

Banking Committee

JOINT FAVORABLE REPORT

Bill No.: SB-121

AN ACT CONCERNING THE ATTORNEY GENERAL AND THE DODD-FRANK

Title: WALL STREET REFORM AND CONSUMER PROTECTION ACT.

Vote Date: 3/12/2024

Vote Action: Joint Favorable Substitute

PH Date: 2/27/2024

File No.:

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SPONSORS OF BILL:

Sen. Saud Anwar, 3rd Dist.

Rep. Susan M. Johnson, 49th Dist.

REASONS FOR BILL:

This bill allows the Office of the Attorney General to bring civil actions already authorized under the federal Consumer Financial Protection Act of 2010 (CFPA) and Conn. Gen. Stat. § 3-129e enacted in 2011 by granting OAG additional subpoena power along with the ability to serve them to any person or institution whether they are in or out of state. Ultimately, this bill was sponsored in reaction to the perceived regulatory gap which in 2022 prevented the Office of the Attorney General from investigating alarming patterns related to consumer protection which emerged in the wake of M&T Bank's acquisition of Peoples United Bank, all because M&T Bank is chartered in New York.

SUBSTITUTE LANGUAGE:

The bill now includes a comprehensive list of definitions pertaining to and preceding the language of the bill. Lines 45-90 were added to the bill and serve to include provisions pertaining to the cooperation between the OAG and DOB which lay out a structure for proper notice and communication in the event the OAG drafts a subpoena it intends to issue under this subsection to any entity within the jurisdiction of the DOB and how that structure changes in the case of exigent circumstances. New lines 91-110 outline how any bank, or out of state bank, and the OAG must confer after a relevant subpoena has been issued. New lines 129-138 describe how and by whom a subpoena may be served. New lines 182-194 implement safeguards which govern when and how the OAG may disclose or share relevant information and evidence. New lines 204-237 which describes the procedure to quash or seal a served subpoena as well as limiting the Attorney General's visitatorial powers including, but not limited

to, issuing a subpoena under this subsection except in a manner consistent with federal law.

RESPONSE FROM ADMINISTRATION/AGENCY:

William, Attorney General-Office of the Attorney General: Supports this bill stating that it gives state attorneys authority to enforce certain parts of the CFPB. This new authority to investigate alleged deceptive and anti-consumer practices in order to determine whether there has been a violation of the CFPB would give the OAG the tools needed to bring actions against banks chartered in other states such as M&T Bank, which during its 2022 takeover of People's United Bank likely made many Connecticut residents victims of CFPB violations. In short, until this legislation is passed, the people of Connecticut will not have the full array of protections granted by the CFPB many years ago. The Office of the Attorney General in concert with the Connecticut Department of Banking also advise the committee to implement some commonsense revisions to the language provided in written testimony.

NATURE AND SOURCES OF SUPPORT:

Erlingheuser, John, Senior Advocacy Director-AARP CT: Supports this bill stating that it would ensure that the Attorney General has all necessary and reasonable tools required to investigate and enforce rules the financial industry is bound by, regardless of whether an institution is chartered or licensed in Connecticut.

Gentes, Jeff, lawyer-YLS-CFHC: Supports this bill stating that if passed, Connecticut residents can continue to benefit from the protections offered in the Dodd-Frank act regardless of who is running the U.S. Attorney General's Office or the CFPB by giving the OAG its normal tools for enforcement and investigation of institutions whether their charter or license is in or out of state.

NATURE AND SOURCES OF OPPOSITION:

Mezick, Brian, President-AFSCME Local 2193 State Marshals: Opposes this bill stating that lines 38-46 of the bill as they enable the OAG to serve its own subpoenas in connection with matters contemplated by the bill. The service of legal process in our state is a primary function of the State Marshal system and this bill could threaten what has always been considered a sovereign function of the Marshals.

Dilorio, John: Opposes this bill stating that it seeks to expand the Attorney General's "enforcement" rights to "supervisory" rights, the delegation of which is specifically prohibited by federal law. It is also concerning how the committee openly discusses backroom language circulated between the AG and DOB which excludes stakeholders like the CBA which prevents thorough public testimony.

GENERAL COMMENTARY:

Adams, Bruce, President - CEO-Credit Union League of CT: Looks forward to working with the CGA and other stakeholders to achieve final language that addresses all their concerns in a mutually acceptable manner.

Mongellow, Tom, President - CEO-Connecticut Bankers Association: Is encouraged by the direction of the bill's latest draft and hopeful that an agreement can be reached by all stakeholders. It is also hoped that these changes are intended to preserve the well-

established protocols and cooperative approach that the AG and DOB employ to address legal and regulatory issues involving financial services companies.

Reported by: George Vatis

Date: 03/21/2024