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CFPB Director Announces Plan to Have CFPB Impose Stronger Sanctions Against Large Financial Institutions That Repeatedly Commit Violations

By: [Michael Flynn](#)

In a March 28 speech, CFPB Director Rohit Chopra announced that the CFPB intends to enforce aggressively against large financial institutions that are repeat offenders, and will ask other federal regulators to take a similar approach. This will include utilizing stronger sanctions, even up to banning business practices, forcing divestiture of business lines, and working with state regulatory agencies to obtain license revocations where appropriate. This approach applies to all consumer financial services firms over whom the CFPB has enforcement authority, but would particularly target larger banks and financial institutions, in order to level the regulatory compliance playing field between large and small institutions.

While these particular steps focus on larger institutions, they reflect the CFPB's aggressive approach to its mission of consumer financial protection in regard to all providers, and serve as a reminder to all institutions, large and small, of the need for demonstrable and effective regulatory compliance and oversight.

In the speech, Director Chopra particularly stressed the ability of larger institutions to be repeat offenders without receiving effective sanctions to compel them to cease such behavior. He noted that a 'too big to fail/too big to jail' result undermines the public's confidence in the rule of law. Further, the CFPB believes that even large fines often fail to be meaningful deterrents for the largest institutions.

The Director claimed that "[w]e have experienced what other enforcement agencies have been seeing for decades: large financial institutions crossing legal fault lines over and over again." He stated that such issues can involve repeated violations of the same rule for which the institution had previously been sanctioned, or violations in different business lines. He went on to identify a number of large banks that he claimed had engaged in such behavior.

The Director identified a number of sanctions that the CFPB will (when it has authority) seek to apply, and will encourage and work with other federal and state regulators where their authority is needed to seek to implement:

- Caps on size or growth.
- Bans or limits on certain types of business practices or product lines.
- Divestitures of certain product lines.
- Limitations on leverage or requirements to raise equity capital.

- Revocation of government-granted privileges, such as losing access to federal deposit insurance or the ability to continue operating.
- Avoidance of deferred prosecution agreements.
- Targeting individual executives who are bound by agency orders.

The CFPB will be looking for the worst types of repeat offenders: those that violate a formal court or agency order, Chopra said.

To accomplish this, the CFPB will create a dedicated unit in its supervision and enforcement division focusing on the detection of repeat offenders.

A copy of the Director's speech can be found [here](#).

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[Michael Flynn](#)

Of Counsel
(213) 891-5262
mflynn@buchalter.com



[Melissa Richards](#)

Of Counsel
(415) 227-3543
mrichards@buchalter.com



[Doug Prince](#)

Shareholder
(206) 319-7041
dprince@buchalter.com



[Benjamin Heuer](#)

Shareholder
(916) 945-5195
bheuer@buchalter.com



[James K. Dyer](#)

Shareholder
(916) 945-5165
jdyer@buchalter.com

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