



A Union of Professionals

Steven Mnuchin—Secretary of Treasury

Mnuchin spent 17 years working at Goldman Sachs, following in the footsteps of his father, former Goldman Sachs partner Robert. E. Mnuchin. At Goldman, Mnuchin was described as “an early player in the mortgage-backed securities market, which was later to figure prominently in the 2008 financial crisis.”¹ In 2002, Steven Mnuchin started the private equity firm Dune Capital Management. In 2009, Dune Capital Management created OneWest Bank from assets of IndyMac Federal Bank, which Dune purchased from the Federal Deposit Insurance Corp. Dune Capital sold OneWest to CIT Group in 2015.

Mnuchin’s appointment was strongly condemned by Sen. Elizabeth Warren (D-Mass.), who called Mnuchin the “Forrest Gump of the financial crisis,” and warned that his appointment “should send shivers down the spine of every American who got hit hard by the financial crisis.”²

Much of the criticism of Mnuchin comes from his role overseeing the former OneWest Bank. David Dayen, author of an exposé into mortgage lender practices, explained that even “among the many bad actors in the national foreclosure crisis, OneWest stood out. It routinely jumped to foreclosure rather than pursue options to keep borrowers in their homes; used fabricated and “robo-signed” documents to secure the evictions; and had a particular talent for dispossessing the homes of senior citizens and people of color.”³

PROFITING FROM TAXPAYERS:

OneWest made a huge profit on loans it bought from the government at fire-sale prices. OneWest was formed out of assets of IndyMac, a government-sponsored housing lender that was sold off during the Great Recession. Protected by a federal backstop, OneWest was only responsible for a portion of the losses suffered on the loans it bought from IndyMac. According to an analysis by the California Reinvestment Coalition, the FDIC will pay an estimated \$2.4 billion to OneWest as a result of this backstop agreement.⁴

OneWest was merged into CIT Group in 2015, which paid \$3.4 billion for the bank. Mnuchin personally earned a reported \$10.9 million from the sale.⁵ The merger itself was controversial for OneWest’s apparent use of a tax-exempt nonprofit to garner support for the deal. Fourteen nonprofits wrote comment letters to the Federal Reserve indicating their support for the CIT Group/OneWest merger.⁶ An investigation by Politico determined that those 14 groups received a combined \$2.5 million in contributions from OneWest’s affiliated nonprofit.⁷

ONEWEST’S CONTROVERSIAL MORTGAGE COLLECTION PRACTICES:

- While Steven Mnuchin was chairman of the bank, OneWest foreclosed on a 90-year-old Florida resident over a billing dispute of 27 cents.⁸
- A Minneapolis homeowner, who was in the process of renegotiating her loan with OneWest, came home in a blizzard to find that the bank had changed her locks.⁹ The practice of foreclosing on a homeowner during modification negotiations is a violation of federal loan-servicing laws.¹⁰
- In 2009, a New York judge threw out a Long Island couple’s \$525,000 mortgage balance with OneWest, calling the bank’s behavior “harsh, repugnant, shocking and repulsive.”¹¹
- A OneWest employee admitted to “robo-signing” as many as 6,000 foreclosure-related documents per week.

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Randi Weingarten
PRESIDENT

Loretta Johnson
SECRETARY-TREASURER

Mary Cathryn Ricker
EXECUTIVE VICE PRESIDENT



During testimony, Vice President for Banking and Foreclosure Erica Johnson-Seck testified that she did not read the documents she signed.¹²

- From April 2009 to November 2013, Financial Freedom—a OneWest subsidiary—was responsible for 39 percent of all reverse-mortgage foreclosures under the HUD Home Equity Conversion Mortgage Program.¹³

ONEWEST BANK WAS DOGGED WITH ALLEGATIONS OF LENDING BIAS DURING MNUCHIN'S TENURE:

- The California Reinvestment Coalition analyzed OneWest's 2015 branch bank locations in the Los Angeles metropolitan area and found that the overwhelming majority were located in majority-white census tracts. Of 74 total branches, only 11 were located in majority Latino tracts, and one was located in a majority Asian tract. None of OneWest's branches were located in majority African-American census tracts.¹⁴
- Using federal Home Mortgage Disclosure Act data, the California Reinvestment Coalition also found that OneWest's 2015 mortgage lending excluded communities of color. According to a redlining complaint filed by two California nonprofit groups, OneWest gave only two mortgage loans to African-American borrowers in the Los Angeles area during 2014 and 2015.¹⁵
- Although OneWest may not have been actively loaning to communities of color, foreclosure data show that Mnuchin's firm was actively foreclosing on them. From 2009 to 2015, OneWest "conducted 24,634 foreclosures in communities of color in California—most of them on homes originated by the failed IndyMac Bank—while originating only 2,624 mortgages in the same communities."¹⁶

¹ <http://thehill.com/blogs/pundits-blog/finance/308283-the-wall-street-man-heading-to-treasury-is-a-letdown-for-americans>

² <http://www.vanityfair.com/news/2016/11/elizabeth-warren-steven-mnuchin-forrest-gump>

³ <https://newrepublic.com/article/133368/donald-trumps-finance-chair-anti-populist-hell>

⁴ <http://www.calreinvest.org/system/resources/W1siZiIsIjIwMTQvMTIvMTYvMDdfMzNfNTVfMTI2X0NSQ19GREIDX0xc3NfU2hhcmVfRmFjdF9TaGVldC5wZGYiXV0/CRC%20FDIC%20Loss%20Share%20Fact%20Sheet.pdf>

⁵ <http://www.politico.com/story/2016/11/mnuchin-treasury-foundation-trump-232016>

⁶ https://www.federalreserve.gov/bankinforeg/Comment_Letters_8-5-14_to_9-5-2014.pdf

⁷ <http://www.politico.com/story/2016/11/mnuchin-treasury-foundation-trump-232016>

⁸ <http://www.vanityfair.com/news/2016/12/foreclosing-on-a-90-year-old-woman-over-27-cents-steven-mnuchins-days-at-onewest>

⁹ <http://www.startribune.com/after-2-year-foreclosure-battle-she-owns-minneapolis-home/128110078/>

¹⁰ <https://newrepublic.com/article/133368/donald-trumps-finance-chair-anti-populist-hell>

¹¹ <http://nypost.com/2009/11/25/judge-blasts-bad-bank-erases-525g-debt/>

¹² <https://www.propublica.org/documents/item/july-2009-deposition-by-erica-johnson-seck-of-onewest-bank>

¹³ <http://calreinvest.org/system/resources/W1siZiIsIjIwMTQvMTIvMTYvMDQvMTIvMTYvMDdfMzNfNTVfMTI2X0NSQ19GYWN0X1NoZWV0X2Fib3V0X0ZpbmFuY2IhbF9GcmVIZG9tX0ZvcmljbG9z-dXJlc19TaW5jZV9BcHJpbF8yMDA5LnBkZiJdXQ/CRC%20Fact%20Sheet%20about%20Financial%20Freedom%20Foreclosures%20Since%20April%202009.pdf>

¹⁴ <https://badbankmerger.com/2016/11/17/redlining-complaint-filed-against-onewest-bank/>

¹⁵ <https://www.thenation.com/article/bank-led-by-trump-treasury-pick-accused-of-racial-discrimination/>

¹⁶ <https://www.thenation.com/article/bank-led-by-trump-treasury-pick-accused-of-racial-discrimination/>