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United States Senate
COMMITTEE ON BANKING, HOUSING, AND
URBAN AFFAIRS
WASHINGTON, DC 20510-6075

November 19, 2019

The Honorable Ben Carson
Secretary
U.S. Department of Housing and Urban Development
451 7th Street SW
Washington, DC 20410

Dear Secretary Carson:

We were shocked to learn this week that the Department of Housing and Urban Development (HUD) has decided to elevate Mr. Eric Blankenstein to the position of Executive Vice President at the Government National Mortgage Association (Ginnie Mae).

HUD hired Mr. Blankenstein shortly after his abrupt resignation from the Consumer Financial Protection Bureau (CFPB). While at the CFPB, the Inspector General conducted an investigation into Mr. Blankenstein's conduct and treatment of subordinates. The Inspector General concluded that Mr. Blankenstein "may have abused his authority," "may have misused his position for private gain," and "created the appearance of a violation of the *Standards of Ethical Conduct for Employees of the Executive Branch*."¹ Mr. Blankenstein's resignation came just a few days after the Inspector General issued his report and his hasty departure appears to have been at least partially related to that report.

Still, HUD found it fit to hire Mr. Blankenstein immediately after he left the CFPB in disgrace. Several members of the Senate wrote to you on multiple occasions to express concerns about Mr. Blankenstein's statements and the Inspector General's troubling findings.² In those letters we asked HUD to review and consider the Inspector General's findings, and, once the findings were public, to dismiss Mr. Blankenstein from his role in the General Counsel's office. HUD chose to flout both members of the Committee on Banking, Housing, and Urban Development as well as and the Inspector General by providing nonresponsive, boilerplate letters in return and maintaining Mr. Blankenstein in a position of public trust.

Given Mr. Blankenstein's troubling history in positions of power, it is unconscionable that HUD would not only hire Mr. Blankenstein, but now elevate him to be the most senior full-time leader of an organization of nearly 150 employees and a wide network of contractors that is responsible

¹ Report of the Inspector General of the Board of Governors of the Federal Reserve System and the Consumer Financial Protection Bureau, May 7, 2019. On file with the Minority Staff of the United States Committee on Banking, Housing, and Urban Affairs.

² See Letter from six senators from the Senate Committee on Banking, Housing, and Urban Affairs to Secretary Ben Carson, June 27, 2019; see also Letter from Senator Sherrod Brown and Senator Elizabeth Warren to Secretary Ben Carson, July 29, 2019.

for more than \$2 trillion in mortgage securities. Mr. Blankenstein’s promotion comes at a time when the Government Accountability Office has concluded that Ginnie Mae has trouble recruiting and retaining staff.³ It is hard to imagine how selecting an individual with a history of racist and sexist remarks could improve hiring and retention at this critical organization.

HUD’s promotion of Mr. Blankenstein sends a strong message – that racist and sexist remarks aren’t just acceptable, but are in fact a cause for promotion within the Trump Administration. This message echoes across HUD and to the countless financial institutions, institutional investors, and foreign governments for whom Ginnie Mae, through marketing of its programs, is a de facto representative of the United States.

Leading Ginnie Mae is not a figurehead position. Ginnie Mae is the second-largest mortgage-backed securities issuer, and it is growing rapidly. It needs a leader who will both treat all of its employees with the respect and dignity that they deserve and build a strong organization with a workplace culture that will support homeowners and investors. Selecting Mr. Blankenstein for this role moves the organization in the opposite direction.

HUD must immediately rescind Mr. Blankenstein’s promotion and put in place a leader who will strengthen, not undermine, Ginnie Mae’s critical role in our housing system. We look forward to your response no later than December 3, 2019.

Sincerely,



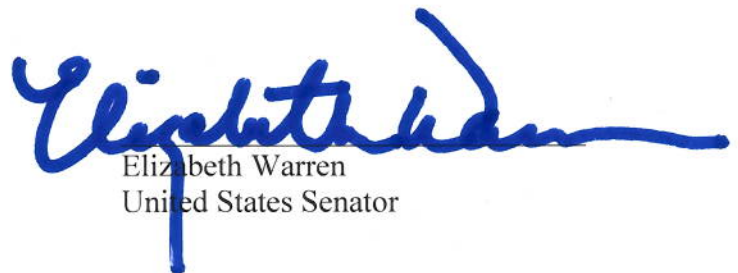
Sherrod Brown
United States Senator



Jack Reed
United States Senator



Robert Menendez
United States Senator



Elizabeth Warren
United States Senator



Tina Smith
United States Senator

³ “Ginnie Mae: Risk Management and Staffing-Related Challenges Need to Be Addressed,” Government Accountability Office, GAO-19-191, April 3, 2019, available at https://www.gao.gov/products/GAO-19-191?mobile_opt_out=1.