

**NOMINATIONS OF KATHLEEN LAURA KRANINGER
AND KIMBERLY A. REED**

HEARING
BEFORE THE
COMMITTEE ON
BANKING, HOUSING, AND URBAN AFFAIRS
UNITED STATES SENATE
ONE HUNDRED FIFTEENTH CONGRESS

SECOND SESSION

ON

NOMINATIONS OF:

KATHLEEN LAURA KRANINGER, OF OHIO, TO BE DIRECTOR, BUREAU OF
CONSUMER FINANCIAL PROTECTION

KIMBERLY A. REED, OF WEST VIRGINIA, TO BE PRESIDENT, EXPORT-IMPORT
BANK

JULY 19, 2018

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NOMINATIONS OF KATHLEEN LAURA KRANINGER AND KIMBERLY A. REED

THURSDAY, JULY 19, 2018

U.S. SENATE,
COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS,
Washington, DC.

The Committee met at 10:05 a.m., in room SD-538, Dirksen Senate Office Building, Hon. Mike Crapo, Chairman of the Committee, presiding.

OPENING STATEMENT OF CHAIRMAN MIKE CRAPO

Chairman CRAPO. This hearing will come to order.

This morning we will consider the nomination of two individuals to serve in critical leadership roles within the Administration. I welcome both of you, and congratulations on your nominations to these important offices. I see friends and family here together with you today, and I welcome them as well.

The nominees before us are Kathy Kraninger, to be the Director of the Bureau of Consumer Financial Protection, and Kimberly Reed, to be the President of the Export-Import Bank of the United States.

These positions are critically important to protecting consumers in the consumer financial products and services marketplace and facilitating global trade of U.S. goods and services. These nominees bring years of valuable experience at nonprofits and in public service and will provide valued leadership in carrying out the missions of their agencies.

Ms. Kraninger has had a distinguished career in public service with exposure to a diverse set of Federal agencies, as well as developing a particular expertise in the budget and appropriations processes.

Since March 2017, Ms. Kraninger has served as Associate Director for General Government at the Office of Management and Budget where she oversees and monitors approximately \$250 billion in budgetary resources for numerous Cabinet departments and Federal agencies.

She has also served as OMB's principal policy official for issues related to the Treasury Department, Department of Housing and Urban Development, and Federal financial regulators.

Prior to joining OMB, she held leadership positions at the Department of Transportation and the Department of Homeland Security, as well as serving on the staff of several congressional committees.

Given her depth and diversity of public service experience, I have the utmost confidence that she is well prepared to lead the Bureau in enforcing Federal consumer financial laws and protecting consumers in the financial marketplace.

Ms. Reed was considered by this Committee last year as the nominee to serve as the First Vice President of the Export-Import Bank, and today we consider her nomination to be its President.

Ms. Reed also has had a distinguished career in public service, previously serving as Senior Advisor to former Treasury Secretaries Paulson and Snow. In addition, she has served on several congressional committees and has held impressive leadership positions in the private sector. Ms. Reed is well positioned to help move the Bank forward in a positive direction.

With respect to Ms. Kraninger, some Senators have requested a long list of documents, including emails, schedules, involvement in memos, White House communications, et cetera, relating to Ms. Kraninger's role at OMB with respect to the Administration's "zero tolerance policy" and the Administration's response to Hurricane Maria in Puerto Rico.

These requests are designed to go after certain extraneous Administration policies that the requesters do not like and go far beyond the practice of this Committee in document production. Indeed, I would not expect this Administration or any Administration to release documents related to its ongoing deliberative process, and, furthermore, my understanding is that Ms. Kraninger is not the custodian of these records and has given the request for information to the White House.

As I have indicated, I do not have an expectation that the White House or the agencies involved will provide these documents, but that is an issue outside this nomination process.

The Democratic Senators of this Committee asked me to delay this hearing today to seek these documents. I am unaware of the Banking Committee delaying a hearing for such a reason.

To be consistent, I have followed a similar timeline as the Committee set for then-nominee Richard Cordray in 2013. As a reminder, the Senate received Mr. Cordray's official nomination from the President on February 13, 2013. Approximately 1 month later, on March 12, 2013, the Committee held a hearing to consider Mr. Cordray's nomination and voted the nominee out of Committee 1 week later on March 19th.

Similarly, the Senate received Ms. Kraninger's official nomination from the President on June 20, 2018. Approximately 1 month later, we are holding this hearing. She has provided all of the paperwork that the Banking Committee requires.

The purpose of these hearings is to provide all Senators of this Committee the opportunity to ask any questions of this nominee, who will be under oath.

I intend to ask Ms. Kraninger—who will be under oath—about her role in developing policy at OMB. Other Senators will be given the similar opportunity to question Ms. Kraninger and also follow up with questions for the record, as we traditionally do.

I take the Senate's constitutional authority seriously and am confident that Ms. Kraninger will be sufficiently vetted, as have our

previous nominees, for this Committee to provide a recommendation to the full Senate on this nomination.

As a separate matter, many of us have experienced frustration with the Bureau in previous years. In April 2016, former Bureau Director Cordray testified before this Committee. Senators on the Committee sent questions for the record that same month. It took Director Cordray over 16 months to respond to this Committee.

It is my hope that, if confirmed, Ms. Kraninger will be more accountable to Senators on this Committee than Director Cordray was, and I look forward today to a very vigorous debate and a vote on the nominees.

Senator Brown.

OPENING STATEMENT OF SENATOR SHERROD BROWN

Senator BROWN. I thank the Chair. I think the Chairman knows that that comparison is specious, but I will get to that in a moment. It was a very simple request that has been out there 4 weeks, but I want to talk more about that, as I said, in a moment.

Welcome to the nominees, especially Ms. Kraninger, who brought her Ohio family with her. Good to see you all. And Ms. Reed also has some Ohio ties. Nice to see you and good to see you both.

The financial crisis started when greedy lenders lured families into scam loans they could not afford. The whole enterprise was designed to transfer wealth upwards—stripping hard-earned home equity from the middle class, putting it in the pockets of shady lenders, and with that they were successful. And as Members of this Committee are familiar with, I see that every day where I live in Cleveland. My wife and I live in Zip code 44105, 5 or 6 miles from where Ms. Kraninger grew up. My Zip code, 44105, in 2007, the first half of that year, had more foreclosures than any Zip code in the United States of America. And you know or should know what that does to families and to neighborhoods.

Behind all the numbers were thousands upon thousands of painful conversations around kitchen tables. Congress created the Consumer Financial Protection Bureau to prevent the need for those heartbreaking conversations ever again.

Like food inspectors, the CFPB hunts down scammers trying to sneak toxic products back onto our kitchen tables. The Consumer Bureau is not just a response to the last crisis. It is one of the most important tools we have to prevent the next crisis.

Though 2008 should have served as a wake-up call for watchdogs and CEOs, over the past 6 years, Consumer Bureau inspectors have still found plenty rotten in the banking industry.

From 2012 to 2017, the CFPB won \$12 billion—\$1,200 million, \$12 billion—in relief for 29 million Americans. That is 12 billion reasons for Wall Street to hate the CFPB.

Lucky for them, lucky for Wall Street, they were able to install one of their own—Mick Mulvaney—to head the Bureau. He has dropped investigations. He has reduced meaningful settlements to slaps on the wrist. Now he wants his protege to run the agency.

For months, I urged the Administration to nominate someone to lead the CFPB who had a track record—a track record—of working for consumers. Unfortunately, Ms. Kraninger has no experience whatsoever in consumer protection.

Mr. Mulvaney argues she should be approved because of her management and budget experience. It is hard to see how that is enough, especially given the nominee's refusal to provide information requested by Committee Members.

Every one of us on this side of the dais wanted this hearing postponed until we got information about that experience. When the nominee and I met, she said it was out of her hands, she would try to get a response. That was over a week ago. Still nothing. The letter was 4 weeks ago. The response was 1 week ago. What is the Administration hiding?

If my Republican colleagues are concerned about transparency and accountability and responsiveness, they should note this nominee's failure to reply to a simple request about her responsibilities in her current job—again, a request that was submitted 4 weeks ago.

Here is what we do know. At the Office of Management and Budget, she signed off on a \$1.9 trillion tax break for millionaires. To pay for it, she helped write a budget—she called it an “aspirational document” to me—that would triple the rent for families that are already struggling to get by. \$1.9 trillion in tax cuts, 80 percent of those tax cuts over time go to the richest 1 percent, and this Administration, with the approval of the designee to be head of CFPB, is willing to triple the rates for families that are already struggling to get by.

She has been involved in the management of one disastrous policy after another. The botched response to hurricanes in Puerto Rico has left American citizens—American citizens—to fend for themselves. A housing policy that undoubtedly will increase homelessness. The Administration's cruelest policy yet: separating children from their parents at the border.

I hope we will know more by the end of the hearing. These issues go to the heart of how she will handle any new job.

Management is supposed to be Ms. Kraninger's one qualification.

Nobody wants Mr. Mulvaney out of the CFPB faster than I do. But American consumers cannot afford 5 years of someone who stands with the bankers in the Administration and stands with the bankers on Wall Street. We need a CFPB Director who will sit with hardworking families at their kitchen tables.

I know my Republican colleagues are eager to move this nominee in spite of the Administration's stonewalling. I wish they showed a little of this kind of urgency when it comes to the jobs that have been put at risk by the failure to have a functional Export-Import Bank.

Ms. Reed has returned for her second appearance before the Banking Committee. She is well qualified to lead Eximbank, and our Committee voted overwhelmingly to support her nomination as First Vice President last December.

There are 109 export credit agencies and credit programs throughout the world that support foreign manufacturers, but the U.S. has literally—has unilaterally and literally disarmed. When it comes to helping exporters, the policy some of our colleagues seems to be “America Last.”

It has been 4 years since the Senate confirmed an Eximbank nominee, leaving Eximbank partially shut down for 3 years. Amer-

ican businesses have transactions worth more than \$40 billion pending at the Bank. Yet there has been stonewalling from this Committee and this Republican leadership for years. Those deals and the resulting jobs will move overseas unless the Bank's board is restored.

If President Trump and Republicans are serious about helping American manufacturers after 3 years of obstruction—there is no other word to describe it—they should urge the Majority Leader to schedule consideration of Ms. Reed and the other Eximbank Board members immediately.

In one sense, you brought it up at the end of your opening statement, Mr. Chairman. I want to say one more thing. There is, simply put, no comparison to Rich Cordray in this process. Seven hundred 30 days passed between his nomination and his confirmation, July 18, 2011, to July 16, 2013, almost 2 full years. Ms. Kraninger was nominated 1 month ago. Two years—1 month comparison. Mr. Cordray—look at his qualifications: Ohio Attorney General, Solicitor General, clerked for Supreme Court Justice Kennedy, argued in front of the Supreme Court six times, deep experience with consumer rights and civil rights laws. Cordray's qualifications were never under question, but 44 Republicans signed a letter saying they would support no one—no one—to head the agency unless we changed the law to weaken the agency. Cordray's first nomination died in the Senate. When he was renominated—again, even after having a clear track record at CFPB—Republicans continued to oppose his nomination until we defanged the CFPB. You know, that is what Wall Street wanted, so like one bird flying off the wire, they all fly off the wire, continue to side with Wall Street to defang this agency.

All we ask for with Ms. Kraninger is a response to basic questions regarding Ms. Kraninger's current job so we can evaluate her management skills, which this nomination hangs on. Again, it is not her work in consumer protection. It is her management skills. Tell us more about those management skills.

Republicans held up Mr. Cordray for 2 years, demanding changes to the law before they would even consider a nomination, so the comparison between that process and this, Mr. Chairman, is specious.

Chairman CRAPO. Thank you, Senator Brown. Since you decided to go into that, I will also go into a little further discussion of the document request.

It has been described here today as a "simple request" that goes into Ms. Kraninger's relationship to some of these policies. The fact is it is a document request that goes into virtually every conceivable document related to the deliberative process, the budgeting process, and the implementation concerning Administration policies ranging from immigration to hurricane relief. And now we have had the Tax Code thrown in as well.

Ms. Kraninger is not the custodian of these documents. She has forwarded this request to the White House. These document requests are obviously designed to go after various policies of the Administration with which the requesters disagree and go far beyond any precedent of this Committee in what it requires of nominees.

These requests seek to open up extensive document production in five agencies: OMB, DOJ, DHS, Treasury, and HUD, including also the White House itself. This is a multifaceted battle with the President being played out in the context of this Committee's nomination process. Indeed, I would not expect this Administration or, frankly, any Administration to release these types of documents related to its deliberative process.

As I said before, Ms. Kraninger has provided all documents and information which this Committee requires of nominees, and we will get answers from her today on the issues you said we need to get information—

Senator BROWN. One more thing. We have never really done this before, but I am just kind of amazed by this. I am sorry, Mr. Chairman, you have to explain the inexplicable on the part of this Trump White House that simply will not step up on this. If there is a claim of deliberative process, the White House never has used that claim. They have never even responded to the letter, let alone any details that she had been willing to share with any of the Members with whom she met one on one, including me. She also has not been willing, nor has the White House, to give us an answer to the letter, even if the answer is, "We claim deliberative process."

So I just do not—I hope the Committee is not going to start acting like this, that the White House does not have to answer letters, does not have to answer questions from Members of the Senate, Mr. Chairman.

Chairman CRAPO. Well, it is unfortunate to me that the Committee is starting to get into these kinds of battles, too. I am discouraged by that, and I hope that this does not change the tenor of cooperation that we have on many other issues.

I understand the importance of this nomination. I understand the long-term battle we have had over the CFPB and its leadership. And the bottom line is I do not know—as I understand, Ms. Kraninger has passed this document request on to the White House. There are processes by which we can all seek documents from agencies and the White House, and I assume you are engaged in that process now that she has passed this document on.

I do not know what their answer is going to be. I will tell you what I think their answer will be, but I do not know what it will be. That issue is an issue that goes beyond this nomination process. That is my point today.

Senator BROWN. I just think there is no incentive for the—if we continue on their merry way, just like all of you on this Committee that have spoken with justified outrage, particularly Senator Sasse and Senator Corker, with the President's performance on Monday night—or Monday in Moscow—or in Helsinki, but there is never a consequence for this Administration because we all continue to do the Administration's—all of you continue to do the Administration's bidding, whether it is confirmation of Ms. Kraninger or whether it is confirming another judge or whether it is passing another tax cut for rich people in this country. Why should the President change his behavior when there is never a price to pay? And one price would be let us not do this nomination until they actually give us an answer on some of these questions.

Chairman CRAPO. Well, like I said, I understand the battle that you are having with the President on many issues. I do not agree with transporting that battle into this nomination process, and so today we will proceed.

Would the witnesses please rise and raise your right hands, please? Do you swear or affirm that the testimony that you are about to give is the truth, the whole truth, and nothing but the truth, so help you God?

Ms. KRANINGER. I do.

Ms. REED. I do.

Chairman CRAPO. And, also, do you agree to appear and testify before any duly constituted Committee of the Senate if asked?

Ms. KRANINGER. I do.

Ms. REED. I do.

Chairman CRAPO. Thank you. You may be seated.

Each of your written statements will be made a part of this record in their entirety. Before you begin your statements, as your turn comes, I invite you to introduce your family who are here with you if you would like to do so. And, Ms. Kraninger, we will start with you. You may please proceed.

TESTIMONY OF KATHLEEN LAURA KRANINGER, OF OHIO, TO BE DIRECTOR, BUREAU OF CONSUMER FINANCIAL PROTECTION

Ms. KRANINGER. Chairman Crapo, Ranking Member Brown, Members of the Committee, thank you for the opportunity to appear before you today. It is a privilege to be here as the President's nominee for Director of the Bureau of Consumer Financial Protection. I want to thank President Trump for this honor and for the confidence he has placed in me with this nomination.

I would also like to express my deepest gratitude to my family and friends who have joined me today. My parents, Dave and Pat, as Senator Brown mentioned, are from Cleveland, Ohio. My older brothers, Dave and Dan, and their families traveled from Wisconsin and Connecticut. My younger brother, Matt, and his family are watching online.

I am incredibly lucky to have an amazing family who has encouraged me in every endeavor and who has taught me that with hard work and dedication everything is possible in this country of ours. I am also especially grateful for their steadfast support as I have followed my call to public service and pursued a career serving the American people.

My love for our country, its ideals and promise, drives my commitment to public service. It sparked my interest in my university's summer internship program where I worked for my hometown Congressman, Senator Brown. It inspired my decision to join the Peace Corps and serve for 2 years overseas teaching in the former Soviet Union. There I saw firsthand the devastating impact of communism, the economic consequences of central planning, and the absence of free markets and the rule of law.

Following the attacks on September 11, 2001, I felt the call even more deeply, to serve our country in a time of need. I am very proud to have served on the leadership teams at both the Departments of Transportation and Homeland Security during that ex-

traordinarily challenging time for our Nation. I have also been honored to serve three congressional committees, including the Senate Appropriations Committee under Senator Shelby's leadership. In my current position as Associate Director at the Office of Management and Budget, I have taken a broader leadership role, and I oversee \$250 billion in budgetary resources and related policies for 7 Cabinet agencies and 30 other Federal agencies, including the Bureau, and the other financial regulators.

Throughout my career I have focused on implementing common-sense solutions to complex problems and delivering real value for the American people. While I will not prejudge and cannot predict every decision that will come before me as Director, if confirmed, I can assure you that I will focus solely on serving the American people.

Congress established the Bureau of Consumer Financial Protection "to ensure all consumers have access to markets for consumer financial products and services . . . that are fair, transparent, and competitive." I am firmly committed to fulfilling that congressional mandate. To do so, I will establish four initial priorities.

First, the Bureau should be transparent and fair, ensuring its actions empower consumers to make good choices and provide certainty for marketplace participants. In particular, the Bureau should make robust use of cost-benefit analysis, as required by Congress, to facilitate competition and provide clear rules of the road. In my experience, effective use of notice and comment rule-making is essential to proper balancing of all interests. It also enables consideration of tailoring to reduce the burden of compliance, particularly on consumers and smaller marketplace participants.

Second, the Bureau should work closely with the other financial regulators and the States on supervision and enforcement. Nothing is more destructive to competitive markets and consumer choice than fraudulent behavior. Under my stewardship, the Bureau will take aggressive action against bad actors who break the rules by engaging in fraud and other illegal activity.

Third, the Bureau must recognize its profound duty to the American people to protect the data in its possession. Under my leadership, the Bureau would limit data collection only to what is required under law and is necessary to carry out its mission and ensure that that data is protected. The issue clearly needs more attention because consumers are unaware of the vulnerabilities they face and unsure of what steps to take to protect themselves.

Fourth, the Bureau must be accountable for its actions, including its expenditure of resources.

As a former congressional staffer, I appreciate the important role of Congress in overseeing this agency. I value the advice and perspectives you have shared with me in the meetings over the past month—conversations that I welcome going forward, should I be confirmed in this important position.

Thank you for your consideration.

Chairman CRAPO. Thank you.

Ms. Reed.

**TESTIMONY OF KIMBERLY A. REED, OF WEST VIRGINIA, TO BE
PRESIDENT, EXPORT-IMPORT BANK**

Ms. REED. Chairman Crapo, Ranking Member Brown, Senators, thank you for the opportunity to appear before you today. Thank you as well for this Committee's favorable bipartisan vote to advance my previous nomination to serve as First Vice President of the Export-Import Bank of the United States. I now return to you as the President's nominee to serve as President of Eximbank, a position that includes serving as Chairman of the Bank's Board of Directors. I thank President Trump for his confidence in me to advance Eximbank's mission: creating and supporting American jobs by facilitating the export of U.S. goods and services.

If confirmed, I will be both the first woman and the first West Virginian to be President and Chairman of this 84-year-old institution.

I also appreciate the encouragement and support of the President's National Economic Council Chairman Larry Kudlow and diverse organizations focused on American prosperity.

I would like to recognize my father, Terry, and sister, Ashley. I lost my mother, Janet Logue Reed, an Ohioan, to cancer when I was 9 years old, and tomorrow would be her 70th birthday, so I send her my love and know that she is with us.

I thank you for the encouraging and supportive individual meetings to discuss your views and the positive impact Eximbank has made for the workers in your States and the potential to do more to support them. If confirmed, I will work especially hard to maintain open lines of communication with you and the Congress.

I am grateful for the support of my home-State Senators, Shelley Moore Capito and Joe Manchin. I would bring the grounding of my West Virginia upbringing to Eximbank.

In 1985, Senator Capito's father, Governor Arch Moore, bestowed upon me a golden horseshoe pin for an academic award that I wear today. Its inscription reads: "Montani Semper Liberi"—"Mountaineers Are Always Free". I believe that freedom, in the form of free-market principles, is the best way to foster economic opportunity for all Americans.

Throughout my 22-year career, I have embraced these principles to make a positive difference for our Nation's businesses and workers while also protecting the American taxpayer. I would bring these values to Eximbank.

Still, there is room for improvement to keep America on this road to prosperity, and Eximbank is no exception. If confirmed, I will work to ensure that Eximbank faithfully implements all laws and reforms enacted by Congress. I would launch a review to ensure that Eximbank truly is the "bank of last resort" and not the other way around.

There are now 109 foreign Export Credit Agencies, or ECAs, in other countries—up from 95 when I testified before you last November. Eximbank recently reported on "the increasing 'weaponization' of export trade credit by the world's ECAs to complement increasingly nationalistic trade policies—particularly those initiated by China." If confirmed, I look forward to working with the Administration and the Congress on an aggressive response to China's unfair trade policies.

In a perfect world, there would be no ECA financing. If confirmed, I will work with the U.S. Government and, as appropriate, the OECD, G-20, WTO, and other forums to move toward the ultimate goal of eliminating all ECA financing. On that you have my pledge.

Until that goal is reached, the United States should not unilaterally disarm in a fiercely competitive global economy. While we negotiate, we should not place our Nation in a worse position than our foreign counterparts. As President Trump stated regarding export financing: “[W]hen other countries give it, we lose a tremendous amount of business.” Therefore, if the Senate confirms a Bank Board quorum, I will take responsible steps to get Eximbank operational so America can compete on a more level playing field. Eximbank has more than \$40 billion in pending applications supporting 250,000 U.S. jobs. We need to keep and support these jobs in the United States while we, at the same time, work to reform the export subsidies of our competitors to save even more. We can do both.

Eximbank must also treat all American companies fairly, especially small- and medium-enterprises. I would ensure that Eximbank—working with community banks and community development financial institutions that I am so familiar with—helps small businesses and the agriculture sector, which is vital to rural America.

In closing, I would like to underscore that good governance is critical. Eximbank, which has a very low 0.4 percent default rate, is self-sustaining because of the fees and loans it charges to the foreign purchasers and has returned \$14.6 billion to the U.S. Treasury since the year 2000. We need to ensure that it stays that way.

Building on my time in the Congress on oversight, investigations, and Government reform, I would focus on strong standards of conduct, increased transparency, and sound risk management practices. I would work with you and our Inspector General to ensure we are doing all we can to eliminate waste, fraud, and abuse and give better value to the taxpayer.

Thank you for your consideration. I would be pleased to answer any questions.

Chairman Crapo. Thank you, Ms. Reed.

And I will start my questioning with you, Ms. Kraninger. As was obvious in the opening discussions between Senator Brown and myself, there is a desire on the part of some of the Senators on the Committee to know what involvement you had, if any, in certain policy decisions that have been made by the Administration. Can you discuss to what extent, if any, you were involved in the development of the Administration’s zero tolerance policy?

Ms. KRANINGER. Senator, I appreciate the question. I had no role in setting the zero tolerance policy, as I have said to many Members in our meetings. I recognize the reason for the question being asked. It is important to note that the Office of Management and Budget has an extensive role in supporting agencies as they implement the President’s priorities and agenda. That includes legislative proposals, regulatory proposals, budgetary resources, and those kinds of facets of things. So it is clear that since the beginning of the Administration, immigration policy, border security policy

broadly has been a very detailed discussion within the Administration. There have been myriad meetings at all levels of the Administration that I have attended, that the Director and Deputy Director and my staff have attended. And in addition to that, Senator, to your note, I do believe that the protection and preservation of the deliberative process is critical to the ability of the Administration to develop policy and implement policy.

I do not believe it is appropriate, frankly, or fair or right for me to articulate the advice that I gave or to characterize the discussion that others may have had or brought to the table. But I can assure you and all of the Members that in every position that I have ever held and every individual I have supported in my career, I have given my best advice based on the best information available at the time. And that is certainly what I have done in the area of immigration and border security, and I would note again I had no role in setting the policy.

Chairman CRAPO. Thank you. And the same question basically with respect to the Administration's response to Hurricane Maria in Puerto Rico.

Ms. KRANINGER. Senator, with respect to hurricane response, the Office of Management and Budget, including myself, as I said, my staff, the Director, we have a role in reviewing disaster declaration recommendations that go to the President. So we are involved from that point. We also put together at the Office of Management and Budget the supplemental requests that the Administration puts forward to the Hill when they are necessary.

Obviously, last fall was a devastating hurricane season in the Atlantic that included Puerto Rico being hit by two hurricanes, one after the other, with Irma and Maria. So there were devastating impacts to that. Clearly, additional resources were needed, and the Office of Management and Budget supported the President in putting forward those requests that Congress considered and obviously responded to in providing the resources necessary.

Chairman CRAPO. Well, thank you.

And, Ms. Reed, U.S. companies are increasingly challenged by subsidized export financing from China and other foreign Nations. Right now who is picking the winners and losers in the global marketplace? And who, if anyone, should be?

Ms. REED. Right now, sir, the United States is not picking winners for the United States workers because Ex-Im is not operational. So as I mentioned in my testimony, we have 250,000 jobs that potentially could be supported by a reported \$40 billion in applications waiting for an Export-Import Bank Board quorum. If I am confirmed, I will not pick winners and losers. I will treat all applicants equally and fairly. That is what the charter passed by the Congress dictates. I will uphold the law. But I also will do all I can to help our small businesses in this country. It is very important to me, and I have a long track record on that.

Chairman CRAPO. And I am sure you are aware that there are a number of reforms that many are seeking to see implemented at the Eximbank. If you are confirmed, are there reforms you will prioritize?

Ms. REED. Yes, sir. As I outlined in my testimony, I am very dedicated to increased transparency. We also have to protect our

American company applicants from releasing their proprietary confidential business information, but I will take a hard look, if confirmed, at how we can do things to make what Eximbank does more transparent.

I also believe that we need to be focused on good ethics and, if confirmed and a quorum is confirmed, we will be standing up a Risk Committee and be approving our Chief Ethics Officer and Chief Risk Officer. And I also believe we really need to take a hard look to ensure that the Bank is the bank of last resort, and so taking a look at some tests that Eximbank currently administers on additionality and economic impact, take a look at those again and seek input from all the experts. There are many diverse opinions on this, and I think it is important as we look at reauthorization in 2019 that we take a look at that.

Chairman CRAPO. Thank you very much. My time has expired. Senator Brown.

Senator BROWN. Thank you, Mr. Chairman.

A week ago or so, Ms. Kraninger, we had a good discussion in our office, and I appreciate your taking the time and the conversation we had. I asked a number of questions about tripling the rent for low-income people, about the 600 percent interest that people more often than not pay when they get payday loans. The Speaker of the House in Ohio resigned, as you probably know, under a scandal about payday loans recently, the first time in our history.

Your answer to all of those seemed to be that the market will take care of this, and I only just suggest to you that I do not think that philosophy recognizes how expensive it is to be poor in this country. And I would, as I asked you and as I asked Secretary Carson, ask that you spend 3 or 4 hours and read the book "Evicted" by Matthew Desmond, because I think it speaks—it really does speak in a way that is really important to understand those issues better.

I have a couple of questions. Your response to the Chairman was that you did not set policy. I understand that. That is the term that you used in my office and in a number of other offices, and it is the term you used twice in response to the Chairman. You did not set policy. But you do help to execute policy, and would you talk about—I am interested in what you did, not what you did not do. Talk about executing policy. Talk about what resources you moved around on the zero tolerance policy since neither you nor the Administration will even tell us, seem to want to tell us that in response to that letter.

Ms. KRANINGER. Senator, I appreciate the question. With respect to the zero tolerance policy, as noted, again, I will repeat that I did not have any role in setting it. When the Attorney General announced it, it was his prerogative to do so, and the Department of Justice has repeatedly asserted that they do have the resources to support their mission underneath that policy and have done that. So the Attorney General has announced publicly—

Senator BROWN. Well, I understand. I am sorry to interrupt, but we have 5 minutes. I understand what you did not do. Tell me what you did do with the zero tolerance policy.

Ms. KRANINGER. So, similarly, with the Department of Justice articulating it had sufficient resources, the Department of Homeland

Security and the Health and Human Services Department as well, which is not under my purview, but I am aware of some of the things they are seeking there, those Secretaries have looked at what the resources are available within their flexibilities provided through the appropriations process to see what resources may be necessary to move around. There were discussions within the Administration on those matters, but it is the prerogative—

Senator BROWN. So what did you—I understand the other agencies. I apologize for cutting you off. But what did you actually do in your position at OMB on that policy?

Ms. KRANINGER. So, Senator, there were meetings after the announcement of the policy as the Secretaries raised questions about it and were looking at their own resources to try to figure out how to support that implementation. And, again, the Office of Management and Budget is there to support those agencies, to ask questions, and, again, in terms of the advice and details, it would be chilling to the deliberative process to give you extensive details on the substance of the discussion. I appreciate why you are asking. At the same time I do not think that is appropriate to get into the particular details of my advice. But I can say generally that the Office of Management and Budget supports those agencies in analyzing the need and looking at the appropriations law and the needs that are made known to us.

Senator BROWN. This is sort of the same nonanswer to the letter. When we met last week, I asked you to name some enforcement actions that Director Cordray had taken that you support. You did not come up with any answers then. Do you have any now as you have had a little time to think about it?

Ms. KRANINGER. Senator, it was a good conversation in your office. I appreciate you alluding to it as well, and I would say on that point specifically, as I noted in my statement, I do support the Bureau exercising its authority to take enforcement matters when bad actors are operating in the system. No one—

Senator BROWN. Can you come up with an example—I am sorry to interrupt—

Ms. KRANINGER. Sorry, Senator. Specifically—specifically two areas that—the investigations that were launched under Director Cordray's leadership and that were continued under the current Administration, I can note Equifax certainly. A lot of Members, we discussed extensively concerns about credit reporting agencies and their practices. The Equifax fallout is going to be something that is going to be with us for a long time as a Nation and an issue that I know many are grappling with. And if confirmed, I would be grappling with the steps that need to be taken there. So that was certainly something launched under his leadership.

And I would say, too, the Wells Fargo enforcement actions as well. That is an area that, again, completely inappropriate—

Senator BROWN. Even though my colleagues here said that CFPB did not do its job, but one last question. One of the enforcement actions that Director Cordray took was against a company scamming 9/11 first responders. The judge in the 9/11 first responder case struck down CFPB's claims, agreeing with the President's Supreme Court that the Bureau is unconstitutional. Would you challenge that ruling inside of the CFPB?

Ms. KRANINGER. Senator——

Senator BROWN. So, in other words, are you going to take the side—I am sorry again. Are you going to take the side of the 9/11 scammers, or are you going to take the side of those who were scammed as you decide what to do on this court case?

Chairman CRAPO. And please make your response prompt.

Ms. KRANINGER. Absolutely. I am aware of the constitutionality questions, Senator. I think they are important, but they are not for me in this position to answer. The Director has a responsibility to carry out the law as it is written and run the agency as it is established now, and that is my focus.

Senator BROWN. Thank you.

Chairman CRAPO. Senator Corker.

Senator CORKER. Thank you, Mr. Chairman. And I thank both of you for your willingness to serve.

I do want to respond to Ranking Member Brown with sincere warmth. We came in together, and I have enjoyed serving with you. It seems to me that what has been happening is if we do not like something the President does—and I will take a back seat to no one in challenging foreign policy issues, tariff issues, with every ounce of energy that I have. But if we do not like some of the things the President is doing, we should then block nominees that we like.

I got a call after the Helsinki press conference, which to me was one of the worst I have seen, from a leading Democrat—I have shared this with some of my friends—and he said, “Corker, you need to block the Supreme Court nominee.” Well, I could hit myself in the knee with a sledgehammer, too, but why would I block someone that I generally like over something that the President has done?

And I just want to say that, again, I take a back seat to no one. Senator Menendez and I had a conversation about this yesterday. But it is actually you that is doing the President’s bidding on tariffs. Senator Toomey and I tried to block this terrible policy that is costing Americans jobs, taxing Americans—taxing Americans—and you are actually doing his bidding. So I could throw that right back.

And what I would like to see happen is if we could somehow depoliticize this Bureau—I mean, it started out in a way that was controversial under Dodd–Frank. It was the thing that kept us from having a bipartisan bill in Dodd–Frank. It was this agency that kept us from having a bill that would have stood the test of time. I think we could have come to an agreement if it were not for the way that this was set up, without a board and dividing all of us.

So I would like to see us somehow figure out a way for this agency to go forward. There are abuses that happen. There are abuses that happen, and the Bureau has done some really good things in that regard. It has also, in some cases it feels, done some things that were somewhat political. Somewhat. I had a good relationship with Cordray. I enjoyed working with him.

So I would like to ask our nominee, what is it that you can do leading the Department to try to cause this whole political atmosphere around it to diminish as its leader so that we do not have

these types of processes every time anything comes up regarding this Bureau?

Ms. KRANINGER. Thank you, Senator, for that question, because it is obviously critical and central to the discussion that is happening here today and has been happening for years on the Bureau.

What I bring to this position and why I was selected by the President for this position is precisely that: 20 years of Government service, working for common-sense solutions across the aisle, working with Members on both sides to support the best outcome for the American people. And that is certainly what I pledge. This agency clearly needs solid management to take it forward, to become part of the financial regulatory framework of this Nation as a mature regulator, and that is the direction that I would like to take it, if confirmed. And I firmly believe that we can continue to push for transparency and accountability at the Bureau, again, to really have a clear decision-making process that takes into account all of the interests that are across the Nation, from consumer groups to the financial institutions to all of you here today, to make the best decisions and put forward the best actions for the American people.

Senator CORKER. So I am Chairman of the Foreign Relations Committee, and there are people on our staff that are just outstanding, finest people I have ever worked with in my life. And they are specialists in what they do, and I call upon them to help me in doing what I am doing.

It is my understanding that you have people like that already at the Bureau who would be working underneath you, if confirmed, and one of the challenges that people have put to you is that you have not been in this area. But it is my understanding that you have some very capable people that work underneath that are specialists in the areas that the Bureau would be dealing with. Is that correct?

Ms. KRANINGER. Yes, Senator, it is. I very much look forward to meeting all of them, understanding the details of the positions that they have taken, the recommendations that they have made, and moving the Bureau forward.

Senator CORKER [presiding]. And if you would, state—I know I have got 3 seconds left. Let me say to Ms. Reed, I enjoyed seeing you in Uganda. I appreciate the meeting that we had in our office. I know that Senator Toomey and others have focused on some reforms that they would like to see take place. Many of us for years have hoped that the Department itself would reform. I hope that we will be able to work with you and others to make that happen, and I thank you both for your willingness to serve.

With that, I am the stand-in Chairman, and I call on Senator Menendez.

Senator MENENDEZ. Thank you, Mr. Chairman.

Ms. Kraninger, you have been nominated to lead the agency that is singularly tasked with protecting American consumers from predatory financial practices, from seniors to servicemembers, students to homeowners. We created the Consumer Financial Protection Bureau to be an independent cop on the beat for American consumers.

When we met—and I appreciate you coming by—you told me that your management experience at OMB has prepared you for this role. So I want to ask you about that, specifically about the Administration's response to Puerto Rico. Hurricane Maria tragically killed thousands of people, resulted in the longest blackout in U.S. history, and left Puerto Ricans without access to clean water for weeks. It took FEMA only 2 weeks to send Texas almost three times the amount of staff that it sent to Puerto Rico more than 2 months later.

Now, I sent you a letter asking for information about your role in Puerto Rico, and I asked for a response by this past Monday. You failed to provide one.

As it turns out, I have emails that demonstrate your involvement in the Trump administration's response to Hurricane Maria, although these are not emails that you provided to us. In my office you told me that not only were you involved in the response to Puerto Rico through your oversight of FEMA, Treasury, and HUD, but that you oversaw the development of disaster aid requests to Congress.

So let me ask you here, and please provide me some brief responses because I think factually we probably both know the answers. In the first aid package that Congress passed after Hurricane Maria, most of Puerto Rico's aid came in the form of a community disaster loan that can only be forgiven at the discretion of the Secretaries of Treasury and Homeland Security, an unprecedented condition not applicable to Texas or Florida.

Is it true that Puerto Rico had to wait 5 months to receive this funding? Yes or no?

Ms. KRANINGER. Not exactly, Senator. The CDL loan was actually an unprecedented amount of resources being provided that Congress deemed appropriate, making—

Senator MENENDEZ. Did they wait 5 months to get the money?

Ms. KRANINGER. —available \$1.5 billion—

Senator MENENDEZ. Did they wait 5 months to get the money?

Ms. KRANINGER. No, Senator, I actually do not believe that the Governor has availed himself of this option yet. At the same time, it is an unprecedented amount of money that is available for that—

Senator MENENDEZ. Well, let me tell you what happened since you seem to have a different recollection. The Administration unjustifiably withheld the loan from Puerto Rico, arguing that it had a cash balance at the end of 2017 and, therefore, did not need the money. I am sure there were cash balances in Texas and Florida.

In November of 2017, Puerto Rico Governor Rossello requested \$94 billion in recovery funds. In response to this request, how much money did you request from Congress?

Ms. KRANINGER. Senator, the request the Administration submitted actually included an addendum to the letter that said specifically additional funds would be requested.

Senator MENENDEZ. Can you give me the dollar figure?

Ms. KRANINGER. Senator, it was a specific amount for the Disaster Relief Fund that actually applies to all the disasters, not just—

Senator MENENDEZ. And that amount was \$44 billion——

Ms. KRANINGER. ——Texas, Florida, and Puerto Rico.

Senator MENENDEZ. ——was it not?

Ms. KRANINGER. Yes, I believe that is correct. I do not have——

Senator MENENDEZ. And that was to be split among Texas, Florida, Puerto Rico, and the U.S. Virgin Islands. Is that correct?

Ms. KRANINGER. Yes, Senator. It was also the third request, and the note was made that there would be an additional——

Senator MENENDEZ. In November 2017's request to Congress, you requested budget cuts to offset aid dollars provided to Puerto Rico. In your extensive disaster management experience, does Congress typically require offsets for supplemental disaster funding?

Ms. KRANINGER. I am sorry, Senator. Does the Congress normally——

Senator MENENDEZ. Typically require offsets for supplemental disaster funding.

Ms. KRANINGER. Senator, my role specifically at OMB is certainly to make recommendations. These are the requests that the President is making supported by the Office of Management and Budget.

Senator MENENDEZ. Is the answer yes or no? Does Congress typically require offsets for supplemental disaster funding?

Ms. KRANINGER. It has been a common——

Senator MENENDEZ. You and I both know the answer is no.

Ms. KRANINGER. It has been a common conversation in recent years, definitely, but again, it is the prerogative of Congress——

Senator MENENDEZ. It is not a common conversation. The answer is no. You should know that. You know that.

Ms. KRANINGER. It is a conversation that has been had, Senator, and I appreciate your perspective on it.

Senator MENENDEZ. Did you——amazing. Did you advocate for unprecedented policies that would have conditioned Puerto Rico's receipt of disaster relief funding on the oversight of the island's unelected and unaccountable control board?

Ms. KRANINGER. Senator, as I noted earlier in other discussions, I do not think it is appropriate to characterize my advice. You do see what the request was that the Administration provided to the Congress and that Congress considered and that Congress——

Senator MENENDEZ. In your emails you actually say that you see a role for the board. Look, you were a significant architect of the Trump administration's response in Puerto Rico, which was, at best, botched and incompetent. At worst, it reflects the Administration's most insidious views about Hispanic Americans. Three-and-a-half million American citizens who just happen to call Puerto Rico their home, but they are American citizens like you and I are, faced their darkest hour, and instead of turning to help them, you pinched pennies. And worst of all, I think you treated them like second-class citizens. That does not give me the faith that when you are going to have to stand up for seniors, servicemembers, students, homeowners against some of the biggest financial institutions in this country that you will do that. If you could not do it for the people of Puerto Rico, I do not know how you are going to do it for anybody else. And they are U.S. citizens, Ms. Kraninger.

Senator CORKER. Thank you.

Senator Toomey.

Senator TOOMEY. Thank you, Mr. Acting Chairman, and I want to thank our two guests today for their willingness to serve.

Let me start with Ms. Reed. Thanks for coming by my office. I appreciated the conversation that we had. And I think it is no secret that I have been very concerned and a skeptic about Eximbank, a skeptic about its fundamental mission. In my view, it is by its nature intrinsically forced to subsidize—it forces taxpayers to subsidize certain companies. It distorts markets. It necessarily picks winners and losers by virtual of its very activity. There have been episodes of waste and fraud and abuse. Historically it has not been particularly responsive to Congress. And despite all that, I was willing to vote to confirm a quorum of board members, provided that a reformer like Scott Garrett be leading this organization. Our pro-Eximbank Senators preferred not to have a quorum, and so that is where we are.

However, consistent with my interest in seeing reforms, I was pleased with your testimony. You emphasized a number of areas where you have committed to us that you want to pursue reforms, but I would like to just have a specific series of questions that I would pose to you and just give me a simple answer as to whether or not these are areas that you would work with us for reform.

So, specifically, will you work with me and other Members of this Committee and the Senate to increase transparency at the Bank to the greatest extent that is practicable without divulging confidential business information?

Ms. REED. Yes, sir.

Senator TOOMEY. Will you work with me and the Committee to strengthen taxpayer protections against losses from deals that go badly?

Ms. REED. Yes, sir.

Senator TOOMEY. Will you work with me and Members of the Committee to improve protection for domestic companies from economic harm that might arise from Eximbank financings with foreign competitors?

Ms. REED. Yes, sir.

Senator TOOMEY. Will you work with us to ensure that Eximbank is not crowding out private financing options that would otherwise be available but for Eximbank's involvement?

Ms. REED. Yes, sir.

Senator TOOMEY. And will you work with me and the Committee to crack down on bad actors, whether they are employees of the Bank or its customers who should not be dealing with the Bank?

Ms. REED. Yes, sir.

Senator TOOMEY. And will you work with all of us and the Administration to meet the statutory requirement that we work to reduce the reliance on ECAs globally?

Ms. REED. Absolutely.

Senator TOOMEY. Great. Thank you very much.

Ms. REED. Thank you.

Senator TOOMEY. Ms. Kraninger, two things. One, under the previous regime, the CFPB occasionally engaged in imposing policies that had the effect of being a rule without going through the Administrative Procedures Act. They decided to use enforcement and

guidance to impose their will without following the legal requirement that they subject such a proposal to the scrutiny that is called for in the APA. There is one case, in fact, where it was so egregious that the Senate acted to repeal the rule. The indirect auto lending was exactly such a case where a guidance was the mechanism they used to impose what should have gone through the rulemaking process. Never did. The Congress recognized that and has since repealed it.

My question for you: Will you commit to using the Administrative Procedures Act when the CFPB imposes new rules?

Ms. KRANINGER. Absolutely yes, Senator. It is critical to the process.

Senator TOOMEY. Thank you.

Section 1071 of the Dodd–Frank Act unfortunately instructs the Bureau to collect and compile data on small business lending. I say “unfortunately” for a number of reasons, not the least of which is this is meant to be a consumer bureau, not a business bureau. But, nevertheless, the law says what it says, and I understand you have to comply with the law.

My understanding is that Section 104 of S. 2155, which was recently passed and signed into law, addresses the challenge of overly intrusive data collection with respect to small mortgage lending. So there is some relief built in there. But it is narrow. It is narrow. It applies only to the small mortgage lenders.

My understanding is that Section 1071 of Dodd–Frank does allow the Bureau to make exceptions to small business data collection. So my question for you is: In implementing and complying with this part of Dodd–Frank, this requirement, will you commit to working to minimize the undue cost burden, administrative aggravation for small business compliance with this part of the law?

Ms. KRANINGER. Senator, I can absolutely commit to you that the law will be carried out, and the authority given to the Bureau to tailor that narrowly is certainly something that I will look at, and I can pledge to you I will. This is an ongoing action that the Bureau is looking at, and it is an area, to your point, the law requires the Bureau to act. So I do not want to prejudge it. At the same time, I appreciate where you are coming from, and I understand the need to limit——

Senator TOOMEY. And just very briefly, because I know I am out of time, but can you confirm, do you agree with my interpretation that 1071 is the only respect in which Dodd–Frank mandates the Bureau to deal with small business?

Ms. KRANINGER. Senator, it is very clearly one, and I have not read all of the enumerated consumer laws. As you know, there are many. At the same time, I absolutely believe that there is a limited intent for the Bureau to be engaged in small business oversight or engagement there. So that is something that should be limited.

Senator TOOMEY. Thanks, Mr. Chairman.

Senator CORKER. Thank you, Senator Toomey.

Senator TESTER.

Senator TESTER. Thank you, Senator Corker. I appreciate the recognition. Thank you, both of you, for being here today.

I am going to start out with you, Ms. Kraninger. It is no secret that Mr. Mulvaney is no fan of the CFPB. That aside, would you say that he has done a good job in his role as Acting Director?

Ms. KRANINGER. Senator, I would say that the Acting Director has focused on two priorities: one—

Senator TESTER. No, no, no, no, no. Just, please, I know how to filibuster, you know how to filibuster. Just answer the question.

Ms. KRANINGER. I understand.

Senator TESTER. Has he done a good job?

Ms. KRANINGER. Senator, he is my current boss who I respect greatly, and he has actually been focused on implementing the law. From that standpoint, I would say yes.

Senator TESTER. OK. So one of the things you had in your four points that you were going to bring to the CFPB, I want to focus on the second one: work closely with other regulators and aggressively take actions against bad actors. I think that is a noble thing to do.

Mr. Mulvaney has pulled back the payday lending rule. He has eliminated the Office of Students and Young Consumers. He has pulled back the prepaid accounts rule. And he has done more things than, quite frankly, I have got fingers. OK? Did you support him in those then? Do you think those are the right actions to take? Because it goes, in my opinion, contrary to your number two plank of what you are bringing to the agency.

Ms. KRANINGER. I understand your interest. I will attempt not to filibuster, Senator. I have to say that I will take aggressive action, if I am confirmed, and I do believe that the Acting Director, you know, has information that I do not have available—

Senator TESTER. Do you plan on reinstating, for instance, the payday lending rule?

