



Written by [Joe Wolverton, II, J.D.](#) on February 12, 2018

Unaccountable CFPB Ruled Constitutional; Spends Millions on Office Makeovers

Since 2014, the Consumer Financial Protection Bureau (CFPB) has spent about \$200 million in taxpayer money. A couple of weeks ago, an *en banc* panel of the D.C. Circuit Court reversed an earlier court's ruling, declaring that the CFPB was constitutional.

As Reason's Veronique de Rugy [noted](#),

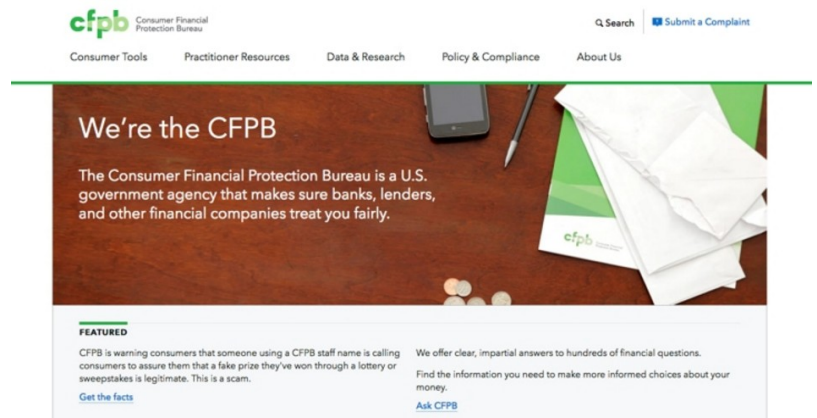
Established in 2010 as part of Dodd-Frank, the CFPB didn't take long to become notorious. One of its first acts was to completely and lavishly renovate its own headquarters — which, in typical Washington fashion, succumbed to ever-rising cost estimates. It then began participating in Operation Choke Point, an Obama-era attempt to strong-arm banks into closing the accounts of legal businesses that happen to operate in markets — such as firearms and tobacco — disfavored by politicians.

The CFPB also has waged a relentless war against small-dollar lenders who service a poorer clientele than traditional lenders, all while saddling conventional banks with costly new regulations. It's little wonder then that since the CFPB was created, free checking accounts have been on the decline and credit for the poor has been harder to find.

Perhaps the worst aspect of the CFPB is that it is not subject to any oversight, not from the people or their elected representatives. A *Reason* article explained how CFPB works and how it remains completely unaccountable to anyone: "Unlike other independent agencies not under the direct supervision of Congress or the president, the CFPB was given a single director instead of a panel of three or five commissioners. In theory, that was meant to insulate the bureau from political influence.... In practice, it made the director one of the most powerful people in the federal government."

In an op-ed published February 10 in *The Hill*, Jenny Beth Martin makes an even stronger case for stopping the runaway regulatory abuse being committed by the CFPB:

That lack of accountability has led, predictably, to a series of scandals within the CFPB. With no one in Congress able to hold the agency accountable, is it any wonder that the CFPB has abused its power and misused hundreds of millions of dollars, to name only a few of its scandalous deeds? From 2014 to 2017, the CFPB spent \$11 million each year to rent office space in a building owned by an Obama fundraiser. Yes, you read that correctly: The rent was nearly \$1 million per month.





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One of the most alarming aspects of the CFPB's authority comes straight from the Dodd Frank Act itself. The law specifies that the CFPB may designate a trustee for the funds it collects from businesses as civil penalties. Because there is no effective congressional oversight, that means that CFPB bureaucrats can pick and choose the recipients of their largesse without needing any kind of permission from Congress.

Given President Donald Trump's popular promise to "drain the swamp" when he took over the Oval Office, one would expect that such a significant swamp creature like the CFPB would have been hunted down in the first days of the Trump administration.

Nope.

After President Trump's election, the director of the CFPB, Richard Cordray, was allowed to remain at his post, a position he used to hire "GMMB, a long-established and well-known Democratic media consulting firm. (In fact, the group had previously created campaign ads for both Barack Obama's and Hillary Clinton's presidential campaigns.) The CFPB paid more than \$43 million to GMMB to do its public relations and spin a tale of success for the agency."

That's right. Not only did President Trump not use his power over the executive branch to bring the CFPB to heel, but he has passively permitted the agency to go right on running up exorbitant bills that not only bilk taxpayers, but send millions of their dollars to donors to the Democratic Party and companies that benefited from connections to the Clintons and Barack Obama.

Just how biased toward the Left is the CFPB? Martin's article explains: "The agency engaged in a chilling form of political discrimination, systematically denying employment to conservatives. The agency is, through and through, a hotbed for liberal activists. Proof of the CFPB's monolithic political makeup of its employees comes from a review of Federal Election Commission 2016 contribution reports, which documented that 100 percent of the campaign contributions from CFPB employees went exclusively to Democrats."

In a report published by the Cato Institute, "The director of the CFPB reports to no one but himself, and, under the terms of Dodd-Frank, can be removed by the president only for cause," writes Ilya Shapiro, a senior fellow in constitutional studies at Cato. "This structure violates core principles of separation of powers and allows the agency to exist unfettered by any accountability to the people."

What is relevant to Americans today is the realization that such consolidation of government authority, in the hands of one (or many) agents of the federal government, particularly one so free from oversight, is tyrannical and will eventually lead to the denial of the full panoply of rights that should be shielded from bureaucratic despotism.

Apart from the accumulation of powers being accomplished by the CFPB and the other scores of alphabet agencies, there is another aspect of this growth of government that is anathema to our republican form of government.

One of the royal abuses of power in the "long train" listed by Thomas Jefferson in the Declaration of Independence seems to accurately describe these agencies' autocratic agenda.

"He has erected a multitude of new offices, and sent hither swarms of officers to harass our people, and eat out their substance," Jefferson wrote.

The Roman historian Tacitus — a man of immeasurable influence on the Founding Fathers — lived at the time of Augustus and witnessed the unwinding of the republic first hand. Tacitus pointed to the



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increasing power of the bureaucrats as a reason republican liberty was becoming a myth in his time. He reported that the Roman Empire under Caesar Augustus employed 1,800 bureaucrats throughout the whole of the expansive empire.

While 1,800 bureaucrats may sound like a lot, that's far fewer than those regulation-writing civil servants employed by the state of Nevada alone!

The people of the United States retain ultimate and unalienable sovereignty in this country, and they must call on President Trump to cut off funding to this federal agency that is choking the life out of the American middle class by spending millions on contracts with cronies and acting as if they were above the law.



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