Remarks by
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MODERATOR: [In progress]—consumer financial protection laws are over. He has also been vocal about his desire to see the Bureau brought under the congressional appropriations process, something that ABA has supported for some time.

He is currently undertaking a broad-reaching effort and review of the Bureau's activities, everything from its enforcement and rulemaking process to the consumer complaint reporting and financial education, and he's committed to reviewing several of the Bureau's recent rulemakings to ensure that they do not impose an unnecessary burden or restrict choices for consumers.

We're very excited to have Acting Director Mulvaney join us to give us an inside look at what's going on with the CFPB. Please join me in giving Director Mick Mulvaney a very warm welcome.

[Applause.]

MICK MULVANEY: It's good to be here, but I think there's some folks from South Carolina here finally today, aren't there? It's the first group I've spoken to. Hello to everybody from back home. Thanks for having me here.

I didn't get a chance to talk very much to Senator Warner before he left, but I wanted to thank him publicly for his work on the bill, the Senate bill. I don't think you folks understand exactly how difficult it is to pass anything in a bipartisan fashion in the current environment, and for a Senator of either party to stand up and do what he's done and other folks have done in the Senate deserves thanks from the folks who are impacted because a lot of that bill changes the CFPB.

I also understand that Mr. Luetkemeyer is going to speak to you later on, an excellent member of the House Financial Services Committee, who I spoke—who I've worked with for 4 years. Looking forward to hearing him.

And then later on, you have Patrick McHenry. So, when Patrick is here—Patrick is an old friend of mine. I grew up in North Carolina where Patrick is

from. I knew Patrick from before he was in Congress, and as I like to tell people, I've known Patrick since he was this tall.

[Laughter.]

MICK MULVANEY: Yes, thank you very much. So when you see him, feel free to tell him that I used that joke. I've used that many, many times. And for those of you who don't know Patrick, he's still that tall.

[Laughter.]

MICK MULVANEY: I want to talk this morning a little bit about what we've done at the Bureau since I've been there, what we're going to do, as long as I'm there and hopefully after I've left, and then a little bit about what we're not going to do.

So what have we done? Well, we started in a really strange place when I got there. We did what I would hope that any good bureaucrat would do, and it still pains me to say that, having been an elected member of a legislature for a while to now say that I am a bureaucrat, but I'm getting used to saying it because this is what I am. I am a member of the executive branch, and I run one of the bureaucracies, which I guess makes me a bureaucrat. If you are going to do something, you might as well do it well, I suppose.

So if you want to be a good bureaucrat, where should you start when you start doing your job? I started here, which is the law, and we actually read it —

[Laughter.]

MICK MULVANEY: —and decided that we were going to follow the law.

[Applause.]

MICK MULVANEY: Thank you. The fact that I got applause is really disconcerting.

[Laughter.]

MICK MULVANEY: The reading of the statute actually revealed some very interesting things and some very fun things. One of the most fun, by the way—and I do not think you can see this from where you are. I don't know if there is a camera someplace. I don't know if you all can read the name, but this is the Bureau of Consumer Financial Protection. That is the name of the statute. It says Title 10, and then you go to the definitions, and it says "bureau." This is in the very first—second section after the title. It says

"bureau." The term "bureau" means Bureau of Consumer Financial Protection, and you go a little bit further into it, and it says the "bureau established." There is "established to the Federal Reserve System an independent bureau to be known as the Bureau of Consumer Financial Protection." CFPB doesn't exist. CFPB has never existed. That entity does not exist. There is no such thing as the Consumer Financial Protection Bureau. There is the Bureau of Consumer Financial Protection, and when we make our filings with the federal registry, we have always used that name, the Bureau of Consumer Financial Protection.

I'm not sure who made the decision. I think I can guess. She might be in the Senate.

[Laughter.]

MICK MULVANEY: Who changed the name and how much they spent on doing it, but I think it's one of those strange sorts of histories that if someone—the very first act that someone does when they're in the bureau, if they're running a bureaucracy, does not follow the statute, that probably doesn't set a good precedent for what is going to come afterwards.

