WOODSTOCK INSTITUTE

*Advancing Economic Security and Community Prosperity*

# Consumer Financial Protection Bureau Authorities Without a Director

## Background

The Consumer Financial Protection Bureau (CFPB) was established by the Dodd-Frank Wall Street Reform and Consumer Protection Act to write, implement, and, as applicable, enforce federal consumer financial law to "ensure that all consumers have access to markets for financial products and services, and that these markets are fair, transparent, and competitive."[1] The Dodd-Frank Act established that the CFPB would be headed by a director appointed by the President and approved by the Senate. President Obama nominated former Ohio Attorney General Richard Cordray as the director of the CFPB on July 18, 2011. Cordray has not been approved by the Senate, and the CFPB officially opened its doors on July 21, 2011 without a director. On that date, consumer protection authorities from seven federal regulatory agencies were transferred to the CFPB.[2] The CFPB is currently exercising those authorities under the direction of Acting Director Raj Date. Until a director is confirmed by the Senate, however, the CFPB will be unable to exercise some of the newly-established consumer protection authorities granted to the agency by the Dodd-Frank Act that exceed the scope of the seven regulatory agencies' authorities. Below are some examples of the CFPB's authorities without a director.

## What the CFPB Can Do Without a Director

The CFPB is able to:

- Examine banks, credit unions, and thrifts with more than $10 billion in assets;
- Write and enforce rules, orders, and guidance previously in the scope of federal regulatory agencies;
- Enforce consumer-related rules effective prior to July 21, 2011 with respect to banks, credit unions, and thrifts with more than $10 billion in assets, such as laws regulating fees and disclosures for credit cards and ensuring that borrowers denied credit because of a low credit score receive a free copy of their credit scores; and
- Replace other regulators in any consumer-related lawsuit.

## What the CFPB Can't Do Without a Director

The CFPB is not able to:

- Prohibit unfair, deceptive, or abusive acts;
- Write rules related to model credit disclosure forms;
- Define which larger non-bank financial institutions should be supervised by the agency; and
- Examine or enforce laws against non-bank financial institutions such as all mortgage-related businesses, along with payday lenders, student lenders and other large non-bank financial companies.

## More information

Please contact Woodstock Institute Vice President Tom Feltner at 312-368-0310 or tfeltner@woodstockinst.org.

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[1] "Review of CFPB Implementation Planning Activities." Offices of Inspector General, Board of Governors of the Federal Reserve System and Bureau of Consumer Financial Protection, Department of the Treasury. July 15, 2011.

[2] These seven agencies are the Federal Reserve Board, Federal Deposit Insurance Corporation (FDIC), Federal Trade Commission, National Credit Union Administration (NCUA), Office of the Comptroller of the Currency (OCC), Office of Thrift Supervision (OTS), and Department of Housing and Urban Development (HUD).