswire that the CFPB did not have the legal authority to investigate Equifax over cybersecurity concerns, but a spokesman for the bureau said it had the tools to do so. Warren stresses in the report that federal legislation is necessary to prevent and respond ...

Flag as irrelevant

News From NAMB: February 8, 2018

National Mortgage Professional Magazine (blog)

We have focused on the power of the CFPB Director but the FHFA Director is another unaccountable head of an "independent agency" that can do whatever he pleases. That became abundantly clear in a House Financial Services Committee hearing today featuring Treasury Secretary Mnuchin.

Flag as irrelevant

BankThink Pink slips coming for big chunk of Dodd-Frank agency staff

American Banker

Without more active public discussions about the agency's future — or the kind of strong backing that Warren has long provided for the embattled CFPB — that future remains in doubt. "CFPB has a patron — and OFR is an orphan," said Edward Mills, a policy analyst at Raymond James. Still, Mills said ...

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WEB

CFPB seeks comment on its enforcement processes

Consumer Finance Monitor

The CFPB has issued a request for information that seeks comment on how the agency can best achieve meaningful burden reduction or other improvement in the.

Flag as irrelevant

CFPB Succession: CFPB's investigation into data breach; Otting praises Mulvaney

Buckley Sandler LLP

On February 6, during a House Financial Services Committee hearing on the Financial Stability Oversight Council (FSOC), Representative David Scott, D-Ga., addressed rumors that the CFPB has scaled back its investigation of a large credit reporting agency's significant data breach. In response to ...

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Press Releases

Senator Dianne Feinstein

Washington - Senator Dianne Feinstein (D-Calif.) joined a group of 31 senators in demanding answers on reports that the Consumer Financial Protection Bureau (CFPB) has halted its investigation into how credit reporting agency Equifax failed to protect the personal data of over 145 million Americans.

Flag as irrelevant

CFPB releases RFI on enforcement process

Buckley Sandler LLP

On February 7, the CFPB released its third Request for Information (RFI) in a series seeking feedback on the bureau's operations. This RFI solicits public comment on "information to help assess the overall efficiency and effectiveness of [the bureau's] processes related to the enforcement of federal ...

Flag as irrelevant

CFPB's Third Request for Information Broadly Seeks Feedback on Enforcement

Morrison Foerster

We issued client alerts previously on the CFPB's outreach and RFI process, the first RFI relating to Civil Investigative Demands, and the second RFI on administrative adjudications. All three of the RFIs seek to address primary criticisms that the Bureau's enforcement process has been overzealous and ...

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Missing Wire Deposit of 6500 Filed grievances with CFPB BBB

Istituto MetaCultura

Missing Wire Deposit of 6500 Filed grievances with CFPB BBB. 60. The County Administrator's formal reviews were held on March 13, 16, and 17, 2015. Admissions Procedures. Program as hereinafter provided, by wire transfer if there be one Owner of all of the Bonds or otherwise by check or draft ...

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Mulvaney  
Daily update · February 5, 2018

#### NEWS

Exclusive: US consumer protection official puts Equifax probe on ice - sources

WHTC

WASHINGTON (Reuters) - Mick Mulvaney, head of the Consumer Financial Protection Bureau, has pulled back from a full-scale probe of how Equifax Inc failed to protect the personal data of millions of consumers, according to people familiar with the matter. Equifax (EFX.N) said in September that ...  
Consumer Financial Protection Bureau appears to shed its aggressive reputation - Los Angeles Times  
Full Coverage

Flag as irrelevant

Appeals court CFPB ruling a big win for consumers

The Hill

Mulvaney is simultaneously the head of the Office of Management and Budget, an agency that is as political and closely tied to the White House as any agency in the executive branch and has repeatedly operated in ways that favor the interests of regulated entities (particularly payday lenders) over ...

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CFPB Hits Pause On Equifax Investigation

PYMNTS.com

Interim director Mick Mulvaney may not be able to completely shutdown the government agency he currently runs — but he is surely working overtime to make sure that the CFPB does as little as humanly imaginable while he is at its helm. In his latest effort to scale back when and where the Consumer ...

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Jayne: Consumer protection well worth having, protecting

The Columbian

Created as part of the Dodd-Frank financial reforms in 2010, the bureau has drawn the ire of conservatives and President Donald Trump and Mick Mulvaney, the man Trump appointed to lead it. Mulvaney has stripped the agency of some of its enforcement powers and has removed restrictions on payday ...

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Payday loans: Make 'em bigger in Florida? Senior group says no

Palm Beach Post

They gave more than \$62,000 in campaign contributions to Trump administration budget director and interim Consumer Financial Protection Bureau chief Mick Mulvaney when he was a congressman, according to gift-tracker opensecrets.org. Mulvaney suspended tougher federal rules about to go into ...

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JPMorgan Reassures Clients On Health Care Partnership Concerns  
PYMNTS.com

Three sources say that Mulvaney has neither ordered subpoenas against Equifax nor sought sworn testimony from executives. The CFPB has also shelved plans for on-the-ground tests of how Equifax protects data. According to reports, the CFPB also recently rebuffed bank regulators at the Federal ...

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Mulvaney  
Daily update · February 6, 2018

#### NEWS

Report: CFPB's Equifax Probe Stalls as Mulvaney Defangs Watchdog  
U.S. News & World Report

The Consumer Financial Protection Bureau has reportedly pulled back from a full-fledged investigation into the Equifax breach that last year exposed the sensitive personal information of tens of millions of Americans, the latest example of the agency's defanging under acting head Mick Mulvaney.

CFPB under Mick Mulvaney reportedly going slow on Equifax probe - MarketWatch

Mulvaney Has 'Pulled Back' CFPB's Probe of Equifax Data Breach - Daily Beast

The Truth About Mick Mulvaney - Esquire.com

Full Coverage

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Mulvaney assumes direct control of CFPB fair lending office

Mortgage Professional America

said Mulvaney's move is an effort to weaken the OEFL. "For years, Mick Mulvaney opposed CFPB's efforts to fight discrimination in the consumer financial marketplace even as the agency returned \$400 million from discriminatory financial institutions to American families who had been overcharged or ...

Flag as irrelevant

Overnight Finance: Dow falls more than 1000 | Congress returns with two days to avoid shutdown ...  
The Hill

Mulvaney puts brakes on Equifax probe: Reuters: White House budget director and Consumer Financial Protection Bureau (CFPB) acting Director Mick Mulvaney ... Mulvaney has not sought subpoenas or sworn testimony as part of the investigation, Reuters reported, citing three unnamed sources.

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Exclusive: US consumer protection official puts Equifax probe on ice - sources

Reuters

But Cordray resigned in November and was replaced by Mulvaney, President Donald Trump's budget chief. The CFPB effort against Equifax has sputtered since then, said several government and industry sources, raising questions about how Mulvaney will police a data-warehousing industry that has ...

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Monday Morning Briefing

Reuters

The CFPB effort against Equifax has sputtered since Mulvaney's appointment in November, said several government and industry sources, raising questions about how Mulvaney will police a data-

warehousing industry that has enormous sway over how much consumers pay to borrow money.  
Flag as irrelevant

Consumer Advocates Cry Foul On CFPB's Equifax Stance  
PYMNTS.com

President Donald Trump and his administration are facing complaints from consumer protection advocates, who are advocating for a reopening of the investigation into the Equifax data breach. According to Reuters, the call from consumer advocates came after the news service reported Mick Mulvaney, ...

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Potential government shutdown could disrupt Ohio State research endeavors  
OSU - The Lantern

19 memo instructing executive agencies on shutdown procedures from Mick Mulvaney, director of the federal Office of Budget and Management, stated, "The determination of which services continue during an appropriations lapse is not affected by whether the costs of shutdown exceed the costs of ...

Flag as irrelevant

Yellen's Last Hurrah: Friday penalties send Wells Fargo stock on Monday morning Nosedive  
The District Sentinel News Co-op

Top White House budget aide Mick Mulvaney has ceased enforcement of the agency's payday lender rule, amid a wider review of CFPB operations. Mulvaney has also stopped pursuing an investigation into Equifax, according to a report published on Monday by Reuters. The former Congressman has ...

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WEB

Court dismisses credit union's lawsuit challenging Mulvaney's appointment  
Consumer Finance Monitor

The U.S. District Court for the Southern District of New York has dismissed for lack of Article III standing the lawsuit filed by a credit union challenging President Trump's appointment of Mick Mulvaney as CFPB Acting Director. The dismissal has no impact on Leandra English's appeal to the D. C. Circuit of ...

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Brown Says Mulvaney Refusal to Investigate Equifax Breach is Malpractice  
Senator Sherrod Brown

Brown Says Mulvaney Refusal to Investigate Equifax Breach is Malpractice. Monday, February 5, 2018. WASHINGTON, D.C. — U.S. Sen. Sherrod Brown (D-DH) – ranking member of the U.S. Senate Committee on Banking, Housing, and Urban Affairs – released the following statement in response to ...

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Mulvaney  
Daily update · February 7, 2018

#### NEWS

Fellow banking regulator comes to defense of Mick Mulvaney  
Washington Post

Since taking control of the Consumer Financial Protection Bureau two months ago, Office of Management and Budget Director Mick Mulvaney has faced a barrage of criticism from Democrats and consumer groups who complained he was attempting to weaken the agency. On Tuesday, Mulvaney ...  
Understanding the 'Mulvaney Syndrome' - AL.com

Comptroller of the Currency Otting expresses support for Mulvaney's CFPB - HousingWire

Comptroller heaps praise on CFPB's Mulvaney - American Banker

Full Coverage

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Will Mick Mulvaney be the end of the Consumer Financial Protection Bureau as we know it?

Los Angeles Times

White House budget chief Mick Mulvaney once likened government regulations to a "slow cancer," an attitude he shares with many of President Trump's appointees as well as the man himself. So it's hardly surprising that, in his new part-time role as acting director of the Consumer Financial Protection ...

OCC Chief Praises Mulvaney On Halting Payday Rule - PYMNTS.com

Full Coverage

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Credit union's suit against Mulvaney appointment dismissed

Mortgage Professional America

The Lower East Side People's Federal Credit Union filed the case in December, arguing that President Donald Trump's appointment of Mulvaney was an "illegal takeover." The credit union sought a court declaration that CFPB Deputy Director Leandra English should be acting director instead. English ...

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Top Hensarling aide named CFPB chief of staff

HousingWire

The CFPB announced Tuesday that CFPB Acting Director Mick Mulvaney named Mork to the position of chief of staff. While working for the House Financial Services Committee, Mork was a top aide to Committee Chairman Rep. Jeb Hensarling, R-Texas, who has never been shy when it comes to ...

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The Anti-Worker's Party

Slate Magazine

Under acting director Mick Mulvaney, the Consumer Financial Protection Bureau has ceased active



monitoring of the financial services industry for fraud and misbehavior. Last month, in keeping with his call for "humility" from the agency, Mulvaney, who also heads the Office of Management and Budget, ...  
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Democrats lash out at consumer watchdog amid reports it is dropping Equifax inquiry  
INFORUM

The report stirred an immediate backlash from Democratic lawmakers, who have feared that President Donald Trump's pick to temporarily lead the agency, Mick Mulvaney, was weakening the consumer watchdog. Failing to investigate the data breach would put "145 million Americans at risk is ...

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COLUMN: Big business being let off the hook again

Glens Falls Post-Star

So when the CFPB director resigned in November, President Trump immediately appointed his budget officer, Mick Mulvaney, as temporary director. Mulvaney has quickly transformed the agency's mission to protecting big business instead of consumers. That appears to be continuing. While you may ...

Mulvaney Reportedly Stalls CFPB Probe of Equifax - GkMen

Mnuchin Presses CFPB For Answers On Equifax Hack - PYMNTS.com

Full Coverage

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Achin' for bacon? Here's where you can pig out during Sacramento Bacon Fest

Sacramento Bee

Thursday's skee-ball tournament winner gets a pair of tickets to the sold-out Sacramento Bacon Fest finale at Mulvaney's B&L, while the person with the lowest score gets a free pizza courtesy of Pizza Supreme Being. Meanwhile, LowBrau and sister eatery Milk Money will be serving up shakes of ...

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Win Some, Lose Some: Trump Gets a Loss and a Win in the Fight to Control the CFPB

Lexology

Seyfarth Synopsis: One court upholds protection of Dodd-Frank limiting the President's removal authority, while another court stifles a challenge against Mulvaney serving as acting Director of CFPB. Last week, the Trump Administration experienced mixed results in the ongoing litigation over the ...

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Pope Francis is embroiled in a major pedophile scandal.

New Republic

Despite being chairman of the Consumer Financial Protection Bureau, Mulvaney's principal interest continues to be the protection of monied interests. Reuters reported on Monday that the CFPB has, under Mulvaney's direction, stymied a probe of Equifax's failure to protect sensitive consumer data:.

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WEB

EPIC Urges Senate to Investigate Mulvaney's Failure to Pursue Equifax Probe

Electronic Privacy Information Center

According to recent reports, the Consumer Financial Protection Bureau has shut down the investigation of the 2017 Equifax data breach that exposed the personal data of 145.5 million Americans. CFPB Acting Director Mulvaney failed to seek subpoenas or obtain sworn testimony from Equifax ...

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Mulvaney  
Daily update · February 8, 2018

#### NEWS

Mulvaney Takes Heat for Handling of Equifax Probe  
Courthouse News Service

(CN)-Mick Mulvaney, director of the Office of Management and Budget, continued to scale back regulatory efforts in the finance industry, so the Center for Responsible Lending held a media call Wednesday to address how Mulvaney's actions within the Trump Administration could affect current and ...

The Steady, Alarming Destruction of the Consumer Financial Protection Bureau - The New Yorker  
Editorial: Consumer agency may be backing off a financial scandal - San Francisco Chronicle  
Comptroller of the Currency praises Mulvaney's moves at CFPB - Mortgage Professional America  
Full Coverage

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Consumer Attys Fear Mulvaney's CFPB Could Leave Void  
Law360

Mulvaney, the Office of Management and Budget director whose appointment as acting CFPB director is being challenged in court, has been open about wanting to alter the bureau's stance as one that "pushes the envelope" in taking on aggressive enforcement actions and rulemakings to one that more ...

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Congress could create special panel to address union pensions  
cleveland.com

The Congressional Budget Office did not issue a cost estimate but Mick Mulvaney, President Donald Trump's budget director, recently said he thought the plan by Brown and other Democrats could cost \$60 billion. The Committee for a Responsible Federal Budget said the cost could exceed \$100 billion.

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Treasury's Mnuchin says he wants answers on Equifax breach  
TODAYonline

On Monday, Reuters reported that the acting chief of the Consumer Financial Protection Bureau (CFPB), Mick Mulvaney, had put the brakes on the agency's Equifax investigation. "I haven't spoken to Director Mulvaney about it but I will," Mnuchin told the House of Representatives Financial Services ...

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Payday lenders are winning so big they're gonna get tired of winning  
DesMoinesRegister.com

Trump appointed Mick Mulvaney, a former South Carolina congressman, to assume temporary control of the CFPB. Instead of looking out for consumers, he is intent on helping lenders offering “cash advances” and “check loans” in low-income neighborhoods across the country. These are the same ...  
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Equifax isn't out of the woods just yet  
AOL

Equifax investors got at least one piece of good news last week when Reuters reported that the Consumer Financial Protection Bureau appears to be backing off of its investigation into Equifax and the security breach. Three sources familiar with the matter have said new CFPB head Mick Mulvaney has ...  
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Equifax misled public on data breach, Warren claims  
American Banker

Warren also used the report to take a swipe at Mick Mulvaney, acting director of the Consumer Financial Protection Bureau, after Reuters reported Monday that the CFPB was backing off its investigation of Equifax. (The Federal Trade Commission is the lead investigator on the Equifax matter and the two ...  
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Trump Terrible 10: Treasonous Edition  
Republic Report

Last week's ranking: —. Put in charge by Trump of the Consumer Financial Protection Bureau, former congressman Mulvaney is dismantling the agency, including destroying its rule to hold accountable the predatory payday lenders who have contributed big money to GOP campaigns, including his own.  
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Rep. Pallone calls for CFPB to investigate fake comments on payday lending rule  
Financial Regulation News

“I am writing to request that you investigate the widespread submission of fake public comments to the Consumer Financial Protection Bureau rulemaking to curb predatory payday lending practices,” Pallone wrote in a letter to Mulvaney. “I also urge you to take immediate steps to ensure that such ...  
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Treasury Secretary Inches Toward Support for Cannabis Banking  
mg Cannabis Retailer

Mick Mulvaney, who was tagged to be the lead sponsor of the bill before being lured away to become the director of the White House Office of Management and Budget. Perlmutter wanted to know whether Mnuchin could have a word with Mulvaney about legislation he should still support. The treasury ...  
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WEB

EPIC Files FOIA Request About Mulvaney's Decision to Halt CFPB Equifax Investigation  
Electronic Privacy Information Center

EPIC has filed an urgent Freedom of Information Act request for records about Acting Director Mulvaney's decision to shut down the CFPB investigation of Equifax. The 2017 data breach, likely undertaken by a foreign adversary, compromised the personal data of 143 million Americans. Last year CFPB ...  
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What to Expect from the CFPB Under New Acting Director Mick Mulvaney  
Compli

After months of theatrics, the CFPB has lost some of its fangs and is stuck with a director who seeks to limit, rather than broaden, its authority. But it's not dead.  
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Consumer Attys Fear Mulvaney's CFPB Could Leave Void

LexisNexis

Attorneys representing consumers fear that they are losing a key ally as the Consumer Financial Protection Bureau changes gears to be more industry friendly under the leadership of Mick Mulvaney. ...read more.

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Mulvaney  
Daily update · February 9, 2018

#### NEWS

Mulvaney can't just kill CFPB payday rule, but here's what he can do  
American Banker

Banking rules cannot be rewritten overnight, and so acting Consumer Financial Protection Bureau Director Mick Mulvaney has a tall order remaking the payday loan regulation crafted under his predecessor. But observers say Mulvaney has options for altering the rule to the industry's favor. One option ...

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CFPB Succession: CFPB's investigation into data breach; Otting praises Mulvaney; new CFPB ...  
Lexology

In response to Scott, Treasury Secretary Steven Mnuchin noted that, while he has not done so yet, he intends to discuss the matter with acting Director Mulvaney and at the FSOC. According to reports, a spokesperson for the Bureau noted that Mulvaney takes data security issues "very seriously" but that ...  
32 senators want to know if US regulators halted Equifax probe - Engadget

US senators ask consumer watchdog head for details on Equifax probe - WHTC

Democratic senators demand answers on CFPB's stalled Equifax data breach investigation -  
HousingWire

Full Coverage

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Will Mick Mulvaney be the end of the Consumer Financial Protection Bureau as we know it?  
Raw Story

White House budget chief Mick Mulvaney once likened government regulations to a "slow cancer," an attitude he shares with many in the Trump administration. So it's hardly surprising that, in his new part-time role as acting director of the Consumer Financial Protection Bureau, Mulvaney would waste ...

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The Latest: Senate passes massive budget agreement  
Yahoo Finance

It's married to a six-week government-wide spending bill that's required to reverse the shutdown. Early Friday, Office of Management and Budget Director Mick Mulvaney issued an order to close non-essential government operations. A vote to pass the measure through the Senate began immediately.

UPDATE: Senate passes massive budget agreement - KCRG

Lawmakers press to reopen government, pass huge budget deal - The News Center

UPDATE: Federal government shuts down - KTUU.com

Full Coverage

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The Latest: Budget office orders US government closed

WVNS-TV

OMB Director Mick Mulvaney issued the order at midnight, notifying federal agencies they should execute their contingency plans. Mulvaney's notice says federal employees should report to work Friday to "undertake orderly shutdown activities." He notes that his office is "hopeful that this lapse in ...

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Shutdown hits as funding dries up

FCW.com

In a memo published as the shutdown neared, OMB Director Mick Mulvaney advised that employees should report to work to "undertake orderly shutdown activities." Mulvaney told feds that a new memo would be released once a funding bill was passed and signed into law. Sen. Rand Paul (R-Ky.) ...

