

**EXAMINING CONTINUING ALLEGATIONS
OF DISCRIMINATION AND RETALIATION
AT THE CONSUMER FINANCIAL
PROTECTION BUREAU**

HEARING
BEFORE THE
SUBCOMMITTEE ON OVERSIGHT
AND INVESTIGATIONS
OF THE
COMMITTEE ON FINANCIAL SERVICES
U.S. HOUSE OF REPRESENTATIVES
ONE HUNDRED FOURTEENTH CONGRESS
FIRST SESSION

JUNE 25, 2015

Printed for the use of the Committee on Financial Services

Serial No. 114-37



U.S. GOVERNMENT PUBLISHING OFFICE

96-998 PDF

WASHINGTON : 2016

For sale by the Superintendent of Documents, U.S. Government Publishing Office
Internet: bookstore.gpo.gov Phone: toll free (866) 512-1800; DC area (202) 512-1800
Fax: (202) 512-2104 Mail: Stop IDCC, Washington, DC 20402-0001

HOUSE COMMITTEE ON FINANCIAL SERVICES

JEB HENSARLING, Texas, *Chairman*

PATRICK T. MCHENRY, North Carolina,
Vice Chairman

PETER T. KING, New York
EDWARD R. ROYCE, California
FRANK D. LUCAS, Oklahoma
SCOTT GARRETT, New Jersey
RANDY NEUGEBAUER, Texas
STEVAN PEARCE, New Mexico
BILL POSEY, Florida
MICHAEL G. FITZPATRICK, Pennsylvania
LYNN A. WESTMORELAND, Georgia
BLAINE LUETKEMEYER, Missouri
BILL HUIZENGA, Michigan
SEAN P. DUFFY, Wisconsin
ROBERT HURT, Virginia
STEVE STIVERS, Ohio
STEPHEN LEE FINCHER, Tennessee
MARLIN A. STUTZMAN, Indiana
MICK MULVANEY, South Carolina
RANDY HULTGREN, Illinois
DENNIS A. ROSS, Florida
ROBERT PITTENGER, North Carolina
ANN WAGNER, Missouri
ANDY BARR, Kentucky
KEITH J. ROTHFUS, Pennsylvania
LUKE MESSER, Indiana
DAVID SCHWEIKERT, Arizona
FRANK GUINTA, New Hampshire
SCOTT TIPTON, Colorado
ROGER WILLIAMS, Texas
BRUCE POLIQUIN, Maine
MIA LOVE, Utah
FRENCH HILL, Arkansas
TOM EMMER, Minnesota

MAXINE WATERS, California, *Ranking
Member*

CAROLYN B. MALONEY, New York
NYDIA M. VELÁZQUEZ, New York
BRAD SHERMAN, California
GREGORY W. MEEKS, New York
MICHAEL E. CAPUANO, Massachusetts
RUBEN HINOJOSA, Texas
WM. LACY CLAY, Missouri
STEPHEN F. LYNCH, Massachusetts
DAVID SCOTT, Georgia
AL GREEN, Texas
EMANUEL CLEAVER, Missouri
GWEN MOORE, Wisconsin
KEITH ELLISON, Minnesota
ED PERLMUTTER, Colorado
JAMES A. HIMES, Connecticut
JOHN C. CARNEY, Jr., Delaware
TERRI A. SEWELL, Alabama
BILL FOSTER, Illinois
DANIEL T. KILDEE, Michigan
PATRICK MURPHY, Florida
JOHN K. DELANEY, Maryland
KYRSTEN SINEMA, Arizona
JOYCE BEATTY, Ohio
DENNY HECK, Washington
JUAN VARGAS, California

SHANNON MCGAHN, *Staff Director*
JAMES H. CLINGER, *Chief Counsel*

SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS

SEAN P. DUFFY, Wisconsin, *Chairman*

MICHAEL G. FITZPATRICK, Pennsylvania,

Vice Chairman

PETER T. KING, New York

PATRICK T. MCHENRY, North Carolina

ROBERT HURT, Virginia

STEPHEN LEE FINCHER, Tennessee

MICK MULVANEY, South Carolina

RANDY HULTGREN, Illinois

ANN WAGNER, Missouri

SCOTT TIPTON, Colorado

BRUCE POLIQUIN, Maine

FRENCH HILL, Arkansas

AL GREEN, Texas, *Ranking Member*

MICHAEL E. CAPUANO, Massachusetts

EMANUEL CLEAVER, Missouri

KEITH ELLISON, Minnesota

JOHN K. DELANEY, Maryland

JOYCE BEATTY, Ohio

DENNY HECK, Washington

KYRSTEN SINEMA, Arizona

JUAN VARGAS, California

CONTENTS

	Page
Hearing held on:	
June 25, 2015	1
Appendix:	
June 25, 2015	35

WITNESSES

THURSDAY, JUNE 25, 2015

Cauldwell, Robert, President, National Treasury Employees Union Chapter 335; and Examiner, Consumer Financial Protection Bureau (CFPB)	6
Williams, Florine M., Senior Equal Employment Specialist, Office of Civil Rights, Consumer Financial Protection Bureau (CFPB)	7

APPENDIX

Prepared statements:	
Cauldwell, Robert	36
Williams, Florine M.	40

ADDITIONAL MATERIAL SUBMITTED FOR THE RECORD

Ellison, Hon. Keith:	
Written responses to questions for the record submitted to Robert Cauldwell	47
Written responses to questions for the record submitted to Florine Williams	55
Green, Hon. Al:	
“CFPB Diversity and Inclusion Efforts Since April 2014”	65
Article from The New Entrepreneur entitled, “Bank Discrimination and Its ‘Debilitating’ Effect on Minority Entrepreneurs,” dated May 30, 2014	67

**EXAMINING CONTINUING ALLEGATIONS
OF DISCRIMINATION AND RETALIATION
AT THE CONSUMER FINANCIAL
PROTECTION BUREAU**

Thursday, June 25, 2015

U.S. HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON OVERSIGHT
AND INVESTIGATIONS,
COMMITTEE ON FINANCIAL SERVICES,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10 a.m., in room 2128, Rayburn House Office Building, Hon. Sean Duffy [chairman of the subcommittee] presiding.

Members present: Representatives Duffy, McHenry, Hurt, Mulvaney, Hultgren, Wagner, Tipton, Poliquin, Hill; Green, Cleaver, Ellison, Delaney, Beatty, and Vargas.

Ex officio present: Representatives Hensarling and Waters.

Also present: Representative Love.

Chairman DUFFY. The Oversight and Investigations Subcommittee will come to order. The title of today's subcommittee hearing is, "Examining Continuing Allegations of Discrimination and Retaliation at the Consumer Financial Protection Bureau."

Without objection, the Chair is authorized to declare a recess of the subcommittee at any time. Also, without objection, members of the full Financial Services Committee who are not members of this subcommittee may participate in today's hearing for the purposes of making an opening statement and questioning the witnesses.

The Chair now recognizes himself for 3 minutes for an opening statement. Today's hearing marks the fifth in this committee's investigation into allegations of discrimination and retaliation at the Consumer Financial Protection Bureau (CFPB). Next month will be the 5-year anniversary of the Dodd-Frank Act which created the CFPB, mandating its core mission: to protect consumers of financial products and services from discrimination.

The agency was the brainchild of Elizabeth Warren, who not only led it during its start-up year, but also hired all of the senior managers, including the current Director, Richard Cordray. Democrats have championed the agency, but since its doors opened in 2011, this committee has spent 2 years and more than 5 congressional hearings giving a voice to the victims of abuse, and unfair and unlawful discriminatory behavior at the CFPB by its managers.

We are here again today because these messages have clearly not been heard. There is mounting evidence that not only does the

agency still have a huge problem with managers discriminating against employees based on race, age, gender, and sexual orientation, but the CFPB leadership refuses to take meaningful action to prevent this behavior and protect their employees.

Of all the Federal financial agencies, the CFPB has the worst track record of protecting its own employees against discrimination. The per capita number of Equal Employment Opportunity complaints at the CFPB is far higher than at any other Federal agency. Despite disturbing reports of low morale and congressional investigations, the leadership at the CFPB continues to turn a blind eye to the treatment of its own people.

A new poll from the U.S. Consumer Coalition found that 73 percent of respondents believe that the CFPB should be held to the same antidiscrimination standards as all other Federal agencies. And a significant majority believe that the CFPB Director, Richard Cordray, should be held responsible and fired for their managers' racism.

The two witnesses we will hear from today are uniquely qualified to describe how the indifference and misplaced priorities of the CFPB senior management have led to an institutional culture that values silence and maintaining deceptive, feel-good appearances over merit, professionalism, and human dignity.

The CFPB is more concerned with bad press than the underlying problem and has done little more than run an ineffective internal P.R. campaign to assuage employees' concerns. What is worse, the CFPB unit tasked with managing EEO complaints, the Office of Civil Rights, is at the heart of perpetuating this troubling work environment.

The well has been so poisoned that the CFPB employees are afraid to come forward to report abuse and discrimination for fear of retaliation.

As one of CFPB's employees stated in 2014 in the annual survey: "Cronyism, favoritism, discrimination, and incompetence run rampant in this agency. Despite all the congressional pressure and press reports, things have gotten worse." There are scores of similar comments from other employees who struggle with this same reality every day, and they will be shown on the TV screens throughout the hearing. Things continue to get worse, and no one seems to be listening.

How can an agency founded on the principles of equality and fairness carry out its mission when it can't even protect its own employees from the very practices it seeks to abolish?

With that, I now recognize the ranking member of the subcommittee, Mr. Green of Texas, for 5 minutes.

Mr. GREEN. Thank you, Mr. Chairman, and I thank the witnesses for appearing, as well.

Mr. Chairman, this morning I attended a meeting of Blacks and Jews, talking about the relationship between Blacks and Jews. And a rabbi who spoke at the meeting—whose name I shall not call because I don't have his permission, but I do know that I can say that he shared this brief vignette. He told a story of a man who went shopping to purchase a Picasso. And after purchasing the Picasso, to authenticate it he took it to Picasso himself and said, "Is this a Picasso?" And Picasso said, "No, that is not a Picasso."

So he went shopping again, looking for a Picasso, received another painting, brought it back, and said, "Is this a Picasso?" to Picasso himself. Picasso said, "No, that is not a Picasso." He said, "But wait, I bought this from your shop. I saw you paint this picture." And Picasso responded, "I often paint fake Picassos."

Mr. Chairman, we have to be careful that we are not painting a fake Picasso. Painting a fake Picasso by displaying slides of quotes that have not been authenticated. No cross-examination of witnesses, little due process afforded; we have to be careful that we don't paint a false Picasso. This is the Financial Services Committee, formerly the Banking Committee until about 1968, and we have not had one hearing on serious, invidious discrimination in banks, in mortgage lending.

We have had hearings to look at individual complaints of discrimination at the CFPB—and by the way, I don't oppose looking at individual complaints at the CFPB—but I do believe that if we can do this we can look at the serious, invidious discrimination that is taking place across the length and breadth of this country against millions of people, and we ignore it.

We are painting a false Picasso, Mr. Chairman. So let me just provide some evidence. We have used the American Banker as evidence; I want to use Bloomberg. We have used the American Banker to look at statistical information; I want to use Bloomberg. We have used the American Banker to have what I will call probable cause for this hearing; I want to use Bloomberg.

Here is what Bloomberg says about some serious discrimination—bank discrimination and its debilitating effect on minority entrepreneurs. For a recent mystery shoppers experiment, three business school professors recruited Black, White and Hispanic entrepreneurs across the United States, dressed them in matching polo shirts and khakis, and sent them into banks to ask about small business loans.

The results are disheartening, if not a big surprise. White business owners got better and more encouraging service, according to a new paper describing the study in the *Journal of Consumer Research*. Bank employees were more likely to tell them about loan terms and fees and more likely to offer help filling out applications. Bankers were more likely to ask minority entrepreneurs about their personal finances and less likely to offer the Black and Hispanic mystery shoppers a business card.

It is not news that Black and Hispanic small business owners have a harder time finding financing than White businessmen, but the JCR paper offers insight into how entrepreneurs experience the process of seeking new capital.

In one part of their research, authors Glen Christensen, Sterling Boone, and Jerome Williams asked business owners to collect photos that best described the experience of applying for a loan. Minority entrepreneurs chose images such as a dry faucet, a beggar, and a set of handcuffs.

White business owners focused less on the hard road and more on the satisfying result, selecting photos of a water slide and a beautiful beachfront idyll. In interviews with researchers, both groups described the loan application process as a journey. But mi-

minority consumers framed the journey as uphill, while White consumers consistently framed their journeys as on level ground.

White entrepreneurs saw lenders who would serve as a partner or a friend, according to the paper, while minority business owners reported hiring White employees—something to bear repeating—minority business owners reported hiring White employees for the purpose of attending meetings with bankers. The result, the authors write, is a cumulative, debilitating effect on the psychological and physical well-being. These are anecdotal findings, but they are supported by quantitative research.

In 2012, Federal Reserve data revealed that minority business owners were paying interest rates that were 32 percent higher than what Whites paid. Last year, research from the Kauffman Foundation showed that minority entrepreneurs were more likely to be turned down for loans and less likely to apply for fear of rejection.

Let's not paint a false Picasso; let us look into what is really going on in the banks.

I yield back, and I thank you for the extra time.

Chairman DUFFY. The gentleman yields back.

The Chair now recognizes the gentlelady from Utah, Mrs. Love, for 2 minutes for an opening statement.

Mrs. LOVE. Thank you, Mr. Chairman. This subcommittee, as well as the full House Financial Services Committee, has heard current and former employees of the CFPB testify about their personal experiences as victims of discrimination, retaliation, and cronyism, as well as about the very related problems of the agency's mismanagement, inexperienced leadership, deficiencies in bank examination processes, and serious operational problems in the CFPB's consumer call center. This is reprehensible, not to mention ironic, since in light of the CFPB's mission—according to its own Web site, the CFPB is tasked, among other things, with restricting unfair, deceptive or abusive acts or practices, taking consumer complaints, and enforcing laws that outlaw discrimination and other unfair treatment in consumer finance.

It is incomprehensible to me that the agency created with a mission of preventing discrimination and predatory practices by the financial services industry is incapable and seemingly unwilling to restrict abusive practices within its own ranks or to enforce laws that outlaw discrimination and other unfair treatment.

When it comes to their own management and practices, how can an agency that is unable and unwilling to govern itself be entrusted to protect the American people; frankly, make sound decisions about how it pursues its own mission? Time and time again we have seen examples of the CFPB in search of problems that don't exist, proposing rules without having gathered relevant evidence, or using its examination powers to conduct fishing expeditions.

This body has been told about the problems, ranking members, the Administration has been told about the problems, and nothing has been done. Perhaps most disturbing to me is that despite all the publicity this issue has received and all the previous congressional hearings, overwhelming evidence indicates that the culture

of discrimination and intimidation within the CFPB has only been growing worse.

It is clear to me that reform of the CFPB is badly needed. We cannot allow this discrimination or mismanagement to be ignored or hidden in the Bureau's current organizational structure. Now, I want to say this. I believe that we need to look at discrimination everywhere. Why not start here?

My ears are open. I hope that my colleagues' ears are open, and we are ready to hear you. The American people are watching.

Thank you.

Chairman DUFFY. The gentlelady yields back.

We now welcome our witnesses. Mr. Robert Cauldwell is both a CFPB examiner and the president of the National Treasury Employees Union Chapter 335, the Consumer Financial Protection Bureau's union, a position he has held ever since the union was first established 2 years ago. CFPB's union represents about 1,000, or 75 percent, of the Bureau's workforce, and has approximately 500 paying members.

Before joining the CFPB, Mr. Cauldwell worked at the FDIC as a resolutions and receivership specialist. And before that, he worked in the private sector. Mr. Cauldwell began his career with 8 years of military service in the U.S. Navy as a nuclear machinist aboard a nuclear submarine. Mr. Cauldwell, we thank you for your service.

We also have Ms. Florine Williams. She has been a Senior Equal Employment Specialist in the CFPB's Office of Civil Rights since October 2013. Ms. Williams has a total of 20 years of experience in various equal employment and civil rights capacities in other Federal agencies, including the Nuclear Regulatory Commission; the Department of Defense; and the Department of Housing and Urban Development. In all, Ms. Williams has 32 years of Federal Government service. Ms. Williams holds a bachelor of science in business administration from Gannon University in Erie, Pennsylvania.

Both of you, thank you for being here. The witnesses will, in a moment, be recognized for 5 minutes to give an oral presentation of their testimony. And without objection, the witnesses' written statements will be made a part of the record. Once the witnesses have finished presenting their testimony, each member of the subcommittee will have 5 minutes within which to ask questions.

I want to remind the witnesses, verbally, that while you will not be placed under oath today, your testimony is subject to 18 U.S.C. Section 1001, which makes it a crime to knowingly give a false statement in proceedings such as this one. You are specifically advised that knowingly providing a false statement to the subcommittee or knowingly concealing material information from this subcommittee is a crime.

On your table, there are three lights: green means "go;" yellow is the 1-minute marker, which means you are running out of time; and red means you are out of time. The microphones are very sensitive so please make sure you speak directly into them.

With that, Mr. Cauldwell, you are now recognized for 5 minutes for your opening statement.

STATEMENT OF ROBERT CAULDWELL, PRESIDENT, NATIONAL TREASURY EMPLOYEES UNION CHAPTER 335; AND EXAMINER, CONSUMER FINANCIAL PROTECTION BUREAU (CFPB)

Mr. CAULDWELL. Thank you. My name is Rob Cauldwell. I am the union president of NTU's Chapter 335, which represents the employees of the Consumer Financial Protection Bureau. I would like to thank Chairman Duffy, Ranking Member Green, and the other members of the House subcommittee for your time, and for allowing me to speak about the important issues of discrimination and retaliation at the CFPB. I would like to make two critical points.

First, today's hearing should not be about me. It is about the people who work at CFPB. I care deeply about these people. Second, this should not be a partisan hearing. I believe both parties want to fix the problems at CFPB, and I implore everyone here today to focus on these very human issues.

Last year, Director Cordray testified before Congress. I believe he was sincere. However, actions speak louder than words. Director Cordray's inaction has created a more discriminatory, challenging, and intimidating workplace for employees. Retaliation permeates every facet of this agency, as facts in the American Banker article show. This Bureau has the most EEO complaints of any Federal regulator this year. It is actually 18, not 15.

The CFPB says there is no evidence of discrimination. The fact that cases are settled to an employee's satisfaction does not obviate the CFPB's behavior. The Bureau retaliation continues. Ask Angela Martin. They continue to retaliate against her after she settled her cases. Ask Ali Naraghi, who also testified last year and has suffered similar treatment to Ms. Martin. Ali suffered for no other reason than he stood up to aggressive and controlling managers like Jim Carley, the Southeast Regional Director, whose employees have given him the nickname "King James" because of his harsh rule and his nepotistic management style. Even his own managers complain about him, and Ali just announced he is leaving the Bureau.

That is what happens: management runs the experienced employees off, especially the older employees or the minority employees, and then hires new, inexperienced people, often only to give them a little bit of training and put them in charge of the decision-making.

