

[Banking and Finance Law Daily Wrap Up, CONSUMER FINANCIAL PROTECTION BUREAU—Consumer group details CFPB’s supervisory authority to protect military, \(Nov. 5, 2018\)](#)

Banking and Finance Law Daily Wrap Up

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The Consumer Financial Protection Bureau is legally authorized to include Military Lending Act compliance within its supervisory exams under both its enabling statute, the Consumer Financial Protection Act, as well as the MLA itself, a [report released](#) by the Consumer Federation of America contends. The report comes in the wake of concerns that the CFPB intends to end its supervisory examinations for violations of the MLA (see *Banking and Finance Law Daily*, [Oct. 24, 2018](#), [Aug. 27, 2018](#), and [Aug. 16, 2018](#)).

According to the report, the CFPB’s supervisory authority is based on the following four reasons:

1. A violation of the MLA renders a servicemembers’ loan void, thereby triggering concurrent violations of federal consumer financial laws under CFPB’s supervisory jurisdiction.
2. Federal law directs the CFPB to obtain information about the compliance systems or procedures of large banks and payday lenders governed by the MLA.
3. Under the CFPA, the CFPB can cover MLA violations within its exams for the purpose of detecting and assessing risks to consumers.
4. The MLA requires the CFPB to enforce the MLA in the same manner as the CFPB enforces the Truth in Lending Act and expressly directs the CFPB to use any other applicable authorities available to protect our men and women in uniform.

The report also includes correspondence from a senior CFPB official demonstrating that under the Trump Administration, the CFPB’s political leadership overruled the recommendations and legal advice of CFPB’s professional staff. An appendix to the report contains a letter from the former CFPB Assistant Director for Servicemember Affairs and Retired U.S. Army JAG Corps Colonel Paul Kantwill directed to a CFA research team. The letter asserts that, contrary to the Trump Administration’s view, the CFPB has the legal authority to include MLA issues within its supervisory exams. Further correspondence included in the report indicates that the CFPB’s political leadership neglected to consult or notify the Department of Defense that CFPB examiners would no longer take critical preventative steps to protect military personnel from predatory lending.

Companies: Consumer Federation of America

RegulatoryActivity: BankingFinance CFPB Loans DoddFrankAct FedTracker SCRA