

Memorandum of Understanding
between
The United States Department of the Treasury (Treasury), on behalf of the Bureau of
Consumer Financial Protection (Bureau),
and
The Board of Governors of the Federal Reserve System (Board), on behalf of itself and the
Federal Reserve Banks (Collectively, FRS),
Regarding the Process for Transferring FRS Employees to the Bureau

I. Background and Purpose

Section 1064 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act or the Act) requires the transfer of certain FRS employees to the Bureau. Treasury, on behalf of the Bureau, and the Board (the Parties), on behalf of itself and each of the Federal Reserve Banks, are entering into this memorandum of understanding (MOU) in order to set out the process and procedures for identifying FRS employees for transfer to the Bureau.

II. Authority

The Board enters into this Agreement pursuant to its authority under Section 10 of the Federal Reserve Act (12 U.S.C. § 244) and sections 1061 and 1064 of the Dodd-Frank Act. Treasury enters into this Agreement on behalf of the Bureau pursuant to its authority under sections 1064 and 1066 of the Act.

III. Procedures for Identifying Transferees

- A. Process for Identifying Individual Employees for Transfer. The Parties agree the following process will be used to identify which individual employees of the Board or of a Reserve Bank (each an FRS employee) will be transferred to the Bureau:

1. Board and the Bureau identify potential transferees. The Board and the Bureau will jointly identify employees for potential transfer to the Bureau. An FRS employee may be identified for potential transfer to the Bureau if, before the transfer date, the employee falls under one or more of the following categories:

- a. Board Employee. Board employee who:

- i. Performs any rule-writing function, as described in section 1061(a)(1)(A) of the Act, that is transferred to the Bureau under the Act, including

performing any appropriate function to promulgate or review any rule, order, or guideline which may be issued by the Board (and for which such function is transferred to the Bureau).

- ii. Performs any consumer examination function, as described in section 1061(a)(1)(B) of the Act, that is transferred to the Bureau under the Act.
- iii. Spends a substantial amount of time working on responding to consumer complaints and inquiries, consumer education, consumer financial literacy, consumer policy analysis, research on household finance and behavior, or similar function.

b. Reserve Bank Employee. A Reserve Bank employee who spends a substantial amount of time performing a consumer examination or complaint processing or investigation function, or research on household finance.

2. Start Date for Transfer Process. The Bureau will designate the date on which the process, as set out in this MOU, for transferring employees in each functional area will begin. However, no FRS employees will be transferred to the Bureau earlier than the designated transfer date, which is currently July 21, 2011.
3. Bureau Presentation to Employees. The Bureau may meet or communicate (video, telephone, and/or in-person) with potential transferees (as identified in Section III.A.1., above) in order to share information about the Bureau and to answer any questions potential transferees may have about working for the Bureau. (To the extent the Bureau requires potential transferees to travel outside of their ordinary commuting area to attend the presentation the Bureau agrees to pay for all necessary travel and accommodations for such employees.) The Bureau agrees that, in order to reduce employee uncertainty during the transfer process, this step will be completed no later than 45 days after the Bureau initiates the transfer process for each functional area, under Section III.A.2, above. During this process, the Bureau will inform potential transferees how they can apply for and transfer to positions at the Bureau. The Bureau will be responsible for developing and implementing the relevant application and hiring process, including setting the relevant time frames for applying. The Bureau may make multiple presentations to FRS employees should the initial presentation not yield sufficient applicants for Bureau positions.

4. FRS Employees Express Willingness to Transfer to the Bureau. Potential transferees may decide whether they wish to be considered for transfer to the Bureau by applying (within the relevant time frames) to the Bureau in accordance with the hiring process established by the Bureau. The Bureau may conduct interviews to determine which employees the Bureau wishes to accept for transfer to the Bureau.
5. Bureau Conducts Interviews. The Bureau will conduct any necessary interviews with the potential transferees. The Bureau agrees that in order to reduce employee uncertainty during the transfer process, the application and interview process (Sections III.A.4 and III.A.5) will be completed no later than 90 days after the Bureau initiates the transfer process for each functional area under Section III.A.2, unless extended by mutual agreement of the Board and the Bureau.