Employees who complain or report daily to their managers to "check in" when no other employees have to do this. Another frightening tactic is the inappropriate use of Performance Improvement Plan, or PIPs, to remove older or unwanted employees.

The CFPB trains us on the No FEAR Act and the EEO Act to protect employees and managers by separating them during complaint investigations, yet that hasn't happened. Employees are left to work under these very same managers, sometimes for years. When employees file complaints, the CFPB reaches into the past to dig up irrelevant information. The behavior gets more and more shameful every day.

One CFPB lawyer shared employees' private information. They ask people to retire rather than admit wrongdoing. They have not followed their own rules regarding notices of proposed removals,

which has led to unfair labor practices. This agency's leaders seem to be willing to sell their own souls to protect the ideology of the CFPB.

The examples of retaliation are too numerous to mention. The CFPB tells institutions across the country how not to discriminate against the American consumer, but they don't observe these principles when dealing with their own employees.

The relationship between the union and the labor relations office is good, but they are thwarted at every turn by rogue managers. Jim Carley and his neophyte "yes men" tried to give an employee a failing rating on the performance review. L.R. determined the employee would receive a pass rating, yet Jim Carley refused to sign the final review. And this is what we deal with on a daily basis.

CFPB employees see what happens to those who come forward, and are scared to come forward. The fear of retaliation is palpable. I believe Rich Cordray is an affable person, but he doesn't possess the skill set to bring positive change to this agency. We are not new, and things have not gotten better; things are only getting worse. There needs to be an independent, delegated, sole-source Office of Inspector General (OIG) within the CFPB at all times.

I thank the subcommittee for your time, and I ask for your help in protecting the CFPB employees in a nonpartisan, open, and transparent manner.

I look forward to answering any questions you may have about this sensitive and sometimes difficult topic.

[The prepared statement of Mr. Cauldwell can be found on page 36 of the appendix.]

Chairman DUFFY. Thank you, Mr. Cauldwell, for your opening statement.

Ms. Williams, you are now recognized for 5 minutes for your opening statement.

STATEMENT OF FLORINE M. WILLIAMS, SENIOR EQUAL EMPLOYMENT SPECIALIST, OFFICE OF CIVIL RIGHTS, CONSUMER FINANCIAL PROTECTION BUREAU (CFPB)

Ms. WILLIAMS. Thank you. Good morning. My name is Florine Williams, and I have served as a Senior Equal Employment Specialist in the Office of Civil Rights at the Consumer Financial Protection Bureau since October 2013. Thank you for allowing me this opportunity to testify today about my experience at the CFPB and to share with you my concerns about the Bureau's culture and the inadequate measures the CFPB has taken to address its discrimination problems during the year since this subcommittee's three hearings uncovered them.

I also want to thank my family and friends for their continued support and prayers, especially during the last year.

I take great pride in my 32 years of Federal service, 20 of which I spent as a civil rights and equal employment opportunity professional. I have worked for agencies that have achieved model EEO programs. I have witnessed agencies take swift remedial action, up to and including termination of employment for violators of EEO law.

I have also worked in environments that were in a perpetual struggle for fairness and equality. But never until my employment at the CFPB have I witnessed such blatant and willful disregard for the law, merit systems principles, and the well-being of its employees. Ironically, the agency that was created to provide comprehensive consumer protection and strong remedies for consumers has unequivocally failed to protect its own employees and remedy harms we have suffered.

For instance, EEO complaint activity for Fiscal Year 2015, particularly as it pertains to harassment and retaliation, is on par with complaint activity for Fiscal Year 2014. I believe the Bureau's apathy has contributed to the normalization and legitimization of blatant discrimination within the agency. The CFPB's failure to promote equal employment opportunity and diversity and managers' discrimination, and retaliation against their own employees has made a mockery of the Bureau's EEO program and, in particular, the Office of Civil Rights.

The Office of Civil Rights is charged, amongst other things, with performing four major functions: providing guidance and training on EEO law and agency policy; processing EEO complaints; reporting on EEO activity; and making available an alternative dispute resolution program.

The Bureau struggles to perform these basic functions, in part because of the critical lack of subject matter expertise. Before being promoted to her current position, the Assistant Director had never served as a neutral EEO professional and had only served as an attorney representative for the Bureau against complaints in EEO and grievance disputes. She is the epitome of the fox guarding the henhouse.

My February 23, 2015, letter to Director Cordray describing these issues—copies of which I sent to Deputy Director Antonakes and several prominent government officials and legislators, including Chairman Hensarling—has finally resulted in the issues I raised being given the attention they deserve.

I am frequently approached by colleagues who tell me they are subjected to maltreatment and discrimination, but who fear they will face reprisal if they seek help through the Office of Civil Rights. I cannot adequately describe the pervasive and chilling atmosphere that prevails through the CFPB.

I am compelled to testify before you today because of the unique perspective I bring, not only being an EEO practitioner, but also a complainant. Unfortunately, I am representative of scores of CFPB employees and Federal employees who are frustrated with the administrative EEO complaint process.

I am also representative of CFPB employees and other employees, Federal employees, who are forced to fight discrimination and unfair management practices with little to no resources against agencies with seemingly limitless resources, including a ready and eager legal staff and legal defense funds to support management officials, even those who violate the law and the rights of others.

I believe in the CFPB's mission to root out discrimination and predatory practices adversely impacting the American people. I believe also that the effort used to enforce the law externally should also be made with the same vigor internally.

Thank you again for allowing me the opportunity to share my concerns.

[The prepared statement of Ms. Williams can be found on page 40 of the appendix.]

Chairman DUFFY. Thank you for your opening statement, Ms. Williams.

I would just note that votes have been called. We have zero on the clock, so we are going to recess for votes, and we will resume right after the final vote. So we will be back shortly.

[recess]

Chairman DUFFY. The subcommittee will reconvene and come to order. The Chair recognizes himself for 5 minutes.

Here we go again. We were here a little more than a year ago with Angela Martin, who is in the audience today, hearing her stories about racism and sexism and discrimination at the CFPB. We also had a chance to hear from Richard Cordray, who came in and made a lot of promises and commitments about how the problems had been resolved, how the CFPB was on track to be an honorable, fair, nondiscriminatory agency, Scout's honor, or so we were told.

But here we are again, hearing the same stories of what we heard over a year ago. And from what I gather in this, it hasn't gotten much better. I want to ask you both about that in a moment.

But are either of you fake Picassos? Are you fake victims? Mr. Cauldwell, are you faking today?

Mr. CAULDWELL. No, sir. I am not.

Chairman DUFFY. Ms. Williams, are you a fake Picasso?

Ms. WILLIAMS. No, I am not.

Chairman DUFFY. Based on what the two of you have talked about with regard to not just what you hear from your colleagues, but what you have gone through personally, is it easy to raise your hand and stand up and say, I will come and tell the story not just for myself, but for all the employees at the CFPB? Is that easy to do or enjoyable, Mr. Cauldwell?

Mr. CAULDWELL. I will say that as a "don't ask-don't tell" casualty from the United States Navy, with an honorable discharge, the treatment I received then is so much better than what I see others going through right now. This is really easy because it is about them.

Chairman DUFFY. Ms. Williams?

Ms. WILLIAMS. No, this has not been easy for me. I could have turned a blind eye for many reasons. I am very close to retirement. I could have just gone on about my way and left this battle to someone else, but I could not in good conscience carry out my duties as an equal employment specialist, as a civil rights practitioner, and ignore what is known discrimination. So it has not been easy; it has been very trying.

Chairman DUFFY. I want to thank you both for coming in and telling your stories and acknowledging what you hear in the workplace.

And I am not one to sit here and say that we live in a perfect world. The stories that we see in other places, in other parts, they are disturbing for all of us. We have a unique capacity in this com-

mittee because I don't have a wide range of authority. But we do have the authority of oversight over the CFPB.

And if there is racism and sexism in our government, and with regard to the CFPB, I think it is our duty to hear those complaints and do all we can to apply public pressure so it stops and it changes.

Since the testimony and the hearings that we had with Ms. Martin last year, have things gotten better at the CFPB? Have they improved, Mr. Cauldwell?

Mr. CAULDWELL. No, they have gotten worse.

Chairman DUFFY. Ms. Williams, do you agree with that?

Ms. WILLIAMS. I do agree things have gotten worse.

Chairman DUFFY. And Ms. Williams, as you do your job—and as people know that you have come forward to testify—does anybody stop you in the hall or at the water cooler or at the coffee machine and tell you their stories?

Ms. WILLIAMS. All the time. And employees have to be careful—I tell them up front if they disclose specific discriminatory actions or harassment, I have a duty to report that.

So what my colleagues generally will talk about is maltreatment. Or if they talk about discrimination, then they come into the office to file a complaint. But, so often I can't even get in the building without being stopped by coworkers who have their personal grievances with this agency but are afraid to come forward because they can't risk their job, they can't risk the emotional strain of being involved in a protracted EEO complaint process.

Chairman DUFFY. So you are kind of a voice for all of them here today.

Ms. WILLIAMS. A voice for many of them.

Chairman DUFFY. And I want to note that if we have problems in the private sector, as Mr. Green pointed out, within banks, we have a Justice Department, we have AGs, we have civil suits that can also expose that. But I would ask, if you are not coming to us to expose this, I don't know where else you go.

And Ms. Williams, I know that I saw your letter. Was the first person that you wrote to Chairman Hensarling, the chairman of this committee to disclose this?

Ms. WILLIAMS. The letter that I wrote—I actually wrote a letter to Director Cordray on February 23, 2015.

Chairman DUFFY. Director Cordray.

Ms. WILLIAMS. And I copied several individuals, including Chairman Hensarling, on the letter.

Chairman DUFFY. And did anyone from the Democrat side—it was Ms. Waters, too, right?

Ms. WILLIAMS. Yes.

Chairman DUFFY. And Valerie Jarrett, from the White House, also?

Ms. WILLIAMS. Yes.

Chairman DUFFY. Okay. And is it—well, I see my time has expired. I will try to abide by our clock.

Mr. GREEN. I ask unanimous consent that the Chair be given additional time, as much as the Chair desires to consume.

Chairman DUFFY. We have a 5-minute rule. I will be able to come back, but I appreciate the gentleman's offer.

Mr. GREEN. Mr. Chairman, please—

Chairman DUFFY. You can see we have a lot of Members here who do want to participate in this hearing, so—

Mr. GREEN. I yield to the Chair.

Chairman DUFFY. Mr. Ellison, the gentleman from Minnesota, is recognized for 5 minutes.

Mr. ELLISON. Let me thank the chairman and ranking member, and also thank our witnesses today. Let me just say, as a preliminary matter, as a person who practiced law for many years representing victims of discrimination, I certainly am sympathetic to the plight you all are facing. I don't know who is right or who is wrong, but I will say this: I do not believe there is any chance that you would be here making your case if there was not an overarching objective to undermine the credibility of the mission of the CFPB.

From your point of view it is like, so what, because I need to get my case vindicated. And I respect that. But I just want to ask you, do you, both of you, support the mission of the CFPB?

Ms. WILLIAMS. Absolutely 100 percent we support the mission.

Mr. ELLISON. All right, thank you. It is a good mission and it should not be undermined. And would you view it as a tragedy if people took your testimony here today to try to do damage to the institution? What you are looking for is justice for yourself and others whom you feel are aggrieved. Am I right?

Ms. WILLIAMS. I am not so much looking for individual justice. My—

Mr. ELLISON. Ma'am, really—we have 5 minutes. And I am a polite person, but when it is 3:49, I have to be that way.

Ms. WILLIAMS. Okay. But I just wanted to clarify that my presence here today is not about a single complaint; it is about systemic discrimination.

Mr. ELLISON. Right, but—

Ms. WILLIAMS. And I support the mission of the CFPB very strongly.

Mr. ELLISON. Right. Have you ever heard of the Office of Special Counsel?

Ms. WILLIAMS. Yes.

Mr. ELLISON. Have you ever heard of the Office of Inspector General?

Ms. WILLIAMS. Yes.

Mr. ELLISON. These are institutions that you can make complaints to, is that right?

Ms. WILLIAMS. Yes.

Mr. ELLISON. And so for somebody to submit that there is no other place for you to go to other than this hearing, this body, that is actually not accurate. Wouldn't you agree?

Mr. CAULDWELL. No.

Mr. ELLISON. Oh, you say this is the only place you can go to.

Mr. CAULDWELL. Yes, because you are too scared to go to those other places, because when they find out, they continue the retaliation.

Mr. ELLISON. Let me tell you, I have represented literally hundreds of people who have been targets of discrimination, and they

are all scared. I have never met somebody who wasn't a little worried about bringing a case.

Ms. WILLIAMS. Mr. Ellison—

Mr. ELLISON. So the police, if you have a case of discrimination sometimes you just have to make the argument. And I would say that is why people like Ms. Martin and others I think have demonstrated courage.

But you cannot tell me that as a matter of fact these institutions do not exist, do not take complaints. And to submit that this is the only place you can go is a factual inaccuracy. And you might not want to admit that, but it is true.

Now, look, the CFPB is accused of discrimination. Those matters will be worked out in their own time. I make no case about who is right or who is wrong. But the truth is, actually, Mr. Cauldwell, you have been targeted, you have been accused of discriminating yourself. Isn't that right?

Mr. CAULDWELL. That is—discriminating against—

Mr. ELLISON. Have you been a target of discrimination? Have you been—

Mr. CAULDWELL. A target of discrimination, yes.

Mr. ELLISON. Have you been alleged to have discriminated?

Mr. CAULDWELL. Yes.

Mr. ELLISON. When did that happen?

Mr. CAULDWELL. I don't know when it actually happened. I get bits and pieces here and there.

Mr. ELLISON. What were the allegations against you, sir?

Mr. CAULDWELL. That I mistreat women, apparently.

Mr. ELLISON. Okay. And what is your opinion about the validity of those allegations?

Mr. CAULDWELL. Everybody has their own reasons. It is an internal fight.

Mr. ELLISON. What is your opinion about the validity of those allegations?

Mr. CAULDWELL. Oh, I don't think they are valid at all.

Mr. ELLISON. So sometimes people make allegations that others may not believe are valid, right?

Mr. CAULDWELL. That is true.

Mr. ELLISON. And so that is why you get the plaintiff, you get the defendant, you get the complainant, and you get the other side and there is a process to work it out.

Mr. CAULDWELL. Right.

Mr. ELLISON. Right? Because you yourself were accused of discriminating against women and you say you didn't do it. And you, even you, should be able to make your claim as to why these allegations are false, right?

Mr. CAULDWELL. That is correct.

Mr. ELLISON. Let me ask you this. Did you send an e-mail out in connection with your complaint against the CFPB?

Ms. WILLIAMS. Mr. Ellison, are you speaking to me?

Mr. ELLISON. I'm speaking to Mr. Cauldwell.

Mr. CAULDWELL. An e-mail to—

Mr. ELLISON. Let me just ask, do you recall—I am going to direct your attention to the screen. Did you send out an e-mail on December 9, 2013, in which you said, "And if you are thinking I am

angry, I am not. I never get angry, but I will get even.” Did you write that in an e-mail?

Mr. CAULDWELL. Yes.

Mr. ELLISON. Who are you going to get even with?

Mr. CAULDWELL. Let me check the e-mail very carefully. I believe that was to NTEU and not to the Consumer Financial Protection Bureau.

Mr. ELLISON. Who are you going to get even with?

Mr. CAULDWELL. The NTEU for not taking our cause seriously.

Mr. ELLISON. Are you the president?

Mr. CAULDWELL. Yes. And we are allowed to disagree with the NTEU on occasion, and we have to work it out.

Mr. ELLISON. So by “even,” what did you mean? You are going to get revenge?

Mr. CAULDWELL. No.

Mr. ELLISON. I think my time is a little bit over.

I yield back.

Chairman DUFFY. The gentleman’s time has expired.

The Chair now recognizes the gentleman from South Carolina, Mr. Mulvaney, for 5 minutes.

Mr. MULVANEY. I thank the chairman.

I was particularly moved by Mr. Green’s introduction regarding the false Picassos. I spent a lot of time in the last couple of days in my State dealing with race relations. And as proud as I am of the way that we have been handling ourselves during the last week, the stories that Mr. Green told about the discrimination that minorities face at some banks is a problem, it is real, and it is something we should be doing something about.

Here is my question: If the CFPB is supposed to be involved in fixing that, how can they fix it when they have the same problems themselves?

Mr. Green, this is not a false Picasso. Here they are. This is the source, sir, of the quotations that you see on the screen. These are the surveys filled out by the people who work there. It is not a false Picasso. This is the original thing.

I will read one. It says, “Overall, CFPB mismanagement is—

Mr. GREEN. Will the gentleman yield, given that he has used my name?

Mr. MULVANEY. I will give you a chance with that, but let me read—

Mr. GREEN. All right, I will await my opportunity.

Mr. MULVANEY. And I have no interest in shutting you out of the conversation.

Mr. GREEN. Thank you.

Mr. MULVANEY. “On a daily basis, management practices racial discrimination, promotional, compensatory discrimination, favoritism, cronyism, and nepotism to advance Caucasian employees. No real changes are taking place.” Why would we dismiss that as being false Picassos if the whole idea behind this agency is to get rid of the type of things that are talking about? I don’t know why we would shoot the messenger.

Mr. GREEN. Would you allow me to respond?

Mr. MULVANEY. I will, in just a—Mr. Green, I promise. Let me just finish my thought, and I will be more than happy to let you respond.

I don't know why we would shoot the messenger, when all they are trying to do is bring to our attention the same thing that you want light shed on in the financial institutions that the CFPB oversees. So I think if we are going to make things better, maybe the physician needs to heal himself before he starts going out to look at patients.

With that, I would gladly yield to the gentleman.

Mr. GREEN. Thank you. I greatly appreciate it.

I want to thank you for your indication that we should fight discrimination everywhere, as has Mrs. Love. But here is the concern that I have. I am not a part-time freedom fighter. I am not an occasional freedom fighter. I am a perpetual freedom fighter, I am an all-the-time freedom fighter. And what we are doing here is playing the role of part-time, occasional freedom fighters.

I think they do deserve to have their complaints looked into. But we have had many hearings—it has been a year since the last one on this point—and we have not had one hearing about the mortgage banking and we haven't looked into the discrimination that is taking place there. That is what I mean by a fake Picasso because we don't take it seriously enough to go to the next level.

And this is something else that I want to assure you of.

Mr. MULVANEY. This—

Mr. GREEN. But you need to hear this.

Mr. MULVANEY. Don't take all my time.

Mr. GREEN. Okay, I won't. But you need to hear this. I don't think this committee is going to look into any aspect of invidious discrimination in mortgage banking. I challenge every one of you—

Mr. MULVANEY. Let me cut you off there, then, please.

Mr. GREEN. Let's just do it. Let us do it.

Mr. MULVANEY. And let me answer that this way. This committee does a lot of different things. I don't like the fact that CFPB exists, I will be perfectly honest with you. But it does, and its job is to do exactly what you just said. It is their job to do this full-time.