US government shuts down after Senate's failure to vote on budget deal - Daily Sabah

Full Coverage

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Trump called Priebus to complain about Kelly: report

The Hill

Mulvaney currently also serves as head of the Consumer Financial Protection Bureau. Kelly's initial support for Porter has been criticized by lawmakers on both sides of the aisle, including Republican Sen. Joe Kennedy · Joseph (Joe) Patrick KennedyJoe Kennedy: Biden likely would have defeated ...

NY Times: Trump Called Priebus, Others to Complain About Kelly - Newsmax

Full Coverage

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Lawmakers press to reopen US government, pass huge budget deal

Minneapolis Star Tribune

As the clock hit midnight, Office of Management and Budget Director Mick Mulvaney immediately issued an order to close non-essential government operations. Mulvaney told federal agencies they should execute their contingency plans and instructed federal employees to report to work Friday to ...

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Trump Budget Targets Pricey Drugs, Patient Out-of-Pocket Costs

Bloomberg

While Trump managed to sink pharmaceutical and biotechnology stocks in early 2017 when he said the companies were "getting away with murder," health-care investors have more recently shrugged at threats on drug prices. Mick Mulvaney, director of the Office of Management and Budget, said at the ...

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US government briefly shuts down after Senate's failure to vote on budget deal

Daily Sabah

The Office of Management and Budget had officially ordered the U.S. government closed after a quarreling Senate blew a midnight deadline to pass a temporary funding bill. OMB Director Mick Mulvaney issued the order at midnight, notifying federal agencies they should execute their contingency plans.

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Cc:  
Bcc:  
Subject: If Treasury's systemic risk office falls, will anybody hear it? (ICYMI)  
Date: Fri Feb 09 2018 09:50:06 EST  
Attachments:

---

More than one-third of the Office of Financial Research's staff could soon be laid off, but the agency seems to lack the political clout needed to block the move.

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Feb 09, 2018

Pink slips coming for big chunk of Dodd-Frank agency staff  
by VICTORIA FINKLE

More than one-third of the Office of Financial Research's staff could soon be laid off, but the agency seems to lack the political clout needed to block the move.

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'It's about time that there is sane leadership at the CFPB': Comments of the week

Readers react to the Consumer Financial Protection Bureau pulling back from investigating the Equifax breach, opine on the Federal Reserve's tough enforcement against Wells Fargo, weigh in on gender pay issues and more.

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Phone: 212-803-8500



---

From: American Banker  
<americanbanker@email.americanbanker.com>  
To: Johnson, Brian (CFPB)  
</o=cfpbexc/ou=exchange administrative group  
(fydibohf23spdlt)/cn=recipients/cn=johnson, brian843>  
Cc:  
Bcc:  
Subject: 'It's about time that there is sane leadership at the CFPB': Comments of the week  
Date: Fri Feb 09 2018 09:30:09 EST  
Attachments:

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Readers react to the Consumer Financial Protection Bureau pulling back from investigating the Equifax breach, opine on the Federal Reserve's tough enforcement against Wells Fargo, weigh in on gender pay issues and more.

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Feb 09, 2018

'It's about time that there is sane leadership at the CFPB': Comments of the week  
by MARY WISNIEWSKI

Readers react to the Consumer Financial Protection Bureau pulling back from investigating the Equifax breach, opine on the Federal Reserve's tough enforcement against Wells Fargo, weigh in on gender pay issues and more.  
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Phone: 212-803-8500

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From: Puzzanghera, Jim  
<jim.puzzanghera@latimes.com>  
To: Czwartacki, John (Detailee)(CFPB)  
</o=cfpbexc/ou=exchange administrative group  
(fydibohf23spdlt)/cn=recipients/cn=czwartacki, john201>  
Cc:  
Bcc:  
Subject: LA Times request on Equifax  
Date: Mon Feb 05 2018 12:42:19 EST  
Attachments:

---

John,

Can you comment on the Reuters report that the CFPB has pulled back on a full-scale Equifax investigation? There's a lot of reaction out there to the report.

Thanks,

Jim

Jim Puzzanghera  
National business reporter

Los Angeles Times  
Tribune Washington Bureau

1100 Vermont Ave. NW, Suite 900  
Washington, DC, 20005  
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Web: [www.latimes.com/la-bio-jim-puzzanghera-staff.html](http://www.latimes.com/la-bio-jim-puzzanghera-staff.html)

---

From: Galicia, Catherine (CFPB)  
</o=cfpbexc/ou=exchange administrative group  
(fydibohf23spdlt)/cn=recipients/cn=catherine.galicia>  
To: Slemrod, Jonathan (CFPB)  
</o=cfpbexc/ou=exchange administrative group  
(fydibohf23spdlt)/cn=recipients/cn=slemrod, jonathan  
(cfpb)ef5>; Welcher, Anthony (CFPB) </o=cfpbexc/ou=exchange  
administrative group  
(fydibohf23spdlt)/cn=recipients/cn=welcher, anthony51c>  
Cc: Martinez, Zixta (CFPB)  
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(fydibohf23spdlt)/cn=recipients/cn=zixta.martinez>; Manna,  
Meredith (CFPB) </o=cfpbexc/ou=exchange administrative group  
(fydibohf23spdlt)/cn=recipients/cn=meredith.connelly>; Pippin,  
Matthew (CFPB) </o=cfpbexc/ou=exchange administrative group  
(fydibohf23spdlt)/cn=recipients/cn=matthew.pippin>  
Bcc:  
Subject: Legislative Affairs Weekly Activity Report: February 5 – February 9, 2018  
Date: Fri Feb 09 2018 18:35:36 EST  
Attachments: image001.png  
image002.png  
image003.png  
image004.png  
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image006.png  
image007.png  
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image009.png  
image010.png  
image011.png

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Hi Jonny and Anthony,

Happy Friday! There are currently 4 letters in Front Office review (highlighted below). We could use your help in moving those along, especially the Warren/Waters, Warren political appointees, and Schatz Equifax letters.

Also, we can give you a read-out of the 4 congressional briefings that took place today whenever you would like.

As you know, next week there is a lot of Bureau related activity on the Hill to track.

Please let us know if you have any questions.

Have a great weekend!

Catherine

## Legislative Affairs Weekly Activity Report

February 5 – February 9, 2018

### Heard on the Hill

On Tuesday, February 6, 2018, at 10 a.m., the House Committee on Financial Services (HFSC) held a hearing entitled, "The Annual Report of the Financial Stability Oversight Council. The sole witness was the Honorable Steven T. Mnuchin, Secretary of the Treasury. An archived webcast is available [here](#).

On Tuesday, February 6, 2018, at 10 a.m., BHUA held a hearing entitled "Virtual Currencies: The Oversight Role of the U.S. Securities and Exchange Commission and the U.S. Commodity Futures Trading Commission." The witnesses will be: (1) the Honorable Jay Clayton, Chairman of the U.S. Securities and Exchange Commission; and (2) the Honorable J. Christopher Giancarlo, Chairman of the U.S. Commodity Futures Trading Commission. An archived webcast is available [here](#).

On Tuesday, February 6, 2018, at 10 a.m., the Senate Committee on Health, Education, Labor, and Pensions held a hearing entitled "Reauthorizing the Higher Education Act: Improving College Affordability." The witnesses were: (1) Dr. Sandy Baum, Senior Fellow at the Urban Institute; (2) Dr. Zakiya Smith, Strategy Director For Finance and Federal Policy, Lumina Foundation; (3) Dr. Jenna Robinson, President of the James G. Martin Center for Academic Renewal; (4) Dr. Robert Anderson, President of State Higher Education Executive Officers Association; and (5) Dr. DeRionne Pollard, President of Montgomery College. An archived webcast is available [here](#).

On Tuesday, February 6, 2018, at 2:45 p.m., the Senate Subcommittee on Consumer Protection, Product Safety, Insurance, and Data Security, of the Senate Committee on Commerce, Science, and Transportation, held a hearing entitled, "Data Security and Bug Bounty Programs: Lessons Learned from the Uber Breach and Security Researchers." The witnesses were: (1) Mr. John Flynn, Chief Information Security Officer, Uber Technologies, Inc.; (2) Mr. Marten Mickos, Chief Executive Officer, HackerOne, Inc.; and (3) Ms. Katie Moussouris, Chief Executive Officer, Luta Security, Inc. An archived webcast is available [here](#).

On Wednesday February 7, 2018, the House debated H.R. 1153, the "Mortgage Choice Act," which was ordered reported by the HFSC on November 14, 2017, by a vote of 46-13. On Thursday, February 8, 2018, the House passed the bill by a vote of 280-131.

On Thursday, February 8, 2018, BHUA met in executive session to consider the following nominations: (1) Ms. Jelena McWilliams to be Chairperson and a Member of the Board of Directors of the Federal Deposit Insurance Corporation; (2) Dr. Marvin Goodfriend to be a Member of the Board of Governors of the Federal Reserve System; and (3) Mr. Thomas E. Workman to be a Member of the Financial Stability Oversight Council. All nominations were reported favorably to the full Senate. The Committee also announced several Subcommittee assignments. An archived webcast is available [here](#).

On Thursday, February 8, 2018, the Senate rejected a Motion to Invoke Cloture on the Motion to Concur in the House Amendment to the Senate Amendment to H.R. 695 (Department of Defense Appropriations Act, 2018) by a vote of 55-44.

On Friday, February 9, 2018, the Senate agreed to the Motion to Concur in the House Amendment to the Senate Amendment to H.R. 1892 (the legislative vehicle for a continuing resolution to March 23, 2018, as well as budget caps on Federal spending) by a vote of 71-28. The measure was sent to the House of Representatives where H.R. 1892 passed by a vote of 240-186, thereby ending an hours-long lapse in government funding.

"The Equifax data breach put at risk the personal information of more than 145 million Americans, potentially including 1.3 million military servicemembers. Our men and women in uniform deserve to have easy access to information on how they may have been negatively impacted and what tools are available to protect their credit files moving forward. I'm glad that my efforts to hold Equifax accountable will help servicemembers safeguard their personal information,"

- Press release from Senate Banking, Housing, and Urban Affairs (BHUA) member Senator Joe Donnelly (IN) on February 5, 2018.

"Nevada's troops should not be in the dark when it comes to their financial security, especially while they are stationed overseas and defending our country. That is why I was proud to work with Senator Donnelly to demand that Equifax assist and protect our service members who were impacted by the September 2017 data breach. I expect the company to continue helping our men and women in uniform as they work to resolve the consequences of this massive data breach,"

- Press release from BHUA Member Senator Dean Heller (NV) on February 5, 2018.

"According to news reports, the CFPB has yet to order a subpoena or obtain sworn testimony from executives. As the top ranking Democrat on the Senate Homeland Security and Government Affairs Committee and a former prosecutor and auditor, I am astonished that even these basic investigative tools have not been utilized by your staff."

- Press release from Senator Claire McCaskill (MO) on February 6, 2018.

"U.S. Senator Tammy Baldwin has asked Inspector General Mark Bialek to investigate whether the Consumer Financial Protection Bureau (CFPB) has put on ice a probe into the Equifax data breach that threatened the sensitive, private information of more than 145 million Americans."

- Press release from Senator Tammy Baldwin (WI) on February 7, 2018.

"United States Senator Elizabeth Warren (D-Mass.) today released a new 15-page report containing the findings of a four-month long investigation into how Equifax failed to protect the personal data of more than 145 million Americans. The report concludes that Equifax set up a flawed system to prevent and mitigate data security problems, ignored numerous warnings of risks to sensitive data, failed to notify consumers, investors, and regulators about the breach in a timely fashion, took advantage of federal contracting loopholes and failed to protect IRS taxpayer data, and inadequately assisted consumers following the breach."

- Press release for BHUA member Senator Elizabeth Warren (MA) on February 7, 2018.

#### Highlights of Upcoming Congressional Activity

The House and Senate will be in session next week.

. On Tuesday, February 13, 2018, at 5 p.m., the House Committee on Rules will meet on several bills, two of which are Bureau-related:

- (1) H.R. 3978 – TRID Improvement Act of 2017, which, on November 15, was ordered reported by a vote of 53-5.

(2) H.R. 3299 — Protecting Consumers' Access to Credit Act of 2017, which, on November 15, 2017, was ordered reported by a recorded vote of 42-17.

The Rules Committee announced that the text of H.R. 3978 would combine a number of HFSC bills, including two additional CFPB-related bills:

\*\*\*\*\* H.R. 2948 - To amend the S.A.F.E. Mortgage Licensing Act of 2008 to provide a temporary license for loan originators transitioning between employers, and for other purposes, which, on December 13, was ordered to be reported by a vote of 60 – 0

\*\*\*\*\* H.R. 4061 - Financial Stability Oversight Council Improvement Act of 2017, which, on January 18, was ordered to be reported by a vote of 45 – 10.

Pending the outcome of the Rules Committee meeting, it is likely that these bills will be considered on the House Floor later in the week.

On Wednesday, February 14, 2018, at 10 a.m., the HFSC Subcommittee on Financial Institutions and Consumer Credit will hold a hearing entitled, "Examining the Current Data Security and Breach Notification Regulatory Regime." Witnesses for this hearing have not been announced.

On Wednesday, February 14, 2018, at 2 p.m., the HFSC Subcommittee on Capital Markets, Securities, and Investment will hold a legislative hearing entitled, "Legislative Proposals Regarding Derivatives." Witnesses and bills to be considered at this hearing have not been announced.

On Thursday, February 15, 2018, at 9 a.m., the Senate Committee on Finance will hold a hearing on the President's Fiscal Year 2019 Budget. The sole witness will be the Honorable Alex M. Azar II, Secretary of the Department of Health and Human Services.

On Thursday, February 15, 2018, at 9:30 a.m., the Senate Committee on Agriculture, Nutrition, and Forestry will hold a hearing entitled "State of the CFTC: Examining Pending Rules, Cryptocurrency Regulation, and Cross-Border Agreements." The sole witness will be J. Christopher Giancarlo, Chairman of the Commodity Futures Trading Commission.

On Thursday, February 15, 2018, at 10 a.m., the HFSC Subcommittee on Financial Institutions and Consumer Credit will hold a hearing entitled, "Examining De-risking and its Effects on Access to Financial Services. Witnesses for this hearing have not been announced.

On Thursday, February 15, 2018, at 2 p.m., the HFSC Subcommittee on Terrorism and Ellicit Finance will hold a hearing entitled, "Exploring the Financial Nexus of Terrorism, Drug Trafficking, and Organized Crime. Witnesses for this hearing have not been announced.



On Friday, February 16, 2018, at 9 a.m., the HFSC Subcommittee on Monetary Policy and Trade will hold a hearing entitled, "Evaluating CFIUS: Administration Perspectives." Witnesses for this hearing have not been announced.

#### Meetings between the Director and Congress

1) Request from HFSC Majority Members for Acting Director Mulvaney to attend Breakfast Member Meeting.

Status: Received December 5; meeting held February 7.

Staff: Jonny Slemrod

#### Events/Hearings/Meetings with Bureau staff

1) Briefing by Brian Johnson for HFSC and other House committees' staff about the Bureau's 2018-2022 Strategic Plan.

Status: Briefing held February 9.

Staff: Meredith Manna, Catherine Galicia, and David Uejio

2) Briefing by Brian Johnson for BHUA about the Bureau's 2018-2022 Strategic Plan.

Status: Briefing held February 9.

Staff: Matt Pippin, Catherine Galicia, and David Uejio

3) Briefing by Brian Johnson for Senate Committee on Homeland Security and Government Affairs staff about the Bureau's 2018-2022 Strategic Plan.

Status: Briefing held February 9.

Staff: Matt Pippin, Catherine Galicia, and David Uejio

4) Briefing by Brian Johnson for Senate Committee on Appropriations, Subcommittee on Financial Services and General Government staff about the Bureau's 2018-2022 Strategic Plan.

Status: Briefing held February 9.

Staff: Matt Pippin, Catherine Galicia, and David Uejio

#### Notifications and Transmittals to Congressional Offices

1) Consumer Financial Protection Bureau Issues Request for Information on Enforcement Process.  
Status: Sent to distribution lists and individual offices February 7.  
Staff: John Minor, Catherine Galicia

#### Congressional Requests – Briefings and Information Request

1) Information request from Senator Jack Reed's (RI) staff about Credit Bureaus and if housing applicants are required have an email address in order to process a credit check

Status: Received from Consumer Response February 5; under review.

Staff: Matt Pippin

2) Briefing request from Senator Jack Reed's staff for the Office of Servicemember Affairs to provide an update on their activities for Armed Services Committee and Banking Committee staff

Status: Received February 1; under review.

Staff: Matt Pippin

3) Information request from Senator Jack Reed's staff on the rationale for moving the Office of Fair Lending out of the Supervision, Enforcement, and Fair Lending Division

Status: Received February 1; under review

Staff: Matt Pippin

4) Information request from Senator Charles Schumer's staff about Zombie foreclosures

Status: Received February 1; under review.

Staff: Matt Pippin

5) Information request from BHUA Member Senator Jack Reed's (RI) staff on SCRA.

Status: Received January 26; information provided February 6.

Staff: Matt Pippin

6) Information request from Congressman Doug Collins' (GA) office on payday rule. Status: Received January 22; Initial follow up January 23; Pending follow up.

Staff: Meredith Manna

7) Information request from BHUA Member Senator Chris Van Hollen (MD) on Bureau retirement policy.

Status: Received January 5; Initial follow up on January 23; Pending follow up.

Staff: Matt Pippin

## Congressional Requests – Technical Assistance and CBO cost estimates

1) Congressional Budget Office request on H.R. 3746, the Business of Insurance Regulatory Reform Act of 2017.

Status: Received February 6; under review.

Staff: Catherine Galicia, Meredith Manna

2) Congressional Budget Office request on H.R. 3221, the Securing Access to Affordable Mortgages Act.

Status: Received December 21, under review.

Staff: Catherine Galicia, Meredith Manna

## Correspondence and Questions for the Record (QFRs)

1) Letter from BHUA Member Senator Brian Schatz (HI) and 31 other Senators about Equifax.

Status: Received February 8; undergoing Front Office Review. Response requested by February 19.

Staff: Matt Pippin

2) Letter from Senator Claire McCaskill (MO) about Equifax.

Status: Received February 6.

Staff: Matt Pippin

3) Letter from HSGAC PSI Chairman Senator Rob Portman (OH) and Ranking Member Senator Tom Carper (DE) about the Bureau's rulemaking process.

Status: Received February 5. drafting. Response requested by February 26.

Staff: Legal Division

4) Letter from House Committee on Energy and Commerce Ranking Member Frank Pallone, Jr. (NJ) about comments submitted to the payday rulemaking.

Status: Received February 5. drafting.

Staff: Legal Division

5) Letter from Congressman Barry Loudermilk (GA) et al about the Bureau's data collection.

Status: Received February 1; undergoing Front Office Review.

Staff: Meredith Manna

6) Letter from Senator Elizabeth Warren (MA) and HFSC Ranking Member Maxine Waters (CA) et al on payday.

Status: Received January 30; undergoing Front Office Review; Response requested by February 9.

Staff: Legal Division

7) Letter from BHUA Member Senator Jack Reed (RI), BHUA Ranking Member Sherrod Brown (OH), et al on student consumers. A response is requested by March 1.

Status: Received January 19; response delivered February 7.

Staff: Matt Pippin, RMR, CEE

8) Letter from HFSC members Congressmen Dennis Ross (FL), Steve Stivers (OH) et al on payday.

Status: Received January 19; (b)(5)

Staff:

9) Bicameral letter from BHUA member Senator Mike Rounds (SD), HFSC member Congressman Scott Tipton (CO) et al on prepaid final rule.

Status: Received December 22; undergoing Acting Director review.

Staff: Meredith Manna

10) Letter from Senator Elizabeth Warren (MA) about political appointees.

Status: Received December 18; Undergoing Front Office review.

Staff: Matt Pippin, Legal Division

11) Letter from HFSC Chairman Jeb Hensarling (TX) about rulemaking through enforcement.

Status: Received December 15. (b)(5)

#### Correspondence That Does Not Require a Response

1) Letter from Congressman Doug Lamborn (CO) on staff recommendation.

Status: Dated December 13.

2) Letter from House Committee on Rules Chairman Pete Sessions (TX) on staff recommendation.

Status: Received December 18 (dated December 11).

3) Letter from HFSC member Congressman Dennis Ross (FL) about the CFPB.

Status: Received December 7 (dated December 6). Does not require response.

