



Deregulation Nation: From Oversight to Opportunity In A Shifting Financial Services Landscape

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Agenda

- Regulatory Outlook – Managing Compliance During Change
 - Changes in Washington
 - State Considerations
- Industry Spotlights
 - Payments
 - Cryptocurrency

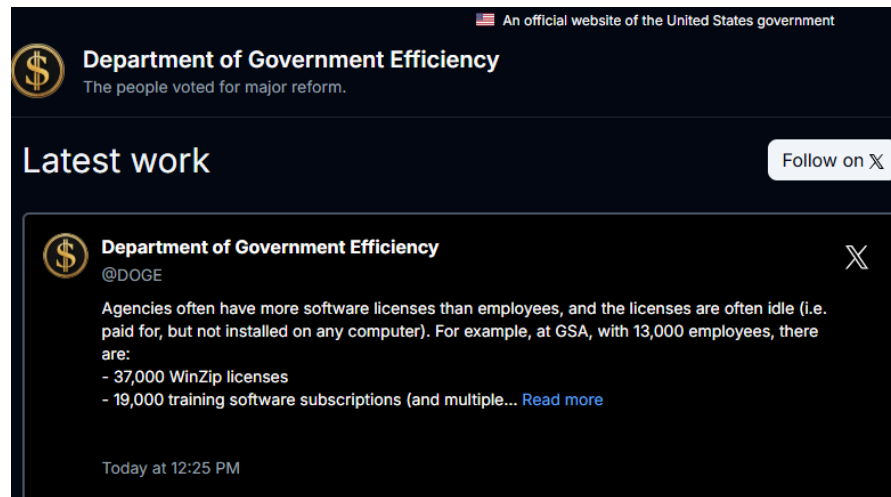
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Regulatory Outlook – Managing Compliance During Change

New Trump Administration – Focus on Deregulation and Reform

Fact Sheet: President Donald J. Trump Launches Massive 10-to-1 Deregulation Initiative

Fact Sheets | January 31, 2025



Strengthening American Leadership in Digital Financial Technology

A Presidential Document by the Executive Office of the President on 01/31/2025

Fact Sheet: President Donald J. Trump Reins in Independent Agencies to Restore a Government that Answers to the American People

Fact Sheets | February 18, 2025

Consumer Financial Protection Bureau



CFPB and Future of Consumer Financial Law

CFPB Under New Management

Changes to:

- Personnel
- Rulemakings
- Enforcement
- Supervision and exams

Long-Term Future of the CFPB?

Who, if anyone, will pick up the slack?

Government drops cases against 'predatory' financial firms

EXCLUSIVE

CFPB Tells Employees to Pack Up Offices as Mass Firings Loom (1)

May 30, 2025, 3:06 PM EDT; Up

New Details Emerge on Trump Officials' Sprint to Gut Consumer Bureau Staff

Emails and testimonials from workers at the Consumer Financial Protection Bureau document the administration's efforts to lay off 90 percent of the employees.

Consumer Bureau Official Quits, Citing 'Attack' on Agency's Mission

The Trump administration has frozen the agency's work and abandoned most of its lawsuits against banks and lenders.

CFPB Under New Management



Russell Vought, Acting
Director, Director of Office of
Management Budget

- Impact on proposed rules, final rules not yet effective, or formal rules and informal guidance. E.g., Payday Rule, Medical Debt Rule, Overdraft Rule, 1033 Rulemaking, and more
- No new investigations (or activity), or settlements
- No public communications
- No agreements
- No filings or appearances in litigation, with some exceptions to pause, withdraw, or.....

