

Congress Seeks Dodd-Frank Overhaul and Elephant Dart for Consumer Financial Protection Bureau

1 min read

Jun 6, 2017

By: Hinshaw

On May 4, 2017, the House Financial Services Committee passed HR 10, the Financial CHOICE ACT (“FCA”) by a 34-26 vote, with all proposed Democratic redlines rejected. The FCA is expected to go to a full House vote as early as this week.

The FCA purports to keep the protections Dodd-Frank aimed to enact, while at the same time freeing regulations on the American economy. It promises to “create hope and opportunity for investors, consumers, and entrepreneurs,” by, among other things, ending bailouts and “holding Washington and Wall Street accountable.”

FCA, as drafted, would repeal the Dodd-Frank Act in its entirety, remove CFPB supervisory authority over financial institutions, and allow the President to appoint, and *remove at will*, a CFPB director. Moreover, FCA would remove any authority the CFPB has to investigate actions it deems abusive, but would keep the agency in place, changing its name from the Consumer Financial Protection Bureau to the Consumer Law Enforcement Agency (CLEA).

Critics of the bill have dubbed it the “Wrong Choice Act,” and believe the FCA would return the country back to a pre-2008 environment. Critics have also voiced their fear that the proposed changes to the CFPB could remove its independence and politicize the regulation of the financial industry.

Notwithstanding this, proponents of the FCA argue that reform of the CFPB is long overdue. They assert that the discretionary power given to what they call a “fourth arm” of government by virtue of the CFPB’s creation is unconstitutional. This argument tracks claims made in *PHH v. CFPB*, the high-profile D.C. District case in which PHH Mortgage has challenged the constitutionality of the CFPB ([read a recent summary of our coverage](#) of this case).

The 1,212 sections contained in the Bill also affect regulations for the SEC, Department of Treasury, the Federal Reserve, and the FDIC. We will continue to monitor the status of this bill as it heads out of committee.

Topics

Legislation, Dodd-Frank, Dodd-Frank Wall Street Reform And Consumer Protection Act, Proposed Legislation, CFPB, Financial CHOICE Act