So one of the first things we talked about doing and are in the process of doing is changing the name, and I am trying to get in the habit now of saying the BCFP. It is really, really hard to do that when you have seen CFPB for so long, so we do call it the "Bureau" and hoping that that sticks.

It worked a little bit in the House, and Luetkemeyer called it the Bureau of the BCFP. The Senate, they completely missed it, and they called it CFPB all day, so that made it a lot harder.

So to the more substantive things, we turn then to the purpose of the Bureau, which at some point I had highlighted in the book and then forgot to mark, but there is a specific list of things that we are supposed to do. And as you can imagine, we are charged with enforcing the consumer financial protection laws of the United States of America, which makes sense. It's what everybody knows about the Bureau. We are supposed to enforce the law, and we do that. If we do it really well, if I can find the page that I marked—this is what I get for not giving a speech. Anyway, there's a whole long list of what we're supposed to do, right? But you go down the list, and at the end of the list, it talks about also looking at unduly burdensome regulations and things that impede competition.

In fact, I've now found it, okay? It says that we are supposed to ensure that consumers are provided with timely understandable information. Who can complain about that? That's great, okay? Consumers are protected from unfair, deceptive, and abusive acts and practices. Fantastic. That we're

going to get rid of outdated, unnecessarily and duly burdensome regulations, and we identify those and address them in order to reduce unwarranted regulatory burdens. When is the last time one of the previous administrations, the previous leadership, you heard that part of our statutory mandate, our statutory—this is what we shall do. If we are going to follow the law, we have to do the things the law says. We shall seek to implement and applicable—enforce consumer financial protection laws and then do these things, okay? When was the last time you heard my predecessor get up and say, "Look, I want to talk to you today about the importance of identifying and addressing outdated, unnecessarily, and unduly burdensome regulations?"

We are going to do these things. We are going to make sure that consumer financial law is enforced consistently.

[Applause.]

MICK MULVANEY: Enforced consistently without regard to the status of a person, as a depository institution, or to promote fair competition. Finally, we are going to make sure that markets for consumer financial products and services operate transparently and efficiently.

People wondered when I got—when I took the job if I was going to try and shut the place down, and I told them no, because I can't. If you are going to be a good bureaucrat—

[Laughter.]

MICK MULVANEY: Somebody asked me was I going to burn the place down. If you've seen the building, the building, you couldn't burn the building down if you tried. It's one of those brutalist architectures. There's not anything to burn in the building, but—

[Laughter.]

MICK MULVANEY: But literally, the law says that the Bureau shall do things, okay? It is no longer my job. I am not a lawmaker. It is up to the Senator and to Luetkemeyer and to McHenry to change the law. Right now, the law of the United States says that this entity shall exist and it shall do certain things, okay? So I'm going to respect that, and I'm going to do what the law says. So we're not going to shut it down. We're not going to set it on fire, but we are going to do what the law tells us to do. That includes those things that I don't think I've got equal time, perhaps, over the previous administration.

We took a little bit of heat when we updated our mission statement to actually identify all of these things. It was surprising to me to find out that in previous mission statements of the Bureau, these specific things were not all enumerated. Some of them were, but the ones about unnecessary and outdated regulations were not.

There's a couple other fun things when you go through the statute. For example, you all may be familiar with our Consumer Database that we have, and it says in here, "The Director shall establish a unit whose function shall include"—and for the lawyers, you all know what this "shall" means. It means we have to do it. —shall include a toll-free number, a website, a database, utilizing an existing database to facilitate centralized collection of monitoring response to consumer complaints. We have to do that, okay? And we will. We are going to maintain the Consumer Database. It is mandated by law.

I don't see anything in h ere that I have to run a Yelp for financial services sponsored by the federal government. I don't see anything in here that says that I have to make all of those public.

[Applause.]

MICK MULVANEY: I am thinking I could make the case that if I am going to do the previous things I was supposed to do about open and fair competition and transparency that having a database that is publicly facing but is not completely vetted is probably not consistent with our overall mission.

