Corporate Cabinet Profile Series

Name: Steven Mnuchin
Cabinet Title: Secretary of the Treasury
Corporate Connections: CIT Group.

Steven Mnuchin was steeped in the investment banking industry long before it became a poster child for economy-wrecking, foreclosure-inducing Wall Street greed. For 17 years, Mnuchin worked for investment bank Goldman Sachs, eventually rising to chief information officer under CEO (and future Treasury Secretary) Henry Paulson.1 After leaving Goldman Sachs in 2002, Mnuchin began working in the hedge fund industry. He initially worked for billionaire George Soros, then formed his own hedge fund, Dune Capital Management.2 Dune specialized in investing in films, including American Sniper, Gravity, Avatar and Life of Pi.3 In 2008, Mnunchin led an investment group, which included Soros and other Wall Street luminaries, to purchase failed IndyMac bank from the federal government.4 Under Mnuchin’s stewardship, IndyMac was accused of being especially aggressive in foreclosing on homeowners.5 The bank, renamed OneWest, reportedly has paid a seven-figure settlement for duplicitous practices toward its customers6 and signed a consent order with the federal government admitting to engaging in improper document-singing practices.7 In 2015, OneWest merged with CIT Group.8 Mnuchin stayed on briefly as a vice president and board member of CIT, but stepped down from the executive position in the spring of 2016.9 He resigned from his position on the board shortly after being nominated to serve as Treasury secretary.10

- Published estimates on Mnuchin’s wealth vary. Forbes estimates his net worth at $300 million.11 Bloomberg reported that Mnuchin may have received as much as $380 million in proceeds and

1 http://www.bloomberg.com/research/stocks/private/person.asp?personId=1492034&privcapId=2522804
and
3 http://www.bloomberg.com/research/stocks/private/person.asp?personId=1492034&privcapId=2522804
10 http://www.wsj.com/articles/mnuchin-leaves-cit-board-1480689044
11 http://www.forbes.com/sites/chasewithorn/2016/12/22/heres-how-much-trumps-cabinet-is-really-worth/#3f4955816f02
dividends from his investment in IndyMac/One West, alone. As of February 2016, Mnuchin owned 2.47 million shares of CIT, which purchased One West. He presumably will need to sell the shares if he becomes the Treasury secretary.

- OneWest once changed the locks on a Minnesota woman’s home in a blizzard and allegedly foreclosed on a 90-year old woman over a 27 cent error. In 2009, a judge found One West’s treatment of a couple it sought to foreclose upon to be “harsh, repugnant, shocking and repulsive.”

- In 2011, OneWest agreed to a consent order with the federal government in which it admitted to engaging in various improper actions, including having employees sign documents (including foreclosure documents) without confirming facts and assertions contained within them. This practice is commonly known as robo-signing.

- In 2013, OneWest reportedly agreed to a settlement of more than $1 million over a lawsuit in which a couple alleged that the bank engaged in a practice known as “double tracking,” meaning that the bank simultaneously pursued foreclosure while ostensibly working with the borrower to adjust the borrower’s terms to avert foreclosure.

- The U.S. Department of Housing and Urban Development is investigating aspects of OneWest’s reverse-mortgage business. CIT Group, which purchased OneWest, apologized to shareholders over a $230 million shortfall in the legacy company’s bookkeeping regarding reverse mortgages and promised “to strengthen the controls and procedures.”

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