We have a lot of different things to deal with; they have this to deal with. But if they have these same difficulties inside their agency, how can they do the job that I know you want them to do? So I hear what you are saying.

Mr. GREEN. If the gentleman will yield to me, I will yield time to you when I get my time. Would you yield to me?

Mr. MULVANEY. Sure.

Mr. GREEN. Let's do this. This is what we need to do. This is what being in Congress is all about.

Yes, the CFPB has a job, but this was the Banking Committee until 1968. The Banking Committee, which is now the Financial Services Committee, in name, it ought to look into invidious discrimination.

This is the Oversight and Investigations Subcommittee. This is the subcommittee where we ought to bring those bankers in and have each one of them sit right there and then examine their policies and practices in terms of how they have cheated minorities—

Mr. MULVANEY. Let me say—

Mr. GREEN. —Black people and African-Americans.

Mr. MULVANEY. Let me reclaim my time—

Mr. GREEN. —and Latinos—

Mr. MULVANEY. —for the last half a minute.

Mr. GREEN. —for money over decades.

Mr. MULVANEY. And all I can say to you, Mr. Green—and I appreciate the back and forth—this is perhaps one of the best exchanges I have had since I have been on this committee. I would just simply say if we have folks at the CFPB who think there are folks who are racists and cronyists and discriminating on any other basis at the CFPB, let's find something we can agree on and try and fix that.

Mr. GREEN. We ought to—

Mr. MULVANEY. With that, I will yield back the balance of my time.

Mr. GREEN. I am going to ask the Chair to—Mr. Chairman, I ask unanimous consent that this dialogue continue. This is really what it is all about, and I appreciate the way you have allowed me to have time. Because we can't allow this to be the genesis, and end it there. That is the problem we are going to have, Mrs. Love. We are going to end it right here, and talk about all of the things that ought to happen with the banks. The banks are ripping minority people off. It is time to look at what is happening in banks. Not all banks, but those that are doing it.

Chairman DUFFY. The gentleman's time has expired.

The Chair now recognizes the ranking member of the full Financial Services Committee, the gentlelady from California, Ms. Waters, for 5 minutes.

Ms. WATERS. Thank you very much. I am sitting here thinking about the complications of this issue that we are involved with. Complicated because, number one, we are here at the Financial Services Committee where the opposite side of the aisle hates the Consumer Financial Protection Bureau. They hate it, they would like to destroy it, they would like to bring it down in any way that they possibly could. They have attacked the Director, Mr. Cordray. They treated him terribly prior to his being confirmed. He has been up here many, many times, where he has been drilled, and he has been talked to badly.

And so we have to take pause when it appears that the opposite side of the aisle would simply like to use discrimination as a way by which they continue to attack the Bureau. Now, that interferes with what may be a legitimate cause that you have. But I want you to understand the background of this committee and what is going on.

If you take a look on the opposite side of the aisle that appears to be pursuing this issue and holding a hearing, despite the fact we have many issues that they should be focused on additionally, as Mr. Green has identified. And you have to ask yourself, do you think that the majority of the members on the opposite side of the aisle are more concerned about discrimination than those on this side of the aisle? Just take a look. Just take a look for yourself.

And so when you come here—yes, you can “wow” all you want. When you come here, you have to know that your issue gets all

mixed up in the politics of this committee. And of course you know that many of us are absolutely committed to the implementation of—

Mr. MULVANEY. Will the gentlelady yield?

Ms. WATERS. No, I won't yield.

Mr. MULVANEY. Well, I—

Ms. WATERS. Do not interfere with me. I will not yield.

Mr. MULVANEY. Will the gentlelady extend the same courtesy I did to the ranking member?

Ms. WATERS. I will not extend any courtesy to you.

Mr. MULVANEY. I think that is fair.

Ms. WATERS. And so when you come here, your issues get all mixed up with the politics of that is committee.

And so it has been suggested that perhaps one of the things that could be done is to utilize the process at every level. Because there are, I guess, several steps to be taken prior to even coming to the House of Representatives.

And so I would just advise that if you are going to pursue your issue—and you should—that you go through every step that is basically organized to deal with discrimination while we are at least trying, over here, to make sense out of what is going on. Rather than have you become the victims of a fight that you have nothing to do with over here because of the attack on the Consumer Financial Protection Bureau.

Mr. Green is an attorney who comes from Texas, who was the president of the NAACP prior to being elected, who is absolutely committed to dealing with racism and discrimination. And as the ranking member on this side of the aisle, he has talked about not only looking at what is happening in the Consumer Financial Protection Bureau, but every agency of government.

We have not gotten any support from the opposite side of the aisle on doing a comprehensive look at the possibility of racism and discrimination. So I don't want you to feel as if you are not being paid attention to or that there are some people who care more than others, et cetera. This is a political fight inside this committee that has nothing to do with you.

And the issues that you are dealing with right now are not going to be handled properly because of that. And so I am hopeful that you will understand that discrimination issues, at least on this side of the aisle, are taken seriously. And at the point that I think we can at least work something out with the opposite side of the aisle, so that we can deal with you fairly and not have you become the victims of the fight and the attack on the CFPB, then perhaps it would be the time to come here.

I yield back the balance of my time.

Chairman DUFFY. The gentlelady yields back.

The Chair now recognizes the chairman of the full Financial Services Committee, the gentleman from Texas, Mr. Hensarling, for 5 minutes.

Chairman HENSARLING. I thank you, Mr. Chairman. I thank you for holding this hearing. I am saddened that we have to hold this hearing, that so much time has passed and so little has been done.

We just heard from the ranking member. She does not wish to be indifferent as to our witnesses' plight. Ms. Williams, did you

seek out help from the office of Congresswoman Waters? Did you speak to her staff?

Ms. WILLIAMS. Yes, I did.

Chairman HENSARLING. Did they say they could help you?

Ms. WILLIAMS. What Congresswoman Waters' office said is similar to what your office said, is that you care about the issues at the CFPB, particularly the allegations of discrimination, retaliation and—

Chairman HENSARLING. Did they say they would intervene? Did they ask you to be a witness?

Ms. WILLIAMS. They did not ask me to be a witness. They indicated that they care about the global issues and could not intervene in individual complaints.

Chairman HENSARLING. So they could not, or would not, intervene. But we just heard from the ranking member that she didn't care to be indifferent.

Frankly, I found the comments to be outrageous. I know that the ranking member has very good vision. I did not know she could look into the hearts of her colleagues. And to question the motivation and commitment, frankly, is beyond the pale. It is outrageous, and I think frankly that a consistent pattern has happened where the Minority of this committee wishes to turn a blind eye when we see discrimination that happens in government. Oh, no, no, no. We just want to focus elsewhere. We are the only ones who can offer protection to these people.

With respect to the banks, there is a Justice Department. Is the Obama Administration incompetent? Is the Obama Administration indifferent as to their plight? If so, maybe the gentleman from Texas is right. Maybe we need to have some more hearings to find out about this indifference and incompetence in the Obama Administration in rooting out discrimination within the banking industry.

But when it comes to the CFPB, we are the only line of protection, and we would be derelict in our duty if we didn't hold these hearings. We have to be the ones to give the voice to the down-trodden, to the discriminated. This is what we need to do.

Now, I know that the ranking member finds this to be quite a humorous matter. Those of us over on this side of the aisle do not. I know perhaps that they would conveniently like to sweep all this under the carpet because this is a sainted government agency that has a mission with which they agree.

But ultimately, the question is, are we going to promote a society that is color blind, where we judge others based upon the content of their character? Or are we going to judge others by the color of their skin? Are we going to look at individuals, at their merit, at their uniqueness, or are we going to judge them by their genders and the color of their skin?

I, for one, as long as I am chairman of this committee will not allow this matter to be swept under the carpet. I will not allow the Democratic side of the aisle to try to change the subject.

As the gentleman from South Carolina says, physician heal thyself. How is CFPB supposed to protect anyone in the marketplace when their own house appears to be run amok? This isn't just one or two accusations. It is a couple of pounds worth of accusations. And yet the Democratic side says no, no, no, let's just go talk about

the banks. Well, first talk about the Justice Department. I want to hear you defend it, then.

Mr. GREEN. Mr. Chairman, I am prepared—

Chairman HENSARLING. I would be very happy to hear someone on the other side of the aisle tell me why this is taking place in the Obama Administration, and why do you consistently try to change the subject, and why do you turn an indifferent ear to all the plights and pleas of the employees of the CFPB? And I hope the entire Nation is watching because they will learn much about our colleagues in this.

I thank the chairman. I yield back the balance of my time.

Mr. GREEN. Mr. Chairman, I have an inquiry. I would like to—

Chairman DUFFY. The gentleman yields back, and—

Mr. GREEN. My inquiry is beyond what the gentleman is doing. I think a point of inquiry has to be addressed.

Chairman DUFFY. Is it a parliamentary inquiry?

Mr. GREEN. Yes, a parliamentary inquiry.

Chairman DUFFY. The gentleman will state his inquiry.

Mr. GREEN. Yes, Mr. Chairman. Will there be an additional round of questioning today? Because I would dearly like for the chairman of the full committee to be here when I respond to his query. He called my name. I would like to respond, and I would like for him to hear my response. Will there be an additional round?

Chairman DUFFY. I don't think we have made that decision yet. We will look at the time, and the votes. It is possible. But if you would like, I could recognize you now for 5 minutes, as the ranking member.

Mr. GREEN. Would you allow me to have 5 additional minutes? Because I have already some things that I would like to say, and I would like to have an additional round.

Chairman DUFFY. You, as everyone else, will have 5 minutes. So if you want to go now, I will recognize you—

Mr. GREEN. Why don't you go to Mr. Cleaver and he will yield to me.

Mr. MULVANEY. Mr. Chairman, parliamentary inquiry.

Chairman DUFFY. The gentleman will state his inquiry.

Mr. MULVANEY. Has the gentleman from Texas already used his 5 minutes?

Chairman DUFFY. He has not.

Mr. MULVANEY. He has not spoken yet today.

Mr. GREEN. No.

Mr. MULVANEY. Okay, I withdraw my inquiry. It was an opening statement. Thank you, Mr. Green. I apologize. Thank you.

Mr. GREEN. That is quite all right. We all make mistakes.

Chairman DUFFY. The Chair now recognizes Mr. Cleaver for 5 minutes.

Mr. CLEAVER. Thank you, Mr. Chairman. I would like to yield my 5 minutes to Congressman Green.

Mr. GREEN. Thank you, Mr. Chairman. And I thank my friend, and he is a friend, Mr. Hensarling. I rarely call names when I make my commentary. But when people call my name, I am going to have a response. I have been called out, so let's talk for a moment.

There are people who are part-time freedom fighters, occasional freedom fighters. There are people who now want to take down the Confederate flag. I want to bring down invidious discrimination. The flag is but a symbol. We need to bring down invidious discrimination, Mr. Chairman.

They had many excuses for not taking down the Confederate flag, just as we have excuses for why we have not dealt with banks appropriately in terms of invidious discrimination, and it is time for us to do it.

There are all kinds of excuses for why that flag is flying right now at the funeral, while the body of a Senator is lying in state. What an insult.

We can always find reasons to say we can't do it, let somebody else do it. Let the Justice Department do it. This is the Oversight and Investigations Subcommittee, Mr. Chairman. We have the power. If the Obama Administration evaporates today, right now, it will not eliminate our necessity to do what we should do and can do. We have the power.

Mrs. Love has said we ought to do it. She says that she wants to fight discrimination everywhere. We know that it exists in banking. Every single test that has been taken—and that is what we do, we do testing, we send three people out—would you please give me the article that I want to submit for the record? We send three people out, and we then find out how they are treated when they apply for these loans.

And in every single case, minorities are being discriminated against. You can't find one where they haven't been discriminated against. If you do, there may be one or two exceptions. But this is what we need to do. This is our job. Let's not talk about passing the buck to the Administration.

I have heard people respond with a fatuous comment, and I take fatuous comments seriously. The fatuous comment of when we can investigate the White House, then we will investigate the banks. That is so fatuous. It is time for us to get serious about this. Taking down a flag and trying to pass the buck on to somebody else is not going to end invidious discrimination.

Now, for the CFPB. I don't have any affinity for invidious discrimination and persons who might perpetrate it at the CFPB. I think that we should investigate it. I don't have a problem with it. I just don't want to end it there.

And we have been doing this for over a year and we haven't done one thing about the banks, not one thing. And we know that people have been taken advantage of. All of the empirical evidence is indicating that minorities, Blacks and browns, have been taken advantage of. With the yield spread premium, they were the primary victims.

Chairman HENSARLING. Would the gentleman yield?

Mr. GREEN. Of course, I will yield.

Chairman HENSARLING. I would just simply inquire, is there a specific law that the gentleman believes should be added to the books? And I again pose the question, is the gentleman recommending that we bring in members of the Justice Department to find out why these laws are not being enforced?

Mr. GREEN. So now it is about a law that we should promulgate to assist the Justice Department in some way, or someone—I am not sure I entirely understand the point.

Chairman HENSARLING. If the gentleman would yield again, I will try to make it more clear.

Mr. GREEN. I will yield in just a second, if I may. I am not advocating—are you saying we should have another law for the CFPB? Hardly. What you want is a five-board commission. You want to eliminate the position that Mr. Cordray has.

But the point is this. We have the authority to do our job. Why would we point to someone else and say we are not doing our job because they are not doing theirs. That is called passing the buck, Mr. Chairman. We ought not pass the buck. We are big people, boys and girls as it were, and we ought to take on the challenge. Don't be afraid of the banks.

The CFPB can't fight back. They are not going to be able to go out there and find somebody to run against you. Fear not, move forward. Take up the challenge. The banks deserve to be investigated. Not all of them are culprits, but those that are have been, for decades, ripping off Black and brown people.

I yield back.

Chairman DUFFY. The gentleman yields back.

The Chair now recognizes the gentlelady from Missouri, Mrs. Wagner, for 5 minutes.

Mrs. WAGNER. It is the authority—thank you, Mr. Chairman—of this committee to conduct the hearing that we have in front of us. This is an Oversight and Investigations Subcommittee hearing titled, Examining Continuing Allegations—Continuing Allegations—despite all the work that has been done and the hearings that have been had by this committee and others and by our full committee also—on Discrimination and Retaliation at the Consumer Financial Protection Bureau.

I want you both to know, Mr. Cauldwell and Ms. Williams, as well as Ms. Angela Martin, who is in the gallery, along with any others who are here from the CFPB, that you have not been used. You are not pawns. We are not indifferent to the 2 pounds of plight that you have been suffering.

And I thank you all for standing up for what is right and what is just for yourself and for your colleagues. I hate discrimination. No one should question or laugh at my motivation, or this side of the aisle's, or yours.

Since our hearings last Congress, it is indeed unfortunate that the CFPB seems to be moving in the opposite direction of fixing these issues, despite the amount of attention from Congress and the employees of the CFPB. And, in fact, in March of this year the Federal Reserve Inspector General released your report further detailing significant racial bias in hiring and promotion as well as failures in implementing equal opportunity standards and tracking complaints at the CFPB.

However, what is most troubling is that it seems that the CFPB doesn't seem to care or they are unable to enact any change under the current management.

Mr. Cauldwell, first of all I want to thank you, sir, as an Army mom, for your military service in the U.S. Navy as a nuclear ma-

chinist—it was fascinating to read about—and for your service to our Federal Government.

As part of an American Banker article published earlier this morning, you stated that you “don’t think the CFPB is scared of Congress. They weather the storm and feel more empowered.” Additionally, in your testimony for this hearing you say that the Bureau is soulless. Those are serious words, sir. Mr. Cauldwell, do you believe that management is at fault for these discrimination and retaliation issues?

Mr. CAULDWELL. I do.

Mrs. WAGNER. Would that also include Director Cordray?

Mr. CAULDWELL. Yes.

Mrs. WAGNER. Do you believe that Director Cordray has appropriately acted to remedy these claims while at the CFPB?

Mr. CAULDWELL. I do not.

Mrs. WAGNER. The fact that this congressional subcommittee is now convening its fifth hearing on these allegations, and the sixth hearing of the general committee about discrimination at the CFPB with no discernible changes in the workplace culture is quite telling.

Is that a direct reflection, do you believe, of Director Cordray’s leadership at the Bureau, sir?

Mr. CAULDWELL. Yes.

Mrs. WAGNER. You are the elected president of the NTEU?

Mr. CAULDWELL. I am.

Mrs. WAGNER. Who elects you, sir?

Mr. CAULDWELL. The members.

Mrs. WAGNER. The members of your union have elected you as their president—

Mr. CAULDWELL. Yes.

Mrs. WAGNER. —and as their spokesperson and as their representative. Mr. Cauldwell, in your written statement you stated that Director Cordray does not possess the skills to bring positive change to the employees at this agency. Do you stand by that statement, sir?

Mr. CAULDWELL. I do.

Mrs. WAGNER. Obviously, something has to change at the Bureau to make a better workplace for you, sir, and for your coworkers. Is that right?

Mr. CAULDWELL. It is.

Mrs. WAGNER. And for those that you represent, the NTEU, is that correct, sir?

Mr. CAULDWELL. Yes, it is.

Mrs. WAGNER. And you stand behind that statement—that Director Cordray does not possess the skills—and I quote again—“to bring positive change to employees at the agency.” Doesn’t it logically follow that you believe someone else, someone with the requisite skills to bring positive change to the Bureau, should be serving as Director?

Mr. CAULDWELL. I do.

Mrs. WAGNER. “Otherwise, positive change can never happen for the employees at the CFPB.” Is that correct?

Mr. CAULDWELL. Yes.

Mrs. WAGNER. Considering the fact that we have seen no change in culture over the past year when we first started our congressional oversight, how can we believe things will get better at the CFPB under Director Cordray going forward? How?

Mr. CAULDWELL. I don't have an answer for that. I don't know what we can do. I can say there is all this talk of false allegations and all that stuff. But this is what I have said the whole time: where there is smoke, there is fire. Something is wrong—

Mrs. WAGNER. And there is a big fire, Mr. Cauldwell, here, and it has been burning for a long time. I thank you all for your courage. For those that you represent, we will give you a voice, a voice for those who are voiceless, those who have taken this cause, and your concerns and your discrimination from place to place to place to place. We, as a committee, have to help solve this rampant abuse and discrimination in the CFPB.

I yield back, Mr. Chairman.

Chairman DUFFY. The gentlelady's time has expired.

The Chair now recognizes the gentlelady from Ohio, Mrs. Beatty, for 5 minutes.

Mrs. BEATTY. Thank you, Mr. Chairman, and thank you Ranking Member Green. And to the witnesses, let me start by saying thank you for being here.

Today is difficult for me, and I am sure it is equally as difficult for you. But let me just say these few statements before I ask you a question. What you have witnessed here is the problem that we have. We are here to ask questions of you to try to bring change to one of the most awful situations that employees can find themselves in: women; African-Americans; and other minorities.

