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Fed governor Lisa Cook SAUL LOEB/ AGENCE FRANCE- PRESSE/ GETTY IMAGES

Fed's Cook Hit With Criminal Probe By DOJ

Bank governor targeted by Trump denies allegations of mortgage fraud

By Brian Schwartz, C. Ryan Barber and Will Parker

The Justice Department has opened a criminal investigation into Federal Reserve governor Lisa Cook, issuing subpoenas as part of an inquiry into whether she submitted fraudulent information on mortgage applications, according to U.S. officials familiar with the matter.

The initial scrutiny has centered on Cook's properties in Ann Arbor, Mich., and Atlanta, with investigators using grand juries as part of the probe, the officials said.

The investigation comes on the heels of two criminal referrals from Bill Pulte, the Trump-appointed director of the Federal Housing Finance Agency, who has publicly alleged that Cook engaged in mortgage fraud. President Trump has cited those allegations in his bid to fire Cook and wrest control of a central bank that has historically remained independent.

"The questions over how governor Cook described her properties from time to time…are not fraud, but it takes nothing for this DOJ to undertake a new politicized investigation, and they ap-

pear to have just done it again," Cook's lawyer, Abbe Lowell, said.

A spokesman from the Justice Department declined to comment.

Cook filed a lawsuit last month alleging Trump's move to fire her was unlawful. She argued Trump "concocted" a basis for her firing to vacate a seat on the board that he can fill to "forward his agenda to undermine the independence of the Federal Reserve."

The Federal Reserve Act allows the president to fire Fed governors "for cause." The Trump administration has said it was within the president's authority to dismiss her. Cook's lawyers, in a court filing Tuesday, said she "did not ever commit mortgage fraud."

Pulte accused Cook of misleading banks on multiple mortgage applications to receive favorable lending terms, such as lower interest rates, typically given to a buyer who intends to occupy the home he or she purchases.

In a court filing on Thursday, Justice Department lawyers pushed back on Cook's claim that the alleged inconsistencies on her mortgage filings were known before she was appointed. They also said that even if Trump had given Cook a chance to argue against her firing, it wouldn't have made a difference: "An opportunity to tell one's side of the story only matters if one has a side of the story to tell, and Dr. Cook has given no indication that she does," they wrote.

A judge is considering Cook's request for an emergency order stopping her from being removed from the Fed board while the case proceeds. The Fed's next meeting is set to begin Sept. 16.

If the president is successful in replacing Cook with one of his allies, a majority of the Fed's board would be made up of Trump-picked appointees. "We'll have a majority very shortly," Trump said last month while discussing his efforts to fire Cook.

Trump, a Republican, has repeatedly criticized Fed Chair Jerome Powell for his reluctance to cut interest rates, calling on him to resign. So far, the president hasn't moved to oust Powell, despite publicly toying with the idea.

Trump has also accused Powell of mismanaging an expensive renovation of the Fed's Washington, D.C., headquarters.

Coordinating the Justice Department inquiry is Ed Martin, a top Justice Department official whom Attorney General Pam Bondi designated to investigate mortgage fraud among public officials. A Trump loyalist, Martin previously served in the early months of the administration as the interim U.S. attorney in Washington. He left the role after his nomination failed to garner sufficient backing from Republicans, in part because of his past support for defendants charged in connection with the Jan. 6, 2021, riot at the U.S. Capitol.

The scrutiny of Cook represents the latest instance of the Justice Department investi--gating a Trump adversary over allegations of mortgage fraud. The Justice Department had already launched probes into similar claims of mortgage issues against New York Attorney General Letitia James and Sen. Adam Schiff of California, both Democrats and both vocal Trump critics.

Note

In 2021, Cook indicated in mortgage agreements that two separate homes, one in Ann Arbor, Mich., and another in Atlanta, were both her primary residence. There are circumstances in which a bank might allow a borrower to name two places as a primary residence, and proof of mortgage fraud typically requires intent that goes beyond misstatements on documents.

Pulte also accused Cook of irregularities on a third mortgage, a loan for a condominium in Cambridge, Mass., that Cook listed as a second home in a 2021 loan agreement. Cook was drawing rental income from the condo at the time. The terms of the mortgage don't prohibit renting, although they state the home should primarily be used by the owner as a secondary residence.

Felony convictions of mortgage fraud are relatively rare. In 2024, there were 38 federal mortgage fraud offenders who received an average sentence of 18 months, according to the U.S. Sentencing Commission.

A 2023 report from the Federal Reserve Bank of Philadelphia found that one-third of single-family home investors misrepresent their occupancy status on their mortgage applications.