4) Letter from BHUA member Senator Sasse congratulating Director Mulvaney on appointment.

Status: Received November 30. Does not require response.

5) Letter from HFSC member Congressman Tom Emmer (MN) et al on HMDA rule.

Status: Received November 28 (dated November 27); Responded to by phone.

#### Additional Correspondence

1) Letter from HFSC member Congressman Keith Ellison (MN) on Bureau leadership.

Status: Received November 29; pending review.

2) Letter from HFSC member Congressman Bill Foster (IL) on Bureau leadership.

Status: Received November 28; pending review.



## Sheldon Whitehouse

So now that [redacted] understands his job at [redacted] one of [redacted]'s first courses of action is to cancel an investigation into how [redacted] failed to protect [redacted].

na iepic.org AmericanEpic-18-02509-QFRB-EOA-20180322-Production-Wrong000318\_jobs to protect American consumers.

image002.png for Printed Item: 255 ( Attachment 2 of 11)

# Chuck Schumer



EPIC, Inc. agrees to provide you with a hard-packed cassette of the above information. EPIC, Inc. is a non-profit organization that provides free cards and mass e-mails to major corporations.

EPIC.org ID: EPIC-18-02-09-CFPB-FOIA-20180322-Production and pg 000319 out of 3

free cards and mass e-mails to major corporations.

**Senator Cortez Masto**

In NV, 2.5 million people were impacted by [redacted]'s egregious data breach.

Today, Mick Mulvaney turned his back on 245 million Americans who had their

data stolen. As a former project manager at Equifax, I know what a leader who will

protect consumers not negligent financial firms





**Sherrod Brown**

Once again Mr. Mulvaney has made clear he will always side with special interests over consumers who count on @CFPB for help. The Admin needs to swiftly nominate a CFPB director who will protect consumers instead of letting well-connected corporations walk away scot-free. -SB

17:00 - 17:00

[Show this thread](#)



**Sherrod Brown**

Refusing to investigate a data breach that puts 1.5M+ Americans at risk is malpractice.

image005.png for Printed Item: 255 ( Attachment 5 of 11)

**Senator Jeff Merkley**

The payday lending industry is cheering. Tells you everything you need to know

about [epic.org](http://epic.org)'s [EPIC-18-02-09-CFPB-FOIA-20180322-Production](https://www.epic.org/privacy-protection-plan/) abuse 000322

PURPOSE



# Elizabeth Warren

We can't rely on thought-and-lead-for to do anything about

Congress needs to take action - we passing the bill

http://epic.org: to EPIC-18-02-09-GFPB-FOIA-20180322-Production set for 009323 because that

process your data

image007.png for Printed Item: 255 ( Attachment 7 of 11)

**Elizabeth Warren**

For ~~epic-0195~~

EPIC-18-02-09-CFPB-FOIA-20180322-Prediction

000324.cle the

payday lenders are banks that have financed his political career.

**Chris Van Hollen**

Equifax was the biggest data breach in U.S. history and now the CFPB—under Trump's management—puts the brakes on this investigation? That's totally unacceptable. We can't let the CFPB off the hook for its failure to exercise its responsibility to protect American consumers.



## Senator Patty Murray

Feb 8

This is unbelievable: According to reports President Trump's **CFPB** director is trying to shut down the pending investigation into [redacted] that compromised over 145 million Americans' personal information.

epic.org

EPIC-18-02-09-CFPB-FOIA-20180322-Production

000326

1/1

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1/1

Feb 8

**Richard Blumenthal**



The CFPB stands for Consumer not Corporate as Mulvaney seems to

try to [epic.org/joining](http://www.epic.org/joining) EPIC-18-02-09-CFPB-FOIA-20180322-Production and [epic.org/joining](http://www.epic.org/joining) Mulvaney explanation

apparent decision to let [epic.org/joining](http://www.epic.org/joining) off the hook.



## Senator Brian Schatz

Equifax failed consumers with its data breach. So why isn't the US agency that looks out for consumers doing anything? Today I sent a letter to the [epic.org](https://www.epic.org) to find out why its investigation into EQUifax has been stopped. 000328



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From: McNitt, Bryce (CFPB)  
</o=cfpbexc/ou=exchange administrative group  
(fydibohf23spdlt)/cn=recipients/cn=mcnitt, bryce (cfpb)0a9>  
To: Johnson, Brian (CFPB)  
</o=cfpbexc/ou=exchange administrative group  
(fydibohf23spdlt)/cn=recipients/cn=johnson, brian843>  
Cc: Silberman, David (CFPB)  
</o=cfpbexc/ou=exchange administrative group  
(fydibohf23spdlt)/cn=recipients/cn=david.silberman>; Wade-Gery,  
William (CFPB) </o=cfpbexc/ou=exchange administrative group  
(fydibohf23spdlt)/cn=recipients/cn=william.wadegery67207762>;  
McNamara, John (CFPB) </o=cfpbexc/ou=exchange administrative  
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Hedgespeth, Grady (CFPB) </o=cfpbexc/ou=exchange administrative  
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McArdle, Mark (CFPB) </o=cfpbexc/ou=exchange administrative  
group (fydibohf23spdlt)/cn=recipients/cn=mcardle, mark63c>;  
Stein, Gary (CFPB) </o=cfpbexc/ou=exchange administrative group  
(fydibohf23spdlt)/cn=recipients/cn=gary.stein>  
Bcc:  
Subject: Market Intelligence Publications: Products from week of January 15  
Date: Mon Jan 22 2018 10:56:32 EST  
Attachments: 2018-01 Mortgage Chartbook.pdf  
[Clipper] Card, Payments, and Deposits Markets\_January 18, 2018.pdf  
FW: [Clipper] Consumer Reporting: January 18, 2018 (3).msg  
Mealey\_s Litigation Procedure - Consolidated Equifax Su.pdf  
Market Intelligence Products Cover Memo 011918.docx

---

January 22, 2017

Information Memorandum

TO:

Brian Johnson

FROM:

Bryce McNitt (x57366)

THROUGH:

David Silberman

CC:

Will Wade-Gery, John McNamara, Grady Hedgespeth, Mark McArdle, Gary Stein

Subject:

Markets Intelligence Publications

## Overview

This package represents the third weekly bundle of Markets publications and includes publications issued this past week. We remain ready to provide the same materials to the Acting Director through a Division Update Summary but, unless advised otherwise, we do not plan to insert these materials into his briefing book unless requested.

We also remain at the ready to modify this approach at any time, to provide more detail on anything we include (in either written or oral briefings), or to investigate any specific areas of interest.

## Market Intelligence Product Descriptions

For your reference, below are descriptions of the various types of publications we produce:

\*\*\*\*\* Market Clippers provide weekly news clippings relating to individual markets. Clippers do not contain any staff analysis or speculative interpretation. The text of these is generally lifted from the articles being referenced and thus may reflect the slant of individual authors.

\*\*\*\*\* Market Updates provide monthly or bi-monthly summaries from our Program Managers of what they have learned and what they have been told drawn from direct stakeholder engagement, data analysis, and literature review.

\*\*\*\*\* Market Chartbooks provide periodic compilations and analysis of key metrics and trends. These are produced on a monthly basis for the mortgage and auto lending markets and on a quarterly basis for the deposit and credit card markets.

\*\*\*\*\* State of the Market Summaries provide quarterly reviews and analysis of major developments in a particular market.

\*\*\*\*\* Market Spotlights provide a deep dive into one specific issue in a specific product line. Each market area expects to produce several of these over the course of the year.

Important notes on distribution and use of these products:

\*\*\*\*\* Products are for internal use only.

\*\*\*\*\* Products often contain confidential information, which is labeled as such.

\*\*\*\*\* Inclusion of news articles in Clippers or studies or product launches in Updates does not connote endorsement.

\*\*\*\*\* Product authors clearly note where they opine on market developments, products, or trends.

Products Contained in this Briefing

\*\*\*\*\* Mortgage Chartbook: January 2018 (Mark McArdle x59705)

\*\*\*\*\* Consumer Reporting Clipper: January 18, 2018 (John McNamara, x57710)

\*\*\*\*\* Cards, Payments, & Deposits Markets News Clipper: January 18, 2017 (Will Wade-Gery, x57289)

Bryce McNitt

Chief of Staff for Markets

Consumer Financial Protection Bureau

(b)(6)



**User Name:** Aarif Masani

**Date and Time:** Wednesday, January 17, 2018 6:09:00 PM EST

**Job Number:** 59672514

## Document (1)

1. *Mealey's Litigation Procedure Consolidated Equifax Suit To Have Separate Consumer, Financial Institution Tracks*

**Client/Matter:** -None-

## **Mealey's Litigation Procedure - Consolidated Equifax Suit To Have Separate Consumer, Financial Institution Tracks**

Mealey's Daily News Update

January 11, 2018

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**Section:** 2018, 4353

**Dateline:** ATLANTA

### **Body**

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A month after almost 100 lawsuits over the recently announced Equifax Inc. data breach were consolidated, the presiding Georgia federal judge, in a Jan. 9 case management order, announced that the case would proceed with separate, concurrent tracks for individual consumer and financial institution (FI) plaintiffs (In Re: Equifax Inc., Customer Data Security Breach Litigation, No. 1:17-md-2800, N.D. Ga.).

(Case management order available 97-180130-010R )

#### **Breach Announced**

Atlanta-based Equifax is a leading provider of credit-reporting services. In a Sept. 7 press release, Equifax announced "a cybersecurity incident" in which hackers "exploited a U.S. website application vulnerability to gain access to certain files." Equifax said the hackers accessed customer information of approximately 143 million U.S. consumers, including names, Social Security numbers, birth dates, addresses and driver's license numbers, as well as credit card numbers and "dispute documents" containing customers' personally identifiable information (PII).

Equifax said its investigation revealed that "the unauthorized access occurred from mid-May through July 2017." The company stressed that there is no evidence that its "core consumer or commercial credit reporting databases" were accessed. Equifax stated that it discovered the data breach July 29 and "acted immediately to stop the intrusion" by hiring a cybersecurity firm and reporting the incident to law enforcement. In an Oct. 2 statement, Equifax said that, following a complete review, the number of potentially impacted consumers is 145.5 million.

The vulnerability that permitted the intrusion has since been identified as the open source Apache Struts software, which Equifax used on its website.

#### **Lawsuits Filed, Consolidated**

The first lawsuits over the breach were filed the same day as the initial announcement. Complaints were filed by both individual consumers, who claim their PII was compromised, and FIs.

On Dec. 6, the U.S. Judicial Panel on Multidistrict Litigation (JPMDL) issued a transfer order centralizing 97 cases pending in various districts in the U.S. District Court for the Northern District of Georgia. The panel noted that there were more than 200 potentially related actions filed in more than 60 federal districts. The JPMDL deferred the matter of separate tracks to the District Court.

Mealey's Litigation Procedure - Consolidated Equifax Suit To Have Separate Consumer, Financial Institution Tracks

Efficient Management

Judge Thomas W. Thrash Jr. said the dual track approach was selected upon the agreement of the parties' counsel, after the preliminary reports were submitted and an initial conference was held. The judge deemed the separate tracks the most efficient way to manage the multidistrict proceeding. Separate leadership will be appointed for each track, the judge said. He noted his intention to keep the tracks' discovery on the same schedule and coordinated to avoid duplication of effort.

Master consolidated complaints will be due for each track 60 days after lead counsel is appointed.

Judge Thrash noted that a third track of small business had been proposed but said that these plaintiffs agreed to work with the consumer plaintiffs to include their claims in the forthcoming consolidated complaint. The judge stated that if the small business plaintiffs' interests are not ultimately adequately addressed, they may then seek to establish a separate track.

David J. Worley, James M. Evangelista and Kristi Stahnke McGregor of Evangelista Worley represent the plaintiffs. Equifax is represented by David L. Balser, Phyllis B. Sumner, S. Stewart Haskins II, Elizabeth D. Adler and John C. Toro of King & Spalding. All are in Atlanta.

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From: Gilford, Samuel (CFPB)  
</o=cfpbexc/ou=exchange administrative group  
(fydibohf23spdlt)/cn=recipients/cn=samuel.gilford>  
To: Gillian White <gwhite@theatlantic.com>;  
Czwartacki, John (Detailee)(CFPB) </o=cfpbexc/ou=exchange  
administrative group  
(fydibohf23spdlt)/cn=recipients/cn=czwartacki, john201>  
Cc:  
Bcc:  
Subject: RE: media inquiry about Equifax  
Date: Mon Feb 05 2018 17:11:55 EST  
Attachments:

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Hi Gillian - Thanks for your email. Here's a statement attributable to a CFPB spokesperson:

The Bureau has statutory authority over the collection and maintenance of consumer report information. Additionally, the Bureau is authorized to take supervisory and enforcement action against certain institutions engaged in unfair, deceptive, or abusive acts or practices, or that otherwise violate federal consumer financial laws. This includes acting in response to the failure of institutions to engage in reasonable data security practices in connection with the collection and maintenance of consumer report information. As noted previously, the Bureau is looking into Equifax's data breach and response. Reports to the contrary are incorrect. The Bureau cannot comment further at this time.

Sam Gilford

Senior Spokesperson | Office of Communications

Office: (202) 435-7673 | Mobile:

Consumer Financial Protection Bureau  
consumerfinance.gov

Confidentiality Notice: If you received this email by mistake, you should notify the sender of the mistake and delete the e-mail and any attachments. An inadvertent disclosure is not intended to waive any privileges.

From: Gillian White [mailto:gwhite@theatlantic.com]  
Sent: Monday, February 05, 2018 1:46 PM  
To: Gilford, Samuel (CFPB); Czwartacki, John (Detailee)(CFPB)

Subject: media inquiry about Equifax

Hi Sam and John,

Hope you both had nice weekends. Writing because I was hoping to talk to someone about the reports that the Bureau is dropping or freezing its investigation of Equifax after last year's data breach news? Is there any way you can confirm for me whether or not that's happening, or whether it's true that the acting director hasn't taken any new action on the probe?

Would love to chat with someone about the topic if at all possible.

Best,

Gillian

Gillian B. White

Senior Associate Editor, Business

The Atlantic

600 New Hampshire Ave. NW

Floor 3

Washington, DC, 20037

202.266.7455

[gwhite@theatlantic.com](mailto:gwhite@theatlantic.com)



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From: Pippin, Matthew (CFPB)  
</o=cfpbexc/ou=exchange administrative group  
(fydibohf23spdlt)/cn=recipients/cn=matthew.pippin>  
To: Manna, Meredith (CFPB)  
</o=cfpbexc/ou=exchange administrative group  
(fydibohf23spdlt)/cn=recipients/cn=meredith.connelly>;  
Martinez, Zixta (CFPB) </o=cfpbexc/ou=exchange administrative  
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Kate (CFPB) </o=cfpbexc/ou=exchange administrative group  
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Cc: Galicia, Catherine (CFPB)  
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Bcc:  
Subject: New letter from Senator Brian Schatz and 31 other Senators  
Date: Thu Feb 08 2018 12:48:34 EST  
Attachments: 2018.02.07 Schatz et al to MM\_LE\_Equifax.pdf

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Good afternoon,

Legislative Affairs just received the attached letter (dated yesterday) from Senator Brian Schatz (HI) and 31 other Senators on Equifax. The letter requests a response by February 19.

Legislative Affairs will submit an information memo to the Director's briefing book.

Please feel free to reach out with questions.

Thank you,

Matt

# United States Senate

WASHINGTON, DC 20540

February 7, 2018

Leandra English  
Acting Director, Consumer Financial Protection Bureau  
1700 G Street, NW  
Washington, DC 20552

Mick Mulvaney  
Director, Office of Management and Budget  
725 17th Street, NW  
Washington, DC 20503

Dear Acting Director English and Director Mulvaney,

We write to express serious concerns that, according to recent news reports, the Consumer Financial Protection Bureau (CFPB) may have halted an investigation into the massive Equifax data breach, which compromised the personal information of 145.5 million Americans.<sup>1</sup>

The Equifax breach exposed significant gaps in cybersecurity standards in an industry that collects a substantial amount of personal information on virtually every adult in the country. The three largest consumer reporting agencies alone collect information on more than 200 million Americans—information that is used in more than 3 billion consumer reports a year.<sup>2</sup> The data collected and reported by consumer reporting agencies determines Americans' access to credit and the cost of that credit for individuals and small businesses. This data also impacts Americans' ability to get a job or secure housing. By letting criminals gain access to its databases, Equifax has put nearly half the US population at risk for identity theft and fraud, which can ruin the financial lives of its victims and increase risk in our financial system.

Unfortunately, in the immediate aftermath of the breach, Equifax's response caused more consumer harm and confusion. Just to name a few examples, the company responded by promoting its affiliated paid credit monitoring service (*i.e.*, LifeLock), asking consumers to waive their rights to access free credit monitoring, and charging consumers to protect their data by freezing their credit reports.<sup>3</sup> Not only do we need to better understand how this breach has impacted consumers, we also must ensure that consumer reporting agencies are taking the steps

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<sup>1</sup>Patrick Rucker, *Exclusive: U.S. consumer protection official puts Equifax probe on ice*, February 5, 2018,

<https://www.washingtonpost.com/archive/local/2018/02/05/equifax-cfpb-exclusive-u-s-consumer-protection-official-puts-equifax-probe-on-ice/2018/02/05/>

<sup>2</sup>"CFPB to supervise Credit Reporting," *consumerfinance.gov*, July 16, 2012,

<https://www.consumerfinance.gov/about-us/newsroom/consumer-financial-protection-bureau-supervises-credit-reporting/>

<sup>3</sup>Helaine Olen, "Equifax draws fire for bungled response to data breach," *chsnews.com*, September 12, 2017,

<https://www.chsnews.com/news/equifax-data-breach-bank-customers-punished-01/>

necessary to mitigate this harm—not misleading consumers or taking advantage of the situation for their own financial gain.

As established by the Dodd-Frank Wall Street Reform and Consumer Protection Act, the CFPB has a statutory mandate to implement and enforce federal consumer protection laws.<sup>4</sup> This mandate specifically includes protecting consumers from “unfair, deceptive, or abusive acts and practices” and ensuring that “federal consumer financial laws are enforced consistently.”<sup>5</sup> Dodd-Frank specifically includes the Fair Credit Reporting Act as one of the enumerated federal consumer financial laws.<sup>6</sup> The CFPB also has clear supervisory authority over the largest consumer reporting agencies.<sup>7</sup> Consumer reporting agencies and the data they collect play a central role in consumers’ access to credit and the fair and competitive pricing of that credit. Therefore, the CFPB has a duty to supervise consumer reporting agencies, investigate how this breach has or will harm consumers, and bring enforcement actions as necessary.

We are deeply troubled by recent news reports that, under Director Mulvaney’s leadership, the CFPB may have stopped its investigation into the Equifax breach. According to these reports, the CFPB has not taken even the most preliminary steps to conduct an investigation.<sup>8</sup> While we are aware of reports that the Federal Trade Commission (FTC) may be taking the lead in investigating Equifax’s failure to maintain adequate data security standards, the CFPB still has a duty to investigate the harm to consumers and whether other federal consumer financial laws have been violated. We are also concerned that the CFPB appears to be scaling back its supervision of large consumer reporting agencies. The agency has reportedly scrapped plans to conduct on-site exams of Equifax and other consumer reporting agencies and turned down offers from the Federal Reserve, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency to help with such on-site exams.<sup>9</sup>

The responsibility of consumer reporting agencies as custodians of consumers’ personal and financial information is of paramount importance to us and our constituents. Several committees in both the House and Senate have held hearings to investigate the causes of the breach and the inadequate post-breach response. The CFPB has a statutory mandate to participate in this process by conducting an investigation. If that investigation exposes wrongdoing or consumer harm, the CFPB has the authority, and indeed a duty, to bring appropriate enforcement actions.

