California Governer Newsom:

signs bill creating financial watchdog to protect consumers modeled after the CFPB

PROVIDENT TITLE COMPANY

Consumer Reports praises California for strengthening financial industry oversight

SACRAMENTO, CA – Consumer Reports applauded California Governor Gavin Newsom today for signing legislation to strengthen the state's ability to protect consumers from unfair, deceptive, and abusive financial practices. The bill (AB 1864) signed by Newsom will transform California's existing financial regulator into a more robust watchdog with broader authority and more resources to protect consumers.

California is strengthening state oversight at a time when the Consumer Financial Protection Bureau (CFPB) has scaled back its enforcement efforts at the federal level and reduced penalties on firms caught taking advantage of consumers. CR and a coalition of consumer and small business groups rallied behind the proposal given weak federal oversight and the heightened risk of financial exploitation that many Californians are facing during the current economic crisis.

“Families hit hard by the collapse of the economy are prime targets for shady lenders and other unscrupulous financial firms,” said Suzanne Martindale, senior policy counsel and western states legislative manager for Consumer Reports. “California's financial watchdog will be equipped with the tools and resources it needs to protect communities from predatory financial practices and should serve as a model for other states.”

Martindale continued, “It's encouraging that California is strengthening its ability to stop financial fraud and abuse at a time when the CFPB is missing in action. No other state has empowered its financial regulator with such comprehensive authority and resources to protect consumers.”

Under AB 1864, the Department of Business Oversight will be augmented and renamed the Department of Financial Protection and Innovation (DFPI). The new watchdog is modeled after the CFPB and is being funded using the Department of Business Oversight's existing reserve fund from past enforcement actions rather than money from the state's general fund.

The DFPI will have broad subject-matter jurisdiction over the financial services industry, including expanded authority to oversee important sectors that aren't currently subject to their supervision, such as debt collectors, credit reporting agencies and so-called “fintech” companies. It will be strengthened with dozens of new staff charged with actively monitoring the marketplace to identify patterns of abuse and to secure relief for consumers who are treated unfairly by financial firms.

SOURCE: www.ConsumerReports.org https://bit.ly/2FBLf5s