



# Compliance Catch 22: Thriving in an Evolving Regulatory Environment

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# Where we are headed...

- The Evolving Regulatory Environment
- Observations from the trenches of investigations
- CFPB's current modus operandi and tea leaf reading on future
- Tips for surviving regulatory scrutiny including exploration of:
  - Vendor management strategies
  - Getting the most out of your risk assessment
  - Creating fluid systems
  - The importance of the accessibility and transfer of information



# Meet our Panelists





# Debt Collection Rulemaking 2.0

- CFPB is authorized to issue debt collection rules under the FDCPA *and* Dodd-Frank Act’s UDAAP provisions.
- In November 2013, CFPB announced Advanced Notice of Proposed Rulemaking, seeking comments, data, and information from the public about debt collection. CFPB received more than 23,000 comments.
- July 2016, CFPB issued Outline of Proposals Under Consideration and Alternatives Considered.
- Held SBREFA sessions in late August 2016.
- June 2017 CFPB announced change in direction. Now the rulemaking: (1) will apply only to third-party collectors subject to the Fair Debt Collection Practices Act (FDCPA) and (2) address only disclosure and communication requirements. The CFPB will then proceed with developing a separate rule applicable to both first and third parties to address documentation and substantiation requirements, which has been an area of focus in CFPB examinations and enforcement actions.
- A date was not provided for the release.

July 28, 2016

**SMALL BUSINESS REVIEW PANEL FOR  
DEBT COLLECTOR AND DEBT BUYER RULEMAKING**

**OUTLINE OF PROPOSALS UNDER CONSIDERATION  
AND ALTERNATIVES CONSIDERED**

I. Introduction .....	1
A. Background .....	1
B. Scope of proposals under consideration .....	4
II. The SBREFA Process .....	5
III. Information Integrity and Related Concerns .....	5
A. Proposals under consideration to prohibit unsubstantiated claims of indebtedness .....	6
B. Proposal under consideration to require review and transfer of certain information .....	13
C. Validation notice and statement of rights .....	15
IV. Other Consumer Understanding Initiatives .....	18
A. Litigation disclosure .....	18
B. Time-barred debt and obsolete debt .....	19
V. Collector Communication Practices .....	22
A. Proposals under consideration regarding contact frequency and the leaving of messages .....	23
B. General time, place, manner restrictions .....	28
C. Issues concerning decedent debt .....	32
D. Consumer consent .....	34
VI. Additional Proposals .....	35
A. Prohibitions on transferring debt to certain entities or in certain circumstances .....	35
B. Recordkeeping .....	35
VII. Potential Impacts on Small Entities .....	36
A. Entities subject to the proposals under consideration .....	36

1



# Why is a CMS Important?

- Helps to manage risk
  - Changing product and service offerings, including asset types
  - New legislation, regulation, interpretations, court decisions that address developments in the marketplace and are relevant to the product and service offerings of the organization
- Noncompliance with consumer protection laws may result in:
  - Litigation, monetary penalties, and other formal enforcement actions; and reputation risk



# Evolution of the CMS





# Evolution of the CMS

- Risk Assessment
- Strategies to address state and client requirements
- Efficiency with your manpower



# Vendor Management



# Evolution of Vendor Management

- Risk Assessment—Consumer Facing Folks
- Ongoing audits v. Once a Year
  - Ongoing for more risky conduct calls & letters
  - Leveraging Technology
- Managing Different Types of Vendors
  - Law Firms
  - Agencies



