

United States House of Representatives
Committee on Financial Services
Washington, D.C. 20515

March 24, 2014

Inspector General Mark Bialek
Board of Governors of the Federal Reserve System
Office of Inspector General
20th and C Streets N.W.
Mail Stop 300
Washington, D.C. 20551

Dear Inspector General Bialek:

We are concerned about recent allegations that managers at the Consumer Financial Protection Bureau (CFPB) have shown a pattern of ranking white employees distinctly better than minority employees in performance reviews, as reported in a recent *American Banker* article entitled, "CFPB Staff Evaluations Show Sharp Racial Disparities," on March 6, 2014.

We request that the Office of Inspector General (OIG) immediately exercise its independent oversight authority over the Bureau's operations, to detect whether any personnel practices and policies have created an unfair or discriminatory workplace for minorities and women employed at the CFPB. In doing so, we request that the OIG examine CFPB's performance appraisal process, specifically answering the following questions:

- (1) Does the Bureau have procedures in its appraisal process to ensure management is identifying potential bias?
- (2) Is the Bureau taking appropriate action to address those biases before finalizing appraisals?
- (3) How does the Bureau handle employee complaints related to personnel practices and policies, either made through informal or formal channels, regardless of whether they are from employees with bargaining or non-bargaining status?
- (4) What actions has the Bureau taken to address the results of this or any other employee satisfaction survey, whether conducted by the Bureau or an outside entity?

We also request more detailed information about the role of the Bureau's Office of Minority and Women Inclusion (OMWI) in dealing with these matters. In particular, we request a review of whether the OMWI has been involved in the CFPB's appraisal process, complaint handling process and employee satisfaction surveys – as well as information about how the OMWI could help address these issues going forward.

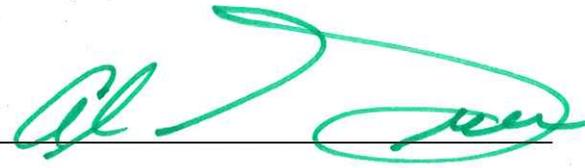
If the OIG identifies any individuals or groups of individuals who have exhibited discriminatory behaviors or patterns of unfair or unequal treatment, we ask that the OIG provide recommendations about appropriate actions, including remedial training or removal from employment with the Bureau.

We also request that the OIG monitor the Bureau's responses and corrective actions with regard to employee compensation packages, rating systems, and hiring and retention activities, to ensure that the CFPB exhibits workforce diversity and inclusivity both in its senior management level and in each of its six divisions of responsibility.

As noted in the GAO 2013 GAO ("Diversity Management: Trends and Practices in the Financial Services Industry and Agencies after the Recent Financial Crisis" GAO-13-238) report that listed nine leading diversity practices, top leadership commitment was the critically important factor to fostering diversity and inclusion. Any Federal agency that does not embrace the principles of fairness and equality internally cannot credibly pursue those principles externally. The Bureau's statutory mission is to implement and enforce federal consumer financial laws, to ensure that all consumers have access to fair, transparent, and competitive markets for consumer products and services. Given the mission of the CFPB, its workplace should serve as a model by which both regulated entities and other financial regulatory agencies are measured. Allegations of discriminatory behavior at the Bureau, in perception or practice, must be investigated thoroughly to ensure that no individual, coalition or group of individuals undermines the agency's vital mission of ensuring the fair and equitable treatment of consumers from all backgrounds.

Sincerely,

Allyne Watts



Casey B. Myers

Emanuel Lewis

Kyle S.

Joyce Beatty

Denny Hoch

Ed Palante