Email to CFPB Staff, February 3, 2025

"Colleagues,

Secretary of the Treasury Bessent has been named Acting Director of the CFPB, effective January 31, 2025. As Acting Director, Secretary Bessent is committed to appropriately stewarding the agency pending new leadership. In order to promote consistency with the goals of the Administration, effective immediately, unless expressly approved by the Acting Director or required by law, all employees, contractors, and other personnel of the Bureau are directed:

- Not to approve or issue any proposed or final rules or formal or informal guidance.
- To suspend the effective dates of all final rules that have been issued or published but that have not yet become effective.
- Not to commence, take additional investigative activities related to, or settle enforcement actions.
- Not to issue public communications of any type, including publication of research papers.
- Not to approve or execute any material agreements, including related to employee matters or contractors.
- Not to make or approve filings or appearances by the Bureau in any litigation, other than to seek a pause in proceedings.

If you have any questions, please raise issues through your existing management for consideration by the Acting Director."


New CFPB Supervision and Enforcement Priorities, Leaving Broader Focus to Others



1700 G Street NW, Washington, D.C. 20552

April 16, 2025

TO CFPB Staff

FROM Mark R. Paoletta
Chief Legal Officer 

SUBJECT 2025 SUPERVISION AND ENFORCEMENT PRIORITIES

This document sets out the Bureau’s supervision and enforcement priorities. The Bureau will focus its enforcement and supervision resources on pressing threats to consumers, particularly service members and their families, and veterans. To focus on tangible harms to consumers, the Bureau will shift resources away from enforcement and supervision that can be done by the States. All prior enforcement and supervision priority documents are hereby rescinded.

1. To avoid the ever-increasing number of supervisory exams, which are multiplying the cost of running businesses and raising consumer prices, Supervision shall decrease the overall number of “events” by 50%. The focus should be on conciliation, correction, and remediation of harms subject to consumers’ complaints. Supervision should focus on collaborative efforts with the supervised entities to resolve problems so that there are measurable benefits to consumers.
2. The Bureau’s focus will shift back to depository institutions, as opposed to non-depository institutions. In 2012, 70% of the Bureau’s supervision focused on banks and depository institutions and 30% on nonbanks. Now that proportion has completely flipped, with over 60% on nonbanks and less than 40% on banks and depository institutions. The Bureau must seek to return to the 2012 proportion and focus on the largest banks and depository institutions.
3. The Bureau will focus on actual fraud against consumers, where there are identifiable victims with material and measurable *consumer damages* as opposed to matters based on the Bureau’s perception that consumers made “wrong” choices. The areas of priorities are:
 - a. Mortgages (getting the highest priority).

- b. FCRA/Reg V data furnishing violations.
 - c. FDCPA/Reg F relating to consumer contracts/debts.
 - d. Various fraudulent overcharges, fees, etc.
 - e. Inadequate controls to protect consumer information resulting in actual loss to consumers.
4. The Bureau will focus on redressing tangible harm by getting money back directly to consumers, rather than imposing penalties on companies in order to simply fill the Bureau’s penalty fund.
5. The Bureau will focus on providing redress to service members and their families, and veterans.
6. The Bureau will respect Federalism:
 - a. The Bureau will deprioritize participation in multi-state exams unless *required* by statute (rather than merely permitted).
 - b. The Bureau will deprioritize supervision where States have and exercise ample regulatory and supervisory authority, unless required by statute (rather than merely permitted).
 - c. The Bureau will minimize duplicative enforcement, where State regulators or law enforcement authorities are currently engaged in or have concluded an investigation into the same matter.
7. The Bureau will respect other federal agencies’ regulatory ambit:
 - a. The Bureau will eliminate duplicative supervision or supervision outside of the Bureau’s authority (e.g., no supervision of M&A, just because regulated entities are involved, or attempt to insert itself into bankruptcy supervision).
 - b. To the extent feasible, the Bureau will coordinate exams’ timing with other/primary federal regulators.
 - c. The Bureau will minimize duplicative enforcement, where another federal regulator is currently engaged in or has concluded enforcement.
8. The Bureau will not pursue supervision under novel legal theories, including of the Bureau’s authority. It will focus on areas that are clearly within its statutory authority.
9. The Bureau will not engage in or facilitate unconstitutional racial classification or discrimination in its enforcement of fair lending law:
 - a. The Bureau will not engage in redlining or bias assessment supervisions or enforcement based solely on statistical evidence and/or stray remarks that may be susceptible to adverse inferences.
 - b. The Bureau will pursue only matters with proven actual intentional racial discrimination and actual identified victims. Such matters shall be brought to the leadership’s attention and maximum penalties will be sought.

