
OLR Bill Analysis

HB 6350

AN ACT CONCERNING THE ATTORNEY GENERAL'S AUTHORITY TO ENFORCE PROVISIONS OF THE DODD-FRANK WALL STREET REFORM AND CONSUMER PROTECTION ACT.

SUMMARY:

This bill explicitly authorizes the attorney general to bring a civil action in a court of competent jurisdiction to enforce the provisions of the federal Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) that the act gives state attorneys general the authority to enforce. The bill also allows the attorney general to seek any relief that the Dodd-Frank Act authorizes state attorneys general to seek.

EFFECTIVE DATE: July 1, 2011

ATTORNEY GENERAL RESPONSIBILITIES

Under the bill, the state attorney general is responsible for duties included in the 2010 federal financial services law. Specifically, the federal act authorizes a state attorney general to bring civil actions to enforce its consumer protection provisions or implementing regulations. Concerning suits against national banks or federal savings associations, the act permits the attorney general to bring suit to enforce regulations prescribed by the Bureau of Consumer Financial Protection (Bureau) under the act's consumer protection provisions, but not suits to enforce the act's provisions themselves (§ 1042). The act also places limits and conditions on the ability of a state to enforce the act's consumer protection provisions against a merchant, retailer, or seller of nonfinancial goods or services (§ 1027). The act permits a wide range of relief for proceedings under federal consumer financial law, but does not allow punitive damages (§ 1055).

The Dodd-Frank Act requires states, before bringing suit to enforce

its consumer protection provisions or attendant regulations, to notify the Bureau and the applicable federal regulator. If prior notice is not practicable, the state must notify them immediately after bringing the action. The act authorizes the Bureau to intervene (§ 1042).

In addition, the act:

1. provides that National Bank Act provisions relating to or restricting the visitorial authority (i.e., a government's right to oversee corporate affairs) to which national banks are subject do not restrict the authority of the attorney general to bring an action against a national bank to enforce an applicable law (§ 1047);
2. extends the state's authority to bring suit concerning violations of rules on unfair or deceptive acts or practices regarding mortgage loans to rules that the Bureau promulgates (the law already allowed these suits to enforce rules that the Federal Trade Commission promulgates) (§ 1097);
3. provides that the Bureau has primary authority to enforce provisions of the Real Estate Settlement Procedures Act related to kickbacks and unearned fees, while retaining the state's authority to enforce these provisions (§ 1098);
4. expands the state's authority to bring actions to enforce the federal Truth in Lending Act, including several provisions concerning residential mortgage loans (§ 1422); and
5. specifies that the attorney general (in addition to certain federal entities) may enforce federal regulations pertaining to quality control standards for automated valuation models used to estimate collateral value for mortgage lending purposes (but state enforcement authority does not extend to federally regulated financial institutions or subsidiaries) (§ 1473).

BACKGROUND

Dodd-Frank Act

The Dodd-Frank Act (P.L. 111-203, 124 Stat. 1376 (2010)) was signed into law on July 21, 2010. Among other things, it creates the Bureau of Consumer Financial Protection as a watchdog agency to oversee financial institutions and enforce compliance with consumer financial laws. It also establishes and strengthens consumer protection laws.

The act includes several provisions authorizing enforcement by state attorneys general, many of which take effect one year after its enactment (i.e., July 21, 2011) unless an extension of up to six months is necessary.

COMMITTEE ACTION

Banks Committee

Joint Favorable

Yea 17 Nay 0 (03/15/2011)