Ms. KRANINGER. Senator, it is under active consideration, and from that vantage point, it is not—

Senator TESTER. OK. Are you going to recommend that they reinstate the payday lending rule?

Ms. KRANINGER. I think it is important to let the process happen on this, because it is actively under reconsideration, and so it is not appropriate to comment. I understand your interest in it, sir.

Senator TESTER. So, look, you have probably got the votes to get confirmed, but I have got to tell you that I have listened to the questions that have been asked here today, and you can answer the questions. You really can. All you have got to do is answer them. You are going to be the head of this agency. You are going to be leading this agency. Your recommendations are going to count for something. And so it would be really helpful for me to know, if I am going to vote for you or not vote for you, where you are at—where you are at, not the people under you.

OK. Let me ask you another one. One of the other things that Mulvaney did is he appointed political folks to track career folks within the agency, the same folks that you said that you are going to be looking forward to working with. Do you intend to keep those political folks on board within the agency if and when you become Director of the CFPB?

Ms. KRANINGER. Senator, I am going to take every staff member individually and have a conversation with them to understand

what they have been working on and what they would like to continue to work on. But I have not prejudged having political or career staff continue. I think it is appropriate to give them that opportunity to have the conversation.

Senator TESTER. OK. So you oversaw the Treasury Department in your position at OMB, correct, as one of the seven agencies that you oversaw?

Ms. KRANINGER. Yes, Senator.

Senator TESTER. OK. Earlier this week, the Treasury Department and the IRS announced that—it was one of the swampiest decisions that I, quite frankly, have ever seen. They have made a decision to allow for these (c)(4)s not to have to report money that they have received, nonprofits, allowing donations to those (c)(4)s over \$5,000 not have to be reported to the IRS. Do you agree with that decision?

Ms. KRANINGER. Senator, I understand that they published that decision. I can tell you I did not have a role in it.

Senator TESTER. I know, but do you agree with that decision? Whether you had a role or not, do you agree with that decision?

Ms. KRANINGER. Since I have not read the law in that area and gotten into detail—

Senator TESTER. So it is going to allow these organizations not—to basically hide where they got their money. Is that OK?

Ms. KRANINGER. Senator, I think they looked at the law and the requirements and came forward with the policy decision.

Senator TESTER. OK. So let me ask you this: The number one thing that you are going to bring to the Bureau is transparency and accountability. Can you tell me how that decision, just sitting on the outside looking in, whether you have oversight of that agency or not, the Treasury Department, how you could actually say, “You know, I do not have an opinion on it,” when it deals exclusively with transparency?

Ms. KRANINGER. And, Senator, I can tell you at the Bureau that I am committed to that.

Senator TESTER. So let me ask—I am not even going to ask. I am just going to make a statement. I liked your document that you gave us that was your opening statement. It said a lot of good things that I agree with: protecting data, we could get into Equifax, I am not sure we would get any answers. Accountability for actions, I like that. Transparency, working closely, holding bad actors—but, by the way, your answers did not reflect those values at all.

Thank you, Mr. Chairman.

Chairman CRAPO [presiding]. Senator Tillis.

Senator TILLIS. Well, welcome. Before I get into some of the questions primarily toward Ms. Kraninger, Ms. Reed, I want to talk a little bit about what we—thanks to both of you for coming to the office, but I want to talk a little bit about why I believe the Eximbank needs to become functioning again. I think that you in your opening testimony talked about an increased number of equivalent agencies in the global markets.

I for one think that we have got to get away from this either/or proposition with Eximbank and start talking about the reality that if we do not have this in our toolkit, when we are competing

in the global markets, that we disable ourselves much the same way a State would get out of economic incentives. Do you agree with that?

Ms. REED. Yes, sir.

Senator TILLIS. Do you also agree that there may be things that could make the Eximbank less politicized if we worked on improving that but for the involvement of the Ex-Im Bank, the transaction would not necessarily go the positive way? And can I get your commitment to come back either to my office or before this Committee to tell us what that would look like so that hopefully we can get to a better place and better certainty for the long-term interest of the Eximbank?

Ms. REED. Absolutely.

Senator TILLIS. Thank you. Thank you for your service. I look forward to supporting your nomination.

Ms. Kraninger, there are a lot of people that asked a lot of questions and gave you a limited amount of time to answer. Are there any things that you would like to respond to here before I ask you a couple of questions?

Ms. KRANINGER. Thank you, Senator, for that opportunity. I recognize that Senator Tester wanted to hear a little bit more about my views. I can certainly talk about the challenges with the payday lending arena.

I do take the point of the conversation that I have had with Senator Brown on the challenges for hardworking Americans out there, and I think what would be helpful is continued competition in the small dollar lending space. So I would say that Comptroller Otting's action in trying to work with traditional banks to bring additional products and services to the market is something that would be useful. But I certainly—it is a difficult position to be in because it is on the regulatory docket for the agency. I know that. And it is something that cannot be prejudged, and so I respect the process there. But I certainly have spent some time looking at this issue and look forward to further getting into it.

Senator TILLIS. I think in the opening testimony the Ranking Member talked about folks on our side of the aisle who have been working hard to defang the CFPB, and I am one of those because I think if you look up “defang” in the dictionary, it has something to do with taking the fangs out of a snake to make it less poisonous or less threatening. And in my opinion, the CFPB has a great title—Consumer Financial Protection Bureau, or the new title now—but the reality is I think that it is the first agency of its kind that is not accountable, arguably, to anybody, because after you get confirmed, for a period of time, just like your predecessor, you do not even really answer to the President. You certainly do not answer to the Congress.

When Mick Mulvaney, Director Mulvaney, was here, I was struck by his goal of trying to convince us that they should be an agency that is more accountable to the President. Do you or do you not share Director Mulvaney's view that this is an agency that is sort of unlike anyone with great power and not accountability and that that is not good for any area of Government?

Ms. KRANINGER. Clearly, Senator, the Congress through the Dodd-Frank Act gave the Bureau incredible powers and incredible

independence from both the President and the Congress in its structure. I have noted that my focus is on running the agency as Congress established it, but certainly working with Members of Congress, I am very open to changes in that structure that will make the agency more accountable and more transparent.

Senator TILLIS. Well, for those who are not going to support your nomination, I for one think that this is a great time for us to come together and actually move that accountability and funding back into Congress so that they could actually have some say, because the fact of the matter is you, like Mick Mulvaney, do not really have to care—but for maybe your interest in democracy and respect for Congress, you do not have to care one bit about our opinions about your activities. And unless we get to a point where it is accountable, becomes accountable to Congress, that is going to continue. And I for one hope that you go out there and you work on clawing back regulations that on the surface look like they are passed for protection of the consumer, but in many cases they are harmful ultimately to the consumer, either in terms of cost or access to capital.

I look forward to supporting your nomination. I also welcome your family and friends here. The nominees are going just fine, and I look forward to supporting both of you on the floor.

Chairman CRAPO. Senator Warner.

Senator WARNER. Thank you, Mr. Chairman. And I want to say welcome to the witnesses. Ms. Reed, I look forward to supporting you. You are a lucky witness this morning since your colleague is receiving most of the attention.

I am sorry Senator Corker is no longer here. I was here at the start of Dodd–Frank and CFPB. Senator Corker and I worked very, very closely together. If my memory serves, the original proposals around CFPB were to set it up as more of a traditional agency with traditional oversight. But it was then some Members of the minority's position that they did not want to create a new box, a new entity, so it was put in this, I agree, rather unique framework inside the Fed with that certain funding stream. But I think the history would demonstrate that that was how the rather unique aspects of the CFPB came to be.

Ms. Kraninger, I want to drill down in a couple specific areas. I think in every aspect of the CFPB work, it needs to make sure that you use data to analyze problems and really make data-driven decisions rather than agenda-driven decisions. Senator Warren and I submitted a comment to the CFPB expressing our deep concern about Director Mulvaney's skepticism of data collection by the CFPB, and I think he has expressed an ongoing hostility toward data collection and the use of data. As an example, he froze collection of personal data for nearly 6 months, got rid of a planned survey on debt collection disclosures. And I am deeply concerned that one of your four priorities was to limit data collection to what is "needed and required by law." And I know as well—and I have been somebody who has favored cost-benefit analysis, but how do you do a cost-benefit analysis that is going to be accurate and adhere to fact-based if you are not able to do appropriate data collection to influence your decision? How can we be assured that it is

then not going to be a political-driven agenda rather than a data-based agenda?

Ms. KRANINGER. Senator, I appreciate the question. I am absolutely committed to data-driven decision making, and should I be confirmed, that would be a focal point at the Bureau. I take your point, but I think again, to the extent that it is supporting that decision making, the data collection would be needed and required.

I also think it is important to distinguish here between the data that comes through the requests for information that are out to the public. There are a number of sources of evidence that come beyond the entities that the Bureau is supervising directly, and so ensuring that consumer groups have the opportunity to respond, to provide information, using the benefit of a lot of the academics that are there, looking at this area—

Senator WARNER. I would just simply say, though, that if we are going to do a rulemaking on debt collection practices without talking to those people who have been targets, customers, consumers, users of those debt collection services, I do not know how you can reach a conclusion.

Now, I come and can live with the Ranking Member and many on this side. We do not always agree. I generally come with a pro-business bias. I have been in business longer than politics. But I have got to tell you, I think the power in most business-consumer relationships has shifted away from the consumer toward business. And I see this particularly, as we discussed a little bit, in the circumstances around the credit reporting agencies. You and I have no option to choose to be customers or not of credit reporting agencies. And I am very concerned not only in credit reporting but as we move into increased areas around social media and elsewhere, I am not sure that even a relatively informed consumer can simply sign away all of their rights with this growing imbalance where the business has all the information, all the data, all the tech tools, and you are stuck with a “Click here, I agree,” in print that no one could read, or even if you could read, you could not necessarily understand.

Are you concerned about this imbalance between business’ ability to collect consumers’ data knowingly, and oftentimes unknowingly? And what do you think the CFPB should do to help protect consumers in this growing arena?

Ms. KRANINGER. Senator, I appreciate the question and enjoyed the conversation that we had. Specific to the credit reporting agencies, just to take that, because that is a critical area where the Bureau is spending a significant amount of time, I look forward to the results of the Equifax investigation to understand what is happening there, to look at what the Bureau staff has found in terms of the concerns, and I do think that the customer relationship there is really between the agencies and the financial institutions. So ensuring that the consumer is protected in that situation and that they are really limiting the information they are collecting to what is appropriate and that they are protecting it and that the consumer has a measure of control and involvement in that going forward is certainly something that makes sense to me. And I look forward to getting into that more with the Federal Trade Commission and the Bureau staff, if confirmed.

Senator WARNER. My time has expired. But, Mr. Chairman, I just wanted to note for the record I appreciate your interest in this subject, the fact that we have had a couple of hearings. I have got to tell you, if this Committee takes up any other legislative activities this year, it is going to be my intent to make sure that credit reporting, appropriate guard rules and the fact that it is a year after Equifax and still nothing has happened, that is going to be at the top of my priority list, and I hope we will be able to work together.

Thank you.

Chairman CRAPO. It is a high priority for me, too, as well as data collection in general, as I have discussed with several of you, and I hope that we can prioritize that and make progress.

Senator Warren.

Senator WARREN. Thank you, Mr. Chairman.

So one thing consumers need in a CFPB Director is someone who is willing to stand up to powerful people on behalf of those who do not have power. And that is why I want to focus on the Trump administration's child separation policy.

Since March of 2017, you have been the head of the General Government Programs at the Office of Management and Budget. Is that right, Ms. Kraninger?

Ms. KRANINGER. That is correct.

Senator WARREN. It is an important job. The General Government Programs Division at OMB is in charge of overseeing both the Department of Japanese and the Department of Homeland Security. Is that right?

Ms. KRANINGER. Yes, Senator.

Senator WARREN. And according to the disclosures you submitted to this Committee, you "serve as OMB's principal policy official" for issues related to the departments and agencies you oversee. Is that right?

Ms. KRANINGER. Yes, Senator.

Senator WARREN. So the Justice Department and Homeland Security are the two agencies most responsible for taking children away from their parents at the border, and you oversee policy issues at both agencies. But for a month now, you have refused to respond to Ranking Member Brown's and my request for information for documents relating to your role in child separations. And when we met in my office last week, you refused over and over to give me a straight answer about your role.

So today you have given a very lawyerly and limited answer. You are dodging. The answers have also been contradictory. You have said you have no role in setting the policy, but you also cannot describe the advice you gave on the policy, which means it raises a question, which is that you had no role or you had a role and you cannot describe it.

So I am going to ask you again under oath: Were you involved in any way in developing or implementing the policies that led this Administration to take thousands of children away from their parents at the border?

Ms. KRANINGER. Senator, I had no role in setting the policy. As we discussed, I was unaware—

Senator WARREN. Please answer my question. It was developing or implementing.

Ms. KRANINGER. I had no role in developing it in terms of its announcement by the Attorney General, so I was not aware of that——

Senator WARREN. So you did not help the Attorney General announce it, but otherwise, did you help develop or implement this policy?

Ms. KRANINGER. Subsequent to the Attorney General's announcement, there were meetings within the Administration on the general topic of the implementation, and, again, the Office of Management and Budget does actually participate——

Senator WARREN. So is that a yes?

Ms. KRANINGER. ——in those meetings.

Senator WARREN. You were involved? That is a yes?

Ms. KRANINGER. Senator, again, I do not want to characterize the advice, as I noted——

Senator WARREN. Well, Ms. Kraninger, I am asking you a pretty straightforward yes or no question, and I will remind you you are under oath, and lying to Congress is a crime. I will also remind you that many of the documents I have requested about your role in this policy could eventually become public under the Freedom of Information Act.

So let me ask again the specific question: Were you involved in developing or implementing the policies that led to children being taken away from their parents at the border?

Ms. KRANINGER. Senator, it is difficult to separate the advice——

Senator WARREN. I will take that as a yes then.

Ms. KRANINGER. ——and so as I said, I will not characterize the advice that was provided on the analysis or otherwise——

Senator WARREN. I am not asking you to characterize. I asked you a simple yes or no question. According to reports, in some cases the Trump administration is not sure which children belong to which parents. As of Monday, the Administration had not identified the parents of 71 separated children, which means right now they cannot be reunited.

DHS is the agency that took parents away from their young children. Did you work with DHS to create a plan for eventually reuniting these children with their parents?

Ms. KRANINGER. Senator, again, I cannot characterize my advice, but as we also discussed, since I was nominated to this position——

Senator WARREN. I asked just did you——

Ms. KRANINGER. ——I have not been involved——

Senator WARREN. ——work with them on a plan. I did not ask what the plan was, what advice you gave. Did you work with them on a plan to reunite these children who were taken away from their parents?

Ms. KRANINGER. I understand the question, Senator, but it becomes a slippery slope in terms of characterizing the advice that was provided or the analysis or the questions that were raised. Again——

Senator WARREN. No, it is not a slippery slope——

Ms. KRANINGER. ——I do not want to characterize any of that.

Senator WARREN. You do not want to characterize because you do not want to admit that you had something to do with this. You know, this was a policy that was designed to traumatize children and families as a way of scaring them away from the border, even if they were seeking asylum, even if they were fleeing death threats, gang violence, rape, domestic abuse.

White House Chief of Staff Kelly said that the whole point of this was “to be a tough deterrent.” The American Academy of Pediatrics says that being separated from their parents for weeks or months can cause these children irreparable, lifelong physical and psychological harm. Do you think that purposefully inflicting that on innocent children is immoral?

Chairman CRAPO. And please make your answer brief.

Ms. KRANINGER. Senator, I think there are many heartbreaking stories that appear in the news every day from the conversation we had about American families, hardworking, who are affected by—

Senator WARREN. It is a simple yes or no question. Do you believe that it is immoral to set up a plan whose deliberate intent is to inflict harm on children?

Ms. KRANINGER. Senator, it is not appropriate for me to provide my personal opinion and internal deliberations and discussions on this matter.

Senator WARREN. Almost every Member of this Committee, Democrat and Republican, has denounced this policy. Even President Trump, when he signed the Executive order ending child separation, said, and I will quote: “I did not like the sight or the feeling of families being separated.” But you cannot have an opinion on this? You know, I went to the border last month. I met a mother who was torn away from her 7-year-old little boy in the middle of the night. She could not stop crying. All she could say over and over and over is, “I never even had a chance to say goodbye.” She had not seen her little boy for weeks. She had no idea where he was.

You see the videos of some of these children being returned to their parents after long separations. They are dazed. They are unsmiling. They are dirty. It is like the life has been sucked out of them. These are innocent children who may be scarred forever by this policy. It is fundamentally immoral, and you—you—were part of it, Ms. Kraninger. It is a moral stain that will follow you for the rest of your life. And if the Senate votes to give a big promotion to you after this, then it is a stain on the Senators who do so.

Chairman CRAPO. Senator Cortez Masto—oh, excuse me. I apologize. I did not see Senator Moran come in. Senator Moran.

Senator MORAN. I think Senator Rounds is first.

Chairman CRAPO. Oh, excuse me. Senator Rounds.

Senator ROUNDS. Thank you, Mr. Chairman.

Mr. Chairman, what I would like to do is, once we have got the noise cleared up here, we will turn around and we will go back and ask some questions of both of our two witnesses. Thank you.

Let me just begin with Ms. Reed. Your role coming in as a chairperson is to make certain that this particular institution, this Bank, is capable of competing with other similar type institutions from around the country and providing services so that we can

again properly export to other countries. I think some people think that that is inappropriate, that a Government would provide a service. I do not. I think that is appropriate that we be competitive. Can you share very briefly your thoughts with regard to the appropriateness of competing with other countries and providing our businesses with that same type of service so they can compete?

Ms. REED. Absolutely, sir. Thank you. As I mentioned in my opening statement, if we are not at the table, we are unilaterally disarmed, and our competitors will take those jobs that should be U.S. jobs through their own ECA programs. And I want to be sure in this time when we have 109 other ECAs competing against the United States that we are there. I think that is so important.

I know that the Export-Import Bank has a very specific role. It is a tool in the toolbox. Dan Runde with the Center for Strategic and International Studies (CSIS) published an op-ed in *The Hill* earlier this week, and he lays out the world of China; you know, they are using their Export-Import bank, along with many other tools, to be present through their Belt and Road policy all around the world. And we need to be there not only for economic security but also because we need to be there for national security reasons. The President says economic security is national security, and so Ex-Im is part of that. But we need to be there for our workers. I want our workers having these jobs.

Senator ROUNDS. You know, I was very pleased with the response that you gave to Senator Toomey. I think Senator Toomey had expressed concerns that the Eximbank has in the past picked winners and losers. I was very happy to hear you comment on the fact that you will work with us to make certain that some of those things that may have occurred in the past with regard to picking winners and losers would not be in the future, so thank you for that. I appreciate that.

Ms. Kraninger, first of all, let me just—I understand that sometimes we run out of time here, and there are some things which we, as Senators, we try to get a lot of questions in in a short period of time. But sometimes that also means that we do not give you the opportunity to clearly lay out your thoughts and to answer questions. I think that has occurred today. And, in fact, you have been the object so that individuals here that have disagreements with the Administration's policies and their attempts to enforce border security and so forth, and they have used you as the object. I would like to give you an opportunity to perhaps more fully answer any questions that you think you may not have had the opportunity to answer with regard to any of your activity at OMB and the responsibilities that you had at OMB, recognizing that it may in many cases just simply be to provide advice.

Would you like to share with us a little bit, perhaps more fully answer the questions that some other Members really were interested in but probably did not have enough time to allow you to answer?

Ms. KRANINGER. Thank you, Senator. I appreciate that opportunity. The Office of Management and Budget is truly a unique organization in the Government because it has such a broad reach into all of the activities across Government. It is kind of a microcosm. And my portfolio is the broadest. So the level of engagement

that I have in any particular issue or with any particular department or agency does vary substantially. So the question with respect to the IRS rule, I was aware of it happening. I know that my staff reviewed it. But, again, I did not have a role in developing that.

With respect to the response to, again, the horrible disasters last fall, because there was clear need for additional resources, the Office of Management and Budget was very engaged. And, in addition, with respect to Puerto Rico, the Treasury Department had a deep role working with the Government, with the oversight board that was established by Congress to look at the future of Puerto Rico. And so that is something that, again, there have been many meetings on.

I would also like to note that there are many hardworking men and women across the Administration, at the State level, in the private and nonprofit sectors that were very engaged in the hurricane response. And so it is an honor to support them and look at the resource needs that were brought forward and to submit to Congress the resources that we believe were fully justified and for Congress to consider that.

Senator ROUNDS. Let me just—and I know my time has expired, but I would ask the Chairman for just a little leniency after the last questions that were asked, just to clarify this. You are responsible for over \$250 billion in budgetary resources for 7 Cabinet departments and 30 other Federal agencies, including the Treasury Department, Department of Housing and Urban Development, the Bureau, and all of the financial regulators. You also serve as OMB's principal policy official for issues related to those departments and the agencies.

I just get the sense that somehow with the huge number of items that are in front of you, how much do you get into the specific details? And do you have the opportunity to come back in and say, "Wait a minute, I disagree with a particular policy, I can stop it, or I can change it"? Or do you offer advice?

Chairman CRAPO. And, again, please keep your remarks brief.

Ms. KRANINGER. Thank you, Senator. It is definitely an opportunity to offer advice. The involvement level really does vary substantially based on the President's priorities, the Director's priorities, the agency heads' priorities, how much authority they have on their own.

Senator ROUNDS. One last item on it. Is your advice always taken?

Ms. KRANINGER. Senator, I wish that it were, but, no, my advice is not always taken. At the same time, I am also fallible. But I offer my best advice based on the information available.

Senator ROUNDS. Thank you.

Ms. KRANINGER. Thank you.

Senator ROUNDS. Thank you, Mr. Chairman.

Chairman CRAPO. Thank you.

Senator Schatz.

Senator SCHATZ. Thank you, Mr. Chairman. Thank you, Ms. Kraninger and Ms. Reed. Thank you for your willingness to serve.

I just want to follow up on the line of questioning around family separation. I understand you cannot characterize the advice you

gave, but I am wondering if we can get some sense of what categories they were in. Was it legal advice? Was it compliance advice? Was it advice related to execution? Because I think if—I am not sure I agree with you about deliberative product. I am not sure I agree with you about the sort of vague assertion of—I do not know if it is privilege that you are asserting or a personal judgment that you are making or on the advice of counsel, and maybe we can get into that. But let us set that aside for a moment. I think it is fair for us to know kind of broadly what you did, not how you advised people, not how you executed, but were you advising on implementation? Were you advising on compliance? Were you providing legal counsel? Were you providing political advice? Can you just characterize what you were doing?

Ms. KRANINGER. So, Senator, with respect to the Office of Management and Budget's role, which does characterize my role, the Director's role, myriad meetings talking about the agencies as they were executing the policy, and we do have at OMB a role for providing perspective on the budgetary resources necessary, any regulatory issues to be addressed—

Senator SCHATZ. Why the third person here? Like, “we have a role”? Every time we ask you about what you did, you say, “OMB has a role,” and then it becomes this kind of description of this far-away bureaucrat. It was you, and I am just asking you so that we can establish a little trust. You can just sort of characterize what you talked about, not to describe the contents of what you talked about but, broadly, were you giving legal advice? Were you giving political advice? Let us start with that. Were you giving legal advice?

Ms. KRANINGER. Senator, if I could respond to the point you are making because it goes to the heart of the matter. My conversation with Senator Rounds, the reason why I am saying the Office of Management and Budget is because, as Senator Warren and I discussed in her office, I am responsible for my staff.

Senator SCHATZ. No. I get that.

Ms. KRANINGER. So I do have staff involvement. I am also providing advice to the Director—

Senator SCHATZ. Ms. Kraninger, I do not have a lot of time—

Ms. KRANINGER. I am sorry, Senator.

Senator SCHATZ. Did you give legal advice?

Ms. KRANINGER. Senator, it is not appropriate for me to give legal advice, really. It is the purview of the Office of Management and Budget to weigh in on regulations, budgetary resources, those kinds of things.

Senator SCHATZ. Weighing in on regulations, what does that mean?

Ms. KRANINGER. So, for example, anything that involves data collection, requires notice under the Privacy Act, whether it is a system of records, notice, submission, or a data collection or—

Senator SCHATZ. So compliance—can you just please, like rather than me playing 20 Questions with you, can you please try to characterize your role in this without running afoul of whatever principle that you articulated earlier, and in as simple and personal terms as we can get to where you can say, “This is basically what I did for them. Now I am not going to tell you exactly how I ad-

vised them or how I"—"or get into deliberative product." I understand your position on that. But can you not characterize anything more than OMB generally does this and that would apply to this situation, too?

Ms. KRANINGER. Senator, I have said that I had no role in setting the policy——

Senator SCHATZ. Yeah, I got that.

Ms. KRANINGER. ——and that there——

Senator SCHATZ. So what did you do?

Ms. KRANINGER. ——had been——there were a number of meetings on immigration and border security policy, writ large, that I participated in, that I supported the Director and the Deputy Director in their participation, and that my staff participated in and then came back and told me the nature of——

Senator SCHATZ. I have to tell you——

Ms. KRANINGER. ——the discussion.

Senator SCHATZ. ——I do not do hearings so I can put a clip up on YouTube. I do not operate that way. And I am trying to get an answer from you, and I just cannot. And it is maddening because this is not a trivial aspect of your basic qualifications for the job. You are coming in and asserting that you are a manager, and you cannot characterize anything that you are doing as a manager.

Let me ask you one final question. Is your position, which is that that would get into deliberate product, is that on the advice of counsel?

Ms. KRANINGER. Senator, the documents that were requested in the letter is something that I have shared with the appropriate officials, and that includes the Office of Management and Budget General Counsel.

Senator SCHATZ. OK. But did counsel give you advice and tell you not to answer these questions?

Ms. KRANINGER. Senator, we certainly had a lot of preparation for this hearing and discussion about the right answers——

Senator SCHATZ. Yeah, so did——

Ms. KRANINGER. ——but I will say——

Senator SCHATZ. Did you get legal advice?

Ms. KRANINGER. ——my answers are my own.

Senator SCHATZ. Did you get legal advice?

Ms. KRANINGER. Not per se legal advice, sir. I am not asserting privilege. It is not for me to do that certainly in this position, but I am saying that I want to preserve the deliberative process and that that is an important thing to preserve, similar to conversations that many of you have had or I have had with Senators that I have worked with. It is important to keep those discussions——

Senator SCHATZ. And is that your personal judgment or is that the——is that on the basis of advice from either the GC or from the White House?

Ms. KRANINGER. Senator, it is fair to say that there were discussions in preparation for this process that I did have others weigh in in terms of giving me advice on how to respond. But my responses are my own.

Senator SCHATZ. Thank you.

Chairman CRAPO. Senator Moran.

Senator MORAN. Mr. Chairman, thank you very much. Thanks to both of our nominees for being with us today. I look forward to working with both of you should you be confirmed in the capacities that you have been nominated to fill.

Ms. Kraninger, I would start with you. I want to let you know how much I appreciate the working relationship that you and I have had in your capacity here on the

Appropriations Committee in the U.S. Senate as well as your work at the Office of Management and Budget and indicate to you that I appreciate the diligence with which you have pursued my inquiries and issues that I raised in both of those capacities. The thoughtful and articulate way that you communicated with me about responses and the lack of partisanship in the issues that we were dealing with was clearly demonstrated to me, and I am grateful for your professional approach to the way that you conducted your work, at least in the experience that I have had with you over the last several years during my time as United States Senator.

My observation about the hearing today on your nomination reminds me of the first piece of legislation that I introduced as a United States Senator related to financial services and banking, and that was, among other things, the belief that this entity should be governed by a board. While there seems to be relish in having the opportunity to question you as a potential Director of the Consumer Financial Protection Bureau, maybe we would enjoy it if we had three or four or five more opportunities to do so in having other people confirmed. And the point, said somewhat with a smile, that we would want to go through this four more times, but the point I would make is there is a diversity of views on this Committee and in this country about the role of a Consumer Financial Protection Bureau. I am of the view that Republicans made a significant error, at least in some, in saying we are going to repeal Dodd-Frank and end its reign, and the reaction, unfortunate reaction, to that was many Democrats who said, "You are not going to touch the issues associated with Dodd-Frank." So we put ourselves in corners that then caused us to be unable to solve problems that clearly existed as a result of the passage of Dodd-Frank with two sides saying, "We are going to do this, and we are not going to let you do this." It did not allow us to find a middle ground in very many instances, at least until recently, in which we could make some improvements or changes in Dodd-Frank.

One of the changes that I have long promoted is that a board or a commission that would oversee a Consumer Financial Protection Bureau would make sense. I am not going to ask you your opinion about that, but I would raise this with my colleagues to suggest not only would it give us the opportunity to have more input with those who would be in charge, members of that commission of the Consumer Financial Protection Bureau, but it would also allow us to better reflect and perhaps avoid the swings that may occur from one Administration to another in the approach that we have had—the approach that CFPB has had in regard to the regulatory world of protecting consumers.

I would indicate that it would be valuable to me—and I would allow you to respond to this, but it would be valuable to me to confirm what I would expect you to confirm, that you will operate in

your capacity, if confirmed, in a very transparent and open way so that Members of Congress have a better opportunity to influence and to make points to you that I sometimes I felt I had with one of your predecessors in his Administration, his directorship of the Bureau. And I would also make the point that those who are being regulated could user greater transparency because I think in too many instances rulemaking was not accomplished and, therefore, the rules were unknown, and you became—what was the rules of the road became known only once there was an enforcement action.

And so I would give you the opportunity to confirm to me, first of all, how you would operate in a transparent way with me and my colleagues as Members of the U.S. Senate, and, second, if you have thoughts about how we make certain that those who you are regulating know what the regulations are before they suffer the enforcement action that often resulted in a fine.

Ms. KRANINGER. Absolutely, Senator. Thank you so much for your comments and for your perspective on this. I completely agree that the Bureau—it is a priority for the Bureau to be transparent and accountable, that I am committed to working with members of both sides of the aisle in Congress to move the Bureau forward in that kind of manner. And in terms of the, you know, so-called regulation by enforcement that many have been concerned about in terms of the prior approach to the Bureau, I completely agree that it is critical to have clear rules so that the lenders and creditors and the consumers themselves know what the rules are and that they are not somehow told after the fact that they broke a rule they were not even aware of or that it had somehow changed without any proper notice and comment process to really understand the impacts and the opportunity to tailor, as I have discussed with many other Members. So I completely agree that that is not appropriate and is something that I would not engage in.

Senator MORAN. I appreciate your response. And, Ms. Reed, I have run out of time. I would tell you I look forward to working with you. I have been on the Banking Committee long enough to remember the days in which you would have been a controversial nominee, and I am glad to see that Eximbank is back in a position in which we can move forward and protecting the competitive interests in a global economy of United States businesses but, more importantly, those who work for United States businesses. Thank you, ma'am.

Chairman CRAPO. Senator Cortez Masto.

Senator CORTEZ MASTO. Thank you. Welcome. Congratulations on both your nominations. And let me just say thank you to both of you for taking the time to visit with me and answer my questions. I really appreciate that. Welcome to your family as well.

Ms. Kraninger, I am going to start with you, and these are similar to some of the questions that we had together when you were willing to meet with me. But let me just start with this: I have heard you say time and again today in response to all of my colleagues' questioning that your intent is to ensure the Bureau is transparent and accountable. But my concern is based on the questioning and the answers that you have given today. We cannot even get you to be transparent and accountable about the work you are doing at the OMB, the current job that you have. That is fund-

ed by taxpayer dollars; that should be transparent to the public. So I have concerns that if you cannot even tell us what you are doing on a day-to-day basis, how can we trust that you are going to carry that over to the CFPB?

But let me follow up with this: Mick Mulvaney said that State regulators and Attorneys General should play an active role in enforcing consumer protection laws in the banking industry. However, as a former Attorney General myself, I know that AGs cannot be the only cop on the beat. The CFPB has been vital in uncovering widespread and massive fraud and holding those companies accountable, and they are the first stop in the States to protect consumers.

That is your role as well, my understanding from the statutes that I read and what you have said today in your statement. And let me give you an example of where the CFPB was instrumental for us, the States. Wells Fargo, as you well know, their actions affected 3.5 million people nationwide, including 121,000 in Nevada alone. After an investigation by the CFPB, Wells Fargo paid a \$500 million penalty.

Can you enumerate the powers that the CFPB has that State AGs or State regulators do not?

Ms. KRANINGER. Senator, certainly as we discussed in your office, I appreciate your perspective and experience in this area. The partnership with the State regulators is essential, I believe, to the point that you noted, the States have been engaged in the enforcement—

Senator CORTEZ MASTO. Why do you think it is essential?

Ms. KRANINGER. I am sorry?

Senator CORTEZ MASTO. Why do you believe it is essential?

Ms. KRANINGER. Certainly because the law actually stipulates that, and I think that is important, though. They existed prior to the Bureau and were engaged in this activity prior to the Bureau's existence. And the statute specifically calls out that important coordination role, whether it is with enforcement actions or—

Senator CORTEZ MASTO. Well, let me just say as somebody that relied on the CFPB, because I will tell you, in the State of Nevada, the regulators were not there when the crisis occurred. Nobody stopped it. Nobody was working to prevent it. But when the CFPB was created, they were the watchdog nationally to work with the States and the States' AGs, and I will tell you the CFPB has a national view of the issues, and it is not limited by State preemption laws. It is key to what happens across this country when we are looking to consumer financial protection to work with the States.

Let me ask you this: Without a strong Federal regulator, how do you anticipate States will be able to uncover and put together patterns of wrongdoing, potential wrongdoing across the country?

Ms. KRANINGER. Senator, I am committed to carrying out the responsibilities of the Bureau under the law, which does include working with the States to look for those kinds of things, to work with them closely on enforcement matters and give them that national perspective. We talked about the information sharing that is vital between the Bureau and the State Attorneys General and the regulators, and certainly I am committed to sharing that appropriate information with them to support their efforts and looking

at the right opportunity for the Bureau to step in from a national standpoint.

Senator CORTEZ MASTO. So outside of serving as a partner for State regulators and AGs—rules issued by the CFPB can also be enforced by State AGs—do you support empowering the AGs by issuing rules through the CFPB?

Ms. KRANINGER. I believe it is an essential responsibility of the Bureau to engage in the rulemaking activities, setting clear rules. The example of debt collection—

Senator CORTEZ MASTO. So that is a yes?

Ms. KRANINGER. Yes, Senator.

Senator CORTEZ MASTO. Thank you. A matter deeply important to me is that every American has the right to a day in court and that the justice system works for everyone, no matter their race, their class, their creed, where you come from, or who you know.

Let me ask you this: Have you ever signed a contract with a financial firm that included a mandatory arbitration clause?

Ms. KRANINGER. Senator, I believe that I probably have through credit card companies—

Senator CORTEZ MASTO. Ms. Kraninger, you are a lawyer. Did you read the mandatory arbitration clause before you signed it?

Ms. KRANINGER. As a lawyer, I do try to read those things, and I have actually read them in the past.

Senator CORTEZ MASTO. Were you aware that you were forgoing your right to sue when you signed the contract?

Ms. KRANINGER. Senator, I certainly was aware of what the clauses were that were in the contract. I cannot assure you that that is what was there, but I—

Senator CORTEZ MASTO. Do you believe that ordinary Americans page through and read the fine print of these contracts and know that they are signing away their rights?

Ms. KRANINGER. I am guessing that many of them do not, and I think that is why the model disclosures responsibility of the Bureau in statute is important and understanding that the Bureau has a role in looking at those things.

Senator CORTEZ MASTO. Do you support the CFPB's mandatory arbitration rule?

Ms. KRANINGER. Senator, Congress certainly acted through the Congressional Review Act to preclude that rule from going forward. So from that standpoint, it is addressed in that manner. I think—

Senator CORTEZ MASTO. Do you believe all consumers have a right to their day in court?

Ms. KRANINGER. Senator, I believe through contract relationships and in general there are opportunities for consumers to take action, including coming to the Bureau and submitting their complaints.

Senator CORTEZ MASTO. Have you ever investigated a bank or payday lender or credit card company?

Ms. KRANINGER. Senator, I have supported investigations in many of my roles. I believe actually in terms of financial crimes that the Secret Service oversees and Homeland Security Investigations oversees—there has been some involvement with those institutions.

Senator CORTEZ MASTO. But personally you have never been involved in a prosecution or investigation?

Ms. KRANINGER. Not of financial institutions directly, no, ma'am.

Senator CORTEZ MASTO. Have you ever brought a legal action and as counsel formulated a case against a bank, payday lender, or credit card company?

Chairman CRAPO. And, Ms. Kraninger, please be brief.

Ms. KRANINGER. No, Senator, I have not.

Senator CORTEZ MASTO. Thank you. I see my time is up. Thank you both for being here. I will tell you, Ms. Kraninger, I do as well have concerns about someone without the experience to lead a Consumer Financial Protection Bureau, 1,600 employees, a billion dollars—or, excuse me, millions of dollars in budget that is looking out for the best interests of consumers when it comes to financial products. I have concerns about what I have heard from you today as being the right person with the right experience to lead.

Let me also say, Ms. Reed, I look forward to supporting your nomination. Thank you.

Chairman CRAPO. Senator Reed.

Senator REED. Well, thank you very much, Mr. Chairman. Thank you both for your willingness to serve.

Ms. Kraninger, I assume you are familiar with the Military Lending Act, so if a servicemember would prefer to go to court to enforce his or her rights, instead of being forced into arbitration, do you think that servicemember's choice should be protected?

Ms. KRANINGER. Yes, Senator, to the extent, again, it is provided under the law.

Senator REED. The Military Lending Act has been recently strengthened by the Department of Defense with new regulations to close loopholes and to prevent unscrupulous lenders from preying upon servicemembers, men and women. And having in my earlier days been an executive officer in a company, I have seen this firsthand.

So do you support the stronger MLA rules? And if confirmed, will you enforce them to the fullest extent possible?

Ms. KRANINGER. Senator, I am absolutely committed to enforcing the law.

Senator REED. The rulemaking pointed out that one of the impacts on servicemembers in their military careers is the financial instability caused by being exploited, and that affects their performance. So the Military Lending Act, I am very concerned about and involved in. It just helps our readiness.

One of the things that I think that we had to accept was the limit on interest charged to an individual servicemember is 36 percent. Do you think that is too high given the current market rates, which even for credit products are about 16 percent?

Ms. KRANINGER. Senator, certainly the rate varies associated with what the product is and what the risks are available. I support competition in the marketplace such that servicemembers and others have the opportunity to avail themselves of different options in the market based on what their financial needs are.

Senator REED. The question, I think, is that we statutorily set the rate, the top rate at 36 percent. But given current rates in the market, which are roughly 16 percent for the return on the Dow

Jones, my view is I think we should be able to lower those rates. So would you be supportive of legislation that would lower those rates?

Ms. KRANINGER. Senator, I appreciate where you are coming from and the question, but I do think it depends on what the product is and what the conditions and terms are. There are various products in the marketplace. Certainly when it comes to short dollar lending options that are, it differs greatly from the credit card products or other products in the market.

Senator REED. Well, I would hope that we could work, my colleagues and I, to lower that interest rate to make it more competitive to what is available in the market for most products, regardless of how long the duration.

Did you or anyone with whom you work at OMB on Homeland Security or Justice Department issues ever refer to the Administration's policy of separating immigrant families at the border as a "deterrent"?

Ms. KRANINGER. Senator, I am not sure that—that may have been in public comments by individuals, but I am not sure.

Senator REED. Have you ever used that? Have you ever heard anyone discussing it when they discussed the issue?

Ms. KRANINGER. Senator, recognizing that in 2014 that was something that was discussed and the courts actually ruled on that, that was determined at least in, I believe, the Southern District of California as not appropriate. So I appreciate where you are coming from on——

Senator REED. Do you feel it is not appropriate right now and right here?

Ms. KRANINGER. Senator, these are very difficult, challenging issues. A sovereign Nation should defend its borders, I believe, and at the same time there are a lot of circumstances from people around the world with which——

Senator REED. Let me ask a simple question. Do you think separating children from their parents is a way to deter border crossings?

Ms. KRANINGER. Senator, again, I do not want to talk about the——

Senator REED. You do not want to talk about it, but I am asking you a question.

Ms. KRANINGER. Yes, I understand——

Senator REED. So would you like to be responsive?

Ms. KRANINGER. I am sorry. I do not want to characterize the internal conversations that——

Senator REED. I am asking what you feel, ma'am.

Ms. KRANINGER. I understand, Senator, but it does go down the road of advice and personal opinion——

Senator REED. It goes down the road to your values and your judgment and those things that we look for when we evaluate someone who is going to lead the CFPB. That is where it goes down the road to. And you do not want to go down that road, so I would suspect that you probably have done that or you feel that way. Do you feel that way?

Ms. KRANINGER. Senator, I do not believe my personal opinions or feelings on this issue are the appropriate line of discussion. I un-

derstand why you are asking. I do believe that there are—certainly I have been to many places in the world. I have spent time in Guatemala. I served in the Peace Corps. I understand the country that we have today is an amazing country where we have many freedoms that others in the world do not. And I certainly appreciate that this is a place where people would like to come to enjoy those freedoms.

Senator REED. So I only can assume that you, in fact, used the term “deterrent” and did not object to it and feel that is the appropriate policy consideration. Thank you very much.

Chairman CRAPO. Senator Heitkamp.

Senator HEITKAMP. Thank you. First, thanks to my colleagues who are letting me go ahead of them. I am greatly appreciative, and I do not know what it is going to cost me at the end of the day, but I am pretty sure it is a big favor coming their way.

Ms. Reed, I want to again encourage the Chairman to move this nomination. He knows how diligent we have been working to get the Eximbank up and running. I want to say where I appreciate Senator Toomey’s concerns, I do not want to associate myself with the characterizations that he made about the Eximbank. I think it has been a tragedy, and I am glad you are moving forward, and I want to encourage the Chairman to move enough of these nominees now forward with Majority Leader McConnell to get the Eximbank up and running. And so, obviously, great credentials. We liked you the last time you were here. I think you are perfect for this job. Good luck, and we want to do everything we can to get you across the finish line.

Ms. Kraninger, I just have a series of yes-or-no questions, and it is not about morality or anything else. It is about your experience. And I do not want equivocation, just yes or no, if we can do that.

Have you ever worked at a bank or a credit union?

Ms. KRANINGER. Senator, I have not and like—

Senator HEITKAMP. OK.

Ms. KRANINGER. —many other—

Senator HEITKAMP. Have you ever had oversight or regulated a bank or a credit union?

Ms. KRANINGER. No, Senator, I have not, like many—

Senator HEITKAMP. OK. Have you ever been responsible for oversight or leadership in supervising payday lenders?

Ms. KRANINGER. No, Senator, I have not, like many other—

Senator HEITKAMP. Have you had experience working with credit bureaus, insurance companies, debt collectors, and student loan processors?

Ms. KRANINGER. Senator, in a professional capacity, like many other nominees, I have not had direct experience with that.

Senator HEITKAMP. OK. Have you had any final decision-making responsibility for enforcing State or Federal consumer protection laws?

Ms. KRANINGER. Senator, again, like many other nominees approaching different positions, I have not had direct—

Senator HEITKAMP. So the answer is no.

Ms. KRANINGER. —experience in that.

Senator HEITKAMP. Have you had any experience under the Equal Credit Opportunity Act, any final responsibilities for leadership there?

Ms. KRANINGER. Senator, I have not, but I have certainly made myself familiar—

Senator HEITKAMP. Truth in lending—

Ms. KRANINGER. —with these—with these acts and the responsibilities of the Bureau—

Senator HEITKAMP. Have you ever worked or volunteered your time on matters related to consumer protection?

Ms. KRANINGER. No, Senator, I do not believe that I have. I have certainly volunteered my time—

Senator HEITKAMP. Have you ever worked on financial literacy or volunteered your time to promote financial literacy, especially for youth?

Ms. KRANINGER. Yes, Senator, I actually have done that.

Senator HEITKAMP. OK.

Ms. KRANINGER. I have some experience in working with individuals on that, particularly when I was in college, we did have a program to promote financial literacy and—

Senator HEITKAMP. And what did you do to—what was your involvement in that program?

Ms. KRANINGER. Working a little bit on curriculum in the area.

Senator HEITKAMP. Good.

Ms. KRANINGER. So it is something that is definitely important to the roles and responsibilities I would be taking on as Director.

Senator HEITKAMP. Do you have a Ph.D. or Master's degree in economics or finance?

Ms. KRANINGER. Like many other nominees in these positions, no, I do not.

Senator HEITKAMP. While you were in law school, what classes did you take regarding consumer protection?

Ms. KRANINGER. Senator, it was a long time ago, so I do not remember every class I took, but I certainly did take the Administrative Procedures—

Senator HEITKAMP. But you remember what you did in college relative to financial literacy, so—

Ms. KRANINGER. Well, the Administrative Procedures Act was certainly something that I studied extensively. I took a class in privacy law. I did take a class in other—cybersecurity law actually, as a matter of fact. Those are all relevant to the discussions that we are having here today, as well as corporations, which I know was required of every individual in the program that I took.

Senator HEITKAMP. OK. Thank you.

I think the point that I am trying to make is this is a highly technical job, and, you know, simply having the skill sets of a law degree and having some familiarity with the operation of the Administrative Agencies Practice Act I think gets us to a point where we have to judge—I mean, I am not asking you about morality. I am not asking you about anything. I am just asking you about your core competencies here for the job that you have been nominated for.

And so I think, obviously, you are highly competent and a trained professional. I just think that maybe we ought to have

somebody who understands kind of the—who has had experience, as Senator Cortez Masto talked about, with the crisis, has had experience in dealing with people who have—and has empathy. And I think, you know, to Senator Reed's point, you know, it may seem irrelevant, but this is a job where literally people are on the edge, where they do not know if they are going to make payroll, they do not know if they are going to be able to put food on the table. And we want somebody in that job who not only has core competency but some empathy.

So I thank you so much, and my time is up, and, again, thank you to my colleagues.

Chairman CRAPO. Thank you.

Senator Van Hollen.

Senator VAN HOLLEN. Thank you, Mr. Chairman. I thank both of you for your testimony here today.

Just to follow up, Ms. Kraninger, on some of these questions, because I understood some of the concerns you expressed about not getting too deeply into the internal deliberations and advice you offered. I understood that part. But now you are going to be heading up an independent agency, right? This is an independent agency, is it not?

Ms. KRANINGER. Yes, Senator, it is.