10. The Bureau will deprioritize the following:
 - a. Loans or other initiatives for “justice involved” individuals (criminals).
 - b. Medical debt.
 - c. Peer-to-peer platforms and lending.
 - d. Student loans.
 - e. Remittances.
 - f. Consumer data.
 - g. Digital payments.
11. The Bureau’s primary consumer enforcement tools are its disclosure statutes. The Bureau shall not engage in attempts to create price controls.

Source: Brian Schwartz, WSJ,
<https://x.com/schwartzbwsj/status/1912633869255188512>

CFPB Withdraws Guidance Documents: A Shift Toward Regulatory Restraint

The CFPB took a red pen to its former playbook.

In a sweeping move that signals a recalibration of its regulatory posture, the CFPB has announced the withdrawal of 67 guidance documents, including interpretive rules, policy statements, and advisory opinions.

Effective as of May 12, 2025, the *Federal Register* notice reflects the Bureau’s effort to return to formal rulemaking processes and reduce reliance on sub-regulatory guidance that some may have viewed as functionally mandatory despite disclaimers to the contrary in order to avoid enforcement or reputation risk.

participating institutions in each of Federal fiscal years 2006 through 2009. Upon reviewing these regulations, USDA has determined that they should be rescinded. This regulation was established on May 2, 2007, under the final rule "Data Collection Related to the Participation of Faith-Based and Community Organizations" (72 FR 24179). The regulation required mandatory collection and reporting activities to cease in 2010. USDA does not intend to resume these requirements because implementation of the directives mandated by the underlying executive orders is complete. These requirements are obsolete and must be removed from Federal regulations. This rulemaking does not impact other data collection requirements outside of those found in current 7 CFR 226.25(g).

USDA has determined that this reason, independently and alone, justifies rescission of the 7 CFR 226.25(g) regulations. Regardless of the benefits of the rule, USDA must not maintain regulations that are unlawful. USDA has determined that there is no reliance interest in an unlawful regulation. See *Dept of Homeland Sec. v. Regents of the Univ. of California*, 591 U.S. 1, 32 (2020). Moreover, regardless of lawfulness, USDA has no interest in maintaining a rule that is outdated.

To the extent there is any uncertainty about the costs and benefits of 7 CFR 226.25(g) regulations, it is the policy of USDA to err on the side of deregulation. USDA's limited resources should be focused on fairly and rationally enforcing a discrete and manageable number of regulations. The regulations at 7 CFR 226.25(g) are not a priority.

Procedural Matters

Executive Orders 12866 and 13563

Under Executive Order 12866, as amended by Executive Orders 14215 and 13563, agencies must assess all costs and benefits of available regulatory alternatives and, if regulation is necessary, select regulatory approaches that maximize net benefits. The Office of Management and Budget's (OMB) Office of Information and Regulatory Affairs has determined that this regulatory action is not significant and,

entities (i.e., small businesses, small organizations, and small government jurisdictions). FNS has concluded and hereby certifies that this rule will not have a significant economic impact on a substantial number of small entities.

Unfunded Mandates Reform Act

This rule does not contain Federal mandates (under the regulatory provisions of Title II of the Unfunded Mandates Reform Act (UMRA)) for State, local, and Tribal governments, or the private sector of \$100 million or more in any one year. Thus, the rule is not subject to the requirements of sections 202 and 205 of the UMRA.

Executive Order 13175

Executive Order 13175 requires Federal agencies to consult and coordinate with Tribes on a government-to-government basis on policies that have Tribal implications, including regulations, legislative comments or proposed legislation, and other policy statements or actions that have substantial direct effects on one or more Indian Tribes, on the relationship between the Federal Government and Indian Tribes, or on the distribution of power and responsibilities between the Federal Government and Indian Tribes. As this rule is purely deregulatory, FNS has assessed the impact of this rule on Indian tribes and determined that this rule would not have Tribal implications that require consultation under Executive Order 13175.

