



# Dodd-Frank Financial Regulation

# ALERT

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## President Nominates Former Ohio Attorney General to Serve as Director of Consumer Financial Protection Bureau

President Barack Obama formally nominated former Ohio Attorney General Richard Cordray to lead the new Consumer Financial Protection Bureau. The Bureau, which is charged under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 with policing consumer financial products such as credit cards and mortgages, and preventing unfair or deceptive lending practices, is to begin its work officially July 21, 2011.

Cordray currently serves as the agency's director of enforcement. He was selected for that job by Elizabeth Warren, the Harvard University law professor who conceived of the Bureau and has spent the last year as acting director, getting it up and running.

Cordray became Ohio's Attorney General through a special election in 2008 and during his two-year term instituted a number of high-visibility investigations and lawsuits against large banks, accusing them of improper mortgage foreclosure practices, deceptive reporting to employee pension funds and others, and paying big bonuses to executives. Cordray also called for stronger state and federal laws regulating the debt settlement industry.

Cordray must be confirmed by the Senate, and President Obama will likely encounter resistance to the nomination. A group of forty-four senators, led by Minority Leader Mitch McConnell (R-Ky.) and Richard C. Shelby (R-Ala.), the ranking Republican on the banking committee, have stated that they will not confirm any nominee for the head of the agency until demanded changes to the agency involving its structure and funding are made. Among the changes sought are a five-member board of directors

to run the Bureau, instead of a single director, making the agency subject to the appropriations process and giving bank regulators greater oversight of its operations.

Until a director is confirmed, the agency cannot exercise the full measure of its powers. Under the Dodd-Frank Act, it can supervise the compliance of banks with existing laws, but cannot enact new rules or supervise non-bank financial companies.

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**Loeb & Loeb's Dodd-Frank Financial Reform Task Force** monitors key issues surrounding approval of the Dodd-Frank Wall Street Reform and Consumer Protection Act that are relevant to a broad spectrum of firm clients in the financial services industry. The multidisciplinary Task Force is comprised of attorneys across core practice areas - including general corporate, private equity, securities, mergers and acquisitions, consumer protection and banking and finance - who are focused on analyzing the historic legislation and interpreting the significant business implications for financial institutions and commercial companies nationwide.

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