

CFPB Observer: Recent Developments from Feb. 2-6, 2015

CFPB Enters Proposed Consent Order with Credit Card Issuer

On Feb. 3, the CFPB entered a [proposed consent order](#) with a Texas company that offered consumer credit cards. The CFPB originally sued the company in December 2014, alleging that the company falsely advertised its buying-club membership card as being a general-purpose credit card. In actuality, the card could only be used to buy the company's products. Under the terms of the consent order, the company would be banned from offering consumer credit products or services and required to pay a \$70,000 penalty.

CFPB Enforcement Action Against Subprime Credit Card Company

On Feb. 4, the CFPB entered a [consent order](#) with a subprime credit card company that allegedly charged illegal credit card fees. The credit cards sold by the company are marketed to consumers with poor credit and the products typically have low credit limits and high upfront fees.

The Credit Card Accountability, Responsibility, and Disclosure (CARD) Act of 2009 prohibits credit card companies from charging consumers fees that exceed 25 percent of the credit limit during the 12-month period after opening an account. The company typically offered credit cards with initial fees that met the 25 percent fee limit. However, during the 12-month period after issuance, the company allegedly charged consumers certain other fees that exceeded the 25 percent cap. For example, the company imposed a \$4.95 fee for receiving monthly paper statements. Although the service was optional, the default account feature was to charge the fee and to require the consumer to opt-out of receiving monthly paper statements by completing an online form. As a result, many consumers ended up paying the fee and the fee limit was exceeded.

Under the terms of the consent order, the company must pay a civil penalty of \$250,000 and also refund approximately \$2.7 million to the aggrieved consumers who paid the allegedly illegal fees.

CFPB Consumer Advisory Board Meeting

The CFPB will hold a [Consumer Advisory Board meeting](#) with Director Richard Cordray on Feb. 19 from 10:00 a.m. to 4:00 p.m. EDT at the CFPB's offices in Washington, D.C. The meeting, which is open to the public, will focus on two topics: financial well-being and medical debt and implications for consumer information. The [meeting agenda](#) has been published. Attendees must [RSVP](#) for the event.

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 | +1 202.530.8575 | rudolphg@gtlaw.com
- [Brett Kitt](#) | Financial Regulatory & Compliance | +1 202.533.2359 | kittb@gtlaw.com
- [Scott Sheehan](#) | Financial Regulatory & Compliance | +1 713.374.3543 | sheehans@gtlaw.com
- [Michael Sklaire](#) | Financial Services Litigation & Regulation | +1 703.749.1308 | sklairem@gtlaw.com
- [Andy Berg](#) | Financial Services Litigation & Regulation | +1 202.331.3181 | berga@gtlaw.com
- [Michele Stocker](#) | National Chair, Financial Services Litigation | +1 954.768.8271 | stockerm@gtlaw.com
- [Jennifer Gray](#) | Financial Services Litigation & Regulation | +1 310.586.7730 | grayjen@gtlaw.com
- [Brian Schulman](#) | Financial Services Litigation & Regulation | +1 602.445.8407 | schulmanb@gtlaw.com
- [Jacob Bundick](#) | Financial Services Litigation & Regulation | +1 702.792.3773 | bundickj@gtlaw.com
- [Alan Slomowitz](#) | Government Law & Policy | +1 202.533.2318 | slomowitza@gtlaw.com
- [Patrick Anderson](#) | Government Law & Policy | +1 202.331.3100 | andersonp@gtlaw.com
- [Thomas McKee](#) | Litigation | +1 703.749.1300 | mckee@gtlaw.com
- [Michael Lawrence](#) | Litigation | +1 310.586.7719 | lawrencem@gtlaw.com
- [Peter Cockrell](#) | Financial Regulatory & Compliance | +1 202.530.8517 | cockrellp@gtlaw.com

Albany +1 518.689.1400	Denver +1 303.572.6500	New York +1 212.801.9200	Shanghai +86 (21) 6391.6633
Amsterdam +31 (0) 20 301 7300	Fort Lauderdale +1 954.765.0500	Northern Virginia +1 703.749.1300	Silicon Valley +1 650.328.8500
Atlanta +1 678.553.2100	Houston +1 713.374.3500	Orange County +1 949.732.6500	Tallahassee +1 850.222.6891
Austin +1 512.320.7200	Las Vegas +1 702.792.3773	Orlando +1 407.420.1000	Tampa +1 813.318.5700
Boca Raton +1 561.955.7600	London* +44 (0) 203 349 8700	Philadelphia +1 215.988.7800	Tel Aviv^ +972 (0) 3 636 6000
Boston +1 617.310.6000	Los Angeles +1 310.586.7700	Phoenix +1 602.445.8000	Tokyo‡ +81 (0)3 3216 7211
Chicago +1 312.456.8400	Mexico City+ +52 (1) 55 5029 0000	Sacramento +1 916.442.1111	Warsaw~ +48 22 690 6100
Dallas +1 214.665.3600	Miami +1 305.579.0500	San Francisco +1 415.655.1300	Washington, D.C. +1 202.331.3100
Delaware +1 302.661.7000	New Jersey +1 973.360.7900	Seoul∞ +82 (0) 2 369 1000	Westchester County +1 914.286.2900
			West Palm Beach +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 Tokyo Law Offices are operated by Greenberg Traurig Horitsu Jimusho, an affiliate of Greenberg Traurig, P.A. and Greenberg Traurig, LLP. ~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. ©2015 Greenberg Traurig, LLP. All rights reserved.*