Paperwork Reduction Act

In accordance with the Paperwork Reduction Act of 1995 (44 U.S.C. 3501–3520), an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information, unless the collection displays a currently valid OMB control number. This rule is deregulatory and so would not impose any additional information collection requirements; rather, it would reduce future collection requirements by removing reporting burdens.

E-Government Act Compliance

The Department is committed to complying with the E-Government Act, 2002 to promote the use of the internet

have implications for federalism. Therefore, under section 6(b) of the Executive order, a federalism summary is not required.

List of Subjects in 7 CFR Part 226

Day care, Food assistance programs, Grant programs, Grant programs—health, Grant programs—social programs, Infants and children, Intergovernmental relations, Reporting and recordkeeping requirements.

Accordingly, 7 CFR part 226 is amended as follows:

PART 226—CHILD AND ADULT CARE FOOD PROGRAM

■ 1. The authority citation for part 226 continues to read as follows:

Authority: Secs. 9, 11, 14, 16, and 17, Richard B. Russell National School Lunch Act, as amended (42 U.S.C. 1756, 1756a, 1762a, 1765 and 1766).

§ 226.25 [Amended]

■ 2. In § 226.25:

■ a. Remove paragraph (g);

■ b. Redesignate paragraphs (h) through (j) as paragraphs (g) through (i); and

■ c. In newly redesignated paragraphs (i)(2) and (5), remove "(i)(1)" and add "(i)(1)" in its place.

James C. Miller,
Administrator.
(FR Doc. 2025-09160 Filed 5-9-25; 8:43 am)

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CONSUMER FINANCIAL PROTECTION BUREAU

12 CFR Chapter X

Interpretive Rules, Policy Statements, and Advisory Opinions; Withdrawal

AGENCY: Consumer Financial Protection Bureau.

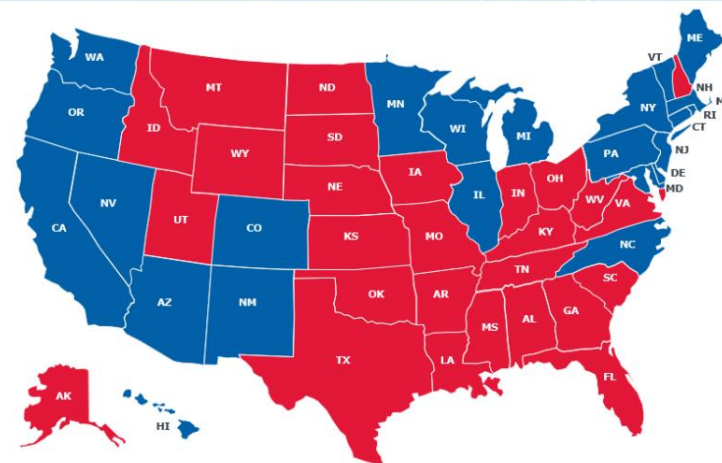
ACTION: Withdrawal of Bureau guidance, interpretive rules, policy statements, and advisory opinions.

SUMMARY: The Consumer Financial Protection Bureau (CFPB or Bureau) is withdrawing many guidance documents issued since the CFPB assumed its functions in 2011.

State Consumer Protection Laws

- **State Financial Services Laws:** Many states have laws governing financial products and services
- **State UDAP Laws:** State attorneys general and state bank / financial services regulators may enforce unfair or deceptive acts or practices laws (UDAPs)
- **Dodd-Frank:** Under the Dodd-Frank Act, state attorneys general (and regulators) can enforce various CFPB authorities
- **State Usury Laws:** Increase in states considering opt-out of preemption of state usury laws (Depository Institution Deregulation and Monetary Control Act (DIDMCA))
- **Licensing and Regulation:** Most states also have specific consumer protection laws regulating:
 - Lending and loan servicing / sales finance
 - Money transmission
 - Debt collection
 - Credit reporting
 - Credit services
 - Debt relief services
 - Earned wage access
 - Often more...

