

# H20 Talk– CFPB Update: Surprising Twists in Jurisdiction and Enforcement

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# CFPB: What is it?

- **Consumer Financial Protection Bureau**
- **Federal consumer protection agency**
- **Created in 2010 by the Dodd-Frank Act**
- **Resulted from the 2008 financial industry crisis**
- **Regulates banks and non-banks, including all debt collectors**
- **Has power to enforce laws, conduct supervisory examinations, and write rules**

# Enforcement Powers

- Enforcement powers are broad
- Some would say the enforcement powers are too broad
- Examples:
  - billing practices of telecommunications firms,
  - practice of law in debt collection law firms,
  - medical debt collection firm

# Operating outside of their jurisdiction?

- Telecommunications firms are under the jurisdiction of the Federal Communications Commission
- Because the CFPB felt Sprint and Verizon Wireless were not administering their billing systems correctly, the CFPB brought an action under the Consumer Financial Protection Act.

# The Telecom story

- Verizon Wireless and Sprint allowed third parties to bill customers on their billing platform
- Examples: daily horoscope text services, joke of the day, dating services, etc.
- Often consumers had not subscribed to these services
- They did not heed complaints from customers.

# The bottom line for the telecoms

- **Sprint: \$50Million in redress to consumers**
- **Provide systematic blocking for billing by third party vendors**
  
- **Verizon Wireless: \$70Million in redress/disgorgement**
- **Provide systematic blocking for billing by third party vendors**

# Hanna law firm

- Debt collection law firm in Georgia
- High volume generator of lawsuits to collect debts
- Consent agreement defines evidence of debts Hanna must have before filing suit, dictates actions Counsel must take before filing suit
- \$3.1Million civil penalty

# Syndicated Office Systems

- **Parent company: Conifer Health Systems**
- **Failed to send initial notices (validation notices) on nearly 11,000 accounts**
- **Failed to respond to nearly 14,000 direct disputes**
- **Ordered to refund \$5.13Million to affected consumers**
- **\$500K civil penalty to CFPB**



# Takeaways

- **When patients complain about billing, have a process in place to resolve the consumer's problem**
- **Protect your billing system ferociously, know who you are billing for and evaluate their integrity**
- **Respond timely and completely to requests for itemized statements or validation from your collection agencies**