What else have we got? One of my favorite parts, I gave a speech to the South Carolina bankers years ago about some of the limitations in Dodd-Frank, and somebody walked up to me afterwards and said, "You know, that's great. I understand the importance of this, but we're too small. We're not covered by Dodd-Frank," and I said, "Oh, really? You know, that's what the auto dealers thought as well."

[Laughter.]

MICK MULVANEY: They thought they were excluded from the statute, and of course, it turns out the previous leadership interpreted the statute in such a way to actually—go ask your automobile dealers if they think they're exempt from Dodd-Frank.

There is actually a specific exclusion for auto dealers that says that except as permitted by subsection, which only deals with real estate, the Bureau may not exercise any rulemaking, supervisory, enforcement or other authority, including any authority or order assessments over a motor vehicle dealer. We are going to pay attention to these sorts of limitations. In fact, when you

look at the limitations in the statute, the limitations in the statute in addition —there's specific ones, and then there's general limitations that are nine page long, single spaced, on the limitations of our authority. And we are going to look at those. We are going to follow those, and we are going to abide by those. I hope you see a theme developing here. We're going to do what the law says but not what the law doesn't say.

My final thing in what we are going to do is the—it has to deal with the testimony. I don't know if—there's no reason for you folks to have watched the testimony last week, and if you did, you should be embarrassed because you need more to do with your life.

[Laughter.]

MICK MULVANEY: If you had seen it, what you would have seen is that my opening statement to both the House and the Senate was that I'm here, and I'm happy to be here. And I'm happy to appear before you because that's what the law says that I have to do. In fact, the section says that I have to—I shall appear before the committees of the House and the Senate and at semiannual hearings regarding the reports required under subsection (b). It doesn't sound like it's that controversial. I shall appear. If you turn to other sections in Dodd-Frank, other folks who are similarly situated to me, other leaders of various agencies and bureaus and so forth, have to appear and testify, or appear and answer questions, or appear and discuss. I only have to appear.

[Laughter.]

MICK MULVANEY: So I made that case to both the House and the Senate. Look, I'm happy to answer your questions. I want to answer your questions. I will stay as long as you want me to, to answer your questions, but I don't have to do it. And that should frighten everybody, because it may come a time in the future where a director shows up and says, "You know what? I'm looking at the statute and I can interpret this." And I think fairly so, especially given—again, the lawyers will tell you—if there's other language elsewhere, especially in the same statute that says "X then Y," but I only have to do X, the assumption is that Congress did that for a reason, and so you can interpret it literally. And do we really want a circumstance where directors of this Bureau can show up and say, "You know what? Here's my report. See ya." That's the type of thing that I hope we can work out.

That's why I think what Senator Warner is doing, although I would love to have seen the Senate bill go much further than it did. And Blaine will know this better than I will. The number of bills in the House committee that have passed with 300 and 400 votes, that have passed on broad bipartisan margins, sitting there, that could fix circumstances in this, difficulties in the

statute. They are sitting there, they are waiting for the Senate to simply take them up, and they haven't been able to do that. That is disappointing. I am glad that they have done the part that they have done, but there is more that they could do. It clearly does have bipartisan support. So just examples of stuff that's wrong with the statute.

So what are we going to do going forward? We are going to enforce law. We are also asking that the law be changed. As you go through the statute, as we have done, there are places where we think they can be improved. One thing I was hoping to talk to the Senator about what an independent inspector general for the Bureau. I had mentioned this in testimony last week. It was actually a left-wing blog over the weekend that said, "A bureaucrat just asked for more oversight. Even though he is a right-wing nut job Republican, we probably should listen to him."

[Laughter.]

MICK MULVANEY: Any time the bureaucracy comes out and says, "Please limit my authority. Please limit my power. Please increase my oversight," you should probably take that seriously, and I hope that Congress does. We are going to ask for an IG. We have done that. We have also asked to be put back on appropriations. I was hoping to stun my former colleagues in the House, and my former colleagues from the Senate, with my testimony last week. I didn't get nearly the response I wanted to when I pointed out to them that there are 370 people who work at my 1,600-person agency who make more money than they do. I'd think they would be surprised by that. I'm a little bit disturbed by that, to be honest with you. The average compensation at the Bureau is $195,000 a year. I've got three offices where the average compensation is over $275,000. I don't think that's right. I know why it was done, and I don't think that's right. More importantly, I don't think Congress knew about it until I told them. Why? Because no one is obligated to tell them.