CURRENT ATTORNEYS GENERAL (BY PARTY)



From Federal Supervision to Self-Governed: Where We Are Now

Then:

- Active oversight
- Predictable priorities
- Clear referees
- Examiners issued findings
- Guidance shaped expectations
- Enforcement filled in the gaps

Now:

- The laws still stand — but the playbook is gone
- CFPA/UDAAP, FCRA, TILA, FDCPA, EFTA, etc. still apply
- State laws still apply (and often look a lot like federal consumer financial law)
- Priorities vary by state
- Private lawsuit risk remains

What Now:

- Legal and compliance teams must lead from within
- Build defensible positions
- Refresh risk assessments
- Document your logic and controls
- Plan for judgment after the fact
- Beware of regulatory “snapback”

Federal Trade Commission



Current Commissioners

- Melissa Holyoak (R)
- Mark Meador (R)
- Andrew Ferguson, Chairman (R)
- ~~Alvaro Badoya (D)~~
- ~~Rebecca Kelly Slaughter (D)~~
 - Will Humphrey's Executor Survive?

FTC Is Still Actively Investigating Payments Companies

- June 16, 2025: UK-based Paddle.com \$5M settlement for unfair payment processing practices and facilitation of deceptive tech-support schemes
- As Chairman Ferguson said in announcing the settlement:

Today's settlement is an important win for American families and businesses. Myopically focusing on individual foreign scams could drain the Commission's resources while hardly making a dent in their onslaught on American consumers. But by vigorously enforcing our laws in our payment systems, the Commission ensures that private industry takes the steps the law requires to protect Americans from foreigners who would use the payment system to prey on them.

- Similarities to Operation Chokepoint
- Other investigations are ongoing

Department of Justice



DOJ's White Collar Enforcement Plan

- Announced by head of the Criminal Division, Matthew Galeotti, on May 12 and June 10, 2025:
 - Guided by the America First Investment Policy – economic security is national security
 - The “key threats to America” include:
 - “Fraud perpetrated against Americans as individuals, as taxpayers, and as recipients of government services are core to this focus. Millions of Americans are victimized by fraudsters every day, some losing their hard-earned life savings. These schemes harm the public and weaken the integrity of our markets.”
 - So, consumer fraud enforcement still going strong.
 - Also, procurement fraud, healthcare fraud, money laundering, and sanctions evasion.
 - “These crimes rob U.S. citizens and investors of their hard-earned savings, disturb markets, hurt the economy, and victimize vulnerable Americans.”
 - Greater focus on corporate self-disclosure: “The benefits to companies that voluntarily self-report, cooperate, and remediate have never been clearer and more certain: those companies will receive a declination, not just a “presumption.””
 - Greater focus on speedier investigations: “Under my leadership, the Criminal Division will do its part to charge or decline quickly.”

DOJ's Approach to Digital Assets

- Todd Blanche, April 7, 2025, memo: “Ending Regulation by Prosecution”
 - Aligns with Executive Order 14178 and President Trump’s directive to support digital innovation
 - Focused on criminal conduct, not regulatory non-compliance
 - No longer charging industry with violations of 18 U.S.C. sec. 1960 (unlicensed money transmission) unless proof of willful violation
 - Focus on fraud and scams targeting investors, and use of crypto in terrorism, fentanyl trafficking, cartels
 - Platforms (exchanges, mixers, wallets) not responsible for users’ actions unless criminally complicit)
 - Will not charge crimes based on ambiguous classifications of tokens as “securities” or “commodities”
 - DOJ may still charge wire/mail fraud statutes as appropriate
 - Disbanded NCET
 - Shift resources to immigration and procurement fraud
 - DOJ join President’s Working Group to shape future crypto policy

