

# PUBLICATION

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## Another Target Objects to CFPB Jurisdiction

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What would your company do if it received a broad civil investigative demand (CID) from the CFPB demanding the production within 30 days of thousands of pages of documents regarding operations, services, products and customers? It is a scenario more and more operators in the financial services space are facing as the CFPB continues to stretch and test the potential limits of the scope of its jurisdiction.

The first test of the limits of CID jurisdictional authority for the CFPB came earlier this year when the D.C. federal district court ruled that the Bureau exceeded its authority in issuing a CID to the Accrediting Council for Independent Colleges and Schools. The CFPB has appealed that decision to the D.C. Circuit Court of Appeals.

Now, a second company, J.G.Wentworth, LLC, has also challenged jurisdiction and refused to fully comply with a CID issued by the Bureau. J.G. Wentworth pays consumers lump-sum payments in exchange for the consumers' interests in structured settlements and annuities. After receiving the CID, the company first attempted to have the petition set aside as outside the statutory scope of the Bureau. The CFPB [denied the petition](#), asserting that the products and services provided by J.G. Wentworth were subject to the prohibition in the Dodd-Frank Act against conduct that constitutes "unfair, deceptive or abusive acts and practices" (UDAAP).

Following the denial of the petition to set aside the CID, the company produced some limited information in response but later refused further compliance on the basis that the CFPB did not have jurisdiction over the products and services at issue. The CFPB responded by filing a [petition](#) to enforce the CID in the Eastern District of Pennsylvania. J.G. Wentworth has not yet filed a response to the petition, but we will continue to monitor the case and provide updates in future issues of our newsletter.

As a reminder, here are a few best practices to keep in mind if your company is ever on the receiving end of a CID:

- Get counsel involved immediately. This is not a situation that management should attempt to handle initially with the thought that outside counsel can be brought in later if needed. A CID is always related to an open investigation and to an alleged violation of the law.
- Be cognizant of important deadlines. You must "meet and confer" with the CFPB enforcement attorneys within ten calendar days of receiving a CID and file any formal petition to modify or quash a CID within 20 calendar days of receiving a CID. If responding to the CID, you will typically have 30-45 days to complete your response.

Make sure the entire team involved in the response has an understanding of the CFPB's data standards applicable to the production – the CID will request in a particular format and that is the format you must produce.