



March 2, 2021



The Honorable Ted Cruz
United States Senate
127A Russell Senate Office Building
Washington, D.C. 20510

The Honorable Ted Budd
US House of Representatives
103 Cannon House Office Building
Washington, DC 20514



Dear Senator Cruz & Congressman Budd:



On behalf of the undersigned organizations, **we write to express our support for your legislation eliminating the unaccountable Office of Financial Research.** This agency was established in 2010 by the Dodd-Frank Act and operates outside the Congressional appropriations process, receiving its funding from industry fees collected from financial institutions.



In response to the financial crisis of 2008, Congress quickly passed the Dodd-Frank Wall Street Reform and Consumer Protection Act, expanding the federal government's role in oversight of the financial marketplace and created several new regulators. The Office of Financial Research serves as a data collection agency that supports the Financial Stability Oversight Council, another regulator initiated by Dodd-Frank. While much of the data collected by OFR is voluntarily provided by private financial institutions, Congress granted the Office's Director subpoena power to collect information from bank holding companies as he sees fit.



OFR receives its funding through fees collected predominantly from the bank holding companies it regulates, insulating itself from Congressional oversight. Congress has no authority to review OFR's operations and how it spends its fees, shielding the Office from Congressional accountability. For bank holding companies, there are limited options other than surrendering capital to fund their regulator.



The Office of Financial Research's mission to support the Financial Stability Oversight Council with financial research is duplicative in nature. Nearly [20](#) other agencies, departments, bureaus, and committees exist and already conducts similar research, including the Department of Treasury's Office of Economic Policy, the Federal Deposit Insurance Corporation's Center for Financial Research, and the Federal Reserve's Division of Financial Stability. OFR is housed within the Treasury and operated on an annual budget of \$62.7 million for the 2020 fiscal year. Furthermore, despite OFR's significant outlays, the bureau has a history of [producing](#) incomplete and analytically unsound research.



Concerningly, the current Director of the OFR, President Trump appointee Dino Falaschetti, is now [calling](#) for more funding and increased staffing to increase the agency's scope. The Trump administration took steps to [shrink](#) the Office

and limit its intrusion among financial institutions. But, Secretary of the Treasury Janet Yellen discussed [reassessing](#) the Office's cuts and expanding the Office's scope to include climate research during her confirmation hearing before the Senate Financial Committee.

Under the Biden Administration, a Democrat-appointed Director could weaponize the Office and abuse its subpoena power to liberally collect information from financial institutions. Specifically, the Office could be used as a backdoor collection point for banks to surrender information regarding their lending activity in an attempt to publicly shame institutions and discourage them from lending to certain industries. **For these reasons, we, the undersigned organizations, strongly support your legislation to eliminate the Office of Financial Research in its entirety.**

Sincerely,

Grover Norquist
President, Americans for Tax Reform

Adam Brandon
President, FreedomWorks

Andrew F. Quinlan
President, Center for Freedom and Prosperity

Heather R. Higgins
CEO, Independent Women's Voice

Pete Sepp
President, National Taxpayers Union

Maureen Blum
Executive Director, USA Workforce

Phil Kerpen
President, American Commitment

Matthew Kandrach
President, Consumer Action for a Strong Economy

Iain Murray
Vice President, Competitive Enterprise Institute

Tom Schatz
President, Council for Citizens Against Government Waste