# The “Knock” on the Door or Letter....

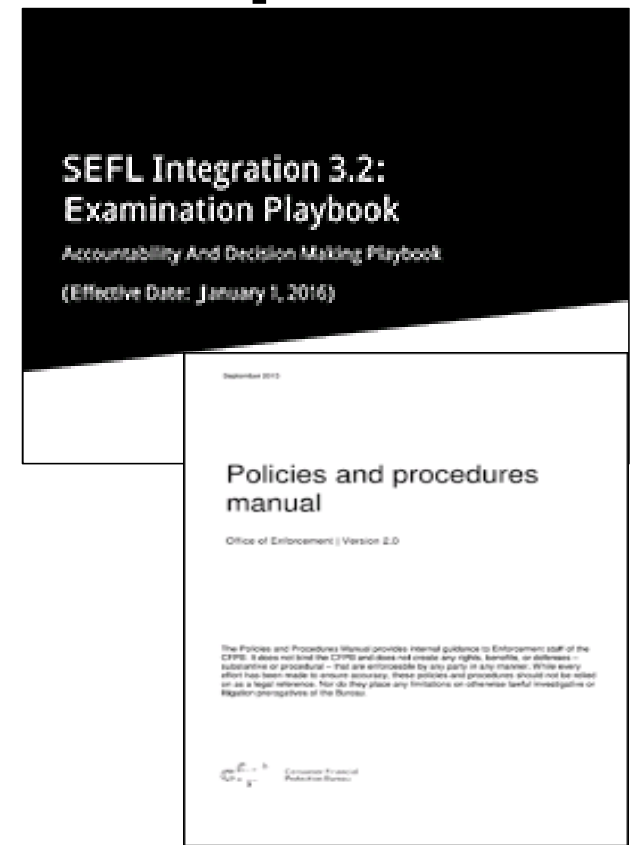
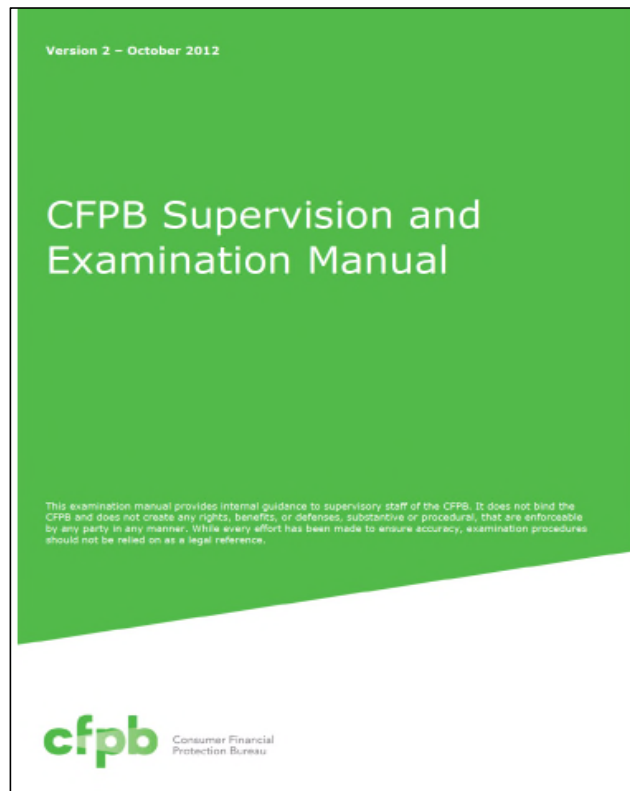
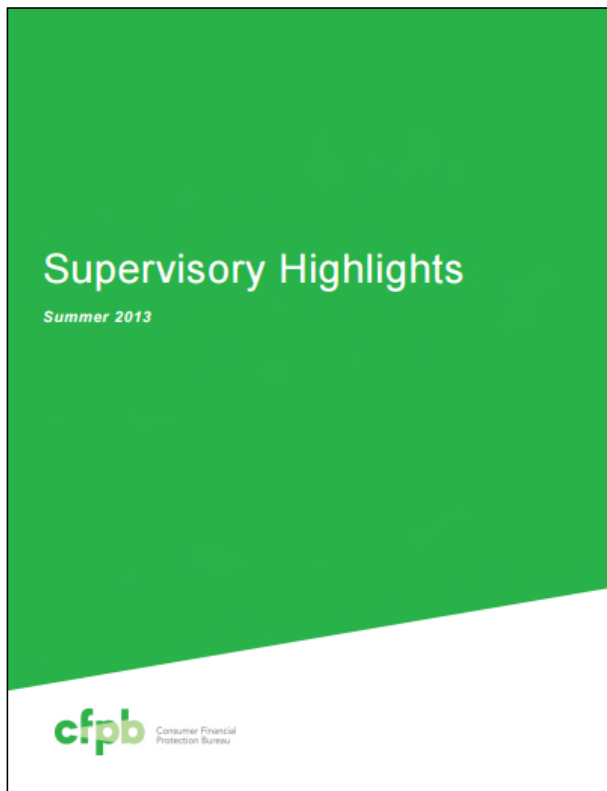


# Federal & State Examinations General Principles

- Maintain a good rapport with Examiner
- Get on the phone
  - Introduce yourself/company
  - Ask questions
- Narrow responses



# What does the CFPB / States Expect?





# Responding to State Examinations

- More Narrowly Focused
  - Payments
  - Balance history
  
- When to Push Back
  - Nicely
  - Control over the item requested



# State Licensing?

- Specific Exemption
  - Out of State Sometimes Not Required
- New States
  - Oregon
  - Maine
- NMLS Proficiency
  - Amount of Information Increasing
- Renewals and Timing





# Federal Examinations and Investigations

- Broader audits (sometimes seems like fishing expeditions)
- Different Tactics
- CFPB v. FTC
- What's on the horizon....

# Crystal Ball

