



ATTORNEY GENERAL WILLIAM TONG
STATE OF CONNECTICUT

Testimony in Support of House Bill 6681, An Act Concerning the Office of the Attorney General and the Dodd-Frank Wall Street Reform and Consumer Protection Act
Banking Committee
Tuesday, February 21st, 2023

Thank you for the opportunity to submit testimony in support of *House Bill 6681, An Act Concerning the Office of the Attorney General and the Dodd-Frank Wall Street Reform and Consumer Protection Act*.

Responding to the Aftermath of the People's United Bank to M&T Bank Conversion

The frustration so many elected officials heard from our constituents following the takeover of People's United Bank by M&T Bank last fall provides a clear illustration of the regulatory gap this proposal seeks to fill.

To date, the Office of the Attorney General (OAG) has received over 400 complaints about M&T, a New York-chartered bank, whose primary regulator is the State of New York.

My office also received many complaints from individuals reporting they could not manage a loved one's money despite having the legal authority to do so under a power of attorney, because M&T curtailed their account access. When my office brought this systemic issue to M&T's attention, they refused to address the problem broadly, opting instead to wait for customers to complain and resolve the complaints on a case-by-case basis.

Other common complaints include a sudden loss of access to online banking and debit accounts; inability to make payments or obtain records on loans transferred from People's United to M&T; and defaulting checking customers into M&T checking account products requiring the highest minimum balance, with the highest fees.

Several consumers reported that their automatic payments were processed as planned in the month following the conversion, but in October, M&T shifted their payment dates to the end of the month without notice, causing numerous customers to pay their bills late. These customers also reported difficulty when they tried to rectify the errors with M&T.

Some of most common and perhaps most disturbing complaints are related to unauthorized deposits and withdrawals. **Consumers complained to my office that paychecks were not deposited despite their employer transferring the money to them. Others reported that large sums of money disappeared from their accounts without explanation, and they had to fight with M&T to get their own money returned.** On top of that, after receiving consumers' complaints, M&T was unable to resolve them within an acceptable time period and, based on the information reported to my office by consumers, its response time may not have been in accordance



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with the Consumer Financial Protection Bureau's regulations prescribing procedures for resolving errors.

H.B. 6681 would empower my office to seek records related to these types of complaints in order to determine whether the facts alleged do in fact constitute violations of federal law, and if so, seek recourse on behalf of consumers.

The Proposal

This bill seeks to provide the OAG with investigative authority under the federal Consumer Financial Protection Act of 2010 (CFPA), also known as Title X of the Dodd-Frank Wall Street Reform Act. This bill would empower the OAG to fully perform its function under Conn. Gen. Stat. § 3-129e – the Connecticut legislation enacted in 2011 to implement a CFPA provision granting state attorneys general certain enforcement authority.

The bill provides the OAG with the tools necessary to bring civil actions already authorized under state and federal law. It does this by permitting the office to conduct investigations of alleged deceptive and anti-consumer practices in order to determine whether there has been a violation of the CFPA.

For example, federal authorities and other state attorneys general who already have this authority have investigated and brought civil enforcement actions to hold accountable payday lenders, debt collectors, cash advance companies, for-profit colleges, tribal lending entities, and purported law firms operating mortgage relief schemes.

In addition, this bill would give my office the investigatory tools necessary to enforce certain CFPA protections against banks chartered in other states, like M&T Bank.

Almost all state attorneys general already have subpoenas and investigative authority under their own statute, common law, and/or state unfair and deceptive trade practice act. In Connecticut, the legislature has granted the OAG and certain agencies subpoena and investigatory authority only in certain specific instances, such as the authority granted to the OAG under the Connecticut Antitrust Act (Conn. Gen. Stat. Chapter 624).

I would like to acknowledge the Connecticut Bankers Association, who engaged with my office on a similar bill that this Committee took up last year. Those conversations resulted in some reasonable, commonsense revisions, which are reflected in the language before you today.

Background on the CFPA and enforcement by State Attorneys General

In 2010, in response to the 2008 global financial crisis, Congress passed, and President Obama signed, the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank), Pub. L.



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111-203. Title X of Dodd-Frank is the CFPA, which includes significant and powerful reforms intended to assist consumers with respect to financial products. In particular, the CFPA created the Consumer Financial Protection Bureau (CFPB), whose function is to “regulate the offering and provision of consumer financial products or services under the Federal consumer financial laws.” 12 U.S.C. § 5491(a). To that end, under its statutorily-described objectives, CFPB is authorized to exercise its authority under federal consumer financial law for the purposes of ensuring that, with respect to consumer financial products and services, consumers are protected from unfair, deceptive, or abusive acts and practices and from discrimination; federal consumer financial law is enforced consistently to promote fair competition and markets for consumer financial products and services operate transparently and efficiently.

The CFPA grants investigative and enforcement powers to the CFPB and provides state attorneys general authority to bring civil actions to enforce the CFPA and related regulations, and to secure remedies under the CFPA or otherwise provided by law. **It is important to note, however, that while state attorneys general may bring actions against state-chartered banks, they cannot bring actions against national banks or federal savings associations to enforce the CFPA’s provisions regarding unfair, deceptive, or abusive acts or practices.**

In addition, the CFPA requires that, before bringing an action in court to enforce the act or related regulation, state attorneys general must “timely provide a copy of the complete complaint . . . and written notice describing such action or proceeding to the [CFPB] and the prudential regulator, if any.” In response to that, the CFPB may intervene as a party in the action; upon intervening, remove the case to the appropriate federal district court if the action is in state court; and appeal any order or judgment to the same extent as any other party to the proceeding.

I urge the committee to pass this important consumer financial protection bill so that Connecticut consumers may realize the full array of protections that were granted to them under the CFPA many years ago.

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