



Regulatory: The Consumer Financial Protection Bureau is still hard at work *Don't mistake relative silence for inactivity.*

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By [Martin Bishop](#)

This column is part of a series of articles on the new Consumer Financial Protection Bureau and the upcoming wave of regulations affecting the consumer financial industry.

When Congress passed the Dodd-Frank Act more than a year ago, everyone in the financial services industry knew it was a game changer. Digesting the 1,200 pages of Dodd-Frank's statutory language was daunting, but absorbing the 5,000 to 10,000 pages of new regulations that are expected to be spawned by Dodd-Frank—many of them likely directed at the consumer financial services industry—borders on overwhelming.

By the time this article is published, the Senate should have at least started and may have completed the confirmation hearings of Richard Cordray, President Obama's nominee to be the first director of the new Consumer Financial Protection Bureau. Senate Republicans have made a public commitment to block the confirmation of any nomination until, among other things, the bureau's leadership structure is changed from a single director to a five-member commission. The hearing should be a spectacle not to be missed.

Pending the Cordray hearings, what else is going on at the bureau? What are the leaders doing? Where are all the regulations? As you might imagine given the political powder keg surrounding the bureau and Cordray nomination, the bureau is not out there rocking the boat at the moment. But that does not mean nothing is going on.

For starters, the bureau is on a hiring spree. There are approximately 500 current staffers at the bureau, which seeks to expand that number to 750 by the end of September, and 1,200 by the end of September 2012. The new hires will need something to do, of course, and supervision, examinations and rulemaking are on the top of the list. Further down the line, at least several hundred of these bureau employees will perform examinations, but for the time being, they will focus on the 111 banks with \$10 billion or more in assets. The number of supervised entities is likely to change, however. Dodd-Frank gives the bureau the power to supervise any "larger participant" of a market for other consumer financial products or services, so long as the bureau defines the "larger participants" through rulemaking, a process that is already underway.

Some of the bureau's senior officials are out and about, notwithstanding the lack of an official figurehead. Holly Petraeus, for example, is the director of the Office of Servicemember Affairs at the bureau and has been holding listening sessions at military bases around the country. Petraeus endorses the development of regulations to protect vulnerable populations, such as servicemembers, from businesses that improperly capitalize on them. Adding emphasis to her charge, Petraeus labels financial problems as the most significant cause of security clearance revocations in the military.

In addition to the "larger participant" rule that is in the works, at the end of July, the bureau issued four interim final rules addressing bureau investigations, administrative enforcement proceedings, various disclosures by the bureau and notifications to the bureau before instituting proceedings against financial service companies or banks. A couple of days later, the bureau issued a notice on its rule regarding its retention of information obtained from social media.

Plainly, the bureau has not been up to much controversial activity recently. But that does not mean that controversy will be avoided. The bureau has a lot on its plate, and a lot of power to throw around. Recall that it is the bureau that will now be issuing regulations under the various consumer financial protection laws (e.g., Truth in Lending Act, Real Estate Settlement Procedures Act, Home Ownership and Equity Protection Act, Fair Debt Collection Practices Act, etc.). It is the bureau that will be enforcing and issuing rules pursuant to Title X of the Dodd-Frank Act's prohibition against unfair, deceptive, or abusive acts or practices. And it also is the bureau that will be watching and closely scrutinizing how the consumer financial products and services we produce impact the bureau's constituency (i.e., the consumers of those products and services).

Things are relatively quiet for the time being. But stay tuned. The self-proclaimed "cop on the beat" is always right there to keep its ever-watchful eye on the industry.

About the Author



Martin Bishop

[Martin J. Bishop](mailto:mbishop@foley.com) is a partner and the vice chair of the Consumer Financial Services Litigation Practice at Foley & Lardner LLP. He can be reached at mbishop@foley.com.

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