

## The Consumer Financial Protection Bureau (CFPB), Recent Developments: June 2, 2014 – June 6, 2014

### CFBP Field Hearing on Mobile Financial Services June 12<sup>th</sup>

The CFPB announced last week that it will hold a field hearing on mobile financial services on June 12<sup>th</sup> at 10 a.m. CT in New Orleans, Louisiana. “The event will feature remarks from Director Richard Cordray, as well as testimony from consumer groups, industry representatives, and members of the public.” The hearing, which is open to the public, may be streamed live on the CFPB’s blog.<sup>1</sup>

### CFBP Student Loan Ombudsman Testifies Before U.S. Senate Committee on the Budget

On June 4<sup>th</sup>, Rohit Chopra, the CFPB’s Student Loan Ombudsman, testified before the U.S. Senate Committee on the Budget on the effect of student loan debt on the economy and potential means to address the issue.<sup>2</sup> In his testimony, Chopra stated that “the financial crisis...contributed to substantial increases in the amount of student debt owed by Americans who have since graduated from college. Therefore, it is important to focus on – and act to address – the impact of the \$1.2 trillion in student debt already owed by more than 40 million Americans.”

This level of debt, Chopra argued, is having a negative effect on consumer consumption and thus on the economy more broadly. Chopra described this as the “student debt domino effect.” This effect has caused a decline in household formation and first-time home purchases because it is more difficult for people with higher debt burdens to obtain mortgage financing. Similarly, Chopra argued that student debt has had a negative effect on other areas of the economy, such as entrepreneurship and the formation of small businesses, and the ability to save for retirement.

Describing student loan servicers as “the primary point of contact on student loans for more than 40 million Americans,” Chopra identified their “inadequate servicing” as a chief factor contributing to growing student loan debt. He said that the problems with student loan servicing that the CFPB has encountered “bear an uncanny resemblance to the problems faced by struggling homeowners when dealing with their mortgage servicers.” Chopra also said that a servicer’s role is integral to addressing the problems of student loan debt and those servicers should be held more accountable.

Touting the federal student loan modification programs, Chopra advocated for servicers to provide private student loan borrowers with greater options to refinance and restructure their loans. Chopra also voiced his concern about the lack of transparency and market information available on student loans. He suggested that “[b]etter data and transparency will help us to better understand the demographics and professions where borrowers may be experiencing distress, as well as whether lenders and servicers are fairly serving their customers.”

<sup>1</sup> View the field hearing on June 12th [here](#).

<sup>2</sup> See Chopra’s written testimony [here](#).

Bolstering the case for more regulation of the student loan servicing market, Chopra stated that because student borrowers do not select their loan servicer, “[o]rdinary market forces won’t guarantee reasonable customer service, while potentially magnifying incentives to cut corners.” In fact, the CFPB recently gained authority to supervise non-bank student loan servicers when it finalized a rule defining larger participants in the market. Chopra also recommended in a recent report that Congress consider applying the recent reforms made to servicing in the credit card and mortgage servicing markets to the student loan servicing market.

**The Consumer Financial Protection Bureau (CFPB)**, created by the Dodd-Frank Wall Street Reform and Consumer Protection Act, implements and enforces federal consumer financial law. Greenberg Traurig monitors the CFPB’s activities, including the almost daily movement on multiple industry fronts that the CFPB makes as it redefines consumer finance law. An entirely new system has been and is being created for the consumer financial services industry. Once complete, the question will be, “How does our clients’ business match up?” Our GT CFPB Team regularly observes and analyzes the actions of the CFPB in order to advise clients in best practices, risk management and compliance procedures.

This *GT Alert* was prepared by **Gil Rudolph, Brett Kitt, Scott Sheehan** and **Peter Cockrell**. Questions about this information can be directed to any member of Greenberg Traurig’s **Consumer Financial Protection Bureau (CFPB)** team of professionals:

- [Gil Rudolph](#) | Co-Chair, Financial Regulatory & Compliance | +1 703.749.1383 | [rudolphg@gtlaw.com](mailto:rudolphg@gtlaw.com)
- [Brett Kitt](#) | Financial Regulatory & Compliance | +1 202.533.2359 | [kittb@gtlaw.com](mailto:kittb@gtlaw.com)
- [Scott Sheehan](#) | Financial Regulatory & Compliance | + 1 713.374.3543 | [sheehans@gtlaw.com](mailto:sheehans@gtlaw.com)
- [Michael Sklaire](#) | Financial Services Litigation & Regulation | +1 703.749.1308 | [sklairem@gtlaw.com](mailto:sklairem@gtlaw.com)
- [Andy Berg](#) | Financial Services Litigation & Regulation | +1 202.331.3181 | [berga@gtlaw.com](mailto:berga@gtlaw.com)
- [Michele Stocker](#) | National Chair, Financial Services Litigation | +1 954.768.8271 | [stockerm@gtlaw.com](mailto:stockerm@gtlaw.com)
- [Jennifer Gray](#) | Financial Services Litigation & Regulation | +1 310.586.7730 | [grayjen@gtlaw.com](mailto:grayjen@gtlaw.com)
- [Brian Schulman](#) | Financial Services Litigation & Regulation | +1 602.445.8407 | [schulmanb@gtlaw.com](mailto:schulmanb@gtlaw.com)
- [Jacob Bundick](#) | Financial Services Litigation & Regulation | +1 702.792.3773 | [bundickj@gtlaw.com](mailto:bundickj@gtlaw.com)
- [Alan Slomowitz](#) | Government Law & Policy | +1 202.533.2318 | [slomowitza@gtlaw.com](mailto:slomowitza@gtlaw.com)
- [Patrick Anderson](#) | Government Law & Policy | +1 202.331.3100 | [andersonp@gtlaw.com](mailto:andersonp@gtlaw.com)
- [Thomas McKee](#) | Litigation | +1 703.749.1300 | [mckee@gtlaw.com](mailto:mckee@gtlaw.com)
- [Michael Lawrence](#) | Litigation | +1 310.586.7719 | [lawrencem@gtlaw.com](mailto:lawrencem@gtlaw.com)
- [Peter Cockrell](#) | Financial Regulatory & Compliance | +1 703.749.1357 | [cockrellp@gtlaw.com](mailto:cockrellp@gtlaw.com)

<b>Albany</b> +1 518.689.1400	<b>Denver</b> +1 303.572.6500	<b>New York</b> +1 212.801.9200	<b>Shanghai</b> +86 (21) 6391.6633
<b>Amsterdam</b> +31 (0) 20 301 7300	<b>Fort Lauderdale</b> +1 954.765.0500	<b>Northern Virginia</b> +1 703.749.1300	<b>Silicon Valley</b> +1 650.328.8500
<b>Atlanta</b> +1 678.553.2100	<b>Houston</b> +1 713.374.3500	<b>Orange County</b> +1 949.732.6500	<b>Tallahassee</b> +1 850.222.6891
<b>Austin</b> +1 512.320.7200	<b>Las Vegas</b> +1 702.792.3773	<b>Orlando</b> +1 407.420.1000	<b>Tampa</b> +1 813.318.5700
<b>Boca Raton</b> +1 561.955.7600	<b>London*</b> +44 (0) 203 349 8700	<b>Philadelphia</b> +1 215.988.7800	<b>Tel Aviv^</b> +972 (0) 3 636 6000
<b>Boston</b> +1 617.310.6000	<b>Los Angeles</b> +1 310.586.7700	<b>Phoenix</b> +1 602.445.8000	<b>Warsaw~</b> +48 22 690 6100
<b>Chicago</b> +1 312.456.8400	<b>Mexico City+</b> +52 (1) 55 5029 0000	<b>Sacramento</b> +1 916.442.1111	<b>Washington, D.C.</b> +1 202.331.3100
<b>Dallas</b> +1 214.665.3600	<b>Miami</b> +1 305.579.0500	<b>San Francisco</b> +1 415.655.1300	<b>Westchester County</b> +1 914.286.2900
<b>Delaware</b> +1 302.661.7000	<b>New Jersey</b> +1 973.360.7900	<b>Seoul∞</b> +82 (0) 2 369 1000	<b>West Palm Beach</b> +1 561.650.7900

*This Greenberg Traurig Alert is issued for informational purposes only and is not intended to be construed or used as general legal advice nor as a solicitation of any type. Please contact the author(s) or your Greenberg Traurig contact if you have questions regarding the currency of this information. The hiring of a lawyer is an important decision. Before you decide, ask for written information about the lawyer's legal qualifications and experience. Greenberg Traurig is a service mark and trade name of Greenberg Traurig, LLP and Greenberg Traurig, P.A. \*Operates as Greenberg Traurig Maher LLP. \*\*Greenberg Traurig is not responsible for any legal or other services rendered by attorneys employed by the strategic alliance firms. +Greenberg Traurig's Mexico City office is operated by Greenberg Traurig, S.C., an affiliate of Greenberg Traurig, P.A. and Greenberg Traurig, LLP. ∞Operates as Greenberg Traurig LLP Foreign Legal Consultant Office. ^Greenberg Traurig's Tel Aviv office is a branch of Greenberg Traurig, P.A., Florida, USA. ~Greenberg Traurig's Warsaw office is operated by Greenberg Traurig Grzesiak sp.k., an affiliate of Greenberg Traurig, P.A. and Greenberg Traurig, LLP. Certain partners in Greenberg Traurig Grzesiak sp.k. are also shareholders in Greenberg Traurig, P.A. Images in this advertisement do not depict Greenberg Traurig attorneys, clients, staff or facilities. No aspect of this advertisement has been approved by the Supreme Court of New Jersey. ©2014 Greenberg Traurig, LLP. All rights reserved.*