Senator VAN HOLLEN. And it is not that you are going to be in a line position simply enforcing the policy from above. You are going to play a key role in developing policy as the head of an independent agency. And so I do believe your personal views on a range of issues are important in that context. And I was not here for all the questioning of Senator Warren. I heard Senator Reed's question. And is it your position that you are not going to answer the question about whether or not you personally supported the policy of family separation, separating kids from their parents? What is your personal view on that policy?

Ms. KRANINGER. Senator, I appreciate greatly the questions that you are raising and am happy to discuss qualifications and my judgment. I have certainly always given my best advice to every person that I have worked for in my career, and that is very important to me, as well as keeping that advice and perspective close.

Senator VAN HOLLEN. I think the difference here, as I said, it is one thing to not share openly advice that you are giving within the Administration. But given the fact that you are now going to head an independent agency where your views and positions will definitely inform a lot of the actions that you will take, I do think it is troubling that you will not share that information with the Committee.

Let me ask you about the Office of Fair Lending and Equal Opportunity, because in our State of Maryland, like so many other places in the country, we have had a bad history of discrimination in lending in many places. There was a case against Wells Fargo in Baltimore a little more than 10 years ago. There have been other cases where it was established that they discriminated against African Americans and people of color.

Do you agree this is a continuing problem that we have to face in this country, fighting discrimination in lending?

Ms. KRANINGER. Yes, Senator, I do. I think it is incredibly unfortunate. Discrimination should have no place in society, much less the markets. But it certainly exists.

Senator VAN HOLLEN. And one of the things that was established when the CFPB was established was the Office of Fair Lending and Equal Opportunity, as I mentioned, and one of the first things that Acting Director Mulvaney did was he moved the enforcement authorities for fair housing out of that office. Would you be willing to put those enforcement authorities back into the Office of Fair Lending and Equal Opportunity?

Ms. KRANINGER. Senator, I can assure you that enforcing the fair lending laws is a critical responsibility. Whether it happens in the Division of Supervision or whether it happens in a reconstituted Fair Lending Office, it is definitely something that I can commit to you that I will look at and review freshly and talking to the staff that are there and understanding how their responsibilities have changed in this change. Looking fresh at the organization is something I will do.

Senator VAN HOLLEN. You know, I think it was rightfully interpreted at the time as weakening the authority, because the idea was the folks who were paying close attention every day and doing the supervising are probably in the best position to do the enforcement. And having the enforcement authority obviously helps them in terms of getting the attention of the folks that they are overseeing.

The same with the Office of Student Lending. As you know, Acting Director Mulvaney abolished the Office of Student Lending. That is not to mean there are not efforts going on in student lending, but would you be willing to reestablish that given the fact that we have students who have trillions of debt and in many cases there are also issues with respect to their contract, their loan contracts? As you know, there are a number of lawsuits going on. So would you be willing to reestablish that office given the centrality of that issue?

Ms. KRANINGER. Senator, I agree with you that student lending is an important issue. It is certainly something Congress is looking at, and there have been a lot of changes in that under the law in recent years. At the same time, I want to note that I will absolutely review the structure of the organization, and I will certainly consider that with an open mind.

Senator VAN HOLLEN. The last thing I will ask regarding the child separation policy, you know there has been a court decision ordering the Administration to reunite these children with their parents within a certain period of time. The Administration has missed those deadlines. There is a resource issue. And in your capacity at OMB, I hope you will work with—as you go through this process here, I hope you will work with us to get a supplemental appropriation, because I am hearing there was an article in Politico the other day saying that the Administration was planning on taking resources from other parts of the Department of Education to pay the costs of complying with the court order, and I think that we would be better served if we find those resources to meet this court order without robbing another part of the Department of Education.

Are you familiar with that issue, and can you work with us on that as your nomination continues to work its way through the process?

Ms. KRANINGER. Senator, I am not. It must be within the Department of Health and Human Services, which is not my area—

Senator VAN HOLLEN. Did I say Department of Education?

Ms. KRANINGER. Yes, Senator. That is OK.

Senator VAN HOLLEN. I am sorry. I apologize. You are right, Health and Human Services.

Ms. KRANINGER. It must be within the Health and Human Services, which is not in my purview. But I am happy to take your concerns back.

Senator VAN HOLLEN. Thank you.

Chairman CRAPO. Thank you.

Senator Jones.

Senator JONES. Thank you, Mr. Chairman. Thank you for this hearing. And to our nominees, I apologize for being in and out. Schedules get kind of crazy sometimes, so I do apologize.

Ms. Kraninger, I want to follow up a little bit on a couple of things. I know that Director Mulvaney and I think you have talked about getting back to the statutory mission of the agency, which I appreciate. But one of the missions, one of the objectives is that consumers are to be protected from unfair, deceptive, or abusive acts and practices and from discrimination. For millions and millions of Americans, that last clause may be the most important, particularly people of color.

Folks these days, someone can look just like I do, which would be really said, to be honest with you, but they can look like I do, have the same credit, have the same income, have the same profession, and yet another person who has a different skin color would get offered a different financial product.

And so I want to ask, first, do you plan on making fair lending a priority if you are confirmed?

Ms. KRANINGER. Senator, I think it is abhorrent that discrimination exists in society and in the markets, and I am committed to enforcing the law, absolutely, to address any of the issues that we find in that area.

Senator JONES. Great. Well, thank you for that.

Now, discrimination today takes a lot of different forms. It is not like some of the old days where you see the white and colored signs on water fountains or restrooms. It can be a lot more subtle, and sometimes it does not even have the actual intent but can have the disparate impact on a group.

So I would like to get your thought on how you will view cases and whether or not you will use disparate impact in looking at the broader section of a minority group and whether that would come into play and what your feelings are about disparate impact uses, because that is used a lot in a lot of legal cases that I have been involved in over time, because you cannot always prove the specific intent. How do you feel about disparate impact on the use of—in your CFPB cases?

Ms. KRANINGER. Senator, I appreciate the question, and I appreciate the point that you are raising, because, yes, in many cases this could be a more subtle action. I think there are a few things

that the Bureau can do in this area. Certainly in terms of working through the supervision process, to your point, if there is no intent, this is something that can be looked at.

At the same time, with respect to court cases and enforcement actions, as you are well aware, the arguments about disparate impact are very complicated, and it is a challenging area, legally speaking. So I can commit to you that, should I be confirmed in this position, when I get to the Bureau, I will have a detailed conversation with the staff on this area to understand what positions the Bureau has taken in the past on this issue, and what the status of litigation is on the issue, and take the appropriate actions to ensure that we are promoting fair lending.

Senator JONES. Well, I think they have used it in the past and used it somewhat successfully, but Director Mulvaney has said he wants to get away from it. Would you be willing to take another look at using disparate impact on an entire community, whether or not there is a sign that says, "We are not going to give this person a loan because they are black or Asian"? But if it is affecting a broad swath of minority consumers, would you be willing to take a look at using the disparate impact theory to try to help resolve some issues of discrimination?

Ms. KRANINGER. Senator, I will commit to you in establishing clear rules and making sure that they are enforced that I will look at this issue, absolutely.

Senator JONES. I am not sure if that is a yes or a no. I am going to take it as a yes. But I would like to go back to a little bit—I was here for Senator Tester's comments, and I was a little bit—and we talked about this the other day. I appreciate your coming in and talking to me about the payday lending rules that have been worked back.

I guess what concerns me a little bit in our meeting and then with Senator Tester, you had talked about a respect for the process and the rulemaking process. But the payday lending rule went through a 5-year process. It went through a lot of comments, I mean thousands if not tens of thousands or a million. I do not know exactly how many, but it was a ton for a 5-year process. It got finalized, and then Director Mulvaney on his own decided to walk that back and start that process all over again.

And so I am a little bit concerned that we are now respecting a process that has not been respected before. And I would like for you to comment on that and what you plan on doing with consumers, because it is a huge issue in my State. I mean, 250,000 people took out 2 million loans. That is an average of eight of these loans per person. And it is a huge process. It is really hurting these people a lot.

So I would like to get a little bit better clarity when you are talking about respecting a process that is already going on. What do you mean with the consumer lending right now?

Ms. KRANINGER. And, Senator, I truly appreciated your time, and I recognize it is a difficult issue in many States. They have taken different actions for a myriad of reasons, whether it is authority or, you know, willingness, frankly, on payday lending.

What I mean in terms of the process is that the Acting Director has announced the reconsideration of that rule, and from that

standpoint the basis for that reconsideration and what aspects are being reconsidered is not something that I am privy to, nor has it been discussed publicly. And so that is the process that is ongoing within the Bureau right now under active consideration.

Senator JONES. All right. That is all the time I have. Thank you, Mr. Chairman.

Chairman CRAPO. Senator Donnelly.

Senator DONNELLY. Thank you, Mr. Chairman. I want to thank the witnesses and your families.

I am a strong supporter of the Export-Import Bank, our country's export credit agency. It helps American businesses export goods and services and compete in our global marketplace. The Eximbank does not cost taxpayers dime. In fact, it has returned billions to the Treasury. It protects and creates countless jobs across the country.

In Indiana, since 2012 the Eximbank has directly helped 84 Hoosier companies, including 63 small businesses, to export more than \$2 billion in goods and services overseas. In 2015 I worked with Senator Heitkamp and a bipartisan group of colleagues to end a 6-month shutdown of the Bank and enact a long-term reauthorization.

Unfortunately, Eximbank is still not running at full steam because it lacks the three-fifths board membership required to obtain a quorum and approve transactions over \$10 million. As a result, there is a backlog of \$42 billion in deals representing 250,000 jobs stuck in a pipeline awaiting approval. We need a fully operating Export-Import Bank now more than ever.

While the U.S. has handcuffed its own export credit agency in recent years, our international competitors have significantly increased their efforts. There are at least 85 foreign export credit agencies aggressively supporting their own domestic industries. Countries like China, Brazil, and India are doubling down on their export credit agencies. Not only that, but current trade policies are damaging the foreign markets our Hoosier farmers and manufacturers have spent decades developing.

Our exporters were already at a disadvantage from a weakened Eximbank, and now trade policy is making it worse. To grow and maintain a strong economy, we need to send American goods, Indiana goods, all over the world. Our businesses deserve a level playing field with their foreign competitors. Policymakers should make it easier, not harder, for businesses to do that.

Ms. Reed, these are fairly simple questions. You do not have to go into a long explanation on them. Do you agree foreign countries are aggressively investing in their own export credit agencies in order to boost their domestic industries?

Ms. REED. Yes.

Senator DONNELLY. Do you agree the U.S. is hurting itself by not having a fully functioning Eximbank when its competitors are increasing resources for their export credit agencies?

Ms. REED. Yes, I do.

Senator DONNELLY. Do you agree Eximbank helps Hoosier businesses like manufacturers and farmers develop foreign markets for U.S. goods and services?

Senator REED. Absolutely.

Senator DONNELLY. Just months ago, this Committee approved Ms. Reed's nomination for Eximbank Vice President with an overwhelming 22-3 vote. Now she has been nominated as President of Eximbank. I encourage that confirmation as soon as possible to bring fresh leadership. Hopefully her confirmation will be followed by fellow board nominees, and we can allow the Eximbank to return to full strength for the first time in several years, creating more American jobs again. A strong Eximbank bank boosts exports, creates jobs, and returns money to our taxpayers.

Ms. Kraninger, 2 months ago, under Director Mulvaney's leadership, the CFPB announced it would eliminate its student loan office and merge it into another office. Ms. Kraninger, I do not know of an area where young people in my State have incurred more debt than in the area of student loans. For many of them, it has prevented them from being able to buy homes, being able to buy cars, being able to fully participate in our country and our economy.

A recent report found 60 percent of Indiana's college graduates leave with student loan debt, and the average is \$29,000 per student. I saw your answer to Mr. Van Hollen before about reinstating the student loan office. I am a strong supporter of that. You are going to review that. I would urge you very, very much to do that.

What are your plans for protecting student borrowers?

Ms. KRANINGER. Senator, this is an important issue, and certainly under the law the Bureau was provided the responsibility for looking at private student loans.

Senator DONNELLY. Well, now that they have closed down the office, what are your plans? You said you would take a look at reopening it. What specific plans do you have right now in regards to student loans?

Ms. KRANINGER. So, Senator, there is the position of the private student loan ombudsman that was created in the statute, the position that still exists. So certainly a first-order issue is going to be sit down with the individuals in that office to understand the activities that they have ongoing.

I appreciate the priority you are placing in this, and it is certainly something I want to understand better. At the same time, with the Federal role in student lending, both in origination—with 92 percent of the originations today happening at the Department of Education and with their efforts to actually bring servicing into the Department of Education, I think that is another area that I can tell you is a priority. It is sitting down with the officials at the Department of Education to talk through what their efforts are there, where the Bureau can be helpful, and what role the Bureau can play in—

Senator DONNELLY. Well, for many of our young people, not only in my State, they are looking to you for help because interest rates are—if you look at the interest rate on a house and on a student loan—and, obviously, they are different products. But you have young people paying incredibly high interest rates who look and feel they may never get out from under this burden that they have and they will never be able to buy a home and they will never be able to buy a car. And that is an extraordinarily discouraging situation for people across our country.

One other question I want to ask. Mr. Mulvaney once called the CFPB a “joke” in a sad, sick kind of way. Do you share his sentiment?

Ms. KRANINGER. Senator, Director Mulvaney has certainly responded to those comments. I can tell you that I support——

Senator DONNELLY. I am asking you—yeah.

Ms. KRANINGER. I support the Bureau as it was established in Congress and the roles and responsibilities it was given.

Senator DONNELLY. But what I asked you is did you think it was a sad, sick joke, the way it was being run?

Chairman CRAPO. I thought that was a good answer.

Ms. KRANINGER. Senator, again, I support the Bureau’s mission and look forward to, if confirmed, vigorously——

Senator DONNELLY. Well, this is simply a yes or no. It is like, “Do you like peanut butter or not?” Do you think it was a sad, sick joke the way it was being run or not?

Ms. KRANINGER. Senator, those are not words I would use, and I believe the Director has responded to those comments since.

Senator DONNELLY. Thank you very much.

Thanks, Mr. Chairman.

Chairman CRAPO. Thank you, Senator Donnelly.

We have had a request by several Members of the Committee for a second round. I will agree to that, although we will hold it to 5 minutes. The Senators have been taking quite a bit of liberty today, and we are well past the time that we should have allocated—or that we have——

Senator DONNELLY. I did not take much liberty, Mr. Chairman.

Chairman CRAPO. I will accept your comment, Senator Donnelly. So we will do that, and, Senator Brown, I would turn to you.

Senator BROWN. Thanks, Mr. Chairman.

Ms. Kraninger, you talked a lot about accountability and transparency at the CFPB. When you submitted paperwork to this Committee, you had to disclose any campaign contributions from the last 8 year above \$500, correct?

Ms. KRANINGER. Yes, Senator, I believe that is—I do not have the form in front of me, but I believe that was the request.

Senator BROWN. Well, you did not make a \$500 donation to Governor Kasich’s Presidential campaign, but you made two separate \$250 donations. You did not disclose that, correct?

Ms. KRANINGER. I believe—again, I did disclose exactly what was requested by the Committee, Senator. I do not remember the exact facts. I do not have the paper in front of me. If you do—to note that it was above \$500, and I——

Senator BROWN. I do not believe what you just said was true. Well, let me ask again. Did you disclose—you did not disclose the contributions to Mitt Romney’s campaign that were under the \$500 threshold but were more than \$600 total. So two contributions, you did not think that qualified for what you should disclose?

Ms. KRANINGER. Senator, I believe there was a time period. Again, I do not have the documents in front of me. If you have them, I would be happy——

Senator BROWN. We do, and you made contributions to Kasich. You made contributions to Jeb Bush. Do you know of—that should have been disclosed under law—or under the rules of this Com-

mittee. Did you make any other donations to the 2016 Presidential campaign?

Ms. KRANINGER. Senator, I believe those are the only two that I did make, yes.

Senator BROWN. OK. You did not answer in that first round my question on whether you would appeal the 9/11 scammer case. You said you would implement the law. Who decides whether to appeal or not?

Ms. KRANINGER. Senator, I am not familiar with the details of where that case is. I certainly appreciate the responsibility—

Senator BROWN. But who decides whether to appeal a case or not at the CFPB?

Ms. KRANINGER. The Director does have the authority to determine these things. At the same time, if a case is actually headed to the Supreme Court, the Bureau does not have independent representation authority to take everything to—

Senator BROWN. So do you plan to defend the agency in this case, on the scammer 9/11 case?

Ms. KRANINGER. Senator, without the benefit of being inside the Bureau to understand the positions and litigation strategy that was taken, that is a very challenging question to answer, and I do not want to prejudge that either. The opportunity to speak with the General Counsel to understand the positions that they have taken, to understand the conversations that they may have had with the Department of Justice, given the fact that the Bureau cannot represent itself before the Supreme Court is something that I would certainly undertake should I be confirmed.

Senator BROWN. Not long ago—I think it was in May—Director Mulvaney teamed up with a group of payday lenders to sue the CFPB, the agency he claimed to be leading and to delay its payday rule. You are a lawyer. Do you think agencies should sue themselves to prevent consumer protections from being implemented?

Ms. KRANINGER. Senator, I think that the responsibility is clear in the statute for the Director to carry out the law and manage the Bureau appropriately, and that is certainly what I would pledge to do. And I would certainly pledge to work with all of you in carrying out those responsibilities.

Senator BROWN. Do you think it is proper for an agency to sue—for an agency chief to sue itself, to sue himself, herself, itself?

Ms. KRANINGER. Senator, I am not familiar with the details or the internal deliberation that may have led—

Senator BROWN. No, I think you must know about—it is not a question of internal deliberations. Do you think it is proper for the head of an agency to sue that—to team up with outside interests, whether you generally are pro-payday lenders, as Mulvaney from his travels and his exhortations and his political contributions certainly would—but whether or not you are close to or supportive of an interest group, do you think it is proper for an agency to join outside interest groups—an agency chief to sue that agency?

Ms. KRANINGER. Senator, being unfamiliar with the specific facts that you are articulating here, I do not know the basis for the decision. But I—

Senator BROWN. I am sorry—

Ms. KRANINGER. —will tell you, Senator, that it is—it would certainly be unusual. It would certainly be—

Senator BROWN. That was not my—I appreciate your agility and facileness. That was not my question commenting on that case. I am saying: Do you think it is proper for an agency chief to join—you are a lawyer, I am not, so maybe you are at an advantage here. But is it proper for an agency chief to join an outside interest group to sue the agency itself?

Ms. KRANINGER. It is certainly unusual. I—

Senator BROWN. Thank you. I know it is—we have established that it is unusual. We know that. You do not know the specifics; at least you say you do not know the specifics of the case. That is fine, too. Is it proper for an agency chief to sue its own agency with or on behalf of an interest group that has business in front of that agency?

Ms. KRANINGER. Senator, I can tell you that I come to this position without any particular special interest other than serving the American people, and I—

Senator BROWN. Can't you just say, "No, it is not proper"?

Ms. KRANINGER. I do not know the details—

Senator BROWN. Or, "Yes, it is proper"?

Ms. KRANINGER. —Senator. I do not—

Senator BROWN. Or, "No, I will never go it," or, "Yes, maybe I will do it"?

Ms. KRANINGER. Senator, it is unusual, and I am sure, again, there are reasons that that action may have been taken that I am not privy to. But, again, I certainly pledge to you that I will carry out the duties and responsibilities of this position to the best of my ability.

Chairman CRAPO. Senator Warren.

Senator WARREN. Thank you, Mr. Chairman.

All right. So you do not have any experience in consumer finance or consumer protection, no qualifications at all. Evidently the one thing that you have done in your career is work on President Trump's 2019 fiscal year budget request for the CFPB, and the Trump administration has used that, now claiming that this gives some insight into how you would run the agency. So this is an "Are you qualified?" question that, at least according to the Trump administration, should be directly in your area of supposed expertise.

Now, let us go through it. To be clear, the CFPB sets its own budget, so the budget you proposed had no actual effect on the agency. Is that right?

Ms. KRANINGER. That is correct.

Senator WARREN. And on top of that, the budget you set for the CFPB is a single top-line number. It does not break down how the CFPB would adjust its spending to reach that number. Is that right?

Ms. KRANINGER. That is correct.

Senator WARREN. Good. So you are the budget expert. Let us talk about how the CFPB would meet the budget that you drafted. Your budget for 2019 calls for a 23-percent cut relative to the CFPB's proposed 2019 budget. That is about a \$147 million cut. CFPB's number one expense representing more than half of its total cost is compensation and benefits of its employees. Other than the Di-

rector and the dozen new political appointees that Mick Mulvaney has brought to the agency, every other CFPB employee is a civil servant.

So in order to achieve the 23-percent cut you have proposed, would you fire civil servants?

Ms. KRANINGER. Senator, first let me clarify that it is the President's budget request and not mine. Certainly I did support its development.

Senator WARREN. Can we just do this—we are going to be held tight on time. Would you fire civil servants? Is that your plan?

Ms. KRANINGER. Senator, to your point, in fiscal year 2017, 53 percent of the funds that were utilized under Director Cordray were for salaries and benefits of people, and so——

Senator WARREN. So are you saying—can you just give me a yes or no? Will you fire civil servants?

Ms. KRANINGER. Senator, there are laws in place certainly that protect civil servants, and——

Senator WARREN. So is the answer no?

Ms. KRANINGER. The answer is that 53 percent with salaries and benefits, which does leave a significant amount of funds for——

Senator WARREN. So will you fire civil servants—Mr. Chairman, I am going to ask for extra time if we are going to keep playing this game. It is a straightforward—will you fire civil servants? That is not hard. This is your area of expertise, your budget that you put forward. Do you contemplate firing civil servants to meet your \$147 million cut? Yes? No?

Ms. KRANINGER. Again, Senator, it is not my budget. It is the President's budget.

Senator WARREN. Then does the President's budget as drawn up by you and offered as your expertise for this job contemplate firing civil service employees?

Ms. KRANINGER. Senator, the proposal to Congress is what the President's budget reflects, and it was a decision on the debt and deficit situation. That was certainly the focal point for——

Senator WARREN. In other words, we are just playing dodge ball here. If you are not going to fire civil servants, then let us see how you are going to try to make this up.

Let me try another one. The next largest set of expenditures for outside contracts, a big chunk goes to maintaining the agency's cybersecurity. Do you plan on reducing cybersecurity?

Ms. KRANINGER. So 31 percent of the funds in fiscal year 2017 was for outside contractor services. That certainly is a big part of——

Senator WARREN. Could we please stop playing dodge ball. Do you plan to cut expenditures? The next biggest investment is on cybersecurity. Do you plan to cut on cybersecurity?

Ms. KRANINGER. Senator, I do believe that that other contract services line is something that really does need to be examined.

Senator WARREN. Do you plan to cut on cybersecurity? It is the next biggest line.

Ms. KRANINGER. Senator, cybersecurity and IT investment are certainly important to the organization's carrying out——

Senator WARREN. So is that a no, you will not cut?

Ms. KRANINGER. I think it is something that needs to be examined, absolutely. Every line item does.

Senator WARREN. Does that mean cut or not cut?

Ms. KRANINGER. Senator, without being inside the Bureau and going through line by line—

Senator WARREN. So you might cut cybersecurity?

Ms. KRANINGER. There could be opportunity—

Senator WARREN. OK.

Ms. KRANINGER. —within contracts in any area—

Senator WARREN. So the next largest expense is travel costs. As I assume you know, most of the agency's travel cost is because the agency sends examiners to visit the financial companies that they supervise so they can actually make sure that they are complying with the law. That supervision is required by Dodd-Frank. Would you cut back on examinations and supervision in order to achieve the 23-percent cut you need to achieve?

Ms. KRANINGER. Senator, looking at travel I think is a legitimate consideration. At the same time—

Senator WARREN. Recognizing that this is travel to go enforce the law at the banks, you would cut that back?

Ms. KRANINGER. I think looking at the travel and looking at the efficient distribution of staff is certainly something that is appropriate—

Senator WARREN. So you are thinking cutting back so we do not send as many people out to enforce.

You know, I just want to be clear on this. Even if you got travel cost to zero, you would not be anywhere close to what you put forward as the proposed budget. So where is the \$147 million, the 23-percent cut, coming from? Can you just tell me where the areas are you plan to cut that is going to get us there?

Chairman CRAPO. And please keep your response brief.

Ms. KRANINGER. Senator, this was the President's budget request, and I pledge to you that I will look at every line item within the Bureau's budget—

Senator WARREN. No, you do not—

Ms. KRANINGER. —should I be confirmed.

Senator WARREN. —get to dance away from this by saying it is the President's budget. The President has offered you up as saying this is your expertise. Your one piece of consumer protection expertise is you put together a budget for the CFPB. So what I want to know is you proposed a 23-percent cut, \$147 million. Give me some ideas about how you actually would make a \$147 million cut at that agency?

Chairman CRAPO. Please respond briefly.

Ms. KRANINGER. Senator, I believe there are opportunities for efficiency and consideration, and it may involve, frankly, spending funds on other activities that are underfunded. So I pledge to you that I will look carefully at the budget of the Bureau.

Senator WARREN. So let us just be clear—

Chairman CRAPO. Senator—

Senator WARREN. —I want to be clear on this. She has dodged around this for this entire question, line of questions. The one thing you have done in your career that is related to the CFPB is to come up with a budget number, and the budget number simply

does not add up. You cannot explain how that agency can do its work if it has a 23-percent budget cut that you put together and the Trump administration offers as your expertise. The only thing you can come up with is, well, maybe you will cut travel, which means there will be less enforcement. And I know that will make bank lenders happy, payday lenders happy, but it does not reflect any knowledge of the CFPB or any commitment to the CFPB's central mission of trying to protect consumers and level the playing field.

Chairman CRAPO. Senator Tillis.

Senator TILLIS. Ms. Kraninger, a lot of people have tried to boil complex subjects down into simple yes-no answers. There is only one that I heard that I felt like we deserved a yes-or-no answer, and that was from Senator Donnelly. Do you or do you not like peanut butter?

[Laughter.]

Ms. KRANINGER. Senator, I like peanut butter.

Senator TILLIS. Because outside of that question, I think it is absurd for anybody up here to say that this was nothing more than the sort of "gotcha" tactics that some Members use to try and, well, support their narrative.

Now, I want to get on OMB. First off, how big is the CFPB? How many employees?

Ms. KRANINGER. There are about 1,600 employees at the CFPB.

Senator TILLIS. Do you think that within that employee base that you have a few economists and finance experts and people that have worked for credit agencies or worked for business lending or, you know, any number of financial fields?

Ms. KRANINGER. Yes, Senator, they have a wide variety of skill sets and expertise that is being brought to bear.

Senator TILLIS. So you as the manager, would you actually see yourself getting up in the morning, coming in early, and writing out the policies or directing the affairs of the agency and the priorities?

Ms. KRANINGER. Senator, it is certainly the latter, directing the priorities and expecting the staff to put forward the policies that align.

Senator TILLIS. Thank you. How big was the scope of your portfolio—or how big is the scope of your portfolio at OMB with respect to the whole of the Administration?

Ms. KRANINGER. It is roughly a fifth of the total Government, \$250 billion in resources, 37 agencies.

Senator TILLIS. So you have a lot of time in your day—I was in research and development early in my career in the 1980s up in Boston, and I was a product manager. So when we were formulating a technology policy, I would bring R&D, I would bring manufacturing, I would bring finance, I would bring marketing together. It was the scientists that worked under my matrix supervision who came up with the ideas. And then it was these other organizations to figure out the complexities, the pipes, all that you needed to do to actually pay for it, administer it.

Would you kind of consider that to be an analog to your role in the Office of Budget and management, not formulating policy but implementing it?

Ms. KRANINGER. Yes, Senator, that certainly is the case, and with a wide variety of staff and variety of topics.

Senator TILLIS. Which is why I find it remarkable that anybody would suggest that you were actively engaged in the formulation of the policy on child separations. You have certain—if you take a look at child separations, it is something I know a lot about because I proposed—I love the passion here about solving the child separation problem. I would like to see that rhetoric go from this Senate Committee to the floor where we have a solution. And I will be talking about it on the floor a little bit later today, because I sometimes wonder whether or not people really want to solve this problem, or if they want to use it to come here and pretend that only the President can solve the problem. It is the Congress that can solve that problem, and once we pass that bill, in your current capacity, we would expect you to figure out how to implement the policy.

It is frustrating to me to see the passion expressed about certain issues in this Committee and an absolute vacuum in the chamber where we can actually produce a result. This, by the way, is not leading up to a yes–no question. But can you tell me just a little bit more about, again, on a day-to-day basis, to what extent in your entire tenure in office at OMB that you have ever been actively engaged in crafting the policy choices?

Ms. KRANINGER. Senator, that is a very fair question. In terms of what generally comes before the Office of Management and Budget, it is what the agencies are formulating. They put forward what their leadership would like to pursue, or they have received direction from the President about activities that they should undertake, and they are formulating the manner and how to address what the President's priorities are and what he has asked of them. And then we are supporting that effort.

Senator TILLIS. So, again, first off, I want to congratulate you on your nominations, and for the family members, thank you all for being here. I know that these hearings can be somewhat troubling, but you should never forget the fact that these two nominees have had very distinguished careers and are very deserving of the nominations, and you all should be proud of it. Again, I just want to say I hope that the focus on child separations that I saw in this room translate to people who want to solve the problem. We are down to what I consider to be very minor differences. If people look at it and within their hearts they truly want to keep families together, Congress needs to fix this problem. You did not craft the legislation. You were trying to determine how to implement the policy. And we should put a mirror on the Members of the U.S. Senate and say, "Why aren't you fixing this problem?" Thank you, Mr. Chairman.

Chairman CRAPO. Thank you, Senator Tillis. That does conclude the questioning. For Senators wishing to submit questions for the record, those questions are due in 1 week, on Tuesday, July 24. We ask both nominees to respond to these questions by Tuesday, July 31, so that we can vote that week on the nominations.

We thank you both for joining the Committee today. As Senator Tillis indicated, sometimes these Committee hearings get intense.

We appreciate you being willing to come forward and put yourselves forward for service to the country.

With that, this hearing is adjourned.

[Whereupon, at 12:42 p.m., the hearing was adjourned.]

[Prepared statements, biographical sketches of nominees, responses to written questions, and additional material supplied for the record follow:]

PREPARED STATEMENT OF CHAIRMAN MIKE CRAPO

This morning, we will consider the nomination of two individuals to serve in critical leadership roles within the Administration.

I welcome both of you. Congratulations on your nominations to these important offices.

I see friends and family behind you and I welcome them here today, as well.

The nominees before us are Kathy Kraninger, to be Director of the Bureau of Consumer Financial Protection and Kimberly Reed, to be President of the Export-Import Bank of the United States.

These positions are critically important to protecting consumers in the consumer financial products and services marketplace, and facilitating global trade of U.S. goods and services.

These nominees bring years of valuable experience at nonprofits and in public service, and will provide valued leadership in carrying out the missions of their agencies.

Ms. Kraninger has had a distinguished career in public service with exposure to a diverse set of Federal agencies, as well as developing a particular expertise in the budget and appropriations processes.

Since March 2017, Ms. Kraninger has served as Associate Director for General Government at the Office of Management and Budget where she oversees and monitors approximately \$250 billion in budgetary resources for numerous Cabinet departments and Federal agencies.

She has also served as OMB's principal policy official for issues related to the Treasury Department, Department of Housing and Urban Development, and Federal financial regulators.

Prior to joining OMB, she held leadership positions at the Department of Transportation and the Department of Homeland Security, as well as serving on the staff of several congressional committees.

Given her depth and diversity of public service experience, I have the utmost confidence that she is well-prepared to lead the Bureau in enforcing Federal consumer financial laws and protecting consumers in the financial marketplace.

Ms. Reed was considered by this Committee last year as the nominee to serve as the First Vice President of the Export-Import Bank, and today we consider her nomination to be its President.

Ms. Reed also has had a distinguished career in public service, previously serving as Senior Advisor to former Treasury Secretaries Paulson and Snow.

In addition, she has served on several Congressional committees, and has held impressive leadership positions in the private sector.

Ms. Reed is well-positioned to help move the Bank forward in a positive direction.

With respect to Ms. Kraninger, some senators have requested a long list of documents, including, emails, schedules, involvement in memos, White House communications, etc., relating to Ms. Kraninger's role at OMB with respect to the Administration's "Zero Tolerance Policy" and the Administration's response to Hurricane Maria in Puerto Rico.

These requests are designed to go after certain extraneous Administration policies that the requesters do not like, and go far beyond the practice of this Committee's document production.

Indeed, I would not expect this Administration or any Administration to release documents related to an ongoing deliberative process.

Further, my understanding is that Ms. Kraninger is not the custodian of the records and has given the request for information to the White House.

The Democratic senators of this Committee asked me to delay this hearing until after the documents had been provided.

I am unaware of the Banking Committee delaying a hearing for such a reason.

To be consistent, I have followed a similar timeline as the Committee set for then-nominee Richard Cordray in 2013.

As a reminder, the Senate received Mr. Cordray's official nomination from the President on February 13, 2013.

Approximately 1 month later, on March 12, 2013, the Committee held a hearing to consider Mr. Cordray's nomination and voted the nominee out of Committee 1 week later on March 19.

Similarly, the Senate received Ms. Kraninger's official nomination from the President on June 20, 2018.

Approximately 1 month later, we are holding this hearing.

She has provided all of the paperwork that the Banking Committee requires.

The purpose of these hearings is to provide all senators of this Committee the opportunity to ask any questions of this nominee, who will be under oath.

I intend to ask Ms. Kraninger—again, who will be under oath—about her role in developing policy at OMB.

Other senators will be given the similar opportunity to question Ms. Kraninger, and to also follow up with questions for the record, as we traditionally do.

I take the Senate's Constitutional authority seriously, and am confident that Ms. Kraninger will be sufficiently vetted, as have our previous nominees, for this Committee to provide a recommendation to the full Senate on this nomination.

As a separate matter, many of us have experienced frustration with the Bureau in previous years.

In April 2016, former Bureau Director Cordray testified before this Committee.

Senators on the Committee sent questions for the record that same month.

It took Director Cordray over 16 months to respond to this Committee.

It is my hope that, if confirmed, Ms. Kraninger will be more accountable to senators on this Committee than Director Cordray was.

I look forward to a vigorous debate and vote on the nominees.

PREPARED STATEMENT OF KATHLEEN LAURA KRANINGER

TO BE DIRECTOR, BUREAU OF CONSUMER FINANCIAL PROTECTION

JULY 19, 2018

Chairman Crapo, Ranking Member Brown, Members of the Committee, thank you for the opportunity to appear before you today. It is a privilege to be here as the President's nominee for Director of the Bureau of Consumer Financial Protection. I want to thank President Trump for this honor and for the confidence he has placed in me with this nomination.

I'd also like to express my deepest gratitude to my family and friends who have joined me today. In particular—my parents, Dave and Pat, are here from Cleveland, Ohio. My older brothers, Dave and Dan, and their families traveled from Wisconsin and Connecticut. My younger brother, Matt, and his family are watching online.

I am incredibly lucky to have an amazing family who encouraged me in every endeavor and taught me that with hard work and dedication, anything is possible in this great country of ours. I am especially grateful for their steadfast support as I have followed my call to public service and pursued a career serving the American people.

My love for our country, its ideals and promise, drives my commitment to public service. It sparked my interest in my university's summer internship program where I worked for my hometown Congressman, now Senator Brown. It inspired my decision to join the Peace Corps and volunteer for 2 years teaching in the former Soviet Union. There I saw firsthand the devastating impact of communism, the economic consequences of central planning, and the absence of free markets and the rule of law.

Following the attacks on September 11th, 2001, I felt the call even more deeply, to help our country in a time of need. I'm very proud to have served on the leadership team at both the Departments of Transportation and Homeland Security during that extraordinarily challenging time. I have also been honored to serve three separate Congressional committees, including the Senate Appropriations Committee under Senator Shelby's leadership. In my current position as Associate Director at the Office of Management and Budget, I have had the opportunity to take a broader leadership role—overseeing \$250 billion in budgetary resources and related policies for 7 Cabinet departments and 30 other Federal agencies, including the Bureau as well as the other financial regulators.

Throughout my career, I have focused on implementing common-sense solutions to complex problems and delivering real value for the American people. While I will not prejudge and cannot predict every decision that will come before me as Director, if confirmed, I can assure you that I will focus solely on serving the American people.

Congress established the Bureau of Consumer Financial Protection “to ensure all consumers have access to markets for consumer financial products and services . . . that are fair, transparent, and competitive.” I am firmly committed to satisfying this Congressional mandate. To do so, I would establish four initial priorities.

First, the Bureau should be fair and transparent, ensuring its actions empower consumers to make good choices and provide certainty for market participants. In particular, the Bureau should make robust use of cost benefit analysis, as required by Congress, to facilitate competition and provide clear rules of the road. In my experience, effective use of notice and comment rulemaking is essential for ensuring the proper balancing of all interests. It also enables consideration of tailoring to re-

duce the burden of compliance, particularly on consumers and smaller marketplace participants.

Second, the Bureau should work closely with the other financial regulators and the States on supervision and enforcement. Nothing is more destructive to competitive markets and consumer choice than fraudulent behavior. Under my stewardship, the Bureau will take aggressive action against bad actors who break the rules by engaging in fraud and other illegal activity.

Third, the Bureau must recognize its profound duty to the American people to protect sensitive information in its possession. Under my leadership, the Bureau would limit data collection to what is needed and required under law and ensure that data is protected. This issue clearly needs more attention, particularly because many consumers are unaware of the vulnerabilities or unsure of what actions to take to protect themselves.

And, fourth, the Bureau must be accountable to the American people for its actions, including its expenditure of resources.

As a former Congressional staffer, I appreciate the important role Congress plays in overseeing this agency. I value the advice and perspectives you shared during our meetings over the past month—conversations that I welcome going forward, should I be confirmed in this important position.

Thank you for your consideration.

Name: Kraninger Kathleen
(Last) (First) (Other)

Date of nomination:

Name and ages of children: N/A

Institution	Dates attended	Degrees received	Dates of degrees
Marquette University	9/1993 - 5/1997	Bachelor of Arts	5/1997
Georgetown University Law Center	9/2003 - 5/2007	Juris Doctorate	5/2007

Organization	Award	Year
Marquette University	College of Arts and Sciences Young Alumna of the Year	2014
InterPortPolice	International Police and Public Safety 9/11 Medal	2012
Center for Strategic and International Studies	Senior Associate with the Homeland Security and Counterterrorism Program	2010
Department of Homeland Security	Certificate of Appreciation for Presidential Transition support	2009
Coast Guard	Meritorious Public Service Award	2009
Customs and Border Protection	In recognition of service	2009
Secure Flight	Certificate of Appreciation	2009
Department of Homeland Security	Secretary's Award for Exceptional Service	2008
Department of Homeland Security	Secretary's Award for Team DHS Excellence for Secure Flight	2008
Washington State Department of Licensing	Certificate of Recognition for contribution to Enhanced Driver's License Program	2008
Department of Homeland Security	National Emergency Management Team	2007-2009
Customs and Border Protection	Commissioner's Award for Exceptional Service	2007
Transportation Security Administration	Partnership Award	2007
U.S. Dept of State Bureau of Consular Affairs	Certificate of Appreciation	2005
Department of Transportation	In recognition of service	2001
Marquette University	Outstanding Senior of the Year	1997
Pi Sigma Alpha	Political Science Honor Society member	1996
Alpha Sigma Nu	Jesuit Honor Society member	1996

Phi Beta Kappa	Honor society member	1996
U.S. Achievement Academy	All-American Scholar Collegiate Award	1995, 1996
Marquette University	Division of Student Affairs Recognition Award	1996
Alpha Chi Omega	Outstanding Sophomore	1995
Marquette University	Academic Scholarship	1993

Memberships: List below all memberships and offices held in professional, fraternal, business, scholarly, civic, charitable and other organizations.

Organization	Membership/Office held	Dates
Pennsylvania Bar	Attorney At Law, inactive	July 2009-Present
Center for Strategic and International Studies	Senior Associate with the Homeland Security and Counterterrorism Program	March 2010-January 2011
Wisconsin Department of Public Instruction	Teaching License	June 1997 til expired (est. 3 years)
Junior League of Washington	Member	2002-2011
Pi Sigma Alpha	Alumnus/member	1996-Present
Alpha Sigma Nu	Alumnus/member	1996-Present
Phi Beta Kappa	Alumnus/member	1996-Present
Alpha Chi Omega	Alumnus/Vice President/member	1995-Present

Employment record: List below all positions held since college, including the title or description of job, name of employment, location of work, and inclusive dates of employment.

Title/Description of Job	Name of Employment	Location of Work	Dates of Employment
Temp employee	Robert Half Corporation	Solon, OH	6/1997 - 9/1997
Volunteer	U.S. Peace Corps	Ukraine	9/1997 - 12/1999
Assistant to the Executive Director	Bush for President	Columbus, OH	1/2000 - 3/2000
Assistant Finance Director	Cantor for Congress	Richmond, VA	3/2000 - 6/2000
Assistant Director of Transportation	Republican National Convention	Philadelphia, PA	6/2000 - 8/2000
Advance Representative	Bush Cheney 2000	Austin, TX	8/2000 - 11/2000
Executive Assistant	Bush Cheney Transition	Washington, DC	11/2000 - 1/2001
Policy Advisor to the Secretary	Department of Transportation	Washington, DC	1/2001 - 1/2003
Advisor to the Secretary for Policy	Department of Homeland Security	Washington, DC	2/2003 - 4/2005
Professional Staff Member	U.S. Senate, Committee on Homeland Security and Governmental Affairs	Washington, DC	4/2005 - 7/2006
Deputy Assistant Secretary for Screening Coordination	Department of Homeland Security	Washington, DC	7/2006 - 11/2009
Senior Director	Sentinel HS Group, LLC	Washington, DC	11/2009 - 1/2011

Professional Staff Member	U.S. House of Representatives, Committee on Appropriations	Washington, DC	1/2011 - 4/2013
Clerk	U.S. Senate, Committee on Appropriations	Washington, DC	4/2013 - 3/2017
Associate Director for General Government	Office of Management and Budget	Washington, DC	3/2017 - Present

Government

experience: List any experience in or direct association with Federal, State, or local governments, including any advisory, consultative, honorary or other part time service or positions.

Title/Association	Government Entity	Location	Dates
Internship/senior experience	Cuyahoga County Courthouse	Cleveland, OH	one week in 1993
Internship	U.S. House of Representatives – then-Cong. Sherrod Brown	Washington, DC	5/1995 – 7/1995
Volunteer	U.S. Peace Corps	Ukraine	9/1997 - 12/1999
Policy Advisor to the Secretary	Department of Transportation	Washington, DC	1/2001 - 1/2003
Advisor to the Secretary for Policy	Department of Homeland Security	Washington, DC	2/2003 - 4/2005
Professional Staff Member	U.S. Senate, Committee on Homeland Security and Governmental Affairs	Washington, DC	4/2005 - 7/2006
Deputy Assistant Secretary for Screening Coordination	Department of Homeland Security	Washington, DC	7/2006 - 11/2009
Senior Director (contractor/consultant)	Sentinel HS Group, LLC	Washington, DC	11/2009 - 1/2011
Professional Staff Member	U.S. House of Representatives, Committee on Appropriations	Washington, DC	1/2011 - 4/2013
Clerk	U.S. Senate, Committee on Appropriations	Washington, DC	4/2013 - 3/2017
Associate Director for General Government	Office of Management and Budget	Washington, DC	3/2017 - Present

Published

Writings: List the titles, publishers and dates of books, articles, reports or other published materials you have written.

N/A

Political**Affiliations**

and activities: List memberships and offices held in and services rendered to all political parties or election committees during the last 10 years.

During the 2012 Presidential general election, I volunteered in the Richmond,

Virginia coordination center through the Republican National Lawyers Association and Romney for President.

Political

Contributions: Itemize all political contributions of \$500 or more to any individual, campaign organization, political party, political action committee or similar entity during the last eight years and identify specific amounts, dates, and names of recipients.

I have not made any political contributions that meet these criteria.

Qualifications: State fully your qualifications to serve in the position to which you have been named. (attach sheet)

Future employment

relationships: 1. Indicate whether you will sever all connections with your present employer, business firm, association or organization if you are confirmed by the Senate.

As I am currently a government employee and have no such connections, this question does not apply.

2. As far as can be foreseen, state whether you have any plans after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization.

I do not have any such plans.

3. Has anybody made you a commitment to a job after you leave government?

No.

4. Do you expect to serve the full term for which you have been appointed?

I do.

Potential conflicts

of inter: 1. Describe any financial arrangements or deferred compensation agreements or other continuing dealings with business associates, clients or customers who will be affected by policies which you will influence in the position to which you have been nominated.

I have no such arrangements, agreements, or dealings.

2. List any investments, obligations, liabilities, or other relationships which might involve potential conflicts of interest with the position to which you have been nominated.

I have no such conflicts of interest.

3. Describe any business relationship, dealing or financial transaction (other than tax paying) which you have had during the last 10 years with the Federal Government, whether for yourself, on behalf of a client, or acting as an agent, that might in any way constitute or result in a possible conflict of interest with the position to which you have been nominated.

I have no such conflicts of interest.

4. List any lobbying activity during the past ten years in which you have engaged in for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation at the national level of government or affecting the administration and execution of national law or public policy.

N/A

5. Explain how you will resolve any conflict of interest that may be disclosed by your responses to the items above.

N/A

**Civil, criminal and
investigatory
actions:**

1. Give the full details of any civil or criminal proceeding in which you were a defendant or any inquiry or investigation by a Federal, State, or local agency in which you were the subject of the inquiry or investigation.

N/A

2. Give the full details of any proceeding, inquiry or investigation by any professional association including any bar association in which you were the subject of the proceeding, inquiry or investigation.

N/A

Qualifications to serve in the position to which you have been named

I bring two decades of managerial experience and policy expertise stemming from my dedicated public service. In my current position as the Associate Director for General Government at the Office of Management and Budget (OMB), I oversee \$250 billion in budgetary resources for 7 Cabinet departments and 30 other Federal agencies, including the Treasury Department, Department of Housing and Urban Development, and Bureau of Consumer Financial Protection (the Bureau) and other financial regulators. In addition to developing the President's budget proposals, such as those related to the Bureau in 2018 and 2019, I serve as OMB's principal policy official for issues related to those departments and agencies. To carry out these broad responsibilities, I manage a staff of career professionals with deep expertise in their respective domains. As a manager and leader, I set the agenda and the tone, recognize the capabilities of the staff, and inspire and empower them to deliver.

