Elizabeth Warren Appointed to Special Advisory Role for New CFPB

William C. MacLeod, Christie Grymes Thompson

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On Friday, September 17, 2010, President Obama named Harvard Law Professor Elizabeth Warren as Assistant to the President & Special Adviser to the Secretary of the Treasury on the Consumer Financial Protection Bureau. The new appointment makes Ms. Warren an advisor to President Obama and Treasury Secretary Timothy Geithner and tasks her with launching the new Consumer Financial Protection Bureau ("CFPB"). Although the effect of Ms. Warren's appointment is currently unclear, consumer advocates expect that the new position will give Ms. Warren considerable influence over the shape and direction of the new agency.

The CFPB will be created pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Act"). The Act, signed into law on July 21, 2010, established a major reorganization in the regulation of consumer financial products and services. Consumer protection groups had lobbied hard for the appointment of Ms. Warren as the first Director, but Senator Dodd and others had expressed concerns about getting Senate confirmation in light of opposition from Wall Street and the banking industry.

Ms. Warren posted on the White House blog on Friday morning that President Obama has "asked me to take on the job to get the new CFPB started - right now...I am confident that I will have the tools I need to get the job done." Because the Treasury Department has responsibility for setting up the new CFPB until the President nominates a director, this advisory role should permit Ms. Warren to shape the CFPB over the next several months while avoiding a possible battle over Senate confirmation. It may position her to be nominated as the Director at a later date or, more likely, will allow her to influence the selection of the first Director.

Ms. Warren's 2007 article, "Unsafe at Any Rate,"[1] is widely credited for proposing the idea for the new CFPB and may provide insight into the positions she will take in this new advisory role. In that article, Ms. Warren stressed the importance of regulation to reduce the risk of financial products and provide clearer disclosures to consumers. Ms. Warren restated these principles in Friday's White House blog post, noting that "The new consumer bureau is based on a pretty simple idea: people ought to be able to read their credit card and mortgage contracts and know the deal...This new bureau is based on the simple idea that if the playing field is level and families can see what's going on, they will have better tools to make better choices."

A member of the Harvard Law School faculty since 1992 when she was named the Robert Braucher Visiting Professor of Law, Ms. Warren was named the Leo Gottlieb Professor of Law in 1995. She has written more than a hundred scholarly articles and eight books, with her last two books, *The Two-Income Trap* and *All Your Worth*, landing on national best seller lists. Ms. Warren was the Chief

Adviser to the National Bankruptcy Review Commission, and she was appointed as the first academic member of the Federal Judicial Education Committee. Ms. Warren currently serves as a member of the Commission on Economic Inclusion, established by the FDIC, and on the steering committees of the Tobin Project and the National Bankruptcy Conference.

Ms. Warren also resigned on Friday from her current position on the Congressional Oversight Panel to monitor the Troubled Asset Relief Program (TARP). The Oversight Panel, created approximately two years ago, was tasked with overseeing the expenditure of TARP funds and providing recommendations on regulatory reform. To date, the Panel has submitted 24 reports to Congress and held 21 public hearings on TARP. It will continue to issue monthly oversight reports through April 3, 2011.

In a memo dated Friday, September 17, 2010, the Treasury Department indicated that existing enforcement, examination and rule-writing authority would be targeted to transfer to the CFPB by July 21, 2011. The Act gave the Treasury between six to twelve months to transfer these powers, and the transfer date can be extended at a later time if the Treasury Secretary decides additional time is needed.

For more information about this Client Advisory, please contact:

William C. MacLeod
(202) 342-8811
wmacleod@kelleydrye.com

Christie Grymes Thompson
(202) 342-8633
cgthompson@kelleydrye.com

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[1] Available at: https://democracyjournal.org/magazine/5/unsafe-at-any-rate/