Our role is to do what, in part, my colleague Ann Wagner just said: to ask the questions of you. But when I walk into a hearing and I hear Dr. Martin Luther King, Jr., being quoted, that it is not the color of your skin, but being judged by the content of your character—I wrote that down because I want my colleagues on the other side of the aisle to remember those words. Because Dr. King also said it is not where you stand in times of comfort and convenience, but where you stand in times of challenge and controversy that defines your character.

So the message I want to send to you, because I agree with my ranking member on the Financial Services Committee, Congresswoman Maxine Waters, who can look into the hearts and souls of her members and into my heart. And just as you said, we are dealing with the soul of the CFPB, and it is soulless.

Well, right now so are we, because we have been so off track. And that is why you hear the compassion of Congresswoman Maxine Waters, and the compassion of Congressman Al Green. Because I am comfortable in saying no one has witnessed the discrimination that we have witnessed, no one has fought harder against discrimination over a long period of time than that Congresswoman, Maxine Waters.

If you look to her past, at her history, you will see that she has been given more awards for advocating for the poor, for Blacks, for women, and has led the charge across this Nation.

Last Sunday, as I was watching TV, I saw Maxine Waters in Charleston, South Carolina. She was standing there with the peo-

ple because of this horrific tragedy that has happened in this Nation. But for us to come here and want to confuse it with what we are doing with banks, let me just say two wrongs don't make a right. I want to see this same compassion when we are talking about children starving and SNAP dollars being taken away. I want to see this same compassion when we talk about people living in public housing.

If we would bring that compassion together versus fighting each other and making this a political battle over the President of these United States, in some ways that is discriminatory to me, because he is the first Black man to serve as our Nation's President. So if we are going to go there, we don't want to go there on discrimination. Because more people on this side of the aisle understand what you are going through.

So I take this very seriously. I worked over 20 years in public housing as a consultant. I am one of your strongest advocates for protecting the people. And we should take this operation, this opportunity, to make sure that we stand up for you, that we hear you independent of the banks.

You didn't come here—in any of your testimonies—bring a complaint or confuse it with the banks. This is about the employees who work there, and I am a big supporter of the CFPB. But I am not a supporter of people discriminating in the workplace or anywhere else.

We have been a very strong advocate on this issue. We signed a letter, a year ago, asking the Office of the Inspector General to get involved and to conduct oversight. Congresswoman Maxine Waters has fought hard for OMWI and has taken Democrats and Republicans to task about not having protections in place for minorities and women. So let me just say to you that we are here for you and this is not a political battle. We understand discrimination.

Thank you for your courage.

Chairman DUFFY. The gentlelady's time has expired.

The Chair now recognizes the gentleman from Colorado, Mr. Tipton, for 5 minutes.

Mr. TIPTON. Thank you, Mr. Chairman. I would like to thank the panel for taking the time to be here.

We have heard a number of comments that not one thing has been done about the banks and discrimination. And I think we all have the same heart: that we do not want to see discrimination by color, sexism, whatever happens to be in any institution. But what this hearing is about is about you and your experiences at CFPB. So what has happened, from your experiences, to be able to correct discrimination in the CFPB? Has anything been done?

Mr. CAULDWELL. I don't believe so, no.

Mr. TIPTON. Ms. Williams?

Ms. WILLIAMS. In my opinion, nothing has been done. If you look at the history of the CFPB, it took the agency 2 years to even have an office of equal employment opportunity. The office—or just EEO itself, in my opinion—was treated like a hot potato. It was tossed to four different areas before, after 2 years, there was an office.

And even when the office was established, an individual who was an agency attorney representing the agency against EEO com-

plaints and against negotiated grievances was made the face of EEO. And as long as the behavior continues in CFPB, as long as the Director accepts the behavior from his management officials who are engaged in discriminatory behavior, I don't see how anything can change.

Mr. TIPTON. So you have had no direction, Ms. Williams, from the Director of the CFPB, Mr. Cordray, to try and really address the problem.

Ms. WILLIAMS. Director Cordray issues periodic notices concerning equal employment opportunity, concerning the No FEAR Act, concerning whistle blowing. But the statistics themselves—this is just not my view—but the statistics themselves, when you look at those, show that the discrimination within the agency is ongoing.

And not just the statistics from the No FEAR Act complaint, but the 2 pounds of documents that you all referred to, the IG report, the DIG report, the Deloitte study, and here most recently the study from the Charles River Associates. So there are so many problems at the CFPB that can be resolved, yet for whatever reason they are not. And the climate is worsening.

Mr. TIPTON. I think, and I hope and believe on both sides of the aisle it is to be results oriented. And what you are telling us is, the flags are there, the problems exists, memos are issued but there is no real follow-through from the leadership of the CFPB.

Ms. WILLIAMS. Correct.

Mr. TIPTON. Great. Because I think, Mr. Chairman, that is what this hearing is about. It is not about the institution. We are talking about, within the institution, discrimination that is going on. When you were trying, Ms. Williams, to be able to carry out your job, do you think that you have all of the tools available to you and the support necessary to be able to stand up for your people, the people you work with?

Ms. WILLIAMS. No, I don't think the necessary tools are there. And that is one of the reasons that I am especially excited about the bill that Mr. Cummings and Ms. Eleanor Holmes Norton are sponsoring, the Federal Antidiscrimination Act of 2015 to enhance the No FEAR Act. I think that is very important to establish some separations between agencies' EEO, human resources, and legal divisions, to give agencies an opportunity to promote these EEO programs and provide the services that these offices should be providing.

Mr. TIPTON. Good. I appreciate that. You don't want to—I guess one of my frustrations on coming from the private sector, and I have lately—you can probably all agree, the last recourse when we are talking about discrimination is typically going to be government.

In the private sector, when there are issues that are coming up on discrimination, there will be fines, there will be penalties, and there will be prescriptive measures to be able to address it.

But yet apparently, from what you were testifying here today, the government is not applying the same rules to itself that it expects—may not achieve, but expects—out of the private sector. Would that be accurate?

Ms. WILLIAMS. Yes.

Mr. CAULDWELL. Yes.

Mr. TIPTON. So let's talk about the structure of how the CFPB is put into place. Mr. Cauldwell, maybe you would like to address this. We have a lot of power that is vested in one person. We do have legislation that has been noted by our counterparts on the other side of the other aisle to be able to put in a panel of people. Would that be a sensible way to be able to get a responsive mechanism, rather than leaving sole decision-making in the hands of one individual?

Mr. CAULDWELL. So when we began all this at the Consumer Financial Protection Bureau, I didn't agree with that. But because of inaction, I kind of waver on that. There are more people internally who support that idea as employees of the CFPB than you would think. And I even am questioning myself on that.

I just think a person of leadership has a duty to protect their people over the ideals of the agency first. Because with one you don't have the other, and that is not happening.

Mr. TIPTON. So it is going to be important that we actually look at the results that are going to be coming out rather than trying to just protect the institution.

Mr. CAULDWELL. Yes.

Chairman DUFFY. The gentleman's time has expired.

Mr. TIPTON. I yield back, Mr. Chairman.

Chairman DUFFY. The gentleman yields back.

The Chair now recognizes the gentleman from Maine, Mr. Poliquin, for 5 minutes.

Mr. POLIQUIN. Thank you, Mr. Chairman, I appreciate it. And I want to thank Mr. Cauldwell and Ms. Williams for being here today. It takes a lot of courage for you folks to be here. I appreciate it very, very much.

This is an uncomfortable topic for a lot of people, myself included. I don't think there is any place for discrimination for any reason in Maine, where I represent, or in America. And I don't think it is helpful for folks on this committee to accuse others of being racist. I don't have a racist bone in my body, and I didn't raise my son to be that way, and my mom and dad aren't, and I don't associate with people like that. I don't know people like that. We are all God's creatures; we are all here for a reason. And you folks are here trying to make our government a better place to work so it works for all the taxpayers and all the people that we represent.

So I really appreciate you being here. Now, I am all about solving problems. And Ms. Williams, in particular your testimony here, if I am not mistaken, and based on the readings that I have, you have been working in the public sector on behalf of the citizens of this country for about 32 years, about 20 of which you have specifically worked in the equal opportunity and civil rights area.

Ms. WILLIAMS. Yes.

Mr. POLIQUIN. To make sure that folks who work at the CFPB are not discriminated against and they are not intimidated in the workplace such that they can do their jobs properly. Now, I am guessing—but I would like to ask this question—do you have contact with other folks who have similar jobs at other agencies in our

Federal Government? You must have an organization or socially informally meet with them.

Ms. WILLIAMS. Yes.

Mr. POLIQUIN. You do. And have you—or do you believe that there is the level of continuous biases is what I have heard today, at the CFPB—do you think that exists in other agencies, or is it specific to CFPB?

Ms. WILLIAMS. I think it does exist in other agencies. I think the difference is at the CFPB it has gone unaddressed by the union for too long.

Mr. POLIQUIN. Why do you think that is the case?

Ms. WILLIAMS. I think that equal employment opportunity and civil rights is not important to Director Cordray. As I mentioned earlier, the EEO office was not even established until 2 years after the agency was established. Director Cordray delegated that responsibility to four different areas within the agency. When you look at the CFPB, for example the Office of Enforcement or Examinations, that responsibility was not delegated multiple times throughout the agency. As soon as the agency was established, employees who possessed the requisite skills were sought out for those positions.

This position, this EEO office, appears to be an afterthought for this agency. And now that the organization has been restructured to somewhat place the EEO office a little bit closer in line with the Director's office, and he now is essentially my third-level supervisor, I talked to him—or wrote him a letter—prior to reaching out to anyone else to explain the discrimination and reprisal that I personally have been subjected to, but also my view on the lack of resources, in terms of human resources in the EEO office, to effectively run this EEO office. And he was not responsive.

Mr. POLIQUIN. Thank you, Ms. Williams, very much. Mr. Cauldwell, you represent workers throughout the Federal Government in various different agencies. Do you see, or do your members see, the level of problems that we have with respect to this issue at the CFPB existing in other agencies where your members work?

Mr. CAULDWELL. No, and working at a prior agency I can speak to this directly. You have managers at every agency who don't do the right things. That is just human nature; it is who we are. Sometimes, it happens. But at the Consumer Financial Protection Bureau, it is institutional. It is not one manager or the other, although sometimes it is. It is everybody's culture. And we have to change that.

Mr. POLIQUIN. How do we change that?

Mr. CAULDWELL. Well, you have to take these things seriously. It is like a 12-step program: saying they don't exist and ignoring them doesn't make it so.

Mr. POLIQUIN. Do we think we have taken them seriously, when this committee has gone back to the CFPB—apparently on numerous occasions—and it is still going on?

Mr. CAULDWELL. I don't think the CFPB has taken this seriously, no. I think they think that we couldn't be doing that, we are better than that. I think they are in denial.

Mr. POLIQUIN. Thank you very much, Mr. Cauldwell. Thank you, Ms. Williams, very much.

Mr. Chairman, I yield back my time.

Chairman DUFFY. The gentleman yields back.

The Chair now recognizes the gentleman from Arkansas, Mr. Hill, for 5 minutes.

Mr. CLEAVER. Mr. Chairman? Could I get unanimous consent for 15 seconds? I would like to ask the last questioner just one question so I can—

Chairman DUFFY. Without objection, it is so ordered.

Mr. CLEAVER. I would like to ask the speaker—I will look at it. We can't catch it in real time, but I thought you said it was not normal on this committee for anyone to call anyone a racist. I will check it when we can get it typed. I am pretty certain I heard that, but I just wanted to make sure because I don't want to offend anybody.

Chairman DUFFY. And I would just note that we are going to have votes called, and we do have several Members who do want to ask questions. And so I don't want to go into a colloquy. I know that Mr. Green will have 5 minutes in a second, so I appreciate that.

The Chair recognizes Mr. Hill for 5 minutes.

Mr. HILL. Thank you, Mr. Chairman, and I thank the ranking member and our witnesses. We are here for an important purpose and, Mr. Chairman, I don't appreciate the allegations made by the full committee's ranking member. I took them quite personally and I don't think it is in keeping with the House decorum.

I have only been in Congress for 6 months, but I bring with me 35 years of experience in hiring people and working in both the Federal Government in the Treasury and in the Executive Branch, and then in the private sector. And we are here to deal with this matter today, and it is an important matter.

Another thing that has been suggested is that our witnesses today have come here first or exclusively, and have thrown their pleas on the House Committee on Financial Services to the exclusion of other remedies. And I don't think that is true, from looking at the chronology here.

They took their complaint to the Office of Minority and Women Inclusion. They have complained, members have complained, to the U.S. District Court in the District of Columbia. Deloitte Consulting has had focus groups and analyzed the practices of this agency. As noted, the CFPB union has noted challenges, and complaints have been made to that union.

The Federal Reserve's IG had been involved and looked into the matters and allegations made by these witnesses and others. It is because nothing has happened that these two people are before our House Financial Services Committee, and I find that a sad day. I agree with Members on both sides of the aisle who said it has been a long time and nothing has happened.

But the duty for something to happen does not rest in this committee. It rests with the management of the CFPB. And I would like to ask a few questions about that. Who is in charge of personnel at the CFPB? Who is the chief H.R. officer for the Consumer Financial Protection Bureau?

Mr. CAULDWELL. The Chief Human Capital Officer is now Jeffrey Sundberg.

Mr. HILL. And how long has he been there?

Mr. CAULDWELL. I believe it has been less than 6 months.

Mr. HILL. And does the EEO officer, equal opportunity officer, report to that person?

Ms. WILLIAMS. No, the EEO Director most recently has reported to the Chief Operating Officer. So that was the same alignment with the Office of Human Capital. But last fall, that reporting structure changed, and she now reports to Mr. Ishimaru, who is the Director of the Office of Minority and Women Inclusion.

Mr. HILL. All right. And to whom does that office report?

Ms. WILLIAMS. To the Director.

Mr. HILL. And is that, in your view, Ms. Williams, a standard best practice inside an Executive Branch agency now? Has the Bureau now adopted what you think is a standard best practice?

Ms. WILLIAMS. Well, it is not my view. But the EEOC's management directive specifically talks about, in its very first chapter, about the organizational reporting structure, and that the Assistant Director of the Office of Civil Rights is to be a direct report to Mr. Cordray so that there is no perception of a lack of neutrality or no perception of her not having his ear to report to him whatever matters she considers are worthy of his attention. So even though there was a restructuring last fall, it still is not a restructuring in alignment with what the Equal Employment Opportunity Commission recommends.

Mr. HILL. And is Stacey Bach still the leader of this effort?

Ms. WILLIAMS. Yes.

Mr. HILL. And do you think she has been effective under this realignment as the Director of the Office of Civil Rights?

Ms. WILLIAMS. No.

Mr. HILL. Can you tell me the top two or three reasons why you don't think she is effective?

Ms. WILLIAMS. The top two or three reasons, one—as I mentioned—that prior to being non-competitively reassigned to this position, she served as an agency attorney representing the agency against employees who had filed EEO complaints and grievances. So whether real or perceived, to place a person like that as the face of EEO after the agency had not even had an EEO office for 2 years is a misstep that should not have happened.

Two, Ms. Bach does not possess the requisite qualifications for the position, nor is she fit for the position based on her demonstrated behavior.

Mr. HILL. Thank you, Ms. Williams. I would conclude simply by saying, Mr. Chairman, that there is a Fair Housing Act, there is a Home Mortgage Disclosure Act, there are fair labor standards in this country, there is an EEOC office in every major city in this United States, and if private sector players are not performing their responsibilities in fair hiring and labor practices they should be investigated by those agencies and by the Department of Justice,

Thank you.

Chairman DUFFY. The gentleman's time has expired.

The Chair now recognizes the ranking member of the subcommittee, the gentleman from Texas, Mr. Green, for 5 minutes.

Mr. GREEN. Thank you, Mr. Chairman. I would also add that there is an EEO office in CFPB, and there is also an EEOC office available to persons at the CFPB. But we still have the Congress involved, and I am not opposing the involvement of the Congress. I just think the Congress ought not stop with the CFPB. You have remedies that were available to you and you have used yours. One of you, I think, has exhausted remedies, and you may be doing some other things all available to you.

Now, I would like to ask unanimous consent to put into the record an exhibit styled, "CFPB Diversity and Inclusion Efforts Since April 2014," which details some 10 things that have been done since 2014. I won't go through them, since time doesn't permit.

Chairman DUFFY. Without objection, it is so ordered.

Mr. GREEN. Also, an article styled, "Bank Discrimination and Its Debilitating Effect on Minority Entrepreneurs," without objection, Mr. Chairman?

Chairman DUFFY. Without objection, it is so ordered.

Mr. GREEN. Thank you. And, Mr. Chairman, I would like to do this. Because I enjoy having my colleagues respond to me and I have to respond to them. So here is my challenge. My challenge to my colleagues is this, on both sides. It wouldn't surprise me to know that we have somebody over here who thinks a little bit differently from me. So I challenge people on my side, too, if there is one over here. You set a hearing to deal with mortgage banking and the invidious discrimination therein. I will not talk about it any more and will wait until we get to that hearing.

So that is my challenge to you, Mr. Chairman. That is my challenge to you, Mrs. Love. I am calling names. My name was called today; I resort to calling names. Let's have the hearing. Set the hearing and I won't talk about them anymore.

But if we don't, here is what is going to happen. The next time I get a chance—I have an article here that is styled, "The Banks That Got Caught Discriminating Against Black People," but I haven't had a chance to vet it yet—I am going to call the names of those banks. You can run but you can't hide. You can duck but you are not going to dodge. I am going to call you out.

And I would also add this. I want to give an expression of appreciation to Goldman Sachs. They did send somebody by, some people by to talk to me. These are the banks that are ducking and dodging and hiding. If you don't talk to me, I am going to point out that you are ducking and dodging and hiding. It is time to bring this to closure.

We have had the opportunity to deal with this and we have turned a blind eye and a deaf ear. It is not something that we will pass the buck on. It is akin to, in my opinion, the way we dealt with the Confederate flag.

I wore this tie for a purpose, I love my country. I love it. I say a pledge of allegiance to one flag, this flag. It is the United States of America under this flag. The Confederate flag divides us, this flag unites us. I love my country. I love it so much that I am not going to let the banks continue to rip off minority people. And I said "rip off." What they have done is sinful, and what we are

doing is sinful because we won't look into it and we have every excuse available to the human mind.

I challenge you. Set a hearing and you won't hear any more from me on this point. Don't set one, and at every meeting that we have I am bringing up the banks. I want to yield the rest of my time to Ms. Waters.

Ms. WATERS. Thank you so very much, Mr. Green. One of the reasons I suggested to our witnesses here today to go through the system is because it gets very complicated, and there are some things we can't ferret out in a hearing like this.

First, let me try and understand something. Ms. Martin is in the audience, Angela Martin. I remember she came before this committee and, as a result of that, we interacted with CFPB. She received a settlement. Mr. Cordray did something about changing the bonus system, he required a study. The study made some recommendations. So we have been paying attention to some of the actions that Mr. Cordray has taken to deal with some of the issues that were brought to us by Ms. Martin.

The other thing is, we were told for Mr. Cauldwell that you are the president of the National Treasury Employees Union, but you don't have their support and you don't represent them before this committee. And I am also told, which is very confusing, that Ms. Williams, at EEO you heard Mr. Cauldwell's complaint and allegations. You ruled against him, and you said that he had not been discriminated against. Is that true, Ms. Williams?

