



MUTUAL ALERT

CFPB issues order placing Google under bank-like supervision and examination.

Last Friday, the CFPB placed Google Payment Corp. under its supervisory authority, a designation that will subject it to bank-like supervision and examination. Google responded by immediately filing suit in US District Court in the District of Columbia.

The agency has the power to place non-depository firms it deems to be a risk to consumers under supervision, subjecting them to the full range of supervisory tools typically exercised by banking agencies such as examination, reporting and enforcement. The agency is relying on language in its Statute that gives it the power to do so based on whether it has “reasonable cause” to believe Google’s practices pose a risk to consumers. The meaning of reasonable cause will doubtlessly be litigated to a final appellate decision. The Order stated it: “does not constitute a finding that the entity has engaged in wrongdoing....” The agency stated: “The CFPB’s order does not require the CFPB to conduct a supervisory examination.”

While the CFPB was created by Congress to protect consumers regardless of whether they did business with banks or non-banks this is the first major attempt to assert its full authority with respect to a non-bank financial provider of Google’s magnitude. This may signal a perverse level playing field where all financial providers big and small insured and non-insured are subject to the same burdens. On the other hand, it could give small mutual banks a powerful ally in opposing suffocating regulation.

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