

Cordray Taps Aide for Consumer Bureau in Challenge to Trump

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Richard Cordray announced that Friday would be his last day leading the Consumer Financial Protection Bureau and named one of his lieutenants to immediately take over as acting director, setting up a potential standoff with the Trump administration over the controversial agency's leadership.

In a memo to the consumer watchdog's employees, Cordray said his current chief of staff, Leandra English, would become deputy director and automatically rise to acting director when he leaves. English has held several leadership roles under Cordray, a Barack Obama appointee who was the CFPB's first-ever director.

English's surprise promotion could complicate President Donald Trump's plans to start remaking the CFPB, an agency that Republican lawmakers say has burdened banks with unnecessary rules that have hurt lending. Cordray announced last week that he would step down at the end of November, prompting administration officials to consider temporarily installing White House budget director Mick Mulvaney atop the agency, people familiar with the discussions have said.

Cordray, 58, said he relied on a provision in the 2010 Dodd-Frank Act to name his successor. But there is debate over how much authority Cordray has to appoint his replacement.

'Rogue Agency'

While some lawyers say the deputy director should step in, others believe that laws governing federal vacancies should take precedent, which would allow Trump to install someone on an interim basis. The White House has been clear that the administration intends to name its own acting director while it seeks a permanent nominee.

Michael Barr, who helped write Dodd-Frank while a Treasury Department official in the Obama administration, said whomever Trump picks to succeed Cordray should have to go through a formal Senate confirmation process.

"The statute is quite clear about what happens when a director steps down," said Barr, who is now a law professor at the University of Michigan. "It puts attention where it should be, which is on the White House formally nominating someone and going through the process."

The CFPB was established as part of Dodd-Frank in the wake of the financial crisis to police credit cards, auto loans and other consumer finance products. Democrats, led by Wall Street critic Elizabeth Warren, have praised the agency for returning billions of dollars to harmed consumers. Republicans call it a "rogue" agency with a leader that wields too much power that goes unchecked.

‘Protecting Consumers’

Cordray said in his Friday memo that “appointing the current chief of staff to the deputy director position would minimize operational disruption and provide for a smooth transition.” In the same memo, Cordray defended the agency, saying it has made “great progress in the past several years, and the role we play in supporting and protecting consumers is vital to our economy and to this country.”

The White House didn’t immediately respond to Cordray’s announcement, made the day after Thanksgiving when many in Washington were away from work.

Thaya Brook Knight, associate director of financial regulation studies at the libertarian Cato Institute, said Friday’s announcement complicates the Trump administration’s efforts to replace Cordray.

“Clearly that was intended to prevent the White House from making some sort of an appointment, at least immediately,” said Brook Knight. The move creates “an extra step that has to happen, and I wouldn’t be surprised if White House lawyers are looking at this right now.”

English, who replaces acting deputy director David Silberman, had been named chief of staff in January. She’s previously held a number of other positions at the CFPB, in addition to roles at the Office of Personnel Management and the Office of Management and Budget.