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The Consumer Financial Protection Bureau's Top Six Dubious Accomplishments In 2018

TPM spent quite a few pixels this year chronicling the Trump administration's steady degradation of the Consumer Financial Protection Bureau's enforcement efforts and regulatory muscle. But what does the administration have to show for it? After a year of primarily serving corporate interests over consumers, what are the Mick Mulvaney- (and now, Kathy Kraninger-) controlled CFPB's "greatest hits" and how will they affect consumers?

We surveyed the year in CFPB news and asked experts and advocates for their opinions. Here's the CFPB's year in review.

Massively rolling back enforcement actions and fines

This isn't a specific policy or regulatory change, and yet it's the largest item on our list. The scale and pace at which the Mulvaney has dropped enforcement actions and low-balled penalty amounts sends a clear message to corporate and financial interests: We're your friends, not your policemen.

From payday lenders Golden Valley Lending and World Acceptance Corporation, whose cases were both dropped shortly after Mulvaney took over, to State Farm, who paid no fine at all despite violating the Fair Credit Reporting Act, Mulvaney's CFPB let bad actors off the hook.

"I won't talk too much about regulation by enforcement, but the short version is we're not doing it anymore," Mulvaney told the American Bankers Association in April. In the same speech, he said that, as a congressman, he hadn't prioritized speaking to lobbyists unless they'd donated to his campaign.

It shows. "The failure of Mulvaney's CFPB to properly carry out the law, whether by failing to supervise companies or dropping cases that were underway is a green light for direct and immediate harm to ordinary Americans," Carter Dougherty, communications director for Americans for Financial Reform, told TPM via email.

Stripping enforcement powers from the Office of Fair Lending and Equal Opportunity

By kneecapping this office — tasked by law with "providing oversight and enforcement of Federal laws intended to ensure the fair, equitable, and nondiscriminatory access to credit for both individuals and communities" — Mulvaney shifted the agency away from policing discrimination in lending.

For good measure, a few months later, Mulvaney stood by the office's politically appointed supervisor after it was revealed he once defended the n-word. "Mulvaney is putting the Office of Fair Lending under his control so that he can weaken it — leaving neighborhoods and consumers across the country more vulnerable to bias," Sen. Elizabeth Warren (D-MA) asserted at the time of the bureaucratic shift.

Folding the Office of Students and Young Consumers into the Office of Financial Education

Following the same pattern, Mulvaney in May announced that he would fold CFPB's student loan division into its consumer information unit, a sign that, while CFPB may still be able to pursue enforcement actions on behalf of student borrowers, it wouldn't prioritize doing so.

"President Trump is giving student loan corporations the green light to take advantage of students without fear of repercussion and sending a clear message to students that this administration is not interested in their best interests when it gets in the way of corporate profits," Sen. Patty Murray (D-WA) said of the change.

Re-writing payday loan rules

After the CFPB went though years of study and public comment, Mulvaney announced in October that the bureau would ditch its planned new rules for payday lenders and write a new set under his leadership. Previously, CFPB had proposed "ability-to-pay" requirements that would have ensured borrowers aren't caught in endless debt traps.

As a result, a judge stayed the implementation of the original 2,000 page rule, crafted under former director Richard Cordray's supervision over five years.

"By abandoning the payday rule, Mulvaney's CFPB walked away from a fresh legal framework that would have prevented the worst abuses in a notoriously abusive industry," Dougherty, of Americans for Financial Reform, wrote.

Ditching necessary supervision to enforce the Military Lending Act

The Military Lending Act protects military borrowers from abuse. It helps, if the government wants to enforce the law well, to routinely examine lenders to make sure they aren't screwing over the troops.

In August, Mulvaney told CFPB employees that the bureau would stop those routine inspections, despite members of the military and their families being especially vulnerable to fraud and abuse. Rep. Maxine Waters (D-CA), the top Democrat on the House Financial Services Committee, led two dozen Democrats recently in urging Kraninger to resume the inspections.

Suppressing a report on student financial fees

The top official overseeing student loans at the CFPB quit in August, declaring in his resignation letter that the agency had "suppressed the publication of a report prepared by bureau staff" that showed banks "ripping off students" by "saddling them with legally dubious account fees."

Is it any surprise that the report, recently unearthed by Politico, points to Wells Fargo as an especially egregious distributor of fines and fees to college students? The CFPB, apparently, would rather we didn't know.

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