8·21·25

FEDERAL RESERVE

Trump calls on official to resign after accusation

Fannie Mae director urges Justice Dept. to investigate Cook

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THE ASSOCIATED PRESS

WASHINGTON>> President Donald Trump on Wednesday called on Federal Reserve governor Lisa Cook to resign after a member of his administration accused Cook of committing mortgage fraud, the latest example of the Trump administration's efforts to gain control over the central bank.

Bill Pulte, director of the agency that oversees mortgage giants Fannie Mae and Freddie Mac, urged the Justice Department to investigate Cook, who was appointed to the Fed's governing board by former president Joe Biden in 2022. She was reappointed the following year to a term that lasts until 2038, the longest remaining term among the seven governors.

Pulte, in a letter to Attorney General Pam Bondi, alleged that Cook claimed two homes as her principal residences in 2021 to fraudulently obtain better mortgage lending terms. On June 18 of that year she purchased a home in Ann Arbor, Mich., and then two weeks later bought a condo in Atlanta, the letter said. Before joining the Fed, Cook taught at Michigan State University.

Pulte also charged that Cook has listed her condo in Atlanta for rent. Mortgages for homes used as principal residences typically carry lower interest rates than properties that are purchased to rent, the letter said.

The Federal Reserve declined to comment on the accusation. A Justice Department spokesperson also declined to comment.

The allegation represents another front in the Trump administration's attack on the Fed, which has yet to cut its key interest rate as Trump has demanded. If Cook were to step down, then the White House could nominate a replacement. And Trump has said he would only appoint people who would support lower rates.

Just last month, Trump blasted Fed chair Jerome Powell for the ballooning cost of the renovation of two of the Fed's headquarters buildings, even suggesting that the run-up in costs could constitute a firing offense. He backed off his threats to fire Powell after receiving a tour of the project.

Pulte also suggested that Cook's alleged actions could constitute a firing offense. Fed officials are protected by law from being removed by a president, except "for cause," which is generally seen as some kind of malfeasance or dereliction of duty.

Either way, if Trump seeks to fire Cook, it could lead to a court battle over a president's power to remove Fed governors.

Senate Democrats, including New York Sen. Chuck Schumer, expressed support for Cook and slammed Trump's actions.

"Trump is a liar. Lisa Cook — stand tough and don't let Trump intimidate you," Schumer wrote in a post on social media platform X.

Massachusetts Sen. Elizabeth Warren said in a statement that Trump "has been scrambling for a pretext to intimidate or fire Chair Powell and members of the Federal Reserve Board while blaming anyone but himself for how his failed economic policies are hurting Americans."

Trump will be able to replace Powell in May, when Powell's term expires. Yet 12 members of the Fed's interest-rate setting committee have a vote on whether to raise or lower interest rates, so even replacing the chair doesn't guarantee that Fed policy will shift the way Trump wants.

But the more members of the Fed's governing board that Trump can appoint, the more control he will be able to assert over the Fed, which has long been considered independent from day-to-day politics.

All seven members of the Fed's governing board are able to vote on rate decisions. The other five voters include the president of the Fed's New York branch and a rotating group of four of the presidents of the Fed's other 11 regional branches.

Trump appointed two members of the Fed's board in his first term, Christopher Waller and Michelle Bowman. Both dissented July 30 from the central bank's decision to keep its rate unchanged, in favor of a rate cut.

Another Fed governor, Adriana Kugler, stepped down unexpectedly Aug. 1, and Trump has nominated one of his economic advisers, Stephen Miran, to fill out the remainder of her term until January.

If Trump is able to replace Cook, the first Black woman to serve on the Fed's board, as well as Kugler, that would give him a clear majority on the board of governors. If Powell leaves the board when his term as chair ends next May, then Trump will be able to fill a fifth spot. However, Powell could stay on the board until early 2028 after finishing his term as chair.

Trump has for months demanded that the Federal Reserve reduce the short-term interest rate it controls, which currently stands at about 4.3%. He has also repeatedly insulted Powell, who has said that the Fed would like to see more evidence of how the economy evolves in response to Trump's sweeping tariffs before making any moves.

The Trump administration has made similar claims of mortgage fraud against Democrats that Trump has attacked, including California Sen. Adam Schiff and New York Attorney General Letitia James.