

## The Consumer Financial Protection Bureau (CFPB), Recent Developments: July 14, 2014 – July 18, 2014

### CFPB Sues Law Firm

On July 14<sup>th</sup>, the CFPB sued a law firm alleging that it used deceptive court filings and unsubstantiated evidence to intimidate consumers into paying for debts. The CFPB alleges that the law firm operated “like a factory,” producing hundreds of thousands of such lawsuits. Specifically, the CFPB is alleging that the law firm engaged in the following conduct:

- **Deceptive court filings:** The CFPB alleges that the debt collection suits filed by the law firm, which purported to be “from attorneys,” were the result of an automated process and that the work was actually performed by non-attorney staff without meaningful involvement from attorneys.
- **Faulty or unsubstantiated evidence:** The CFPB also alleges that the law firm filed sworn statements made by its clients attesting to details about consumer debts when in some cases the signers could not possibly have known those details.

The complaint alleges that this conduct violated the Fair Debt Collection Practices Act, which prohibits debt collectors from misrepresenting to consumers that a communication is from an attorney. The complaint also alleges that the alleged conduct violated the Dodd-Frank Act’s prohibition against engaging in deceptive and abusive practices. The CFPB is seeking restitution for the alleged victims, a civil money penalty, and an injunction against the law firm.

### CFPB Issues Proposal to Share Consumer Complaint Narratives

On July 16<sup>th</sup>, the CFPB issued a [proposed policy statement](#) that would expand the scope of the public portion of its consumer complaint database to include “unstructured consumer complaint narrative data.” Until now, the CFPB has published only basic demographic and summary information it received from consumers who file complaints. To protect personal privacy, the CFPB has refrained from publishing consumers’ raw and unverified allegations.

The proposed policy purports to address these privacy concerns in several ways. First, the CFPB states that it would not publish any narratives unless consumers provide affirmative consent for the CFPB to do so. Second, the CFPB would allow consumers to revoke their consent at any time. Finally, the CFPB proposes to “take all reasonable steps” to ensure that all personal information regarding the consumer is removed from narratives before publishing them, including by applying automated redaction algorithms to automatically detect and redact direct personal identifiers, such as the names and account numbers of consumers.

The CFPB also purports to address industry concern about the fairness of publishing unsubstantiated consumer allegations made against companies by allowing companies to respond publicly to these allegations on the CFPB’s website.

According to the CFPB, publishing consumer complaint narratives would benefit consumers by “provid[ing] important context to the complaint, help[ing] the public detect specific trends in the market, aid[ing] consumer decision-making, and driv[ing] improved consumer service.”

Comments on the policy statement are due 30 days after notice is published in the Federal Register.

### **CFPB and FTC Plan Roundtable on Debt Collection in the Latino Community**

The CFPB and Federal Trade Commission are planning to co-host a roundtable, titled “[Debt Collection & the Latino Community](#),” on October 23, 2014 in Long Beach, California. The roundtable will focus on debt collection issues affecting Latino consumers, especially those with limited English language skills. Participants will include consumer advocates, industry representatives, state and federal regulators, and academics. The roundtable event is free and open to the public and will be simulcast live online.

**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:

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