

## L. Jean Noonan Quoted in Law 360; CFPB Redlining Loss Casts Doubt On Its Fair Lending Future

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By **Jon Hill**

Law360 (February 8, 2023, 4:04 PM EST) -- A Chicago federal judge's complete dismissal of the first-ever Consumer Financial Protection Bureau redlining case against a nonbank mortgage lender could spell big trouble for the agency's role in fair lending enforcement if the decision is upheld, experts say.

The stunning defeat, **handed down on Friday** by U.S. District Judge Franklin U. Valderrama, came in a 2020 lawsuit accusing Townstone Financial Inc. of unlawful discrimination that violated the Equal Credit Opportunity Act, one of the main federal fair lending laws.

The CFPB had alleged that Chicago-based Townstone kept away potential Black applicants by, among other things, putting out a weekly infomercial on which hosts could be heard making disparaging remarks about local majority-Black areas being violent, dangerous places one should avoid.

In doing so, Judge Valderrama delivered the first district court decision to squarely reject the inclusion of "prospective applicants" within Reg B, according to **L. Jean Noonan**, a partner at Hudson Cook LLP and former Federal Trade Commission consumer financial services enforcement director.

"There have been hints in other cases, but this is the first time we've seen it so clearly," Noonan said. "It's part of a trend that we've seen coming as circuit courts and a number of district courts have held that the Reg B interpretation of applicant is overbroad in various ways."

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