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Critics Look for Opening to Fire Head of the CFPB

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A battle is intensifying over the future of Richard Cordray, the head of the Consumer Financial Protection Bureau, as Republicans search for any past transgressions that would allow President-elect Donald Trump to fire him.

Mr. Cordray, a former Ohio attorney general, is admired by consumer groups and disliked by many GOP lawmakers and financial-industry players for helping build the five-year-old agency into an aggressive financial regulator.

Republicans want Mr. Cordray ousted and replaced with someone who reflects their views. But the 2010 Dodd-Frank financial-overhaul law that created the CFPB states that the president may only remove its director for "inefficiency, neglect of duty, or malfeasance in office."

The agency's critics are now openly calling for Mr. Cordray's removal and discussing potential faults he may have committed during his tenure at the CFPB's helm—so the incoming president can fire him for cause.

"President Trump, it's time to say 'you're fired' to Mr. Cordray," **wrote Thaya Brook Knight,** associate director of financial regulation studies at the libertarian Cato Institute.
One of the issues Mr. Cordray's opponents are focusing on: past allegations of pay discrimination against women and minority employees at the CFPB and his alleged failure to take appropriate action. Republican lawmakers had sharply criticized the CFPB over the allegations in 2014 and 2015. The agency has said it has taken steps to address employee complaints.

Jen Howard, a CFPB spokeswoman, said in a statement that Mr. Cordray "was confirmed by a bipartisan group of 66 senators to serve a term until July 2018 and has no plans to step down." Mr. Cordray declined to comment for this article.

Mr. Trump and members of his transition team have said they **want to roll back postcrisis financial regulations,** but have been silent about the future of the CFPB and its chief.
Rep. Randy Neugebauer (R., Texas), who has led the attack on the CFPB at the House Financial Services Committee, said Mr. Trump's transition team would study Mr. Cordray's performance.

"It hasn't been a real smooth ride over there," said Mr. Neugebauer, citing issues such as the alleged pay discrimination and the costs of renovating the agency's Washington headquarters. The Texas congressman is seen as a possible successor to Mr. Cordray at the CFPB.

The bureau's **handling of alleged racial discrimination in auto lending** is another potential area of inquiry, Mr. Neugebauer said. The CFPB's methodology was questioned, and the agency was accused by Republicans of overstepping the authority awarded to it by Congress. "Someone is going to have to make a determination…if those are factors that could be used to relieve Mr. Cordray for cause."

Meanwhile, some point to a court case on the constitutionality of the bureau's single-director structure, saying it makes sense to wait for resolution of that case, which is now before the U.S. Court of Appeals for the D.C. Circuit. The CFPB has challenged an October decision by a panel of judges at the court who ruled the agency's structure unconstitutional and granted the president to power to fire the director at will.

Republican lawmakers have a long list of steps aimed at overhauling the CFPB, including turning it into a commission, giving Congress control over its budget and reducing employee compensation by changing its pay scale. Such steps are included in a broad deregulation bill introduced this year by Rep. Jeb Hensarling (R., Texas), which the Republicans plan to repropose next year in some form. Still, such steps would take time, and likely face tough opposition from Senate Democrats, including Sen. Elizabeth Warren (D., Mass.) who helped to create the CFPB.

"It's more likely that the new agenda and new approach are going to be effectuated through putting people in place who have a more free-market, less-regulatory perspective, " said Thomas Pahl, a former regulations attorney at the CFPB and Federal Trade Commission who is now a partner at Arnall Golden Gregory. "Far less likely is something that would be done legislatively."

The CFPB's proponents have stepped up their counterattack in recent days.

National civil-rights group leaders last week applauded Mr. Cordray's efforts to "make the CFPB an inclusive and diverse place to work for agency staff." They added that any attempt to weaken the bureau and undermine its leadership would "risk severe impacts on our communities—including communities of color and low-income families who are most vulnerable to financial abuse."

Legal experts for Americans for Financial Reform, a consumer advocacy group that calls for tougher Wall Street rules, warned against looking for causes to fire the CFPB chief, saying courts have in the past used their authority to stop "illegal removals" of government officials. "Trying to fire the squeaky-clean Richard Cordray...would be unprecedented," Brian Simmonds Marshall and Veronica Meffee **wrote in their blog post. "**The slipshod rationalizations thinly disguising an underlying desire to remove a strong enforcer surely do not justify making him the first official ever to be removed by a president for cause."

The defenses are met by a steady stream of criticisms of the CFPB and Mr. Cordray. Last week**, an article** by former CFPB attorney Ronald L. Rubin highlighted the alleged employee pay discrimination and other potential violations by Mr. Cordray.