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MEMORANDUM

March 15, 2021

To Our Clients and Friends

Re: CFPB Rescinds Policy Statement on Abusive Acts or Practices

The Consumer Financial Protection Bureau is rescinding its 2020 policy statement which provided a framework for the Bureau's exercise of its supervisory and enforcement authority to address abusive acts or practices under Section 1031 of the Dodd-Frank Act. The CFPB stated that it intends to exercise the full scope of its supervisory and enforcement authority to identify and remediate abusive acts or practices. The rescission will become effective upon publication in the *Federal Register*.

The 2020 statement indicated the CFPB would focus on citing conduct as abusive in supervision or enforcement if it concluded that the harms to consumers from the conduct outweighed its benefits to consumers, generally avoid challenging conduct as abusive that relied on the same facts that it alleged are unfair or deceptive, and refrain from seeking civil penalties or disgorgement where a good-faith effort to comply with the abusiveness standard was made. The CFPB concluded that the 2020 policy statement, failed to provide clarity to regulated entities and undermined the agency's ability to achieve its statutory objective of protecting consumers from abusive practices.

Copies of the statements are available on our website at
<http://schwartzandballen.com/news.html>.

For more information, please call Gilbert Schwartz, Robert Ballen, Heidi Wicker, or Victor Razon at (202) 776-0700.