



November 27, 2017

Honorable Member
United States Senate
Washington, D.C. 20510

Please vote “No” on nomination of Kathleen Kraninger to direct CFPB

Dear Honorable Senator,

On behalf of more than 500,000 members and supporters of Public Citizen, we oppose the nomination of Kathleen Kraninger to serve as Director of the Consumer Financial Protection Bureau. We ask you to vote “no” during Senate consideration, which is slated for this week.

Congress created the Consumer Financial Protection Bureau (CFPB) to protect consumers from abuse by purveyors of financial products. Widespread industry deception flooded the nation with unsustainable credit in the years leading to 2008. Existing bank regulatory agencies failed to arrest this behavior, focusing instead on bank profits as a proxy for bank safety. When those profits proved to be based on deceptive practices, the financial system collapsed, precipitating the Wall Street crash and the Great Recession. Congress conceived the CFPB as a laser-focused agency to protect consumers without regard to financial industry interests. It established the office of the Director, responsible for understanding consumer finance law, overseeing supervision and enforcement, promulgating needed regulations, and more. Undoubtedly, any reasonable candidate for this position should be a veteran of consumer protection with a command of consumer law.

Kraninger brings no such experience or literacy to this important job. Her resume includes no positions relevant to the mission of the CFPB. In response to questions from Sen. Heidi Heitkamp (D-N.D.) during the confirmation hearing, she conceded that she had never supervised a bank, never supervised a credit union, never engaged in a payday loan legal case.¹ Based on her credentials, she would not appear to qualify for any position at the CFPB beyond that of a mid-level attorney. Other senators have highlighted the need for basic experience for important federal positions.²

As Kraninger lacks any history related to the issues of the CFPB, senators and the public must look elsewhere for insight on the policy direction she might take. At her confirmation hearing, Kraninger elected not to identify any policies implemented by Mick Mulvaney with which she differs. Mulvaney is the director of the Office of Management and Budget (OMB) whom Trump also named to temporarily head the CFPB. Kraninger currently works under Mulvaney at the OMB. Public Citizen believes that

¹ She offered one relevant experience: college volunteer work on financial literacy curriculum.

² Drew Broach, Watch Trump judicial pick falter under questioning by Senator John Kennedy, The Times-Picayune (Dec. 15, 2017) https://www.nola.com/national_politics/2017/12/trump_judicial_pick_fumbles_un.html

most of Mulvaney's policies betray the mission of the CFPB: he has reduced enforcement actions, settlements announced involve a fraction of the penalties originally sought, and he's scaled back efforts to combat discriminatory lending.³ Most recently, he eliminated examination of lenders for compliance with the Military Lending Act.⁴ Until Kraninger publicly disavows Mulvaney's policies, senators cannot ignore the possibility that she supports them. It is certainly no accident that of all the federal employees who also lack any experience related to the CFPB that Trump might have identified to run it, he found one who works for Mulvaney, who has called the CFPB a "sick, sad joke." Her allegiance to Mulvaney must be weighed seriously.

At the confirmation hearing, Kraninger also declined to denounce the "zero tolerance" family separation policy adopted by the Department of Homeland Security (DHS) that led to children being held in cages. That policy was intentionally designed to inflict such harsh and merciless conditions on children and parents as a means to deter those attempting to escape the violence in their Central American homes from seeking refuge in the United States. At OMB, Kraninger oversees the DHS. Previously, she worked for DHS. At best, her failure to denounce this policy demonstrates a lack of independence from the Trump administration, and independence is a central ingredient to the effectiveness of the office of the CFPB director. At worst, she supports this policy, which is unconscionable.

Americans rightly expect that important federal agencies must be led by experienced experts with proven records. To name anyone else degrades the position and the agency. Only a decade after a powerful financial industry crashed the economy, America deserves a CFPB with a strong, independent director. To name someone without the spine to condemn anti-consumer policies and even inhumane immigration tactics is an affront to decency.

We urge the Senate to reject this nominee.

For questions, please contact Bartlett Naylor at bnaylor@citizen.org

Sincerely,

Public Citizen

³ David Dayen, *The Mulvaney Discount*, THE INTERCEPT (July 27, 2018) <https://theintercept.com/2018/07/27/mick-mulvaney-consumer-protection-corporate-fines/>

⁴ Press release, OFFICE OF SEN. JACK REED (Aug. 15, 2018) https://www.reed.senate.gov/news/releases/as-trump-admin-seeks-to-quietly-weaken-financial-protections-for-us-troops-senate-democrats-sound-the-alarm-and-demand-trump-admin-uphold-its-duty-to-shield-us-troops-from-predatory-lending_financial-fraud