Ms. WILLIAMS. Ms. Waters, I cannot discuss individual complaints.

Ms. WATERS. Okay, that is fine. You don't have to. Mr. Cauldwell, are you representing the union here today? Or are you representing yourself?

Mr. CAULDWELL. I am representing the chapter of the union.

Ms. WATERS. I can't hear you.

Mr. CAULDWELL. I am representing the chapter of the union.

Ms. WATERS. Okay, I don't know what that means. But I point this out because it is very difficult to get at all of this in a hearing, where the politics are involved. And that is why I suggest you go through the system so that you can have allegations that are investigated properly.

Because it gets very confusing when we hear that you have been ruled against by your own EEO. And also, I understand that while you say that you have not had EEO, the Treasury had EEO prior to your getting organized there at the CFPB. Is that true?

Ms. WILLIAMS. Yes, it is.

Ms. WATERS. All right. So, you see, we—

Chairman DUFFY. The gentlelady's time has expired.

Ms. WATERS. —can't figure all this out and deal with the information that is coming from different sources in a committee like this. And thank you so much.

I yield back the balance of my time.

Chairman DUFFY. Thank you.

The Chair now recognizes the gentleman from Illinois, Mr. Hultgren, for 5 minutes.

Mr. HULTGREN. Thank you. I would actually like to yield my time to Chairman Duffy.

Chairman DUFFY. I appreciate the gentleman for yielding. It has been an interesting hearing so far. I would just note, if our witnesses, Mr. Cauldwell or Ms. Williams or Ms. Martin, who is here today, or any of the CFPB employees wonder why this hasn't stopped, wonders why this CFPB management feels emboldened to do what they do to you, something that doesn't exist from—I believe what I have heard from you, doesn't happen in—any other governmental agency what happens at the CFPB. The way they can get away with it is because this committee will do everything they can to not focus like a laser at the racism and the sexism and the ageism at the CFPB. You will hear a lot about big banks, you will hear a lot about everything else. And you know what? There is a lot to talk about.

But today, we don't have anybody but those who have been victims of racism and sexism at the CFPB. And I don't know if you have noticed, but no one wants to talk about that. How many questions did you get? I was hoping we were going to have an engagement and hear your story.

And you hear a lot of back and forth, talking about issues at 30,000 feet. And I hope, Ms. Williams—I imagine you came in, and you were like, you know what? I want to tell my story. I want to tell the story of the people who report to me and what happens in our agency. Because, yes, there are problems all over America. But I have problems right here in a governmental agency that is worse than any other one.

And I would hope that—I don't care what your sex is, what your sexual preference is, what your race is, what your beliefs are—we stand together as a country and we hear that story, and we fight together as one Congress and make a difference at the CFPB.

Because I think, as Mr. Mulvaney pointed out, if you are the police on the beat who are looking at everybody else to make sure they comply with rules in regard to these issues that are important, and you can't get it right at the CFPB, what does that say? What does that say about what we believe as an institution?

And I am disappointed. I am disappointed that we are trying to talk about everything else and everybody else and everywhere else but the people who are in front of us. The people who have been victimized are the ones we don't want to hear from. We want to talk about everything else but you. Listen, I know you guys have gone to other places. And this is shocking. I am a White guy, who is straight, from Wisconsin. I have seven minority kids, though—seven—and a minority wife.

And just because I am a White straight guy from Wisconsin doesn't mean I can't care about what happens at the CFPB. And I think my colleagues know that I have some issues with the CFPB, but this isn't about those issues. This is about making sure that people are treated correctly, appropriately, and fairly.

And I think that we should start with our government and our government employees, over whom we have direct oversight, and make sure that we have a system in place that people don't get treated like Ms. Martin, Ms. Williams and Mr. Cauldwell. And if they do, we all hold hands and say, "You know what? Let's focus on them, let's work for them, let's root those problems out. Let's not try to cloud the issue and confuse the issue."

And that was my hope for today's hearing. I think both of you, for the limited questions that you had, have done a pretty good job talking about what has happened.

In the 1 minute I have left, does Mr. Cordray take these allegations that were made by Ms. Martin—but also now made by both of you here today—does he take those allegations seriously? And do you believe that he is committed in his heart to making sure he changes the culture at the CFPB? Mr. Cauldwell, you first.

Mr. CAULDWELL. I do not, and I don't think he ever will. It has been 4 years.

Chairman DUFFY. Ms. Williams?

Ms. WILLIAMS. No, I do not believe that he takes these issues seriously.

Chairman DUFFY. Do you think if we had a leader at the top who actually took these issues seriously, you could root these problems out of the CFPB?

Ms. WILLIAMS. I don't know that the problems can ever be completely rooted out, but a person committed to resolving these issues would be able to show demonstrable change by now.

Mr. CAULDWELL. I agree.

Chairman DUFFY. Very well. I appreciate that. My time has expired. I now yield to the—

Mr. GREEN. Point of inquiry, Mr. Chairman?

Chairman DUFFY. What is the inquiry?

Mr. GREEN. Thank you, Mr. Chairman. Mr. Chairman, I first want to let you know that I agree with you that we should look into what I call invidious discrimination at the CFPB and anyplace else. But here is my point of inquiry. Is the Chair going to agree with me and host a hearing on invidious discrimination in mortgage lending?

Chairman DUFFY. Well, that is not a valid inquiry. And we do only have 5 minutes left on the clock on the Floor.

So, the Chair now recognizes the gentlelady from Utah, Mrs. Love, for 5 minutes.

Mrs. LOVE. Thank you, Mr. Chairman. First of all, I would like to thank you, Mr. Cauldwell and Ms. Williams, for being here today. I know that this was incredibly difficult for you both to be here, and it has been incredibly difficult to hear the dialogue back and forth.

I am coming in from the very beginning with fresh eyes looking at this. I haven't dealt with the years of problems and discrimination. And I am still incredibly disheartened by what I am hearing today.

I have just a few questions for you because I think that is what hearings are for: to ask questions so that the American people can hear of some of these complaints. Because this is their country, this is their CFPB. It doesn't belong to us, it belongs to them, and they deserve to hear what is going on in the industries and in the areas that they use their taxpayer dollars to pay for.

So how many complaints have you heard of dealing with discrimination, retaliation? How many complaints are you dealing with right now or have heard since you have been with the CFPB?

Ms. WILLIAMS. Currently, there are 18 formal complaints. But we report the complaint activity quarterly, so the No FEAR Act (which

only reports formal, not informal EEO complaint activity) indicates that there are 15 complaints. And then it provides a historical perspective. So for this agency, that prospective goes back to 2012.

Mrs. LOVE. So if we have 18 that we are hearing of—people who are courageous enough to know that they are going to complain about something that will not be resolved—can you imagine how many we are not hearing about? And that is the thing that I am actually concerned about. This, for me, has nothing to do with the function of the CFPB. That is a different discussion. This, to me, has to do with what is going on inside the CFPB. And if it is going to exist, it is our job to make sure that we root out some of the problems that we have within the organization.

In your 32 years of Federal service across 5 different agencies, have you ever seen an environment like this?

Ms. WILLIAMS. No.

Mrs. LOVE. After 32 years?

Ms. WILLIAMS. After 32 years in the Federal sector, and also 2 years prior in the public sector, I have never seen anything like this in my life.

Mrs. LOVE. I have listened to my colleagues on both sides of the aisle, and I don't think there is anyone on either side who would say that I am unfair. I have love and respect for many people, by the way, on the other side of the aisle. I am very good friends with many of them. I respect them and I love them as people. I can tell you that right now because I have a bond with people and what they are really trying to do.

And so I want you to know that I am coming from this with that respect. If we are not dealing with the issues that we have here, what kind of credibility do we have anywhere? If we are not dealing—this is what I have in front of me, and I agree. I think that any time we find discrimination, we should have a hearing on it, and we should call people out; we should weed them all out. I am okay with that. I am not picking one or the other. Let's call them all out.

Mr. GREEN. Will the gentlelady yield?

Mrs. LOVE. No, I need to finish. I don't have very much time. But I want you to know that my daughter is in the other room and she is watching what is happening here. She is 15 years old. And I want her to grow up in a country where she knows that someone is going to listen to her voice.

I think that we have an obligation to do whatever we can to make sure that everyone has the right to work in a place and not feel as if they are going to be discriminated against or feel as if they talk about it they won't be retaliated against.

I want you to know that I am proud of who I am. I am proud of my color, I am proud of my heritage, I am proud of my State, I am proud of my country. But most of all, I am proud that I live in a country where I can have an opinion, where I could choose to be a Republican or a Democrat. I can choose my own mind and make my own mind up, and feel like I am heard.

That is what we are about. This is not about one aisle against another aisle. This is about people, this is about our children, it is about making sure that we create an environment in which they

are free to be as ordinary or as extraordinary as they choose to be. That is what I represent and that is the country that I love.

I yield back.

Chairman DUFFY. The gentlelady's time has expired. Thank you for your questions, Mrs. Love.

I want to thank the witnesses for their testimony today. I would just note that the votes have now been called, and there are 18 seconds left on the clock.

The Chair notes that some Members may have additional questions for this panel, which they may wish to submit in writing. Without objection, the hearing record will remain open for 5 legislative days for Members to submit written questions to these witnesses and to place their responses in the record. Also, without objection, Members will have 5 legislative days to submit extraneous materials to the Chair for inclusion in the record.

Without objection, the hearing is now adjourned. Thank you both.

[Whereupon, at 12:27 p.m., the hearing was adjourned.]

A P P E N D I X

June 25, 2015

**UNITED STATES HOUSE OF
REPRESENTATIVES
HOUSE SUBCOMMITTEE ON
OVERSIGHT AND
INVESTIGATIONS
Examining Continuing Allegations of
Discrimination and Retaliation at the
Consumer Financial Protection
Bureau
June 25, 2104 Room 2128 Rayburn
House Office Building 10:00 a.m.**

My name is Rob Cauldwell. I am the Union Chapter President of NTEU's Chapter 335, which represents employees of the Consumer Financial Protection Bureau (CFPB).

I would like to thank Chairman Duffy, Ranking Member Green, and the other members of the House Subcommittee on Oversight and Investigations for your time, and for allowing me to speak about the important issues of discrimination and retaliation at the CFPB.

At the outset, I would like to make two critical points. First, today's hearing should not be about me, it should be about the people who work at the CFPB. As NTEU Chapter 335's first and only Union Chapter President, I represent the employees of the bargaining unit, who are dedicated to fulfilling the CFPB's mission. I care deeply about these people.

Second, this should not be a partisan hearing. I truly believe that both parties want to fix the discrimination and retaliation problems at the CFPB, and I implore everyone here today to focus on these very human issues and do your best to avoid demagoguery. I also believe that, regardless of political ideology, we all agree with the CFPB's mission of "help[ing] consumer finance markets work by making rules more effective, by consistently and fairly enforcing those rules, and by empowering consumers to take more control over their economic lives."

CFPB employees proudly serve their country, and they deserve the Bureau to treat them in a fair and consistent manner, just like the CFPB expects financial businesses to treat consumers. Unfortunately, the CFPB has not lived up to its own standards. The word "allegations" should be removed from this hearing's title – discrimination and retaliation against CFPB employees is a fact. The CFPB's management, all the way to the very top, has not exhibited the leadership, compassion, or skills needed to satisfactorily achieve the mission set forth in the Dodd-Frank Act.

The very soul of the CFPB is at issue in this hearing. Right now, the Bureau is soulless.

Last year, when Director Cordray testified before Congress that he cared about these legitimate complaints of discrimination and retaliation, I believe he was sincere. However, actions speak much louder than words. Director Cordray's inaction over the past year has created a more discriminatory, challenging, and intimidating workplace for CFPB employees.

Last year, I would have gladly come to speak before this Subcommittee, but circumstances prevented me from doing so. I am pleased that recent events have given me the opportunity to testify about these important issues today.

An aura of retaliation permeates every facet of this agency, as facts reported in the recent American Banker article show. This Bureau has the most Equal Employment Opportunity complaints of any federal regulator this year. The potential number of EEO complaints is actually 18, not 15, as reported by the

CFPB. The CFPB says that there is no evidence of discrimination at the agency. But it has settled several cases without acknowledging discrimination. The fact that cases settle to aggrieved employees' satisfaction does not obviate the CFPB's behavior in those cases.

Even when cases settle, the Bureau's retaliation continues. Ask Angela Martin, who just wanted to do her job for the American consumer – the CFPB continued to retaliate against her after she settled her cases. Ask Ali Naraghi, who also testified last year and unfortunately suffered similar treatment to Ms. Martin. Ali's wealth of experience and knowledge were not important to the "boy's club" that leads the Supervision arm of the CFPB, which retaliated against him at every turn. The retaliation took the form of questions about work behaviors no other employees face, lack of promotional opportunities, or denial of good work assignments. Ali suffered for no reason other than that he stood up to aggressive and controlling managers like Jim Carley, the Regional Director for the Southeast Region. Jim Carley's employees have given him the nickname King James because of his harsh rule and nepotistic management style. Even his own managers complain about this retaliation and mistreatment of employees. After years of taking this abuse, Ali just announced that he is leaving the CFPB. The Bureau is losing one of its true voices of reason and fairness. His leadership, mentorship, and experience will be sorely missed.

This is what happens at the CFPB. Management runs the experienced employees off, especially the older employees, and then hires new and inexperienced people who management can shape and mold into their own image. They send these new employees, who have never worked in the industry or litigated a case in court, to training classes for two or three weeks, and then put them in charge of decision making about the institutions we supervise.

Employees who come forward to question management's behavior are buried and swept under the carpet. They either leave the agency because it is too painful and difficult to continue, like Ali Naraghi, or they hang on and suffer in the back of the bus.

EEO complaints have been filed for various reasons by African-American females, Asian females, Hispanic females, Hispanic males, GLBT employees, and older Americans with many years of experience in public service. One agency tactic is making employees who complain report daily or every couple of days to their manager "just to check in," when others on their teams do not have to do so. Another frightening management tactic is inappropriate use of performance improvement plans, or PIPs, as cover to remove older or unwanted employees.

The CFPB trains employees in the EEO process and the No Fear Act, which are supposed to protect employees and managers by separating them during complaint investigations. However, on many occasions, during investigations related to the EEO process or the Human Capital complaint process, employees have not been separated from the involved managers. Employees are left to work under the very same managers they complained about for years.

Employees who have filed complaints against the CFPB and its management have been told the agency will be "reviewing their travel charges from 2013 as a precautionary measure." Could the Bureau's retaliation tactics be more obvious?

Non-promotion and poor performance reviews are just the start. When employees file complaints, the CFPB reaches into their past to dig up irrelevant information and use it against them. This behavior gets more and more shameful every day. One CFPB lawyer has shared employees' private information with others not authorized to see that information. They ask people to accept retirement rather than admit wrongdoing. They have not followed their own rules regarding Notices of Proposed Removals, which has led to Unfair Labor Practice filings against the Bureau. The agency's leaders seem willing to sell their own souls to protect the CFPB's ideology. The examples of retaliation they are too numerous to mention.

The CFPB tells institutions across this country how not to discriminate against the American Consumer. However, they do not observe these "how not to discriminate" principles when dealing with their own

employees. Their lack of experience in these areas shows.

The relationship between the Union and the CFPB's Labor Relations office, who speaks for management, is very good. However, Labor Relations is thwarted at every turn by rogue managers. Jim Carley and his neophyte yes men tried to give an employee a fail rating. Labor Relations determined that this employee would receive a pass rating. Yet, Jim Carley acted like a child and refused to sign the employee's final review. We have to deal with such tactics on a daily basis.

CFPB employees see this behavior and know that those who have come forward have been retaliated against. The fear of retaliation is palpable. Even managers are scared to come forward. As long as this cesspool of poor behavior, discrimination, and retaliation continues, the CFPB will never be one of the best places in government to work. This is really a shame, because the Bureau's mission is so vital to the American people.

Management refuses to remove or even admonish its bad actors. The senior leadership does not have the wherewithal to even discipline those who have repeatedly proven to be poor managers. However, they did secretly reward themselves with a 5% differential pay raise. After poor performance review results, skyrocketing Equal Employment Opportunity claims, and the Subcommittee's multiple discoveries of egregious behavior, how could the CFPB's managers deserve a 5 % differential?

I said this was not about me and I meant it. I sit in a position that allows me to see much, and I believe CFPB employees deserve better.

Finally, Director Cordray is well aware of these behaviors and the fear of retaliation that permeates the Bureau. I told him myself over a year and a half ago in a meeting with him and his staff. Richard Cordray is an affable person who believes in the CFPB's mission, is probably very smart when it comes to financial issues that affect this country, and is very good at reading schedules, depositions, and the like. However, he does not possess the skills to bring positive change to the employees at this agency. If he did, the problems with discrimination and retaliation at the CFPB would not continue at the Bureau four years after its launch. We are no longer a new agency. Things have not gotten better. Things are getting worse.

This is a battle to save this soulless agency from its rudderless leadership. I cannot sit by idly as employees continue to be mistreated. I have given CFPB management every opportunity to make things better for its employees. For whatever reason, they refuse to acknowledge that a problem exists. They must admit there is a discrimination and retaliation problem so that we can have frank, meaningful discussions to fix it.

Hubris, persecution, retaliation, discrimination. These are not words one would associate with an agency that is supposed to protect American consumers from these very same vices in the financial industry. It is my belief, based on careful consideration and talks with employees for the past two years, that the Bureau does not have the capacity to clean someone else's house when they cannot get their own house in order.

I ask the Subcommittee on Oversight and Investigations for help in protecting the CFPB's employees in a non-partisan, open, and transparent manner. Congress can and should take several important steps to fix the Bureau's broken Equal Opportunity complaint process. The current process is far too lengthy for discriminated-against employees to truly receive justice. The backlogs are unacceptable. CFBP senior management must respect the advice of its Labor Relations office, and not always side with managers in employee disputes without objectively hearing both sides. There must be better respect and enforcement of employees' due process and whistleblower rights.

Finally, there needs to be an independent, delegated sole source OIG within the CFPB at all times.

Thank you for your time. I look forward to answering your questions about this sensitive and difficult topic.

NTEU Chapter 335 c/o Rob Cauldwell
1700 G St. NW Room 402-C
Washington, DC 20552-
0003
904-502-7400
202-997-0572

Statement of Florine M. Williams

Before the Committee on Financial Services

Oversight and Investigations Subcommittee hearing entitled
“Examining Continuing Allegations of Discrimination and Retaliation at the
Consumer Financial Protection Bureau”

U.S. House of Representatives

June 25, 2015

I am Florine Williams. I have served as a Senior Equal Employment Specialist in the Office of Civil Rights (OCR) at the Consumer Financial Protection Bureau (CFPB, Bureau, or agency) since October 2013. Thank you for allowing me this opportunity to testify today about my experience at the CFPB and to share with you my concerns about the Bureau’s culture and the inadequate measures the CFPB has taken to address its discrimination problems during the year since this Subcommittee’s three hearings uncovered them. I also want to thank my family and friends for their continued support and prayers, especially during the last year.

