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Today's Agenda



- **A Discussion with State Attorneys General**
 - Sean Riley, *Deputy Attorney General of Kentucky*
 - Jessica Whitney, *Assistant Attorney General of Iowa*
 - Joe Jacquot, *Partner, Foley & Lardner LLP and Former Deputy Attorney General of Florida*
- **UDAAP Update**
- **Conclusion / Q&A**

A Discussion with State Attorneys General

Sean Riley, *Deputy Attorney General of Kentucky*
Jessica Whitney, *Assistant Attorney General of Iowa*
Joe Jacquot, *Partner, Foley & Lardner and Former Deputy Attorney General of Florida*



Luther Strange
Alabama Attorney General

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Alaska Attorney General

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Arkansas Attorney General

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Connecticut Attorney General

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Jack Conway
Kentucky Attorney General

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A portrait of Jack Conway, Kentucky Attorney General, smiling. He is wearing a dark suit, a white shirt, and a red and white striped tie. The background shows a bookshelf with books and a portion of the Kentucky state flag.

James D. “Buddy” Caldwell
Louisiana Attorney General

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A portrait of James D. “Buddy” Caldwell, Louisiana Attorney General, smiling. He is wearing a dark suit, a white shirt, and a red tie. The background is a plain, light-colored wall.

Janet T. Mills
Maine Attorney General

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Maryland Attorney General

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Wyoming Attorney General



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UDAAP Council
Recent Developments
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2014 Consumer Response Report

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- 250,700 complaints in 2014
- Debt collection complaints almost tripled from 2013 to 2014
 - Debt collection complaints now account for 35% of total complaints
- Mortgage-related complaints dropped off somewhat from 2013 to 2014

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Fair Lending

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- 2014 Annual Report – over \$224 million returned to consumers for alleged fair lending violations
- DOJ recently disclosed 10 joint investigations of alleged ECOA violations involving racial/national origin discrimination—some possibly involving auto lending

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Bank Overdraft Fees



- **Winter 2015 Supervisory Highlights noted calculation of overdraft fees based on non-settled transactions**
 - Increases likelihood that consumers would incur fees that they did not anticipate
- **April 28, 2015 enforcement action**
 - CFPB found bank violated overdraft opt-in rule – charged overdraft fees to consumers who had not opted-in to overdraft coverage
 - \$7.5 million penalty plus refunds of improper overdraft fees (bank had already paid \$47.8 million in refunds)

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Anti-Kickback Actions



- **January 2015 complaint against two banks, former bank officer and his wife for alleged kickbacks**
- **April 29, 2015 complaint against title company and two executives for alleged RESPA violations**
- **Director Cordray: action “should serve as a warning to all those in the mortgage market”**

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Ever-Expanding Reach of CFPB



- **May 1, 2015 consent order against land developer**
 - Alleges developer misrepresented that roads in development were completed and county-approved for private use
 - Ordered developer to repair roads

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Debt Collection



- **2014 brought 7 public actions against debt collectors, for over \$583 million in restitution and fines**
 - Specifically targeting collection activity against certain kinds of debtors:
 - Student loan debtors
 - Spanish-speaking debtors
 - Servicemembers
- **Actions continue**
 - **April 2015**
 - Action against loan servicing company
 - Failed to honor loan modifications entered into with prior servicers and insisted that the consumer pay their original, higher monthly payment
 - Used false threats, repeated calls, and revealed debt to 3rd parties in collecting mortgage payments

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Payday Loans



- In March 2015, CFPB released proposed new rules for payday, title and other types of “high-cost” loans
 - Goal is to prevent “debt-traps” – loans to consumers who cannot afford to repay
 - Proposals require differing levels of income verification depending on type of loan
 - Also restrict debt collection options

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Student Loans and Credit Cards



- Continued area of focus for CFPB
 - Gathering data regarding agreements between colleges and financial institutions for student checking and credit cards
 - Looking for ways to increase disclosures
- Deceptive Student Loan Debt Collection
 - Overpromise on restoration of credit profiles if borrowers participate in federal student loan rehabilitation program
- For-profit colleges have been and will remain a target for CFPB & AG action

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Servicemembers' Complaints



- **April 27, 2015 CFPB Report**
 - 29,500 complaints since July 2011
 - Debt collection and mortgages were most common subjects of complaints
 - 2014 enforcement actions against consumer lenders who cater to servicemembers
- **Report focuses on bank fees & communication:**
 - Dormancy/inactivity/“misuse” fees
 - Lack of communication options appropriate for overseas servicemembers
 - Overly burdensome requirements for allowing spouse/family member to access account, refusal to accept power of attorney

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Arbitration Agreements



- **2015 Report to Congress found:**
 - Roughly 1/2 of all credit card and checking accounts are subject to arbitration clauses
 - Consumers rarely exercise right to arbitrate
 - Clauses limit availability of class action relief
 - No evidence arbitration clauses lead to lower costs for consumers
- **CFPB has stated regulation of arbitration clauses may be on the horizon**

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Q&A

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- Please ask us your questions!
- Input any questions or comments into the Q&A box to your left.

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