

Court Affirms Consumer Watchdog's Independence; Trump Must Appoint an Independent Director

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WASHINGTON, D.C. - Today, an appellate court upheld the constitutionality of the Consumer Financial Protection Bureau (Consumer Bureau) and the independence of its director, affirming Congress's decision to create a consumer watchdog insulated from political and Wall Street influence. Consumer advocates called on President Trump to respect the decision by relinquishing political control of the agency and nominating a director who is independent, who will put consumer protection first and can be confirmed by the Senate.

Lauren Saunders, associate director of the National Consumer Law Center, issued the following statement:

"The Consumer Bureau was created in 2010 after the lack of oversight over Wall Street abuses created the worst economic crisis since the Great Depression. Congress made the consumer watchdog's director removable only for cause so that the agency could be independent and do its job of looking out for ordinary people without answering to politicians and Wall Street lobbyists. Under the first Director, Rich Cordray, the Consumer Bureau returned nearly \$12 billion to 29 million people cheated by predatory lenders, banks like Wells Fargo, and companies that preyed on 9/11 heroes.

"The court's decision upholds the critical importance of having a director who is focused on protecting consumers and righting wrongs in the financial marketplace, not catering to well-heeled interests. The court upheld the constitutionality of the provision of the Consumer Bureau's statute that makes the director removable by the President only for 'inefficiency, neglect of duty, or malfeasance in office.' In the court's words: 'That independence shields the nation's economy from manipulation or self-dealing by political incumbents and enables [independent] agencies to pursue the general public interest in the nation's longer-term economic stability and success, even where doing so might require action that is politically unpopular in the short term.'

"But right now, the Consumer Bureau is being run unlawfully by acting director Mick Mulvaney, who works in the White House, reports to President Trump and has made his first priorities dropping a case against predatory lenders illegally making 950% APR loans, revisiting protections for debt trap loans made by his political contributors, and getting rid of rules that stop abuses by financial giants.

"President Trump needs to end lobbyist influence at the Consumer Bureau by properly nominating a director who can be confirmed by the Senate and who has a strong track record of consumer protection work and independence from the financial industry."

The 7 to 3 decision today in *PHH Corp. v. Consumer Financial Protection Bureau* was issued by the full *en banc* U.S. Court of Appeals for the D. C. Circuit, reversing an earlier decision by a three-judge panel. The court did not address the merits of the underlying case against PHH and reinstated the panel's ruling in favor of PHH on the CFPB's claims against the company under the Real Estate

Settlement Procedures Act.