

April 30, 2020

## Briefing memorandum for the Director

Taskforce on Federal Consumer Financial Law Monthly Check-in

<b>DATE</b>	Thursday, April 30, 2020
<b>TIME</b>	10:00 am – 11:00 am
<b>LOCATION</b>	Dial-in
<b>PARTICIPANTS</b>	Matt Cameron, Taskforce Staff Director Todd Zywicki, Taskforce Chair Kirsten Sutton, Chief of Staff Leonard Chanin, Acting Deputy Director
<b>STAFF CONTACT</b>	Matt Cameron, Taskforce Staff Director, [Redacted]
<b>POLICY ASSOCIATE</b>	Andrew Duke, Policy Associate Director, EA & CEE, [Redacted]
<b>DIRECTOR APPROVAL</b>	

### Objective

The primary objective of this meeting is to provide you with a status update related to the Taskforce on Federal Consumer Financial Law's (Taskforce) work.

### Background

The Taskforce will (1) examine the existing legal and regulatory environment facing consumers and financial services providers; and (2) report its recommendations for ways to improve and strengthen consumer financial laws and regulations, including recommendations for resolving conflicting requirements or inconsistencies, reducing unwarranted regulatory burdens in light of market or technological developments, improving consumer understanding of markets and

products, and identifying gaps in knowledge that should be addressed through future Bureau research.

Pursuant to the Taskforce Roles and Responsibilities document, the Staff Director and Taskforce Chair will hold a monthly check-in with the Director to provide status updates on its work. The Staff Director will utilize the attached milestone schedule in tab 1 to discuss accomplishments to date, work currently in-progress, planned work, and risks that the team is working to mitigate. The Taskforce Chair will use the attached Chapter Outline in tab 2 to discuss the evolution of the report's contents and its progress. The Chair will also share requests for resource support, any support needed in addressing dissent, or scope clarification questions that may require executive input.

This is the third monthly check-in with the Staff Director and Taskforce Chair. Your last interaction with all the Taskforce Members was briefly before the March 10, 2020 Listening Session with trade and consumer advocacy organizations (which was also the last week all Bureau staff was onsite at headquarters). Below is a brief update that the Staff Director and Chair will expound upon during the monthly check-in.

#### **Support Staff**

- During the previous two check-ins, we stated that staffing was the team's top priority. We are pleased to report great progress in this area and that staffing is nearly complete.
- Director Financial Analyst: Alex Nongrad, a DFA, began supporting the Taskforce on April 2, 2020.
- Paralegal: Jeff Magliato, an examiner in Supervision, accepted a one-year detail as a paralegal with the Taskforce. His first day with the Taskforce was April 27, 2020.
- Senior Counsel: Ashlie Tarpley, an attorney formerly in the private sector, resigned from her job and has accepted a 16-month, temporary position with the Bureau. Her first day with the Taskforce will be May 11, 2020.
- Conversations with a potential interagency detail from the Department of Transportation are ongoing for a Senior Advisor. The team is hopeful to have an MOU in place by mid-May that will allow the detailee to join us.

- Conversations with a potential internal detail candidate for an Analyst position are moving forward, but the team will determine if the extra staff is needed once the additional team members join.

### Internal Bureau & External Engagements

- Jean Noonan, a member of the Taskforce, took the lead on developing a Request for Information (RFI). The Bureau issued the RFI on March 27, 2020. It has a 60-day comment period, which is scheduled to close on June 1, 2020. The Bureau has received two requests to extend the comment period: a joint request from four consumer advocacy groups, and one from an industry member. In addition, the CFPB Ombudsman noted in an email to the Staff Director that its prior report discussed the constraints stakeholders had faced in responding to the Bureau's Call for Evidence requests for information, and it stated that those constraints may be especially relevant during the COVID-19 pandemic. Thus far, we have not recommended extending the comment period, and we have advised those who requested an extension that there will be other opportunities to inform the group's work. To ensure that the Taskforce's work is informed by past public input as well, Jean has begun reviewing all summaries and comments from the Call for Evidence RFIs.
- The Taskforce was scheduled to host a public event during Consumer Financial-Wellness week, the week of June 15. The group was also going to engage with the Advisory Boards and Councils the same week. We are developing alternative public engagement options for your review.
- An alternative to open public hearings is to engage in a robust individual meeting schedule with key stakeholders across the spectrum of academia, consumer advocacy groups, industry or trade groups, and other notable stakeholders. A proposed list of candidates is found in tab 3.
- Additionally, the Taskforce will engage with partners in External Affairs (EA) to begin conceptualizing intergovernmental engagements. The current recommendation is to arrange for meeting with National Association of Attorneys General (NAAG) and Conference of State Bank Supervisors (CSBS) to discuss strategies for improving interactions between Federal and state regulators. Likewise, the Taskforce intends to develop a strategy for engaging with the other Prudential Regulators to seek input to the report. (The Taskforce also intends to provide the Prudential Regulators with an advance

**Commented [WN(1)]:** Not sure the Director wants to hear this or it is worth reminding her.

**Commented [WN(2)]:** This is a follow up to a bullet outlined in the March update. The March bullet read:

"Deliberations are ongoing as to whether individual meetings with key stakeholders would add value to the report's recommendations. The group has an action item to provide you a list of stakeholders we would recommend interviewing, that list will be available next check-in."

readout on the report prior to its public release.) The goal is to hold these engagements in mid- to late-summer.

**Commented [WN(3)]:** This exact bullet was used in the March update.

- Though plans for the Taskforce to meet April 27-29 were cancelled, the team did complete its final round of discovery sessions with Bureau offices via a series of virtual meetings on April 28. At this point interactions with Bureau offices will be targeted and support the analytical research for volume one of the report.

### Report Progress

- The Taskforce members will generate a two-volume report, which will be informed by the public, meeting with Bureau experts, and leveraging members' past insights and expertise.
- For the first volume of the report, members will analyze data regarding the benefits and costs of consumer financial products and services and review the existing consumer financial regulatory framework to develop a common understanding of the history and current state of federal consumer financial laws and their influence on the marketplace.
  - Volume one will have approximately twelve chapters and is on schedule to have first drafts completed by June 19, 2020.
- For the second volume of the report, members will use insights gained from the development of volume one to collaboratively author an unanimously agreed upon set of recommendations by January 31, 2021. The full report is on schedule to enter clearance on November 24, 2020. We are developing a clearance process for the report.
- The team is deliberating whether to address disparate impact in any of the analysis or recommendations within the report. Some members believe the team has little comparative advantage in addressing the topic (versus allowing the Bureau to handle this separately). Also, given the sensitive nature of the topic, it could create an undue distraction to the report overall. Conversely, the topic may need to be broached when providing recommendations on innovation and the use of alternative data.

**Commented [WN(4)]:** Attempted to outline deliberations of the disparate impact topic while suggesting that there is likely low utility in addressing it directly.

### Attachments

Tab 1: Taskforce Milestone Schedule Draft.

Tab 2: Draft Taskforce Chapter Outline.

Tab 3: Suggested List of Individual Meetings.

Tab 4: Taskforce Key Points Document.