I take great pride in my 32 years of federal service, 20 of which I spent as a civil rights and equal employment opportunity (EEO) professional. I have worked for federal EEO and civil rights offices in the U.S. Postal Service, U.S. Department of Housing and Urban Development, U.S. Department of Defense, and U.S. Nuclear Regulatory Commission. I have worked for agencies that have achieved model EEO programs. I have witnessed agencies take swift, remedial action, up to and including termination of employment for violators of EEO law. I have also worked in environments that were in a perpetual struggle for fairness and equality. But, never until my employment at the CFPB have I witnessed such blatant and willful disregard for the law, merit systems principles, and the well-being of its employees.

Because of the CFPB's mission, I believed I was joining an EEO program where the rule of law was respected, and the workforce would be treated with civility, dignity, and professionalism. Unfortunately, my experience at the Bureau has been a radical departure from the 32 years that preceded it. The level of unprofessional treatment and dysfunction that I have observed and endured has not only hurt me, but has hurt countless CFPB employees who would naturally look to an Office of Civil Rights for protection against discrimination.

Ironically, the agency that was created to provide comprehensive consumer protections and strong remedies for consumer harm has unequivocally failed to protect its own employees and remedy the harms we have suffered, especially

those who have availed themselves to the administrative EEO process. In Fiscal Year (FY) 2014 alone, EEO complaint activity for the Bureau's nearly 1,400 employees was almost triple that of any prior year at the agency. And yet, complaint activity for FY 2015, particularly as it pertains to harassment and retaliation, is on par with complaint activity for FY 2014. Despite the continuing financial and emotional toll inflicted by the problems uncovered by this Subcommittee last year, the CFPB remains in a state of denial. I believe the Bureau's apathy has contributed to the normalization and legitimization of blatant discrimination within the agency. The CFPB's failure to promote equal employment opportunity and diversity, and managers' discrimination and retaliation against their own employees, has made a mockery of the Bureau's EEO program, and in particular the Office of Civil Rights.

The Office of Civil Rights is charged, amongst other things, with performing four major functions:

- 1) Providing guidance and training on EEO law and agency policy;
- 2) Processing EEO complaints;
- 3) Reporting on EEO activity; and
- 4) Making available an alternative dispute resolution program.

The Bureau, however, struggles to perform these basic functions, in part because of the critical lack of subject matter expertise within the Office of Civil Rights. Until just weeks ago, of the five permanent OCR employees, I was the only one with any prior EEO experience. Before being promoted to her current position, the Assistant Director in charge of OCR had never served as a neutral EEO professional, and had only served as an advocate for the Bureau against complainants in EEO and grievance disputes. In other words, she is the epitome of "the fox guarding the hen house."

I am not alone in the belief that the Assistant Director's stated goal of creating a new kind of EEO office without "seasoned" EEO employees was simply a rationalization of her desire to exclude experienced EEO officers. According to the Assistant Director:

"My perspective, based on observations of other EEO programs and experience with seasoned EEO professionals detailed to the EEO Office from other agencies during the summer of 2013, is that many EEO programs appear to have staff or contractors who may have 29 C.F.R. Part 1614 expertise, but who are not cross-trained on, or knowledgeable about, the

sometimes arcane and complicated federal sector rules that apply to federal hiring, promotions, and discipline – topics that often form the basis of EEO complaints. These programs, in my opinion, are therefore ill equipped to effectively direct and manage counseling and investigation inquiries into these matters, or review records compiled, to ascertain whether inappropriate or illegal conduct is occurring. Further, the ability to effectively understand and communicate with human capital personnel by demonstrating technical competence is crucial to building trust and thus proactively integrating EEO into human capital programs and policies.”

Her statement infers ageism and racism inasmuch as seasoned EEO employees are typically older and Black. As a result of her counterproductive plan and overt discrimination, most of the OCR staff lacks the necessary qualifications and abilities to conduct EEO duties, and approximately 80 percent of all relevant EEO work—including training, complaint processing, and report writing—is outsourced. OCR’s employees primarily function as contracting officers relegated to reviewing the work of vendors. In addition to being fiscally wasteful, OCR’s lack of internal expertise has hindered the Bureau’s ability to timely and appropriately process complaints. The troubling if not surprising result of appointing one of the Bureau’s defenders against EEO claims to be the face of equality and fairness and to staff and run its EEO office is that OCR currently serves the best interests of CFPB’s management, not the best interests of its employees.

When I first joined the CFPB, I was so excited to be part of a new agency that I believed to be an advocate and strong enforcer of consumer protections and civil rights for the American people. Unfortunately, the culture of discrimination and intimidation at the Bureau, and especially within the Office of Civil Rights under the leadership of its current Assistant Director, led to my filing a formal complaint of employment discrimination in October 2014.

Despite my repeated attempts to bring to the attention of CFPB’s senior management the improper personnel practices and discrimination I have been subjected to for almost two years, not a single individual has been reprimanded. My February 23, 2015, letter to Director Cordray describing these issues, copies of which I sent to Deputy Director Antonakes and several prominent government officials and legislators, including Chairman Hensarling, has finally resulted in the issues I raised being given the attention they deserve.

I understand this is the Committee's fourth hearing on discrimination and retaliation at the Bureau. It is disheartening that after three Congressional hearings and nearly two years of my attempts to address these issues internally that no appreciable progress has been made.

I am frequently approached by colleagues who tell me they are being subjected to maltreatment and discrimination, but who fear they will face reprisal if they seek help through OCR's EEO process. I cannot adequately describe the pervasive and chilling atmosphere that prevails throughout CFPB.

I am compelled to testify before you today because of the unique perspective I bring not only being an EEO practitioner and being able to articulate concerns other practitioners have voiced over time, but also, as a complainant. Unfortunately, I am representative of scores of CFPB employees and federal employees whose frustrations with the administrative EEO complaint process continue to go unnoticed and unarticulated. I am also representative of CFPB employees and other federal sector employees who are forced to fight discrimination and unfair management practices with little to no resources against agencies with seemingly limitless resources, including a ready and eager legal staff and legal defense funds to support management officials, even those who violate the law and the rights of others.

I believe in CFPB's mission to root out discrimination and predatory practices adversely impacting the American public. I believe, also, that the effort used to enforce the law externally should be made with the same vigor internally.

Finally, it is my hope that the testimony given today will be used in a constructive and positive manner to right the injustices and inequitable treatment of employees. It also is my hope that today's testimony will give voice to my colleagues and other federal employees who, like me, continue to suffer from improper management, discrimination, and retaliation.

Thank you again for allowing me to share my concerns.

Very respectfully,

Florine M. Williams

TRANSMITTAL by EMAIL

Ms. Florine M. Williams
[REDACTED]

February 23, 2015

Mr. Richard Cordray
Director
Consumer Financial Protection Bureau
1275 First St., NW
Washington, DC 20052

RE: Discrimination and Reprisal within the CFPB Office of Civil Rights

Dear Mr. Cordray:

I have been employed at the CFPB since October 2013 as a senior equal employment specialist, Office of Civil Rights. I have worked as a civil rights and equal employment opportunity (EEO) practitioner for 20 years, and this year I will achieve my 32nd year of federal service. Despite my experience, I find myself in uncharted territory.

I cannot express the initial excitement I had upon joining the CFPB team and becoming a part of an agency that is perceived as an advocate and strong enforcer of civil rights for the American people. I share your enthusiasm when the bureau triumphantly exposes and remediates unfair, deceptive, and abusive practices in the marketplace. Ironically, shortly after coming onboard with the CFPB, and continuing to present, I personally became aware of glaring unfair, deceptive, abusive, and unlawful practices. Unfortunately, I am describing the CFPB Office of Civil Rights.

The purpose of this letter is to ensure that you are aware of: 1) the unlawful discrimination and retaliation I am being subjected to; 2) my view regarding the lack of leadership within the Office of Civil Rights; and 3) the Office of Civil Rights' inability to promote and carry out your declarations of equal employment opportunity, fairness, diversity and inclusion, and neutrality. My situation cannot be viewed as the ranting of a disgruntled employee or as an isolated event. This matter must be treated as a serious concern by a tax-paying citizen, a federal employee of 32 years who has dedicated the majority of her career to EEO and civil rights, and a valid concern by one who is a staunch supporter of this agency's mission.

In October 2014, I filed a formal complaint of employment discrimination identifying [REDACTED] Director, Office of Civil Rights, and [REDACTED] Chief Operating Officer, as responsible management officials concerning pay discrimination and inequitable distribution of work. A week later I filed a complaint of reprisal again identifying [REDACTED] as responsible due to her bullying, intimidation, and demeaning treatment toward me. A forthcoming report of investigation (Agency

Case No. [REDACTED] details my complaint of discrimination and describes the issues highlighted in this letter.

The Civil Rights Office is supposed to perform four major functions: 1) provide guidance and training on EEO law and agency policy; 2) process EEO complaints; 3) report on EEO activity; and 4) make available an ADR program. It is my experience that an EEO office must maintain a neutral posture in its endeavors as well.

[REDACTED] lacks substantive knowledge in the areas of EEO, affirmative employment, alternative dispute resolution (ADR), supervision, management, and leadership and is incapable of ensuring that the program meets its core objectives. She has ignored and refused to replicate established processes outlined at 29 Code of Federal Regulations 1614 and the Equal Employment Opportunity Commission's Management Directive 110 to assess performance, recalibrate, and retool with skilled EEO employees. And while the office flounders, she has taken no meaningful steps to right the ship. Her leadership is shockingly lax, and [REDACTED] continually engages in divisive and denigrating behavior. [REDACTED]'s inability to promote equal employment opportunity and diversity and perpetrating discrimination and retaliation within her own ranks is making a mockery of your EEO program and the Civil Rights Office.

There is also a critical lack of subject matter expertise within the Office of Civil Rights. The current staff is incapable of performing work to meet the program's core objectives. Of the total staff, I am the only one with any prior EEO experience. And, in spite of the organizational climate, the growing number of employee grievances, the large number of previously non-Federal sector employees in the workforce, and [REDACTED]'s extensive absence, she intentionally and admittedly selects staff that does not possess requisite EEO expertise. As a result, she outsources approximately 80 percent of all relevant EEO work, i.e., training, complaint processing, and report writing. Thus, to a large extent, the Civil Rights' staff functions as contracting officers relegated to reviewing the work of vendors. This lack of internal expertise will have a fiscal and cumulative impact on the agency's ability to timely and appropriately process complaints.

While the agency has achieved comprehensive consumer protections and strong consumer remedies, in large measure it continues to miss the mark with its own employees. In FY 2014, EEO complaint activity almost tripled that of any prior year. In fact, the number of EEO complaints filed as a percentage of the CFPB workforce was nearly 2 percent. This percentage is more than double that of even the largest, worst performing federal sector agencies. And now, [REDACTED] has adopted a strategy of skewing the statistical data to disguise the fact that formal complaint activity to date is on par with FY 2014. In spite of the financial and emotional cost of discrimination, this agency remains in denial concerning its internal existence. I believe this apathy has contributed to the normalization and legitimization of blatant discrimination within the CFPB.

When I first met you during new employee orientation you expressed a personal commitment to establishing a model agency; strengthening the organizational culture and performance management; striving to achieve a discrimination and harassment-free work environment; and holding management officials accountable regarding their "special responsibility" to prevent, document, and promptly correct discriminatory and harassing behavior. These ideals are consistent with my personal beliefs regarding the terms, conditions, and privileges of employment that all employees should be afforded.

What is especially troubling is the intentional discrimination and reprisal that I suffer in the Office of Civil Rights at the hand of the Civil Rights Director. [REDACTED] has openly expressed her disdain for

me as a seasoned EEO professional and team member. The way I have been treated by [REDACTED] is deplorable, inconsistent with your policies, and most importantly - unlawful. I have not realized your promise of compliance with EEO laws and merit system principles or being treated with respect, dignity, and professionalism. I have also not realized your commitment to holding management officials accountable for wilful disregard of your policies and the law.

I was certain, partly because of the agency's mission; your stated commitment to equality and fairness for not only external, but internal customers; and even accolades from President Obama, that my time at CFPB would rank amongst the best of my Federal sector experience. I cannot "pretty up" the discriminatory treatment that I have been subjected to; this treatment has marginalized me. Were it not for my years of field experience and commitment not only to equal employment opportunity, but also to this agency, this situation would have eroded my morale.

Nevertheless, it is my hope that this EEO complaint will be used in a constructive and positive manner to help create a path forward and establish solid footing in your quest for equality and fairness.

Very Respectfully,


Florine M. Williams

Attachments:
Affidavits and Rebuttal Statements

cc:

Mr. Steven Antonakes, Deputy Director
and Associate Director, Division of Supervision,
Enforcement, and Fair Lending, CFPB

Mr. Don Beyer
U.S. House of Representatives

Mr. Mark Bialek
Office of the Inspector General
Board of Governors of the Federal Reserve
System

Mr. Martin Castro
U.S. Commission on Civil Rights

Ms. Valerie Jarrett, Senior Advisor to the
President and Chairperson, the White House
Council on Women and Girls

Ms. Carolyn Lerner
Office of Special Counsel

Ms. Katherine Siggerud
U.S. Government Accountability Office

Ms. Reeve Walters
Offit Kurman, Bethesda, MD

Mr. Mark Warner
U.S. Senate

Ms. Maxine Waters
U.S. House of Representatives
Committee on Financial Services
(and committee members)

**Examining Continuing Allegations of Discrimination and Retaliation at the Consumer
Financial Protection Bureau Hearing
June 25, 2015**

Questions for the Record from Rep. Keith Ellison

**Robert Cauldwell, Examiner, Division of Supervision, Enforcement and Fair Lending,
CFPB; President, National Treasury Employees Union ("NTEU"), Chapter 335**

I reiterate my concerns that Congressional hearings are not ideal locales for fact finding missions in employee discrimination claims. I only had five minutes of questioning time to investigate your claims of discrimination during a hearing. Thus, I have the following Questions for the Record to get your views on CFPB actions to eliminate bias in the workplace, your allegation(s) of discrimination, and allegations against you. I look forward to your response to the questions below.

A. Assessment of CFPB Actions

In your testimony, you assert that discrimination against older workers, African Americans, women, older people and others has gotten worse, not better at the Consumer Financial Protection Bureau.

It is our Committee's understanding that under Director Richard Cordray's leadership, the Office of Human Capital ("OHC"), the Office of Minority and Women Inclusion (OMWI), and the Equal Employment Opportunity Office have taken numerous steps in the past year and half. Below are some of the CFPB's efforts that have been discussed. For each, please share your opinion on both its approach and its implementation as a way to create a workplace free of discrimination at the CFPB.

1. The OMWI, the Office of the Director, and the OHC have taken multiple steps to improve the Bureau's performance management system including its metrics.
2. Each Associate Director must outline what that division is doing to improve diversity and inclusion as part of their Quarterly Performance Reviews. This will include performance objectives.
3. Diversity training for all employees provided by a diversity and inclusion expert. The OMWI is also developing diversity training for supervisors and managers.
4. Hosting Town halls to report on progress being made on implementing recommendations.
5. Better tracking of new applicants for positions to ensure a diverse pool and employee base.

6. The Legal Division hired Charles River Associates to conduct a review of the Bureau's compensation processes, tools, and decisions in order to determine whether there are any indications of disparity based on race/ethnicity, gender, age, national origin, and/or other identifiers.
7. The establishment of a joint labor-management working group to improve the performance management system.
8. A new Collective Bargaining Agreement, jointly agreed to by the Bureau and the National Treasury Employees Union, intends to regularize a feedback loop on employee performance.

B. Your Experiences and History

1. In your testimony, you assert you speak for NTEU Chapter 335, is that correct? I do speak for Chapter 335 in all matters under our own bylaws and the NTEU Constitution. Colleen Kelley, the NTEU National President, can speak for this Chapter and all of NTEU.
2. I regret that you feel you were discriminated against because you are gay. Homophobia is a serious problem in this nation. Please describe the actions you assert were discriminatory due to your sexual orientation. If you allege retaliation after your claim, please describe the retaliation. Please share the process, as you understand it, that the CFPB went through to investigate your claim. What was the verdict on your claim? I was investigated because I stated on exam that I did not want to eat at Chick-Fil-A. A full blown investigation ensued and that has not been denied by CFPB. CFPB found no evidence of discrimination in their Final Agency Decision, although the EEOC did find I was not given due process. CFPB must treat all sexual orientation and sex discrimination EEO cases the same as every other case now. It is very difficult to prove discrimination without due process. I have to decide if a civil case would be worthwhile. I have not retained an attorney to this point. Because the EEO process is so difficult without an attorney, I will have to make a decision soon.

It is our understanding that your claim of discrimination based on sexual orientation is the only such claim at the Bureau. In your testimony, you referenced other claims based on sexual orientation, please share the evidence you have to support these claims. I do not recall making reference in my testimony to any other claims of discrimination based on sexual orientation. If I am aware of any other claims of sexual orientation discrimination at CFPB, I do not have permission to speak on such claims as the information is confidential. I have permission to speak for eight other African-American female, Asian females, and other minorities which I

referenced in my testimony as multiple claims against multiple minorities. I do understand how difficult it can be to understand these processes and how convoluted the entire EEO process can be as a whole. Maybe a good start for Federal employees would be to simplify the EEO process itself.

Did your chief of staff, Anthony Romano, write a blog stating the entire Union Board was homophobic? If so, please provide that blog post. Please share your thoughts on this assertion if it is true. The blog is a safe haven for any person to share their thoughts without censorship. I would not choose to speak for Anthony Romano. The entire Union Board would include myself and I am definitely not homophobic.

3. Prior to joining the CFPB you worked at the FDIC where you also filed a complaint of discrimination based on your sexual orientation. Please describe the actions you assert were discriminatory due to the fact that you are gay. If you allege retaliation after your claim, please describe the retaliation. Please share the process, as you understand it, that the FDIC went through to investigate your claim. What was the verdict on your claim? How did the FDIC process differ from the CFPB process in terms of investigation, timing and resolution? This is an ongoing case related to one rogue manager, compared to the institutional discrimination that occurs at CFPB. I would be happy to discuss the case with you when it is concluded.
4. Have you ever been reprimanded or faced other disciplinary action for any conduct at the CFPB? If so, please describe the conduct and the disciplinary action. There are no reprimands or disciplinary actions in my record.
5. In 2013, it appears you received a lower grade in your performance review than you thought you deserved. In response, you sent an email to your colleagues at NTEU and Liza Strong at Employee Relations at CFPB. In that email [attached] you write, *"And if you were thinking I am angry, I am not. I never get angry but I will get even."* You also wrote, *"If this is the way we are going to play then we will play, ... never go to a land war in Asia, or never perturb the guy who has worked his tail off to make things work."*
In the hearing, you acknowledged sending this email. You said you were speaking about your frustrations with NTEU National for not supporting your claim.

