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## Those Scary New Kids on the Block

Don't Fear the Consumer Financial Protection Bureau GC

**The new financial regulator's GC tries to assure business that there's nothing to fear.**

As the first general counsel of the just-launched Consumer Financial Protection Bureau, Leonard Kennedy understands that his agency makes some people very nervous.

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As the first general counsel of the just-launched [Consumer Financial Protection Bureau](#), Leonard Kennedy understands that his agency makes some people very nervous. The head of the U.S. Chamber of Commerce called it nothing short of "the most powerful regulatory agency that's ever been put together."

Kennedy's message: Take a deep breath. "We are reasoned decision makers and reasonable people," he says. "We may not get everything right at the very first pass, but I want people to say, 'We understand how they got there, and they were fair and smart in what they did.'"

The former general counsel of Sprint Nextel Corp., Kennedy joined the CFPB, which opened its doors on July 21, in late January. Since then, he's been building the new agency's GC office, which now has about 35 lawyers, advising on everything from internal employment policies to compliance dates for new rules to simplified mortgage forms.

The CFPB was created by the Dodd-Frank Wall Street Reform and Consumer Protection Act, which was signed into law in July 2010. The agency's mission is to police consumer financial markets for unfair, deceptive, or abusive practices, and to ensure that consumers have all the information necessary to make good financial decisions. In addition to its new regulatory powers, it takes over tasks previously carried out by seven other agencies.

It's a huge mandate. "The bulk of our economy is based on consumer transactions," says Troutman Sanders partner David Anthony, a Richmond partner who coheads the firm's financial services litigation practice. "If the agency is very aggressive, it could fundamentally change how companies do business, affecting their profits and business models. The fear is that the bureau will come in and dictate from on high."

Kennedy is quick to offer reassurance. "We're not starting off with the idea that we have all the received wisdom," he says. "The problems we have to tackle are complex, and parties on the outside all have something to contribute to the decision-making process. We want to hear from them."

The law gives the CFPB authority over banks, thrifts, saving associations, and credit unions with more than \$10 billion in assets. It also gives the agency power to enforce 18 existing consumer laws, such as the Fair Debt Collection Practices Act, the Equal Credit Opportunity Act, and the Truth in Lending Act, and to issue rules related to them.

An early initiative the agency is undertaking is the "Know Before You Owe" project—a simplified mortgage disclosure form to make home loan shopping easier. In May the CFPB unveiled sample forms that elicited more than 13,000 comments. It released its second draft on June 27—and asked for more comments, all before an actual rule-making even began.

To Arnold & Porter counsel Beth DeSimone, who specializes in financial regulation, the rollout is an encouraging sign. "I think it's very positive to get feedback on the form," she says. But she's not won over yet. "We'll see how it works. . . . The jury is out."

Kennedy points to the form as an example of the CFPB's intention to be inclusive, where "a wide array of people can comment and help solve a problem."

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