Through my service at OMB, two executive branch departments and three Congressional committees, I have built expertise in the processes of government including policy development, drafting and enforcing regulations, conducting investigations, budget execution, program and information technology management, and human capital. Further, the role of the Bureau as a financial regulator requires coordination across federal and state agencies as well as transparency and strong communication with regulated entities and stakeholders. Throughout my career, I have engaged with a wide spectrum of interagency partners, state and local officials, representatives of foreign governments, regulated industries, and stakeholders to deliver effective government programs and policies. In addition, I have served as an effective spokesperson in the media and with stakeholders, including testimony before the Congress. I also have a deep appreciation for the role of Congressional committees, Inspectors General, and the Government Accountability Office as effective oversight mechanisms.

Substantively, I bring experience in cybersecurity, data privacy, information sharing, and financial regulation and oversight related to anti-money laundering and other financial crimes. In my current position, I have also engaged with the financial regulators on financial literacy, fintech, and effective cost benefit analysis, as well as their budgets, real property needs, and strategic management issues.

I have been recognized throughout my public service career for my expertise, accomplishments, dedication, and character including being honored by the Secretary of Homeland Security with the Award for Exceptional Service and the Commandant of the Coast Guard with the Meritorious Public Service Award.

If confirmed, I would be honored to serve as the Director of the Bureau.

PREPARED STATEMENT OF KIMBERLY A. REED

TO BE PRESIDENT, EXPORT-IMPORT BANK

JULY 19, 2018

Chairman Crapo, Ranking Member Brown, Senators, thank you for the opportunity to appear before you today.

Thank you as well for this Committee's favorable bipartisan vote to advance my previous nomination to serve as First Vice President of the Export-Import Bank of the United States (ExIm, Bank).

I now return to you as the President's nominee to serve as President of ExIm, a position that includes serving as Chairman of the Bank's Board of Directors. I thank President Trump for his confidence in me to advance ExIm's mission: creating and supporting American jobs by facilitating the export of U.S. goods and services.

If confirmed, I will be both the first woman and the first West Virginian to be President and Chairman of this 84-year-old institution.

I also appreciate the encouragement and support of the President's National Economic Council Chairman Larry Kudlow and diverse organizations focused on American prosperity.

I would like to recognize and thank my father Terry and sister Ashley. I lost my mother, Janet Logue Reed, to cancer when I was 9 years old, and tomorrow would be her 70th birthday, so I send her my love and know that she is with us.

I thank you for the encouraging and supportive individual meetings to discuss your views and the positive impact ExIm has made for the workers in your states, and the potential to do more to support them. If confirmed, I will work especially hard to maintain open lines of communication with you.

I am grateful for the support of my home-State Senators Shelley Moore Capito and Joe Manchin. I would bring the grounding of my West Virginia upbringing to ExIm. In 1985, Senator Capito's father, Governor Arch Moore, bestowed upon me a golden horseshoe pin for an academic award that I wear today. Its inscription reads: "Montani Semper Liberi"—"Mountaineers are Always Free."

I believe that freedom, in the form of free-market principles, is the best way to foster economic opportunity for all Americans. Throughout my 22 year career, I have embraced these principles to make a positive difference for our Nation's businesses and workers while also protecting the American taxpayer. I would bring these values to ExIm.

Still, there is room for improvement to keep America on this road to prosperity, and ExIm is no exception. If confirmed, I will work to ensure that ExIm faithfully implements all laws and reforms enacted by the Congress. I would launch a review to ensure that ExIm truly is the "bank of last resort" and not the other way around.

There are now 109 foreign Export Credit Agencies (ECAs) in other countries—up from 95 when I testified before you last November. (See Attachment.) ExIm recently reported on "the increasing 'weaponization' of export trade credit by the world's ECAs to complement increasingly nationalistic trade policies—particularly those initiated by China." If confirmed, I look forward to working with the Administration and the Congress on an aggressive response to China's unfair trade policies.

In a perfect world, there would be no ECA financing. If confirmed, I will work with the U.S. Government and, as appropriate, the OECD, G20, WTO, and other forums to move towards the ultimate goal of eliminating all ECA financing. On that you have my pledge.

Until that goal is reached, the United States should not unilaterally disarm in a fiercely competitive global economy. While we negotiate, we should not place our Nation in a worse position than our foreign counterparts. As President Trump stated regarding export financing: "[W]hen other countries give it, we lose a tremendous amount of business."

Therefore, if the Senate confirms a Bank Board quorum, I will take responsible steps to get ExIm operational so America can compete on a more level playing field. ExIm has more than \$40 billion in pending applications supporting 250,000 U.S. jobs. We need to keep and support these jobs in the United States while we, at the same time, work to reform the export subsidies of our competitors to save even more. We can do both.

ExIm also must treat all American companies fairly, especially small- and medium-enterprises. I would ensure that ExIm—working with community banks and community development financial institutions that I am so familiar with—helps small businesses and the agriculture sector, which is vital to rural America.

In closing, I would like to underscore that good governance is critical. ExIm, which has a very low 0.4 percent default rate, is self sustaining because of the fees

and loans it charges to the foreign purchasers, and has returned \$14.6 billion to the U.S. Treasury since 2000. We need to ensure that it stays that way.

Building on my time working for the Congress on oversight, investigations, and Government reform, I would focus on strong standards of conduct, increased transparency, and sound risk management practices. I would work with you and our Inspector General to ensure we are doing all we can to eliminate waste, fraud, and abuse and give better value to the taxpayer.

Thank you for your consideration. I would be pleased to answer any questions.

ATTACHMENT

Statement of Kimberly A. Reed¹
Nominee for First Vice President, Export-Import Bank of the United States
United States Senate
Committee on Banking, Housing, and Urban Affairs
November 1, 2017

Chairman Crapo, Ranking Member Brown, and Members of the Committee, thank you for this opportunity to appear before you today. I am honored to be the President's nominee to serve as First Vice President of the Export-Import Bank of the United States (Bank), a position that includes being Vice Chairman of the Bank's Board of Directors. As a West Virginian, I am grateful to Senators Shelley Moore Capito and Joe Manchin for their support.

I am pleased to introduce my father Terry and sister Meghan. My father taught me the importance of public service and helping others. My mother, Janet Logue Reed, passed when I was nine years old, but I know that she is with us. My brother Mark, sister Ashley, and brother-in-law Jeremy, a Purple Heart recipient, are watching online.

My interest in public service was sparked when I was four years old and my father was a counsel to the then newly-founded Republican Study Committee. This is when I first met former House Ways and Means Chairman Bill Archer and his Chief of Staff Don Carlson. They have supported me my whole life, and I am deeply honored to have them join us today.

When it comes to helping others, I serve on the Alzheimer's Association National Board of Directors. This disease impacts five million Americans and fifteen million unpaid caregivers, and my thanks goes to Members of Congress, as well as advocates watching today, who take action to end our nation's most expensive disease.

I appreciated the opportunity to meet many of you to discuss your hopes for the Bank. Creating good American jobs is a top priority for the President, as I am sure it is for all of you. If confirmed, I will deliver on this priority. We are on the cusp of an American renaissance in manufacturing, including for small and new entry companies.

I am committed to serving our nation, and, if confirmed, look forward to bringing two decades of bi-partisan experience to my work at the Bank, which has more than 400 dedicated career professionals. Throughout my career, I have engaged not only with CEOs and world leaders, but also with thousands of constituents and small businesses in your states.

As Director of the Treasury Department's Community Development Financial Institutions Fund under President George W. Bush, I made job creation in distressed communities a key priority. I oversaw efforts to provide \$4 billion in financing – in the forms of New Markets Tax Credits, loans, and grants – to financial institutions and economic development groups that were investing in our nation's rural, Native American, and urban communities.

¹ Written Opening Statement – 11/01/17 Hearing: <https://www.banking.senate.gov/imo/media/doc/Reed%20Testimony%2011-1-17.pdf>, Video – 11/01/17 Hearing (Reed Opening Statement – Minute 35): <https://www.banking.senate.gov/hearings/2017/11/01/executive-session-and-nomination-hearing>

As Counsel to three Congressional Committees, I focused on oversight and reform to improve our federal agencies. I deeply appreciate the valuable role Congress plays in oversight of federal programs, including the Bank, and the importance of faithfully executing all our laws consistent with the intent of Congress.

As Senior Advisor to U.S. Treasury Secretaries John Snow and Henry Paulson, I helped advance our nation's economic program. I know the value of working as part of an Administration's team and making sure Congress and the American people are fully informed about the President's agenda.

Most recently, as President of the International Food Information Council Foundation, I worked with the U.S. Departments of Agriculture and State in numerous emerging market countries around the world to increase acceptance of U.S. exports.

The Bank has become an important source of funding for small businesses and an avenue for job creation. Nonetheless, there are needed reforms to ensure that taxpayer dollars are protected from waste and fraud and that Americans are obtaining the best value.

With respect to the activities of the Bank, my friend, Chairman Archer, taught me that any reform must not occur at the expense of our national interests. He warned against unilateral disarmament in a fiercely competitive global economy. I share his concerns and would never advocate to place American exporters and workers in a worse position than our foreign counterparts. There are now 95 foreign Export Credit Agencies – including eleven acknowledged in the past year – many of which are used by foreign governments attempting to move U.S. jobs and business revenue to their countries.

In West Virginia, my grandfather taught me the importance of having the necessary tools in life. As an eighth grader during the Great Depression, he launched Reed's Dairy. When private sector financing was not available, the Federal Land Bank filled the gap, and the dairy became one of the most successful small enterprises in the state. My grandfather farmed for the rest of his life and was meticulous with his toolbox. The United States must have the right tools – including a fully functioning Export-Import Bank – in our toolbox to be successful in the global marketplace.

But, those tools need to be constantly repaired and reformed. I am especially interested in making sure that small and medium enterprises, just the kind of businesses that I am so familiar with in West Virginia, have full access to the programs authorized by Congress.

If confirmed, I will bring a fresh set of eyes to the Bank to strengthen U.S. competitiveness and bring better value to the taxpayer, as the opportunity for Americans to create and export has never been brighter.

Thank you for your consideration. I would be pleased to answer any questions.

STATEMENT FOR COMPLETION BY PRESIDENTIAL NOMINEES

Name:	Reed	Kimberly	Ann
	(Last)	(First)	(Other)

Position to which nominated: President of the Export-Import Bank of the United States

Date of nomination: June 20, 2018

Date of birth:	11 March 1971	Place of birth: Charleston, WV
	(Day) (Month) (Year)	

Marital Status: Single	Full name of spouse: N/A
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Name and ages of children: None

Education:	Institution	Dates attended	Degrees received	Dates of degrees
	West Virginia University College of Law	1993-1996	J.D.	1996
	West Virginia Wesleyan College	1989-1993	B.S.	1993

Honors and awards: List below all scholarships, fellowships, honorary degrees, military medals, honorary society memberships and any other special recognitions for outstanding service or achievement.

- One of the *100 Women Leaders in STEM* (Science, Technology, Engineering, Math) (2012)
- U.S. Treasury Meritorious Service Award (conferred by Secretary Henry Paulson) (2007)
- U.S. Treasury Secretary's Honor Award (conferred by Secretary John Snow) (2006)
- West Virginia Wesleyan College *Young Alumni of the Year Achievement Award* (2004)
- Selected as a "Young Professional Leader" to represent the U.S. in delegations that foster international relations: American Council on Germany (2002, 2008); American Council of Young Political Leaders (Morocco, 2005); U.S.-U.K. Atlantic Bridge (2004); U.S.-Asia Foundation (China, 2003); American-Swiss Foundation (2001)
- Youth Awards: West Virginia Governor's Honors Academy (1988); West Virginia Girl's State (1988); 4-H All Star Pin (highest award in 4-H) (1988); West Virginia Golden Horseshoe Award (conferred by Governor Arch Moore) (1985)

Memberships: List below all memberships and offices held in professional, fraternal, business, scholarly, civic, charitable and other organizations.

Organization	Office held (if any)	Dates
Alzheimer's Association – National Board of Directors	Executive Committee	(2010-Present); (2012-2017); Chair, Public Policy Committee (2012-2017); Additional Committees and Task Forces: Mission Outcomes, Audit, Compensation, Diversity and Inclusion, Governance and Nominating, Bylaws, Enterprise Risk Management
Alzheimer's Impact Movement (AIM)	Board of Directors	(2012-Present)
American Swiss Foundation	Board of Directors	(2013-Present)
Republican National Lawyers Association	Member	(2001-Present); Board of Governors (2002-Present); Chair (2016-2017); Co-Chair (2015-2016); Vice President, Finance (2014); Vice President, Membership (2002-2004)
National Coalition for Food and Agriculture Research	Board of Directors	(2016-2017)
Alliance for Food and Health	Executive Committee	(2016-2017)
West Virginia Wesleyan College	Board of Trustees	(2007-2014); Vice-Chair, Academic Affairs Council (2011-14). Additional Committees: Compensation, Nominating
Tax Coalition	Member	(2001-Present); Board of Directors (2003-2004)
Federalist Society	Member	(1994-Present)
American Council on Germany	Member	(2002-Present)
Women's Foreign Policy Group	Member	(2012-Present)
P.E.O. International (a women's international philanthropic educational organization)	Member	(1989-Present)
Washington Agricultural Roundtable	Member	(2009-Present)
Agribusiness Club of Washington	Member	(2009-2016)
Republican Women's Federal Forum	Member	(2004-Present)
American Society of Association Executives	Member	(2009-2017)
U.S. Treasury Department Historical Society	Member	(2004-Present)
U.S. Capitol Historical Society	Member	(2016-Present)

Memberships: List below all memberships and offices held in professional, fraternal, business, scholarly, civic, charitable and other organizations.

Organization	Office held (if any)	Dates
Alzheimer's Association – National Board of Directors	Executive Committee	(2010-Present); (2012-2017); Chair, Public Policy Committee (2012-2017); Additional Committees and Task Forces: Mission Outcomes, Audit, Compensation, Diversity and Inclusion, Governance and Nominating, Bylaws, Enterprise Risk Management
Alzheimer's Impact Movement (AIM)	Board of Directors	(2012-Present)
American Swiss Foundation	Board of Directors	(2013-Present)
Republican National Lawyers Association	Member	(2001-Present); Board of Governors (2002-Present); Chair (2016-2017); Co-Chair (2015-2016); Vice President, Finance (2014); Vice President, Membership (2002-2004)
National Coalition for Food and Agriculture Research	Board of Directors	(2016-2017)
Alliance for Food and Health	Executive Committee	(2016-2017)
West Virginia Wesleyan College	Board of Trustees	(2007-2014); Vice-Chair, Academic Affairs Council (2011-14). Additional Committees: Compensation, Nominating
Tax Coalition	Member	(2001-Present); Board of Directors (2003-2004)
Federalist Society	Member	(1994-Present)
American Council on Germany	Member	(2002-Present)
Women's Foreign Policy Group	Member	(2012-Present)
P.E.O. International (a women's international philanthropic educational organization)	Member	(1989-Present)
Washington Agricultural Roundtable	Member	(2009-Present)
Agribusiness Club of Washington	Member	(2009-2016)
Republican Women's Federal Forum	Member	(2004-Present)
American Society of Association Executives	Member	(2009-2017)
U.S. Treasury Department Historical Society	Member	(2004-Present)
U.S. Capitol Historical Society	Member	(2016-Present)

- Upshur County Historical Society – Member/Supporter (2009-Present)

Employment record: List below all positions held since college, including the title or description of job, name of employment, location of work, and inclusive dates of employment.

TRUMP-PENCE PRESIDENTIAL TRANSITION TEAM, Washington, DC – Dec. 2016-Jan. 2017

Agency Landing Team Member, U.S. Department of the Treasury

Note: The above effort was in my personal volunteer capacity, unpaid, and undertaken on vacation time.

INTERNATIONAL FOOD INFORMATION COUNCIL FOUNDATION, Washington, DC – Sept. 2009-Feb. 2017

President (Promoted from Executive Director – Sept. 2015)

INTERNATIONAL FOOD INFORMATION COUNCIL

Senior Vice President of Membership, International Relations, and Strategic Initiatives

Note: I served in dual executive roles for a §501(c)(3) and a related non-lobbying §501(c)(6).

MCCAIN-PALIN PRESIDENTIAL CAMPAIGN, New York, NY – June-Nov. 2008

Executive Director, NY Lawyers for McCain

Note: The above effort was in my personal volunteer capacity and unpaid.

LEHMAN BROTHERS, INC., New York, NY – Dec. 2007-June 2008

Vice President of Financial Markets Policy Relations

U.S. DEPARTMENT OF THE TREASURY, Washington, DC – May 2004-Nov. 2007

Director of the Community Development Financial Institutions (CDFI) Fund (Feb.-Nov. 2007)

Senior Advisor to U.S. Secretary of the Treasury (May 2004- Jan. 2007)

Note: I served as Senior Advisor to U.S. Secretaries of the Treasury John W. Snow and Henry M. Paulson, Jr.

U.S. HOUSE OF REPRESENTATIVES, Washington, DC – May 1999-May 2004

Committee on Ways and Means, Oversight Counsel (April 2001- May 2004)

Committee on Government Reform and Oversight, Committee Counsel (May 1999- April 2001)

OFFICE OF JOHN T. O'ROURKE, Washington, DC – May 1999

Legislative Assistant

U.S. HOUSE OF REPRESENTATIVES, Washington, DC – Oct. 1997-May 1999

Office of Rep. Peter Hoekstra (MI), Special Assistant (Feb. 1999-May 1999)

Committee on Education and the Workforce, Oversight Counsel (Oct. 1997-Jan. 1999)

REPUBLICAN NATIONAL COMMITTEE, Washington, DC – June 1997-Oct. 1997

Counsel's Office, Law Clerk

U.S. HOUSE OF REPRESENTATIVES, Washington, DC – April-June 1997

Office of Rep. Sonny Callahan (AL), Intern

DOLE-KEMP PRESIDENTIAL CAMPAIGN, Washington, DC – June-Nov. 1996

Policy Staff

Note: The above effort was in my personal volunteer capacity and unpaid.

U.S. HOUSE OF REPRESENTATIVES, Washington, DC – Summer 1995
Committee on House Ways and Means Tax Staff, Intern

THE HERITAGE FOUNDATION, Washington, DC – Summer 1994
Intern

THE WEST VIRGINIA GOVERNOR'S HONORS ACADEMY, Morgantown, WV – Summer 1993
Resident Assistant

Government

experience: List any experience in or direct association with Federal, State, or local governments, including any advisory, consultative, honorary or other part time service or positions.

Note: Please see above response, as all of my government experience is included in my employment record.

Published

Writings: List the titles, publishers and dates of books, articles, reports or other published materials you have written.

- Building Bridges to Connect With Stakeholders: A Template for Success, Proceedings of the International Crisis and Risk Communication Conference, Nicholson School of Communication, University of Central Florida, <https://doi.org/10.30658/icrcc.2018>, 06/12/18
- Written testimony of and Responses to Questions for the Record by Kimberly A. Reed, Nominee, First Vice President, Export-Import Bank of the United States, Confirmation Hearing before the U.S. Senate Banking, Housing, and Urban Affairs Committee, 11/01/17
- Food Safety: A Communicator's Guide to Improving Understanding, International Food Information Council Foundation, 09/23/15
- The Future of Food: Production, Innovation, and Technology, Diplomatic Courier Monthly Magazine, 05/15/15
- Written testimony of Kimberly A. Reed, International Food Information Council Foundation, United Nations Hearing on Non-Communicable Disease Prevention and Control Efforts, 06/19/14
- Written testimony of Kimberly A. Reed, International Food Information Council, American Medical Association House of Delegates "Reference Committee E" (Science and Technology) on Council of Science and the Public Health Report 2 - Labeling of Bioengineered Food, 06/16/12
- Communication Strategies to Help Reduce the Prevalence of Non-communicable Diseases: Proceedings from the Inaugural IFIC Foundation Global Diet and Physical Activity Communications Summit, Nutrition Reviews Vol. 70(5):301–310, DOI: 10.1111/j.1753-4887.2012.00480.x, 04/26/12
- Written Remarks by CDFI Fund Director Kimberly A. Reed, Gulf of Maine Research Institute - CDFI Fund Joins Maine Senator Olympia Snowe and Governor John Baldacci in Celebrating Coastal Enterprises Closing \$200 million in New Markets Tax Credits Investments in New England, 08/07/07
- Keynote Address by Kimberly Reed, CDFI Fund, National House and Rehabilitation Association's 2007 Summer Institute, 07/25/07
- Keynote Remarks by Kimberly Reed, Director, U.S. Treasury Department's CDFI Fund, Federal Reserve Bank of Richmond's Community Development Finance Opportunity Workshop, 06/25/07
- U.S. Department of the Treasury Community Development Financial Institutions Fund Report: Growth, Diversity, Impact: A Snapshot of CDFIs in FY 2003, Message from the Director, 06/01/17

- Keynote Address by Kimberly A. Reed, Association for Enterprise Opportunity Annual Conference, 05/18/07
- Written Remarks by Kimberly Reed, Director, CDFI Fund, before the Community Development Venture Capital Alliance Annual Conference, 03/22/07
- Written testimony of Kimberly A. Reed, Director, Community Development Financial Institutions Fund, U.S. Department of the Treasury, on Financial Services for Distressed Communities before the U.S. House of Representatives Appropriations Committee, Subcommittee on Financial Services, 03/01/07

During my tenure at the International Food Information Council (IFIC) Foundation (2009-2017), I occasionally would write science-based, consumer-focused website newsletter articles and blog posts on diet, nutrition, and health for the Foundation's website. The following are the major substantive examples:

- IFIC Foundation President Kimberly Reed Gives Keynote Address at MidAtlantic Women in Agriculture Annual Conference on "Understanding Our Food: Connecting With Consumers" (includes written remarks), 02/09/17
- Switzerland's Culinary Footprint in the U.S.: A Conversation with Ambassador Martin Dahinden, 05/21/16
- Answering the Challenge of "Feeding the Planet, Energy for Life," 11/04/15
- "Bringing Biotechnology to Life" Classroom Resource Launched at World Food Prize Symposium, 10/14/15
- IFIC Foundation Releases Food Safety Communicator's Guide in Beijing, 09/23/15
- IFIC Foundation Hosts EXPO 2015 Communications Summit: "Emerging Market Leaders Workshop on Effective Messaging on Global Food Production Issues," 05/20/15
- The Future of Food: Food Production, Innovation, and Technology, 05/18/15
- IFIC Foundation Participates in United Nations Hearing on Non-Communicable Disease Prevention and Control Efforts, 06/19/14
- "Everyone Has a Role:" Update from the 2014 World Health Assembly, 05/21/14
- Happy Centennial, Cooperative Extension: Extending Knowledge, Changing Lives, 05/08/14
- Forty Chances and the 2013 World Food Prize: "The Next Borlaug Century: Biotechnology, Sustainability, and Climate Volatility," 10/16/13
- That's a Movement: Highlights from the 68th United Nations General Assembly, 10/06/13
- World Alzheimer's Day: Promoting Optimal Brain Health, 09/20/13
- Tax Day - April 15: Americans Find It Easier To Do Their Own Taxes Than To Eat Well, 04/14/13
- Remembering Margaret Thatcher: Revolutionary Reformer of both Freedom and Food Chemistry, 04/07/13
- Women's History Month: Women and Girls in "STEM" Are Key to Feeding Our World, 03/04/13
- Reaching the Next Generation to Sustain Modern Agricultural Practices, 10/17/12
- You Are My Sunshine...Celebrating the Longest Day!, 06/18/12
- Taking It Upstream: Update from the 65th World Health Assembly, 05/22/12
- International Food Information Council Foundation Encourages World Health Organization to Include Science-Based Communication and Behavior Strategies in Global Response to Non-Communicable Diseases, 04/16/12
- Food to Bank On, 11/03/11
- Understanding Our Food - Presenting the "9 Billion-People Question" to Students, 11/21/11
- Summary of the International Food Information Council Foundation's 2011 Global Diet and Physical Activity Communications Summit: "Insights to Motivate Healthful, Active Lifestyles," 11/19/11
- Reaching a Major Milestone in Securing Global Solutions to NCDs, 09/23/11
- The Importance of Food Banking Around the World, 06/26/11

- IFIC Foundation Participates In First-Ever Food Biotechnology Safety Assessment and Risk Communication Forum in China, 11/09/10
- The World Food Prize - The Next Generation: Confronting the Hunger Challenges of Tomorrow, 10/12/11
- Remember the People: Update from the 2011 World Health Assembly, 05/17/11
- IFIC Foundation Reaches Out to Participants of the First Global Ministerial Conference on Healthy Lifestyles and Noncommunicable Disease, 04/25/11
- Introducing the International Center of Excellence in Food Risk Communication, 04/11/11
- Making the Investment in Our Future Nutrition and Food Safety Leaders at Purdue University, 10/04/10
- International Opportunities for the "Let's Move" Campaign, 05/04/10
- First Lady Michelle Obama's "Healthy Food Financing Initiative" Announcement Highlights the Importance of Affordable, Healthful Foods in Underserved Communities, 02/19/10

During my tenure as Director at the U.S. Treasury Department Community Development Financial Institutions Fund (2007), I wrote the following CDFI Fund website newsletter articles:

- "Message From the Director," 10/01/07
- "Message From the Director," 07/01/07
- "Message From the Director," 03/01/07

I wrote two short pieces for my personal Linked-In Account:

- Remembering Our Rhinestone Cowboy Glen Campbell: A Champion for Finding a Cure for Alzheimer's Disease, 08/09/17
- Non-communicable Disease Prevention and Control Efforts are Very Important for Global Health, 10/10/15

Political

Affiliations

and activities: List memberships and offices held in and services rendered to all political parties or election committees during the last 10 years.

None. *Note: While I served as a volunteer whip for the Republican National Committee Rules Committee meeting on July 14, 2016, and have occasionally volunteered on an unpaid basis at election time, I have not "rendered services" to political parties or election committees during the last 10 years.*

Political

Contributions: Itemize all political contributions of \$500 or more to any individual, campaign organization, political party, political action committee or similar entity during the last eight years and identify specific amounts, dates, and names of recipients.

- Alzheimer's Impact Movement PAC: \$1500 (09-01-14); \$500 (02-06-14); \$1000 (03-27-13); \$500 (06-17-11)
- Sen. Roy Blunt - \$1500 (04-04-16)
- Sen. Jerry Moran - \$1500 (08-05-15)
- Rep. Barbara Comstock - \$500 (09-30-14)
- Jeb Bush for President - \$2700 (06-15-15)
- Right to Rise USA - \$1000 (03-27-15)

- Mitt Romney for President - \$1000 (04-04-12); \$1000 (07-26-11)
- Republican National Lawyers Association: \$1000 (05/01/17); \$500 (06/29/16); \$1000 (04/01/16); \$1000 (07/14/14); \$1000 (08/24/13); \$1000 (08/29/12); \$1000 (11/19/10); \$800 (10/09/10)

Qualifications: State fully your qualifications to serve in the position to which you have been named.
(attach sheet)

See Attachment 1.

Future employment

relationships: 1. Indicate whether you will sever all connections with your present employer, business firm, association or organization if you are confirmed by the Senate.

N/A.

2. As far as can be foreseen, state whether you have any plans after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization.

No.

3. Has anybody made you a commitment to a job after you leave government?

No.

4. Do you expect to serve the full term for which you have been appointed?

Yes.

**Potential conflicts
of interest:**

1. Describe any financial arrangements or deferred compensation agreements or other continuing dealings with business associates, clients or customers who will be affected by policies which you will influence in the position to which you have been nominated.

None.

2. List any investments, obligations, liabilities, or other relationships which might involve potential conflicts of interest with the position to which you have been nominated.

None.

3. Describe any business relationship, dealing or financial transaction (other than tax paying) which you have had during the last 10 years with the Federal Government, whether for yourself, on behalf of a client, or acting as an agent, that might in any way constitute or result in a possible conflict of interest with the position to which you have been nominated.

None.

4. List any lobbying activity during the past ten years in which you have engaged in for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation at the national level of government or affecting the administration and execution of national law or public policy.

I have never been a registered lobbyist and have never lobbied as part of my professional career.

I, however, in *my personal capacity as a non-compensated volunteer*, have met with lawmakers as part of my personal involvement with the Alzheimer's Association and the Alzheimer's Impact Movement. For example, I annually join 1200+ Alzheimer's advocates from across the United States for the annual Alzheimer's Advocacy Forum in Washington, DC. The Forum includes visits with lawmakers to share personal stories, introduce caregivers, and urge support for Alzheimer's research, including through legislation and public policy. This personal effort, however, does not meet the definition of lobbying activity.

5. Explain how you will resolve any conflict of interest that may be disclosed by your responses to the items above.

I have no conflicts of interest. If ever there is a potential conflict of interest (unforeseen at this time), I will work with EXIM Bank's Designated Agency Ethics Official and recuse myself or take other steps as recommended and appropriate.

I currently serve on the National Boards of both the Alzheimer's Association, a §501(c)(3) organization, and the Alzheimer's Impact Movement, a §501(c)(4) organization, as well as the Board of the American Swiss Foundation. As provided in my Ethics Agreement, I will resign from these Boards if confirmed by the U.S. Senate.

**Civil, criminal and
investigatory
actions:**

1. Give the full details of any civil or criminal proceeding in which you were a defendant or any inquiry or investigation by a Federal, State, or local agency in which you were the subject of the inquiry or investigation.

As is often common in supervisory positions in the Federal government, when I was the Director of the U.S. Treasury Department's Community Development Financial Institutions (CDFI) Fund (February-November 2007), there were EEO claims filed and/or in-process against the U.S. Department of the Treasury that required me to be interviewed and testify at one EEOC hearing. I do not have any detailed recollection about the claims as this was eleven years ago, but all claims were either dismissed or determined to have "no finding of fault." Also during this time, the Treasury Office of Inspector General received an anonymous complaint concerning a CDFI Fund staff member's travel voucher and I was interviewed. The Office of Inspector General concluded that there was no evidence to indicate the violation of any travel voucher regulation and that the allegation was unsubstantiated. The investigation discovered no violations of Federal code or Treasury regulations and the file was closed.

2. Give the full details of any proceeding, inquiry or investigation by any professional association including any bar association in which you were the subject of the proceeding, inquiry or investigation.

None.

2. List sources, amounts and dates of all anticipated receipts from deferred income arrangements, stock options, uncompleted contracts and other future benefits which you expect to derive from previous business relationships, professional services and firm memberships or from former employers, clients, and customers.

None.

The undersigned certifies that the information contained herein is true and correct.

Signed:

Handwritten signature of Kimberly A. Reed in black ink.

Date: 06/25/18

Attachment

Attachment

STATEMENT FOR COMPLETION BY PRESIDENTIAL NOMINEES

Kimberly Ann Reed

**Position to which nominated: President of the Export-Import Bank of the
United States**

Qualifications: State fully your qualifications to serve in the position to which you have been named.

June 25, 2018

Dear Members of the U.S. Senate Committee on Banking, Housing, and Urban Affairs:

I am humbled by President Trump's nomination of me on June 20, 2018, to serve as President of the Export-Import Bank of the United States. It is an honor and a privilege to be considered for this position.

It also was an honor to be previously nominated by the President on October 3, 2017, as First Vice President of the Export-Import Bank and testify before you on November 1, 2017. I am grateful for this Committee's favorable vote on my nomination on December 19, 2017, and your support throughout this very lengthy process.

As requested in your Senate application, I would like to share my qualifications that have prepared me to serve in this position.

Background Summary

I am a senior executive with a 21-year career leading organizations and initiatives in the government, nonprofit, and private sectors, including efforts that have focused on American job creation, business, finance, trade, and economic development issues.

I most recently served as President of the International Food Information Council (IFIC) Foundation. Working with global food and agriculture supply chain, health experts, academicians, government officials, and journalists, the IFIC Foundation is the nation's leading non-profit focused on communicating science-based information about health, nutrition, and food safety for the public good. As part of my work, I collaborated with the U.S. Departments of Agriculture and State to increase acceptance of U.S. food and agriculture exports in emerging market countries around the world.

I previously served in the following positions: Director of U.S. Treasury Department's sole grant program – the Community Development Financial Institutions (CDFI) Fund – where I was responsible for overseeing the award of nearly \$4 billion in tax credits, loans, and grants to financial institutions and economic development

groups for investing in economically distressed communities; Senior Advisor to U.S. Treasury Secretaries Henry M. Paulson, Jr. and John W. Snow; Counsel to three Congressional Committees in the U.S. House of Representatives – the House Ways and Means, Government Reform and Oversight, and Education and Workforce Committees; and Vice President for Financial Markets Policy Relations at Lehman Brothers in New York.

In my personal capacity, I volunteer on several non-profit boards, including the Alzheimer's Association, American Swiss Foundation, and Alzheimer's Impact Movement, and previously on the boards of West Virginia Wesleyan College, the Tax Coalition, and the National Coalition for Food and Agriculture Research. I was the first woman to be elected as Chair of the Republican National Lawyers Association Board of Governors in 2016.

Named one of the "100 Women Leaders in STEM" (Science, Technology, Engineering, and Math), I have been honored with the U.S. Department of the Treasury Meritorious Service Award and Secretary's Honor Award and West Virginia Wesleyan College Young Alumni Achievement Award. I have been recognized as a "Young Professional Leader" by the American Swiss Foundation, American Council on Germany, Atlantic Bridge, and American Council of Young Political Leaders, and teach democracy-building courses in emerging nations in order to advance freedom and women's rights around the world.

Originally from Buckhannon, West Virginia, I hold a law degree from West Virginia University College of Law and a dual undergraduate degree in biology and government and a minor in chemistry from West Virginia Wesleyan College. I am a Certified Association Executive (CAE) through the American Society of Association Executives (ASAE), earned a Professional Certificate in Finance from the New York Institute of Finance, and have spent time in more than one hundred countries around the world.

Additional Qualifications and Core Competencies

Oversight and Reform Experience: I am committed to preventing waste, fraud, and abuse. This commitment began during my tenure as Counsel to three Committees with the U.S. House of Representatives, where I was charged with performing oversight on behalf of the U.S. Congress and the American taxpayer. I worked with the Inspectors General, Government Accountability Office, Federal Bureau of Investigation, National Taxpayer Advocate, IRS Oversight Board, and numerous Federal agencies, and many of these efforts resulted in Congressional oversight hearings and positive changes for the American taxpayer. As a member of various non-profit boards, I was involved in oversight from strategic and fiduciary levels. Because of my recognized judgment and emphasis on sound internal operations and controls, I was asked to serve on an Enterprise Risk Management Task Force and an Audit Committee. If confirmed, I will make effective oversight of the Bank consistent with the Export-Import Bank's charter requirements a top priority. I also look forward to working with Congress to ensure the Bank is compliant with all laws.

Communications, Public Relations, and Outreach Skills, with a Focus on Small Businesses and Jobs: One of my strongest skills is being an enthusiastic communicator. In each of my positions, I have served as a credible voice, conducted outreach in a multitude of venues across the U.S. and world, and focused on good customer and stakeholder service. I have engaged and built networks with a variety of diverse audiences ranging from the United States Congress, Fortune 500 CEOs, and Chambers of Commerce to thousands of small businesses, community bankers, employers, and workers to the general public and the press. From putting together fifty-five Congressional roundtables and site visits with hundreds of American workers, including unions members, during my first job at the House Education and Workforce Committee to engaging with thousands of stakeholders focused on our U.S. agriculture and food supply chain during my most recent tenure as President of the IFIC Foundation, I have demonstrated my commitment to sharing and learning through good public relations. If confirmed, I will bring this same passion to the Export-Import Bank,

especially to expand awareness of its services through focused small business development and American job growth and prosperity.

Organizational Leadership: As a leader of large, medium, and small-sized organizations and on various boards, I am familiar with the importance of competing, time-sensitive demands, including from Congress and the White House, staff, board members, and stakeholders. My leadership and judgment have been recognized by Treasury Secretaries John W. Snow and Henry M. Paulson, Jr. (*see attachment*) and Members of Congress. During my tenure at the IFIC Foundation, I became a Certified Association Executive (CAE). As a CAE, I put my leadership skills into action. For example, the IFIC Foundation created a staff-led “Values Team” to strategically improve our organization. I also took action through two strategic planning cycles to ensure our work involved collaboration with diverse U.S., foreign, and multi-lateral stakeholders to address challenges such as feeding a growing global population, which will increase from 7.6 billion people today to 9.8 billion by the year 2050. As part of my volunteer work on the Board of Directors of the Alzheimer’s Association (and its Executive Committee), we undertook a bold organizational leadership step to transform the organization from many individual chapters across the nation into one single unified organization dedicated to ending the disease. As a Certified Association Executive (CAE), I have mastered core competencies needed to enhance organizational success and create a culture of collaboration and efficiency, and I have put those competencies into action. And, because of my past Executive Branch experience, I also recognize that successful organizational leadership requires participation in the inter-agency process. While at the U.S. Department of the Treasury, I engaged with the National Economic Council, State Department, Commerce Department, and Small Business Administration, among others, to arrive at the best outcomes for the U.S. taxpayer. If confirmed, I will create an environment that fosters high performance and innovation.

Trustworthiness: I have an established track record of trustworthiness and confidentiality. I have been a confidential advisor to U.S. Cabinet Secretaries and elected officials. I was entrusted by the U.S. Congress and I.R.S. as one of the limited individuals who had access to private §6103 taxpayer information in order to conduct Congressional oversight. I have had a Top-Secret (SCI) security clearance. I am a dependable overseer of initiatives and finances for government programs worth billions of taxpayer dollars and excel at issues management to protect my stakeholders and organizations, as well as to respond to any potential concerns of the U.S. Congress. If confirmed, I will bring a culture of trustworthiness and integrity to the Export-Import Bank.

Commitment to Government Reform and Transparency: Starting with my first position with the U.S. Congress, where I was responsible for reviewing and providing feedback on the U.S. Department of Labor’s very first strategic and annual plans as required under the then newly-implemented Government Performance and Results Act (GPRA), I have been dedicated to the need for government reform. Building on seven years of oversight work for the U.S. Congress, one of my key commitments as Director of the U.S. Treasury Department’s CDFI Fund was reform and transparency. For example, during my tenure, the CDFI Fund released its very first comprehensive analysis and data from over 200 CDFIs and made the data available to government, researchers, and others so that they could conduct further analysis. The report serves as a useful tool for those interested in how these financial institutions operate, the products and services they offer, and the impact they are making in the communities they serve. I also launched the first-ever “CDFI Fund Policy Research Initiative.” to build a strong foundation of knowledge documenting the overall role, impact, and future possibilities of all CDFIs, something that I believe is critical to outline a path for our greater result-based future success. If confirmed, I will be committed to Export-Import Bank reform and transparency.

Strategic Vision to Improve the Business Environment: I have a track record of short- and long-term planning skills, which is done in collaboration with organizational leadership. While heading the CDFI Fund, I commissioned an independent third party consulting organization to do a complete analysis of the Fund’s

processes to ensure we were operating at a 21st century level and protecting taxpayer dollars. As a result, the CDFI Fund's flagship program and review processes were restructured and strengthened. This strategic vision also extends to my role on non-profit boards, where I have been a part of several strategic planning processes. A recent major initiative was a two-year Alzheimer's Association "Mission Forward" restructuring process that unified 80 independent non-profits into a single, nationwide organization. If confirmed, I will bring strategic visions to support actions that improve the ease of doing business with the Export-Import Bank.

Business, Trade, Financial Services, Economic Development, and International Policy Experience: In addition to having ten years of Legislative and Executive Branch experience, I also have experience with small and large business, trade (with a focus on exports), financial institution, economic development, and international policy issues.

For seven and one-half years at the IFIC Foundation, I collaborated with agriculture and food industry supply chain, among others. In 2015, this sector employed 21 million, or 11.1 percent of total U.S. employment – the single largest employment sector in the United States. I led strategies to build U.S. and international engagement, cross-functional alliances, and consumer trust. One of my key initiatives was securing U.S. Department of Agriculture Foreign Agriculture Service Emerging Markets Program (Commodity Credit Corporation) financial support to enable our Foundation to work with thousands of emerging market country leaders and stakeholders. We hosted science-based summits and workshops in diverse emerging market countries, including China, Indonesia, Vietnam, Egypt, West/East Africa, and India, to expand knowledge on food and health issues and, as a result, improve the business environment for U.S. companies engaging in trade. The export of U.S. agricultural products will continue to be a very important issue and opportunity for our country and world over the next several years, especially as the world's population (and mouths to feed) grows from 7.4 billion today to 9.7 billion by 2050.

During my short tenure at Lehman Brothers in New York (which began just as the 2008 financial crisis was unfolding), I, in the newly-created position of Vice President of Financial Markets Policy Relations, focused on building a new outreach effort to engage with global trade associations and policy groups, including those in the European Union, China, India, Brazil, and the Middle East. In 2009, I obtained a Professional Certificate in Finance from the New York Institute of Finance. I took the following courses: Essentials of Banking, Essentials of U.S. Capital Markets, Commodity and Energy Markets, Fundamentals of the Securities Industry, Finance for Non-Financial Managers, and Budgeting in a Non-Profit Organization. Both of these experiences increased my knowledge of the financial services sector.

During my tenure as the Director of the CDFI Fund, I focused on access to capital, financial inclusion, job creation, and economic growth in economically distressed rural, urban, and Native American communities and with under-served populations. During the 2007 funding cycle, I worked with 68 talented CDFI Fund staff to allocate \$3.9 billion in tax credit authority and award \$42 million to a combined total of almost 200 organizations committed to investing in and providing financial services to low-income communities and individuals across the country. Through the CDFI Fund's various programs, I engaged with a range of stakeholders, including community and large banks, credit unions, loan funds, microloan funds, and venture capital providers. I also met many of their stakeholders, including those involved with small businesses, charter schools, health clinics, neighborhood housing services, financial education centers, and childcare centers, as well as citizens in the Gulf Opportunity Zone (GO Zone) trying to put their homes and lives back together after Hurricane Katrina.

I have a strong interest in international issues and engagement, and I will always put America first. Professionally and personally, I have spent time in more than 100 countries, including many OECD and emerging market countries. I also am on the Board of Directors of the American Swiss Foundation, and have

had numerous "soft diplomacy" opportunities to engage with Swiss company executives, bankers, and government officials on topics including trade, competitiveness, and foreign investment.

If confirmed, I will bring this knowledge, experience, and understanding to the Export-Import Bank. I also am prepared to uphold the Bank's charter and bylaws, work collaboratively with the United States Congress, and ensure the Bank is transparent and a good steward of taxpayer dollars.

For me, there would be no greater honor or responsibility than being confirmed as President of the Export-Import Bank of the United States, especially at this pivotal time in our nation's history and because of the critical role the Export-Import Bank plays in creating jobs and growing the economy in the United States.

I look forward to the opportunity to meet with each of you to answer your questions and learn more about the issues that are important to you. Thank you for your consideration.

Sincerely,

A handwritten signature in black ink that reads "Kimberly A. Reed". The signature is written in a cursive, flowing style.

Kimberly Reed

Attachment A: U.S. Treasury Secretary's Honor Award and Meritorious Service Award Citations

ATTACHMENT A

**U.S. Treasury Secretary's Honor Award
Conferred by Secretary John W. Snow (2006)**

Kimberly Reed has served the Department of Treasury and Secretary Snow as Senior Advisor to the Secretary with distinction, dedication, and skill. Her accomplishments are numerous. She has been at the center of the policy coordination process for the Department, and an indispensable advisor on such issues as fundamental tax reform, retirement security, and significant domestic economic initiatives. She helped coordinate the Department's response to hurricanes Rita and Katrina, and the Gulf Coast rebuilding effort. She went on to facilitate the Department's process to monitor and prepare for global financial risks of all kinds, such as pandemic flu. In the tax area, she has been responsible for the review and clearance of all tax regulations for the Secretary's office, a significant and time consuming task. She has been a primary liaison with Commissioner Everson, the Internal Revenue Service, the IRS Oversight Board, and the National Taxpayer Advocate, helping to coordinate and improve communications between the Department and its largest bureau. She led effort within the Department to highlight the President's concern for economic development in America's communities, most notably the operation of the New Markets Tax Credit. Of particular note were her remarkable and effective efforts to promote and advance the President's economic message to taxpayers across America.

In recognition of all her significant contributions and accomplishments, Kimberly Reed is awarded the Secretary's Honor Award.

**U.S. Treasury Meritorious Service Award
Conferred by Secretary Henry W. Paulson, Jr. (2007)**

Kimberly Reed has served President George W. Bush and two Treasury Secretaries with integrity and distinction as Senior Advisor to the Secretary at the U.S. Department of the Treasury.

As Senior Advisor, Ms. Reed has provided invaluable counsel to both Secretary Paulson and Secretary Snow on key policy matters, especially for tax and economic issues. She also has played a major role in coordinating issues with the Department and its bureaus, as well as with the White House and other Agencies, and was involved in the day-to-day management of Departmental operations. Ms. Reed has been not only a trusted advisor to Secretaries and two Chiefs of Staff, but also a fervent supporter of the President's economic agenda. Her knowledge of issues, keen political judgment, and understanding of all branches of government were invaluable. She approached each day and tackled each assignment with energy and optimism.

Ms. Reed is recognized throughout the Treasury and its bureaus, the Congress and the White House for her teamwork, good nature, hard work and unwavering dedication to the President, the Secretary, and the successful execution of their priorities.

In recognition of her distinguished record and contributions to the Department, Kimberly Reed is presented the Meritorious Award.

**RESPONSES TO WRITTEN QUESTIONS OF SENATOR BROWN
FROM KATHLEEN LAURA KRANINGER**

Committee on Banking, Housing, and Urban Affairs
Nominations Hearing
July 19, 2018

Questions for Ms. Kathleen Laura Kraninger, Director-Designate, Bureau of Consumer Financial Protection, on behalf of Ranking Member Brown:

- In June, leaders of veterans and military service organizations wrote to the CFPB regarding the public reporting and database of consumer complaints maintained by the CFPB. They noted that, “because servicemembers, veterans, their families, and survivors are targets for consumer fraud by predatory financial companies, it is essential that their complaints are not hidden from the public and the organizations that represent and serve them.” They supported the public availability of complaints, monthly complaint reports, special reports on servicemembers, and other similar tools. However, the student loan industry has called for hiding this information from public view. If confirmed, do you commit to meeting with the representatives of veteran and military service organizations before making any decisions regarding the complaint database?

Response: Yes, I would meet with representatives of veterans and military service organizations and ensure that input from stakeholders is considered in making such decisions. The Bureau must be accountable to the American people for its actions, including its management of the complaint database.