What message were you trying to send with this email? Who were you going to "get even with?" What did you do to "get even?" First, let me say emails that are internal Union business should not be shared with anyone as the Union has a right to privacy. Sharing these emails undermines the fundamental foundation of what being a Union is. This email to NTEU stated very clearly CFPB would not treat me as the Union President or any other members of this Chapter in a way that is

unfair or discriminatory, and asserted my belief that CFPB was mistreating me and other employees in 2013. An agency cannot treat people the way CFPB did in their performance reviews and expect not to be held accountable for those actions. We exposed the disparities brought about by the poor performance management system. As a result of this information being brought to light, all CFPB employees were remediated in full with their performance ratings amended to reflect a "5" rating.

C. Allegations of discrimination against you.

1. There have been press reports -- *Politico*, September 10, 2014 and *Manhattan Institute* December 22, 2014 [attached] -- of a fractious relationship within NTEU 335. At the hearing you confirmed that women have filed complaints against you based on belief that as you said, "they said I have a problem with women." Please describe your understanding of the nature of those complaints. A couple of employees have tried to falsely accuse me of mistreating women, which is really nothing more than a power struggle in Union leadership. All claims have been dismissed without merit.
 - a) There appear to be 18 or 19 EEO complaints filed at the CFPB. How many of the EEOs filed at CFPB were filed against you and your inner circle: Anthony Romano, Dan Rutherford and Heynard Paz-Chow? In addition to EEO complaints, were there other types of complaints filed against the four of you such as fair labor violations? If there were complaints, what was alleged and what violations were you charged with? How many different individuals filed complaints against you and the three board colleagues listed above? Please list the types of complaints. Were all the complainants women or did some men also file complaints? If there were harassment complaints from employees against your former chief steward, Heynard Paz Chow, or Mr. Rutherford or Mr. Romano, what did you do to address these complaints? All complaints were dismissed as with merit. I actually do not know the numbers. I know there were complaints filed against the Board as well but I do not know the particulars of these complaints. I only know the particulars of the complaints I came to you to speak about.
 - b) One of the women we have heard filed a complaint against you was Angela Martin. According to her resignation letter, she resigned from Union Leadership objecting to your dictatorial manner. Please comment on her letter of resignation [attached]. Ms. Martin has the right to disagree with me philosophically. This country is great because we can

disagree.

- c) It is alleged that you posted the names of several female employees and one male former employee on the NTEU chapter 335 blog and details related to their grievances after they filed complaints naming Romano and Paz Chow. Is this accurate? It is alleged that two female employees' home addresses were circulated publicly after they filed their complaints. Is this true? How were their addresses circulated? Did you circulate their addresses? If not you, who circulated their home addresses? What do you think about circulating people's home addresses? I did not circulate these addresses. Someone placed the results of alleged and dismissed without merit FLRA cases on Union bulletin boards. We had to go redact the information. The Board widely disseminated that FLRA cases were filed. Most Chapters have one or two FLRA cases a year. We had several, all dismissed without merit. Because the Board disseminated the charges and employees were interested in the results, the results of the cases were posted without the employees' home addresses.
- d) Press reports say that when Executive Board Secretary Craig Erdmann resigned from the board he sent an email to colleagues noting *"a fundamental disagreement between the Board and the president about who decides the policies of the union... The Executive Board believes the bylaws rest this authority in the Board, while the president believes it rests solely in him."*

Who makes decisions for NTEU 335? You alone or you with your leadership team? Please name the people currently part of the Chapter 335 leadership team? Please name members who used to serve on the Union Board but no longer serve. I will not disseminate internal union business in this hearing. If you want to sit down with NTEU and discuss this we will be happy to.

- e) Press articles assert that some union members believe a previous election or elections were fraudulent. What were their concerns? How did you respond to their concerns? Please provide documentation about the election(s) that were contested and your investigations into allegation of vote fraud. We have had no elections where voter fraud has occurred. We have had one previous election where all candidates ran unopposed. I am unsure where your "credible" sources are coming from, but I would question those sources carefully.

- f) Is there a vote to amend the chapter by laws to require decisions to be made by a majority of the board and not you alone scheduled on July 9th? We are told this request is because numerous members have lost confidence in your leadership. Do you agree with that assertion? Why or why not? I think members will do what members do. We are in campaign season and, as with most elections, 100% of everyone is not going to vote for the same candidate. I will say that the Chapter has accomplished much under my leadership.
- g) Have some union members requested a third party to tally the ballots from the election due to concerns about accuracies in the ballot count? I have requested a third party to count our election votes. The Board has delayed this request. I cannot tell you why.
- h) Have dozens of CFPB employees signed a petition or more than one petition opposing your leadership of the union? If so, please share those petitions with this Committee. Some employees signed a petition opposing leadership, dozens more signed a petition supporting my leadership.
- i) Have you prevented some union leaders from speaking on conference calls? It is alleged you limited some union leaders to listen-only mode in conference calls to silence them. All members are able to speak on an operator assisted call. Because we have such great participation, sometimes people cannot get through in the time permitted. Our Chapter email is always open if anyone has questions that are not addressed during a conference call.
- j) Have you rescinded one person's conference calling ability preventing her from doing her job to communicate with CFPB staff? Our conference call line has nothing to do with someone's ability to communicate with CFPB staff. The two are unrelated.
- k) How will your testimony affect your ability to negotiate in the future with CFPB management? Do union members feel that your testimony was in the best interest of the workers? My testimony will not affect our ability to negotiate as EEO cases are unrelated to Union activity. The Union is not involved in EEO cases. Some members may feel my testimony did not represent them. If those members have not experienced discrimination and/or retaliatory behavior, I say "Good for them". I can assure you, though they may not know it, resolving the issues of discrimination and retaliation

in the work place is definitely in the best interests of all the workers.

Here is just one example of how CFPB treats its employees and one that I would have spoken about at the hearing:

This employee is a Black female examiner who was commissioned by her previous regulatory agency, has several industry certifications, and has led examinations at some of the largest institutions in the country. She filed her first EEO case in 2013 after enduring retaliation, harassment, and a hostile work environment because she gave testimony in an EEO for another Black female examiner at the CFPB. She was demeaned on a number of occasions by a Supervisory male Field Manager known to demean females. She was given "anonymous" feedback in the performance appraisal without the opportunity to rebut. She was told the feedback had to be included. Several inexperienced white examiners she trained received higher performance ratings. She was passed over for promotion by the Regional Director (also the hiring managers) who was a white male. The hiring manager promoted two white examiners, although the Black employee had far superior credentials, experience, and skill sets. This employee also sustained a work-related injury, but was denied medical treatment for two months until the Department of Labor's OWCP reviewed and accepted the case. The CFPB illegally informed the examiner she was no longer eligible for OWCP status because her case was closed. Her case had not been closed and she was placed on forced leave for eight months. This was a blatant lie from a CFPB attorney and sanctioned by Supervision management. The CFPB's goal was to exhaust her sick leave, and have the Black female employee leave the agency. The attorney arrogantly stated to a Union representative, "What is she going to do once her leave is gone?". Supervision management tried to place this examiner on a National exam with full knowledge that she had a work-related injury that reduced her ability to travel. Supervision management then prevented this examiner from working on exams within the vicinity of her duty station, despite her doctor indicating she could return to work locally. The CFPB is intentionally delaying the processing of the Black female examiner's application for compensation by not fully processing the required paperwork. The first application has been pending for eight months. Supervision management

created "special rules" for this senior commissioned examiner, requiring her to get CFPB approval prior to getting medical treatment for her injury. This is contrary to DOL's OWCP guidance. CFPB then threatened the employee with being Absent Without Leave (AWOL). Supervision management also created standards for completion of assignments that pertained solely to this examiner and no other examiners at CFPB. Supervision management adjusted the Black female examiner's timesheets on multiple occasions, which required additional work by CFPB and two other agencies each time. The CFPB is trying to force the examiner to use Leave Without Pay (LWOP) to correct a situation they created when they falsely told the examiner that the OWCP case had been closed. The examiner was forced to use her accrued leave to cover any time off.

This is just one example of the retaliation and discrimination that I came to the committee to speak about. The CFPB mission is critical to the American people, and the employees of CFPB who are charged with carrying out that critical mission deserve better than they have received from management. Bottom line: Employees Matter.

**Examining Continuing Allegations of Discrimination and Retaliation at the
Consumer Financial Protection Bureau Hearing
June 25, 2015**

**Questions for the Record from Rep. Keith Ellison
Florine Williams, Senior Equal Employment Specialist, Office of Civil
Rights, CFPB**

In your testimony, you assert that discrimination against older workers, African Americans, women, older people and others has gotten worse, not better at the Consumer Financial Protection Bureau.

It is our Committee's understanding that Director Richard Cordray has acknowledged that bias existed and taken steps to improve it. Under his leadership, the Office of Human Capital ("OHC"), the Office of Minority and Women Inclusion (OMWI), and the Equal Employment Opportunity Office took numerous steps to address discrimination in the past year and half.

Below are some of the CFPB's efforts. For each, please share your opinion on both its approach and its implementation as a way to create a workplace free of discrimination at the CFPB. Also, please describe how what the CFPB is doing in these areas, and others not on the list, are different and inferior to what you have experienced at other agencies where you have worked.

- 1. The OMWI, the Office of the Director, and the OHC have taken multiple steps to improve the Bureau's performance management system including its metrics.*
- 2. Each Associate Director must outline what that division is doing to improve diversity and inclusion as part of their Quarterly Performance Reviews. This will include performance objectives.*
- 3. Diversity training for all employees provided by a diversity and inclusion expert. The OMWI is also developing diversity training for supervisors and managers.*
- 4. Hosting Town halls to report on progress being made on implementing recommendations.*
- 5. Better tracking of new applicants for positions to ensure a diverse pool and employee base.*
- 6. The Legal Division hired Charles River Associates to conduct a review of the Bureau's compensation processes, tools, and decisions in order to determine whether there are any indications of disparity based on race/ethnicity, gender, age, national origin, and/or other identifiers.*
- 7. The establishment of a joint labor-management working group to improve the performance management system.*
- 8. A new Collective Bargaining Agreement, jointly agreed to by the Bureau and the National Treasury Employees Union, intends to regularize a feedback loop on employee performance.*

Florine M. Williams
 Response to Representative Keith Ellison

Dear Representative Ellison:

Thank you for allowing me an opportunity to respond to your questions following the June 25, 2015, Subcommittee on Oversight and Investigations hearing entitled, "Examining Continuing Allegations of Discrimination and Retaliation at the Consumer Financial Protection Bureau."

As I expressed during the hearing, the Consumer Financial Protection Bureau's (CFPB, Bureau, or Agency) efforts with respect to advocating for consumer financial protections is stellar, and I strongly support the agency in this regard. I remain troubled, however, about the continued discrimination, reprisal, and harassment that CFPB employees are subjected to under the leadership of Director Richard Cordray. The behavior is reprehensible, hypocritical, and destructive.

I would first like to state for the record to you that after sending my February 23, 2015, letter entitled, "Discrimination and Reprisal within the CFPB Office of Civil Rights," to Director Cordray and copying this Committee and various others, I had interviews with the Office of Special Counsel and the Inspector General of the Board of Governors of the Federal Reserve System (IG). Additionally, I received responses from my Congressional and Senate representatives. In all four instances, these institutions referred me back to the CFPB, and they informed Director Cordray of my contact with them. Yet, as of September 3, 2015, Director Cordray has not responded to my letter.

By June 25th, I had filed three equal employment opportunity (EEO) complaints through the CFPB administrative EEO complaint process, two of which were before the Equal Employment Opportunity Commission. I had filed a complaint of harassment through the CFPB Office of Human Capital (OHC). I utilized all administrative forums known to me prior to my Congressional testimony and had never submitted during the hearing or otherwise that the Subcommittee was the only place I could go.

In March 2015, I was contacted by Ms. Waters' staff. I spoke on numerous occasions with Ms. Waters and Congressman Al Green's staff and personally met with their staff during March 2015. In our communiques, I detailed in very specific terms, both orally and written, the issues of discrimination, reprisal, and harassment at the CFPB. I understood and was briefed as to the limitations that Congress has regarding individual cases of discrimination and oversight of CFPB. Ms. Waters' staff told me the larger issues of discrimination would be the focus of our discussions, and so it was.

Further, let it be known that I afforded the Democratic members of this Committee a 12-week head start to prepare –so there should have been no surprises about my testimony. Yet, on June 25, 2015, I was met with resistance and suppression in my attempt to publically discuss those same issues. More insulting, during the hearing I was given "The Hand," accused of being a brush stroke in a "False Picasso," characterized as being an opportunist and unknowledgeable in my own craft of 20 plus years. And, I was chided by certain members of this Committee for asserting my civil rights and exposing the invidious discrimination at the CFPB.

Florine M. Williams
 Response to Representative Keith Ellison

Imagine my shock when Congresswoman Waters allowed herself to be hoodwinked, bamboozled, and duped into being used in CFPB's retaliatory tactics when she improperly and publically disclosed my assumed involvement in the merit determination for Mr. Robert Cauldwell's EEO complaint. This was certainly ironic inasmuch as Ms. Waters' attempted to "school me" and witness Cauldwell about the "other side of the aisle's" *real* motivation.

Allow me to iterate that CFPB has a discrimination problem because it chooses to have a discrimination problem. It has an EEO problem because it chooses to have an EEO problem. And, it has diversity and inclusion problems because it chooses to have these as problems. After 4 years, the CFPB still portrays itself as being in infancy. Even a baby, certainly one that is 4 years old is up and running.

I stand by my assertion that discrimination against older workers, African Americans, women, and others has gotten worse not better at the CFPB. In addition to the numerous EEO complaints and grievances that have been filed, a number of civil actions, based on age, have also been filed. In fact, more civil actions have been filed (and quietly settled) against the CFPB, per capita than any agency I know. I am aware that settlements are not reported in the CFPB's Notification of Federal Employees Anti-Discrimination and Retaliation Act (No FEAR) annual report because the CFPB self-funds these payouts instead of using the U.S. Department of the Treasury administered Justice Fund.

Though during FY 2015 informal complaint activity decreased significantly, nearly all informal complaints have resulted in the filing of formal complaints. This is an almost 100 percent flow-through rate. During FY 2015, there has not been one resolution of a formal EEO complaint. This is because the Legal Division has improperly inserted itself into both the informal and formal EEO complaint process. Thus, the EEO process has morphed into a litigious process as opposed to the administrative process it was intended to be. The agency's aversion to resolution has resulted in the unnecessary protraction of EEO matters that can and should be resolved.

Despite Director Cordray's acknowledgement over a year ago of a biased performance management system (PMS), the steps he has taken can hardly be touted as progress. One would think that after the Deloitte Report, the DIG findings, the IG Audit Report, multiple CFPB reports to other oversight agencies, and most recently the Charles River and Associates Study that it would be evident that the Director can no longer cast the agency's discriminatory practices on the PMS or "inexperienced first-time managers." Under Director Cordray's tenure, discrimination against and the exclusion of racial minorities from entering and advancing in this agency has become the normative culture perpetuated by ineffective diversity and civil rights programs, a civil rights director who is unknowing about the true purpose or function of civil rights, and an intrusive Legal Division that has taken the EEO program hostage.

By all accounts the CFPB workforce has an underrepresentation of racial minorities in its senior management positions, yet it has not employed the use of equitable hiring, retention strategies, or succession planning to resolve this. I challenge this Committee to call for a sample audit of the current hiring practices, staffing, and pay setting in

Florine M. Williams
Response to Representative Keith Ellison

OCR, OHC, and OMWI. Collectively these offices may have one (1) black male employee despite their workforce of over 70.

The real question is this: In all of these United States, its territories, commonwealths, and possessions is there not more than one black man who has relevant qualifications and background for *any* position in human capital, diversity and inclusion, or civil rights? Even Barack Obama probably *couldn't* get a job here.

Sadly these exclusionary practices are not limited to OCR, OHC, and OMWI but are reflective in the culture and workforce of the CFPB. Of the agency's almost 1500 employees less than 3 black men occupy meaningful mission-related senior level positions – none occupy executive level positions. The statistics, while slightly better, are similarly disparate concerning black females. Since the June 25th hearing, several black men have expressed their struggles to be even considered for CN 71 level positions despite their possessing far superior qualifications and experience than their white counterparts who were selected for these positions. Moreover, I am the only racial minority in a Civil Rights Office. How many examples do I need to provide before it is clear that the CFPB has not taken meaningful steps to address discrimination?

Response to Question 1: The OMWI, the Office of the Director, and the OHC have taken multiple steps to improve the Bureau's performance management system including its metrics.

The Director's acknowledgment concerning PM bias occurred over a year after this information was publically disclosed by the Deloitte Study and the National Treasury Employees Union (NTEU). In spite of data showing an undeniable correlation between race and sex in the evaluations, the Director appears to not attribute the disparity to discrimination. Rather, he opines that the PMS was too sophisticated for CFPB's "inexperienced managers." The PM problems in large part are behavioral and require accountability. There is no accountability when \$5.5M is allocated and used to compensate all employees without regard to demographic bases, the role the recipient may have played in the PM debacle, or whether and to what degree the management official was identified as responsible in complaints related to PM.

The Charles River Study does not address the behavioral issues. Information such as the content or context of PM complaints including where managers made personal attacks on employees and guised the attacks as performance feedback then subsequently used their assessments as a basis to withhold compensation and deny promotions could have better informed the Study. The River Study disclosed that the PM issue is only the tip of the iceberg and concludes that given any other system than one that uses a pass/fail model, the current managerial staff is incapable of objectivity and will revert to its previous behaviors.

During Fiscal Year (FY) 2014 widespread complaints exposed the PM bias, yet Mr. Cordray has not acknowledged that bias exists in other prevailing issues including pay, hostile work environment harassment and reprisal, hiring and selections, and the controversial delegation of EEO settlement authority that he has given to the CFPB Legal Division and more importantly the conflicting and inappropriate role the Legal Division has assumed in the agency's EEO complaint process.

Florine M. Williams
 Response to Representative Keith Ellison

Bloomberg, a highly respected authority, puts it this way,

“Specifically, CFPB managers show a pattern of ranking white employees distinctly better than minorities in performance reviews used to grant raises and issue bonuses. Overall, whites were twice as likely in 2013 to receive the agency’s top grade than were African-American or Hispanic employees, the data shows.

What’s more, those disparities are only one of many serious personnel problems plaguing the CFPB. Inside the agency, moral is poor and management has been accused in several cases of favoring Caucasian men and of creating a hostile work environment. That’s according to interviews with a dozen current and former staffers across six departments, all of whom requested anonymity over concerns about retaliation.”

Considering the current workforce data, Bloomberg’s assessment although 2 years prior is still applicable.

Response to Question 2: Each Associate Director must outline what that division is doing to improve diversity and inclusion as part of their Quarterly Performance Reviews. This will include performance objectives.