Industry Spotlights

Payments

FTC Tackles “Merchant of Record” in Paddle Enforcement Action

- Payments companies are potentially liable for providing payment processing services to a merchant when the payments company knew or should have known that the merchant:
 - Charged or debited consumer accounts without authorization, or
 - Illegally obtained consumer payment information
- Paddle operated as merchant of record that provided “end to end payment processing solution” for fraudulent software sellers, including deceptive tech support software merchants
- Paddle processed sales transactions under its own name and merchant account instead of under the names of the companies
- Did not register as a payfac, as required by payment network rules, and did not comply with merchant underwriting and monitoring requirements that govern payfacs
- Hid merchants’ high chargebacks by aggregating the sales of thousands of merchants selling different products and services and by engaging third-party chargeback prevention services “to artificially reduce chargebacks without investigating and addressing the root cause of the chargebacks.”
- Also novel use of ROSCA
 - By acting as the merchant of record, Paddle effectively stepped into the shoes of its merchants, including their obligation to make clear and conspicuous disclosure of all material terms before obtaining a consumer’s billing information, as well as obtaining the consumer’s express informed consent to the offer before billing
 - Paddle was not just a neutral conduit, but a central player in the transaction

Cryptocurrency

Deregulating Crypto – A New Policy Direction

- **Stated Goals of the Administration:**
 - Reducing regulatory burdens on the cryptocurrency industry
 - Promoting digital asset adoption
 - Make the United States “the crypto capital of the planet”
- **Key Indicators of Policy Direction:**
 - Executive orders and statements related to digital assets
 - Digital Assets executive order
 - “Meme” coins issued by Trump and Melania
 - End “Operation Choke Point 2.0”
 - Appointments to agencies (e.g., SEC, CFTC, Treasury, etc.)

Digital Assets Executive Order

- **Key Takeaways:**

- **Revocation of Previous Executive Orders and Treasury Guidance**

- Rescinds President Biden's digital assets executive order
- Directs Treasury to rescind its "Framework for International Engagement on Digital Assets"

- **Establishment of the Working Group on Digital Asset Markets (Working Group)**

- Interagency group is tasked with developing a federal regulatory framework for digital assets and evaluating the potential creation of a national digital asset stockpile

- **Opposition to the Central Bank Digital Currencies (CBDC)**

- Rejects the establishment, issuance, circulation, and use of a CBDC within the United States

The Crypto Migration

- The changing regulatory environment is prompting foreign-based cryptocurrency companies to expand operations into the United States
- Expect focus on cross-border payments and online transactions
- Companies operating in this space, however, will continue to face significant regulatory challenges:
 - Money transmission and anti-money laundering compliance
 - Sanctions compliance
 - Consumer protection
 - State-level regulations
 - Evolving regulatory frameworks

SEC Crypto 2.0: A Shift Toward Policy Clarity

- **Formation of Crypto Task Force (Jan 2025)**
 - Crypto Task Force, led by Commissioner Peirce, to develop clear policies and registration paths, moving away from enforcement-first regulation
- **Prior Frameworks Withdrawn**
 - Multiple Biden-era guidances withdrawn or rescinded (SAB 121, etc.)
 - Outstanding proposed rules withdrawn (Rule 3b-16, etc.)
- **Enforcement Reset**
 - The agency has closed or dismissed multiple pending investigations and lawsuits tied to crypto exchanges, NFT platforms, staking services, and token issuers
 - Pause on new crypto enforcement actions as the agency develops clearer registration pathways and disclosure standards, and a consistent regulatory framework

New SEC Positions on Crypto Activities

- **Statement on Protocol Staking Activities (May 29, 2025)**
 - Staff clarified its view that certain proof-of-stake (PoS) blockchain protocol “staking” activities are not securities transactions
 - Statement applies to non-custodial and custodial staking-as-a-service providers
- **Statement on Mining Activities (March 20, 2025)**
 - Staff clarified its view that certain proof-of-work network protocol mining activities are not securities transactions
 - Applies to solo mining and mining pools
- **Statement on Stablecoins (April 4, 2025)**
 - Stablecoins that are designed to maintain a stable value relative to USD are not securities
- **Staff Statement on Meme Coins (Feb. 27, 2025)**
 - Staff views meme coins as collectibles, not securities (when purchased for entertainment or speculation with value driven by market sentiment)