- Recent data show that more than 1.1 million student loan borrowers default on their loans every year, representing 3,000 new defaults each day. Far too many borrowers have struggled with predatory, fraudulent, and misleading loan products and servicing. What are your specific proposals to reduce this behavior and to improve success in student loan repayment?

Response: I know student lending is a significant issue for many Americans, as noted in my testimony. Under my stewardship, the Bureau will take aggressive action against bad actors who break the rules by engaging in fraud and other illegal activity. In addition, I plan to sit down with officials at the U.S. Department of Education to talk through what their efforts are, where the Bureau can be helpful, and what role the Bureau currently plays at a more detailed level.

- For decades, banking regulators, including the Office of the Comptroller of the Currency, Securities and Exchange Commission, the Federal Deposit Insurance Corporation, the U.S. Department of Justice, and various state agencies have taken action to oversee federal student loans as part of their reporting requirements, regulation, and oversight responsibilities. Similarly, will you commit that, if confirmed, you will continue to administer the law in overseeing federal student loans?

Response: As I stated above, I know that student lending is a significant issue for many Americans and one that I will examine closely, working with officials at the Department of Education. I am firmly committed to fulfilling the Bureau’s congressional mandate in accordance with the Dodd-Frank Act.

Committee on Banking, Housing, and Urban Affairs
Nominations Hearing
 July 19, 2018

- In accordance with Dodd-Frank Act Section 1035(c) requirement to “ensure coordination” with the U.S. Department of Education “in providing assistance to and serving borrowers seeking to resolve complaints related to their private education or Federal student loans”, how do you plan to direct the CFPB to work with the U.S. Department of Education to resolve complaints related to borrowers’ federal student loans?

Response: As stated in my previous responses, I know that student lending is a significant issue for many Americans and one that I will examine closely. I plan to sit down with officials at the U.S. Department of Education to talk through what their efforts are, where the Bureau can be helpful, and what role the Bureau currently plays at a more detailed level. I am aware that Section 1035 contemplates a Memorandum of Understanding between the Department and the Bureau, and I will work towards that end.

- As you are likely aware, the U.S. Department of Education’s Office of Federal Student Aid (“FSA”) is planning a pilot program for a federal payment card for students’ financial aid. This card could eventually have implications for millions of federal student loan borrowers and grant recipients, and may have widespread implications for the financial industry as well. Do you believe it is important for the CFPB to be consulted in an ongoing fashion about the development and operation of the payment card initiative, including sharing feedback during the pilot program?

Response: I am committed to carrying out the responsibilities of the Bureau under the law, which includes working with the U.S. Department of Education. Information sharing is vital between the Bureau and other regulators. I am committed to sharing feedback as appropriate about the Department’s pilot program.

We would like clarity on the CFPB’s enforcement trends:

- How many CFPB investigations were ongoing as of November 24, 2017?
- How many CFPB investigations were ongoing as of April 19, 2018?
- How many new CFPB investigations were initiated from November 25, 2017 to April 19, 2018?

Response: The information you request in the three questions above is information that is not available to me. As I noted in my testimony, under my stewardship, the Bureau will take aggressive action against bad actors who break the rules by engaging in fraud and other illegal activity.

Committee on Banking, Housing, and Urban Affairs
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July 19, 2018

- In January, Mr. Mulvaney announced that the CFPB would reconsider its 2017 payday loan rule and delay the compliance date for the rule's main requirements. He claimed that he plans to undertake a great deal more cost-benefit analysis at the CFPB. Did he undertake any cost-benefit analysis in connection with the decision to revisit the payday loan rule and delay the compliance date for the rule's main requirements? If so, please provide a copy of that analysis to the Committee.

Response: The information you request is information that is not available to me.

In a speech to state attorneys general in February, Mr. Mulvaney implied that the CFPB would step back if state authorities "don't think it's against the law" or "don't think it's your state's best interest." This was in the context of a case against four payday lenders accused of charging triple-digit interest rates in violation of state and federal law. Mr. Mulvaney noted that some state attorneys general opposed the case.

But what Mr. Mulvaney didn't mention was the fact that this case charged the lenders with making illegal loans in fifteen different states, with varying policies on payday lending.

- Did the state attorneys general of any states other than New Mexico and Oklahoma express an opinion on the case? If so, please provide copies of any written correspondence.

Response: The information you request is information that is not available to me.

- According to the CFPB's complaint, Connecticut and New York state authorities sent cease-and-desist letters to some of the lenders telling them the loans were illegal. Did the CFPB reach out to those states to solicit their opinion? If so, why does it seem that the CFPB took the advice of the states that Mr. Mulvaney agreed with and dismissed the advice of those he disagreed with?

Response: The information you request is information that is not available to me.

- What is the statutory authority for making the opinions of some state authorities determinative in CFPB's decision to pursue an enforcement action to protect consumers in other states?

Response: While any decision by the Bureau to pursue an enforcement action against any person will depend upon the unique facts and circumstances of the case, the following provisions at least suggest that the Bureau should consider the views of the various states, when relevant and applicable, in its decision-making process. Section 1021 of the Dodd-Frank Act requires the Bureau to seek to enforce the law consistently. Additionally, Section

Committee on Banking, Housing, and Urban Affairs
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1042 of the Dodd-Frank Act empowers states, in consultation with the Bureau, to enforce provisions of Title X and Bureau rules issued thereunder. However, the view of any one state would not be dispositive under my leadership of the Bureau, should I be confirmed.

- If the CFPB chooses not to bring an enforcement action because certain state authorities recommend against it, how is that consistent with CFPB's role as a federal regulatory agency to enforce federal law?

Response: Given the information in the response above is not available to me, I do not have the appropriate context to fully address this question. As I stated above, under my stewardship, the Bureau will take aggressive action against bad actors who break the rules by engaging in fraud and other illegal activity. Furthermore, as explained in my testimony, I believe the Bureau should work closely with other federal financial regulators and the relevant state agencies on supervision and enforcement.

- Did the CFPB undertake any cost-benefit analysis in connection with the decision to drop this case? If so, please provide a copy of that analysis to the Committee.

Response: The information you request is information that is not available to me.

In 2011, the CFPB entered an agreement with state attorneys general to support each other in enforcing consumer protection laws, including through "joint or coordinated investigations of wrongdoing and coordinated enforcement actions." State attorneys general from coast to coast have said they've appreciated the CFPB's partnership in the past. However, Virginia Attorney General Mark Herring recently said that the CFPB is now dropping cases that were previously approved. In light of these comments, we are concerned that Mr. Mulvaney has abandoned the CFPB's previous agreement to support state efforts to protect consumers.

- How many CFPB investigations or lawsuits in which the CFPB worked with state authorities were ongoing as of November 24, 2017?
- How many CFPB investigations or lawsuits in which the CFPB worked with state authorities were ongoing as of April 19, 2018?
- How many new CFPB investigations or lawsuits in which the CFPB worked with state authorities were initiated from November 25, 2017 to April 19, 2018?
- Since November 25, 2017, has Mr. Mulvaney or CFPB staff denied any requests by state authorities for the CFPB to join or support an investigation or lawsuit?

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- Is the Virginia Attorney General correct, and if so, which cases or investigations have been dropped? If so, did the CFPB undertake a cost-benefit analysis before coming to a decision to drop those cases? Please provide a copy of an analysis to the committee.
- Does Mr. Mulvaney continue to adhere to the CFPB's 2011 agreement with state attorneys general? If there have been any changes to the CFPB's approach to working with state authorities, did Mr. Mulvaney personally approve these changes?
- If there have been any changes to the CFPB's approach to working with state authorities, did the CFPB undertake a cost-benefit analysis in connection with those changes? If so, please provide a copy of that analysis to the Committee.

Response: The information you request in the questions above is information that is not available to me. As I have noted, under my stewardship, the Bureau will take aggressive action against bad actors who break the rules by engaging in fraud and other illegal activity. I also believe the Bureau should work closely with other federal financial regulators and the relevant state agencies on supervision and enforcement.

- Mr. Mulvaney claims he received approval to hire several political appointees to the CFPB. Please provide copies of that approval to the Committee. Additionally, did the CFPB perform any cost-benefit analysis in connection with the decision to hire these employees or set their salaries? If so, please provide copies of that analysis to the Committee.

Response: The information you request is information that is not available to me.

At a hearing, Mr. Mulvaney claimed he "did not quash anything at OIRA," and that in fact "no one" had quashed anything. However, Bloomberg Law previously reported that "Labor Department leadership convinced OMB Director Mick Mulvaney to overrule the White House regulatory affairs chief and release a controversial tip-sharing rule without data showing it could allow businesses to skim \$640 million in gratuities." We have several follow-up questions:

- Was there any dispute between OIRA Administrator Rao and the Department of Labor about whether the Department should include certain quantitative analysis in materials accompanying the tip-sharing regulation?

Response: I have no personal knowledge of the issues surrounding this rule.

- Was there any initial opposition by Administrator Rao to publishing the regulation without certain quantitative analysis?

Response: I have no personal knowledge of the issues surrounding this rule.

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- Have you ever been aware of Mr. Mulvaney, as OMB Director, intervening in disputes between the OIRA Administrator and the head or staff of a federal agency (such as the Department of Labor)?

Response: In light of the confidentiality interests that attach to executive branch decision-making, I am unable to answer this question.

- Did you or Mr. Mulvaney play any role, direct or indirect, either yourselves or through your agents or political appointees, in resolving any dispute related to the tip-sharing rule between the OIRA Administrator and the Secretary of Labor or the staff of the Department of Labor? If so, please describe that role. Did the Secretary of Labor or the staff of the Department of Labor request your intervention related to the tip-sharing rule?

Response: I have no personal knowledge of the issues surrounding this rule.

Mr. Mulvaney expressed concern at a hearing about the handling of personal data by third parties with which the CFPB has contracted. Senator Perdue asked if, “every single factor that I have as an individual in the United States, every single financial factor can be reviewed, and can be collected, and can be exposed by the CFPB, is that correct?” In creating the CFPB, Congress required the Bureau to monitor consumer financial products and services, including developments in those markets. It also limited the Bureau’s market monitoring authority to prevent the Bureau from obtaining information for the purpose of gathering or analyzing the personally identifiable information of consumers.

- Can you clarify that the Bureau does not collect data for the purposes of monitoring any individual?
- Does the data that the Bureau collects for market monitoring purposes differ from the data it reviews under its examination and supervisory authority? Is data gathered for market monitoring purposes stripped of personally identifiable information before it is studied by the Bureau?
- Is it true that the private entities from whom the Bureau collects anonymized data have access to millions of Americans’ personally identifiable information, and that those entities offer that information for sale to other private businesses?
- Does the data that the Bureau reviews in supervision and examination differ from the data that the prudential banking regulators review during their supervision and examinations?

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- What evidence exists that shows that the CFPB or third parties have mishandled such personal data? Please provide copies of any analysis that shows that the CFPB or these third parties have mishandled any personal data.

Response: The information you request to the above questions is information that is not available to me. As I discussed in my testimony, one of the four priorities I would establish at the Bureau is reviewing and improving data collection practices. The Bureau must recognize its profound duty to the American people to protect the data in its possession. Under my leadership, the Bureau would limit data collection only to what is required under law and is necessary to carry out its mission and ensure that that data is protected. The issue clearly needs more attention because consumers are unaware of the vulnerabilities they face and unsure of what steps to take to protect themselves.

In early December 2017, the CFPB withdrew its request to OMB to conduct an online survey of 8,000 individuals related to debt collection disclosures. This survey would have provided important data about debt collection disclosures to assist the CFPB's obligations to root out unfair, deceptive, and abusive acts and practices related to debt collection.

- Why did the CFPB withdraw this survey?
- Did you or Mr. Mulvaney personally approve this decision?
- How do you reconcile this decision to deprive the CFPB of important data with your previous statements about your intention to engage in more cost-benefit analysis based on quantitative data?
- Did the CFPB undertake any cost-benefit analysis in connection with this decision? If so, please provide a copy of that analysis to the Committee.

Response: The information you request about an online debt collection survey is information that is not available to me. I did not personally approve the decision and have no information regarding how the decision was made to support a more specific response to your third question above. Under my leadership, the Bureau would limit data collection to only what is required under law and is necessary to carry out its mission and ensure that the Bureau protects that data. As noted in my testimony and other responses to questions for the record, limiting data collection in the manner I have pledged is consistent with supporting robust use of cost-benefit analysis and a commitment to data-driven decision-making. To the extent that the data is supporting decision-making, the data collection would be needed and required.

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At a hearing, Mr. Mulvaney said that he immediately issued a data collection freeze with certain accommodations made for enforcement data and that CFPB is now looking at some data offsite instead of storing it onsite.

- Did the Bureau perform a cost-benefit analysis prior to a decision to halt collection of certain data and instead view it offsite? If so, please provide that analysis.
- What, if any, information did the Bureau previously collect that it does not collect now?
- What, if any, information did the Bureau previously collect that it does not collect or view offsite now?

Response: The information you request is information that is not available to me. As I noted above, one of the four priorities I would establish at the Bureau is reviewing and improving data collection practices. The Bureau must recognize its profound duty to the American people to protect the data in its possession. Under my leadership, the Bureau would limit data collection only to what is required under law and is necessary to carry out its mission and ensure that that data is protected. The issue clearly needs more attention because consumers are unaware of the vulnerabilities they face and unsure of what steps to take to protect themselves.

At a hearing, Mr. Mulvaney said that he has been able to document 240 lapses in data security and that he suspects but has not been able to confirm 800 others. Are the 240 lapses in data security that he described 240 separate pieces of information or 240 instances in which multiple data lapses occurred? Please describe the nature of these lapses and how many of these lapses contained personally identifiable information (PII).

- Does the Bureau monitor the accounts of particular consumers or track the financial habits or activities of any individual consumer? If so, in what cases?
- In response to questions about data security at the Bureau, Mr. Mulvaney said, “the rule is this, I’m not going to hold somebody to a higher standard than we’re willing to hold ourselves.” Will you assure us that the Bureau also will hold any company that holds consumers’ data to the same standard that Mr. Mulvaney holds the Bureau?
- How has the data collection freeze affected the CFPB’s supervisory and examination efforts? Please provide statistics on the following:
- The mean and median time to complete an examination over (i) the six months before you implemented the data freeze and (ii) the period beginning when you implemented the data freeze and ending April 19, 2018.

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- The mean and median cost per examination over (i) the six months before you implemented the data freeze and (ii) the period beginning when you implemented the data freeze and ending April 19, 2018.

Response: The information you request about the Bureau's data collection and supervision and enforcement activity is information that is not available to me. Such information would enable a more specific answer to the second question above. As I have previously noted, two of the four priorities I would establish at the Bureau are taking aggressive action against bad actors who break the rules and protecting sensitive information in the Bureau's possession. Under my stewardship, the Bureau will take aggressive action against bad actors who break the rules by engaging in fraud and other illegal activity. In addition, the Bureau must recognize its profound duty to the American people to protect the data in its possession. Under my leadership, the Bureau would limit data collection to only what is required under law and is necessary to carry out its mission and ensure that that data is protected. The issue of data collection and security clearly needs more attention because consumers are unaware of the vulnerabilities they face and unsure of what steps to take to protect themselves.

The Administration submitted a legislative package of major changes to rents for millions of families. This seems premature when HUD has not implemented all of the widely-supported streamlining measures that Congress already passed as part of the Housing Opportunity Through Modernization Act (HOTMA) in 2016.

- Can you please provide, for each provision of HOTMA, a table including the following information:
- Section and Subsection #;
- Topic;
- Implementation Status;
- Implementing document/s and any related guidance; and, if not implemented:

Response: As the question concerns implementation of HUD programs and policies on which the Secretary of HUD has responded to the Committee, this question is best directed to HUD.

- whether OMB is currently reviewing a Notice or Rule to implement the provision; and
- the estimated date of implementation.

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Response: The Office of Management and Budget has an extensive role in supporting agencies as they implement the President's priorities and agenda, which includes reviewing legislative proposals, regulatory proposals, notices/reports and the availability of budgetary resources. I can note that HUD has published Federal Register Notices (FRNs) that implemented various components of HOTMA. Consistent with OMB's role, the following FRNs went through OMB clearance: 81 FR 73030 (10/24/16), 82 FR 5458 (1/18/17), 82 FR 32461 (7/14/17), and 83 FR 35490 (7/26/18).

Enforcement of Hardship Provisions

One provision of the HOTMA legislation in 2016 was a direction that HUD certify that current hardship protections for residents are being enforced.

- When will HUD complete this task?

Response: As the question concerns implementation of HUD programs and policies on which the Secretary of HUD has responded to the Committee, this question is best directed to HUD.

- What has HUD done to date toward this requirement?

Response: As the question concerns implementation of HUD programs and policies on which the Secretary of HUD has responded to the Committee, this question is best directed to HUD.

- What is HUD doing to ensure that residents are aware of the current hardship protections?

Response: As the question concerns implementation of HUD programs and policies on which the Secretary of HUD has responded to the Committee, this question is best directed to HUD.

- Has OMB reviewed this HUD certification?

Response: I have no personal knowledge of this certification, but in the normal course of its work, OMB staff would review such documents.

Families Affected by Increased Mandatory Minimum Rents

In response to my question about the typical income of families affected by proposed changes in mandatory minimum rents, Dr. Carson testified that the typical family had an income of \$9,870. The information I have indicates that most of the families affected by this change have incomes

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below \$7,000 per year, with many far below this amount. I also understand that the median income of a family affected by the proposed increase in minimum rent is \$2,400.

- What is the median annual income of a family whose rent would increase by virtue of HUD's new mandatory minimum rent proposal?

Response: As the question concerns implementation of HUD programs and policies on which the Secretary of HUD has responded to the Committee, this question is best directed to HUD.

Child Care Deduction

In discussion with Senator Scott, Secretary Carson mentioned the importance of daycare availability to parents who are trying to make progress on their self-sufficiency goals. I agree with the Secretary that the availability of affordable childcare is a critical component of parents' ability to work and pursue education and training opportunities.

- Yet, the Administration's proposal eliminates the child care deduction for calculating rent that helps families to afford child care. Do you believe that making it more difficult for families to afford child care will help them achieve self-sufficiency?

Response: As the question concerns implementation of HUD programs and policies on which the Secretary of HUD has responded to the Committee, this question is best directed to HUD.

Self-Sufficiency Outcome Monitoring

Dr. Carson stated that he views success in the realm of self-sufficiency as families receiving HUD assistance no longer receiving HUD-assistance for positive reasons.

- How does the Administration now, or how does the Administration plan to, measure and track outcome data for families?

Response: As the question concerns implementation of HUD programs and policies on which the Secretary of HUD has responded to the Committee, this question is best directed to HUD.

- Do HUD's tenant characteristics reporting systems currently contain data fields to capture the reasons why assisted families leave HUD assistance?

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Response: As the question concerns implementation of HUD programs and policies on which the Secretary of HUD has responded to the Committee, this question is best directed to HUD.

- If not, do you plan to recommend that HUD build or enhance this tracking capability in its data systems?

Response: As the question concerns implementation of HUD programs and policies on which the Secretary of HUD has responded to the Committee, this question is best directed to HUD. Should HUD make such a recommendation, OMB would in the normal course work with HUD to implement it.

HUD Inspection Protocols

During his testimony, Secretary Carson mentioned that HUD has had to “get rid of dozens of [housing] inspectors who have consistently been providing inappropriate scoring.” He also indicated that the elimination of corruption resulted in the termination of dozens of inspectors.

- Please describe in detail the number of inspectors involved and the circumstances that led to their removal. Has the Department replaced them? Do you know if HUD has made referrals to the Department of Justice or other appropriate law enforcement agencies?

Response: This particular issue has not been raised to my attention, so I have no personal knowledge of the issue. As the question concerns implementation of HUD programs and policies on which the Secretary of HUD has responded to the Committee, this question is best directed to HUD.

- What steps has the Administration taken to improve the integrity, consistency, and quality of HUD inspections of assisted properties?

Response: As the question concerns implementation of HUD programs and policies on which the Secretary of HUD has responded to the Committee, this question is best directed to HUD.

- Have you reviewed any HUD policy or activities to improve oversight of the quality of HUD-assisted housing?

Response: I have no recollection of personally reviewing such policies or activities, but my staff may have. The Office of Management and Budget (OMB) has an extensive role in supporting agencies as they implement the President's priorities and agenda, which includes reviewing legislative proposals, regulatory proposals, notices/reports and the

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availability of budgetary resources. In addition, OMB continually seeks to improve the quality, efficiency, and effectiveness of Federal programs, including strengthening oversight of the quality of HUD-assisted housing.

Opportunity Zones

Secretary Carson mentioned that he expects Opportunity Zones to unleash “in excess of \$2 trillion.”

- Please provide the analysis behind the Administration’s claim for this amount of activity.

Response: As the question concerns a statement by the Secretary on which the Secretary has responded to the Committee, this question is best directed to HUD.

- What is the progress to date?

Response: On June 14th, Treasury and the Internal Revenue Service announced the final round of Opportunity Zone designations. Treasury and the IRS also recently released Frequently Asked Questions to provide additional information on this new tax incentive.

- Would all communities that currently benefit from Community Development Block Grant (CDBG) funds benefit from Opportunity Zones? If not, how many fewer communities would receive funding if we were to rely on Opportunity Zones with no supplemental CDBG funding?

Response: It is unlikely that all communities that currently receive CDBG funds are included in Opportunity Zone designations. Such a complete comparison would be difficult to do given the limited nature of CDBG reporting at the federal level, though I understand that HUD is looking at conducting such an analysis per Secretary Carson’s response to the Committee.

Section 3 Implementation

- Section 3 provides important training and work opportunities for residents of HUD-assisted housing and surrounding communities. Secretary Carson stated in our hearing that HUD plans to enhance Section 3. How does the Administration plan to enhance Section 3, and when would the Administration implement these enhancements?

Response: As the question concerns implementation of HUD programs and policies on which the Secretary of HUD has responded to the Committee, this question is best directed to HUD.

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Lead-Based Paint Screening

In discussion with Senator Donnelly, Secretary Carson mentioned that he would like to see universal screening for lead-based paint due to the pervasiveness of lead-based paint hazards in older homes. The Medicaid program currently has screening requirements for young children, but the uptake is not what we'd like to see.

- Is the Administration considering implementing such a universal screening requirement?

Response: This particular issue has not been raised to my attention, so I have no personal knowledge of the issue. As the question concerns HUD's coordination with HHS which the Secretary of HUD has raised to the Committee, this question is best directed to HUD.

- What role can HUD and its programs play in promoting and enhancing screening? Are there additional programs under your purview at OMB that could also play a role in promoting universal screening?

Response: As noted above, this particular issue has not been raised to my attention, so I have no personal knowledge of the issue. As the question concerns implementation of HUD programs and policies on which the Secretary of HUD has responded to the Committee, this question is best directed to HUD.

HUD Response to the Opioid Crisis

- Please describe in detail what HUD is doing to respond to the opioid crisis, including the amount of funding and FTEs dedicated to the problem.

Response: As the question concerns implementation of HUD programs and policies on which the Secretary of HUD has responded to the Committee, this question is best directed to HUD.

Fair Housing

April marked the 50th Anniversary of the Fair Housing Act. That landmark bill made housing discrimination and redlining illegal, but we have more work to do to achieve the goals of that act. That's why it was disappointing to hear that HUD is thinking about changing its mission statement to diminish the importance of combating housing discrimination.

- Have you been involved in any discussion of changing the HUD mission statement?

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Response: No, I have not been involved in any such discussions.

The Administration's actions over the past year, have made me and others question the Administration's commitment to fair housing. For example:

In spring 2017, HUD withdrew and has failed to reissue guidance requiring equal treatment of transgender people, who suffer disproportionately higher rates of homelessness, in HUD-supported homeless shelters.

In October 2017, the Treasury Department issued an insurance regulation report recommending that HUD "reconsider the use of the disparate impact rule," as it applies to insurance. Treasury's recommendation argues against long-standing practice and sides with arguments made by the insurance industry in litigation against HUD and the federal government.

In January 2018, HUD suspended its Affirmatively Furthering Fair Housing (AFFH) rule through October 2020. The AFFH rule, was developed after a two-year public comment period and responded to the General Accountability Office's 2010 recommendations for improvements in the previous process. It was meant to finally fulfill the Fair Housing Act's 50-year-old requirement that HUD and its grantees "Affirmatively Further" fair housing in their communities. Although HUD subsequently reinstated the submissions under the Rule in the face of litigation, it has now withdrawn the AFFH Local Government Assessment Tool intended to help communities carry out their Assessments of Fair Housing.

Taken together, these actions undermine confidence in the Administration's commitment to fair housing and inclusive communities.

- I understand that, of the 49 initial Assessment of Fair Housing (AFH) submissions, 41 were accepted by HUD on either the initial submission or subsequent resubmission, and that the remaining 8 were under review at the time of the suspension notice. Is that correct? If not, please provide the number of AFH submissions, the number of AFH submissions accepted on initial submission or subsequent submission, and the number of AFH submissions under review at that time.

Response: As the question concerns implementation of HUD programs and policies on which the Secretary of HUD has responded to the Committee, this question is best directed to HUD.

- In the January 2018 suspension notice, HUD stated "that program participants need additional time and technical assistance to adjust to the new AFFH process and complete AFH submissions that can be accepted by HUD." What training and technical assistance

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plans has HUD implemented since the suspension to help communities prepare to administer the AFFH rule?

Response: As the question concerns implementation of HUD programs and policies on which the Secretary of HUD has responded to the Committee, this question is best directed to HUD.

- I understand that many community requests for technical assistance to prepare for the AFFH rule were not granted in a timely fashion. What steps has HUD taken to ensure that its technical assistance is provided in sufficient time to allow communities to prepare their AFHs? Does HUD intend to continue to work with outside organizations to provide training and technical assistance to local partners throughout the AFH process?

Response: As the question concerns implementation of HUD programs and policies on which the Secretary of HUD has responded to the Committee, this question is best directed to HUD.

- Following the suspension of the AFFH rule, HUD is permitting its grantees to continue submitting the previous Analysis of Impediments (AI), despite the weaknesses in the AI process cited in the 2010 GAO study. On March 6, 2018, over 140 organizations submitted a letter to HUD's General Counsel opposing the delay of the AFFH process, stating that by imposing the delay "HUD is abrogating its duty to carry out the mission Congress assigned it 50 years ago through the Fair Housing Act." How do you plan to ensure that HUD and its grantees fulfill their obligations to affirmatively further fair housing during the suspension of the AFFH rule, given the weaknesses cited by the GAO in the AI process?

Response: As the question concerns implementation of HUD programs and policies on which the Secretary of HUD has responded to the Committee, this question is best directed to HUD.

- At the time of the suspension notice, a number of communities had already begun to develop an AFH under the AFFH rule. Will HUD support the development of their AFHs with technical assistance and guidance on plans which will be completed prior to October 2020?

Response: As the question concerns implementation of HUD programs and policies on which the Secretary of HUD has responded to the Committee, this question is best directed to HUD.

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- Secretary Carson cited concern about communities' cost of compliance with the new rule. Has the Administration analyzed the cost of housing opportunities denied to people in protected classes if communities are failing to fulfil their obligations to affirmatively further fair housing? Does the Administration have an estimate of those costs, and if so can you provide it along with the underlying methodology?

Response: In light of the confidentiality interests that attach to executive branch decision-making, I am unable to answer this question.

- Were you involved in the production or OMB clearance of the October 2017 Treasury report on the insurance industry regulation?

Response: The Office of Management and Budget (OMB) has an extensive role in supporting agencies as they implement the President's priorities and agenda, which includes reviewing legislative proposals, regulatory proposals, certain notices/reports and the availability of budgetary resources. Consistent with that role, OMB was a part of an interagency clearance process that provided input into the above referenced October 2017 Treasury report on the insurance industry regulation to ensure that it was consistent with Administration policies and priorities.

- Do you agree with the Treasury report's recommendation that HUD "reconsider the use of the disparate impact rule," as it applies to insurance?

Response: As referenced in the answer above, OMB participated in the clearance process, as did HUD. I have not talked with officials at HUD regarding the status of this issue, which would be necessary to address this question.

Fair Housing Investigations

Public documents and press releases available on HUD's website show that HUD has brought charges in 47 cases under the Fair Housing Act in fiscal years 2016, 2017, and 2018. Of these cases, 43 were charged prior to your confirmation; only four have been charged since you arrived at HUD. Publicly available documents and press releases show that 48 cases have been resolved in these same fiscal years; only nine resolutions have taken place since your arrival at HUD. This extreme decline in action under the Fair Housing Act is extremely concerning, particularly in light of a recent New York Times report that HUD's Office of Fair Housing and Equal Opportunity (OFHEO) has delayed or terminated a number of investigations under the Fair Housing Act over the past year. The alleged violations that HUD is no longer investigating included failure to properly construct units to accommodate individuals with disabilities, citing restrictions that prohibited the construction of group homes, and marketing tactics explicitly

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targeting housing-related advertisements based on race, ethnicity, or other protected classes under the Fair Housing Act.

- What factors caused the decline in Fair Housing Act cases charged and resolved over the past 13 months? Do you expect the number of cases charged or resolved to increase or decline in the coming months?

Response: I have no personal knowledge of these issues. As the question concerns implementation of HUD programs and policies on which the Secretary of HUD has responded to the Committee, this question is best directed to HUD.

- Are you aware of whether any HUD employee ordered a pause, hold, or termination of any investigation into potential Fair Housing Act violations since the Secretary's confirmation on March 2, 2017? If so, who directed the delay or termination of those cases?

Response: I have no personal knowledge of these issues. As the question concerns implementation of HUD programs and policies on which the Secretary of HUD has responded to the Committee, this question is best directed to HUD.

- Are you aware of whether any HUD employee ordered a pause, hold, or termination of any investigation into potential Fair Housing Act violations by advertisers on Facebook since the Secretary's confirmation on March 2, 2017? If so, who directed the delay or termination of that case, and on what grounds?

Response: I have no personal knowledge of these issues. As the question concerns implementation of HUD programs and policies on which the Secretary of HUD has responded to the Committee, this question is best directed to HUD.

- Are you aware of whether any senior HUD officials outside of OFHEO have been involved in decisions to pursue or resolve cases under the Fair Housing Act since the Secretary's confirmation? If so, which officials have been involved and in what capacity?

Response: I have no personal knowledge of these issues. As the question concerns implementation of HUD programs and policies on which the Secretary of HUD has responded to the Committee, this question is best directed to HUD.

- Please provide an updated list of all Fair Housing Act cases charged and resolved in fiscal years 2016, 2017, and 2018 to date.

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Response: I have no personal knowledge of these issues. As the question concerns implementation of HUD programs and policies on which the Secretary of HUD has responded to the Committee, this question is best directed to HUD.

Office of Fair Housing and Equal Opportunity Staffing

- In addition to numerous reports of abandoning fair housing priorities, there are indications that senior career HUD officials involved in important fair housing initiatives are being reassigned. In order to better understand how fair housing programs may be impacted by changes in personnel assignments, please identify each official at the GS-13 level or above, or who is in a career Senior Executive Service position, in the Office of Fair Housing and Equal Opportunity, including Regional Office officials, whose reporting line, job title, or work responsibilities have been changed either formally, or informally, in the period between March 2, 2017, and March 30, 2018, or that is under consideration to be changed in the future.

Response: I have no personal knowledge of these issues. As the question concerns implementation of HUD programs and policies on which the Secretary of HUD has responded to the Committee, this question is best directed to HUD.

- For each official identified above, please provide the name, job title, and experience of the individual who is, or is expected to be, the successor in that position or department.

Response: I have no personal knowledge of these issues. As the question concerns implementation of HUD programs and policies on which the Secretary of HUD has responded to the Committee, this question is best directed to HUD.

Equal Access Guidance for HUD-Assisted Shelters

Senator Cortez Masto asked Secretary Carson about the status of four publications HUD removed from its website in spring 2017. These publications had been developed in consultation with organizations directly serving individuals experiencing homelessness, and were geared to assist HUD-funded shelter programs in complying with the Department's nondiscrimination regulations.

- Given that current HUD regulations were developed through multiple public comment periods, and the publications removed from HUD's website were developed in consultation with direct service providers, and appear to reflect widely accepted best practices in the field, do you know what changed circumstances, if any, led to the Department removing or possibly changing these documents?

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Response: I have no personal knowledge of these issues. As the question concerns implementation of HUD programs and policies on which the Secretary of HUD has responded to the Committee, this question is best directed to HUD.

- When do you anticipate these resources being restored to HUD's website?

Response: I have no personal knowledge of these issues. As the question concerns implementation of HUD programs and policies on which the Secretary of HUD has responded to the Committee, this question is best directed to HUD.

Personnel Issues

- Please provide resumes for all non-Senate-confirmed Schedule C and Non-Career Senior Executive Service employees who were employed at HUD as of March 16, 2018.

Response: The information you request is not information typically available to me. As the Secretary of HUD has responded to the Committee, this question is best directed to HUD.

- Please provide a resume for Mr. Johnson Joy.

Response: The information you request is not information typically available to me. As the Secretary of HUD has responded to the Committee, this question is best directed to HUD.

- Please provide a copy of HUD's contract(s) with the Accel Corporation in force since January 20, 2017, and those of any of its subcontractors.

Response: The information you request is not information typically available to me. As the Secretary of HUD has responded to the Committee, this question is best directed to HUD.

- Is HUD required to approve subcontractors? If so, why did it do so in these instances? What are the additional costs added by two layers of contractors?

Response: The information you request is not information typically available to me. As the Secretary of HUD has responded to the Committee, this question is best directed to HUD.

- Please provide an accounting of the spending under these contracts.

Response: The information you request is not information typically available to me. As the Secretary of HUD has responded to the Committee, this question is best directed to HUD.

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- Please provide a list of employees who worked at HUD under these contracts, a copy of their resumes, their job titles, salaries, duties, and how those duties supported the purpose of the contract.

Response: The information you request is not information typically available to me. As the Secretary of HUD has responded to the Committee, this question is best directed to HUD.

- Please describe the system for ensuring that contract employees, such as those at Accel, actually worked the days and hours for which they claimed reimbursement.

Response: The information you request is not information typically available to me. As the Secretary of HUD has responded to the Committee, this question is best directed to HUD.

- HUD's spokesman, Raffi Williams, indicated that Mr. Naved Jafry was hired by Accel. The owner of Accel denied she hired him. Please describe in detail how Mr. Jafry was brought to HUD and what he did while there – what company he worked for, under what contract, who authorized his hiring, what he was paid, and what work he produced.

Response: The information you request is not information typically available to me. As the Secretary of HUD has responded to the Committee, this question is best directed to HUD.

- Ms. Katrina Hubbard alleges that she complained about the mismanagement in the CIO's office on January 8 of this year and was fired soon thereafter. Are you aware whether anyone in HUD's senior management was aware of her complaints prior to March 20, and if so, when did they become aware and how did they respond?

Response: The information you request is not information typically available to me. As the Secretary of HUD has responded to the Committee, this question is best directed to HUD.

- Has HUD initiated an inquiry into her allegations?

Response: The information you request is not information typically available to me. As the Secretary of HUD has responded to the Committee, this question is best directed to HUD.

- If so, what has HUD found? If not, why not?

Response: The information you request is not information typically available to me. As the Secretary of HUD has responded to the Committee, this question is best directed to HUD.

Rental Assistance Demonstration (RAD)

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Last fall, the National Housing Law Project sent Secretary Carson a letter describing the many challenges that they have experienced with the implementation of the Rental Assistance Demonstration (RAD) program nationwide. These concerns include experiences with residents who have been illegally rescreened and evicted from their homes because of the RAD conversion, improperly relocated to homes that don't accommodate their family size or their disability needs, discrimination against families and residents with disabilities, and concerns about the strength of the protections to ensure the long-term affordability of these important homes.

In a recent report (GAO-18-123), the General Accountability Office (GAO) noted that HUD has not systematically analyzed household-level data on the effects of RAD conversion on residents. As stated by GAO, "Without a comprehensive review of household information...HUD cannot reasonably assess the effects of ongoing and completed RAD conversions on residents and compliance with resident safeguards..."

- What steps has HUD taken to proactively ensure that required resident protections are carried out?

Response: I have no personal knowledge of these issues. As the question concerns implementation of HUD programs and policies on which the Secretary of HUD has responded to the Committee, this question is best directed to HUD.

- What steps has HUD taken to ensure that HUD has sufficient staffing and data resources to monitor and enforce resident protections?

Response: I have no personal knowledge of these issues. As the question concerns implementation of HUD programs and policies on which the Secretary of HUD has responded to the Committee, this question is best directed to HUD.

Moving to Work Expansion

The FY 2016 Consolidated Appropriations Act authorized the expansion of the MTW Demonstration to an additional 100 agencies and required the rigorous evaluation of demonstration outcomes.

- What steps has HUD taken or does HUD plan to undertake to ensure that HUD will have sufficient staff to oversee the expanded demonstration?

Response: I have no personal knowledge of these issues. As the question concerns implementation of HUD programs and policies on which the Secretary of HUD has responded to the Committee, this question is best directed to HUD.

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- With regard to HUD's evaluation of the expanded demonstration, please provide an overview of HUD's evaluation plan and expected timeline for initiation and conduct of the evaluation.

Response: I have no personal knowledge of these issues. As the question concerns implementation of HUD programs and policies on which the Secretary of HUD has responded to the Committee, this question is best directed to HUD.

**RESPONSES TO WRITTEN QUESTIONS OF SENATOR ROUNDS
FROM KATHLEEN LAURA KRANINGER**

Committee on Banking, Housing, and Urban Affairs
Nominations Hearing
July 19, 2018

Questions for Ms. Kathleen Laura Kraninger, Director-Designate, Bureau of Consumer Financial Protection, on behalf of Senator Mike Rounds:

As you may be aware, the Economic Growth, Regulatory Relief, and Consumer Protection Act (S. 2155, now P.L. 115-174) contained a provision in Section 104 that would limit the applicability of certain HMDA data reporting requirements to institutions that write more than 500 mortgages or 500 open-ended lines of credit. These data reporting requirements were added by Dodd-Frank.

Previously, I introduced bipartisan legislation that would waive these new reporting requirements for all types of small institutions – banks, credit unions, and non-bank lenders alike. However, the final version of S. 2155 restricted the relief from post-Dodd-Frank HMDA requirements to “...insured depository institution[s] or insured credit union[s]” as defined under the Federal Credit Union Act and the Federal Deposit Insurance Act.

I am concerned that excluding non-bank lenders from the relief in Section 104 of S. 2155 could impede on the ability of an important segment of lenders to offer much-needed credit to consumers.

- Will you, as Director of the BCFP, commit to working with me and with Congress in finding ways to provide relief for non-bank lenders so they are not at a competitive disadvantage compared to other types of institutions?

Response: Yes, I commit to working with you and Congress on this and any other Bureau issue. Also, as a former congressional staffer, I appreciate the important role of Congress in overseeing the Bureau.

**RESPONSES TO WRITTEN QUESTIONS OF SENATOR
MENENDEZ FROM KATHLEEN LAURA KRANINGER**

Committee on Banking, Housing, and Urban Affairs
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Questions for Ms. Kathleen Laura Kraninger, Director-Designate, Bureau of Consumer
Financial Protection, on behalf of Senator Robert Menendez:

- Please provide a response to my July 10, 2018 letter concerning your role in the Administration's response to Hurricane Maria in Puerto Rico. The letter is attached for your reference.

Response: I have received your letter. Any such documents would not belong to me, and, as a result, I would not have the authority to produce any such documents if they existed. As it relates to information requests, in light of the confidentiality interests that attach to executive branch decision-making, I am unable to answer the questions posed.

The Administration proposed raising rents on more than 4 million low-income households who receive rental assistance from the U.S. Department of Housing and Urban Development (HUD) by \$3.2 billion, with working families, the elderly, and people with disabilities paying more than three-quarters of the increase. At the Office of Management and Budget, you oversee the HUD budget.

- Do you believe that the 1.7 million people—including nearly 1 million children—that would face possible eviction because of the proposed rent hikes are acceptable collateral damage in the pursuit of reducing government spending?

Response: As this question concerns implementation of HUD programs and policies, it is best directed to HUD.

- At any point in your role of overseeing HUD budgets and policies, did you express concerns that raising rents would result in increased homelessness and greater housing instability for our most vulnerable families and seniors?

Response: In light of the confidentiality interests that attach to executive branch decision-making, I am unable to answer this question.

One of the most important tools the CFPB has to protect consumers is its enforcement authority. Since taking the mantle at the CFPB, Mick Mulvaney has publicly ceded the Bureau's enforcement authority to state regulators and attorneys general. As the financial crisis devastatingly demonstrated, rules and laws are only as good as the regulators who enforce them. Notwithstanding Mr. Mulvaney's public denigration of the Bureau's enforcement authority, in our meeting you told me that you would "absolutely bring enforcement actions under the Bureau's unfair deceptive and abusive practices authority."

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- Will you commit that if confirmed, you will use the full extent of the CFPB's enforcement authority to protect consumers?

Response: I am firmly committed to fulfilling the Bureau's congressional mandate in accordance with the Dodd-Frank Act. While I will not prejudge and cannot predict every decision that will come before me, under my stewardship, the Bureau will take aggressive action against bad actors who break the rules by engaging in fraud and other illegal activity. I also believe the Bureau should work closely with other federal financial regulators and the relevant state agencies on supervision and enforcement.

Earlier this year, Mr. Mulvaney stripped the Office of Fair Lending and Equal Opportunity (OFLEO) of its enforcement and supervisory role. Removing enforcement authority from OFLEO, which was created to combat predatory mortgage lending practices, seriously impedes the CFPB from meeting its statutory mandate to "provide oversight and enforcement of Federal laws intended to ensure the fair, equitable, and nondiscriminatory access to credit for both individuals and communities that are enforced by the Bureau."¹

- Will you commit to restoring OFLEO's enforcement and supervisory authority? Yes or no.

Response: As I discussed in my testimony, enforcing the fair lending laws is a critical responsibility of the Bureau, regardless of organizational structure. I can commit to approaching the organizational structure with an open mind. It would be inappropriate and premature to make any staffing or organizational decisions prior to confirmation and the opportunity to meet with staff.

- If not, please explain to me your justification for keeping in place these changes, and please provide a thorough explanation of how this change will impact the CFPB's statutory mandate to provide oversight and enforcement of fair lending laws?

In June, Mr. Mulvaney disbanded the statutorily-required Consumer Advisory Board (CAB), which advises and informs the CFPB of emerging threats in the consumer financial marketplace.

- Will you commit to immediately reassembling the CAB?

Response: Should I be confirmed, I look forward to engaging with a broad range of external stakeholders, including the Bureau's advisory committees. While I recognize the importance of having many avenues for stakeholder engagement, I am committed to carrying out the Bureau's statutory requirements for engagement, including through the Consumer Advisory Board.

¹ 12 U.S.C. § 5493(c)(2)(A).

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- Will you allow its current members to finish their terms?

Response: If confirmed, I look forward to reviewing this issue with staff.

Mr. Mulvaney delayed the prepaid card and account rule until April 2019.

- Do you intend to implement the prepaid rule on schedule?

Response: I am committed to data-driven decision-making. Under my leadership, that would be a focal point at the Bureau. I will not prejudge and cannot predict every decision that will come before me at the Bureau, including any potential rulemaking activities.

- Do you have any plans to reconsider the rule?

Response: I am committed to data-driven decision-making. Under my leadership, that would be a focal point at the Bureau. I will not prejudge and cannot predict every decision that will come before me at the Bureau, including any potential rulemaking activities.

After Equifax failed to protect the data over more than 145 million Americans, former CFPB Director Cordray immediately authorized an investigation into the data breach. In response to alarming reports that Mr. Mulvaney “pulled back from a full-scale probe,” Mr. Mulvaney claimed “there has been no change in the position from the previous leadership of the CFPB regarding Equifax.”

- Should you be confirmed, do you intend to place the full weight of the director’s authority in support of the Equifax investigation, allow the investigation to reach a natural conclusion, and publicize any findings, recommendations, and enforcement actions stemming from the investigation?

Response: As you know, the Equifax investigation is ongoing. If confirmed, I will review and take appropriate action on this matter consistent with the Bureau’s statutory authorities and supervisory, investigative and enforcement policies and practices and in coordination with the Federal Trade Commission.

In a 2017 report on serving limited English proficiency (LEP) consumers, the CFPB found that “consumers who are Limited English Proficient (LEP) often encounter significant barriers to participating in the consumer financial marketplace, including completing key financial documents, managing bank accounts, resolving problems with financial products, and accessing financial education.”

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- What initiatives will you support and/or launch to ensure LEP consumers have the necessary information in the language of their preference, thereby enabling them to make well-informed financial decisions?

Response: If confirmed, I am committed to carrying out the Bureau's statutory mission on behalf of all consumers. I look forward to learning more about the Bureau's efforts in the LEP area.

In May 2018, Mulvaney announced plans to reassign the staff that work for the Student Loan Ombudsman and disband the Office for Students and Young Consumers, who oversee abuses in the student lending industry. At a time when Americans have \$1.5 trillion in student loan debt, the CFPB should not be gutting oversight of the student lending industry.

- If you are confirmed, will you reassign staff back to the Student Loan Ombudsman and reassemble the Office for Students and Young Consumers?

Response: Student lending is a significant issue for many Americans and one that I will examine closely, if confirmed. I will review the structure of the organization with an open mind.

Mortgage delinquency rates surged in Puerto Rico after Hurricane Maria, and we are hearing reports that mortgage servicers are using the same dirty and illegal tricks they used in New Jersey and all across the country in the aftermath of the foreclosure crisis – they are dual tracking foreclosures and loss mitigation, they're promising loan modifications but never following up with borrowers. The CFPB's engagement with mortgage servicers is critical at this juncture.

- What will you do as CFPB director to conduct monitoring and oversight to ensure mortgage servicers are meeting their obligations to borrowers that fell behind on their mortgages after Hurricane Maria?

Response: If confirmed, I am committed to fulfilling the Bureau's statutory mission. Close coordination with other federal regulators, such as the Federal Housing Finance Administration in this case, and state and local regulators is also important for effective monitoring and oversight.

- Will you commit to taking action in instances where servicers are failing to uphold their legal responsibilities to borrowers?

Response: While I will not prejudge and cannot predict every decision that will come before me at the Bureau, under my stewardship, the Bureau will take aggressive action against bad actors who break the rules by engaging in fraud and other illegal activity.

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I submitted questions for the record to HUD Secretary Carson following a Senate Banking Committee hearing on March 22, 2018. I still have not received any responses.

