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This Week: A Closer Look At CFPB's Gift To Payday Lenders

The Department of Homeland Security's inspector general on Wednesday wrote to the agency's secretary, Kirstjen Nielsen, suggesting that she discipline a political appointee who's refused to cooperate with an investigation. It centers on whether political appointees retaliated against staffers for political reasons — something that is illegal — when the official worked at the State Department.

For months, Democrats have sought to shine a spotlight on whistleblowers' claims that Trump political appointees retaliated against State Department staffers deemed insufficiently supportive of the President's political agenda, including by reassigning them to fulfill FOIA requests or do other work that they wouldn't otherwise be assigned.

FEMA Administrator Brock Long announced his resignation Wednesday. He'll be remembered for his manmade disasters, such as his improper use of $151,000 in government resources, the government's botched Hurricane Maria response and his dutiful dodges on questions about President Donald Trump's wild conspiracy theories claiming Democrats inflated the storm's death toll.

The Department of Education's inspector general released a damning report Thursday that found that the department's Federal Student Aid division "rarely used available contract accountability provisions to hold servicers accountable for instances of noncompliance." The Education Department, in other words, is letting bad lenders off the hook. A fiery resignation letter from the Consumer Financial Protection Bureau's top student loan watchdog in August illustrated how CFPB and DOE worked in concert to disempower student borrowers, in large part by stemming the flow of information about bad lenders.

Finally, a few words about the CFPB's announcement that it would eliminate the Obama-era regulation requiring that payday lenders ensure borrowers can actually repay loans rather than get caught in an endless predatory debt cycle.

The CFPB has been bracingly open about how it is working with payday lenders to ensure that their business model isn't harmed. Last year, for example, then-CFPB acting director Mick Mulvaney actually sided with the trade groups suing his own agency in their (successful) attempt to delay the rule's implementation.

And now, with the replacement, industry-friendly rule announced, we see more cross-pollination: A big chuck of the bureau's legally required justification for scrapping the ability-to-repay rule hinges on a reinterpretation of a study from Columbia University's Ronald Mann, which looked into borrowers' own expectations of their abilities to repay loans.

The study, as it happens, was funded by a payday loan industry group. An Obama-era CFPB lawyer told American Banker: "Basically the only thing that has changed the Bureau's analysis is the people doing the analyzing."

"Talking this one study up as the one thin reed on which the consumer protections on payday loans are based is way off the mark," Linda Jun, senior policy counsel at Americans for Financial Reform, told TPM. "The old leadership at CFPB spent 5 years on the rule, and studied the issue from various angles itself, and had access to data no one else had."

It goes almost without saying: The payday lending industry has held its annual conference at Trump National Doral two years running.

Got information on this story, or other examples of agencies working hand-in-hand with the interests they regulate? Email me: mshuham@talkingpointsmemo.com.

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530 words

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