Part of the process, when you go through the appropriations process in Congress is that Congress gets to ask people a lot of tough questions, like, "Were do you want to spend the money?" They don't ask it enough but every now and then they do ask good questions like that. We are not on appropriations. I am empowered by statute. I don't know what's left of the year this year, but on October 1st of next year I can walk, literally, down the street to the Federal Reserve Board, as for roughly $700 million, and they would give it to me, without asking me what I was going to do with it. Without me telling Congress—without me telling Congress what I'm going to do with it. That's way too much authority for one person to have. Similarly, I've got about 25 active lawsuits right now, active enforcement actions. I could dismiss every single one of them without giving an explanation why. I think that's wrong.

So when we set up our list of proposed fixes to the House and the Senate—right before my testimony, every single one of them was designed to do one thing, which is to make this Bureau more accountable and more transparent. I'm trying to be as transparent as I possibly can. I answered every single question that I thought that I could, faithfully. But you can't rely on the person in the job. You have to rely on the underlying statute, because if the statute is wrong and you get the wrong person in that seat, you could end up with tremendous abuses. You can end up with all sorts of difficulties that there's no reason to contemplate. The system needs them to be fixed, and we have sent proposals to do that. We are encouraging folks to take a look at those, and to the extent you could support them as you go to the Hill, that would be great.

What are we not going to do? Obviously, we are not going to do stuff that's not in the law. I've only got a few minutes left so I won't talk too much about regulation by enforcement, but the short version is we're not doing it anymore. I don't think it's fair.

[Applause.]

MICK MULVANEY: I mean, I've been a regulated entity before, not in this space, but I was in the real estate business, I was in the home-building business, I was in the restaurant business. And to have been sued for something that I thought was legal and that everybody else thought was legal, until the moment that the lawsuit was filed, is just wrong.

[Applause.]

MICK MULVANEY: And I'm hoping—hoping, I'm wondering if we can stop that.

We are still going to enforce the law, and I hope that's a theme here. There are still bad actors. There are. There just are. It's human nature, probably. There are folks who are misbehaving. I see it every single day, and we are going to pursue them, with vigor and to the full extent of the law. That doesn't mean that just because we don't like you, what you do is illegal, and we should try and figure out a way to let you know what the law is, to allow you to function within the law, so that if you break the law, we know, without reservation, that you knew what the law was and you broke the law, and, therefore, we can, without reservation enforce the law against you. But to sit there and say, "I know you've done this for years and years and years, and you did this under alliance and guidance of another federal agency, we are just no longer going to abide by that. And even though you've relied on this, we are going to sue you for it." That's wrong, and it's going to stop with my leadership.

Finally, the last thing I'm not going to do, I'm not going to take the frosting off of my glass in my office. I don't know if you all saw this or not. A couple of people evidently did. Keith Ellison is a friend of mine. I have a lot of friends who are Democrats, by the way. After two beers I do a really good Barney Frank impersonation.

[Laughter.]

MICK MULVANEY: I promised my staff I would not do that one today.

But Keith is a friend of mine and I was in the hearing, and we got to the question-and-answer session Keith went down a line of questioning I thought was absolutely bizarre. He came out and he said, "Now, Mr. Director, is it true that you recently put frosted paper across part of the wall of your office?" I'm like, "Yeah." And he said, "Well, I thought you said you wanted to run a transparent bureau." I'm like, "Yeah." He said, "Well, how can you be transparent with that frosting on your windows of your office?" I'm like, "What?"

[Laughter.]

MICK MULVANEY: He said, "Well, it's not really transparent." I'm like, "No, it's translucent. Is this a spelling test? What are we doing here?"

[Laughter.]