We respectfully ask for more information about the CFPB’s actions with respect to investigating the Equifax breach. Specifically, please answer the following questions by February 19, 2018:

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<sup>4</sup> Dodd-Frank Wall Street Reform and Consumer Protection Act, 12 U.S.C. § 5511(a)

<sup>5</sup> Dodd-Frank Wall Street Reform and Consumer Protection Act, 12 U.S.C. §§ 5511(b)(2);(b)(4)

<sup>6</sup> Dodd-Frank Wall Street Reform and Consumer Protection Act, 12 U.S.C. § 5481(14)

<sup>7</sup> Defining Larger Participants of the Consumer Reporting Market, 12 C.F.R. § 1090.101

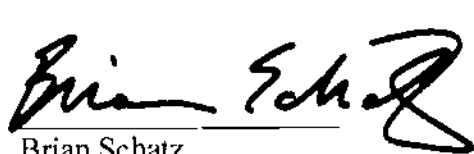
<sup>8</sup> Rucker, *supra* note 1.

<sup>9</sup> *Id.*

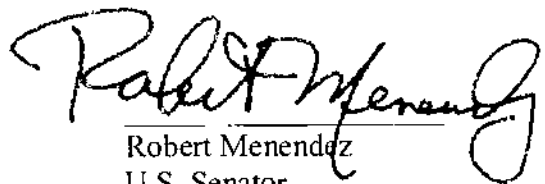
1. In September, then-CFPB Director Richard Cordray announced that the CFPB would begin a probe into the Equifax breach.<sup>10</sup> Has the CFPB stopped this or any other investigation related to this matter?
  - a. If so, why was that or any investigation halted?
  - b. Who directed the ending of any investigation?
2. Is the CFPB planning to conduct on-site exams of Equifax and the other consumer reporting agencies under its supervisory authority?
  - a. Has the CFPB conducted an examination of a consumer reporting agency following the Equifax hack?
3. If the CFPB is conducting an investigation, what specific steps has the CFPB taken pursuant to this investigation?
  - a. Has the CFPB issued Civil Investigative Demands (CIDs)?
  - b. Has the CFPB interviewed Equifax personnel?
  - c. Have the CFPB personnel examined Equifax systems or gone onsite to Equifax facilities?
4. Is the CFPB coordinating with the FTC, state law enforcement officials, or other Federal regulators in their investigations?

Thank you for your prompt attention to this important issue.

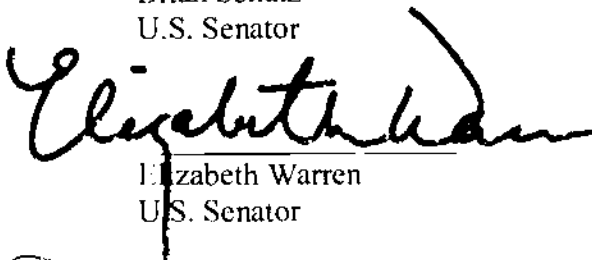
Sincerely,



Brian Schatz  
U.S. Senator



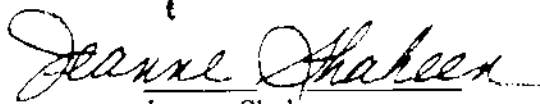
Robert Menendez  
U.S. Senator



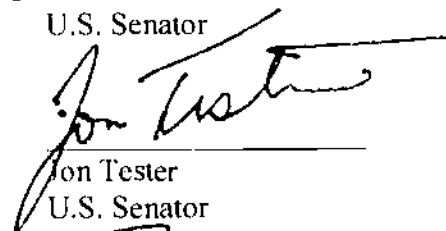
Elizabeth Warren  
U.S. Senator



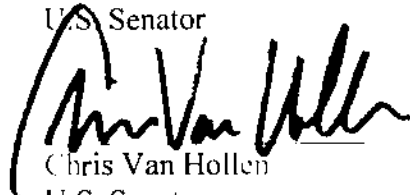
Sherrod Brown  
U.S. Senator



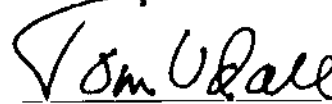
Jeanne Shaheen  
U.S. Senator



Jon Tester  
U.S. Senator



Chris Van Hollen  
U.S. Senator



Tom Udall  
U.S. Senator

<sup>10</sup> Roger Yu and Kevin McCoy, "Equifax data breach: Feds start investigation," USA Today, September 14, 2017, <https://www.usatoday.com/story/money/2017/09/14/feds-investigating-equifax-data-breach/405554001/>.

Heidi Heitkamp  
U.S. Senator

Tammy Duckworth  
U.S. Senator

Catherine Cortez Masto  
U.S. Senator

Jeffrey A. Merkley  
U.S. Senator

Jack Reed  
U.S. Senator

Edward J. Markey  
U.S. Senator

Joe Donnelly  
U.S. Senator

Tina Smith  
U.S. Senator

Tammy Baldwin  
U.S. Senator

Kirsten Gillibrand  
U.S. Senator

Gary C. Peters  
U.S. Senator

Patty Murray  
U.S. Senator

Bernard Sanders  
U.S. Senator

Richard Blumenthal  
U.S. Senator

Angus S. King, Jr.  
U.S. Senator

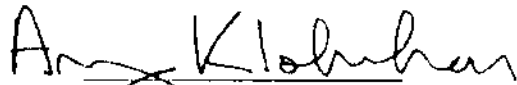
Ron Wyden  
U.S. Senator

Margaret Wood Hassan  
U.S. Senator

Dianne Feinstein  
U.S. Senator



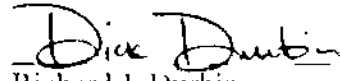
Mark R. Warner  
U.S. Senator



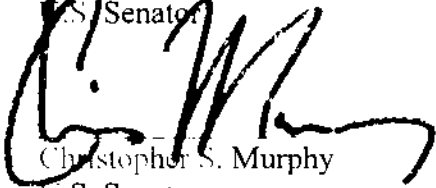
Amy Klobuchar  
U.S. Senator



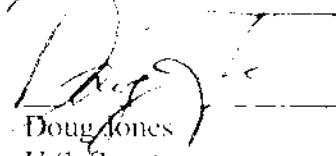
Debbie Stabenow  
U.S. Senator



Dick Durbin  
Richard J. Durbin  
U.S. Senator



Christopher S. Murphy  
U.S. Senator



Doug Jones  
U.S. Senator

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From: Pippin, Matthew (CFPB)  
</o=cfpbexc/ou=exchange administrative group  
(fydibohf23spdlt)/cn=recipients/cn=matthew.pippin>  
To: Manna, Meredith (CFPB)  
</o=cfpbexc/ou=exchange administrative group  
(fydibohf23spdlt)/cn=recipients/cn=meredith.connelly>;  
Martinez, Zixta (CFPB) </o=cfpbexc/ou=exchange administrative  
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Laura (CFPB) </o=cfpbexc/ou=exchange administrative group  
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Kate (CFPB) </o=cfpbexc/ou=exchange administrative group  
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Cc: Galicia, Catherine (CFPB)  
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Bcc:  
Subject: New letter from Senator Claire McCaskill on Equifax  
Date: Tue Feb 06 2018 17:24:38 EST  
Attachments: 2018.02.06 McCaskill to MM\_Equifax.pdf

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Good evening,

Legislative Affairs received the attached letter from Senator Claire McCaskill (MO) on Equifax.

Legislative Affairs will submit an information memo to the Director's briefing book.

Please feel free to reach out with questions.

Thank you,

Matt



CLAIRE McCASKILL  
U.S. SENATOR

# United States Senate

WASHINGTON, DC 20510

February 6, 2018

The Honorable Mick Mulvancy  
Director  
Consumer Financial Protection Bureau  
1700 G St. NW  
Washington, DC 20006

Dear Director Mulvancy:

I am alarmed by the news of the Consumer Financial Protection Bureau (CFPB) abandoning the probe of Equifax Inc. and the internal failures that resulted in stealing the personal data of 145 million Americans. According to news reports, the CFPB has yet to order a subpoena or obtain sworn testimony from executives. As the top ranking Democrat on the Senate Homeland Security and Government Affairs Committee and a former prosecutor and auditor, I am astonished that even these basic investigative tools have not been utilized by your staff.

The cybersecurity breach at Equifax resulted in the theft of names, Social Security numbers, birth dates, addresses, and other personal data of 145 million Americans, impacting every single adult in this country. The breach was so serious that numerous Congressional committees convened hearings and multiple federal and state enforcement agencies launched investigations. The FTC and CFPB created consumer-friendly resources to help individuals understand how to look for signs of fraud or identity theft stemming from the breach.

Despite the passage of time, the harm caused by Equifax breach has not diminished. Though some consumers took advantage of a free temporary credit freeze, these will expire in just four months. Consumers will have to pay Equifax to continue their credit freeze beyond June 30, 2018. The recent start of the tax filing season poses its own risks. So much financial data was exposed by the Equifax hack that more taxpayers than ever are at risk of tax fraud. Criminals will use the stolen personal information to file fraudulent tax returns, a problem that will complicate tax filing for thousands of families and cost our government millions in improper tax refund payments.

This rapid reversal of the CFPB position is surprising. Even Richard Smith, the former CEO of Equifax acknowledged that the company's failures resulted in sensitive data for 145 million Americans falling into the hands of criminals. The CFPB mission is to protect consumers from unfair, deceptive or abusive practices and to take action against companies that break the law. You have the highest responsibility to ensure that the CFPB fights for consumers and not only continues the Equifax investigation but prioritizes this work.

Sincerely,



Claire McCaskill  
U.S. Senator

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From: D'Angelo, Chris (CFPB)  
</o=cfpbexc/ou=exchange administrative group  
(fydibohf23spdlt)/cn=recipients/cn=chris.dangelo>  
To: Sanford, Paul (CFPB)  
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(fydibohf23spdlt)/cn=recipients/cn=paul.sanford>; Donoghue,  
Kristen (CFPB) </o=cfpbexc/ou=exchange administrative group  
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Blankenstein, Eric (Detaillee)(CFPB) </o=cfpbexc/ou=exchange  
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Cc: Twohig, Peggy (CFPB)  
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Bcc:  
Subject: RE: Press Incoming: Equifax probe  
Date: Fri Feb 02 2018 12:57:58 EST  
Attachments:

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Eric and I discussed this inquiry earlier. (b)(5)

(b)(5)

From: Sanford, Paul (CFPB)  
Sent: Friday, February 02, 2018 12:56 PM  
To: Donoghue, Kristen (CFPB); D'Angelo, Chris (CFPB); Blankenstein, Eric (Detaillee)(CFPB)  
Cc: Twohig, Peggy (CFPB); Hrdy, Alice (CFPB); Petersen, Cara (CFPB)  
Subject: RE: Press Incoming: Equifax probe

Kristen,

Thanks for looping us in.

Chris and Eric,

(b)(5)

Paul

From: Donoghue, Kristen (CFPB)  
Sent: Friday, February 02, 2018 12:38 PM  
To: Howard, Jennifer (CFPB); Czwartacki, John (Detailee)(CFPB); Czwartacki, John S. EOP/OMB; Welcher, Anthony (CFPB); D'Angelo, Chris (CFPB); Blankenstein, Eric (Detailee)(CFPB); Doyle, Emma (Detailee)(CFPB); Fulton, Kate (CFPB); Martinez, Zixta (CFPB); Johnson, Brian (CFPB); McLeod, Mary (CFPB); Twohig, Peggy (CFPB); Hrdy, Alice (CFPB); Sanford, Paul (CFPB); Petersen, Cara (CFPB)  
Cc: Mayorga, David (CFPB); Gilford, Samuel (CFPB)  
Subject: RE: Press Incoming: Equifax probe

+ Peggy, Paul, Cara, Alice.

From: Howard, Jennifer (CFPB)  
Sent: Friday, February 02, 2018 11:55 AM  
To: Czwartacki, John (Detailee)(CFPB); Czwartacki, John S. EOP/OMB; Welcher, Anthony (CFPB); D'Angelo, Chris (CFPB); Donoghue, Kristen (CFPB); Blankenstein, Eric (Detailee)(CFPB); Doyle, Emma (Detailee)(CFPB); Fulton, Kate (CFPB); Martinez, Zixta (CFPB); Johnson, Brian (CFPB); McLeod, Mary (CFPB)  
Cc: Mayorga, David (CFPB); Gilford, Samuel (CFPB)  
Subject: Press Incoming: Equifax probe  
Importance: High

Hi there-

It looks like this might already be on your radar CZ, but forwarding just in case. (b)(5)

(b)(5)

(b)(5)

this.

Apologies if you are already working on

Jen Howard

Consumer Financial Protection Bureau

E: jennifer.howard@cfpb.gov

O: 202-435-7454

C: (b)(6)

From: patrick.rucker@thomsonreuters.com [mailto:patrick.rucker@thomsonreuters.com]  
Sent: Friday, February 02, 2018 11:13 AM  
To: CFPBPress  
Subject: FW: Equifax probe  
Importance: High

I'll be out of the office soon and back by 130.

Look forward to someone giving me a call before 3 o'clock.

I'll be at my desk.

Naturally, we can report this without a comment. Though that might look a bit silly.

Best, Patrick

From: Rucker, Patrick (Reuters)  
Sent: Friday, February 02, 2018 9:24 AM  
To: press@consumerfinance.gov  
Subject: Fwd: Equifax probe

Morning, gang.

Haven't heard back from john on this yet.

Copying colleagues now. Hope to connect by phone this morning.

We're ready to go with this but I don't want to do that without hearing from you all.

Call anytime.

Best, Patrick

Our story says the CFPB has held back from scrutinizing cyber security at Equifax and the other credit bureaus in three material ways.

A) Cordray authorized an Equifax investigation in September but there have been no CID filed by the CFPB since then.

The FTC has filed CID and you have the authority to work together on the Equifax matter. We will point that out.

But the CFPB has not sought evidence under its own steam. And filing a CID is a fundamental part of investigations, as you all know.

B) The CFPB has not fulfilled the on-site cyber security exams that Cordray had envisioned in September. We've heard from at least one of the three credit bureau on record saying that makes sense – it does not believe the CFPB has the authority to scrutinize cyber security. Arguably the CFPB could test its authority as Cordray envisioned but the current CFPB has held back from doing that. That brings me to C

C) In early October, Cordray invited the three banking regulators to join the CFPB in cyber security exams. The Fed, OCC and FDIC were all willing to do that. They proposed writing a MOU that would outline how they each would send one or two staffers for on-site visits. But in recent weeks the CFPB scratched that plan. Specifically, Experian said they were not going to allow the prudential regulators on-site. And the CFPB explained that to the bank regulators. The plan for joint, site-visits was dropped.

From: Rucker, Patrick (Reuters)  
Sent: Thursday, February 01, 2018 2:06 PM  
To: 'Czwartacki, John (Detailee)(CFPB)'  
Subject: Equifax probe

Afternoon, John.

Take a look at this and get back when you can?

It's getting late in the afternoon so tomorrow morning fine.

But here are some facts on the Equifax matter I wanted to run past you.

- Cordray opened a CFPB investigation into Equifax in late September. And that was envisioned to be a joint effort with the FTC. Though the CFPB has not issued any CID. The only CID have come from FTC. Though someone said you all are copied on those replies from Equifax?

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I'm sure I've got that much right but please weigh in.

And a few words on record on where things going in the Equifax inquiry would be helpful.

Give a call when you can.

Best,

Patrick Rucker

ThomsonReuters

cell (b)(6)

desk 202 354 5858

@PatrickmRucker

---

From: Czwartacki, John (Detailer)(CFPB)  
</o=cfpbexc/ou=exchange administrative group  
(fydibohf23spdlt)/cn=recipients/cn=czwartacki, john201>  
To: Howard, Jennifer (CFPB)  
</o=cfpbexc/ou=exchange administrative group  
(fydibohf23spdlt)/cn=recipients/cn=jennifer.howard>;  
Czwartacki, John S. EOP/OMB <john.s.czwartacki@omb.eop.gov>;  
Welcher, Anthony (CFPB) </o=cfpbexc/ou=exchange administrative  
group (fydibohf23spdlt)/cn=recipients/cn=welcher, anthony51c>;  
D'Angelo, Chris (CFPB) </o=cfpbexc/ou=exchange administrative  
group (fydibohf23spdlt)/cn=recipients/cn=chris.dangelo>;  
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doyle, emma4a7>; Fulton, Kate (CFPB) </o=cfpbexc/ou=exchange  
administrative group  
(fydibohf23spdlt)/cn=recipients/cn=kate.fulton>; Martinez,  
Zixta (CFPB) </o=cfpbexc/ou=exchange administrative group  
(fydibohf23spdlt)/cn=recipients/cn=zixta.martinez>; Johnson,  
Brian (CFPB) </o=cfpbexc/ou=exchange administrative group  
(fydibohf23spdlt)/cn=recipients/cn=johnson, brian843>; McLeod,  
Mary (CFPB) </o=cfpbexc/ou=exchange administrative group  
(fydibohf23spdlt)/cn=recipients/cn=mcLeod, mary (cfpb)65b>  
Cc: Mayorga, David (CFPB)  
</o=cfpbexc/ou=exchange administrative group  
(fydibohf23spdlt)/cn=recipients/cn=david.mayorga>; Gilford,  
Samuel (CFPB) </o=cfpbexc/ou=exchange administrative group  
(fydibohf23spdlt)/cn=recipients/cn=samuel.gilford>  
Bcc:  
Subject: Re: Press Incoming: Equifax probe  
Date: Fri Feb 02 2018 15:32:15 EST  
Attachments:

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I responded to Patrick.

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From: Howard, Jennifer (CFPB) <Jennifer.Howard@cfpb.gov>  
Date: February 2, 2018 at 11:54:49 AM EST  
To: Czwartacki, John (Detailer)(CFPB) <John.Czwartacki@cfpb.gov>, Czwartacki, John S. EOP/OMB  
<John.S.Czwartacki@omb.eop.gov>, Welcher, Anthony (CFPB) <Anthony.Welcher@cfpb.gov>,  
D'Angelo, Chris (CFPB) <Christopher.DAngelo@cfpb.gov>, Donoghue, Kristen (CFPB) <Kristen.  
Donoghue@cfpb.gov>, Blankenstein, Eric (Detailer)(CFPB) <Eric.Blankenstein@cfpb.gov>, Doyle,  
Emma (Detailer)(CFPB) <Emma.Doyle@cfpb.gov>, Fulton, Kate (CFPB) <Katherine.Fulton@cfpb.  
gov>, Martinez, Zixta (CFPB) <Zixta.Martinez@cfpb.gov>, Johnson, Brian (CFPB) <Brian.  
Johnson2@cfpb.gov>, McLeod, Mary (CFPB) <Mary.McLeod@cfpb.gov>

---

Cc: Mayorga, David (CFPB) <David.Mayorga@cfpb.gov>, Gilford, Samuel (CFPB) <Samuel.Gilford@cfpb.gov>  
Subject: Press Incoming: Equifax probe  
Importance: High

Hi there-

It looks like this might already be on your radar CZ, but forwarding just in case. (b)(5)

(b)(5)

(b)(5) Apologies if you are already working on this.

Jen Howard

Consumer Financial Protection Bureau

E: jennifer.howard@cfpb.gov

O: 202-435-7454

C: (b)(6)

From: patrick.rucker@thomsonreuters.com [mailto:patrick.rucker@thomsonreuters.com]  
Sent: Friday, February 02, 2018 11:13 AM  
To: CFPBPress  
Subject: FW: Equifax probe  
Importance: High

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Subject: Fwd: Equifax probe

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Best,

Patrick Rucker

ThomsonReuters

cell (b)(6)

desk 202 354 5858

@PatrickmRucker

---

From: Welcher, Anthony (CFPB)  
</o=cfpbexc/ou=exchange administrative group  
(fydibohf23spdlt)/cn=recipients/cn=welcher, anthony51c>  
To: Czwartacki, John (Detailee)(CFPB)  
</o=cfpbexc/ou=exchange administrative group  
(fydibohf23spdlt)/cn=recipients/cn=czwartacki, john201>;  
Johnson, Brian (CFPB) </o=cfpbexc/ou=exchange administrative  
group (fydibohf23spdlt)/cn=recipients/cn=johnson, brian843>  
Cc: Blankenstein, Eric (Detailee)(CFPB)  
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(fydibohf23spdlt)/cn=recipients/cn=blankenstein, eric0fe>;  
Doyle, Emma (Detailee)(CFPB) </o=cfpbexc/ou=exchange  
administrative group (fydibohf23spdlt)/cn=recipients/cn=king  
doyle, emma4a7>; Sutton, Kirsten (CFPB) </o=cfpbexc/ou=exchange  
administrative group (fydibohf23spdlt)/cn=recipients/cn=mork,  
kirsten7c6>  
Bcc:  
Subject: Press to respond to/review  
Date: Wed Feb 07 2018 15:33:32 EST  
Attachments:

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Today's Update:

CZ - Will be forwarding a Pro-publica series of Q/A's in a follow up email. Please let us know if you would like us to respond or continue drafting answers for review. It appears to be a narrative piece that will be critical whether we respond or not. It's an opportunity to share some positions but will defer to your judgement on whether we should respond.

