

CFPB Observer: Recent Developments from April 2-10, 2015

CFPB Enforcement Action Against Collection Agency and Its Service Providers

On April 8, the CFPB announced that it had sued a debt collection agency, its individual owners, and its service providers in the United States District Court for the Northern District of Georgia for allegedly violating the Fair Debt Collection Practices Act (FDCPA) and the Consumer Financial Protection Act (CFPA), which prohibits the use of unfair, deceptive, and abusive acts or practices. The CFPB's action names the debt collection agency's service providers as defendants on the basis of Section 1036(a)(3) of the Dodd-Frank Act, which makes it unlawful for any person to knowingly or recklessly provide substantial assistance to a covered person or a service provider that engages in unfair, deceptive or abusive acts or practices. In addition, the complaint alleges that the service providers are also separately liable for engaging in unfair acts or practices because they failed to conduct reasonable due diligence to detect the unlawful conduct of the collection agency. The CFPB alleges that the service providers knew or should have known that the collection agency was engaged in illegal activity and that by continuing to provide services to the collection agency the service providers were themselves engaging in unfair acts or practices in violation of the CFPA.

The complaint alleges that the collection agency purchased consumers' personal information from debt brokers and lead generators. The collection agency then allegedly made automated calls to those consumers deceiving them into paying debts that they supposedly did not owe. The collection agency employed a telemarketing company and payment processor to make the automated calls to consumers and to collect the debt payments made by the consumers. According to the complaint, in the automated calls the collection agency accused the consumers of engaging in check fraud and threatened to contact the consumer's employer. The collection agency allegedly made other threats and false statements to consumers that violated both the FDCPA and the CFPA's prohibition against the use of unfair, deceptive, and abusive acts or practices.

The CFPB already asked for and was granted a preliminary injunction halting the defendants' alleged misconduct and freezing the assets of the individual defendants and their businesses.

CFPB Enforcement Action Against Mortgage Lender for Deceptive Advertising

On April 9, the CFPB entered a [consent order](#) with a mortgage lender for violation of the Truth in Lending Act and the 2011 Mortgage Acts and Practices Advertising Rule. The mortgage lender allegedly engaged in deceptive mortgage advertising practices by falsely claiming that it was affiliated with the U.S. government. The mortgage lender printed and mailed advertisements to consumers that used the names and logos of the Department of Veterans Affairs and the Federal Housing Administration in such a manner that the advertisements falsely implied that they were sent by those government entities. The

terms of the consent order require the company to cease its allegedly illegal and deceptive practices and to pay a civil penalty of \$250,000.

CFPB Releases TRID Examination Procedures

The CFPB recently released revised chapters of its [Supervision and Examination Manual](#) related to compliance with the [Truth in Lending Act](#) and the [Real Estate Settlement Procedures Act](#). The revised chapters incorporate the requirements under the new TILA-RESPA Integrated Disclosures Rule (TRID), which become effective Aug. 1, 2015. Since TRID's requirements are largely found in TILA, the revised RESPA chapter merely contains references to TRID.

CFPB Community Bank Advisory Council Meeting

The CFPB's Community Bank Advisory Council will hold a [meeting](#) with CFPB Director Richard Cordray on Wednesday, April 22 from 3-4:30 p.m. EST. The Council will discuss credit scores and credit reporting, and implications for community banks. The meeting, which will be held at the CFPB's headquarters in Washington, D.C., is open to the public, but an [RSVP](#) is required. For those unable to attend, a recording of the meeting will be made available later.

CFPB Academic Research Council Meeting

The CFPB's Academic Research Council will hold its [annual meeting](#) on Thursday, May 7 from 9 a.m. to 12 p.m. EST in Washington, D.C. The Academic Research Council, which is composed of scholars with various backgrounds, advises the CFPB on research methodologies, data collection, and analytic strategies. In addition, the Council provides feedback about the CFPB's research and strategic planning. The meeting will include a discussion of trends in consumer finance research, the activities of consumer financial protection agencies in other countries, and recent CFPB publications produced. CFPB Director Richard Cordray will also provide remarks. Although the event is open to the public, guests must [RSVP](#). For those unable to attend, a recording of the meeting will be made available later.

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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