



1700 G Street NW, Washington, DC 20552

January 17, 2018

The Honorable Janet L. Yellen
Chair, Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, D.C. 20551

RE: Funds Transfer Request, FY 2018 Quarter 2

Dear Chair Yellen:

Section 1017(a)(1) of the Consumer Financial Protection Act (“Act”) requires the Board of Governors of the Federal Reserve System (“Board”) to transfer to the Bureau of Consumer Financial Protection (“Bureau”), a quarterly sum “determined by the Director to be reasonably necessary to carry out the authorities of the Bureau under Federal consumer financial law, taking into account such other sums made available to the Bureau from the preceding year (or quarter of such year).”

This letter is to inform you that for Second Quarter of Fiscal Year 2018, the Bureau is requesting **\$0**.

The reason for this is straightforward: I am informed that the projected Second Quarter (Q2) expenses for the Bureau are approximately \$145 million. During my review of the financial condition of the Bureau, I learned that, as of the beginning of Fiscal Year (FY) 2018, the Bureau had a balance in the Bureau of Consumer Financial Protection Fund (“Bureau Fund”) at the Federal Reserve Bank of New York in the amount of \$177.1 million. As the Act directs me to take into account the unobligated FY 2017 balance brought forward by the Bureau into FY 2018, all of which remains available in the Bureau Fund, I have determined that no additional funds are necessary to carry out the authorities of the Bureau for FY 2018, Q2. Simply put, I have been assured that the funds currently in the Bureau Fund are sufficient for the Bureau to carry out its statutory mandates for the next fiscal quarter while striving to be efficient, effective, and accountable.

My understanding is that previous Bureau leadership opted to maintain a “reserve fund” to address possible financial contingencies, although I know of no specific statutory authority requiring the establishment or maintenance of such a reserve. Moreover, I see no practical reason for such a large reserve, since I am informed that the Board has never denied a Bureau request for funding and has always delivered requested funds in a timely fashion. It is my intent to spend

down the reserve until it is of a much smaller size, while still allowing the Bureau to successfully perform its functions, before making an additional financial request of the Board.

Finally, as net earnings of the Federal Reserve System are periodically remitted to the Treasury, this request – or lack thereof - will serve to reduce the federal deficit by the amount that the Bureau might have requested under different leadership. While this approximately \$145 million may not make much of a dent in the deficit, the men and women at the Bureau are proud to do their part to be responsible stewards of taxpayer dollars.

Sincerely,



Mick Mulvaney
Acting Director

cc: Ricardo Aguilera, Division Director and Chief Financial Officer, Board of Governors of the Federal Reserve System

Donald Hammond, Chief Operating Officer, Board of Governors of the Federal Reserve System