Brian – See the second item from American Banker. (b)(5)

This is being forwarded to you since you received it at OMB. We plan to let the clock run out.

Chris Bruce, Bloomberg BNA: Received today, deadline 4:30pm

\*\*\*\*\* Request: Just a note to see if anyone wants to comment on a suggestion that Federal Reserve Vice Chair Randal Quarles might be able to serve as acting director of the Consumer Financial Protection Bureau. I don't have any particular questions, though. My deadline is 430 pm Eastern Time today.

We're doing a short story today on a brief (link below) filed by Wharton School Professor Peter Conti-Brown in the English v. Trump case. Prof. Conti-Brown has filed a friend of the court brief in support of Ms. English. He says President Trump's appointment of OMB Director Mick Mulvaney as acting CFPB director isn't consistent with Congress' mandate in Dodd-Frank for an independent CFPB, because Mulvaney is part of the administration.

In a telephone interview with Prof. Conti-Brown a few minutes ago, he named Mr. Quarles as an example of someone who would be an appropriate choice. Here's the quote from Prof. Brown I'll be

using in the piece: My view is that a Fed governor would be a perfectly appropriate and legal acting director of the CFPB, including Randy Quarles.

Again, no particular questions, just wanted to make sure you had a chance to comment if it makes sense to do so. 430 pm Eastern Time deadline.

\*\*\*\*\* Suggested response: (b)(5)

(b)(5)

\*\*\*\*\* Front office feedback: (b)(5)

FOR BRIAN/ERIC

Kate Berry, American Banker: Received just now, deadline this afternoon

\*\*\*\*\* Request: In the RFI it says: The calculation of civil money penalties, consistent with the penalty amounts and mitigating factors set out in 12 U.S.C. 5565(c), including whether the Bureau should adopt a civil money penalty matrix, and, if it does adopt such a matrix, what that matrix should include;

Also, why is the CFPB asking for input from the companies it regulates on civil money penalties?? Wouldn't most companies say they want no penalties or less?

\*\*\*\*\* Suggested response: (b)(5)

\*\*\*\*\* Front office feedback:

APPROVED TO PROCEED WITH RECOMMENDATION

Kevin Dugan, New York Post: Received today, deadline is TBD

\*\*\*\*\* Request: Did Sec. Munching or anyone at Treasury reach out to the CFPB or Acting Director Mulvaney to discuss the Equifax investigation?

\*\*\*\*\* Suggested response: (b)(5)

(b)(5)

\*\*\*\*\* Front office feedback: (b)(5)

Thomas Blanton, Kiplinger: Received today, deadline COB

\*\*\*\*\* Request: Quick question related to mortgage closing scams: <https://www.consumerfinance.gov/about-us/blog/buying-home-watch-out-mortgage-closing-scams/> How many victims of the scam have there been in the past couple years, and how many of those victims got all or part of their stolen funds back?

\*\*\*\*\* Suggested response:

(b)(5)

(b)(5)

\*\*\*\*\* Front office feedback:

(b)(5)

Emily Long, Magnify Money: Received today, deadline Friday

\*\*\*\*\* Request: I'm working on a piece for MagnifyMoney -- a guide to secured loans. I'd love to connect with someone at CFPB via phone to chat about things consumers should know about this topic (when to use, what the benefits and risks are, how to obtain, etc). Would you be able to arrange between now and Friday?

\*\*\*\*\* Suggested response:

(b)(5)

(b)(5)

\*\*\*\*\* Front office feedback:

(b)(5)

Jon Hill, Legal News & Data: Received late yesterday, deadline TBD

\*\*\*\*\* Request: I am working on a story for today about the motions to dismiss filed by the defendants in the CFPB's case against Freedom Debt Relief and Andrew Houser. (This is the case that was announced in this press release: <https://www.consumerfinance.gov/about-us/newsroom/cfpb-sues-freedom-debt-relief-misleading-consumers-about-its-debt-settlement-services/>). Does the CFPB have any response to the arguments being made by the defendants, or any other comment on why the case shouldn't be dismissed?

\*\*\*\*\* Suggested response:

(b)(5)

\*\*\*\*\* Front office feedback:

Gema De Las Heras, Univision News: Received yesterday, deadline Thursday at noon

\*\*\*\*\* Request: I am writing to request more information about the regulation of loans for medical and cosmetic procedures, how much interest financial institutions can charge, etc. Our deadline is noon on Thursday 2/8, but please do not hesitate to contact me at (b)(6) if you have any questions and/or concerns.

\*\*\*\*\* Suggested response:

(b)(5)

\*\*\*\*\* Front office feedback:

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From: Welcher, Anthony (CFPB)  
</o=cfpbexc/ou=exchange administrative group  
(fydibohf23spdlt)/cn=recipients/cn=welcher, anthony51c>  
To: Howard, Jennifer (CFPB)  
</o=cfpbexc/ou=exchange administrative group  
(fydibohf23spdlt)/cn=recipients/cn=jennifer.howard>  
Cc: Czwartacki, John (Detailee)(CFPB)  
</o=cfpbexc/ou=exchange administrative group  
(fydibohf23spdlt)/cn=recipients/cn=czwartacki, john201>;  
Blankenstein, Eric (Detailee)(CFPB) </o=cfpbexc/ou=exchange  
administrative group  
(fydibohf23spdlt)/cn=recipients/cn=blankenstein, eric0fe>  
Bcc:  
Subject: RE: Reax to equifax story  
Date: Tue Feb 06 2018 12:05:56 EST  
Attachments:

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For what this Equifax back and forth is worth, we did locate the statement referred to in American Banker. Does this impact materially our ability to respond? Equifax has acknowledged in their 10K that a series of agencies are investigating or seeking info...

From Equifax's 10Q:

Filed Nov 9th, 2017

## ITEM 1. LEGAL PROCEEDINGS

Cybersecurity Incident Litigation, Claims and Government Investigations. To date, more than 240 class actions have been filed by consumers against us in federal, state and Canadian courts relating to the cybersecurity incident. The plaintiffs in these cases, who purport to represent various classes of consumers, generally claim to have been harmed by alleged actions and/or omissions by Equifax in connection with the cybersecurity incident and assert a variety of common law and statutory claims seeking monetary damages, injunctive relief and other related relief. In addition, certain class actions have been filed by financial institutions who allege their businesses have been placed at risk due to the cybersecurity incident and generally assert various common law claims such as claims for negligence and breach of contract, as well as, in some cases, statutory claims. The financial institutions class actions seek compensatory damages and other related relief. Motions for consolidation and transfer for pre-trial proceedings with respect to the U.S. cases discussed above to a single U.S. District Court are pending before the U.S. Judicial Panel on Multidistrict Litigation. The Company has sought a stay of these cases pending consolidation and transfer. We have also appeared or notified the appropriate parties of representation in the Canadian class actions, but such actions are all at the preliminary

stages. In addition, putative class action lawsuits have been commenced against us and certain of our current and former officers and directors alleging violations of the federal securities laws in connection with statements regarding our cybersecurity systems and controls. These complaints seek certification of a class of all persons who purchased or otherwise acquired Equifax securities during a set period of time and unspecified monetary damages, costs and attorneys' fees. We dispute the allegations in the complaints described above and intend to defend against such claims.

In addition, we are cooperating with federal, state, city and foreign governmental agencies and officials investigating or otherwise seeking information and/or documents, including through Civil Investigative Demands, regarding the cybersecurity incident and related matters, including 50 state Attorneys General offices, as well as the District of Columbia and Puerto Rico, the Federal Trade Commission ("FTC"), the Consumer Finance Protection Bureau ("CFPB"), the U.S. Securities and Exchange Commission ("SEC"), the New York Department of Financial Services, the New York Department of State - Division of Consumer Protection, other U.S. state bank regulators, the Financial Industry Regulatory Authority ("FINRA"), certain Congressional committees of both the U.S. Senate and House of Representatives, the United Kingdom's Financial Conduct Authority ("FCA"), the Information Commissioner's Office in the United Kingdom and the Office of the Privacy Commissioner of Canada. The Enforcement Division of the FCA has opened an investigation into Equifax Ltd. (our U.K. subsidiary). In addition, a civil enforcement action has been filed by the Attorney General of Massachusetts, and lawsuits have also been filed by the Chicago City Council and City of San Francisco with respect to the cybersecurity incident alleging violations of state laws and local ordinances governing protection of personal data, consumer fraud and breach notice requirements and business practices. Although we are cooperating with these investigations and inquiries, an adverse outcome to any such investigations and inquiries could subject us to fines or other obligations, which may have an adverse effect on how we operate our business or our results of operations. In addition, we have received subpoenas with respect to investigations by the SEC and the U.S. Attorney's Office for the Northern District of Georgia regarding trading activities by certain of our employees in relation to the cybersecurity incident.

It is not possible to estimate the amount of loss or range of possible loss, if any, that might result from adverse judgments, settlements, penalties or other resolution of the above described proceedings and investigations based on the early stage of these proceedings and investigations, that alleged damages have not been specified, the uncertainty as to the certification of a class or classes and the size of any certified class, as applicable, and the lack of resolution on significant factual and legal issues.

Additional lawsuits and claims related to the cybersecurity incident may be asserted by or on behalf of consumers, customers, shareholders or others seeking damages or other related relief and additional inquiries from governmental agencies may be received or investigations by governmental agencies commenced.

From: Howard, Jennifer (CFPB)  
Sent: Tuesday, February 06, 2018 11:39 AM  
To: Czwartacki, John S. EOP/OMB <John.S.Czwartacki@omb.eop.gov>; Welcher, Anthony (CFPB) <Anthony.Welcher@cfpb.gov>  
Cc: Czwartacki, John (Detailee)(CFPB) <John.Czwartacki@cfpb.gov>; Doyle, Emma (Detailee)(CFPB) <Emma.Doyle@cfpb.gov>; Blankenstein, Eric (Detailee)(CFPB) <Eric.Blankenstein@cfpb.gov>;

CFPBPress <CFPBPress@cfpb.gov>; D'Angelo, Chris (CFPB) <Christopher.DAngelo@cfpb.gov>;  
Martinez, Zixta (CFPB) <Zixta.Martinez@cfpb.gov>; Sutton, Kirsten (CFPB) <Kirsten.Sutton@cfpb.  
gov>; Fulton, Kate (CFPB) <Katherine.Fulton@cfpb.gov>; Mayorga, David (CFPB) <David.  
Mayorga@cfpb.gov>; Gilford, Samuel (CFPB) <Samuel.Gilford@cfpb.gov>  
Subject: RE: Reax to equifax story

From: patrick.rucker@thomsonreuters.com [mailto:patrick.rucker@thomsonreuters.com]  
Sent: Tuesday, February 06, 2018 11:21 AM  
To: Mayorga, David (CFPB)  
Cc: CFPBPress; Howard, Jennifer (CFPB)  
Subject: RE: CFPB request re: Equifax story

Thank you.

Monday's story contains a valuable comment from the agency.

And those words are consistent with what we have below, no?

If we had fresh facts, we might be in a position to write a fresh story.

Can you explain specifically what the agency means when it says it is "looking into Equifax's data breach"?

And how does that square with the facts we reported yesterday?

Give a call anytime to discuss.

Regards, Patrick

From: Mayorga, David (CFPB) [mailto:David.Mayorga@cfpb.gov]  
Sent: Tuesday, February 06, 2018 10:22 AM  
To: Rucker, Patrick (Reuters)  
Cc: CFPBPress; Howard, Jennifer (CFPB)  
Subject: CFPB request re: Equifax story

Hi Patrick,



Could you please update your Equifax story with this statement below, attributable to a CFPB Spokesperson. Please let me know if that's feasible. Thanks.

"The Bureau has statutory authority over the collection and maintenance of consumer report information. Additionally, the Bureau is authorized to take supervisory and enforcement action against certain institutions engaged in unfair, deceptive, or abusive acts or practices, or that otherwise violate federal consumer financial laws. This includes acting in response to the failure of institutions to engage in reasonable data security practices in connection with the collection and maintenance of consumer report information. As noted previously, the Bureau is looking into Equifax's data breach and response. Reports to the contrary are incorrect. The Bureau cannot comment further at this time."

DM

Jen Howard

Consumer Financial Protection Bureau

E: jennifer.howard@cfpb.gov

O: 202-435-7454

C: (b)(6)

From: Howard, Jennifer (CFPB)

Sent: Tuesday, February 06, 2018 11:33 AM

To: 'Czwartacki, John S. EOP/OMB'; Welcher, Anthony (CFPB)

Cc: Czwartacki, John (Detaillee)(CFPB); Ooyle, Emma (Detaillee)(CFPB); Blankenstein, Eric (Detaillee) (CFPB); CFPBPress; D'Angelo, Chris (CFPB); Martinez, Zixta (CFPB); Sutton, Kirsten (CFPB); Fulton, Kate (CFPB); Mayorga, David (CFPB); Gilford, Samuel (CFPB)

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Also this from Reuters when we asked them to update their story:

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Subject: RE: Reax to equifax story

We just received the below question. CZ/Eric, I know you did not want us to be more explicit about what reports are incorrect so should we just decline to comment?

I'm happy to include your statement but frankly it doesn't substantially address a single issue that's addressed in my story. Everyone knows that the Bureau "has statutory authority" and "is authorized to take enforcement action" but why isn't the Bureau actually ordering subpoenas against Equifax and getting sworn testimony from Equifax executives?

Jen Howard

Consumer Financial Protection Bureau

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O: 202-435-7454

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Subject: RE: Reax to equifax story

We have reached out to all the reporters who wrote and didn't include our quote asking them to update their story. We can also add the statement to our website, just noting that we did not do that with other reactive statements like World Acceptance Corp. If we add Equifax, should we add those two as well, retroactively? In terms of ideas, this is what I had suggested yesterday:

Bureau spokesperson: "While we can't comment on any supervisory or enforcement matters, holding credit reporting companies accountable continues to be a key priority and any reports to the contrary are incorrect."

Then we could provide this on background:

The CFPB has supervisory authority over large credit reporting companies and has been conducting examinations of companies in that market for over five years now, primarily focusing on the areas of credit report accuracy and the ability of consumers to dispute errors. We also have authority to conduct examinations of companies in that market for their data security practices, but only under the Dodd-Frank prohibitions on unfair, deceptive and abusive acts and practices (UDAAP), as well as under the Fair Credit Reporting Act.

There are other statutes relating to data security over which the CFPB does not have supervisory or enforcement authority. For instance, the prudential banking regulators, FTC, and SEC, but not the CFPB, were given responsibility for the Gramm-Leach-Bliley Act's data security provisions, which establish standards for administrative, technical, and physical safeguards for consumer information.

The Bureau would welcome the opportunity to work with Congress to ensure that, when it comes to data security, there is no regulatory gap that puts Americans' financial data at risk.

Jen Howard

Consumer Financial Protection Bureau

E: jennifer.howard@cfpb.gov

O: 202-435-7454

C: (b)(6)

From: Czwartacki, John S. EOP/OMB [mailto:John.S.Czwartacki@omb.eop.gov]  
Sent: Tuesday, February 06, 2018 9:54 AM  
To: Welcher, Anthony (CFPB); Howard, Jennifer (CFPB)  
Cc: Czwartacki, John (Detaillee)(CFPB); Doyle, Emma (Detaillee)(CFPB); Blankenstein, Eric (Detaillee) (CFPB); CFPBPress; D'Angelo, Chris (CFPB); Martinez, Zixta (CFPB); Sutton, Kirsten (CFPB); Fulton, Kate (CFPB); Mayorga, David (CFPB); Gilford, Samuel (CFPB)  
Subject: RE: Reax to equifax story

Good points. It doesn't make sense to call additional attention, but for those who seek it perhaps a blog post or some other statement that in context makes sense. Open to ideas and that's what I – was and – am looking to hear.

From: Welcher, Anthony (CFPB) [mailto:Anthony.Welcher@cfpb.gov]  
Sent: Tuesday, February 6, 2018 9:50 AM  
To: Howard, Jennifer (CFPB) <Jennifer.Howard@cfpb.gov>; Czwartacki, John S. EOP/OMB <John.S.Czwartacki@omb.eop.gov>  
Cc: Czwartacki, John (Detaillee)(CFPB) <John.Czwartacki@cfpb.gov>; Doyle, Emma (Detaillee)(CFPB) <Emma.Doyle@cfpb.gov>; Blankenstein, Eric (Detaillee)(CFPB) <Eric.Blankenstein@cfpb.gov>; CFPBPress <CFPBPress@cfpb.gov>; D'Angelo, Chris (CFPB) <Christopher.DAngelo@cfpb.gov>; Martinez, Zixta (CFPB) <Zixta.Martinez@cfpb.gov>; Sutton, Kirsten (CFPB) <Kirsten.Sutton@cfpb.gov>; Fulton, Kate (CFPB) <Katherine.Fulton@cfpb.gov>; Mayorga, David (CFPB) <David.Mayorga@cfpb.gov>; Gilford, Samuel (CFPB) <Samuel.Gilford@cfpb.gov>  
Subject: RE: Reax to equifax story

Let me re-phrase... How about promoting something (press-release) (social media) (etc...) stating the agency takes the protection of consumer credit data very seriously and will continue to work with all public and private entities to protect that data unless the Director wants to make a more clear statement re Equifax specifically.

Secondarily, given that this is a cycle late and with what's happening in the markets this week; does this story gain much more traction than it already has and do we evaluate an additional response if more substantive inquires come in today?

From: Welcher, Anthony (CFPB)  
Sent: Tuesday, February 06, 2018 9:29 AM  
To: Howard, Jennifer (CFPB) <Jennifer.Howard@cfpb.gov>; Czwartacki, John S. EOP/DMB <John.S.Czwartacki@omb.eop.gov>

Cc: Czwartacki, John (Detailer)(CFPB) <John.Czwartacki@cfpb.gov>; Doyle, Emma (Detailer)(CFPB) <Emma.Doyle@cfpb.gov>; Blankenstein, Eric (Detailer)(CFPB) <Eric.Blankenstein@cfpb.gov>; CFPBPress <CFPBPress@cfpb.gov>; D'Angelo, Chris (CFPB) <Christopher.DAngelo@cfpb.gov>; Martinez, Zixta (CFPB) <Zixta.Martinez@cfpb.gov>; Sutton, Kirsten (CFPB) <Kirsten.Sutton@cfpb.gov>; Fulton, Kate (CFPB) <Katherine.Fulton@cfpb.gov>; Mayorga, David (CFPB) <David.Mayorga@cfpb.gov>; Gilford, Samuel (CFPB) <Samuel.Gilford@cfpb.gov>  
Subject: RE: Reax to equifax story

CZ,

How about a reaffirming press release regarding the fact that this is a multi-agency cooperative investigation and nothing has changed? Something short and simple.

From: Howard, Jennifer (CFPB)  
Sent: Tuesday, February 06, 2018 9:21 AM  
To: Czwartacki, John S. EOP/OMB <John.S.Czwartacki@omb.eop.gov>  
Cc: Czwartacki, John (Detailer)(CFPB) <John.Czwartacki@cfpb.gov>; Doyle, Emma (Detailer)(CFPB) <Emma.Doyle@cfpb.gov>; Blankenstein, Eric (Detailer)(CFPB) <Eric.Blankenstein@cfpb.gov>; CFPBPress <CFPBPress@cfpb.gov>; D'Angelo, Chris (CFPB) <Christopher.DAngelo@cfpb.gov>; Welcher, Anthony (CFPB) <Anthony.Welcher@cfpb.gov>; Martinez, Zixta (CFPB) <Zixta.Martinez@cfpb.gov>; Sutton, Kirsten (CFPB) <Kirsten.Sutton@cfpb.gov>; Fulton, Kate (CFPB) <Katherine.Fulton@cfpb.gov>; Mayorga, David (CFPB) <David.Mayorga@cfpb.gov>; Gilford, Samuel (CFPB) <Samuel.Gilford@cfpb.gov>  
Subject: Re: Reax to equifax story

Yep. We normally do send to any reporter who has written. We will do another scan this morning to see if there is anyone else who should receive and send.

