



## Partner Lucy Morris comments for Bloomberg and American Banker on CFPB enforcement shake-up

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On October 14, a reorganization announced inside the Consumer Financial Protection Bureau (CFPB) will now require its enforcement office to get approval from another, new office within the Supervision, Enforcement and Fair Lending Division (SEFL). As reported by *Bloomberg*, according to Sen. Sherrod Brown, this change would dramatically weaken the Bureau's enforcement office and ". . . should have been put on hold coming so close to the presidential election."

According to *Bloomberg*, The SEFL division restructuring will create a new Office of SEFL Policy and Strategy, to be led by Peggy Twohig, the CFPB's assistant director for supervision policy. Twohig will have to sign off on any new research matters or investigations the enforcement office undertakes.

*Bloomberg* spoke to [Lucy Morris](#), chair of Hudson Cook's [Government Investigations, Examinations and Enforcement](#) practice group and a former CFPB deputy enforcement director, about the effect this change will have on communications between the supervision and enforcement units at the Bureau. "I've long thought that these offices were acting at cross purposes," said Lucy. Although the new organizational chart showing Twohig and Thomas Ward, the CFPB's enforcement director, at the same level, Twohig will have to sign off on all investigations. Lucy explained that the change "probably feels like a demotion" for enforcement attorneys who are used to "doing their own thing."

Lucy also spoke to *American Banker*, saying that Kraninger "prefers to handle things through the supervision process. The motivation is to allow for better and easier decision-making within SEFL. For a long time people felt enforcement was doing its own thing without a lot of controls on it, and this is a way to control what cases are brought, what decisions come out of enforcement, so it is in effect controlling a group that has in the past done its own thing."

Lucy counsels financial institutions and others in complying with federal consumer financial laws and prohibitions against unfair, deceptive, or abusive trade practices. She is an experienced advocate and litigator, representing clients in government investigations, examinations, and enforcement actions before federal and state agencies, including the Consumer Financial Protection Bureau, Federal Trade Commission, U.S. Department of Justice, and state AG offices.

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