

CFPB Takes Key Steps to Prevent Consumer Harm; Proposes Whistleblower Award Program, Other Measures

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WASHINGTON, D.C. — The Consumer Financial Protection Bureau (Bureau) today announced three steps to advance its strategy on one of its key priorities: preventing consumer harm.

The Bureau is:

- Implementing an advisory opinion program to provide clear guidance to assist companies in better understanding their legal and regulatory obligations through advisory opinions;
- Amending and reissuing its responsible business conduct bulletin, which articulates that the Bureau intends to provide credit to entities for their responsible conduct based on its extent and significance; and
- Engaging with Congress to advance proposed legislation that would authorize the Bureau to award whistleblowers who report violations of Federal consumer financial law.

The Bureau submitted the proposed legislative language to U.S. House Speaker Nancy Pelosi and U.S. Senate President Michael Pence, as well as the Chairs and Ranking Members of the authorizing committees in both chambers. It would amend Title X of the Dodd-Frank Act and provide authority to establish a whistleblower award program. The incentive created for employees to report wrongdoing to the Bureau will assist in advancing enforcement cases, especially as it relates to fair lending violations. Under the proposed legislation, in cases where a whistleblower provides voluntary information that leads to a successful enforcement action, the Bureau will be able to pay an award based on a percentage of the monetary sanctions collected in the action.

“These steps reinforce the Bureau’s commitment to preventing consumer harm. Advisory opinions will ensure that companies know what compliance entails and what constitutes a violation. We also want to incentivize whistleblowers to contact us if they believe their employer is not complying with the law,” said Consumer Financial Protection Bureau Director Kathleen L. Kraninger.

Under the advisory opinion program, parties will submit requests for an advisory opinion to the Bureau via its website. The Bureau will issue additional procedures for how requests will be addressed, including how the Bureau will prioritize requests. To increase transparency and to provide regulatory certainty to all regulated entities and other stakeholders, the Bureau will publish the responding advisory opinion in the

Federal Register and on its website. The opinion will include an interpretation of the Bureau's existing rules. Under a current guidance process, responses to individual regulatory inquiries are generally available to the individual requestor. That process will remain available alongside the advisory opinion program, as will the Bureau's other efforts to provide clear guidance to the public.

The Bureau originally published a responsible business conduct bulletin in June 2013. Today's bulletin updates and strengthens the original bulletin and is intended to clarify the Bureau's approach to responsible business conduct and emphasize the importance of such conduct. Responsible conduct can improve the Bureau's ability to promptly detect violations, increase the effectiveness of its supervisory and enforcement work, enable the Bureau to better focus its finite resources, and help more consumers get redress. The bulletin identifies four categories of responsible conduct: self-assessing, self-reporting, remediation, and cooperation. If an entity meaningfully engages in these activities, the Bureau will favorably consider it, along with other relevant factors, in addressing violations of Federal consumer financial law in supervisory and enforcement matters.

"Responsible conduct is in the public interest. Entities that build a culture of compliance and engage in responsible conduct support consumer protection and the Bureau's efforts to both prevent harm to consumers and enforce the law against bad actors," Director Kraninger said.

The proposed legislative language is available here: https://files.consumerfinance.gov/f/documents/cfpb_whistleblower-proposed-statutory-text_2020-03.pdf

The Responsible Business Conduct Bulletin is available here: https://files.consumerfinance.gov/f/documents/cfpb_bulletin-2020-01_responsible-business-conduct.pdf

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