



Mutual Alert

CFPB Encourages States to Enforce Federal Agency Rules

The CFPB recently released an [interpretive rule](#) clarifying that states are authorized to undertake enforcement action pursuant to the Consumer Financial Protection Act of 2010. The rule encourages state governments to enforce federal consumer protection laws, as well as **enforce rules on areas not covered by federal law or CFPB rules**. Attached above is a summary promotion issued by the CFPB. Although the CFPB does not examine banks under \$10 billion, the statute authorizes both the states and the CFPB to bring enforcement action against banks under \$10 billion in assets for violations of the CFPB Act. Under the prior administration the CFPB deferred to the appropriate bank agency for enforcement while retaining override powers. This latest move by the CFPB is another move by the agency to extend its jurisdiction beyond what has been the agency's initial practice. Furthermore, this sets a troubling precedent for small banks and encourages regulatory overreach disrupting traditional regulatory frameworks. In effect mutual will be exposed to expansive interpretations of unfair practices by militant state attorney generals even outside their home state.

Douglas Faucette
America's Mutual Banks
202 220 6961
701 8th Street, N.W.
Suite 500
Washington D. C. 20001
dfaucette@lockelord.com
www.americasmutualbanks.com