- Please explain OMB's role in formulating, editing, reviewing, or approving questions for the record sent to HUD.

Response: The Office of Management and Budget reviews responses to Questions for the Record before they are submitted to Congress.

- Will you commit to providing OMB clearance and transmitting HUD's responses to the Senate Banking Committee prior to the Committee's vote on your nomination?

Response: HUD's responses were transmitted on Tuesday, July 26th.

**RESPONSES TO WRITTEN QUESTIONS OF SENATOR WARREN
FROM KATHLEEN LAURA KRANINGER**

Committee on Banking, Housing, and Urban Affairs
Nominations Hearing
July 19, 2018

Questions for Ms. Kathleen Laura Kraninger, Director-Designate, Bureau of Consumer Financial Protection, on behalf of Senator Elizabeth Warren:

- Title X of the Dodd-Frank Wall Street Reform and Consumer Protection Act establishes the CFPB to administer and interpret Dodd-Frank's prohibition on unfair, deceptive and abusive acts or practices. The Act instructs the Bureau to supervise non-banks that are large participants of a market for consumer financial products or services, which includes federal student loan servicers and debt collectors.² If confirmed, do you plan to have the CFPB continue to supervise federal student loan servicers and debt collectors?

Response: I am aware that the Bureau designated for supervision certain larger participants in the market for student loan servicing and debt collection. While I will not prejudge and cannot predict every decision that will come before me, I am firmly committed to fulfilling the Bureau's congressional mandate in accordance with the Act.

- The U.S. Department of Education does not have the statutory authority to enforce the Dodd-Frank Act's prohibition on unfair, deceptive and abusive acts or practices. Do you believe CFPB has the statutory authority to enforce the Dodd-Frank Act's prohibition on unfair, deceptive and abusive acts or practices if the violations are committed by federal student loan servicers, debt collectors, or other Department of Education contractors?

Response: As noted above, I will not prejudge and cannot predict every decision that will come before me. I am, however, firmly committed to fulfilling the Bureau's congressional mandate in accordance with the Dodd-Frank Act. Also, as I stated in my testimony, under my stewardship, the Bureau will take aggressive action against bad actors who break the rules by engaging in fraud and other illegal activity.

- In 2017, the U.S. Department of Education revoked two memoranda of understanding between the Department and the CFPB. These information-sharing agreements covered the sharing of confidential information related to the Bureau's oversight of certain Education Department contractors. Do you agree with Secretary DeVos' decision to revoke information-sharing from the CFPB?

Response: If confirmed, I plan to sit down with officials at the U.S. Department of Education to talk through what their efforts are, where the Bureau can be helpful, and what role the Bureau currently plays at a more detailed level. I am aware that Section 1035 contemplates a Memorandum of Understanding between the Department and the Bureau, and I will work towards that end. I believe that the Bureau should work closely with other regulators. I am committed to sharing information as appropriate.

² 12 U.S.C. § 5481(5), (15); 12 USC § 5514(a)(1)(B); 12 CFR 1090.106; 12 CFR 1090.105

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- Dodd-Frank Act Section 1035(c) establishes the functions of the student loan ombudsman and states that the ombudsman shall resolve complaints “in collaboration with the Department of Education and with institutions of higher education, lenders, guaranty agencies, loan servicers, and other participants in private education loan programs”. Dodd-Frank Act Section 1035(c) also requires the ombudsman to establish a memorandum of understanding with the Department of Education’s student loan ombudsman “to ensure coordination in providing assistance to and serving borrowers seeking to resolve complaints related to their private education or Federal student loans.”³ Will you insist that the U.S. Department of Education maintain a memorandum of understanding between its own ombudsman and the student loan ombudsman at the Consumer Financial Protection Bureau, as required by 12 U.S. Code § 5535 “to ensure coordination in providing assistance to and serving borrowers seeking to resolve complaints related to their private education or Federal student loans” (emphasis added)?

Response: I am aware that Section 1035 contemplates a Memorandum of Understanding between the Department and the Bureau, and I will work towards that end.

- Given the U.S. Department of Education’s August 2017 decision to terminate existing memoranda of understanding between the CFPB and the Education Department, if confirmed, how do you plan to collaborate with the Education Department to resolve student complaints related to federal student loans?

Response: As stated in my previous responses, I know that student lending is a significant issue for many Americans and one that I will examine closely. I plan to sit down with officials at the U.S. Department of Education to talk through what their efforts are, where the Bureau can be helpful, and what role the Bureau currently plays at a more detailed level. I am aware that Section 1035 contemplates a Memorandum of Understanding between the Department and the Bureau, and I will work towards that end.

- During your confirmation hearing, you stated, “It is an essential responsibility of the Bureau to engage in the rulemaking activities, setting clear rules” in response to a question regarding the CFPB’s role in empowering state attorneys general. On March 12, 2018, the Department of Education issued an interpretation of the Higher Education Act that preempts state regulation of federal student loan servicers.⁴ If confirmed, how do you plan to work with state attorneys general given the numerous issues of deception and predatory actions of federal student loan servicers within this context?

³ 12 U.S.C. § 5535

⁴ <https://www.federalregister.gov/documents/2018/03/12/2018-04924/federal-preemption-and-state-regulation-of-the-department-of-education-federal-student-loan>

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Response: I am committed to carrying out the responsibilities of the Bureau under the law, which includes working with the U.S. Department of Education. I plan to sit down with officials at the U.S. Department of Education to talk through what their efforts are, where the Bureau can be helpful, and what role the Bureau currently plays at a more detailed level. I recognize that the Bureau designated student loan servicing as a larger participant for supervision under its authority in the Dodd-Frank Act. I also believe the Bureau should work closely with other federal financial regulators and the relevant state agencies on supervision and enforcement, including state attorneys general.

- In May 2018, Acting Director Mulvaney announced his decision to eliminate the CFPB's Office for Students and Young Consumers and consolidate its functions into the Office of Financial Education. The Office for Students and Young Consumers is one of the only government entities focused on serving the financial needs of this population and has a history of success, securing over \$750 million in relief for defrauded student loan borrowers and taxpayers. From your perspective, what is the role of CFPB in serving this population? If confirmed, what are your plans for the Office for Students and Young Consumers?

Response: Student lending is a significant issue for many Americans and one that I will examine closely, if confirmed. I will review the structure of the organization with an open mind. I plan to sit down with officials at the U.S. Department of Education to talk through what their efforts are, where the Bureau can be helpful, and what role the Bureau currently plays at a more detailed level. I recognize that the Dodd-Frank Act created the position of Private Education Loan Ombudsman and that the Bureau designated for supervision certain larger participants in the market for student loan servicing.

- Senior leadership at CFPB has told the public that all decisions related to pending enforcement actions are made by or "in consultation with" career staff in the CFPB's enforcement division. However, there is a growing concern about the direction of the CFPB's current work related to student loans. Can you commit to vigorously pursuing and continuing the CFPB's existing litigation with the student loan industry?

Response: While I will not prejudge and cannot predict every decision that will come before me, under my stewardship, the Bureau will take aggressive action against bad actors who break the rules by engaging in fraud and other illegal activity.

The CFPB is governed by several other applicable statutes that make it clear that the agency's role is to protect consumers who may be abused by financial products or services. Additionally, the CFPB's proposed FY 2018-2022 five-year strategic plan states that the CFPB will "address needs for inclusion and financial security of servicemembers, older Americans, traditionally underserved consumers and communities, and students." Do you believe the CFPB has responsibility to protect and inform students about college debt and bank account agreements that pose a risk to them as consumers?

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Response: As noted above, student lending is a significant issue for many Americans and one that I will examine closely, if confirmed. That includes working with the Department of Education. With respect to this question, financial education is also a critical mission of the Bureau and, as such, I want to better understand how the Bureau targets different audiences, such as younger consumers and students, in its education efforts.

- Do you acknowledge that the Securities and Exchange Commission has some jurisdiction and oversight authority over companies and financial institutions that participate in the federal student loan program through federal contracts?

Response: Depending on the facts and circumstances, the SEC may have jurisdiction over such a matter. However, this is a question best answered by the SEC.

- Do you acknowledge that the Federal Deposit Insurance Corporation has some jurisdiction and oversight authority over companies and financial institutions that participate in the federal student loan program through federal contracts?

Response: Depending on the facts and circumstances, the FDIC may have jurisdiction over such a matter. However, this is a question best answered by the FDIC.

- Do you acknowledge that the U.S. Department of Justice has some jurisdiction and oversight authority over companies and financial institutions that participate in the federal student loan program through federal contracts?

Response: Depending on the facts and circumstances, DOJ may have jurisdiction over such a matter. However, this is a question best answered by DOJ.

- Do you acknowledge that the Consumer Financial Protection Bureau has some jurisdiction and oversight authority over companies and financial institutions that participate in the federal student loan program through federal contracts?

Response: A financial institution that participates in the federal student loan program through federal contracts may be subject to the authority of the Bureau depending on the particular status of the institution or activities in which the institution engages. If the Bureau were to have jurisdiction over such an institution, the specific authority the Bureau could exercise would be governed by, among other things, the Dodd-Frank Act and various legal doctrines that may impact the Bureau's ability to exercise authority over a federal contractor.

- Do you believe that, if confirmed, it would be appropriate for you to express a preference to career enforcement attorneys for a particular outcome in any of the CFPB's ongoing litigation?

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Response: The Dodd-Frank Act assigns to the Director of the Bureau the ultimate responsibility for opening, closing, suing, and settling decisions in the agency's law enforcement matters. In making these decisions, I would consider and give appropriate weight to the views and recommendations of career enforcement attorneys.

- In late May, Ms. Kristen Donoghue, Assistant Director for Enforcement at the CFPB, sent a letter to the U.S. Department of Education requesting access to student loan records, including data and documents, held by Navient Solutions pursuant to the Privacy Act of 1974 under 5 U.S.C. § 552a(b)(7) and 5 U.S.C. § 552a(b)(3) and that "the Department direct Navient Solutions to provide the Bureau with all access that the Bureau deems necessary for the Bureau to litigate its claims against Navient Solutions." Will you commit to continuing to support the CFPB's request for these student loan records?

Response: I know student lending is a significant issue for many Americans, as noted in my testimony. Under my stewardship, the Bureau will take aggressive action against bad actors who break the rules by engaging in fraud and other illegal activity. In addition, I plan to sit down with officials at the U.S. Department of Education to talk through what their efforts are, where the Bureau can be helpful, and what role the Bureau currently plays at a more detailed level, including understanding any outstanding document requests.

**RESPONSES TO WRITTEN QUESTIONS OF SENATOR
VAN HOLLEN FROM KATHLEEN LAURA KRANINGER**

Committee on Banking, Housing, and Urban Affairs
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July 19, 2018

Questions for Ms. Kathleen Laura Kraninger, Director-Designate, Bureau of Consumer
Financial Protection, on behalf of Senator Chris Van Hollen:

The CFPB's Office of Students and Young Consumers has not only given a voice to student loan borrowers and protected them from unfair and deceptive acts and practices, but has also advocated and defended the rights of our active-duty servicemembers and veterans. In total, the office has secured \$750 million in relief for consumers, a significant demonstration of its effectiveness.

Unfortunately, Acting Director Mulvaney made the decision to dismantle this essential team and reassign its employees. In response to my question about reestablishing the Office of Students and Young Consumers you said that you "will absolutely review the structure of the organization" and consider reinstating it "with an open mind."

- Can you please be more specific for the record about your plans with regard to serving student and young consumers, and reestablishing the office?

Response: Student lending is a significant issue for many Americans and one that I will examine closely, if confirmed. I will review the structure of the organization with an open mind. I plan to sit down with officials at the U.S. Department of Education to talk through what their efforts are, where the Bureau can be helpful, and what role the Bureau currently plays at a more detailed level. I recognize that the Dodd-Frank Act created the position of Private Education Loan Ombudsman and that the Bureau designated for supervision certain larger participants in the market for student loan servicing.

- Will you commit that, if confirmed, you will provide a robust analysis and documentation that explains how the CFPB will continue to independently and responsibly meet all of its obligations to monitor and supervise student loan lenders and servicers?

Response: If confirmed, I commit to thoroughly examining this issue and ensuring the Bureau is fulfilling its statutory mission in this area. As noted above, student lending is a significant issue for many Americans and one that I will examine closely, if confirmed. I plan to sit down with officials at the U.S. Department of Education to talk through what their efforts are, where the Bureau can be helpful, and what role the Bureau currently plays at a more detailed level. I recognize that the Dodd-Frank Act created the position of Private Education Loan Ombudsman and that the Bureau designated for supervision certain larger participants in the market for student loan servicing.

- Do you have any proposals to reduce student loan defaults?

Response: As stated above, I commit to thoroughly examining this issue and ensuring the Bureau is fulfilling its statutory mission in this area.

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The U.S. Department of Education's Office of Federal Student Aid ("FSA") is planning a pilot program for a federal payment card for students' financial aid. This card could eventually have implications for millions of federal student loan borrowers and grant recipients, and may have widespread implications for the financial industry as well.

- Do you believe it is important for the CFPB to be consulted in an ongoing fashion about the development and operation of the payment card initiative, including sharing feedback during the pilot program?

Response: I am committed to carrying out the responsibilities of the Bureau under the law, which includes working with the U.S. Department of Education. Information sharing is vital between the Bureau and other regulators. I am committed to sharing information as appropriate.

The CFPB is governed by several other applicable statutes that make it clear that the agency's role is to protect consumers who may be abused by financial products or services. Additionally, the CFPB's proposed FY 2018-2022 five-year strategic plan states that the CFPB will "address needs for inclusion and financial security of servicemembers, older Americans, traditionally underserved consumers and communities, and students."

- Do you believe the CFPB has responsibility to protect and inform students about college debt and bank account agreements that pose a risk to them as consumers?

Response: I am firmly committed to fulfilling the Bureau's statutory responsibilities under the Dodd-Frank Act and other laws, including the Credit Card Accountability Responsibility and Disclosure Act of 2009.

- In 2017, the U.S. Department of Education revoked two memoranda of understanding between the Department and the CFPB. These information-sharing agreements covered the sharing of confidential information related to the Bureau's oversight of certain Education Department contractors. Do you agree with Secretary DeVos' decision to revoke information-sharing from the CFPB?

Response: If confirmed, I plan to sit down with officials at the U.S. Department of Education to talk through what their efforts are, where the Bureau can be helpful, and what role the Bureau currently plays at a more detailed level. I am aware that Section 1035 contemplates a Memorandum of Understanding between the Department and the Bureau, and I will work towards that end. I believe that the Bureau should work closely with other regulators. I am committed to sharing information as appropriate.

- During last week's hearing I asked you if you would commit to reestablishing the Office of Fair Lending and Equal Opportunity. How will you prioritize lending discrimination as the Director of the CFPB?

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Response: I am firmly committed to fulfilling the Bureau's congressional mandate in accordance with the Dodd-Frank Act. In my testimony, I committed to examining the Bureau's history of enforcement and related litigation to ensure the Bureau effectively promotes fair lending. If confirmed, I look forward to having detailed conversations with relevant staff to better understand the Bureau's approach to fair lending in education, supervision, and enforcement matters as well as assess the organizational structure.

**RESPONSES TO WRITTEN QUESTIONS OF SENATOR
CORTEZ MASTO FROM KATHLEEN LAURA KRANINGER**

Committee on Banking, Housing, and Urban Affairs
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Questions for Ms. Kathleen Laura Kraninger, Director-Designate, Bureau of Consumer Financial Protection, on behalf of Senator Catherine Cortez Masto:

The Home Mortgage Disclosure Act

The Home Mortgage Disclosure Act is an important civil rights law meant to crackdown on redlining and discrimination in our country. The CFPB issued a rule in October 2015 that required all mortgage lenders that issue at least 25 loans per year to report additional data in an attempt to crackdown on housing discrimination. In issuing the rule, the CFPB evaluated 5 different options for what was the appropriate threshold for setting these reporting requirements. The CFPB evaluated a loan volumes of 25, 50, 100, 250, and 500 loans. They chose reporting requirements for lenders making more than 25 per year. But legislation recently signed into law by President Trump overrode the evaluation and analysis – including a cost benefit analysis – of the CFPB, and changed this reporting requirement to exempt 85% of banks – setting the new threshold at 500 loans per year.

We already know from current HMDA data that people of color and women continue to be denied mortgages at a higher rate than white borrowers.

But what we don't know is whether those mortgages that are offered come with higher interest rates, fees and teaser rates than those offered to white borrowers.

- Without this required reporting, how will the CFPB know if a bank making less than 500 loans per year is discriminating against women, or people of color, by charging them higher points and fees on their mortgage?

Response: As I discussed in my testimony, it is abhorrent that discrimination exists in society and in the markets, and I am committed to enforcing the law with respect to discrimination. If confirmed, I look forward to developing a deeper understanding of how the Bureau utilizes the information collected under HMDA.

- Is it your expectation that bank monitors and the CFPB have the time and resources to proactively monitor these banks, without the required reporting in place?

Response: As noted above, if confirmed, I look forward to developing a deeper understanding of how the Bureau utilizes the information collected under HMDA and its approach to monitoring fair lending practices.

- How many additional staff will it take to proactively monitor the more than 5,000 banks that are now exempted from reporting requirements?

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Response: Answering this question requires information that is not available to me.

Diversity in Hiring

Then CFPB Director Richard Cordray created the Pathways Program to increase diversity at the Bureau. It was a two year program for talented, highly skilled people of color. After serving as temporary federal employees for two years, people would be converted to full-time employees. This would have provided a well-trained diverse staff but OMB Director Mulvaney ended it. During a hearing before the House Financial Services Committee, Mr. Mulvaney said he did not have any African Americans in top positions.

- If confirmed, would you reinstate the Pathways Program, and allow hiring under the program?

Response: Should I be confirmed, I commit to taking a fresh look at the Bureau's programs in this area.

**RESPONSES TO WRITTEN QUESTIONS OF SENATORS
BROWN AND WARREN FROM KATHLEEN LAURA KRANINGER**

Committee on Banking, Housing, and Urban Affairs
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Questions for Ms. Kathleen Laura Kraninger, Director-Designate, Bureau of Consumer Financial Protection, on behalf of Ranking Member Brown, and Senator Elizabeth Warren:

Supervision, Enforcement and Fair Lending

- Last week, you testified that “regulation by enforcement . . . is not appropriate, and something that we would not engage in.” What does that mean?

Response: As noted in my testimony, it is critical to have clear rules so that lenders and consumers themselves are aware of the rules. Effective use of notice and comment rulemaking is essential for ensuring the proper balancing of all interests. The PHH case provides an example of regulation by enforcement, as seen in the court’s finding that: “In its order in this case, the CFPB thus discarded HUD’s longstanding interpretation of Section 8 and, for the first time, pronounced its new interpretation.” *PHH v. CFPB*, (2016).

- If you are confirmed, will CFPB open new investigations under its Unfair, Deceptive, Abusive Acts and Practices enforcement authority? If so, what criteria would you use to determine whether to open these investigations?

Response: I am firmly committed to fulfilling the Bureau’s congressional mandate in accordance with the Dodd-Frank Act. In my testimony, I committed to examining the Bureau’s history of enforcement and related litigation to ensure the Bureau effectively promotes fair lending. While I will not prejudge and cannot predict every decision that will come before me, under my stewardship, the Bureau will take aggressive action against bad actors who break the rules by engaging in fraud and other illegal activity.

- If you are confirmed, will CFPB continue to negotiate settlements or file lawsuits under its Unfair, Deceptive, Abusive Acts and Practices enforcement authority? If so, what criteria would you use to determine whether to negotiate settlements or file lawsuits?

Response: I am firmly committed to fulfilling the Bureau’s congressional mandate in accordance with the Dodd-Frank Act. In my testimony, I committed to examining the Bureau’s history of enforcement and related litigation to ensure the Bureau effectively promotes fair lending. While I will not prejudge and cannot predict every decision that will come before me, under my stewardship, the Bureau will take aggressive action against bad actors who break the rules by engaging in fraud and other illegal activity.

- If you are confirmed, will CFPB continue to prosecute lawsuits already brought under its Unfair, Deceptive, Abusive Acts and Practices enforcement authority? If so, what criteria would you use to determine whether to prosecute lawsuits?

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Response: I am firmly committed to fulfilling the Bureau's congressional mandate in accordance with the Dodd-Frank Act. In my testimony, I committed to examining the Bureau's history of enforcement and related litigation to ensure the Bureau effectively promotes fair lending. While I will not prejudge and cannot predict every decision that will come before me, under my stewardship, the Bureau will take aggressive action against bad actors who break the rules by engaging in fraud and other illegal activity.

Operations

In nominating you, the White House touted your experience in managing agencies' budgets, including "the Bureau of Consumer Financial Protection." The Administration's FY2019 budget request contemplated a 23% cut in the Bureau's budget authority from 2019 projected levels.

- What specific cuts did you envision to meet that budget target?

Response: The Administration's Fiscal Year 2019 Budget was the President's budget request, not mine. It also had no actual effect on the agency. I pledge that I will look carefully at every line item within the Bureau's budget, should I be confirmed. I believe there are opportunities for efficiency.

- If you did not have specific budget cuts in mind, how did you determine that a 23% cut was appropriate and consistent with fulfilling the Bureau's mission?

Response: The Administration's Fiscal Year 2019 Budget was the President's budget request, not mine. It also had no actual effect on the agency. I pledge that I will look carefully at every line item within the Bureau's budget, should I be confirmed. I believe there are opportunities for efficiency.

When Senator Tester asked you whether you intended to keep political appointees, you volunteered that you would be open to dismissing civil servants, saying "I'm going to take every staff member individually, have a conversation with them to understand what they've been working on and what they'd like to continue to work on, and – but I have not prejudged having political or career staff continue."

- Which career staff do you intend to interview?

Response: As I noted in my testimony, I have not committed to any staffing changes, but can assure you that I will comply with all applicable laws and agreements in this area. Upon my arrival at the Bureau, I look forward to meeting with as many members of the staff as possible. While I will meet with the leadership teams of every division early on, I intend to meet with staff across the organization at all levels on an ongoing basis.

- What rubrics will you use to evaluate them?

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Response: With the context provided in the preceding answer, I will approach the organizational structure and the staff with an open mind. My first interactions will be focused on listening to them rather than “evaluating them” – asking for their perspectives broadly on the Bureau’s operations and mission effectiveness.

- Do you commit to complying with NTEU-CFPB collective bargaining agreement in reassigning or pursuing personnel action against any bargaining unit employee?

Response: As I noted in my testimony, I have not committed to any staffing changes, but can assure you that I will comply with all applicable laws and agreements in this area.

- Do you commit to complying with all civil service laws in reassigning or pursuing personnel action against any non-bargaining unit civil servant?

Response: As I noted in my testimony, I have not committed to any staffing changes, but can assure you that I will comply with all applicable laws and agreements in this area.

Typically, independent regulators have modest political staffs. Some regulators, such as the Office of the Comptroller of the Currency, have no Schedule C appointees of any kind. No other financial regulator has Schedule C appointees in charge of regional offices or regulatory functions, and only one -- the Commodity Futures Trading Commission - has a political head of enforcement. None has a political General Counsel.

- Do you think it is appropriate that OMB Director Mulvaney has deviated from the typical practice for independent financial regulators and added more than ten political appointees to the CFPB in senior roles?

Response: As noted in my previous answer, I have not made any staffing decisions. It would be inappropriate and premature to make any staffing decisions prior to confirmation and the opportunity to meet with staff.

- Will you commit to removing these new political appointees and depoliticizing the agency as it was under former Director Cordray?

Response: As noted in my previous answer, I have not made any staffing decisions. It would be inappropriate and premature to make any staffing decisions prior to confirmation and the opportunity to meet with staff.

Accountability

Other than the CFPB, there are four other federal banking regulatory agencies: the OCC, the Federal Reserve, the FDIC, and the NCUA.

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- Are any of these other banking regulatory agencies funded through the congressional appropriations process?

Response: The prudential regulatory agencies you mentioned are funded through industry assessments, and in the case of the Federal Reserve, open market operations. Other agencies, which are product regulators, are appropriated.

- Are “major” rules issued by any of these other banking regulatory agencies subject to congressional approval before they take effect?

Response: At this time, no major rule issued by a federal agency is subject to legislative approval before the rule takes effect.

- Since the CFPB was created by Congress, how many reports relating to the CFPB has the Federal Reserve’s Inspector General issued?

Response: It is my understanding that the Inspector General has issued 64 reports about the Bureau.

- The CFPB Director must testify before Congress four times a year. Are the heads of the OCC, FDIC, and NUCA subject to a similar requirement?

Response: I am not familiar with the specific testimonial requirements for the agencies you mentioned, although I am aware that the heads of other agencies, such as the Federal Reserve and Department of the Treasury must testify multiple times a year.

- The CFPB’s rules may be vetoed by the Financial Stability Oversight Council (FSOC). Are rules issued by any of the other banking regulators subject to an FSOC veto?

Response: At this time, the FSOC set aside does not apply to any of the other financial services regulators.

Research, Markets and Regulations

In your opening statement, you said that you would prioritize ensuring that the Bureau makes “robust use of cost benefit analysis” as required by Congress. As you correctly identified, Dodd-Frank requires CFPB rules to undergo cost-benefit analysis, which the Bureau has done for every CFPB rule that has been finalized.

- What, if any, shortcomings have you identified in the cost-benefit analyses that have accompanied CFPB rules?

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Response: As I discussed in my testimony, I am committed to data-driven decision-making. Under my leadership, that would be a focal point at the Bureau – not just as it pertains to rulemaking actions. A direct response to this question could inappropriately influence Bureau rulemakings – whether already in effect as it pertains to enforcement, in the notice and comment process under active consideration, and being reassessed pursuant to the Dodd-Frank Act requirements. Should I be confirmed, I am committed to transparent processes and data-driven decision-making.

- Do you support OMB Director Mulvaney’s proposal that CFPB establish a redundant office of cost-benefit analysis within the Office of the Director?

Response: As noted above, I am committed to data-driven decision-making – not just as it pertains to rulemaking. More specifically to the office of cost-benefit analysis, it would be inappropriate and premature to make any staffing or organizational decisions prior to confirmation and the opportunity to meet with staff. I have noted that I will approach the organizational structure with an open mind.

You say in your testimony that the “the bureau would limit data collection only to what is required under law and is necessary to carry out its mission and ensure that the data is protected.” What data that the Bureau now collects will no longer be collected under this standard? For the categories of data that the agency collects, please refer to the Government Accountability Office’s 2014 report titled Consumer Financial Protection Bureau: Some Privacy and Security Procedures for Data Collection Should Continue Being Enhanced.

Response: As noted in my testimony and other responses to questions for the record, limiting data collection in the manner I have pledged is consistent with supporting robust use of cost-benefit analysis and a commitment to data-driven decision-making. To the extent that the data is supporting decision-making, the data collection would be needed and required. Further, it is important to note the many sources of evidence available to the Bureau beyond the entities that the Bureau is supervising directly. For example, data that comes through requests for information that are out to the public. The Bureau must recognize its profound duty to the American people to protect the data in its possession.

In your testimony and in response to questions from Senator Toomey, you expressed the importance of the Administrative Procedure Act rulemaking process, including notice and comment. The CFPB’s rule on Payday, Vehicle Title, and Certain High-Cost Installment Loans used was promulgated using that process. Agency staff considered more than a million comments over five years and the final rule had significant differences from the proposal. But, before the rule was ever able to meaningfully go into effect, the CFPB under OMB Director Mulvaney announced his intent to revisit it.

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- Do you support revisiting the payday rule? If so, please describe the specific defects with the notice and comment process for the first payday rulemaking. If not, how do you reconcile your view of the importance of the notice and comment process with your willingness to reopen a rule that has gone through notice and comment but hasn't been allowed to go into effect?

Response: The Bureau's Payday, Vehicle Title, and Certain High-Cost Installment Loans rulemaking is actively under reconsideration, and it is not appropriate for me to comment on it. I understand the point you are making and, if confirmed, pledge to examine this issue closely.

Miscellaneous

- OMB Director Mulvaney has been in charge of the CFPB for eight months. Can you identify any actions he has taken that you disagree with and explain why you disagree with them?

Response: Based on the information that is available to me at this time, I cannot identify any actions that Acting Director Mulvaney has taken with which I disagree. I have pledged to approach organizational and staffing structures with an open mind as well as not to prejudge any matter that should come before me if confirmed.

You told the Committee that your first priority would be to make sure the CFPB is "transparent and fair, ensuring its actions empower consumers to make good choices and provide certainty for marketplace participants." The Bureau is required by Dodd-Frank to accept complaints from individual consumers and since its launch has made these complaints public, providing increased transparency to the marketplace. Information gleaned from the database has empowered consumers to make more informed choices in the financial marketplace, provided businesses with insight into potential partners and allowed researchers to have real-time insight into trends in the market. The transparency has also incentivized financial institutions to be responsive to their customers. Despite this, OMB Director Mulvaney has threatened several times to take down the public-facing consumer complaint database, hiding this crucial information from those who can use it.

- Will you commit to keeping the database public? If not, please explain how it would be more "transparent" or how it would "empower consumers" to hide this information from them?

Response: As I have previously stated, I will not prejudge any decision that will come before me at the Bureau, including whether to keep the consumer complaint database public. I am aware of the statutory responsibility for the Bureau to collect and track consumer complaints. If confirmed, I will fully examine this issue and all appropriate

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considerations with a focus on the ensuring the Bureau is transparent and accountable to the American people for its actions.

**RESPONSES TO WRITTEN QUESTIONS OF SENATORS
BROWN, REED, MENENDEZ, WARNER, WARREN, SCHATZ, VAN
HOLLEN, AND CORTEZ MASTO FROM KATHLEEN LAURA
KRANINGER**

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Questions for Ms. Kathleen Laura Kraninger, Director-Designate, Bureau of Consumer
Financial Protection, on behalf of Ranking Member Brown, Senator Catherine Cortez
Masto, Senator Robert Menendez, and Senator Elizabeth Warren,:

Child Separation

In the hearing, you dodged questions about your involvement in the Administration's policy to separate children from their parents at the border, refusing to answer or using passive language to avoid describing your personal role.

- You testified that your "involvement level" on any issue "really does vary substantially based on the president's priorities, the director's priorities, the agency heads' priorities, how much authority they have." How would you characterize your involvement level on policies resulting in child separations at the border?

Response: I had no role in setting the zero tolerance policy. Since the beginning of the administration, officials within the Office of Management and Budget (OMB), including the director, the deputy director, me, and my staff, participated in meetings related to immigration and border security policy that included relevant officials across the administration. OMB has an extensive role in supporting agencies as they implement the President's priorities and agenda, which includes reviewing legislative proposals, regulatory proposals, and the availability of budgetary resources, including those regarding immigration and border security. I also testified more specifically that OMB raises questions and supports agencies in analyzing their resource needs.

- You testified that "[s]ubsequent to the attorney general's announcement [of the zero-tolerance policy], there were meetings within the administration on the general topic of the implementation, and again, the Office of Management and Budget does actively participate in those meetings." Please provide a list of the meetings that you attended, the title of the meeting, the dates of the meetings, and who else was in attendance.

Response: In light of the confidentiality interests that attach to executive branch decision-making, I am unable to answer this question.

- You testified that "[i]n terms of what generally comes before the Office of Management and Budget, it is what the agencies are formulating. They put forward what their leadership would like to pursue or they have received direction from the President about activities that they should undertake. And they are formulating the – a manner in how to address what the President's priorities are, and what he has asked of them. And then we are supporting that effort." Please describe how you "support[ed] the effort" of the Department of Homeland Security as the agency separated thousands of parents from their children at the border.

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Response: I had no role in setting the zero tolerance policy. Since the beginning of the administration, officials within the Office of Management and Budget, including the director, the deputy director, me, and my staff, participated in meetings related to immigration and border security policy that included relevant officials across the administration. OMB has an extensive role in supporting agencies as they implement the President's priorities and agenda, which includes reviewing legislative proposals, regulatory proposals, and the availability of budgetary resources, including those regarding immigration and border security. I also testified more specifically that OMB was engaged in discussions regarding resource needs, including supporting agencies in analysis of those needs and appropriations law.

- You testified that “with respect to the IRS rule [on disclosing political donations], I was aware of it happening. I know that my staff reviewed it.” Were you aware that the child separation policy was happening? Did you or your staff review it?

Response: I was not involved in setting the policy. The IRS action is different in kind as it was undertaken through a rulemaking effort, which is why my staff reviewed it.

- You testified that “horrible disasters last fall, because there was clear need for additional resources, the Office of Management and Budget was -- was very engaged.” Were additional resources required to implement the child separation policy? If so, did the Office of Management and Budget approve or reject any requests for additional resources or play any other role in providing resources? What role did you personally play in determining whether to approve or deny any such requests?

Response: I had no role in setting the policy. Since the Office of Management and Budget (OMB) has an extensive role in supporting agencies as they implement the President's priorities and agenda, including reviewing legislative proposals, regulatory proposals, and the availability of budgetary resources, I have participated in a number of meetings on immigration and border security in that context. DHS submitted a reprogramming and transfer request to the Committees on Appropriations, Subcommittees on Homeland Security, on June 30th. I did not personally review the request, since the discussions occurred after my nomination.

- Please provide a complete description of any role you may have played in OMB budgetary or policy decisions, analyses, or recommendations related to DOJ's “Zero-Tolerance Policy,” DHS's implementation of the changes stemming from this policy, and the separation of children from their parents who were detained under such policy. Please include a list of all meetings you attended (in person or by telephone or other electronic means) related to these budgetary or policy decisions, analyses, or recommendations, the topics discussed in these meetings, and a list of all other attendees of these meetings.

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Response: In light of the confidentiality interests that attach to executive branch decision-making, I am unable to answer this question.

- Please provide all emails and other documents related to your communications with DOJ officials related to the development and implementation of DOJ's "Zero-Tolerance Policy" and the separation of children from their parents who were detained under such policy.

Response: Any such documents would not belong to me, and, as a result, I would not have the authority to produce any such documents if they existed.

- Please provide all emails and other documents related to your communications with DHS officials regarding the DHS's role in separation of children from their parents who were detained under the DOJ Zero Tolerance policy.

Response: Any such documents would not belong to me, and, as a result, I would not have the authority to produce any such documents if they existed.

- Please provide all emails and other documents related to your communications with White House officials, including Senior Advisor to the President Stephen Miller, related to the development of the Zero Tolerance Policy, DHS's implementation of changes stemming from the Zero Tolerance Policy, or the separation of children from their parents who were detained under the DOJ Zero Tolerance policy.

Response: Any such documents would not belong to me, and, as a result, I would not have the authority to produce any such documents if they existed.

- Please provide any final or draft OMB analyses, recommendations, or budgetary or policy decisions in which you were involved related to the DOJ Zero Tolerance Policy, or related to DHS role in this policy, including DHS's role in the separation of children from their parents who were detained under the DOJ Zero Tolerance policy, and any emails, or other communications related to these final or draft recommendations, or budgetary or policy decisions.

Response: Any such documents would not belong to me, and, as a result, I would not have the authority to produce any such documents if they existed.

Puerto Rico

- Please provide a complete description of any role you may have played in OMB disaster supplemental appropriations requests to Congress, budgetary or policy decisions,

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analyses, or recommendations related to the Trump Administration's response to Hurricane Maria. Please include a list of all meetings you attended (in person or by telephone or other electronic means) related to these disaster supplemental appropriations requests to Congress, budgetary or policy decisions, analyses, or recommendations, the topics discussed in these meetings, and a list of all other attendees of those meetings. Such documents should cover, but not be limited to, any meetings, communications, or deliberations related to the following requests and appropriations:

- October 4, 2017 requested supplemental;
- Public Law Number 115-72;
- November 17, 2017 requested supplemental; and
- Public Law Number 115-123.
- Please provide all emails and other documents related to your communications with DHS officials related to the development of disaster supplemental appropriations requests to Congress and implementation of enacted appropriations.

Response: The Office of Management and Budget has a role in reviewing disaster declarations that go to the President and putting together the supplemental requests that the administration transmits to the Congress. In my role at OMB, I supported the President in the development of the supplemental requests for Hurricanes Irma and Maria. In light of the confidentiality interests that attach to executive branch decision-making, I am unable to fulfill your request. As to the request for documents, any such documents would not belong to me, and, as a result, I would not have the authority to produce any such documents if they existed.

- Please provide all emails and other documents related to your communications with Treasury officials related to the development of disaster supplemental appropriations requests to Congress and implementation of enacted appropriations.

Response: Any such documents would not belong to me, and, as a result, I would not have the authority to produce any such documents if they existed.

- Please provide all emails and other documents related to your communications with HUD officials related to the development of disaster supplemental appropriations requests to Congress and implementation of enacted appropriations.

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Response: Any such documents would not belong to me, and, as a result, I would not have the authority to produce any such documents if they existed.

- Please provide all emails and other documents related to your communications with Puerto Rico government officials, employees, and consultants, related to the development of disaster supplemental appropriations requests to Congress and implementation of enacted appropriations.

Response: Any such documents would not belong to me, and, as a result, I would not have the authority to produce any such documents if they existed.

- Please provide any final or draft OMB analyses, recommendations, or budgetary or policy decisions in which you were involved related to the Administration's response to Hurricane Maria, and any emails, or other communications related to these final or draft recommendations, disaster supplemental appropriations requests, or other budgetary or policy decisions.

Response: Any such documents would not belong to me, and, as a result, I would not have the authority to produce any such documents if they existed.

- Please provide all emails or other documents relating to your involvement with the Trump Administration's response to Hurricane Maria, including but not limited to: negotiations or discussions with Puerto Rico government officials, employees, and consultants regarding the intent, design, statutory language, and implementation of the community disaster loan in the Public Law Number 115-72; and negotiations or discussions with Puerto Rico government officials, employees, and consultants regarding the procedures related to Section 428 of the Stafford Act.

Response: Any such documents would not belong to me, and, as a result, I would not have the authority to produce any such documents if they existed.

Transparency

- At the hearing, you claimed that the information and documents multiple Senators were requesting about your role in the development and implementation of the child separation policy were protected by the deliberative process privilege. You also testified that the Administration was not formally invoking the deliberative process privilege and that you were not personally invoking the deliberative process privilege on the advice of counsel.

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- As of the date of your response to the questions in this document, is the Trump Administration invoking any privilege with regard to any of the information or documents requested in the letter from Senators Warren and Brown on June 18, 2018?

Response: I am not in a position to comment on behalf of the Administration.

- As of the date of your response to the questions in this document, are you personally invoking any privilege with regard to any of the information or documents requested in the letter from Senators Warren and Brown on June 18, 2018?

Response: In light of the confidentiality interests that attach to executive branch decision-making, I am unable to provide responses to the requests for information. As to the requests for documents, any such documents would not belong to me, and, as a result, I would not have the authority to produce any such documents if they existed.

- If either you or the Trump Administration is invoking any privilege with regard to any of the documents or information requested in the June 18th letter, please describe in detail which documents and information the privilege protects and cite legal precedent for your claim that the privilege applies to such documents or information.

Response: Please see the response above.

- If neither you nor the Trump Administration is invoking any privilege with regard to the some or all of the information or documents requested in the June 18th letter, please explain why it is appropriate to withhold that non-privileged information from the Banking Committee before the Committee votes on your nomination. Please keep in mind that the material requested bears directly on your ability to manage complicated and important policies – which will be your responsibility if confirmed to run the CFPB – and that both you and the Trump Administration have specifically touted your purported management expertise as the primary reason to confirm you to this position.

Response: Please see the response above.

**RESPONSES TO WRITTEN QUESTIONS OF SENATORS
BROWN, MENENDEZ, WARREN, AND CORTEZ MASTO FROM
KATHLEEN LAURA KRANINGER**

Committee on Banking, Housing, and Urban Affairs
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Questions for Ms. Kathleen Laura Kraninger, Director-Designate, Bureau of Consumer Financial Protection, on behalf of Ranking Member Brown, Senator Jack Reed, Senator Robert Menendez, Senator Elizabeth Warren, Senator Brian Schatz, Senator Chris Van Hollen, Senator Mark Warner, and Senator Catherine Cortez Masto:

In 2012 and 2013, citing concerns about transparency and accountability, 44 Senators signed a letter stating they would not confirm anyone to the Consumer Financial Protection Bureau (CFPB) unless it was restructured as a five member commission, it was subjected to appropriations, and its rules could be more easily overturned by the Financial Stability Oversight Council. Mr. Mulvaney called for two of these structural changes, among other suggested changes to the statute.

- Do you support, without reservation, the current structure and funding mechanism of the CFPB?

Response: The Director of the Bureau has a responsibility to carry out the law as it is written, and run the agency consistent with various legal requirements and binding court precedent. That will be my focus.

- Do you believe the CFPB is constitutional in its current form? If you do not please explain why you or anyone else should be confirmed to a position that you believe is not appropriately accountable to Congress or the President, or may be unconstitutional.

Response: While this is an important question, the ultimate question of the constitutionality of the Bureau's structure is one for Congress or the courts to resolve. The Director of the Bureau has a responsibility to carry out the law as it is written, and run the agency consistent with various legal requirements and binding court precedent. That will be my focus.

- If confirmed, will you abstain from using any CFPB resources or your position as Director to advocate statutory changes to the structure, funding mechanism, or rulemaking processes of the CFPB?

Response: In the context of my above responses, I cannot prejudge and will not predict every decision that will come before me as director. If confirmed, I pledge to carry out the lawful powers and responsibilities of the Director to the best of my ability, mindful that my ultimate purpose is to serve the American people. I would note that Section 1012(c)(4) of the Dodd-Frank Act contemplates the submission of legislative recommendations to Congress by the Bureau Director.

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At a hearing on the Semi Annual Report of the CFPB, Mr. Mulvaney told Representatives and Senators that while he was required to appear in front of several committees in Congress, he was not required by the statute to answer questions from Congress.

- Do you agree with his reading of the statute?

Response: The Acting Director has discussed his interpretation of section 1016 of the Dodd-Frank Act in comparison to the requirements of other financial regulators in statute. You have my commitment to appear at the Bureau's semi-annual hearings and answer questions to the best of my ability, just as Acting Director Mulvaney and Director Cordray have done.

- If confirmed, will you commit to timely answering all inquiries from Congress?

Response: You have my commitment to appear at the Bureau's semi-annual hearings and answer questions to the best of my ability, just as Acting Director Mulvaney and Director Cordray have done. As a former Congressional staffer, I appreciate the important role that Congress plays in overseeing the Bureau and am committed to working with all Members of Congress in a productive manner.

In a speech to the American Bankers Association, Mr. Mulvaney said the first thing he did when he got to the CFPB is read the law – “the reading of the statute actually revealed some very interesting things” – whereupon he decided that the “Consumer Financial Protection Bureau” was a misnomer. Prior to reading the statute, while he was in Congress, Mulvaney criticized the CFPB but never raised its name as a concern. In his current role, he refers to the agency as the Bureau of Consumer Financial Protection (BCFP).

- Do you believe it is illegal or inappropriate to call the agency the Consumer Financial Protection Bureau, or identify it as such in official correspondence, work products, on real estate, etc?

Response: I do not know how the Bureau came to be identified as the “Consumer Financial Protection Bureau” rather than the “Bureau of Consumer Financial Protection,” as it was named in the Dodd-Frank Act. More specifically, I do not know whether there was a legal opinion, any marketing/branding research, or other evidence or data that resulted in that decision. As such, I do not have an opinion on whether it is illegal or inappropriate.

- Do you believe it is important that Americans easily recognize the CFPB and the materials it produces? Do you believe changing the name of the CFPB inhibits Americans recognition of the Bureau, or undermines years of branding efforts undertaken thus far?

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Response: Yes, I believe it is important for the Bureau to have a strong brand given its statutory responsibility for consumer financial education and collection and tracking of consumer complaints as well as other responsibilities. However, consistent with my response to the previous question, I do not have any information on the impact of the name change or of the strength of the Bureau's brand prior to the name change.

- As an OMB budget expert who oversaw the CFPB, what amount of CFPB resources are being spent to rebrand the CFPB? Do you think those resources were wisely deployed? Do you think it resulted in any confusion?

Response: I do not have access to information relating to the effects, if any, of the use of the Bureau's statutory name, including any budgetary impacts associated with this change. Should I be confirmed, I look forward to consulting with Bureau staff and learning more about this issue.

- If confirmed, will you commit further resources to renaming or rebranding the CFPB? If so, what portion of the Bureau's budget would you dedicate to renaming and rebranding efforts?

Response: I recognize that some have disagreed with the Acting Director's decision to return to the Bureau's statutory name. Consistent with my responses above, it is not appropriate to prejudge this issue, particularly without the benefit of information that is not available to me.

In a letter dated August 31, 2017 the Department of Education stated that it has "full oversight responsibility of federal loans." Do you agree with the Department of Education, or does the CFPB also have oversight responsibility of federal student loans? Please explain the full extent of the CFPB's responsibility regarding federal student loans according to your understanding of the law. In September 2017, the Department of Education terminated a Memorandum of Understanding with the CFPB regarding information sharing with the Student Loan Ombudsman, and is allegedly blocking a document request by CFPB in support of the Bureau's lawsuit against Navient, a student loan servicer.

- If confirmed to lead the CFPB, will you continue to press Navient and the Department of Education to provide responses to CFPB document requests?

Response: I know student lending is a significant issue for many Americans, as noted in my testimony. Under my stewardship, the Bureau will take aggressive action against bad actors who break the rules by engaging in fraud and other illegal activity. In addition, I plan to sit down with officials at the U.S. Department of Education to talk through what

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their efforts are, where the Bureau can be helpful, and what role the Bureau currently plays at a more detailed level, including understanding any outstanding document requests.

The President has used Twitter in an attempt to influence members of the Board of Governors of the Federal Reserve System, and to influence Mr. Mulvaney in his duties at the CFPB.

- If confirmed, do you pledge to perform your job independently of the President and anyone who reports to the President, and to ignore any attempts by the President or anyone who reports to the President to influence investigations, enforcement actions, or supervision of entities subject to CFPB oversight?

Response: As I noted in my testimony, the Congress through the Dodd-Frank Act gave the Bureau incredible powers and incredible independence from both the President and the Congress in its structure. I pledge to manage the Bureau consistent with its authorities and responsibilities under the law and to ensure its continued development as a mature regulator within our Nation's financial regulatory framework.

You told the committee you would look at disparate impact issues. When Brian Johnson, who has been appointed Deputy Director for the CFPB, was employed by the House Financial Services Committee, the Committee Majority issued a staff report that called disparate impact theory "controversial" and argued that disparate impact claims are not "cognizable under ECOA [the Equal Credit Opportunity Act]" and "...ECOA focuses solely on the intent of the actor.