6. Job Offers.

a. Except as provided in (b), the Bureau will provide, not later than 120 days after the Bureau initiates the transfer process for each functional area under Section III.A.2 (unless extended by mutual agreement of the Board and the Bureau), a written job offer to each potential transferee whom the Bureau wishes to accept for transfer. The Bureau will provide a written offer that, to the extent practicable, informs the employee of the position (e.g., if known, the title of the position or immediate supervisor), base pay and performance pay (as may be applicable under the Bureau's pay and classification system), and other terms or conditions that the Bureau may assign to the offer, all in accordance with the Act, including sections 1064(f), 1064(g), and 1013(a)(2) of the Act, which provide certain salary and job protections. In order to transfer, a potential transferee must accept the job offer in writing, within the time required by the terms of the offer. The Bureau agrees to provide the Board with a copy of each employee's written acceptance so that the Board knows which FRS employees are transferring to the Bureau.

b. A Board employee who is an attorney, works in the Division of Consumer and Community Affairs, and spends 50% or more of that employee's time performing a rule-writing function transferred under section 1061(b)(1)(A) of the Act to the Bureau (hereinafter "Consumer Rule Writing Employee"), shall be provided a written job offer to perform a rule-writing function at the Bureau. The procedures described in subparagraph (a) shall apply to such Consumer Rule Writing Employees. The job offers for Consumer Rule Writing Employees shall contain the name and contact

information of a CFPB Human Capital Customer Consultant the employee may contact if the employee has any questions about the job offer or the compensation or benefits the employee will receive while working for the Bureau. In order to transfer, a Consumer Rule Writing Employee must accept the job offer in writing within the time frame required by the terms of the offer. The Bureau agrees to provide the Board with a copy of each Consumer Rule Writing Employee's written acceptance so that the Board knows which Consumer Rule Writing Employees are transferring to the Bureau.

7. Identification of Employees. The Parties agree that each FRS employee identified under section III.A.1 who accepts a job offer from the Bureau under Section III.A.6 and who is in the FRS' employ on the transfer date will be transferred to the Bureau.
8. Additional Transfer Negotiations if Needed. In the event that the process described in III.A.1-III.A.7 does not result in a sufficient number of transferring employees "necessary to perform or support" the transferred functions under §§ 1064(a)(1) or Bureau functions under 1064(a)(7), or one of the Parties otherwise identifies a need for additional transfer(s), the Board and the Bureau may negotiate a further agreement with respect to identifying additional FRS employees for transfer. The determination regarding a sufficient number of transferring employees shall be based upon the data provided by the Board to the Bureau with respect to the resources devoted by the Board or a Reserve Bank to the transferring functions. The Parties agree that any additional transfer negotiations, if any, with respect to a particular functional area, will not begin until after the process described in III.A.1 – III.A.7. is complete for the functional area. The Parties further agree that all negotiations and transfer of personnel will be complete no later than 90 days after the designated transfer date.
9. Final Identification of Transferees. Once the Bureau receives responses to its job offers the Bureau will compile a final list of transferees. The Parties agree that the following individuals have the final authority to confirm that the list of transferees conforms to those employees who were extended and accepted a job offer pursuant to III.A.1-7 :

- a. For the Bureau:

The Director of the Bureau may act on behalf of the Bureau to confirm the transfer of FRS employees to the Bureau. Until a Director of the Bureau is confirmed, the

Secretary of the Treasury, exercising authority under section 1066 of the Dodd-Frank Act, may confirm, on behalf of the Bureau, the transfer of FRS employees to the Bureau. Another Treasury official may act on behalf of the Secretary if the official demonstrates that he or she is duly authorized by the Secretary to confirm employee transfers to the Bureau under the Dodd-Frank Act.

b. For the FRS:

Governor Elizabeth A. Duke will act on behalf of the FRS to confirm the transfer of FRS employees to the Bureau. Governor Duke's authority has not been further delegated to any other individuals.

