



Partner Catherine Brennan comments for Bloomberg on CFPB's new rules to boost fintech innovation

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On September 10, *Bloomberg Law* reported that the Consumer Financial Protection Bureau (CFPB) unveiled its new policies for providing no-action letters, a "compliance assistance sandbox" and a trial disclosure program which intend to give fintech companies and banks room to develop new products. Like the Office of the Comptroller of the Currency's (OCC) call for applications for special purpose national bank charters for fintechs, the CFPB's new policies could face legal scrutiny, according to Hudson Cook Partner Catherine Brennan. "The bureau is trying to set out the case for its policies, because it no doubt is going to be sued by consumer groups or state attorneys general," she said.

According to *Bloomberg*, to blunt the threat of action from state attorneys general, the CFPB announced a partnership with the attorneys general of Alabama, Arizona, Georgia, Indiana, Tennessee, South Carolina and Utah. Big states like California, Massachusetts, New York and Pennsylvania could potentially bring lawsuits. Even if there is no challenge to the sandbox policy, the mere threat could leave companies afraid to have their projects bottled up. "Companies that have been operating with some uncertainty will probably continue to do that," added Catherine.

Catherine assists national and state banks, investment banks, consumer and commercial finance companies, mortgage bankers, installment lenders and other licensed lenders in the development and maintenance of nationwide consumer and commercial lending programs. She engages in credit due diligence on behalf of investors in fintech firms, bank partnership platforms, small business lenders, merchant cash advance companies, consumer finance companies, title loan companies and payday lenders.

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