- Do you agree with the conclusions of the staff report? In your opinion, can the CFPB enforce ECOA claims under theory of disparate impact?

Response: It is abhorrent that discrimination exists in society and in the markets. I am committed to enforcing the law with respect to discrimination. With respect to court cases and enforcement actions, as you are well aware, the arguments about disparate impact are very complicated. It is a challenging area, legally speaking, in part because the Supreme Court has never addressed whether disparate impact is cognizable under the Equal Credit Opportunity Act. I can commit to you, that should I be confirmed in this position, I will have a detailed conversation with the relevant staff on this topic, to better understand the positions the Bureau has taken in the past on this issue, and the status of any litigation on the issue. I will then use that information to take the appropriate actions to ensure that the Bureau is promoting fair lending within the applicable legal requirements.

- If you are confirmed, will the Deputy Director be part of the team who reviews the CFPB's use of the disparate impact theory?

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Response: If confirmed, I will have a detailed conversation with the relevant staff on this topic, to better understand the positions the Bureau has taken in the past on this issue, and the status of any litigation on the issue.

In your testimony, you identified transparency and accountability as priorities of yours.

- Will you pledge to maintain the Consumer Complaint Database in its current, transparent form so that financial companies can be held accountable by their customers?

Response: As I have previously stated, I will not prejudge any decision that will come before me at the Bureau, including whether to keep the consumer complaint database public. I am aware of the statutory responsibility for the Bureau to collect and track consumer complaints. If confirmed, I will fully examine this issue and all appropriate considerations with a focus on the ensuring the Bureau is transparent and accountable to the American people for its actions.

- If confirmed, will you reverse Mr. Mulvaney's reorganization of the Office of Fair Lending and Equal Opportunity and restore its enforcement powers, as required by statute?

Response: As I discussed in my testimony, enforcing the fair lending laws is a critical responsibility of the Bureau, regardless of organizational structure. I can commit to approaching the organizational structure with an open mind. It would be inappropriate and premature to make any staffing or organizational decisions prior to confirmation and the opportunity to meet with staff.

- If confirmed, will you reverse Mr. Mulvaney's reorganization of the Office for Students and Young Consumers?

Response: Student lending is a significant issue for many Americans and one that I will examine closely, if confirmed. I will review the structure of the organization with an open mind.

The Consumer Advisory Board (CAB) is composed of academics, consumer advocates, and industry representatives with deep financial experience, and was established by statute to help inform the CFPB Director of developments in consumer financial products and markets. The current CAB was disbanded by Mr. Mulvaney, and new charters were written, shrinking the size of the CAB.

- If confirmed, do you pledge to reassemble the CAB that Mr. Mulvaney disbanded, restore the charters, and meet with CAB members in order to learn more about the financial industry?

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Response: Should I be confirmed, I look forward to engaging with a broad range of external stakeholders, including the Bureau's advisory committees. While I recognize the importance of having many avenues for stakeholder engagement, I am committed to carrying out the Bureau's statutory requirements for engagement, including through the Consumer Advisory Board.

- Do you believe that CAB members are more concerned about protecting their taxpayer funded junkets to Washington, D.C., and being wined and dined by the Bureau, than protecting consumers?

Response: Should I be confirmed, I look forward to engaging with a broad range of external stakeholders, including the Bureau's advisory committees.

The CFPB Director also votes on the Financial Stability Oversight Council, whose job is to identify and mitigate threats to the stability of the financial system.

- What experience do you have forecasting or monitoring systemic risks to the economy?

Response: In a professional capacity, I have not had direct experience with the Financial Stability Oversight Council, but I have made myself familiar with the statutory responsibilities of the Bureau in this space. Further, if confirmed, I will engage with Bureau staff and other FSOC leadership to deepen my understanding of these important issues.

- What is the role of the Consumer Financial Protection Bureau in preventing financial catastrophes?

Response: Under the Dodd-Frank Act, the Bureau is responsible for implementing and enforcing Federal consumer financial laws to ensure fair, transparent, and competitive markets for consumer financial products and services. Further, the Bureau must identify risks to consumers and to the proper functioning of such markets.

- In your opinion, what are the most imminent threats to financial stability at present, and what should be done to mitigate those threats?

Response: If confirmed, I look forward to working with staff at the Bureau and the FSOC to more fully understand potential risks to financial stability. Consistent with the FSOC's statutory mandate, I believe that it is important to identify risks and ways to mitigate them. For example, among other things, given the heavy reliance on technology within the financial sector and society as a whole, I believe that cybersecurity incidents remain a significant concern. The recommendations in the 2017 FSOC annual report regarding information sharing, instituting and enhancing baseline protections, and rapid response

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and recovery are important mitigation efforts. I know these are important issues which I will examine closely in coordination with the other members of the FSOC.

Research by the Federal Reserve Bank of St. Louis found that 70% of subprime mortgages from 2000 to 2007 were refinancings. Please describe, in detail, your analysis of the role that subprime mortgage refinancings played in the economic collapse of 2008 and the resulting recession and foreclosure crisis.

Response: There were a multitude of causes to the financial crisis including subprime mortgage lending and “the vulnerabilities that created the potential for the crisis were years in the making,” as set forth in the Financial Crisis Inquiry Commission Report. Many factors, such as lax underwriting guidelines, regulatory changes, and the incentives for firms and banks to securitize those mortgages, spurred the subprime lending activity. Too many entities and individuals took risks since they could pass on those risks – clearly failures by regulators played a role as well. Major changes have been made to the system since the financial crisis, including standards for the ability to repay in mortgage lending.

The Office of Management and Budget often reviews agency responses to Questions for the Record before they are submitted to Congress. Following hearings with the Secretary Carson and Director Mulvaney regarding the Department of Housing and Urban Development (HUD) and Consumer Financial Protection Bureau, we have not received responses to submitted questions.

- Is it the responsibility of you or your staff to review responses to Questions for the Record before they are submitted to Congress by HUD or CFPB?

Response: The Office of Management and Budget coordinates interagency review of responses to Questions for the Record before they are submitted to Congress. There are certain agencies for whom this general policy does not apply, such as the Bureau.

- Is OMB responsible for part of the delay in responses to Congress?

Response: No.

Secretary Carson received Questions for the Record on April 5, 2018 following a hearing on March 22, 2018.

- How many days, in total, have HUD questions been under review at OMB? For how long do you think it is appropriate for OMB to withhold answers from Congress while it

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reviews agency responses?

Response: OMB begins interagency review of responses to Questions for the Record as soon as they are received, and works expeditiously to provide answers to Congress in a timely manner. HUD's responses were transmitted on Tuesday, July 26th.

**RESPONSES TO WRITTEN QUESTIONS OF SENATOR BROWN
FROM KIMBERLY A. REED**

Committee on Banking, Housing, and Urban Affairs
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Questions for Ms. Kimberly A. Reed, President-Designate, Export-Import Bank of the United States, on behalf of Ranking Member Brown:

Q1. As President of the Export-Import Bank, how will you work to assist Congress in reauthorizing Ex-Im's charter which expires on September 30, 2019?

A1. I, if confirmed, will work with the Congress and the Administration to foster an open, responsive line of communication to reauthorize the Export-Import Bank of the United States (ExIm). I would provide information to assist the Congress in its deliberations and work with the Congress on any issue of concern. As part of this process and with my every action at ExIm, I would adhere to the ExIm Charter and Bylaws, as well as all other applicable laws and regulations.

Q2. During your hearing you offered to work with members of the Committee on various reforms to improve the Export-Import Bank's operations and to address certain concerns with regard to financing offered by the Bank, such as ensuring that Ex-Im does not compete with private financing.

As you pursue reforms, whether through the authorities given to the Ex-Im President, proposals for action by Ex-Im's board of directors or a proposal for reauthorization of the Bank's charter, will you pledge to provide transparency in reform efforts?

A2. Yes, I, if confirmed, will provide transparency regarding reform efforts and follow all laws in accordance with the ExIm Charter and Bylaws, and within the authority of the ExIm President.

Q3. If confirmed, are there any specific policies or procedures of the Export-Import Bank that you would work to alter or change?

A3. While I currently have no specific proposal to alter or change ExIm's policies or procedures that I, if confirmed, would undertake, I will work to ensure that ExIm faithfully implements all laws and reforms enacted by the Congress and in accordance with the ExIm Charter and Bylaws, and within the authority of the ExIm President. Additionally, I would conduct a thorough review of policies and procedures to ensure that ExIm is being as transparent as possible, protecting taxpayers against potential losses, conducting appropriate economic impact analysis, cracking down on bad actors trying to deceive or manipulate ExIm, and not crowding out private sector financing options.

I would have discussions with stakeholders, including the Congress, Office of Inspector General, Government Accountability Office, U.S. exporters, and outside experts, among others, to inform my opinion on ExIm's effectiveness, efficiency, and transparency. I would focus on strong standards of conduct, sound risk management practices, and increased transparency while also protecting customer confidential and proprietary business information.

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While I do not yet have access to information to comment on ExIm's internal processes, I, if confirmed, along with the required Bank Board quorum, look forward to approving a qualified Chief Risk Officer and working with them and the Board to ensure that ExIm follows the best risk management and mitigation practices.

I am dedicated to good governance and believe that it is appropriate to have regular reviews of key items important to ExIm stakeholders and the American taxpayer. I, if confirmed, will work with other offices within the U.S. government and, as appropriate, the OECD, G20, WTO, and other forums to move towards the goal set by the Congress in law of eliminating all export credit financing worldwide. I would work with the Congress and the ExIm Inspector General, Chief Ethics Officer, and Chief Risk Officer to ensure we are doing all we can to eliminate waste, fraud, and abuse and give better value to the taxpayer.

I believe that ExIm also must treat *all* American companies fairly, especially small and medium enterprises. I, if confirmed, will ensure that ExIm – working with community banks and community development financial institutions – helps small businesses and the agriculture sector, which is vital to rural America. All companies and all workers should have appropriate access to the programs authorized by Congress. I would encourage ExIm staff to work with all stakeholders – Congressional offices, community banks and credit unions, local Chambers of Commerce, trade, manufacturing, business, and agriculture organizations, local government agencies, women and minority-owned business organizations, the media, academia, and others – to proactively share ExIm's mission and products with small businesses. Through this outreach, ExIm should identify unmet needs and gaps where the Bank – while not competing with the private sector – could make the difference for American workers and exports. ExIm should have effective measurement processes to track impact and return on investment, including to identify new small business applicants and the creation of U.S. jobs, while protecting the American taxpayer.

Q4. Do you believe it is important to seek public comment from Ex-Im customers and the general public before making any changes that would significantly affect the availability of credit from Ex-Im for certain products or economic sectors?

A4. Yes, I believe that it is important to seek public comment from all stakeholders, as well receive input from the Congress and Administration colleagues, before making any changes that would significantly affect the availability of credit from ExIm for certain products or economic sectors.

Q5. If confirmed, will you publicly defend the Export-Import Bank against false or misleading charges of fraud?

A5. Once a final determination is made by the Office of Inspector General, law enforcement, chief ethics official, and/or other appropriate official, I, if confirmed, will work with my Board colleagues to ensure that ExIm appropriately responds to any false or misleading charge of fraud.

Q6. Do you see a need to impose an upper limit on doing business with any particular industry or commercial sector, like aerospace manufacturing, that has previously relied heavily on Ex-Im to

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access foreign markets? Or should ExIm's lending be driven by demand from qualified applicants, to the extent permitted by the Bank's charter?

A6. I, if confirmed, will faithfully execute all laws consistent with the intent of Congress, and within the authority of the ExIm President. I will review each transaction independently, on the merits, and in accordance with the ExIm Charter established by the Congress and Bylaws.

Q7. If confirmed, would you work to ensure that the comment process for environmental and social impacts from projects is properly structured and adequately resourced to ensure that comments from concerned parties are meaningfully considered?

A7. Yes, I, if confirmed, will work with my fellow Board Members and ExIm staff to ensure that the environmental and social impact comment process is properly structured and adequately resourced to ensure comments from concerned parties are meaningfully considered.

Q8. If confirmed, do you commit to providing all documents and materials that the Office of Inspector General requests?

A8. Yes, I, if confirmed, will commit to providing all documents and materials requested by the Office of Inspector General in accordance with Federal laws and regulations. I value the independent role that Inspectors General play at ExIm and in our government.

ADDITIONAL MATERIAL SUPPLIED FOR THE RECORD

**DOCUMENTS SUBMITTED IN SUPPORT OF THE NOMINATION OF
KATHLEEN LAURA KRANINGER**



July 11, 2018

The Honorable Mike Crapo
Chairman
Committee on Banking, Housing and Urban
Affairs
United States Senate
Washington, DC 20510

The Honorable Sherrod Brown
Ranking Member
Committee on Banking, Housing and Urban
Affairs
United States Senate
Washington, DC 20510

Dear Chairman Crapo and Ranking Member Brown:

On behalf of ACA International (ACA), the Association of Credit and Collection Professionals, I am writing regarding the hearing of Ms. Kathy Kraninger for the nomination of Director of the Bureau of Consumer Financial Protection ("BCFP" or "Bureau"). ACA International is the leading trade association for credit and collection professionals representing approximately 3,000 members, including credit grantors, third-party collection agencies, asset buyers, attorneys, and vendor affiliates in an industry that employs more than 230,000 employees worldwide. We respectfully request that you accept this letter for the record.

Without an effective collection process, the economic viability of businesses and, by extension, the American economy in general, is threatened. Recovering rightfully-owed consumer debt enables organizations to survive, helps prevent job losses, keeps credit, goods, and services available, and reduces the need for tax increases to cover governmental budget shortfalls. Furthermore, without the information that ACA members provide to consumers, they cannot make informed decisions that help preserve their ability to access credit, medical care, and a host of other goods and services. ACA members play a key role in helping consumers fulfill their financial goals and responsibilities while facilitating broad access to the credit market. Consumers often want and need the information that ACA members provide them and there should be clear and workable rules for communicating with them.

Since the inception of the Bureau, there have been many instances where it has failed to fulfill its statutory mission and obligations, which require it to make markets for consumer financial products and services work in a fair, transparent, and competitive manner. As the new leadership of the agency considers how to make improvements to Bureau practices and as the Senate considers the nomination for a new permanent director, outlined are areas we would like to see further consideration given to going forward.

I. Pre-Rule Actions Surrounding Debt Collection Need to be Improved Upon

ACA member companies support fair, objective, and well-supported Bureau rulemaking that is focused on clarifying legal obligations for debt collectors and solving problems for consumers and regulated entities. Too often, however, the Bureau's rulemaking processes have been

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agenda-driven, lacking in objective evidentiary support, dismissive of both the Small Business Regulatory Enforcement Fairness Act ("SBREFA") small entity representative ("SER") input and the need for rigorous cost-benefit analysis, and poorly conceived to solve real problems. The following pre-rule actions by the Bureau need to be improved upon: a flawed and non-transparent consumer survey; failure to conduct effective consumer disclosure testing; a misconceived SBREFA panel process that failed to include critical participants and issues while inappropriately seeking to impose a "one size fits all" approach; regulatory overreach; and unworkable proposals. With respect to SBREFA, many industries and small businesses have observed that the Bureau has treated this important process as an empty, formalistic exercise, obligatorily tacked on the end of the Bureau's pre-rulemaking schedule, well past the point when the Bureau's course was set.

ACA's members face a barrage of legal obligations imposed by an array of federal and state authorities. As they have repeatedly made clear, they would welcome sensible regulation to resolve conflicting and ambiguous requirements that currently foster costly, often frivolous litigation, and remain ready to work with the Bureau toward achievement of this goal. ACA has urged the Bureau to work collaboratively with regulated entities to develop workable, effective regulation, and to revamp the Bureau's approach toward SBREFA, in a way that fulfills the statute's intended purpose, reducing unnecessary burden while achieving appropriate regulatory objectives. As the BCFP takes steps towards proposed rules for the credit and collection industry, we urge Congress to work closely with the Bureau to ensure that any new rules protect consumers, and also the interest of small and medium sized business owners in your state, and the thousands of constituents they employ.

II. The BCFP's Complaint Database Paints an Inaccurate Portrait of the Debt Collection Industry

The Bureau has repeatedly reported that debt collection receives the highest number of complaints. However in 2017, the Bureau received 84,500 complaints about debt collection as compared to 100,000 complaints regarding consumer reporting and credit repair and 37,300 complaints regarding mortgages.¹ The amount of debt collection complaints reported to the Bureau actually decreased as compared from 2016, yet the Bureau has continued to assert incorrectly that this category of complaint exceeds all others. Beyond this mischaracterization, the Bureau fails to contextualize the number of complaints as compared to the number of contacts the debt collection industry makes to consumers over a given year, which the Philadelphia Federal Reserve estimates to be well over one billion.² Providing better understanding of and perspective on the debt collection marketplace would better serve the Bureau – and consumers – in the Bureau's analysis of the debt collection industry. The Bureau should focus its resources on actual harm rather than raw numbers of complaints provided without context. In doing so, the Bureau would realize that debt collection complaints account for only 0.005% of all consumer contacts made in a given year by debt collectors.

¹ Source: CFPB Consumer Response Annual Report, January 1 – December 31, 2017.

² Robert M. Hunt, PhD, Vice President and Director, Payment Cards Center Federal Reserve Bank of Philadelphia. Understanding the Model: The Life Cycle of a Debt. Presented at "Life of a Debt: Data Integrity in Debt Collection," FTC-CFPB Roundtable (June 6, 2013) available at <https://www.ftc.gov/news-events/events-calendar/2013/06/life-debt-data-integrity-debt-collection>.

Ironically, the Bureau also reports that the debt collection industry has a response rate of 94.4% in 2017, one of the highest rates of any industry that receives Bureau complaints.³ What the Bureau fails to publicize is that 84% of debt collection complaints are closed “with explanation,” meaning the consumer’s issue was specifically addressed and/or resolved.⁴ This too is an extraordinarily high percentage.

A. Complaints are Defined Too Broadly and Not Otherwise Verified.

The most troubling aspect of the complaint database for ACA members is the Bureau’s treatment of complaints including: (1) the Bureau’s broad definition of a complaint as “submissions that express dissatisfaction with, or communicate suspicion of wrongful conduct by, an identifiable entity related to a consumer’s personal experience with a financial product or service,”⁵ and (2) the Bureau’s failure to verify the accuracy of the complaints it receives. The Bureau’s approach to consumer complaints in this fashion results in complaints being counted against debt collectors for conduct, which even if true, is not otherwise unlawful, but more importantly is often factually inaccurate. For example, a consumer may submit a complaint that his or her insurance company should have paid a medical bill. In this instance, the debt collector did not engage in any unlawful conduct, yet the complaint is counted against it even though the debt collector had the right to contact the consumer. In the same scenario, if the consumer makes the same complaint against the owner of the debt, the medical provider, the complaint is also counted against the debt collector, and thus two complaints are recorded for the one debt. The Bureau simply accumulates all complaints submitted by consumers without considering the nature of the complaint and without regard to its accuracy or legitimate characterization as a complaint against a debt collector. The result is an artificially inflated amount of complaints against the debt collection industry which the Bureau continues to represent as the most complained about market.⁶

B. The Lack of Statutory Authority to Publish Consumer Complaint Data

Although two provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) require the Bureau to report annually to Congress about the number of consumer complaints in general,⁷ and to report semi-annually to the President and designated congressional committees, certain analyses of the complaints the Bureau has received and collected in its databases from the prior year.⁸ However, nothing in either section of the statute

³ CFPB, Consumer Complaint Database, as of December 2017 available at <https://www.consumerfinance.gov/data-research/consumer-complaints/>.

⁴ Josh Adams, PhD, Director of Research, ACA International, *A Review of Debt Collection Complaints Submitted to the Consumer Financial Protection Bureau’s Complaint Database in 2017*, ACA International White Paper (January 2018), available at <https://www.acainternational.org/assets/research-statistics/aca-wp-complaints-review-2017.pdf>.

⁵ CFPB, *Consumer Response: A Snapshot of Complaints Received* (July 2014), available at https://files.consumerfinance.gov/f/201407_cfpb_report_consumer-complaint-snapshot.pdf.

⁶ Josh Adams, PhD, Director of Research, ACA International, *A Review of Debt Collection Complaints Submitted to the Consumer Financial Protection Bureau’s Complaint Database in 2017*, ACA International White Paper (January 2018), available at <https://www.acainternational.org/assets/research-statistics/aca-wp-complaints-review-2017.pdf>.

⁷ 12 U.S.C. 5493(b)(3)(C).

⁸ 12 U.S.C. 5496(c)(4).

authorizes the Bureau to make the consumer complaint database public. The publishing of inaccurate and unverified information about any debt collector results in reputational harm that cannot otherwise be reversed. It also misleads consumers, which could lead to unfounded concerns about engaging with the collections industry, despite that this engagement is often essential to preserve credit options and avoid other problems that result from unpaid debt. One academic called the complaint database a “government sponsored Yelp.”⁹

Analyzing complaint data on a broad scale and highlighting trends appears to fulfill the Bureau’s statutory mandate; public shaming does not. As the complaint database and its utility is reevaluated going forward, we ask that Congress work closely with the BCFP to ensure that it is being used in way in which true concerns are collected and addressed, not as a public relations tool to punish disfavored industries. The credit and collection industry is deeply interested in identifying true complaints and problem actors to weed out any bad practices, but the current process and reporting for the complaint database is not effectively doing that.

III. More Transparency and Due Process Should be Included in BCFP Enforcement Processes

To fulfill its statutory mission and obligations properly, the Bureau must strictly adhere to fair, clear, and transparent enforcement processes and practices. Too often in the past, the Bureau’s actions have fallen short of these standards. Many who have been the subject of enforcement actions view the experience as a one-sided imposition of the Bureau’s interpretation of the law, with firms lacking effective recourse to put forward a contrary view and, more often than not, pressured into settling to avoid the high cost of contesting the allegations. This sense of pressure is particularly strong for small businesses that lack the resources for dealing with an opaque, protracted, and unresponsive process.

Concerns are widespread about the Bureau’s practice of characterizing conduct as an unfair, deceptive, or abusive act or practice (“UDAAP”) without prior notice, and then holding other businesses accountable under this retroactive interpretation of legally required or proscribed behavior. Moreover, it remains unclear how the Bureau defines UDAAP, with the “unfair” prong continuing to be a particularly subjective matter for individual enforcement attorneys and examiners. Objections on fairness grounds to an enforcement action that faults a business for conduct in the past that was legal at the time have fallen on deaf ears. Other concerns relate to the Bureau’s poor record on communications during the enforcement process. Overall, because of the Bureau’s often agenda-driven rulemaking through enforcement approach, businesses suffer from a lack of knowing what is expected and required of them. Congress should not only consider providing statutory clarification to the Bureau’s UDAAP authority but also work to ensure that the enforcement process is fair, effective, and includes due process going forward.

⁹ *Assessing the Effects of Consumer Financial Information, Before the S. Comm. On Banking, Housing, and Urban Affairs*, (April 5, 2016) (Statement of Todd Zywicki, George Mason University Foundation Professor of Law Antonin Scalia School of Law at George Mason University, Executive Director, Law and Economics Center), available at, <https://www.banking.senate.gov/imo/media/doc/Zywicki%20Testimony%204-5-16.pdf>.

IV. We Appreciate the RFI Process and Willingness to Consider Input from Industry and Consumer Groups

Good policymaking does not derive when those writing and enforcing the rules have pre-conceived notions, lack transparency, and are agenda driven. While the consumer perspective is critically important, it is also essential to consider diverse perspectives and real-world in house experience of those actually providing products and services to consumers. We appreciate the steps the Bureau has recently taken under the leadership of Acting Director Mulvaney to improve the Bureau's processes and receive broader and more informed input. Included in this is the ongoing robust effort to compile feedback through Requests for Information (RFI). The comprehensive RFI's should be used to improve upon previous practices. As a brand new agency, it is understandable that the Bureau is learning as it goes, and should use the new leadership as an opportunity to make improvements in a bipartisan way.

As previously outlined, the credit and collection industry provides a valuable service to the functioning of the economy, employs thousands of Americans throughout the country, and can help consumers resolve a less than ideal financial problem. It is important that the Bureau works to understand how it can help provide clarity surrounding rules for the industry and support the work of the industry, which will ultimately also benefit consumers. Specifically, it is essential that the permanent Director of the BCFP use the information collected during the RFI process to create a clear and not unnecessarily overly burdensome operating environment for those participating in the financial services marketplace. This includes not creating one-size-fits all policies that disproportionately harm small businesses.

V. BCFP Legislation ACA Supports

As Congress looks to the future of the BCFP, there are common sense changes that can be made to improve its structure and operations. Accordingly, we recommend that the following pieces of legislation are enacted into law.

- **Consumer Financial Protection Board Act, S. 105 and The Financial Protection Safety Commission Act of 2018, H.R. 5266**

These companion bills would create a five member, bipartisan commission at the Bureau. It would ensure certainty and stability in financial services regulation for America's consumers, small businesses, and the economy. In contrast, a sole director structure at the BCFP creates a whipsaw effect in financial services regulation, making it difficult for financial services organizations from being able to create long term business plans, invest in new products and services, and best serve their consumers. Having a multi-member commission will increase transparency at the Bureau and allows for input from multiple stakeholders. Robust debate with multiple viewpoints is more likely to strengthen consumer choice and the ability for consumers to access credit.

- **Consumer Financial Protection Bureau Accountability Act, S.387**

This bill amends the Consumer Financial Protection Act of 2010 to change the source of funding for the BCFP from Federal Reserve System transfers to annual appropriations. This is appropriate because it adds checks and balances and allows consumers through their elected officials to have a voice in the direction of the Bureau. This is particularly important to add transparency and accountability to the single director structure, which currently answers to no one.

- **GUIDE Compliance Act, H.R.5534**

The Give Useful Information to Define Effective Compliance Act ("GUIDE Compliance Act") would require the Bureau Director to "issue guidance that is necessary or appropriate to enable the Bureau to carry out Federal consumer financial law, including facilitating compliance with such law." Often an entity seeks guidance from a regulatory agency because a critical issue arises that requires explanation. This may be within the course of litigation or pending litigation, or necessary for on-going compliance, and time is of the essence. Furthermore, courts often give deference to guidance, which provides further support for their utility. Scenarios arise that sometimes are overlooked in the consideration of a rule. Industries change, and in the case of the debt collection market, technologies may provide enhancements to standard procedures. This may assist in the development of best practices and could allow regulators to assess the effectiveness of the current rule.

Thank you for your attention to these important concerns. We look forward to continuing our engagement with the Senate Banking Committee and the new leadership at the Bureau about issues that are important to the credit and collection industry.

Sincerely,



Mark Neeb
Chief Executive Officer



July 17, 2018

The Honorable Mike Crapo
Chairman
Committee on Banking, Housing, and Urban Affairs
United States Senate
Washington, DC 20510

The Honorable Sherrod Brown
Ranking Member
Committee on Banking, Housing, and Urban Affairs
United States Senate
Washington, DC 20510

Dear Chairman Crapo and Ranking Member Brown:

On behalf of the American Financial Services Association¹ (AFSA), I am writing in strong support of President Trump's nomination of Kathleen "Kathy" Kraninger for the Director of the Bureau of Consumer Financial Protection (BCFP) position.

Ms. Kraninger is an excellent choice to lead the Bureau and to continue Mr. Mulvaney's pragmatic, measured approach to ensuring that consumers benefit from safe, affordable products provided by the most responsible members of the consumer credit industry.

Ms. Kraninger's extensive background in increasingly responsible positions of leadership in the federal government, especially her present position of Office of Management and Budget's Associate Director for General Government, makes her an excellent choice as the next Director of the Bureau.

In her present role Ms. Kraninger oversees the budget development and execution for a number of executive branch agencies, including the Departments of Commerce, Treasury and Housing and Urban Development. This gives her the experience, the executive management expertise, the fiscal management and responsibility, and the fresh perspective needed to lead a large federal agency.

Since its inception, the BCFP has had extraordinary authority over all facets of the consumer credit industry. The director of the Bureau needs to ensure certainty, fairness, and transparency. Kathy Kraninger will be a strong and effective leader for the BCFP, and I encourage you to act quickly to confirm her nomination as Director.

Thank you for your attention to this matter.

Sincerely,

Bill Himpler
Executive Vice President
American Financial Services Association

cc: Members of the Banking, Housing, and Urban Affairs Committee

¹ Founded in 1916, AFSA is the national trade association for the consumer credit industry, protecting access to credit and consumer choice. AFSA members provide consumers with many kinds of credit, including direct and indirect vehicle financing, traditional installment loans, mortgages, payment cards, and retail sales finance.



AMERICANS FOR TAX REFORM

July 9, 2018

The Honorable Mike Crapo, *Chairman*
Senate Committee on Banking, Housing and Urban Affairs
534 Dirksen Senate Office Building.
Washington, D.C. 20510

The Honorable Sherrod Brown, *Ranking Member*
Senate Committee on Banking, Housing and Urban Affairs
534 Dirksen Senate Office Building.
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Dear Chairman Crapo and Ranking Member Brown:

I write in support of Kathleen Kraninger for the position of Director of the Bureau of Consumer Financial Protection. Throughout her time in public service, Ms. Kraninger has been a steward of taxpayer and government accountability, gaining experience by leading teams within multiple federal agencies.

With the creation of the Bureau as a result of the Dodd-Frank Act, its structure allowed the agency to shield itself from nearly all accountability or taxpayer oversight. It's first and former director under the previous administration demonstrated how a lack of transparency can lead to mismanagement of resources, an activist regulatory agenda and courts ruling its structure unconstitutional.

Under the leadership of current BCFP Acting Director and Director of the Office of Management and Budget Director Mick Mulvaney has emphasized Bureau accountability and focused on enforcement measures that punish bad actors, while protecting consumers financial choices in the marketplace. I am confident Ms. Kraninger will continue to put the interests of consumers ahead of political ideology.

Americans for Tax Reform praises this nomination as an important stride toward reversing the harm that regulatory burdens have inflicted on the very consumers it was created to protect under the authority of the previous Director. As President of Americans for Tax Reform, I share the same concerns of House Financial Services Committee Chairman Jeb Hensarling that without proper leadership and change, the Bureau will continue to operate as prosecutor, judge and jury, depriving legal businesses of proper due process. Thankfully, President Trump has nominated a candidate that has a proven record of government management experience.

Since its founding, the Bureau has regulated through enforcement and created an environment that lacks oversight and certainty, putting consumers further out of reach from affordable financial products. Ms. Kraninger's nomination is a step in the right direction toward providing transparency at the agency. I encourage you to support her confirmation as Director of the Bureau of Consumer Financial Protection.

Sincerely,

A handwritten signature in dark ink, appearing to read 'G. Norquist', written in a cursive style.

Grover G. Norquist
President
Americans for Tax Reform

July 16, 2018

Chairman Mike Crapo
Senate Committee on Banking, Housing and Urban Affairs
534 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Chairman Crapo and Members of the Committee:

On behalf of the undersigned organizations and the millions of Americans we represent, we are pleased that you will soon be considering the nomination of Kathy Kraninger, an advocate of pro-consumer and pro-taxpayer accountability reforms at the Bureau of Consumer Financial Protection (BCFP), for the position of Director of that Bureau. Many of us continue to believe that BCFP is an unnecessary entity and that consumer protections could be strengthened through other means. However, at the very least it is important to ensure that BCFP's future leadership is aware of the need for fundamental change.

Kathy Kraninger has a strong background and the necessary qualifications in order to lead and improve the BCFP. In her current role at the Office of Management and Budget, she monitors over \$250 billion in spending for seven cabinet departments and 30 agencies. The budgets for the BCFP, Department of Treasury, HUD, and all other financial regulators fall within her purview, which gives her first-hand knowledge of the financial regulatory system. Further, her more than two decades of leadership and management experience in public service complements her insight into the federal bureaucracy.

It is no secret that the BCFP has been flawed since its creation in 2011. Its current structure is broken, its operations are far from transparent, and its unique funding scheme insulates it from Congress, the President, and the American people. While it does not receive direct funding from taxpayers, the agency does siphon funds that the Federal Reserve would otherwise send to the Treasury. Furthermore, BCFP's regulatory interactions with other agencies can affect programs with an impact on taxpayers and the greater marketplace as a whole. Its power is so massive US District Court Judge Loretta Preska of the South District of New York ruled that the CFPB "lacks the authority to bring this enforcement action because its composition violates the Constitution's separation of powers."

Thankfully, acting-Director Mulvaney has initiated important reforms to the Bureau's day-to-day activities, rule analysis, and acts within its statutory authority instead of as an activist regulator under the previous administration. This process must continue, and we are confident that Ms. Kraninger is eminently capable of doing so. We thank the Committee for considering our views and for acting in a timely fashion.

Sincerely,

Pete Sepp, President
National Taxpayers Union



Grover G. Norquist, President
Americans for Tax Reform

Karen Kerrigan, President & CEO
Small Business & Entrepreneurship Council

Heather R. Higgins, CEO
Independent Women's Voice

Palmer Schoening, Chairman
Family Business Coalition

David Williams, President
Taxpayers Protection Alliance

Rick Manning, President
Americans for Limited Government

George Landrith, President
Frontiers of Freedom

Amy Kremer, Co-chair
Women for Trump

Andrew F. Quinlan, President
Center for Freedom and Prosperity

James L. Martin, Founder/Chairman
60 Plus Association

Saulius "Saul" Anuzis, President
60 Plus Association

Steve Pociask, President
American Consumer Institute

Jenny Beth Martin, Honorary Chairman
Tea Party Patriots Action





Jim Nussle
President & CEO

Phone: 202-508-6745
jnussle@cuna.coop

99 M Street SE
Suite 300
Washington, DC 20003-3799

July 18, 2018

The Honorable Mike Crapo
Chairman
Committee on Banking, Housing and Urban
Affairs
United States Senate
Washington, DC 20510

The Honorable Sherrod Brown
Ranking Member
Committee on Banking, Housing and Urban
Affairs
United States Senate
Washington, DC 20510

Dear Chairman Crapo and Ranking Member Brown:

On behalf of America's credit unions, I am writing today to thank you for holding a nomination hearing for Ms. Kathleen Kraninger to be the next Director of the Bureau of Consumer Financial Protection (BCFP or Bureau). Credit Union National Association (CUNA) represents America's credit unions and their 110 million members.

Since the resignation of Director Richard Cordray in November 2017, the Bureau has been led on an interim basis by Acting Director Mick Mulvaney. In his dual role, Acting Director Mulvaney has introduced several initiatives intended to reform the BCFP's approach toward regulated entities and reconnect the Bureau with its original mission: "[aiming] to make consumer financial markets work for consumers, responsible providers, and the economy as a whole." Credit unions thank Acting Director Mulvaney for his service to the Bureau and the nation's consumers.

Stability of leadership and clarity of mission are critical features of any efficient and effective regulatory body. For that reason, CUNA welcomes the nomination of a permanent Director to the BCFP and urges the U.S. Senate to take swift action to resolve the unsettled nature of the Bureau's future. Credit unions look forward to working with a new permanent BCFP Director, one that we hope will recognize the unique structure of credit unions and the enormous benefit credit unions provide to American consumers in need of financial services.

While the nomination of a permanent leader is a positive development, we continue to believe the best path forward for the Bureau is for Congress to enact legislation providing for a multi-person, bipartisan commission to lead the Bureau, as was originally proposed by the Obama administration in 2009.

Proponents of the Bureau have historically hailed it as a regulatory agency with an obligation to fairly and independently administer federal consumer protection law. However, the current structure has proven to be the Bureau's fatal flaw and has resulted in an agency that is only independent from the minority political party. The Bureau's history heretofore suggests the Bureau has extraordinary political dependence that will almost certainly lead to wild swings in rulemakings, supervisory practices and enforcement policies if the Bureau's structure is not addressed by Congress. And, the extent to which the Bureau lacks the political

cuna.org

independence its masterminds sought will be crystal clear in the statements and questions raised at this hearing.

Consumers deserve better than the political bureau Congress has established. Only through the appointment of a bipartisan commission will the Bureau have the type of independence that proponents herald and the steady approach to regulation that consumers and regulated entities need. We appreciate that legislation has been introduced in both chambers encourage Congress to address this fatal flaw and look forward to working with you on this matter.

In the meantime, consumers and regulated entities will be best served by a Senate-confirmed, permanent director leading the Bureau. We appreciate the president having nominated Ms. Kraninger to this position, and we urge the committee to give her nomination full and fair consideration.

On behalf of America's credit unions and their 110 million members, thank you for your consideration of our views.

Sincerely,



Jim Nussle
President & CEO



Timothy K. Zimmerman, *Chairman*
 Preston L. Kennedy, *Chairman-Elect*
 Noah W. Wilcox, *Vice Chairman*
 Kathryn Underwood, *Treasurer*
 Christopher Jordan, *Secretary*
 R. Scott Heikamp, *Immediate Past Chairman*
 Rebeca Romero Rainey, *President and CEO*

July 18, 2018

The Honorable Mike Crapo
 Chairman
 Committee on Banking, Housing,
 & Urban Affairs
 United States Senate
 Washington, D.C. 20510

The Honorable Sherrod Brown
 Ranking Member
 Committee on Banking, Housing,
 & Urban Affairs
 United States Senate
 Washington, D.C. 20510

Dear Chairman Crapo and Ranking Member Brown:

On behalf of the nearly 5,700 community banks represented by ICBA, I write to thank you for scheduling a confirmation hearing for the nomination of Kathleen Kraninger to serve as Director of the Bureau of Consumer Financial Protection (Bureau).

Ms. Kraninger has a distinguished career in public service. She is currently Associate Director for General Government at the Office of Management and Budget (OMB), where she oversees numerous cabinet and other federal agencies, including the Bureau and all of the other financial regulatory agencies.

At OMB, and in prior jobs at the Department of Homeland Security and the Department of Transportation, Ms. Kraninger has demonstrated her talent for agency management and policymaking oversight. She has testified before Congress on multiple occasions. Her experience working as senior staff for different congressional committees will help her manage the Bureau's relationship with Congress, a major part of the Director's job.

Having met Ms. Kraninger, I believe she understands the critical role played by community banks in creating access to consumer and small business credit and supporting prosperity in American communities. This perspective will strengthen the Bureau's rulemaking. I also believe she has a strong commitment to making the Bureau accountable, effective and efficient.

Finally, I would like to emphasize the importance to community banks and to consumers of confirming a *permanent* Director of the Bureau. There are numerous important regulatory initiatives in the Bureau's pipeline that will benefit from the consistent vision provided by a permanent Director. Community banks deserve to have long-term expectations and policy certainty as they undertake business planning that will allow them to better serve their communities.

The Nation's Voice for Community Banks.®

WASHINGTON, DC 1615 L Street NW Suite 900 Washington, DC 20036	SAUK CENTRE, MN 518 Lincoln Road PO Box 267 Sauk Centre, MN 56378	866-843-4222 www.icba.org
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I believe that Ms. Kraninger would make an excellent Director of the Bureau of Consumer Financial Protection and urge you to mark up her nomination at the earliest opportunity.

Thank you for your consideration.

Sincerely,

/s/

Rebeca Romero Rainey
President & CEO

CC: Members of the Senate Banking Committee

The Nation's Voice for Community Banks.®

WASHINGTON, DC	SAUK CENTRE, MN	
1615 L Street NW	518 Lincoln Road	
Suite 900	PO Box 267	866-843-4222
Washington, DC 20036	Sauk Centre, MN 56378	www.icba.org



INTERPORTPOLICE

INTERNATIONAL ORGANIZATION OF AIRPORT AND SEAPORT POLICE

Jay B. Grant
Secretary General

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W: <https://interportpolice.org>

July 9, 2018

The Honorable Mike Crapo
Chair – Senate Committee on Banking, Housing and Urban Affairs
239 Dirksen Senate Office Building
Washington, D.C. 20510

The Honorable Sherrod Brown
Ranking Member – Senate Committee on Banking, Housing and Urban Affairs
713 Hart Senate Office Building
Washington, D.C. 20510

Members of the Committee;

Dear Senators,

I am writing you in regards to Kathleen Kraninger, the President's nominee to head the Consumer Financial Protection Bureau. I have worked professionally with Kathy for well over a decade and know her well. She is a person of high integrity, well proven as a leader and an excellent manager. She is diligent in her ethics, work product and efforts, has always been forthright, and exceeds expectations.

In my work with her I have experienced how she excels in non-partisan collaboration with a goal of getting the job done and cultivates a healthy working relationship and environment. When dealing with legislation and policy, she administers great skill to ensure issues are addressed timely and equitably, understanding the needs and the requirements of protecting our Nation and those individuals affected. You will find her highly respected among peers and Members of Congress who know her.

Kathy is first among many, the type of person you want in government and one you can deal with honestly. I would ask you not to pre-judge her, you will find her knowledgeable, compassionate, and extremely competent. Kathy is her own person, has great respect for Congress, and our citizens. She is a person who is honorable, extraordinary and distinguished and will address her obligations in an equitable manner, ensuring the elements of the Bureau to empower, enforce, and educate are met.

Please offer her your honest consideration and I encourage you to move her nomination forward.

Sincerely,



Since 1969, law enforcement agencies working as a global force on transnational and terrorism crime to ensure the public safety of passengers, the supply chain, and critical infrastructure worldwide.

CHAMBER OF COMMERCE
OF THE
UNITED STATES OF AMERICA

NEIL L. BRADLEY
EXECUTIVE VICE PRESIDENT &
CHIEF POLICY OFFICER

1615 H STREET, NW
WASHINGTON, DC 20062
(202) 463-5310

July 17, 2018

The Honorable Mike Crapo
Chair
Committee on Banking, Housing,
and Urban Affairs
United States Senate
Washington, D.C. 20510

The Honorable Sherrod Brown
Ranking Member
Committee on Banking, Housing,
and Urban Affairs
United States Senate
Washington, D.C. 20510

Dear Chairman Crapo and Ranking Member Brown:

The U.S. Chamber of Commerce urges the Committee to report the nominations of Kimberly Reed to serve as President of the Export-Import Bank of the United States (Ex-Im) and Kathleen Kraninger to serve as Director of the Bureau of Consumer Financial Protection (Bureau).

Ex-Im has not been fully functional since its charter was allowed to lapse on July 1, 2015. Failure to confirm nominees to the Board after their terms expired last Congress and additional expirations at the start of this Congress have resulted in Ex-Im not having a single Senate-confirmed leader on its five-person board. There are currently \$37.5 billion in pending transactions that require approval from the Ex-Im Board—that is, \$37.5 billion in high-quality, “made in the USA” products that could be sold to customers around the world simply by having at least three board seats filled.

Additionally, Congress has acted to reform the Bank, but these reforms have been largely stymied by lack of a quorum of the Board. In 2015, supermajorities of the House and Senate demonstrated crystal clear congressional intent to keep a fully functioning Ex-Im Bank, and they also advanced important reforms to the agency. Chief among those reforms was a requirement for Ex-Im to appoint a chief ethics officer and a chief risk officer. Unfortunately, both of these appointments require approval by a quorum of Ex-Im’s Board and, therefore, have not been executed.

Since the early 1990s, Ex-Im has generated \$7 billion in revenue above its operating costs and returned these funds to Treasury, making this a government program that is not only smart for business, but also a victory for taxpayers. Preventing Ex-Im from approving large deals and, in turn, collecting the associated fees for those deals could make 2018 the first year that Ex-Im stops being self-sufficient. This could further endanger the remaining functioning programs at the Bank, such as products aimed at supporting small exporters.

We believe that Ms. Reed will uphold the critical mission of Ex-Im while providing much needed improved governance of the agency. In addition, it is long overdue for the full

Senate to take up the nominations of Claudia Slacik, Judith Delzoppo Pryor, and Spencer Bachus to serve on Ex-Im's Board, which have already been favorably reported by the Committee. The Senate should expeditiously restore a working quorum to this critical tool for America's exporters.

Ms. Kraninger has experience in both the legislative branch and the executive branch. As the current Associate Director for General Government at the Office of Management and Budget, Ms. Kraninger oversees the budget and management for a number of executive departments and Federal agencies, including the Bureau and other financial regulators. This type of budgetary and managerial experience is essential to preparing the Bureau for long-term success.

Since its creation, the Bureau has been beset by managerial shortfalls and has not been a transparent agency. Ms. Kraninger's experience would serve her well as the Director of the Bureau, especially as it aims to be a more transparent and accountable agency.

The Chamber thanks you for considering these important nominations.

Sincerely,

A handwritten signature in blue ink, appearing to read "Neil L. Bradley", with a stylized flourish at the end.

Neil L. Bradley

cc: Members of the Senate Committee on Banking, Housing, and Urban Affairs

**DOCUMENTS SUBMITTED IN SUPPORT OF THE NOMINATION OF
KIMBERLY A. REED**



Eric K. Fanning
President and Chief Executive Officer

July 16, 2018

The Honorable Michael Crapo
Chairman
Committee on Banking, Housing and
Urban Affairs, United States Senate
Washington, D.C. 20510

The Honorable Sherrod Brown
Ranking Member
Committee on Banking, Housing and
Urban Affairs, United States Senate
Washington, D.C. 20510

Dear Chairman Crapo and Ranking Member Brown:

On behalf of more than 340 AIA member companies, and the 2.4 million workers in the aerospace and defense industry, I am writing to express our strong support for the confirmation of Kimberly Reed as President and Chair of the Board of Directors of the U.S. Export-Import Bank. The Bank helps level the playing field for U.S. exporters, creates new opportunities for U.S. companies and strengthens our strategic relationships throughout the world. Ms. Reed's nomination could not come at a more important time.

Ex-Im has been unable to approve transactions greater than \$10 million without a quorum on its Board of Directors since late 2015. More than \$40 billion in U.S. exports are waiting on Ex-Im Board approval that can't occur without action from the Senate. The Bank estimates that this would support approximately 250,000 American jobs. The 2.4 million U.S. jobs in the aerospace industry depend on trade and an international supply chain. Ex-Im support is needed to grow our industry's \$86 billion trade surplus.

The global market is fiercely competitive and the United States will need every set of tools and trade policy measures at its disposal to level the playing field and contend for export opportunities. Other countries use their own Export Credit Agencies as a tool to boost exports; we are at a severe disadvantage without a fully operational Bank of our own.

In her previous confirmation hearing as nominee for Vice Chair of the Bank, Ms. Reed demonstrated a clear understanding of the critical support that the Bank provides American manufacturers. Her extensive experience and background in finance and trade make her an excellent choice to lead the Bank. Combined with a quorum of Directors on the Bank's Board, her leadership would enable implementation of Congressionally-mandated reforms that have stagnated since 2015.