We can put it up on our newsroom. We don't pay for a news wire service and our Twitter has been generally limited to consumer education as it is run by CEE. Let me know what you want us to do.

---

From: Czwartacki, John S. EOP/OMB <John.S.Czwartacki@omb.eop.gov>  
Date: February 6, 2018 at 9:08:34 AM EST  
To: Howard, Jennifer (CFPB) <Jennifer.Howard@cfpb.gov>  
Cc: Czwartacki, John (Detailer)(CFPB) <John.Czwartacki@cfpb.gov>, Doyle, Emma (Detailer)(CFPB) <Emma.Doyle@cfpb.gov>, Blankenstein, Eric (Detailer)(CFPB) <Eric.Blankenstein@cfpb.gov>, CFPBPress <CFPBPress@cfpb.gov>, D'Angelo, Chris (CFPB) <Christopher.DAngelo@cfpb.gov>, Welcher, Anthony (CFPB) <Anthony.Welcher@cfpb.gov>, Martinez, Zixta (CFPB) <Zixta.Martinez@cfpb.gov>, Sutton, Kirsten (CFPB) <Kirsten.Sutton@cfpb.gov>, Fulton, Kate (CFPB)

<Katherine.Fulton@cfpb.gov>, Mayorga, David (CFPB) <David.Mayorga@cfpb.gov>, Gilford, Samuel (CFPB) <Samuel.Gilford@cfpb.gov>  
Subject: Re: Reax to equifax story

As you know many More people have an interest in the story then bother to pick up the phone. It's not a binary communications decision. Do we put a statement on our blog, Twitter, or on the wire?

Can you do a search so we know the stories/who coved this and see which have our statement?

Thanks

Cz

Sent from my iPhone

On Feb 6, 2018, at 9:00 AM, Howard, Jennifer (CFPB) <Jennifer.Howard@cfpb.gov<mailto:Jennifer.Howard@cfpb.gov>> wrote:

All the reporters who have inquired about the matter with us have received it. Defer to you on whether you want to highlight this story for reporters who haven't seen it yet.

---

From: Czwartacki, John (Detailer)(CFPB) <John.Czwartacki@cfpb.gov<mailto:John.Czwartacki@cfpb.gov>>

Date: February 6, 2018 at 7:52:19 AM EST

To: Howard, Jennifer (CFPB) <Jennifer.Howard@cfpb.gov<mailto:Jennifer.Howard@cfpb.gov>>, Doyle, Emma (Detailer)(CFPB) <Emma.Doyle@cfpb.gov<mailto:Emma.Doyle@cfpb.gov>>, Blankenstein, Eric (Detailer)(CFPB) <Eric.Blankenstein@cfpb.gov<mailto:Eric.Blankenstein@cfpb.gov>>, CFPBPress <CFPBPress@cfpb.gov<mailto:CFPBPress@cfpb.gov>>, D'Angelo, Chris (CFPB) <Christopher.DAngelo@cfpb.gov<mailto:Christopher.DAngelo@cfpb.gov>>, Welcher, Anthony (CFPB) <Anthony.Welcher@cfpb.gov<mailto:Anthony.Welcher@cfpb.gov>>, Martinez, Zixta (CFPB) <Zixta.Martinez@cfpb.gov<mailto:Zixta.Martinez@cfpb.gov>>, Czwartacki, John S. EOP/OMB <John.S.Czwartacki@omb.eop.gov<mailto:John.S.Czwartacki@omb.eop.gov>>, Sutton, Kirsten (CFPB) <Kirsten.Sutton@cfpb.gov<mailto:Kirsten.Sutton@cfpb.gov>>, Fulton, Kate (CFPB) <Katherine.Fulton@cfpb.gov<mailto:Katherine.Fulton@cfpb.gov>>

Cc: Mayorga, David (CFPB) <David.Mayorga@cfpb.gov<mailto:David.Mayorga@cfpb.gov>>, Gilford, Samuel (CFPB) <Samuel.Gilford@cfpb.gov<mailto:Samuel.Gilford@cfpb.gov>>

Subject: RE: Reax to equifax story

Given how much interest there is in the story, and how much Miss information there is on the matter should we have considered yesterday — or going forward today — tweaking slightly end putting this out proactively to all audiences?

---

From: Howard, Jennifer (CFPB) <Jennifer.Howard@cfpb.gov<mailto:Jennifer.Howard@cfpb.gov>>

Date: February 5, 2018 at 8:55:32 PM EST

To: Czwartacki, John (Detailer)(CFPB) <John.Czwartacki@cfpb.gov<mailto:John.Czwartacki@cfpb.gov>>, Doyle, Emma (Detailer)(CFPB) <Emma.Doyle@cfpb.gov<mailto:Emma.Doyle@cfpb.gov>>, Blankenstein, Eric (Detailer)(CFPB) <Eric.Blankenstein@cfpb.gov<mailto:Eric.Blankenstein@cfpb.gov>>

gov>>, CFPBPress <CFPBPress@cfpb.gov<mailto:CFPBPress@cfpb.gov>>, D'Angelo, Chris (CFPB) <Christopher.DAngelo@cfpb.gov<mailto:Christopher.DAngelo@cfpb.gov>>, Welcher, Anthony (CFPB) <Anthony.Welcher@cfpb.gov<mailto:Anthony.Welcher@cfpb.gov>>, Martinez, Zixta (CFPB) <Zixta.Martinez@cfpb.gov<mailto:Zixta.Martinez@cfpb.gov>>, Czwartacki, John S. EOP/OMB <John.S.Czwartacki@omb.eop.gov<mailto:John.S.Czwartacki@omb.eop.gov>>, Sutton, Kirsten (CFPB) <Kirsten.Sutton@cfpb.gov<mailto:Kirsten.Sutton@cfpb.gov>>, Fulton, Kate (CFPB) <Katherine.Fulton@cfpb.gov<mailto:Katherine.Fulton@cfpb.gov>>

Cc: Mayorga, David (CFPB) <David.Mayorga@cfpb.gov<mailto:David.Mayorga@cfpb.gov>>, Gilford, Samuel (CFPB) <Samuel.Gilford@cfpb.gov<mailto:Samuel.Gilford@cfpb.gov>>

Subject: RE: Reax to equifax story

Done.

---

From: Czwartacki, John (Detailee)(CFPB) <John.Czwartacki@cfpb.gov<mailto:John.Czwartacki@cfpb.gov>>

Date: February 5, 2018 at 8:45:30 PM EST

To: Howard, Jennifer (CFPB) <Jennifer.Howard@cfpb.gov<mailto:Jennifer.Howard@cfpb.gov>>, Doyle, Emma (Detailee)(CFPB) <Emma.Doyle@cfpb.gov<mailto:Emma.Doyle@cfpb.gov>>, Blankenstein, Eric (Detailee)(CFPB) <Eric.Blankenstein@cfpb.gov<mailto:Eric.Blankenstein@cfpb.gov>>, CFPBPress <CFPBPress@cfpb.gov<mailto:CFPBPress@cfpb.gov>>, D'Angelo, Chris (CFPB) <Christopher.DAngelo@cfpb.gov<mailto:Christopher.DAngelo@cfpb.gov>>, Welcher, Anthony (CFPB) <Anthony.Welcher@cfpb.gov<mailto:Anthony.Welcher@cfpb.gov>>, Martinez, Zixta (CFPB) <Zixta.Martinez@cfpb.gov<mailto:Zixta.Martinez@cfpb.gov>>, Czwartacki, John S. EOP/OMB <John.S.Czwartacki@omb.eop.gov<mailto:John.S.Czwartacki@omb.eop.gov>>, Sutton, Kirsten (CFPB) <Kirsten.Sutton@cfpb.gov<mailto:Kirsten.Sutton@cfpb.gov>>, Fulton, Kate (CFPB) <Katherine.Fulton@cfpb.gov<mailto:Katherine.Fulton@cfpb.gov>>

Cc: Mayorga, David (CFPB) <David.Mayorga@cfpb.gov<mailto:David.Mayorga@cfpb.gov>>, Gilford, Samuel (CFPB) <Samuel.Gilford@cfpb.gov<mailto:Samuel.Gilford@cfpb.gov>>

Subject: RE: Reax to equifax story

Can someone email me the statement? To both cfpb and OMB. Thank you

---

From: Howard, Jennifer (CFPB) <Jennifer.Howard@cfpb.gov<mailto:Jennifer.Howard@cfpb.gov>>

Date: February 5, 2018 at 5:06:09 PM EST

To: Doyle, Emma (Detailee)(CFPB) <Emma.Doyle@cfpb.gov<mailto:Emma.Doyle@cfpb.gov>>, Blankenstein, Eric (Detailee)(CFPB) <Eric.Blankenstein@cfpb.gov<mailto:Eric.Blankenstein@cfpb.gov>>, Czwartacki, John (Detailee)(CFPB) <John.Czwartacki@cfpb.gov<mailto:John.Czwartacki@cfpb.gov>>, CFPBPress <CFPBPress@cfpb.gov<mailto:CFPBPress@cfpb.gov>>, D'Angelo, Chris (CFPB) <Christopher.DAngelo@cfpb.gov<mailto:Christopher.DAngelo@cfpb.gov>>, Welcher, Anthony (CFPB) <Anthony.Welcher@cfpb.gov<mailto:Anthony.Welcher@cfpb.gov>>, Martinez, Zixta (CFPB) <Zixta.Martinez@cfpb.gov<mailto:Zixta.Martinez@cfpb.gov>>, Czwartacki, John S. EOP/OMB <John.S.Czwartacki@omb.eop.gov<mailto:John.S.Czwartacki@omb.eop.gov>>, Sutton, Kirsten (CFPB) <Kirsten.Sutton@cfpb.gov<mailto:Kirsten.Sutton@cfpb.gov>>, Fulton, Kate (CFPB) <Katherine.Fulton@cfpb.gov<mailto:Katherine.Fulton@cfpb.gov>>

Cc: Mayorga, David (CFPB) <David.Mayorga@cfpb.gov<mailto:David.Mayorga@cfpb.gov>>, Gilford, Samuel (CFPB) <Samuel.Gilford@cfpb.gov<mailto:Samuel.Gilford@cfpb.gov>>

Subject: RE: Reax to equifax story

Thanks so much. We will send now to all the reporters who asked as from a bureau spokesperson.

Jen Howard  
Consumer Financial Protection Bureau  
E: jennifer.howard@cfpb.gov<mailto:jennifer.howard@cfpb.gov>  
O: 202-435-7454  
C: (b)(6)

From: Doyle, Emma (Detailee)(CFPB)  
Sent: Monday, February 05, 2018 5:05 PM  
To: Howard, Jennifer (CFPB); Blankenstein, Eric (Detailee)(CFPB); Czwartacki, John (Detailee)(CFPB); CFPBPress; D'Angelo, Chris (CFPB); Welcher, Anthony (CFPB); Martinez, Zixta (CFPB); Czwartacki, John S. EOP/OMB; Sutton, Kirsten (CFPB); Fulton, Kate (CFPB)  
Cc: Mayorga, David (CFPB); Gilford, Samuel (CFPB)  
Subject: RE: Reax to equifax story

I'm with CZ now and he approves

---

From: Howard, Jennifer (CFPB) <Jennifer.Howard@cfpb.gov<mailto:Jennifer.Howard@cfpb.gov>>  
Date: February 5, 2018 at 5:00:29 PM EST  
To: Blankenstein, Eric (Detailee)(CFPB) <Eric.Blankenstein@cfpb.gov<mailto:Eric.Blankenstein@cfpb.gov>>, Czwartacki, John (Detailee)(CFPB) <John.Czwartacki@cfpb.gov<mailto:John.Czwartacki@cfpb.gov>>, CFPBPress <CFPBPress@cfpb.gov<mailto:CFPBPress@cfpb.gov>>, D'Angelo, Chris (CFPB) <Christopher.DAngelo@cfpb.gov<mailto:Christopher.DAngelo@cfpb.gov>>, Welcher, Anthony (CFPB) <Anthony.Welcher@cfpb.gov<mailto:Anthony.Welcher@cfpb.gov>>, Martinez, Zixta (CFPB) <Zixta.Martinez@cfpb.gov<mailto:Zixta.Martinez@cfpb.gov>>, Czwartacki, John S. EOP/OMB <John.S.Czwartacki@omb.eop.gov<mailto:John.S.Czwartacki@omb.eop.gov>>, Doyle, Emma (Detailee) (CFPB) <Emma.Doyle@cfpb.gov<mailto:Emma.Doyle@cfpb.gov>>, Sutton, Kirsten (CFPB) <Kirsten.Sutton@cfpb.gov<mailto:Kirsten.Sutton@cfpb.gov>>, Fulton, Kate (CFPB) <Katherine.Fulton@cfpb.gov<mailto:Katherine.Fulton@cfpb.gov>>  
Cc: Mayorga, David (CFPB) <David.Mayorga@cfpb.gov<mailto:David.Mayorga@cfpb.gov>>, Gilford, Samuel (CFPB) <Samuel.Gilford@cfpb.gov<mailto:Samuel.Gilford@cfpb.gov>>  
Subject: RE: Reax to equifax story

Ok, we'll send at 5:15 unless we hear otherwise?

Jen Howard  
Consumer Financial Protection Bureau  
E: jennifer.howard@cfpb.gov<mailto:jennifer.howard@cfpb.gov>  
O: 202-435-7454  
C: (b)(6)

From: Blankenstein, Eric (Detailee)(CFPB)  
Sent: Monday, February 05, 2018 4:57 PM  
To: Howard, Jennifer (CFPB); Czwartacki, John (Detailee)(CFPB); CFPBPress; D'Angelo, Chris (CFPB); Welcher, Anthony (CFPB); Martinez, Zixta (CFPB)  
Cc: Mayorga, David (CFPB); Gilford, Samuel (CFPB)  
Subject: RE: Reax to equifax story

Let's give CZ another 15 minutes to chime in. Otherwise fire away as far as I'm concerned.

Thanks,  
Eric

From: Howard, Jennifer (CFPB)



Sent: Monday, February 5, 2018 4:50 PM

To: Blankenstein, Eric (Detailee)(CFPB) <Eric.Blankenstein@cfpb.gov<mailto:Eric.Blankenstein@cfpb.gov>>; Czwartacki, John (Detailee)(CFPB) <John.Czwartacki@cfpb.gov<mailto:John.Czwartacki@cfpb.gov>>; CFPBPress <CFPBPress@cfpb.gov<mailto:CFPBPress@cfpb.gov>>; D'Angelo, Chris (CFPB) <Christopher.DAngelo@cfpb.gov<mailto:Christopher.DAngelo@cfpb.gov>>; Welcher, Anthony (CFPB) <Anthony.Welcher@cfpb.gov<mailto:Anthony.Welcher@cfpb.gov>>; Martinez, Zixta (CFPB) <Zixta.Martinez@cfpb.gov<mailto:Zixta.Martinez@cfpb.gov>>

Cc: Mayorga, David (CFPB) <David.Mayorga@cfpb.gov<mailto:David.Mayorga@cfpb.gov>>; Gilford, Samuel (CFPB) <Samuel.Gilford@cfpb.gov<mailto:Samuel.Gilford@cfpb.gov>>

Subject: RE: Reax to equifax story

That works for me.

Jen Howard

Consumer Financial Protection Bureau

E: jennifer.howard@cfpb.gov<mailto:jennifer.howard@cfpb.gov>

O: 202-435-7454

C: (b)(6)

From: Blankenstein, Eric (Detailee)(CFPB)

Sent: Monday, February 05, 2018 4:49 PM

To: Howard, Jennifer (CFPB); Czwartacki, John (Detailee)(CFPB); CFPBPress; D'Angelo, Chris (CFPB); Welcher, Anthony (CFPB); Martinez, Zixta (CFPB)

Cc: Mayorga, David (CFPB); Gilford, Samuel (CFPB)

Subject: RE: Reax to equifax story

How about this?

The Bureau has statutory authority over the collection and maintenance of consumer report information. Additionally, the Bureau is authorized to take supervisory and enforcement action against certain institutions engaged in unfair, deceptive, or abusive acts or practices, or that otherwise violate federal consumer financial laws. This includes acting in response to the failure of institutions to engage in reasonable data security practices in connection with the collection and maintenance of consumer report information. As noted previously, the Bureau is looking into Equifax's data breach and response. Reports to the contrary are incorrect. The Bureau cannot comment further at this time.

From: Howard, Jennifer (CFPB)

Sent: Monday, February 5, 2018 4:37 PM

To: Blankenstein, Eric (Detailee)(CFPB) <Eric.Blankenstein@cfpb.gov<mailto:Eric.Blankenstein@cfpb.gov>>; Czwartacki, John (Detailee)(CFPB) <John.Czwartacki@cfpb.gov<mailto:John.Czwartacki@cfpb.gov>>; CFPBPress <CFPBPress@cfpb.gov<mailto:CFPBPress@cfpb.gov>>; D'Angelo, Chris (CFPB) <Christopher.DAngelo@cfpb.gov<mailto:Christopher.DAngelo@cfpb.gov>>; Welcher, Anthony (CFPB) <Anthony.Welcher@cfpb.gov<mailto:Anthony.Welcher@cfpb.gov>>; Martinez, Zixta (CFPB) <Zixta.Martinez@cfpb.gov<mailto:Zixta.Martinez@cfpb.gov>>

Cc: Mayorga, David (CFPB) <David.Mayorga@cfpb.gov<mailto:David.Mayorga@cfpb.gov>>; Gilford, Samuel (CFPB) <Samuel.Gilford@cfpb.gov<mailto:Samuel.Gilford@cfpb.gov>>

Subject: RE: Reax to equifax story

We have more than a dozen inquiries on this. Is there a final statement to provide or would you like us to send them your way?

---

From: Blankenstein, Eric (Detailee)(CFPB) <Eric.Blankenstein@cfpb.gov<mailto:Eric.

Blankenstein@cfpb.gov>>

Date: February 5, 2018 at 1:40:33 PM EST

To: Czwartacki, John (Detailer)(CFPB) <John.Czwartacki@cfpb.gov<mailto:John.Czwartacki@cfpb.gov>>, Howard, Jennifer (CFPB) <Jennifer.Howard@cfpb.gov<mailto:Jennifer.Howard@cfpb.gov>>, CFPBPress <CFPBPress@cfpb.gov<mailto:CFPBPress@cfpb.gov>>, D'Angelo, Chris (CFPB) <Christopher.DAngelo@cfpb.gov<mailto:Christopher.DAngelo@cfpb.gov>>, Welcher, Anthony (CFPB) <Anthony.Welcher@cfpb.gov<mailto:Anthony.Welcher@cfpb.gov>>, Martinez, Zixta (CFPB) <Zixta.Martinez@cfpb.gov<mailto:Zixta.Martinez@cfpb.gov>>  
Subject: RE: Reax to equifax story

Sorry – my phone decided to stop working while I was out of the office.

I agree with CZ; no more specific reaction than "reports are incorrect."

From: Czwartacki, John (Detailer)(CFPB)

Sent: Monday, February 5, 2018 1:35 PM

To: Howard, Jennifer (CFPB) <Jennifer.Howard@cfpb.gov<mailto:Jennifer.Howard@cfpb.gov>>; CFPBPress <CFPBPress@cfpb.gov<mailto:CFPBPress@cfpb.gov>>; D'Angelo, Chris (CFPB) <Christopher.DAngelo@cfpb.gov<mailto:Christopher.DAngelo@cfpb.gov>>; Welcher, Anthony (CFPB) <Anthony.Welcher@cfpb.gov<mailto:Anthony.Welcher@cfpb.gov>>; Martinez, Zixta (CFPB) <Zixta.Martinez@cfpb.gov<mailto:Zixta.Martinez@cfpb.gov>>  
Cc: Blankenstein, Eric (Detailer)(CFPB) <Eric.Blankenstein@cfpb.gov<mailto:Eric.Blankenstein@cfpb.gov>>  
Subject: RE: Reax to equifax story

Don't be more specific.