10. The Parties Notify Employees Identified in A.8 of Transfer. The Parties agree to notify FRS employees on the list created under Section III.A.8 that they will be transferred to the Bureau.
11. Timing of Transfer Process. The Parties agree that once this MOU is executed, the process outlined in this MOU will be the process used for jointly identifying FRS employees for transfer to the Bureau, except as otherwise negotiated pursuant to III.A.8 or as provided in III.A.12. It is expected that the Parties will jointly identify FRS employees for transfer to the Bureau only once in each functional area outlined under Section III.A.1. (for example, once for Board employees who perform rule-writing functions, once for Board employees who perform consumer examination functions, etc.). The final list, as described in Section III.A.9, above, shall be in writing (with transferees listed by name and any other necessary identifying information) and shall be signed by the authorized officials listed in Section III.A.9. If an employee leaves the FRS after the employee is identified for transfer to the Bureau, the FRS will not be required to replace the employee with a different FRS employee. To the extent that either Party wishes to identify an FRS employee for transfer outside of the group transfer process outlined in this MOU, both Parties agree that the FRS employee will receive a job offer and that the FRS employee may only be transferred to the Bureau if the employee accepts the job offer and both Parties jointly identify the FRS employee as a transferee. Both Parties agree that all FRS employees will be identified for transfer and transferred no later than 90 days after the designated transfer date. Notwithstanding any other provision of this MOU, an FRS employee may apply for, and accept, employment with Treasury or the Bureau outside of the transfer process set forth under this MOU.

12. Detail of Employees Identified for Transfer. The FRS agrees to consult with Treasury/the Bureau on whether an FRS employee identified or being considered for transfer can be detailed to Treasury/the Bureau in advance of the employee's official transfer to the Bureau. Treasury/the Bureau and the Board agree to detail Board employees in accordance with the attached detail agreement (Attachment A). Treasury/the Bureau and the Federal Reserve Banks will jointly negotiate the terms of the detail agreement to be used for any Federal Reserve Bank employee detailed to Treasury/the Bureau.

IV. Term, Termination & Modification

- A. This MOU shall be effective as of the date last executed below and shall continue until the earliest of the following events: (1) the date the Parties terminate this MOU by mutual written agreement; or (2) 90 days after the designated transfer date; provided that any final written agreement the Parties enter into under Section III shall survive termination of this MOU.
- B. Any modification of this MOU must be accomplished by mutual written agreement, signed by persons authorized to act on behalf of the Parties.

V. Other Applicable Laws or Policies

Throughout the term of this MOU the Parties shall comply with all applicable federal laws, regulations, policies, and guidelines, including but not limited to those regarding information security, access and privacy as applicable to the Parties. The determination as to applicability of laws, regulations, policies and guidelines shall be made by the Parties, respectively, and any disagreement regarding such requirements shall be resolved in accordance with the Dispute Resolution provision of this MOU.

VI. Notice and Contact Information

- A. Any written notice that is required by this MOU shall be sent in hardcopy *and* by either facsimile or electronic mail to Parties as follows:

- 1. For the Board:

- Jean Anderson
Federal Reserve Board
Mail Stop 14
20th & C St., N.W.
Washington, DC 20551

Fax: 202-736-5615

Email: Jean.anderson@frb.gov

With a copy to:

Sandy Braunstein

Federal Reserve Board

1709 New York Avenue NW

Division of Consumer and Community Affairs, Office N-8021

Washington, D.C. 20002

Fax: (202) 785-6032

Email: Sandy.braunstein@frb.gov

2. For Treasury:

Dennis Slagter

Chief Human Capital Officer

Bureau of Consumer Financial Protection

With a copy to:

Leonard Kennedy

General Counsel

Bureau of Consumer Financial Protection

VII. Dispute Resolution

In the event of any disagreement arising between the Parties concerning this MOU, as an initial step the Parties shall use their best efforts to expeditiously negotiate a resolution in good faith.


VIII. Counterparts/Facsimile

This MOU may be executed as a facsimile and any number of counterparts, each of which when executed and delivered shall be deemed an original, and such counterparts together shall constitute one and the same instrument. For purposes hereof, any facsimile copy of this MOU including the signature pages bearing the Parties' signatures shall be deemed an original.

IN WITNESS WHEREOF, the Parties hereto have executed this MOU on the day and year set forth below and do each hereby warrant and represent that their respective signatories, whose signatures appear below, have been and are on the date hereof duly authorized to execute this MOU.

Board of Governors of the Federal Reserve System


Date:

By: 
Elizabeth A. Duke
Board Member

3/7/11

United States Department of the Treasury

Date:

By: 
Dan Tangherlini
Assistant Secretary for Management
Department of the Treasury

3/14/11