Banking Crypto – Regulatory Changes

- **OCC Interpretive Letters (IL)**

- IL 1183 (Mar 7, 2025) allows national banks to offer crypto custody and stablecoin services and participate in verification networks without prior OCC non-objection
- IL 1184 (May 7, 2025) confirms banks may buy/sell assets held in crypto custody and outsource crypto execution services, contingent on strong third-party risk controls

- **FDIC Update**

- FIL 7 2025 (Mar 28, 2025) rescinds previous FDIC notification requirements (FIL 16 2022), allowing state nonmember banks to engage in crypto activities without prior approval, provided that they adequately manage risks

- **Federal Reserve**

- On Apr 24, 2025, the Fed withdrew supervisory letters (SR 22 6, SR 23 8) that had mandated advance notice and non-objection for state member banks; now crypto activities are reviewed via standard supervision

Turning the Tide on “Debanking”

- **Debanking Background**

- Crypto firms were dropped by ~40 banks post-2023 because of “reputational risk” guidance
- Industry framed the practice as “Operation Chokepoint 2.0” amid purported pressure from supervisors

- **Market Response**

- OCC, Fed, and FDIC withdrawal of prior approval mandates is viewed as clearing a major roadblock
- Banks are now exploring crypto custody, tokenized deposits, and execution services, especially where fintechs can provide technical support

What Bank Regulators Expect: Industry Standards and Supervision

Supervisory Expectations

- **Risk Management Frameworks:** Banks must integrate crypto activities into their enterprise-wide risk management, audit, and compliance programs. This means crypto activities should not be siloed or treated as exceptions.
- **Technology and Expertise:** Supervisors expect banks to build or access sufficient expertise to manage blockchain-related risks, rather than simply relying on vendors
- **Ongoing Examination Focus Areas:**
 - Risk governance, including board oversight of crypto activities
 - Internal controls and audit trails for crypto transactions
 - Compliance with evolving regulatory guidance (OCC, FDIC, Fed, FinCEN, SEC)

Industry Realities

- **Crypto activities are still seen as novel:** Even as barriers drop, regulators remain cautious and will scrutinize activities through standard safety, soundness, and compliance lenses
- **Regulatory guidance is evolving:** Joint agency guidance is expected to provide clearer guardrails; until then, banks are held to high internal governance standards

Crypto Bills Could Fundamentally Alter Legal Landscape

GENIUS Act (S.394)

- Passed U.S. Senate (68–30) on June 17, 2025. Would establish a federal framework for payment stablecoins.
- Now pending in the House Financial Services Committee
- STABLE Act (H.R.2392): Companion bill to GENIUS

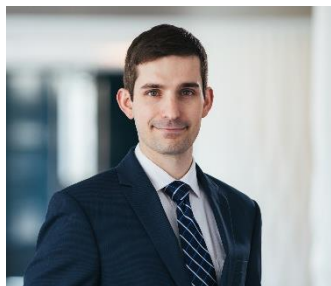
CLARITY Act (H.R. 3633)

- Would establish comprehensive market structure regulation for digital asset activities
- In June 2025, bipartisan majorities in the House Financial Services and Agriculture committees advanced this bill for consideration by the full House
 - The two versions are expected to be merged before moving to the House floor for debate

Crypto at a Crossroads – Key Takeaways

- U.S. crypto policy is shifting from regulation-by-enforcement toward rulemaking, transparency, and industry engagement
- Federal and state frameworks are evolving, stablecoin and digital asset bills are advancing, but compliance remains complex
- Stablecoins are transitioning from niche crypto assets to integral components of mainstream banking infrastructure
- Banks and crypto businesses face opportunities and risks: clearer paths for custody and stablecoins, but ongoing uncertainty in areas like non-stablecoin holdings and lending
- Staying ahead means proactive risk management, multi-jurisdictional compliance, and active engagement with regulators

Questions?



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