MICK MULVANEY: And he said, "Well, I don't think you could be very transparent when you put something"—because all my walls of my office are glass. Three of the four walls are all glass. And when people were coming in people would walk by and see them, and sometimes you want a little bit of privacy. So down the middle of the wall—not floor to ceiling—down the middle of the wall I put about a 4-foot strip of just that kind of stuff you'd put on your shower so you can't see through it, sort of a distorting frosting. Right? So that's there. And he's like, "That doesn't sound very transparent to me."

And I'm sitting there trying to figure out what I was going to say to my friend. And what I said, in my own mind, what I said was actually quite polite. What I said, in my own mind, was, "Keith, dude, I have been to your office. I can't see through the walls. Does that mean you're not transparent?" He did not let it go, by the way. He sent me follow-up questions on that, and that's how your taxpayer dollars are being spent—

[Laughter.]

MICK MULVANEY: —finding out—and I'm not making this up—what percentage of the walls of my office are frosted, and how much we spent on that 10-foot strip of paper. The building costs are roughly quarter of a billion dollars. We frosted 19 offices, I think, and it cost us $3,500. So we are going to let Mr. Ellison know that not only is it up there, it does not violate the LEED certification for the building, and it cost $3,500, and, yes, I'm leaving it up. So on the list of things we're doing and not doing, I'm not taking it down.

[Laughter.]

MICK MULVANEY: If you see Keith, feel free to pass that on to him.

Listen, I'll close with this. We are running a different place. We are. Elections have consequences. I gave a speech like this to a group of attorneys general, and they said, "Look, we can't believe you're politicizing the office." I'm like, "Seriously? All of you people ran for office." Every single one of these AGs ran for office, and they ran for office under the premise, if you vote for me, I will do something different than the other person on the ballot, and I think it's better than the other person on the ballot so please vote for me. Is that politicizing or is that just what we do with elections? Is that how elections have consequences? Yes. This is a different Bureau than it was under the predecessor. It's a different Bureau than it was under Mr. Obama. That is the nature of the business, and elections do have consequences.

At the end of the day, I think we are actually going to get a better Bureau by what we're doing. We are turning the Bureau into what I hope is—here's the comparison I make. No one looks at the SEC and says, "Oh, they're just the brainchild of so-and-so, and they're all controlled by this ideology." No one says that about the FDIC. No one says that about the OCC. They say it about us. They do. We're not in the same class as those regulators yet. We're Elizabeth Warren's brainchild, and we have to get away from that. If we're going to be taken seriously by the industry, if we're going to say something—You know what? That makes sense. There's some credibility behind that—then we have to be a real bureaucracy.

[Applause.]

MICK MULVANEY: Thank you. And I think that's a better Bureau. It's not up to me to shut it down. That's up to the lawmakers. So as long as this thing exists, we're going to try and give the very best service that we can and enforce the law as best we possibly can.

Thank you for doing this. Thank you for coming to Washington, D.C. I never get tired of telling people it does count. I'll close with this. This has nothing to do—I'm going to put my old Congressional hat on for a second. Many of

you who have heard me speak before have heard me say this. What you do here matters. We had a hierarchy in my office, in Congress. If you were a lobbyist who never gave us money, I didn't talk to you. If you were a lobbyist who gave us money, I might talk to you. If you came from back home and sat in my lobby, I talk to you without exception, regardless of the financial contributions.

People coming from back home, to tell people in Congress what issues are important to them, is one of the fundamental underpinnings of our representative democracy, and you have to continue to do it. Keep in mind the men and women that you will go see—I assume you're going later on today or tomorrow—when they get to the office in the morning will have a stack of stuff this high on their desk, of stuff that they're supposed to deal with that day. Keep in mind, the Federal Government does just about everything, from financial services regulation to the flight patterns at National Airport. I'm not making that up. The scope of what they do in Congress is almost unlimited, unfortunately. They will never know as much about your industry as you do. They will never know as much about your issues as you do. And they will not know that it is as important to you as it is until you tell them.

So I never get tired of telling folks, thank you for coming up and getting involved in the process. And I don't even know what you're going to go tell them, and you may be completely on the other end of the political ideology from me, and I don't care. The fact that people simply come up and get engaged will always have value, at least I hope that it will. So thank you for doing it. Thank you for having me. I hope you all have a great week in Washington.

[Applause.]