I am not aware of any directive that requires Associate Directors to outline what their division is doing to improve diversity and inclusion as part of their Quarterly Performance Reviews (QPR). The OCR was restructured approximately a year ago and placed under OMWI. To date, I have not been briefed by the directors of OCR or OMWI regarding the purpose of the restructuring, how the offices will work collaboratively, nor am I privy to information concerning the OMWI’s QPR process that you describe. Conversely, I am aware of the following:

In FY 2014 the CFPB used for its senior level managers (Pay Band 80, 90) performance competencies used by the Office of Personnel Management: 1) Building Coalitions; 2) Business Acumen; 3) Leading Change; 4) Leading People; and 5) Results Driven. The CFPB’s version of these competencies include 22 measures. Of the 22 measures, one measure is specific to human capital management, e.g., ensuring employees are appropriately recruited, selected, appraised, and rewarded. One measure is related to leveraging diversity, e.g., fosters and develops an inclusive workplace where a diverse set of talents and perspectives are valued in accomplishing the vision and mission of the organization.

The measures are insignificant because management officials at large are not involved in recruitment; the agency does not employ an objective selection process; the PMS is in a holding pattern; management officials do not have a Diversity Strategic Plan or a CDMP that explains the purpose of the measure, the relationship of the measure to the agency’s mission and how the measure is to be implemented, tracked, and scored.

Florine M. Williams
Response to Representative Keith Ellison

As a Pay Band 60 employee, my competencies do not include any measures related to civil rights, human capital management, or diversity and inclusion.

In a March 4, 2015, Audit Report of CFPB's diversity and inclusion efforts, the IG identified four specific findings regarding how the CFPB's diversity and inclusion efforts can be enhanced:

1. Diversity and Inclusion training is not mandatory for CFPB employees, supervisors, and senior managers.
2. Data quality issues exist in the CFPB's tracking spreadsheets for EEO complaints and negotiated grievances, and certain data related to PM are not analyzed for trends that could be indicative of potential diversity and inclusions issues.
3. CFPB's diversity and inclusion strategic plan has not been finalized. Opportunities exist for the CFPB to strengthen supervisors and senior managers' accountability for implementing diversity and inclusion initiatives and human resources-related policies.
4. The CFPB would benefit from a formal succession planning process to help ensure that it will have a sufficient and diverse pool of candidates for its senior management positions.

The IG stated, "We acknowledged that initiatives and activities beyond the scope of our review also contribute to enhancing diversity and inclusion. Therefore, the CFPB's ability to attract, develop, and retain a diverse and inclusive workforce is affected by other factors not specifically identified in our report." Finally, the IG made 60 (sixty) recommendations to improve the monitoring and promotion of diversity and inclusion as well as to strengthen related controls. The CFPB concurred with the IG's recommendations. So, I am asking this committee, what steps? What steps has OCR, OHC, and OMWI taken? Many of the same deficiencies disclosed and recommendations made in the IG Report will likely resurface in the Government Accountability Office's forthcoming report.

During 2013 OMWI engaged the Deloitte Consulting Group (Deloitte) to establish a "data-based" approach to understanding the current state of diversity and inclusion at the Bureau. But, CFPB failed to "source" or provide Deloitte with critical data necessary to conduct a proper study. Nonetheless, Deloitte's key findings included:

1. Despite their confidence in OMWI, Bureau leaders are not yet able to articulate the palpable impacts and value that OMWI is driving into the organization.
2. When examining pay bands, ethnic diversity is maintained at the lower pay bands, but begins to decrease significantly through mid-to-higher level pay bands. There is also a perception that the majority of minorities may currently be sitting in non-mission critical positions/roles with in the CFPB.

Florine M. Williams
Response to Representative Keith Ellison

3. The breakdown of gender by pay band reveals that the distribution of women is higher in the lowest pay grade and lower in the highest pay grade.
4. The majority of the CFPB's workforce falls in the Generation X category refuting the notion that the Bureau is primarily composed of Millennials.
5. Based on the findings of this assessment, OMWI has an opportunity to provide support to the CFPB through D&I consultation, D&I learning and development opportunities, and data and analytics reporting.

Deloitte made additional findings and recommendations, ironically some very similar to those in the IG Report almost 2 years later.

The CFPB's diversity and inclusion problems are reflective in the OMWI director engaging in exclusionary and discriminatory behaviors related to promotions, selections, and pay. For example, only after the June 25, 2015, Congressional hearing were long-standing issues of pay and promotion resolved in OMWI.

The OMWI Director has stated that the agency needs to study the root causes of alleged discrimination and conflicts in the work environment, so during 2014 he facilitated "Listening Sessions" to better understand employees' viewpoints. The viewpoints included:

1. Fairness in hiring, details/rotations, promotion, and pay setting.
2. Accountability of managers.
3. Diversity of the workforce, promotion opportunities, inclusive work environment, perception of discrimination, favoritism and personal networks, organizational values, behaviors, and respect.

OMWI's "takeaway" from the Listening Sessions was that improvement of the employee experience is necessary.

Despite the viewpoints from the Listening Sessions, specifically fairness in hiring, the OMWI Director disregarded this viewpoint when he made a questionable hire during May 2015. The OMWI director non-competitively selected a white male for the position of senior attorney advisor, OCR, despite the white male not applying for the position and being a member of already over-represented racial and gender groups. More disturbing, a certified roster of highly qualified candidates that had fairly competed for the position had been made available to OCR and OMWI, yet these individuals were overlooked. Since the agency *still* chooses to "hand-pick" employees, why not hand-pick from an unrepresented group - a person of color, specifically a black male? Why not use a special hiring authority to select a qualified Veteran? A qualified disabled person? A qualified intern from the Pathways Program? Since the agency hand-picked and disregarded the selection certificate anyway, what was wrong with using a permissible special hiring authority to create some true diversity and inclusion in an *ill-titled* "Office of Equal Opportunity and Fairness?"

Florine M. Williams
Response to Representative Keith Ellison

In OMWI's FY 2014 Annual Report, the Director states Hispanics are underrepresented. Again, why not hand-pick from this underrepresented group? The CFPB does not track national origin data or conduct exit interviews. This data would be helpful in understanding the reasons for the low representation of Hispanics and other national origins.

The OMWI Director despite his "special responsibility" and receiving written complaints of harassment has failed to intervene in alleged harassment between his very own employees. I strongly disagree that OMWI has taken numerous steps to address discrimination.

Let me reiterate, the CFPB has a discrimination problem because it chooses to have a discrimination problem. It has an EEO problem because it chooses to have an EEO problem. And, it has diversity and inclusion problems because it chooses to have these as problems. These problems are reflective in the number and type of grievances and EEO complaints. These problems are reflective in the attitudes of senior managers, including those that testified before the Congress during 2014 stating that there are no discrimination problems in spite of the almost 200 grievances. These problems are reflective in Director Cordray allowing discrimination, harassment, and reprisal to go uncorrected in his very own office. These problems are also reflective of OHC having a policy to timely address complaints of harassment, yet allowing complainants to vulnerably remain under the authority of the alleged harassers for months prior to even beginning an investigation. **The agency's purported efforts in improving discrimination, diversity, and inclusion are folly!**

Response to Question 3: Diversity training for all employees provided by a diversity and inclusion expert. The OMWI is also developing diversity training for supervisors and managers.

Diversity Inc.'s assessment of OMWI in a June 11, 2015, article states OMWI has adopted "meaningless federal institution diversity standards. OMWI's internal efforts can be viewed similarly. OMWI is *proposing* that Diversity and Inclusion training beginning FY 2016 will be mandatory. OMWI's current training is voluntary and ineffective; even after 3 years, some senior level managers who supposedly have a diversity measure in their performance competencies have stated they are not clear on OMWI's role. Moreover, absent a Comprehensive Diversity Management Plan (CDMP) and Diversity and Inclusion Strategic Plan there is no mission-related nexus.

Response to Question 4: Hosting Town Halls to report on progress being made on implementing recommendations.

I am not familiar with the agency's use of Town Hall meetings as a forum to report on progress being made on implementing "recommendations" nor am I clear on what recommendations are being referred to.

Florine M. Williams
Response to Representative Keith Ellison

Response to Question 5: Better tracking of new applicants for positions to ensure a diverse pool and employee base.

The Office of Civil Rights and OMWI have often stated they need to study the root causes of the under-representation of racial minorities in CFPB's workforce. After 4 years OMWI still does not have a Strategic Plan, does not have a CDMP, and does not have a succession planning strategy, or diverse feeder groups. What is also central is that the CFPB does not track critical data essential for ensuring a diverse pool and establishing and implementing an effective succession planning tool.

Response to Question 6: The Legal Division hired Charles River Associates to conduct a review of the Bureau's compensation processes, tools, and decisions in order to determine whether there are any indications of disparity based on race/ethnicity, gender, age, national origin, and/or other identifiers.

During June 2015 Director Cordray provided employees with a copy of the Charles River Associates Study as it pertains to PM. I have not received a Study on compensation. The CFPB has serious compensation issues, and Director Cordray, OHC, OCR, OMWI, NTEU, and various others are aware of this. In fact several putative Class Complaints have been filed regarding pay discrimination. It is not uncommon for co-workers hired for the same position, by the same management official, at the same grade, and with the same qualifications to experience 30 percent pay differentials. Ironically, during October 2014, at the same time that I filed a formal EEO complaint alleging pay discrimination, the agency quietly settled other pay discrimination claims in excess of \$300,000 for a select group of employees. The agency's behavior in this instance is arbitrary but consistent with its exclusionary, disparate practices.

Response to Question 7: The establishment of joint labor-management working group to improve the performance management system.

Director Cordray has established a joint labor management working group to make recommendations on improving the PMS. The working group, similar to Charles River acknowledges that the selection and subsequent implementation of a PM system is a long-term process. One member of the working group states that in the interim employees are left at the hands of untrained, unskilled managerial leaders.

Response to Question 8: A new Collective Bargaining Agreement, jointly agreed to by the Bureau and the National Treasury Employees Union, intends to regularize a feedback loop on employee performance.

The CFPB labor and management groups are in the process of creating a Collective Bargaining Agreement (CBA). Of the proposed 52 Articles, the parties have reached

Florine M. Williams
Response to Representative Keith Ellison

agreement on 6. The agency's Web site states that it "intends" to regularize a feedback loop on employee performances.

In closing, I want to make clear that I have devoted a large portion of my federal career to ensuring that the EEO process is fairly and professionally administered. The culture of discrimination within the CFPB is beyond compare. I am amazed at the CFPB's continued distortion of the facts and the acceptance by others of the distortions as fact. I am also amazed at the continued acceptance of non and half-hearted efforts made by the CFPB to seriously address the various forms of bias that have been brought to this Subcommittee's attention. It is my sincerest desire that my responses will reaffirm that little progress has been made by OMWL, OHC, and OCR to address and resolve the blatant discrimination within the CFPB.

Thank you for allowing me the opportunity to provide feedback and respond to your questions.

Very Respectfully,

A handwritten signature in cursive script, reading "Florine M. Williams".

Florine M. Williams

September 3, 2015

CFPB Diversity and Inclusion Efforts Since April 2014

- *Quarterly Performance Reviews (QPR).* Our Strategy Office, which is based in the Director's Office, maintains primary responsibility for these Reviews. Earlier this year, working with OMWI, each of the Associate Directors adopted divisional goals in their strategic plans in order to place greater focus on efforts to improve diversity and inclusion in carrying out their work and accountability for those efforts during QPR meetings with the Director and Deputy Director. The Strategy Office and OMWI have developed metrics on a quarterly cadence to measure diversity and inclusion progress, and are consistently looking for opportunities to add to these metrics.
- *Diversity and inclusion trainings.* OMWI has provided diversity awareness training through training sessions led by a diversity and inclusion expert, which is now required for all employees. OMWI also has provided diversity and inclusion training for supervisors and managers, which is also mandatory. In addition, OMWI has provided hiring managers training that focuses on managing unconscious bias throughout the hiring process. During the 2014 CFPB All Hands meeting, the Bureau convened a panel with diversity and inclusion subject matter experts, including professors from Columbia University and the University of Southern California. The Bureau is currently in the process of finalizing a similar expert panel to be held as part of this year's All Hands meeting in July.
- *Review of hiring practices.* The Office of Human Capital (OHC), OMWI, and the Office of Civil Rights (OCR) are continuing to review hiring practices and techniques to work towards having new hires, including for management positions, reflect a diverse spectrum of society. OHC and OMWI continue to work together to expand the Bureau's targeted diversity recruitment and outreach efforts. For 2015, the Bureau has identified 68 recruitment outreach events it has or will attend, 49 of which (72%) have a focus on diversity, veterans, and/or persons with disabilities. In an effort to enhance transparency about the Federal hiring process for employees and job applicants, CFPB launched a new "How to Apply for a Federal Job with the CFPB" video in April 2015. The video walks applicants through the process of applying for a job and provides helpful tips to assist applicants in putting forward their very best employment application.
- *Flow data to track experience of applicants.* OMWI and OHC are exploring how the expanded use of applicant flow data will assist the Bureau in tracking the experience of applicants and identifying areas for improvement.
- *Third party review of Bureau's compensation process.* The Legal Division has procured experts, who, among other things, will be conducting a review of the Bureau's compensation processes, tools, and decisions in order to determine whether there are any indications of disparity based on race/ethnicity, gender, age, national origin, and/or other identifiers. OMWI, OHC, and others in the Bureau will be working closely with the Legal Division to oversee this work. A contractor has completed and issued a report regarding the performance management system, concluding that there was no overt discrimination and that the Bureau's remediation was appropriate.
- *Performance management measures.* OMWI, the Office of the Director, and the OHC have taken multiple steps to improve the Bureau's performance management system. In January, the CFPB and our employee union (the National Treasury Employees Union (NTEU)) began working together to design an improved performance management system that is more consistent with our shared commitment to excellence, equality, and fairness. As a first step, we agreed to move away from the prior performance management system. For at least the next two years (including the current ratings year), we have agreed to utilize a two-tier rating system, rather than the original five-tier system. This approach will allow managers to focus their performance management conversations on the substance of career development and performance improvement rather than on numerical ratings. Also, our commitment to take corrective action related to any previous rating variations led us to a remediation plan in which every CFPB employee (except senior leadership) who received a 3 or 4 summary performance rating in fiscal years 2012 or 2013 under the prior performance management program has had their performance rating retroactively adjusted to a 5 and has been compensated as if his or her rating had been a 5 at the time of

evaluation, including both merit and lump sum payments. The joint labor-management Performance Management Working Group convened in July 2014 and has conducted over 20 collaborative meetings through May 2015. The group examined program goals, lessons learned, employee perspectives, federal best practices, private sector models, specific program features, and pre-conditions for implementation success. Using inputs from the working group, external studies, and internal program evaluation, the group is now drafting a proposal for a new performance management program. Review and approval of the new program concept is expected by the end of the calendar year. In the meantime, CFPB has revamped performance management training, streamlined system processing tasks, offered additional training on feedback processes, and encouraged healthy performance discussions among managers and staff.

- *Development of standard processes and tools for regular feedback loop.* The new Collective Bargaining Agreement articles, jointly agreed to by the Bureau and NTEU, call for more communication between employees and supervisors, with required feedback on employee performance. Regularizing a feedback loop on employee performance between supervisor and employee will be part of the cadre of performance management system issues we address. CFPB has taken several steps over the past year to improve the quality and frequency of feedback provided to employees regarding career advancement. Most notably, in June 2014 CFPB adopted a new Collective Bargaining Agreement Article on career ladder promotions. The new article requires managers to clearly communicate criteria and expectations for promotion, have meaningful career conversations, act within specific timeframes to ensure timely career ladder promotions for their employees, and provide a written plan to any career ladder employee the manager decides not to promote. CFPB also agreed with NTEU to establish a joint Career Pathing Working Group to discuss career pathing strategies and provide recommendations for improvements or other changes that will help promote employee opportunities for advancement. The Group held its first meeting in January 2015. In February 2015, CFPB launched a Career Planning Framework for employees that provides tools and resources for staff to take charge of their own career and provides managers with tools for supporting employees in their career pursuits.
- *Expanding opportunities for job rotations and detail opportunities.* The OMWI Listening Session Report recommended that postings for job rotations and detail opportunities should be widely communicated throughout the Bureau and published on the Bureau's intranet, which all employees see immediately upon opening their internet browser. In November 2014, OHC launched the Detail Opportunities Announcement site – a new tool whereby managers can post detail opportunities for all employees to see. Since the November launch, 42 detail opportunities have been posted across the Bureau.
- *Development of competency models.* In March 2015, CFPB finalized (i.e. completed validation of) new competency models covering all CFPB positions. These competency models will be a foundational construct integrated into human capital initiatives such as selection, recruitment, job specific standards for career ladder promotions, learning and development, and eventually performance management (pending results of Performance Management Working Group). Separate models were developed for employees and leaders. The leadership model defines the behaviors, skills and knowledge needed for success at various leadership levels. The leadership model includes a special emphasis on diversity and inclusion behaviors, including a specific competency entitled "Modeling Inclusive Communications and Relationships".
- *Workforce of the Future.* The Bureau's Workforce of the Future initiative is a big part of the Bureau's overall effort to define and shape its culture. The Bureau has taken the affirmative step of placing "people issues" on equal footing with mission issues. The vision of the Workforce of the Future effort is to serve American consumers and one another by building a diverse and inclusive workforce that is inspired by and committed to excellence. The project has widespread involvement from both senior leaders and representatives from all Divisions.

THE NEW ENTREPRENEUR

Inside the small business economy

Financing

Bank Discrimination and Its ‘Debilitating’ Effect on Minority Entrepreneurs

By [Patrick Clark](#) May 30, 2014

For a recent mystery shopper experiment, three business school professors recruited black, white, and Hispanic entrepreneurs across the U.S., dressed them in matching polo shirts and khakis, and sent them into banks to ask about small business loans. The results are disheartening, if not a big surprise.

White business owners got better and more encouraging service, according to a new paper describing the study in the *Journal of Consumer Research*. Bank employees were more likely to tell them about loan terms and fees and more likely to offer help filling out an application. Bankers were more likely to ask minority entrepreneurs about their personal finances and less likely to offer the black and Hispanic mystery shoppers a business card.

It’s not news that black and Hispanic small business owners have a harder time finding financing than white businessmen, but the *JCR* paper offers insights into how entrepreneurs experience the process of seeking new capital.

In one part of their research, authors Glenn Christensen, Sterling Bone, and Jerome Williams asked business owners to collect photos that best describe the experience of applying for a loan. Minority entrepreneurs chose images including a dry faucet, a beggar, and a set of handcuffs. White business owners focused less on the hard road and more on the satisfying result, selecting photos of a water slide and a beachfront idyll.

In interviews with researchers, both groups described the loan application process as a journey, but “minority consumers framed the journey as uphill, while white consumers consistently framed their journeys as on level ground.” White entrepreneurs sought lenders who would serve as a partner or friend, according to the paper, while minority business owners reported hiring white employees for the purpose of attending meetings with bankers. The result, the authors write, is “a cumulative debilitating effect on [their] psychological and physical well-being.”

These are anecdotal findings, but they’re supported by quantitative research. In 2012, Federal Reserve data revealed that minority business owners were paying interest rates that were 32 percent higher than what whites paid for loans. Last year, research from the Kauffman

Foundation showed that minority entrepreneurs were more likely to be turned down for loans and less likely to apply, for fear of rejection.



Clark is a reporter for *Bloomberg Businessweek*