---

From: Howard, Jennifer (CFPB) <Jennifer.Howard@cfpb.gov<mailto:Jennifer.Howard@cfpb.gov>>

Date: February 5, 2018 at 1:22:54 PM EST

To: Czwartacki, John (Detailer)(CFPB) <John.Czwartacki@cfpb.gov<mailto:John.Czwartacki@cfpb.gov>>, CFPBPress <CFPBPress@cfpb.gov<mailto:CFPBPress@cfpb.gov>>, D'Angelo, Chris (CFPB) <Christopher.DAngelo@cfpb.gov<mailto:Christopher.DAngelo@cfpb.gov>>, Welcher, Anthony (CFPB) <Anthony.Welcher@cfpb.gov<mailto:Anthony.Welcher@cfpb.gov>>, Martinez, Zixta (CFPB) <Zixta.Martinez@cfpb.gov<mailto:Zixta.Martinez@cfpb.gov>>  
Cc: Blankenstein, Eric (Detailer)(CFPB) <Eric.Blankenstein@cfpb.gov<mailto:Eric.Blankenstein@cfpb.gov>>  
Subject: RE: Reax to equifax story

Should we be more explicit about what is incorrect?

While we can't comment on any supervisory or enforcement matters, holding credit reporting companies accountable continues to be a key priority and any reports to the contrary are incorrect.

Then we could provide this on background:

The CFPB has supervisory authority over large credit reporting companies and has been conducting examinations of companies in that market for over five years now, primarily focusing on the areas of credit report accuracy and the ability of consumers to dispute errors. We also have authority to conduct examinations of companies in that market for their data security practices, but only under the Dodd-Frank prohibitions on unfair, deceptive and abusive acts and practices (UDAAP), as well as under the Fair Credit Reporting Act.

There are other statutes relating to data security over which the CFPB does not have supervisory or enforcement authority. For instance, the prudential banking regulators, FTC, and SEC, but not the

CFPB, were given responsibility for the Gramm-Leach-Bliley Act's data security provisions, which establish standards for administrative, technical, and physical safeguards for consumer information.

The Bureau would welcome the opportunity to work with Congress to ensure that, when it comes to data security, there is no regulatory gap that puts Americans' financial data at risk.

Jen Howard  
Consumer Financial Protection Bureau  
E: jennifer.howard@cfpb.gov<mailto:jennifer.howard@cfpb.gov>  
O: 202-435-7454  
C: (b)(6)

From: Czwartacki, John (Detailer)(CFPB)  
Sent: Monday, February 05, 2018 1:11 PM  
To: Howard, Jennifer (CFPB); CFPBPress; D'Angelo, Chris (CFPB); Welcher, Anthony (CFPB); Martinez, Zixta (CFPB)  
Cc: Blankenstein, Eric (Detailer)(CFPB)  
Subject: RE: Reax to equifax story  
Importance: High

I like this. We need to also knock down with "reports are incorrect "

Eric, yes or nea?

---

From: Howard, Jennifer (CFPB) <Jennifer.Howard@cfpb.gov<mailto:Jennifer.Howard@cfpb.gov>>  
Date: February 5, 2018 at 1:04:50 PM EST  
To: Czwartacki, John (Detailer)(CFPB) <John.Czwartacki@cfpb.gov<mailto:John.Czwartacki@cfpb.gov>>, CFPBPress <CFPBPress@cfpb.gov<mailto:CFPBPress@cfpb.gov>>, D'Angelo, Chris (CFPB) <Christopher.DAngelo@cfpb.gov<mailto:Christopher.DAngelo@cfpb.gov>>, Welcher, Anthony (CFPB) <Anthony.Welcher@cfpb.gov<mailto:Anthony.Welcher@cfpb.gov>>, Martinez, Zixta (CFPB) <Zixta.Martinez@cfpb.gov<mailto:Zixta.Martinez@cfpb.gov>>  
Cc: Blankenstein, Eric (Detailer)(CFPB) <Eric.Blankenstein@cfpb.gov<mailto:Eric.Blankenstein@cfpb.gov>>  
Subject: RE: Reax to equifax story

For context, this is what we said previously: "The CFPB has authority over the consumer reporting industry, including supervisory and enforcement authority. The CFPB is authorized to take enforcement action against institutions engaged in unfair, deceptive, or abusive acts or practices, or that otherwise violate federal consumer financial laws. We are looking into the data breach and Equifax's response, but cannot comment further at this time."

We also provided this as background:

The CFPB has supervisory authority over large credit reporting companies and has been conducting examinations of companies in that market for over five years now, primarily focusing on the areas of credit report accuracy and the ability of consumers to dispute errors. We also have authority to conduct examinations of companies in that market for their data security practices, but only under the Dodd-Frank prohibitions on unfair, deceptive and abusive acts and practices (UDAAP), as well as under the Fair Credit Reporting Act.

There are other statutes relating to data security over which the CFPB does not have supervisory or enforcement authority. For instance, the prudential banking regulators, FTC, and SEC, but not the CFPB, were given responsibility for the Gramm-Leach-Bliley Act's data security provisions, which

establish standards for administrative, technical, and physical safeguards for consumer information.

The Bureau would welcome the opportunity to work with Congress to ensure that, when it comes to data security, there is no regulatory gap that puts Americans' financial data at risk.

Jen Howard

Consumer Financial Protection Bureau

E: [jennifer.howard@cfpb.gov](mailto:jennifer.howard@cfpb.gov)<<mailto:jennifer.howard@cfpb.gov>>

O: 202-435-7454

C: (b)(6)

From: Czwartacki, John (Detaillee)(CFPB)

Sent: Monday, February 05, 2018 12:50 PM

To: CFPBPress; Howard, Jennifer (CFPB)

Cc: Blankenstein, Eric (Detaillee)(CFPB)

Subject: Reax to equifax story

If Eric agrees, this should be our holding line. Eric?

Background from cfpb:

"The media reports are incorrect, but beyond that we do not comment on ongoing proceedings."

---

From: American Banker  
<americanbanker@email.americanbanker.com>  
To: Blankenstein, Eric (Detailee)(CFPB)  
</o=cfpbexc/ou=exchange administrative group  
(fydibohf23spdl)/cn=recipients/cn=blankenstein, eric0fe>  
Cc:  
Bcc:  
Subject: Regulation: Fintechs find another untapped market: New immigrants needing credit  
Date: Fri Feb 09 2018 12:00:16 EST  
Attachments:

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For many newcomers to the U.S., establishing credit is a big challenge. A handful of entrepreneurs are developing tools to help verify their financial histories.

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Fintechs find another untapped market: New immigrants needing credit  
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Senate panel approves Trump's pick for FDIC chair, two other nominees  
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The full Senate will now consider the nomination of Jelena McWilliams to lead the FDIC, as well as nominees to sit on the Federal Reserve Board and the Financial Stability Oversight Council.  
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Groans as Congress again uses Fed's capital fund to plug holes  
by JOHN HELTMAN, IAN MCKENDRY

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Buckley Sandler co-founder retiring to pursue other businesses  
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Andrew Sandler, who is also CEO of Treliant, co-founded Buckley Sandler in 2009. He will step down from the firm in March.  
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Phone: 212-803-8500

---

From: American Banker  
<americanbanker@email.americanbanker.com>  
To: Czwartacki, John (Detailee)(CFPB)  
</o=cfpbexc/ou=exchange administrative group  
(fydibohf23spdlt)/cn=recipients/cn=czwartacki, john201>  
Cc:  
Bcc:  
Subject: Regulation: Fintechs find another untapped market: New immigrants needing credit  
Date: Fri Feb 09 2018 12:00:13 EST  
Attachments:

---

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Pink slips coming for big chunk of Dodd-Frank agency staff  
by VICTORIA FINKLE

More than one-third of the Office of Financial Research's staff could soon be laid off, but the agency seems to lack the political clout needed to block the move.  
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Phone: 212-803-8500

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From: Galicia, Catherine (CFPB)  
</o=cfpbexc/ou=exchange administrative group  
(fydibohf23spdlt)/cn=recipients/cn=catherine.galicia>  
To: Slemrod, Jonathan (CFPB)  
</o=cfpbexc/ou=exchange administrative group  
(fydibohf23spdlt)/cn=recipients/cn=slemrod, jonathan  
(cfpb)ef5>; Welcher, Anthony (CFPB) </o=cfpbexc/ou=exchange  
administrative group  
(fydibohf23spdlt)/cn=recipients/cn=welcher, anthony51c>;  
Martinez, Zixta (CFPB) </o=cfpbexc/ou=exchange administrative  
group (fydibohf23spdlt)/cn=recipients/cn=zixta.martinez>;  
Howard, Jennifer (CFPB) </o=cfpbexc/ou=exchange administrative  
group (fydibohf23spdlt)/cn=recipients/cn=jennifer.howard>  
Cc: Pippin, Matthew (CFPB)  
</o=cfpbexc/ou=exchange administrative group  
(fydibohf23spdlt)/cn=recipients/cn=matthew.pippin>  
Bcc:  
Subject: Schatz letter press releases and tweets  
Date: Thu Feb 08 2018 14:11:14 EST  
Attachments: image001.png  
image002.png  
image003.png  
image004.png

---

FYI – We'll circulate other releases and tweets that we come across about this letter.

From: Pippin, Matthew (CFPB)  
Sent: Thursday, February 08, 2018 2:03 PM  
To: Galicia, Catherine (CFPB)  
Subject: Press Releases and tweets

Press release from Senator Schatz

Schatz Leads Group of 31 Senators in Demanding Answers on Reports of CFPB's Stalled Investigation into Equifax Breach

Thursday, February 8, 2018

WASHINGTON – Today, U.S. Senator Brian Schatz (D-Hawai'i) led a group of 31 senators, including every Democrat on the Senate Banking, Housing and Urban Affairs Committee, in demanding answers on reports that the Consumer Financial Protection Bureau (CFPB) has halted its investigation into how credit reporting agency Equifax failed to protect the personal data of over 145 million Americans.

"We are deeply troubled by recent news reports that, under Director Mulvaney's leadership, the CFPB has stopped its investigation into the Equifax breach," the senators wrote. "The CFPB is currently the only federal agency with supervisory authority over the largest consumer reporting agencies. Consumer

reporting agencies and the data they collect play a central role in consumers' access to credit and the fair and competitive pricing of that credit. Therefore, the CFPB has a clear duty to supervise consumer reporting agencies, investigate how this breach has or will harm consumers, and bring enforcement actions as necessary."

According to reports, CFPB has not issued any subpoenas, sought testimony from key executives at Equifax, or proceeded with on-site examinations.

The Equifax breach exposed data that included customers' names, Social Security numbers, birthdates, addresses, driver's license numbers, and, for some consumers, credit card numbers. This data could easily be used by criminals to steal people's identity or commit fraud. The impact on consumers whose data has been stolen is potentially devastating. As a result of identity theft and fraud, customers face the risk of having debt accrued in their name. They could suffer long-lasting damage to their credit, which could lead to them being denied loans, mortgages, employment, or even rental housing. To resolve the damage done by this data breach, they will likely spend months, if not years, trying to correct resulting errors and problems with their financial records.

Joining Senator Schatz on the letter to Office of Management and Budget Director Mick Mulvaney and CFPB Acting Director Leandra English are U.S. Senators Bob Menendez (D-N.J.), Elizabeth Warren (D-Mass.), Sherrod Brown (D-Ohio), Jeanne Shaheen (D-N.H.), Jon Tester (D-Mont.), Chris Van Hollen (D-Md.), Tom Udall (D-N.M.), Heidi Heitkamp (D-N.D.), Tammy Duckworth (D-Ill.), Catherine Cortez Masto (D-Nev.), Jeff Merkley (D-Ore.), Jack Reed (D-R.I.), Ed Markey (D-Mass.), Joe Donnelly (D-Ind.), Tina Smith (Minn.), Tammy Baldwin (D-Wis.), Kirsten Gillibrand (D-N.Y.), Gary Peters (D-Mich.), Patty Murray (Wash.), Bernie Sanders (I-Vt.), Richard Blumenthal (D-Conn.), Angus King (I-Maine), Ron Wyden (D-Ore.), Maggie Hassan (D-N.H.), Dianne Feinstein (D-Calif.), Mark Warner (D-Va.), Amy Klobuchar (D-Minn.), Debbie Stabenow (D-Mich.), Dick Durbin (D-Ill.), Chris Murphy (D-Conn.), and Doug Jones (D-Ala.).

The full text of the letter is available here and below:

Dear Acting Director English and Director Mulvaney,

We write to express serious concerns that, according to recent news reports, the Consumer Financial Protection Bureau (CFPB) may have halted an investigation into the massive Equifax data breach, which compromised the personal information of 145.5 million Americans.

The Equifax breach exposed significant gaps in cybersecurity standards in an industry that collects a substantial amount of personal information on virtually every adult in the country. The three largest consumer reporting agencies alone collect information on more than 200 million Americans—information that is used in more than 3 billion consumer reports a year. The data collected and reported by consumer reporting agencies determines Americans' access to credit and the cost of that credit for individuals and small businesses. This data also impacts Americans' ability to get a job or secure housing. By letting criminals gain access to its databases, Equifax has put nearly half the US population at risk for identity theft and fraud, which can ruin the financial lives of its victims and increase risk in our financial system.

Unfortunately, in the immediate aftermath of the breach, Equifax's response caused more consumer harm and confusion. Just to name a few examples, the company responded by promoting its affiliated paid credit monitoring service (i.e., LifeLock), asking consumers to waive their rights to access free credit monitoring, and charging consumers to protect their data by freezing their credit reports. Not only do we need to better understand how this breach has impacted consumers, we also must ensure that consumer reporting agencies are taking the steps necessary to mitigate this harm—not misleading consumers or taking advantage of the situation for their own financial gain.

As established by the Dodd-Frank Wall Street Reform and Consumer Protection Act, the CFPB has a statutory mandate to implement and enforce federal consumer protection laws. This mandate

specifically includes protecting consumers from “unfair, deceptive, or abusive acts and practices” and ensuring that “federal consumer financial laws are enforced consistently.” Dodd-Frank specifically includes the Fair Credit Reporting Act as one of the enumerated federal consumer financial laws. The CFPB also has clear supervisory authority over the largest consumer reporting agencies. Consumer reporting agencies and the data they collect play a central role in consumers’ access to credit and the fair and competitive pricing of that credit. Therefore, the CFPB has a duty to supervise consumer reporting agencies, investigate how this breach has or will harm consumers, and bring enforcement actions as necessary.

We are deeply troubled by recent news reports that, under Director Mulvaney’s leadership, the CFPB may have stopped its investigation into the Equifax breach. According to these reports, the CFPB has not taken even the most preliminary steps to conduct an investigation. While we are aware of reports that the Federal Trade Commission (FTC) may be taking the lead in investigating Equifax’s failure to maintain adequate data security standards, the CFPB still has a duty to investigate the harm to consumers and whether other federal consumer financial laws have been violated. We are also concerned that the CFPB appears to be scaling back its supervision of large consumer reporting agencies. The agency has reportedly scrapped plans to conduct on-site exams of Equifax and other consumer reporting agencies and turned down offers from the Federal Reserve, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency to help with such on-site exams.

The responsibility of consumer reporting agencies as custodians of consumers’ personal and financial information is of paramount importance to us and our constituents. Several committees in both the House and Senate have held hearings to investigate the causes of the breach and the inadequate post-breach response. The CFPB has a statutory mandate to participate in this process by conducting an investigation. If that investigation exposes wrongdoing or consumer harm, the CFPB has the authority, and indeed a duty, to bring appropriate enforcement actions.

We respectfully ask for more information about the CFPB’s actions with respect to investigating the Equifax breach. Specifically, please answer the following questions by February 19, 2018:

1. In September, then-CFPB Director Richard Cordray announced that the CFPB would begin a probe into the Equifax breach. Has the CFPB stopped this or any other investigation related to this matter?

1. If so, why was that or any investigation halted?
2. Who directed the ending of any investigation?

2. Is the CFPB planning to conduct on-site exams of Equifax and the other consumer reporting agencies under its supervisory authority?

1. Has the CFPB conducted an examination of a consumer reporting agency following the Equifax hack?

3. If the CFPB is conducting an investigation, what specific steps has the CFPB taken pursuant to this investigation?

1. Has the CFPB issued Civil Investigative Demands (CIDs)?
2. Has the CFPB interviewed Equifax personnel?
3. Have the CFPB personnel examined Equifax systems or gone onsite to Equifax facilities?

4. Is the CFPB coordinating with the FTC, state law enforcement officials, or other Federal regulators in their investigations?

Thank you for your prompt attention to this important issue.

Sincerely,

## Menendez and Democratic Colleagues Demand Answers on CFPB's Stalled Investigation into Equifax Breach

Thursday, February 8, 2018

WASHINGTON – Today U.S. Senator Bob Menendez (D-N.J), senior member of the Senate Banking Committee, joined a group of 31 senators in demanding answers on reports that the Consumer Financial Protection Bureau (CFPB) has halted its investigation into how Equifax failed to protect the personal data of over 145 million Americans.

“We are deeply troubled by recent news reports that, under Director Mulvaney’s leadership, the CFPB has stopped its investigation into the Equifax breach,” the senators wrote. “The CFPB is currently the only federal agency with supervisory authority over the largest consumer reporting agencies. Consumer reporting agencies and the data they collect play a central role in consumers’ access to credit and the fair and competitive pricing of that credit. Therefore, the CFPB has a clear duty to supervise consumer reporting agencies, investigate how this breach has or will harm consumers, and bring enforcement actions as necessary.”

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In December, Sen. Menendez and U.S. Representative Albio Sires (N.J.-08) introduced two critical pieces of legislation in both houses of Congress that would strengthen protections for consumers’ personal data and establish reasonable accountability measures for businesses and consumer reporting agencies that fail to safeguard consumers’ personal information. The Consumer Data Protection Act, a comprehensive plan Sen. Menendez first announced in September, would strengthen protections for consumers impacted by data breaches of consumer reporting agencies (“CRAs”). The legislation holds CRAs accountable for such data breaches and incentivizes better data security practices while at the same time providing impacted consumers with tools to protect themselves.

Joining Senator Menendez on the letter to Office of Management and Budget Director Mick Mulvaney and CFPB Acting Director Leandra English are U.S. Senators Brian Schatz (D-Hawaii), Elizabeth Warren (D-Mass.), Sherrod Brown (D-Ohio), Jeanne Shaheen (D-N.H.), Jon Tester (D-Mont.), Chris Van Hollen (D-Md.), Tom Udall (D-N.M.), Heidi Heitkamp (D-N.D.), Tammy Duckworth (D-Ill.), Catherine Cortez Masto (D-Nev.), Jeff Merkley (D-Ore.), Jack Reed (D-R.I.), Ed Markey (D-Mass.), Joe Donnelly (D-Ind.), Tina Smith (Minn.), Tammy Baldwin (D-Wis.), Kirsten Gillibrand (D-N.Y.), Gary Peters (D-Mich.), Patty Murray (Wash.), Bernie Sanders (I-Vt.), Richard Blumenthal (D-Conn.), Angus King (I-Maine), Ron Wyden (D-Ore.), Maggie Hassan (D-N.H.), Dianne Feinstein (D-Calif.), Mark Warner (D-Va.), Amy Klobuchar (D-Minn.), Debbie Stabenow (D-Mich.), Dick Durbin (D-Ill.), Chris Murphy (D-Conn.), and Doug Jones (D-Ala.).

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Unfortunately, in the immediate aftermath of the breach, Equifax's response caused more consumer harm and confusion. Just to name a few examples, the company responded by promoting its affiliated paid credit monitoring service (i.e., LifeLock), asking consumers to waive their rights to access free credit monitoring, and charging consumers to protect their data by freezing their credit reports. Not only do we need to better understand how this breach has impacted consumers, we also must ensure that consumer reporting agencies are taking the steps necessary to mitigate this harm—not misleading consumers or taking advantage of the situation for their own financial gain.

As established by the Dodd-Frank Wall Street Reform and Consumer Protection Act, the CFPB has a statutory mandate to implement and enforce federal consumer protection laws. This mandate specifically includes protecting consumers from “unfair, deceptive, or abusive acts and practices” and ensuring that “federal consumer financial laws are enforced consistently.” Dodd-Frank specifically includes the Fair Credit Reporting Act as one of the enumerated federal consumer financial laws. The CFPB also has clear supervisory authority over the largest consumer reporting agencies. Consumer reporting agencies and the data they collect play a central role in consumers' access to credit and the fair and competitive pricing of that credit. Therefore, the CFPB has a duty to supervise consumer reporting agencies, investigate how this breach has or will harm consumers, and bring enforcement actions as necessary.

