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**MEMORANDUM**

January 11, 2012

To Our Clients and Friends

Re: CFPB Launches Nonbank Supervision Program

The Consumer Financial Protection Bureau (CFPB) has announced the launch of its nonbank supervision program, as required under the Dodd-Frank Wall Street Reform and Consumer Protection Act. The CFPB will examine nonbank companies that offer consumer financial products and services for compliance with federal consumer financial laws, such as the Truth in Lending Act and Equal Credit Opportunity Act. The nonbank supervision program will follow the CFPB's existing bank examination program.

The CFPB's nonbank supervision program will be implemented in phases:

- The CFPB can immediately supervise mortgage companies, payday lenders and private education lenders regardless of size.
- For other nonbank companies, such as money services businesses, consumer reporting, and debt collection companies, the CFPB will supervise those it deems to be "larger participants" in those industries. The CFPB is currently developing a proposed rule, to be released for public comment, to determine the criteria for "larger participants."
- The CFPB may supervise any nonbank with respect to consumer financial products or services that it determines is engaging in conduct posing risks to consumers. The CFPB will publish guidelines to implement this provision.

If you have any questions, please call Gilbert Schwartz, Robert Ballen, Tom Fox, Heidi Wicker or Lauren Bianchini at (202) 776-0700.