Kimberly Reed's nomination passed through the Banking Committee previously with broad bipartisan support. We also urge the confirmation of Spencer Bachus, Claudia Slacik and Judith Delzoppo Pryor as Directors on the Board, which would restore the Bank to full functionality.

We urge you to move swiftly to confirm Ms. Reed as President and Chair of the Bank and the other Ex-Im Bank nominees.

Sincerely,

Aerospace Industries Association of America, Inc.

1000 Wilson Boulevard, Suite 1700 Arlington, VA 22209-3928 (703) 358-1000 www.aia-aerospace.org

July 6, 2018

The Honorable Michael Crapo
Chairman
Senate Committee on Banking, Housing and Urban Affairs

The Honorable Sherrod Brown
Ranking Member
Senate Committee on Banking, Housing and Urban Affairs

Dear Chairman Crapo and Ranking Member Brown:

As representatives of the production agriculture and food community, we are pleased to write in support of the nomination of Kimberly Reed as President of the Export-Import Bank of the United States of America.

All or almost all the organizations signing this letter, signed a similar letter to you last fall in support of Ms. Reed's nomination to be Vice Chair of the Export-Import Bank. Much of what has transpired in the world over the past 9 months or so has created great uncertainty for trade, and Ms. Reed can be an even more important force for the U.S. position.

As has been previously stated, Ms. Reed's career experience in both finance and food & agriculture make her an excellent selection to help lead this important organization at a time when U.S. exporters need every asset possible to compete in the global economy. Kimberly Reed has served in the office of the Secretary of the Treasury and as Director of the Community Development Financial Institutions Fund. In the food and ag sector, she served many years as the President of the International Food Information Council Foundation, helping develop and deliver science-based, effective communications strategies connecting the food industry and production agriculture with consumers, scientists, journalists and other stakeholders. Importantly, in this role, her duties were not only domestically focused—she expanded the role to build global understanding and educate policy makers, multi-lateral and diplomatic officials, and key stakeholders around the world.

In the end, she, working with the U.S. Government and Embassies, fostered a positive environment at the highest levels in emerging market countries for U.S. exports. If confirmed, she will bring this same passion and commitment to the Export-Import Bank of the United States to make a positive difference for U.S. companies and workers.

Ms. Reed has a strong agriculture network across the nation. Among her supporters are numerous Governors, State Secretaries of Agriculture, and ag industry leaders.

We see Ms. Reed as uniquely qualified to step in and lead the Ex-Im Bank at a pivotal time for the Bank and American business—including the agricultural sector. We encourage you to give her a swift and positive hearing and confirm her nomination.

Sincerely,

Daren Coppock, President & CEO, *Agricultural Retailers Association*
Vincent Duvall, President, *American Farm Bureau Federation*
Patrick Archer, President, *American Peanut Council*
Andrew LaVigne, President & CEO, *American Seed Trade Association*
Gary Van Sickle, Executive Director, *California Specialty Crops Council*
John Bode, President & CEO, *Corn Refiners Association*
Jay Vroom, President & CEO, *Croplife America*
Barbara Glenn, CEO, *National Association of State Departments of Agriculture*
Chandler Goule, CEO, *National Association of Wheat Growers*

Kendal Frazier, CEO, *National Cattlemen's Beef Association*
Michael Brown, President, *National Chicken Council*
Chris Novak, CEO, *National Corn Growers Association*
Gary Adams, President & CEO, *National Cotton Council*
Charles Conner, President & CEO, *National Council of Farmer Cooperatives*
Neil Dierks, CEO, *National Pork Producers Council*
Tim Lust, CEO, *National Sorghum Producers*
Betsy Ward, President & CEO, *USA Rice Federation*



July 3, 2018

Hon. Mike Crapo
Chairman
Committee on Banking, Housing and Urban
Affairs
US Senate
Washington DC

Hon Sherrod Brown
Ranking Member
Committee on Banking, Housing and Urban
Affairs
US Senate
Washington DC

Dear Mr. Chairman and Senator Brown:

I write in support of the nomination of Kimberly A. Reed for President of the Export-Import Bank.

Ms. Reed has a record of achievement in both the public and private sector. The CDFI Coalition came into contact with Kimberly in her role as Director of the Community Development Financial Institutions (CDFI) Fund. During her tenure at the Fund Ms. Reed implemented loan, grants and tax credit programs for underserved and economically distressed rural and urban communities. She was a careful and responsible administrator, listened carefully to stakeholders and always acted with integrity.

Kimberly Reed's career has all the hallmarks of success. She has not only advanced to positions of increasing responsibility, she has also been a volunteer board member for important issues and, is the first women Chair of the National Republican Lawyers Association Board of Governors.

Kimberly Reed's education, record of career success makes her well qualified for the position. More important, she is an outstanding person and we are sure she will do a great job leading the Export-Import Bank.

Sincerely,

Dominik Mjartan
Chairman

SHELLEY MOORE CAPITO
WEST VIRGINIA

United States Senate

WASHINGTON, DC 20510

COMMITTEES
APPROPRIATIONS
COMMERCE, SCIENCE,
AND TRANSPORTATION
ENVIRONMENT AND PUBLIC WORKS
RULES AND ADMINISTRATION

July 19, 2018

The Honorable Michael Crapo, Chair
Committee on Banking, Housing, and Urban Affairs

The Honorable Sherrod Brown, Ranking Member
Committee on Banking, Housing, and Urban Affairs

Dear Chairman Crapo and Ranking Member Brown:

I write to express my support for the nomination of Kimberly A. Reed to serve as President and Chairman of the Export-Import Bank of the United States. As the first woman and West Virginian to lead the Bank, she would serve our nation with great distinction. She previously was nominated to be First Vice President and Vice Chairman of the Export-Import Bank of the United States on October 3, 2017.

One of West Virginia's finest, Kim has excelled on every front and is devoted to rural America and national small businesses. She served as Senior Advisor to U.S. Treasury Secretaries Henry M. Paulson, Jr. and John W. Snow, Director of U.S. Treasury Department's Community Development Financial Institutions (CDFI) Fund. Her work resulted in nearly \$4 billion in tax credits, loans, and grants to financial institutions and economic development groups for investing in economically distressed communities.

Kim has a strong reputation with Congress and domestic and international stakeholders, including the agriculture and economic development communities. She will be a credible voice with our nation's manufacturers and with woman-owned businesses. Her experiences can bring important ideas and skills to the administration.

Additionally, Kim serves on the National Board of Directors of the Alzheimer's Association. She is a tireless advocate for the millions of Americans with the disease, and their fifteen million caregivers.

I strongly support Kimberly A. Reed's nomination. Ms. Reed received a favorable vote in the Committee on December 19, 2017. I encourage the Committee's favorable consideration again.

Sincerely,

Shelley Moore Capito
United States Senator

WASHINGTON, DC
177 RUSSELL SENATE OFFICE BUILDING
WASHINGTON, DC 20510
(202) 224-6472

CHARLESTON
500 VIRGINIA STREET, EAST
SUITE 900
CHARLESTON, WV 25301
(304) 347-5372

BECKLEY
220 NORTH KANAWHA STREET
SUITE 1
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(304) 347-5372

MARTINSBURG
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SUITE 202A
MARTINSBURG, WV 25401
(304) 262-9285

MORGANTOWN
48 QUALITY STREET
SUITE 504
MORGANTOWN, WV 26501
(304) 292-2310

www.capito.senate.gov

Joe Manchin III
WEST VIRGINIA



United States Senate
WASHINGTON, DC

Thursday, July 12, 2018

The Honorable Mike Crapo

Senator Crapo,

It is a privilege to offer my recommendation and support for Kimberly Reed as Vice President of the Export-Import Bank of the United States. Kim's dedication as a senior executive is evidenced by her 20-year career spanning numerous influential institutions.

Kim's deep commitment to serving her nation through the House of Representatives and the Department of the Treasury is a true testament to her character. She has continued to hone her professional experience, becoming a Vice President for an international financial institution in New York, and President of the International Food Information Council Foundation, where she made a positive difference for America's farmers and agriculture supply chain. I know she will make the most of this opportunity and continue to be a positive force in our government.

Kim exemplifies bedrock Appalachian values, and I am proud to call her a West Virginian. I know she will make an excellent addition to the Export-Import Bank's leadership, and I look forward to hearing of her future success.

I make my recommendation without hesitation and with full conviction.

Sincerely,

A handwritten signature in blue ink, reading "Joe Manchin III".

Joe Manchin III
United States Senator



Timothy K. Zimmerman, *Chairman*
 Preston L. Kennedy, *Chairman-Elect*
 Noah W. Wilcox, *Vice Chairman*
 Kathryn Underwood, *Treasurer*
 Christopher Jordan, *Secretary*
 R. Scott Heikamp, *Immediate Past Chairman*
 Rebeca Romero Rainey, *President and CEO*

July 3, 2018

The Honorable Mike Crapo
 Chairman
 Committee on Banking, Housing,
 & Urban Affairs
 United States Senate
 Washington, D.C. 20510

The Honorable Sherrod Brown
 Ranking Member
 Committee on Banking, Housing,
 & Urban Affairs
 United States Senate
 Washington, D.C. 20510

Dear Chairman Crapo and Ranking Member Brown:

On behalf of the nearly 5,700 community banks represented by ICBA, I write to thank you for scheduling a confirmation hearing for the nomination of Kimberly A. Reed for President of the Export-Import Bank of the United States.

Ms. Reed has met with the senior leadership of ICBA to discuss her background, her view of the current economic climate, and various issues facing community bankers and policymakers today. We are impressed by her experience in the public, nonprofit, and the private sectors in both the domestic and the international arenas, her thoughtful views on issues relevant to community banks, and her remarkable accomplishments. In our discussions, Ms. Reed emphasized her work experience in the small business sector and desire to focus on small business prosperity. Finally, we are pleased that Ms. Reed has a keen understanding of the role that community banks can play in supporting American exports, including the robust agricultural sector.

I believe that Ms. Reed would make an excellent President of the Export-Import Bank and urge you to mark up her nomination at the earliest opportunity.

Thank you for your consideration.

Sincerely,

/s/

Rebeca Romero Rainey
 President & CEO

CC: Members of the Senate Banking Committee

The Nation's Voice for Community Banks.®

WASHINGTON, DC 1615 L Street NW Suite 900 Washington, DC 20036	SAUK CENTRE, MN 518 Lincoln Road PO Box 267 Sauk Centre, MN 56378	866-843-4222 www.icba.org
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CHAMBER OF COMMERCE
OF THE
UNITED STATES OF AMERICA

NEIL L. BRADLEY
EXECUTIVE VICE PRESIDENT &
CHIEF POLICY OFFICER

1615 H STREET, NW
WASHINGTON, DC 20062
(202) 463-5310

July 17, 2018

The Honorable Mike Crapo
Chair
Committee on Banking, Housing,
and Urban Affairs
United States Senate
Washington, D.C. 20510

The Honorable Sherrod Brown
Ranking Member
Committee on Banking, Housing,
and Urban Affairs
United States Senate
Washington, D.C. 20510

Dear Chairman Crapo and Ranking Member Brown:

The U.S. Chamber of Commerce urges the Committee to report the nominations of Kimberly Reed to serve as President of the Export-Import Bank of the United States (Ex-Im) and Kathleen Kraninger to serve as Director of the Bureau of Consumer Financial Protection (Bureau).

Ex-Im has not been fully functional since its charter was allowed to lapse on July 1, 2015. Failure to confirm nominees to the Board after their terms expired last Congress and additional expirations at the start of this Congress have resulted in Ex-Im not having a single Senate-confirmed leader on its five-person board. There are currently \$37.5 billion in pending transactions that require approval from the Ex-Im Board—that is, \$37.5 billion in high-quality, “made in the USA” products that could be sold to customers around the world simply by having at least three board seats filled.

Additionally, Congress has acted to reform the Bank, but these reforms have been largely stymied by lack of a quorum of the Board. In 2015, supermajorities of the House and Senate demonstrated crystal clear congressional intent to keep a fully functioning Ex-Im Bank, and they also advanced important reforms to the agency. Chief among those reforms was a requirement for Ex-Im to appoint a chief ethics officer and a chief risk officer. Unfortunately, both of these appointments require approval by a quorum of Ex-Im’s Board and, therefore, have not been executed.

Since the early 1990s, Ex-Im has generated \$7 billion in revenue above its operating costs and returned these funds to Treasury, making this a government program that is not only smart for business, but also a victory for taxpayers. Preventing Ex-Im from approving large deals and, in turn, collecting the associated fees for those deals could make 2018 the first year that Ex-Im stops being self-sufficient. This could further endanger the remaining functioning programs at the Bank, such as products aimed at supporting small exporters.

We believe that Ms. Reed will uphold the critical mission of Ex-Im while providing much needed improved governance of the agency. In addition, it is long overdue for the full

Senate to take up the nominations of Claudia Slacik, Judith Delzoppo Pryor, and Spencer Bachus to serve on Ex-Im's Board, which have already been favorably reported by the Committee. The Senate should expeditiously restore a working quorum to this critical tool for America's exporters.

Ms. Kraninger has experience in both the legislative branch and the executive branch. As the current Associate Director for General Government at the Office of Management and Budget, Ms. Kraninger oversees the budget and management for a number of executive departments and Federal agencies, including the Bureau and other financial regulators. This type of budgetary and managerial experience is essential to preparing the Bureau for long-term success.

Since its creation, the Bureau has been beset by managerial shortfalls and has not been a transparent agency. Ms. Kraninger's experience would serve her well as the Director of the Bureau, especially as it aims to be a more transparent and accountable agency.

The Chamber thanks you for considering these important nominations.

Sincerely,

A handwritten signature in blue ink, appearing to read "Neil L. Bradley", with a stylized flourish at the end.

Neil L. Bradley

cc: Members of the Senate Committee on Banking, Housing, and Urban Affairs



Statement for the Record
Of the
BAFT (Bankers Association for Finance and Trade)
Before the
Committee on Banking, Housing, and Urban Affairs
Of the
United States Senate
On
July 19, 2018

Chairman Crapo, Ranking Member Brown, and Members of the Committee:

BAFT (Bankers Association for Finance and Trade) is grateful for the opportunity to provide a statement for the record for the Committee hearing regarding the nomination of Ms. Kimberly A. Reed, of West Virginia, to be President of the Export-Import Bank (EXIM).

BAFT is an international financial services trade association whose membership includes over 270 financial institutions and solution providers throughout the global community. Our members are active in trade finance and many work with EXIM on a daily basis. Indeed, EXIM is considered an essential partner by the transaction banking community. EXIM has historically played a crucial role in global finance by providing guarantees and insurance that help cover gaps in trade financing otherwise available through the private sector.

U.S. based lenders turn to EXIM to add credit capacity to existing limits, mitigate geopolitical and credit risks in an effort to better enable their corporate clients to compete with foreign companies for export trade opportunities. Smaller financial institutions are even more limited in their ability and capacity to take on foreign risk. EXIM helps alleviate these internal and external limitations on commercial loan portfolios by filling gaps in private sector credit capacity. Without access to all of the various EXIM programs, private-sector lenders cannot provide the required financing or acceptable financing terms, resulting in lost sales for their clients.

In the three years since the EXIM Board quorum lapsed, U.S. exporters have been at a significant disadvantage to competitors around the world that have government-backed export credit agencies (ECAs) supporting their sales. In fact, today there are 110 ECAs globally providing some type of export credit support, up from 85 in 2014. China remains the world's largest provider of official export credit, with an estimated \$36.3 billion in medium to long term export credit, compared to EXIM's current \$217.8 million.

The lack of a fully functioning EXIM Bank inhibits U.S. businesses from seizing job-creating opportunities to export. While the EXIM Bank has been without a quorum for its Board, nearly \$43 billion in transactions are stalled in the pipeline awaiting a board quorum vote – projects that could support an estimated 250,000 U.S. jobs. This loss in sales does not only impact the large manufacturers directly, but also their supply chain of all size companies that provide inputs and services to them throughout the U.S.

Small businesses typically rely on trade finance to a greater extent than larger corporates to get their product or service to market. They also face greater hurdles to accessing credit and typically do not have the capacity to directly assume credit risk on their foreign trading counterparties. Given that 98 percent of America's exporters are small businesses, the importance of having access to trade finance cannot be underestimated. While larger U.S. corporations have met some of their financing needs by other means, including shifting production to other jurisdictions, U.S. small businesses cannot and have not fared as well.

Tariffs and non-tariff barriers result in increased cost and a reduction in international trade activity, which adversely affects not only the U.S., but also global growth. Escalating tariffs present new challenges for U.S. companies that seek to compete globally. Existing government programs offered by EXIM that help to ensure that U.S. businesses have the financial resources to succeed internationally should be reinstated and bolstered. BAFT also cautions that small businesses, which account for a significant percentage of employment growth through trade, bear a heavier burden when retaliatory protectionist measures are imposed, as they often lack the knowledge and resources to navigate through additional restrictions.

As Congress makes progress to ensure greater economic growth and to improve the competitiveness of the U.S. business community, corresponding steps to facilitate access to trade finance would have a marked positive impact. The Senate has the opportunity to return EXIM Bank to fully functioning status by confirming Ms. Reed and the other qualified Board nominees awaiting Senate confirmation.

Ms. Reed has shown the leadership and vision to herald EXIM to a new era of U.S. competitiveness. Her experience at the Treasury Department, as counsel to three committees in the United States House of Representatives, and real-world experience in the financial services sector will serve her well as President of EXIM. Your action to reinstate a fully functioning EXIM will help to ensure that U.S. exporters can compete by having competitive access to much needed trade finance.

Our members, together with the U.S. exporting community, call for Ms. Reed to be approved by the Committee, and swift action to advance the remaining slate of Board nominations to the floor for consideration as soon as possible.

Thank you again for the privilege of providing the Committee with our views.

Robinson, Sierra (Banking)

From: Linda Dempsey, NAM <ldempsey@nam.org>
Sent: Wednesday, July 18, 2018 1:00 PM
To: Robinson, Sierra (Banking)
Subject: NAM Letter for the Senate Banking Committee regarding the Ex-Im Bank

Colleagues:

In advance of Ex-Im Bank nominee Kimberly A. Reed's hearing before the U.S. Senate Banking, Housing, and Urban Affairs Committee tomorrow, please see this [letter](#) from the National Association of Manufacturers (NAM) regarding the Ex-Im Bank. In addition to the hyperlink, the letter is embedded below.

Thank you for all of your work on this important issue. We remain available for questions or consultations at your convenience.

Best wishes,

Linda Menghetti Dempsey
 Vice President, International Economic Affairs
 Email: ldempsey@nam.org / Twitter: @LDempseyNAM
 Direct: (202) 637-3144
 Mobile: (202) 465-6081



Linda Dempsey
 Vice President
 International Economic Affairs

July 18, 2018

The Honorable Mike Crapo
 Chairman
 Senate Committee on Banking, Housing and
 Urban Affairs
 239 Dirksen Senate Office Building
 Washington, DC 20510

The Honorable Sherrod Brown
 Ranking Member
 Senate Committee on Banking, Housing and
 Urban Affairs
 713 Hart Senate Office Building
 Washington, DC 20510

Dear Chairman Crapo and Ranking Member Brown:

The National Association of Manufacturers (NAM), the largest manufacturing association in the United States and the voice of the more than 12 million manufacturing workers across America, welcomes the

committee's consideration of the nomination of Kimberly Reed as president and chair of the Export-Import (Ex-Im) Bank.

The NAM, which represents 14,000 manufacturers small and large in every industrial sector and in all 50 states, believes Ms. Reed will bring to the Ex-Im Bank strong experience in financial management and banking issues. That experience, along with her strong recognition of the importance of the Ex-Im Bank to grow manufacturing and jobs in the United States, will provide much-needed leadership to ensure the Ex-Im Bank operates effectively to advance America's export success, while ensuring proper fiscal operations at the agency. Ms. Reed is a superb choice to lead the Ex-Im Bank, as this committee has recognized previously, and the NAM strongly supports quick action by the committee to advance her nomination.

We also urge prompt action by the full Senate to confirm not only Ms. Reed but also the other pending nominees to the Ex-Im Bank Board of Directors—Spencer Bachus, Claudia Slacik and Judith Pryor—all of whom this committee has already reported out favorably.

Across America, manufacturers need a fully functional export credit agency to compete and win globally. At last count, there are 96 other government-backed export credit agencies working aggressively to promote domestic industries in other countries around the world, from Australia, to the United Kingdom, to China. Indeed, China is the world's largest provider of official export credit, providing more trade-related investment support than the rest of the world combined. Last year, China provided \$34 billion in medium- and long-term export credit and \$50 billion in investment support. At the same time, the lack of a quorum has hobbled our own Ex-Im Bank; therefore, the agency is unable to consider loans in excess of \$10 million, let alone make necessary reforms to better serve the small business community or improve risk management.

Failure to take action to ensure a fully functioning Ex-Im Bank is tantamount to unilateral disarmament. It means that, every day, manufacturers in the United States continue to miss out on deals that support American jobs because there is not available domestic financing. Currently, there are nearly \$43 billion in deals that are stuck in the pipeline due to the lack of a quorum. This blockage harms manufacturers large and small. Indeed, more than 90 percent of the Ex-Im Bank's fiscal 2016 transactions supported small businesses. Vacancies on the Ex-Im Board of Directors jeopardize the future of these small businesses and the 1.4 million jobs that the agency has supported over the past eight years.

Manufacturers appreciate the committee's hearing to consider Ms. Reed's nomination and call on the committee to move forward expeditiously the nomination of Ms. Reed and to work with Senate leadership to ensure quick action to confirm her and the other pending Ex-Im Bank Board of Director nominees.

Respectfully,



Linda M. Dempsey

CC: Members of the Senate Banking Committee

**LETTER SUBMITTED BY FRANCIS CREIGHTON, PRESIDENT AND CEO,
CONSUMER DATA INDUSTRY ASSOCIATION**



Consumer Data Industry Association
1090 Vermont Ave., NW, Suite 200
Washington, D.C. 20005-4905

P 202 971 0910

CDIAONLINE.ORG

July 19, 2018

The Honorable Michael D. Crapo, Chairman
The Honorable Sherrod Brown, Ranking Member
Committee on Banking, Housing & Urban Affairs
United States Senate
Washington, DC 20510

Dear Chairman Crapo and Ranking Member Brown:

The Banking Committee hearing on July 12, 2018 was important and useful. The purpose of this letter is to provide clarity and perspective for some of the issues covered at the hearing. We appreciate your continuing focus on the important issues our industry faces and look forward to working with you to improve the entire consumer reporting system.

At the outset we want to emphasize three critical points. First, as the Committee knows, the nationwide Consumer Reporting Agencies (CRAs) are comprehensively and continuously examined and supervised by the Bureau of Consumer Financial Protection (BCFP). Peggy Twohig, Assistant Director of Supervision Policy at the BCFP, testified that the CRAs have worked effectively with her office to improve accuracy including improving furnisher data and re-investigation outcomes. Second, as the Committee also knows, the consumer reporting space is governed primarily by the Fair Credit Reporting Act (FCRA), an important consumer protection law that gives consumers choice and control over their credit files. A few of the many consumer protections embedded in the FCRA include access to an annual free credit report from each CRA, limitations on who can access a credit file and for what purposes, identity theft prevention mechanisms, credit freezes, a dispute process to address inaccurate information, accuracy standards and liability for noncompliance. Third, with the Committee's leadership, Congress enacted the Economic Growth, Regulatory Relief, and Consumer Protection Act¹, which included a national standard for free security freezes, provides for free credit monitoring for active duty servicemembers and creates new protections for veterans' medical debt.

The FCRA and its enforcement mechanisms, examination and supervision processes and now the national standard for a free security freeze have established a fair and robust credit reporting system.

At the hearing, Senators and the agency witnesses discussed a variety of issues related to consumer protections, data accuracy and the responsibilities of credit reporting agencies. CDIA appreciates the Committee's interest in these important issues and we

¹ PL 115-174.

welcome the opportunity to share additional information regarding some of the topics discussed during the hearing.

What information is collected by CRAs and how is it used?

It is important to understand the type of information generally held by CRAs and used in a credit report. The nationwide CRAs basically hold the following kinds of information:

- Identifying information to ensure that individuals are correctly matched to their individual data file;
- Public record information, such as whether someone has gone through bankruptcy;
- Current and past credit accounts, known as “tradelines”, as reported by lenders and creditors, including:
 - Type of account,
 - Date account opened,
 - Balances,
 - Credit limits or loan amount, and
 - Account payment history;
- Credit inquiry information; and
- Collection information.

As noted at the hearing, the nationwide CRAs are examined by the BCFP on their credit bureau activities and adhere to the law, which circumscribes much of what the credit bureaus can do with the data furnished. CRAs are fundamentally different from other data brokers because of these regulatory and legal requirements on how data can be used and who has access to it.

The significant issue of “credit invisible” and “thin file” consumers was raised at the hearing. CRAs are working to bring other kinds of data into the regulated FCRA system so more and better information about individual people can be gathered to increase access to traditional banking products. For example, if a consumer does not have a traditional loan product but pays a cell phone bill every month, that behavior may indicate a positive credit risk.

Consumer Transparency and Control

The FCRA requires CRAs to allow consumers to access their credit report annually, which can be done at AnnualCreditReport.com or through multiple other sources. This requirement provides consumers with transparency and the opportunity to review information in their credit files.

The Gramm-Leach-Bliley Act (GLBA) is another important consumer protection law that governs consumer reporting. Title V of GLBA defines and restricts how financial institutions, may share “nonpublic personal information” with nonaffiliated third parties such as credit reporting agencies. These provisions govern how consumer reporting agencies obtain data

from financial institutions and how CRAs can further use and disclose such data. GLBA, as implemented by the BCFP through Regulation P², requires a financial institution to provide notice of its privacy policies and practices to its customers, and dictates the timing and content of such notice. These notices include information about a financial institution's sharing of data with credit reporting agencies.

Credit reports can only be used for "permissible purposes," as outlined in FCRA §604. These include "firm offers of credit," which allow potential lenders to market financial products to individuals based on those individuals' specific needs. For example, a mortgage borrower may benefit from a lower interest rate and so a lender is able to send a targeted communication to that potential new customer with a customized product. These firm offers of credit are critical methods lenders use to diversify and strengthen their portfolios. If consumers do not want to receive these offers they can easily opt out by going to www.optoutprescreen.com or by going to individual companies' websites. Further, every firm offer of credit must include a notice informing consumers how they can opt-out of future offers.

Given security incidents in our industry and across the economy, including multiple massive breaches in the federal government, consumers are rightfully concerned about what steps they should take to protect themselves. A consumer concerned about identity theft should first consider placing an "initial fraud alert" on their file at no cost, which is the first line of defense for consumers³. An "extended fraud alert" helps consumers who are victims of identity theft but expect to be credit-active. A consumer can place an extended alert on their file for seven years by presenting a copy of a law enforcement report or a Federal Trade Commission (FTC) affidavit⁴.

While alerts are on a consumer's file, lenders are encouraged to contact the consumer through a method the consumer designates to confirm the consumer's identity before extending a new line of credit, increasing a line of credit or issuing a new or replacement card. The consumer can remove alerts by providing proof of identity. Fraud alerts requested at one bureau are shared with the other two bureaus.

For consumers who have become victims of identity theft, a credit freeze may be appropriate. Thanks to the Economic Growth, Regulatory Relief, and Consumer Protection Act, starting in September, credit freezes will be free across the country. A freeze, effectively, prevents access to a credit report by certain third parties unless the consumer contacts the credit bureau in advance to say otherwise. Therefore, a consumer can only

² 12 C.F.R. Part 1016.

³ An initial fraud alert is valid for 90 days. Under PL 115-174 the initial fraud alert was extended to one year.

⁴ One other alert is an "active duty alert," which lasts for a year and it is a preventative option for a consumer who serves in the military.

obtain credit by taking the extra step of contacting one or more credit bureaus ahead of time. A freeze remains on the file until the consumer lifts or removes it. When a freeze is in place, the consumer's file cannot be accessed for purposes involving extension of new or existing credit⁵.

Identity protection and credit monitoring services are widely available in the market, both fee-based and free services. Your Committee recognized the value of these services by requiring nationwide CRAs to provide credit monitoring services for free to active duty members of the military. Thousands of businesses across the country pay for this service and offer it to their employees as an employee benefit. Millions of Americans utilize these services individually.

Lenders have an important role in helping consumers take control of their credit reports too. For example, if a consumer applies for credit but is denied or receives it on less-than-ideal terms, lenders deliver an adverse action notice or a risk-based pricing notice to the consumer informing the consumer of what occurred and urging the consumer to obtain a free credit report and confirm the accuracy of the information contained therein. Multiple banks have begun disclosing credit scores as part of monthly bills⁶. Additional transparency is achieved through financial institutions' monthly statements, where lenders are required to notify consumers if they report derogatory information, such as late payments, to a CRA.

Consumers today have many avenues to control their credit records and we urge them to take advantage of these opportunities.

Consumer Dispute Process

The FCRA guarantees consumers the right to dispute information that has been previously reported to CRAs. The consumer may initiate a dispute directly with a consumer reporting agency, a reseller of consumer reports or directly with the entity that furnished the item to the credit bureau. Regardless of the source at which the dispute originates, the data furnisher must respond and investigate, reviewing all relevant information provided by the consumer and the CRA. After the investigation the furnisher reports the investigation results to the CRA and other consumer reporting agencies to which the data provider furnished the information.

FCRA §611(a)(5)(D) requires the industry to maintain an automated dispute resolution system. This system, called e-OSCAR[®], is available for use by all data furnishers.

⁵ There are some exceptions, which vary by state. PL 115-174 details exceptions that will apply to the national credit freeze standard.

⁶ CRAs do not produce credit scores. Scores are produced by separate companies.

When a consumer disputes an item on their credit report to a CRA, the agency transmits the disputed information (including any supporting documents) to the data furnisher through e-OSCAR®. The data furnisher retrieves the information, researches the dispute and transmits a response back to the originating CRA via e-OSCAR®. If the information is verified as correctly reported, the response goes only to the originating consumer reporting agency. If the information is modified or deleted, e-OSCAR® automatically sends a response to the originating consumer reporting agency and sends copies to any other consumer reporting agencies with which the data furnisher's registration is active in e-OSCAR®. The CRAs receive responses, update the credit files accordingly and respond back to the consumers.

Over the twelve-month period ending June 30, 2018, 39.4% of individual disputes handled through the e-OSCAR® system were addressed within seven days. An additional 23% were addressed within 14 days of receipt. The remainder of these disputes were resolved within 30 days. Furnishers of data (lenders and others) take their responsibilities under the FCRA seriously and move as quickly as possible; but when a case needs more investigation they take the time to get it right.

CRAs work hard to make the system as easy as possible for consumers, and as efficient as possible for furnishers, so that they can ensure maximum possible accuracy of the files.

Accuracy of Consumer Reports

In 2013, the FTC published a congressionally mandated study on credit report accuracy. The FTC looked at all of the primary groups that participate in the credit reporting and scoring process: consumers; data furnishers (creditors, lenders, debt collection agencies and the court system); score developers; and the national credit reporting agencies. The FTC report is based on work with 1,001 participants and 2,968 credit reports. The FTC found that:

- Only 2.2 % of credit reports had an error that would increase the cost of credit or a loan in the credit market⁷.
- 88% of all errors could be attributed to data being transmitted to credit bureaus by data furnishers⁸.

The assertion that one in five credit reports has a material error significant enough to impact a consumer's score is not supported by the FTC's study. The FTC findings are consistent with academic research completed in 2011. In 2011, the Policy and Economic Research Council (PERC) published a review of 2,000 consumers and more than 81,000 credit accounts for those consumers on their credit reports⁹. The study was comprehensive

⁷ *Report to Congress Under Section 319 of the Fair and Accurate Credit Transactions Act of 2003*, Dec. 2012, page A-4, available at www.ftc.gov/os/2013/02/130211factareport.pdf.

⁸ *Id.*, Appendix D.

⁹ Michael A. Turner et al., *U.S. Consumer Credit Reports: Measuring Accuracy and Dispute Impacts*, Policy & Economic Research Council (PERC) (May 2011), available at <http://www.perc.net/wp->

and statistically sound. It is the first (and only) third-party peer-reviewed study dealing with the issue of credit report errors and their material effect on the creditworthiness of consumers. Among other findings, PERC found that:

- Less than one percent (0.93%) of all credit reports examined by consumers prompted a dispute that resulted in a credit score correction and an increase of a credit score of 25 points or greater;
- After the dispute process ran its course, one-half of one percent (0.50%) of all credit reports examined by consumers had credit scores that moved to a higher “credit risk tier” as a result of a consumer dispute; and
- 95% of all consumers who participated in the dispute process were satisfied with the outcome.

The Federal Reserve has reviewed the reliability of consumer reports and made several observations. Most importantly, the Federal Reserve, which looked at over 300,000 credit reports, noted that: “(o)verall, research and creditor experience has consistently indicated that credit reporting company information...generally provides an effective measure of the relative credit risk posed by prospective borrowers¹⁰.”

Our industry continues to make significant progress in addressing the sources and root causes of the errors that do occur. Working with state Attorneys General, for example, over the last year the industry has implemented:

- An escalation program for hard to fix problems like identity theft and mixed files to be more responsive to consumers;
- Deletion of public records that lack proper identifying information to prevent file-matching errors;
- Additional new matching standards to prevent mixed files; and
- A delay of medical debt reporting to allow for insurance and other disputes to be worked out before any medical debt comes onto the file.

We are incentivized by our customers to provide correct information; failing to do so would be bad business, would ill-serve our customers and the public and open our companies up to significant legal liability. Our companies, furnishers and customers are examined by the BCFP for adherence to federal standards. It is simply untrue to suggest that companies engaged in credit reporting have no incentive to be accurate.

content/uploads/2013/09/DQreport.pdf. In response to criticism of PERC’s work by several consumer activists, PERC published a follow-up paper restating the validity of its work and reiterating its support by its independent, peer-review board. Michael A. Turner, *General Response to Criticisms of recent PERC report: U.S. Consumer Credit Reporting: Measuring Accuracy and Dispute Impacts*, Policy & Economic Research Council (PERC) (August 2011), available at <http://www.perc.net/wp-content/uploads/2013/09/GR.pdf>.

¹⁰ *An Overview of Consumer Data and Consumer Reporting*, Federal Reserve Bulletin, Feb. 2003, 50-51; See also: *Credit Reporting Accuracy and Access to Credit*, Federal Reserve Bulletin, Summer 2004, 320, available at <https://www.federalreserve.gov/pubs/bulletin/2003/0203lead.pdf>.

Congress recently required the GAO to conduct an analysis of many aspects of the consumer reporting system, including accuracy, causes of errors and the dispute process. This study could provide important new information to inform discussions on these topics and help the Committee assess the industry based on new and updated information.

Data Security

Data security practices for CRAs are structured around preventing and mitigating risks to the security of consumer data. These practices are designed to comply with federal and state legal obligations under the jurisdiction of the FTC, BCFP and state regulators. On the federal level, the GLBA ensures the security and confidentiality of any information CRAs maintain.

The FTC enforces the GLBA for consumer reporting agencies through its Safeguards Rule, which mirrors requirements imposed on traditional banks by Interagency Guidance issued by the Federal Reserve and other regulators. The Safeguards Rule imposes specific standards designed to:

- ensure the security and confidentiality of customer records and information;
- protect against any anticipated threats or hazards to the security or integrity of such records; and
- protect against unauthorized access to or use of such records or information which could result in substantial harm or inconvenience to any consumer¹¹.

The Safeguards Rule requires financial institutions to “develop, implement, and maintain a comprehensive information security program” that includes appropriate administrative, technical and physical safeguards to achieve these objectives. This program is required to be tailored to the institution’s size and complexity, the nature and scope of its activities and the sensitivity of any customer information at issue¹².

Financial institutions, including credit reporting agencies, must also designate an employee to coordinate their comprehensive information security program, as well as identify reasonably foreseeable risks to the security of the information. Financial institutions must assess the sufficiency of safeguards and design, implement and regularly test safeguards to protect against such risks¹³. Finally, the Safeguards Rule obligates financial institutions to oversee their service providers’ cybersecurity practices, both by taking reasonable steps to ensure their service providers employ strong security practices, and by entering into contracts with such providers that require them to implement appropriate safeguards¹⁴.

¹¹ 15 U.S.C. § 6801(b); 16 C.F.R. § 314.4(b).

¹² 16 C.F.R. § 314.3(a).

¹³ 16 C.F.R. § 314.4.

¹⁴ 16 C.F.R. § 314.4(d).

These common-sense provisions are general parameters designed to allow evolving standards to keep pace with the evolving threat landscape. At their inception lawmakers and regulators anticipated that private institutions and the government overseers closest to the battle lines and with the greatest expertise in these matters would fine-tune industry best practices over time.

CRAs are also subject to the FTC's jurisdiction over cybersecurity matters under Section 5 of the FTC Act¹⁵. The FTC is empowered to take action against any business that engages in "unfair or deceptive acts or practices" ("UDAP"), which the agency has interpreted to include inadequate data security practices¹⁶.

The FTC requires that a company employ safeguards for information that are "reasonable in light of the sensitivity and volume of consumer information it holds, the size and complexity of its data operations, and the cost of available tools to improve security and reduce vulnerabilities¹⁷." While specific cybersecurity requirements under Section 5 are not codified, the FTC has issued detailed guidance that explains what it considers to be reasonable cybersecurity safeguards. These include practices such as encryption, use of firewalls, use of breach detection systems, maintaining physical security of objects that contain sensitive information and training employees to protect such information¹⁸.

In addition to issuing detailed guidance, the FTC zealously enforces these standards, having brought over 60 cases since 2002 against businesses for putting consumer data at "unreasonable risk¹⁹."

The FCRA requires that credit reporting companies only provide credit reports to people with a "permissible purpose" to receive such reports, such as credit or insurance underwriting. More importantly, the law requires that every credit reporting company maintain reasonable procedures designed to ensure that credit reports are provided only to permissible people for legitimate purposes. These procedures require that prospective users of credit reports identify themselves, certify the purposes for which the information is sought and certify that the information will be used for no other purpose. The FTC has brought multiple actions over the years seeking to enforce these provisions, most notably

¹⁵ 15 U.S.C. § 45.

¹⁶ See Congressional Research Service, "The Federal Trade Commission's Regulation of Data Security Under Its Unfair or Deceptive Acts or Practices (UDAP) Authority" (September 11, 2014), <https://fas.org/sgp/crs/misc/R43723.pdf>.

¹⁷ Federal Trade Commission, "Data Security", <https://www.ftc.gov/datasetsecurity>.

¹⁸ See, e.g., Federal Trade Commission, "Protecting Personal Information: A Guide for Business", https://www.ftc.gov/system/files/documents/plain-language/pdf-0136_proteting-personal-information.pdf.

¹⁹ See Federal Trade Commission, "Privacy and Data Security Update (2016)" (January 2017), <https://www.ftc.gov/reports/privacy-data-security-update-2016>.

against ChoicePoint²⁰, which was alleged to have unwittingly sold credit reports to a ring of identity thieves. In the ChoicePoint case, the FTC collected millions of dollars in consumer redress and civil penalties, including a \$10 million civil penalty in connection with the unauthorized disclosure of “nearly 10,000 credit reports,” which were allegedly sold by ChoicePoint to persons without a permissible purpose.

The nationwide credit bureaus have been examined by the BCFP with respect to the strength and resiliency of their credentialing procedures. As a part of their credentialing procedures, credit reporting companies maintain detailed written procedures which take into account the risks presented by prospective users and their proposed uses of information. These procedures routinely include:

- site visits to ensure the premises are consistent with the stated business of the prospective customer;
- review of public information sources and public filings to confirm licensure and good standing;
- review of company websites and other public-facing materials;
- checking financial references, including credit reports of owners for certain types of companies, such as those that are not publicly traded;
- specific and detailed contractual representations and warranties, as well as specific certifications, that credit report information will be used only for specified purposes;
- detailed customer on-boarding and training procedures; and
- ongoing monitoring of customers – including transaction testing – to ensure that customers are in fact using credit reports for legitimate and permissible purposes.

In addition to these credentialing requirements, the FCRA prohibits credit reporting companies – and anyone else handling credit report information – from disposing of that information in a manner that is not secure. More specifically, the FTC issued a rule providing that a person who maintains or otherwise possesses credit report information, or information derived from credit reports, must properly dispose of such information by taking reasonable measures to protect against the unauthorized access to or use of the information in connection with its disposal²¹.

Recently, the BCFP has asserted its Unfair, Deceptive or Abusive Acts or Practices (UDAAP) authority to examine the nationwide CRAs for their data security practices.

In addition to these federal regulatory frameworks, credit reporting companies also have numerous data security obligations under state law. First, credit reporting companies may

²⁰ See Federal Trade Commission, “ChoicePoint Settles Data Security Breach Charges; to Pay \$10 Million in Civil Penalties, \$5 Million for Consumer Redress” (January 26, 2006), <https://www.ftc.gov/news-events/press-releases/2006/01/choicepoint-settles-data-security-breach-charges-pay-10-million>.

²¹ See FCRA § 628.

be subject to data security enforcement of state “mini-FTC Acts” that prohibit unfair or deceptive acts or practices²². Further, at least thirteen states require businesses that own, license or maintain personal information to implement and maintain reasonable security procedures and practices and to protect personal information from unauthorized access, destruction, use, modification or disclosure²³. The majority of states require businesses to dispose of sensitive personal information securely²⁴.

Every state, DC and several U.S. territories have enacted laws requiring notification to affected individuals following a breach of personal information²⁵. These laws typically, but do not always, exempt institutions that are supervised by the federal bank regulators, who have their own breach notice regime. In contrast, credit reporting companies – which are not supervised by the bank regulators – must comply with the patchwork of more than four dozen breach notification laws if a breach does occur.

Even beyond these direct governmental requirements, the three nationwide credit bureaus – Equifax, Experian and Transunion – are also subject to substantial additional legal requirements that result from doing business with other major financial institutions. The information security programs at many credit bureau financial institution customers are supervised by federal prudential regulators, i.e., the Federal Reserve, the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation or the National Credit Union Administration. Under comprehensive and detailed information security standards published by the Federal Financial Institutions Council (FFIEC), these financial institutions must oversee the information security programs of their third-party service providers²⁶. Pursuant to these FFIEC requirements, financial institutions and their auditors subject the nationwide credit bureaus to dozens of information security audits each year, many of which include onsite inspections or examinations.

The Payment Card Industry Data Security Standard (“PCI DSS”) is a mandatory set of cybersecurity requirements for all organizations that store, process and transmit sensitive payment card information of the major credit card associations, including credit bureaus.

²² See, e.g., Xavier Becerra, California Attorney General, “Attorney General Becerra: Target Settles Record \$18.5 Million Credit Card Data Breach Case” (May 23, 2017), <https://oag.ca.gov/news/press-releases/attorney-general-becerra-target-settles-record-185-million-credit-card-data>.

²³ See National Conference of State Legislatures, “Data Security Laws – Private Sector” (January 16, 2017), <http://www.ncsl.org/research/telecommunications-and-information-technology/data-security-laws.aspx>.

²⁴ See National Conference of State Legislatures, “Data Disposal Laws” (December 1, 2016), <http://www.ncsl.org/research/telecommunications-and-information-technology/data-disposal-laws.aspx>. At the federal level, the FTC’s Disposal Rule regulates the proper disposal of consumer report information. See 16 C.F.R. pt. 682.

²⁵ See National Conference of State Legislatures, “Security Breach Notification Laws” (April 12, 2017),

²⁶ See FFIEC, IT Examination Handbook Infobase, “Information Security: Oversight of Third-Party Service Providers,” <https://it handbook.ffiec.gov/it-booklets/information-security/ii-information-security-program-management/iic-risk-mitigation/iic20-oversight-of-third-party-service-providers.aspx>.

The standard requires credit reporting companies to take a number of specific steps to ensure the security of certain information. For example, the PCI DSS requires members to install and maintain firewalls, encrypt the transmission of cardholder data, protect against malware and implement and update anti-virus programs, restrict both digital and physical access to cardholder data, regularly test security systems and processes and maintain a detailed information security policy for all personnel. The standard imposes further detailed and specific technical requirements for the protection of cardholder data, such as a restriction on service providers' storage of personal identification or card verification numbers after card authorization. In addition, the standard requires a service provider to ensure that any third parties with whom it shares data also comply with the PCI DSS²⁷.

Service providers that store, process or transmit cardholder data must be registered with the card networks and demonstrate PCI DSS compliance. PCI DSS compliance validation is required every 12 months for all service providers.

Conclusion

American consumers have a transparent and fair credit system. Individuals have the ability to access credit anywhere in the country from a wide variety of lenders based solely on their own personal history of handling credit. This means that when a family tries to buy a house for the first time, they are going to be able to access the right mortgage for their own personal needs. A young person who has a new job in a new city and has to buy a car to get to work can go to an auto dealer and drive off the lot even if she or he has no physical history in that community. Lower income families can access credit through mainstream financial institutions rather than depending upon shadowy lending services.

Today's credit reporting system has made it possible for many middle-class consumers to get credit at rates that previously would have been reserved for the wealthy. If a consumer has been a responsible user of credit in the past, lenders and others are more likely to offer credit at the most favorable terms. Credit reporting companies continue to innovate to find ways to score "unbanked" or "credit invisible" consumers, who have not had a chance to participate in the mainstream financial system because they have "thin" or no credit files. By expanding the kinds of information that we collect, we are able to give lenders and others information that allows more consumers to access traditional bank products.

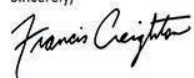
Our credit reporting system today is the envy of the world, and other countries actively work to emulate what we do here. It is one of the main reasons American consumers have such a diverse range of lenders and products from which to choose, in stark contrast to many other financial systems, even those in developed nations, as institutions of different sizes are able to assess consumers based on a common set of information. In particular,

²⁷ Payment Card Industry Security Standards Council, "Requirements and Security Assessment Procedures, Version 3.2" (April 2016).

smaller community-based lenders disproportionately benefit from the consumer reporting system; without information supplied by CRAs, community-based lenders would not be readily able to assess risk and provide loans on competitive terms in the communities in which they operate.

Again, thank you for holding this hearing. We appreciate your focus on these issues and look forward to continuing to work with you, the Committee and the entire Senate on strengthening the consumer reporting system.

Sincerely,

A handwritten signature in black ink, reading "Francis Creighton". The signature is written in a cursive, flowing style.

Francis Creighton
President & CEO