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4.Is the CFPB coordinating with the FTC, state law enforcement officials, or other Federal regulators in their investigations?

Thank you for your prompt attention to this important issue.

Sincerely,



**Senator Patty Murray**

This is unbelievable: According to reports, President Trump's **CFPB** director is trying to shut down the pending investigation into \_\_\_\_\_ that compromised over 145 million Americans' personal information.



**Exclusive: U.S. consumer protection official puts Equifax probe on ic...**

Mick Mulvaney, head of the Consumer Financial Protection Bureau, has pulled back from a full-scale probe of how Equifax Inc failed to protect th...

# Richard Blumenthal

The "C" in \_\_\_\_\_ stands for Consumer, not Corporate as Mulvaney seems to think. I'm joining \_\_\_\_\_ and demanding Mulvaney explain his apparent decision to let \_\_\_\_\_ off the hook.

February 3, 2018

Dear Mr. Mulvaney,

Acting Director, Consumer Financial Protection Bureau  
1700 Street, NW  
Washington, DC 20552

Mark Mulvaney

Director, Office of Management and Budget  
725 L Street, NW  
Washington, DC 20503

Dear Acting Director, Consumer Financial Protection Bureau:

We write to express serious concerns that, according to recent news reports, the Consumer Financial Protection Bureau (CFPB) may have failed in its investigation into the massive Equifax data breach, which compromised the personal information of 145.5 million Americans.<sup>1</sup>

The Equifax breach exposed significant gaps in cybersecurity standards in an industry that collects substantial amounts of personal information on virtually every adult in the country. The three largest consumer reporting agencies alone collect information on more than 220 million Americans – information that would be more than sufficient to identify reports a year.<sup>2</sup> The data collected and reported by consumer reporting agencies determines Americans' access to credit and the cost of that credit for individuals and businesses. This data also impacts Americans' ability to get a job or secure housing. By letting criminals gain access to its databases, Equifax has put nearly half the U.S. population at risk, not only of identity theft and fraud which can ruin the lives of 100,000 victims and increase risk across the financial system.

Equifax is not the only data collector of the breach. Equifax's 125,000+ employees were concerned about and worked to fix the problem. For example, the company reportedly provided its affiliated hardware manufacturer, Sony, with the 3.1 terabyte, asking consumers to always check updates to Sony's free credit monitoring and enabling consumers to protect their data by freezing the credit reports.<sup>3</sup> Not only do we need to better understand how this breach happened, but we also need to ensure that consumer reporting agencies are taking the steps

Patrick Ruckelshaus, Director, Consumer Protection, U.S. House of Representatives, February 3, 2018

epic.org

EPIC-18-02-09-CFPB-FOIA-20180322-Production

000386

1. "Equifax Data Breach: How Many People Were Affected?", <http://www.foxnews.com>

*[Handwritten notes and signatures in the right margin]*



Senator Bob Menendez

The Consumer Financial Protection Bureau renegeing on their responsibility to investigate Equifax is truly remarkable. If holding Equifax accountable isn't their mission, then what is?? Read our 10 questions for Director Mulvaney



Sen. Bob Menendez  
D. N.J.

"The CFPB has a clear duty to supervise consumer reporting agencies, investigate how this breach has or will harm consumers, and bring enforcement actions as necessary."

### Menendez and Democratic Colleagues Demand Answers on CFPB's Stalled Investigation into Equifax Breach

Today U.S. Senator Bob Menendez (D-N.J.) and 31 other Democratic senators demanded answers on reports that the Consumer Financial Protection Bureau (CFPB) has halted its investigation into how Equifax failed to protect the personal data of over 145 million Americans.

**Senator Brian Schatz**

@SenBrianSchatz

Follow

Equifax failed consumers with its data breach. So why isn't the US agency that looks out for consumers doing anything? Today I sent a letter to the @CFPB to find out why its investigation into Equifax has been stopped. [schatz.senate.gov/press-releases...](https://www.schatz.senate.gov/press-releases...)

February 7, 2018

Learnie English  
Acting Director, Consumer Financial Protection Bureau  
1700 G Street, NW  
Washington, DC 20552

Mike Mulvaney  
Director, Office of Management and Budget  
725 17th Street, NW  
Washington, DC 20505

Dear Acting Director English and Director Mulvaney,

We write to express serious concerns that, according to recent news reports, the Consumer Financial Protection Bureau (CFPB) may have halted an investigation into the massive Equifax data breach, which compromised the personal information of 145.5 million Americans.

The Equifax breach exposed significant gaps in cybersecurity standards in an industry that collects a substantial amount of personal information on virtually every adult in the country. The three largest consumer reporting agencies alone collect information on more than 200 million Americans – information that is used in more than 3 billion consumer reports a year.<sup>1</sup> The data collected and reported by consumer reporting agencies determines Americans' access to credit and the cost of that credit for individuals and small businesses. This data also impacts Americans' ability to get a job or secure housing. By letting criminals gain access to its databases, Equifax has put nearly half the US population at risk for identity theft and fraud, which can ruin the financial lives of its victims and increase risk in our financial system.

Unfortunately, in the immediate aftermath of the breach, Equifax's response caused more consumer harm and confusion. Just to name a few examples, the company responded by promoting its affiliated paid credit monitoring service (i.e., *LifeLock*), asking consumers to waive their rights to access free credit monitoring, and charging consumers to protect their data by freezing their credit reports.<sup>2</sup> Not only do we need to better understand how this breach has impacted consumers, we also must ensure that consumer reporting agencies are taking the steps

<sup>1</sup> Patrick Rucker, *Equifax: U.S. consumer protection official puts Equifax probe on ice*, February 5, 2018, <https://www.washingtonpost.com/news/technology/wp/2018/02/05/equifax-credit-reporting-bureau-probe-on-ice-2018-02-05/>.

<sup>2</sup> *Equifax to surprise Credit Reporters*, *Consumer Finance Times*, July 10, 2012, <http://www.consumerfinancetimes.com/2012/07/10/equifax-to-surprise-credit-reporters/>.

8:59 AM - 8 Feb 2018

82 Retweets 139 Likes



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From: CFPBPress </o=cfpbexc/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=press>  
To: Czwartacki, John S. EOP/OMB  
<john.s.czwartacki@omb.eop.gov>; Colin Wilhelm  
<cwilhelm@politico.com>; Czwartacki, John (Detailee)(CFPB)  
</o=cfpbexc/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=czwartacki, john201>  
Cc:  
Bcc:  
Subject: RE: Senate Dems letter re: Equifax  
Date: Thu Feb 08 2018 15:44:03 EST  
Attachments: image001.png

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Hi Colin – Here are two statements we've put out this week on Equifax:

Attributable to John Czwartacki, Senior Advisor to the Acting Director:

"Acting Director Mulvaney takes data security issues very seriously. Under his direction, the CFPB is working with our partners across government on Equifax's data breach and response. We are committed to enforcing the law. As policy, we do not confirm or deny enforcement or supervisory matters. Equifax has gone on the record recently and we would refer you to the statement in its SEC 10 Q filing in November."

Attributable to a CFPB Spokesperson:

"The Bureau has statutory authority over the collection and maintenance of consumer report information. Additionally, the Bureau is authorized to take supervisory and enforcement action against certain institutions engaged in unfair, deceptive, or abusive acts or practices, or that otherwise violate federal consumer financial laws. This includes acting in response to the failure of institutions to engage in reasonable data security practices in connection with the collection and maintenance of consumer report information. As noted previously, the Bureau is looking into Equifax's data breach and response. Reports to the contrary are incorrect. The Bureau cannot comment further at this time."

From: Czwartacki, John S. EOP/OMB [mailto:John.S.Czwartacki@omb.eop.gov]  
Sent: Thursday, February 08, 2018 3:38 PM  
To: Colin Wilhelm; Czwartacki, John (Detailee)(CFPB)  
Cc: CFPBPress  
Subject: RE: Senate Dems letter re: Equifax

CFPB had put a statement out this week related. If it's not too late they may have it for you.

From: Colin Wilhelm [mailto:cwilhelm@politico.com]  
Sent: Thursday, February 8, 2018 12:41 PM  
To: Czwartacki, John (Detailer)(CFPB) <John.Czwartacki@cfpb.gov>; Czwartacki, John S. EOP/OMB <John.S.Czwartacki@omb.eop.gov>  
Subject: [EXTERNAL] Senate Dems letter re: Equifax

Hi CZ,

Does the CFPB have a response to this letter from Senate Dems asking about the Equifax breach investigation? Writing this up asap.

Also working on a broader piece about Mulvaney's tenure at CFPB that we should talk about. I'm at 202-577-5185.

Thanks,

Colin

From: "Press (Schatz)" <press\_@schatz.senate.gov>  
Date: February 8, 2018 at 11:13:52 AM EST  
To: "Press (Schatz)" <press\_@schatz.senate.gov>  
Subject: NEWS: Schatz Leads Group of 31 Senators in Demanding Answers on Reports of CFPB's Stalled Investigation into Equifax Breach

BRIAN SCHATZ  
United States Senator

For Immediate Release  
February 8, 2018

Contact:  
Mike Inacay (202) 224-3123

SCHATZ LEADS GROUP OF 31 SENATORS IN DEMANDING ANSWERS ON REPORTS OF CFPB'S STALLED INVESTIGATION INTO EQUIFAX BREACH

WASHINGTON – Today, U.S. Senator Brian Schatz (D-Hawai'i) led a group of 31 senators, including every Democrat on the Senate Banking, Housing and Urban Affairs Committee, in demanding answers on reports that the Consumer Financial Protection Bureau (CFPB) has halted its investigation into how credit reporting agency Equifax failed to protect the personal data of over 145 million Americans.

"We are deeply troubled by recent news reports that, under Director Mulvaney's leadership, the CFPB has stopped its investigation into the Equifax breach," the senators wrote. "The CFPB is currently the only federal agency with supervisory authority over the largest consumer reporting agencies. Consumer reporting agencies and the data they collect play a central role in consumers' access to credit and the fair and competitive pricing of that credit. Therefore, the CFPB has a clear duty to supervise consumer reporting agencies, investigate how this breach has or will harm consumers, and bring enforcement actions as necessary."

According to reports, CFPB has not issued any subpoenas, sought testimony from key executives at Equifax, or proceeded with on-site examinations.

The Equifax breach exposed data that included customers' names, Social Security numbers, birthdates, addresses, driver's license numbers, and, for some consumers, credit card numbers. This data could easily be used by criminals to steal people's identity or commit fraud. The impact on consumers whose data has been stolen is potentially devastating. As a result of identity theft and fraud, customers face the risk of having debt accrued in their name. They could suffer long-lasting damage to their credit, which could lead to them being denied loans, mortgages, employment, or even rental housing. To resolve the damage done by this data breach, they will likely spend months, if not years, trying to correct resulting errors and problems with their financial records.

Joining Senator Schatz on the letter to Office of Management and Budget Director Mick Mulvaney and CFPB Acting Director Leandra English are U.S. Senators Bob Menendez (D-N.J.), Elizabeth Warren (D-Mass.), Sherrod Brown (D-Ohio), Jeanne Shaheen (D-N.H.), Jon Tester (D-Mont.), Chris Van Hollen (D-Md.), Tom Udall (D-N.M.), Heidi Heitkamp (D-N.D.), Tammy Duckworth (D-Ill.), Catherine Cortez Masto (D-Nev.), Jeff Merkley (D-Ore.), Jack Reed (D-R.I.), Ed Markey (D-Mass.), Joe Donnelly (D-Ind.), Tina Smith (Minn.), Tammy Baldwin (D-Wis.), Kirsten Gillibrand (D-N.Y.), Gary Peters (D-Mich.), Patty Murray (Wash.), Bernie Sanders (I-Vt.), Richard Blumenthal (D-Conn.), Angus King (I-Maine), Ron Wyden (D-Ore.), Maggie Hassan (D-N.H.), Dianne Feinstein (D-Calif.), Mark Warner (D-Va.), Amy Klobuchar (D-Minn.), Debbie Stabenow (D-Mich.), Dick Durbin (D-Ill.), Chris Murphy (D-Conn.), and Doug Jones (D-Ala.).

The full text of the letter is available here and below:

Dear Acting Director English and Director Mulvaney,

We write to express serious concerns that, according to recent news reports, the Consumer Financial Protection Bureau (CFPB) may have halted an investigation into the massive Equifax data breach, which compromised the personal information of 145.5 million Americans.

The Equifax breach exposed significant gaps in cybersecurity standards in an industry that collects a substantial amount of personal information on virtually every adult in the country. The three largest consumer reporting agencies alone collect information on more than 200 million Americans—information that is used in more than 3 billion consumer reports a year. The data collected and reported by consumer reporting agencies determines Americans' access to credit and the cost of that credit for individuals and small businesses. This data also impacts Americans' ability to get a job or secure housing. By letting criminals gain access to its databases, Equifax has put nearly half the US population at risk for identity theft and fraud, which can ruin the financial lives of its victims and increase risk in our financial system.

Unfortunately, in the immediate aftermath of the breach, Equifax's response caused more consumer harm and confusion. Just to name a few examples, the company responded by promoting its affiliated paid credit monitoring service (i.e., LifeLock), asking consumers to waive their rights to access free credit monitoring, and charging consumers to protect their data by freezing their credit reports. Not only do we need to better understand how this breach has impacted consumers, we also must ensure that consumer reporting agencies are taking the steps necessary to mitigate this harm—not misleading consumers or taking advantage of the situation for their own financial gain.

As established by the Dodd-Frank Wall Street Reform and Consumer Protection Act, the CFPB has a statutory mandate to implement and enforce federal consumer protection laws. This mandate specifically includes protecting consumers from “unfair, deceptive, or abusive acts and practices” and ensuring that “federal consumer financial laws are enforced consistently.” Dodd-Frank specifically includes the Fair Credit Reporting Act as one of the enumerated federal consumer financial laws. The CFPB also has clear supervisory authority over the largest consumer reporting agencies. Consumer reporting agencies and the data they collect play a central role in consumers' access to credit and the fair and competitive pricing of that credit. Therefore, the CFPB has a duty to supervise consumer reporting agencies, investigate how this breach has or will harm consumers, and bring enforcement actions as necessary.

We are deeply troubled by recent news reports that, under Director Mulvaney's leadership, the CFPB may have stopped its investigation into the Equifax breach. According to these reports, the CFPB has not taken even the most preliminary steps to conduct an investigation. While we are aware of reports that the Federal Trade Commission (FTC) may be taking the lead in investigating Equifax's failure to maintain adequate data security standards, the CFPB still has a duty to investigate the harm to consumers and whether other federal consumer financial laws have been violated. We are also concerned that the CFPB appears to be scaling back its supervision of large consumer reporting agencies. The agency has reportedly scrapped plans to conduct on-site exams of Equifax and other consumer reporting agencies and turned down offers from the Federal Reserve, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency to help with such on-site exams.

The responsibility of consumer reporting agencies as custodians of consumers' personal and financial information is of paramount importance to us and our constituents. Several committees in both the House and Senate have held hearings to investigate the causes of the breach and the inadequate post-breach response. The CFPB has a statutory mandate to participate in this process by conducting an investigation. If that investigation exposes wrongdoing or consumer harm, the CFPB has the authority, and indeed a duty, to bring appropriate enforcement actions.

We respectfully ask for more information about the CFPB's actions with respect to investigating the Equifax breach. Specifically, please answer the following questions by February 19, 2018:

1. In September, then-CFPB Director Richard Cordray announced that the CFPB would begin a probe into the Equifax breach. Has the CFPB stopped this or any other investigation related to this matter?
  - a. If so, why was that or any investigation halted?
  - b. Who directed the ending of any investigation?
2. Is the CFPB planning to conduct on-site exams of Equifax and the other consumer reporting agencies under its supervisory authority?
  - a. Has the CFPB conducted an examination of a consumer reporting agency following the Equifax hack?
3. If the CFPB is conducting an investigation, what specific steps has the CFPB taken pursuant to this investigation?



- a. Has the CFPB issued Civil Investigative Demands (CIDs)?
  - b. Has the CFPB interviewed Equifax personnel?
  - c. Have the CFPB personnel examined Equifax systems or gone onsite to Equifax facilities?
4. Is the CFPB coordinating with the FTC, state law enforcement officials, or other Federal regulators in their investigations?

Thank you for your prompt attention to this important issue.

Sincerely,

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From: patrick.rucker@thomsonreuters.com  
<patrick.rucker@thomsonreuters.com>  
To: patrick.rucker@thomsonreuters.com  
<patrick.rucker@thomsonreuters.com>  
Cc:  
Bcc:  
Subject: U.S. consumer protection official puts Equifax probe on ice -sources  
Date: Mon Feb 05 2018 04:14:59 EST  
Attachments:

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LINK

WASHINGTON, Feb 5 (Reuters) - Mick Mulvaney, head of the Consumer Financial Protection Bureau, has pulled back from a full-scale probe of how Equifax Inc failed to protect the personal data of millions of consumers, according to people familiar with the matter.

Equifax (EFX.N) said in September that hackers stole personal data it had collected on some 143 million Americans. Richard Cordray, then the CFPB director, authorized an investigation that month, said former officials familiar with the probe. [nL8N1NZ4WR]

But Cordray resigned in November and was replaced by Mulvaney, President Donald Trump's budget chief. The CFPB effort against Equifax has sputtered since then, said several government and industry sources, raising questions about how Mulvaney will police a data-warehousing industry that has enormous sway over how much consumers pay to borrow money.

The CFPB has the tools to examine a data breach like Equifax, said John Czwartacki, a spokesman, but the agency is not permitted to acknowledge an open investigation. "The bureau has the desire, expertise, and know-how in-house to vigorously pursue hypothetical matters such as these," he said.

Three sources say, though, Mulvaney, the new CFPB chief, has not ordered subpoenas against Equifax or sought sworn testimony from executives, routine steps when launching a full-scale probe. Meanwhile the CFPB has shelved plans for on-the-ground tests of how Equifax protects data, an idea backed by Cordray.

The CFPB also recently rebuffed bank regulators at the Federal Reserve, Federal Deposit Insurance Corp and Office of the Comptroller of the Currency when they offered to help with on-site exams of credit bureaus, said two sources familiar with the matter.

Equifax has said it is under investigation by every state attorney general and faces more than 240 class action lawsuits.

The Federal Trade Commission is examining the breach and the company may face financial penalties. The last time the FTC penalized a major credit bureau was in 2012, a \$393,000 settlement with Equifax.

In contrast, the CFPB fined credit bureaus more than \$25 million just last year for over-marketing its monitoring services, which generated monthly fees.

The FTC confirmed in September it was investigating Equifax but a spokesman declined further comment.

Credit bureaus like Equifax, TransUnion <TRU.N> and Experian <EXP.N.L> collect and store personal information on scores of millions of consumers. Banks and other lenders rely on the information to track how consumers spend money and manage debt, then use it to decide what interest rate to charge for loans.

The Equifax breach exposed vulnerabilities in how the companies keep data safe. It also highlighted how credit bureaus exist in a regulatory gray zone where they are partly regulated by several agencies.

Under Cordray, the CFPB and FTC agreed to work together on the Equifax inquiry, sources said. But while the agencies have similar powers to investigate, only the FTC has issued a subpoena.

And while Cordray had asked bank regulators to join in fresh cyber security exams of the bureaus, last month the CFPB told the regulators that no on-site exams were planned, so their help was not needed, said three officials, who declined to be identified because they were not authorized to speak publicly.

The banking regulators declined to comment, and the credit bureaus declined to comment on their dealings with regulators.

But TransUnion said the CFPB has no authority to examine the company over cyber security concerns. "We believe that it is clear that the CFPB was not given legal authority to supervise any financial institutions with respect to cybersecurity," the company said in a statement.

The CFPB has come under sustained attack from Republicans during the seven years of its existence.

Mulvaney put a hold on much agency work when he took over in November, and said it would last at least 30 days to give him a chance to understand the job.

Patrick Rucker

ThomsonReuters

cell (b)(6)

desk 202 354 5858

@PatrickmRucker