



## Cordray Departs CFPB, Leaving It Open For Overhaul By GOP

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November 16, 2017

Richard Cordray, the former Ohio treasurer and attorney general who has served as the only director of the Consumer Financial Protection Bureau, announced yesterday that he'd step down by the end of the month, "clearing the way for President Trump to remake a watchdog agency loathed by Republicans and Wall Street" as Renae Merle **puts it** in the *Washington Post*.

Cordray took office in 2013 after a heated and protracted battle to seat a director of the new agency, and he was embroiled in controversy and **vitriol** from the get-go.

"Established six years ago as part of the Dodd-Frank Act, the agency has unusually broad power to combat abuses in a wide variety of financial products, including mortgages, credit cards, bank accounts and student loans," **write** Stacy Cowley and Jessica Silver-Greenberg for the *New York Times*.

"Cordray, 58, pursued that mission with zeal. Under his leadership, the bureau extracted nearly \$12 billion in refunds and canceled debts for 29 million consumers. It cracked down on abusive debt collectors, strengthened protections for mortgage borrowers and created a complaints system that helped hundreds of thousands of people resolve disputes with financial companies," they continue.

"His frequent clashes with conservatives turned Cordray, an otherwise ordinary Washington bureaucrat from Ohio, into a favorite of Democrats and consumer groups and a villain to Republicans and the financial industry. A federal judge once **said** that Cordray had 'more unilateral authority than any other officer in any of the three branches of the U.S. government, other than the president,'" the *WaPo's* Merle reports.

"Cordray has been rumored to be considering a run for governor of Ohio, but gave no indication Wednesday of his plans," **write** Lorraine Woellert, Zachary Warmbrodt and Daniel Strauss for *Politico*.

"Trump is likely to put the bureau under the control of Treasury Secretary Steven Mnuchin, who can delegate day-to-day operations to an interim director, according to a White House official and others familiar with the administration's thinking. An interim director can stay at the post indefinitely, or at least until the White House can get a nominee confirmed," they suggest.

“Cordray was confirmed as head of the agency in 2013, nearly two years after he was nominated by President Barack Obama. The bureau's chief architect was Elizabeth Warren, currently a U.S. senator, who had also been considered a candidate for the post,” NPR’s Avie Schneider **reminds us**.

““At the CFPB, Rich Cordray forced the biggest financial institutions to return \$12 billion directly to the people they cheated,’ Warren said in a statement Wednesday. ‘He held big banks accountable. He is a dedicated public servant and a tireless watchdog for American consumers — and he will be missed,’” Schneider writes.

That is not a universally shared opinion, of course.

“Cordray’s tenure ... has been terrible for Americans who rely on financial products to manage their households, terrible for the financial services industry. It has been terrible for rule of law and constitutional principles,” **writes** Thaya Brook Knight, associate director of financial regulation studies at the Center for Monetary and Financial Alternatives at the libertarian Cato Institute, in an opinion piece for *The Hill*.

The CFPB has strayed beyond its mandate and “frustrated its own mission by limiting consumer access to needed products” such as payday lending. “These loans, while expensive, often fill a gap and can be lifelines for vulnerable people,” Brook Knight writes.

With finance charges, two-week loans result in annual interest rates from 390 to 780% APR, **according to** the Consumer Federation of America. But, Brook Knight maintains, “people want protection from fraudsters, not from their own bad decisions.”

No surprise that the *Wall Street Journal* editorial board also **took** a positive view of the resignation in an “Adios, Richard Cordray” sendoff. “Mr. Cordray spent his ignoble five years as director targeting politically unpopular industries such as pay-day lenders, for-profit colleges and student loan servicers. Wherever there was a business loathed by progressives, he was there,” it maintains.

As for the banking industry’s position on the development, “Congress should use this vacancy as an opportunity to establish a bipartisan, Senate-confirmed commission to uphold the bureau’s important mission of consumer protection for the long-term,” Richard Hunt, president and CEO of the Consumer Bankers Association, said in a statement, **report** Ian McKendry and Kate Berry for *American Banker*. “A commission will establish transparency and bring a diversity of thought and additional insight to ensure rules are beneficial to consumers and the economy.”

That *sounds* reasonable, doesn’t it?