



ATTORNEY GENERAL WILLIAM TONG
STATE OF CONNECTICUT

**Testimony in Support of Senate Bill No. 121, An Act Concerning the Attorney General and
the Dodd-Frank Wall Street Reform and Consumer Protection Act
Banking Committee
Tuesday, February 27st, 2024**

Thank you for the opportunity to submit testimony in support of *Senate Bill No. 121, An Act Concerning the Attorney General and the Dodd-Frank Wall Street Reform and Consumer Protection Act*.

This bill seeks to provide the Office of the Attorney General 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.

I would like to acknowledge the Connecticut Department of Banking, who engaged with my office on this proposal, resulting in some reasonable, commonsense revisions, which I have attached to this testimony and would respectfully request that the Committee incorporate as substitute language.



ATTORNEY GENERAL WILLIAM TONG
STATE OF CONNECTICUT

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, Pub. L. 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 discrimination. CFPB also ensures that 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.

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 in fall of 2022 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 425 complaints about M&T, a New York-chartered bank, whose primary regulator is the State of New York. While the bulk of those complaints were received in the immediate months following the takeover, issues remain. We have received 25 new complaints in the past year.

We continue to receive complaints from individuals reporting challenges managing 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. Despite urging from my office, M&T refuses to address the problem broadly,



ATTORNEY GENERAL WILLIAM TONG
STATE OF CONNECTICUT

insisting instead to wait for customers to complain and resolve the complaints on a case-by-case basis. We also continue to receive complaints regarding principal payments on home equity loans.

Common complaints in the immediate aftermath of the takeover included a sudden loss of access to online banking and debit accounts; shifts in automatic payment dates which cause consumers to be late paying their bills; 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.

Some of most common and perhaps most disturbing complaints were 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 with the Consumer Financial Protection Bureau's regulations prescribing procedures for resolving errors.

We cannot wait for another fiasco to protect Connecticut consumers and strengthen our laws. S.B. 121 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.

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 CFPB many years ago.

For additional information, please contact Cara Passaro, Chief of Staff to the Attorney General at cara.passaro@ct.gov.



ATTORNEY GENERAL WILLIAM TONG
STATE OF CONNECTICUT

Proposed Substitute Language
(Additions are in bold blue)

Section 1 (b) (9) For purposes of this subsection, (A) "confidential material" means documentary material, responses to interrogatories or written transcripts of oral testimony, or copies thereof, or other information produced pursuant to a subpoena issued under this subsection, (B) "documentary material" includes, but is not limited to, any information in a written, recorded or electronic form, and (C) "person means" an individual, corporation, limited liability company, partnership, limited partnership, limited liability partnership, association, joint-stock company, unincorporated organization, or any other legal entity, including a federal, state or municipal government or agency or any political subdivision thereof.

(10) Allowing for as much time in advance as practicable under the circumstances, the Attorney General shall coordinate with the Banking Commissioner and shall submit to the Banking Commissioner a draft subpoena to be issued under this subsection to any person within the jurisdiction of the Banking Commissioner or against whom the Banking Commissioner is authorized to take an enforcement action.

(A) Upon receipt of such draft subpoena, the Commissioner shall have ten business days to approve or request an opportunity to meet and confer with the Attorney General on a material concern related to an examination, investigation, administrative proceeding, or supervisory or regulatory matter within the Banking Commissioner's authority. If, after ten business days, the Commissioner does not communicate approval or request an opportunity to meet and confer, the Attorney General may proceed with issuing the subpoena pursuant to this section. If the Commissioner requests an opportunity to meet and confer, such meeting between the Commissioner and Attorney General, or their designees, shall occur within five business days. The Attorney General and the Commissioner shall make their best efforts to address such material concerns and reach an agreement regarding the subpoena and such agreement shall not be unreasonably withheld.

(B) In the case of exigent circumstances, the Attorney General shall submit a draft subpoena to the Commissioner, along with a written description of such exigent circumstances. The Commissioner shall have two business days to approve or request an opportunity to meet and confer on a material concern related to an examination, investigation, administrative proceeding, or supervisory or regulatory matter within the Banking Commissioner's authority. If, after two business days, the Commissioner does not communicate approval or request an opportunity to meet and confer, the Attorney General may proceed with issuing the subpoena pursuant to this section. If the Commissioner request an opportunity to meet and confer, such meeting between the Commissioner and Attorney General, or their designees, shall occur within two business days. The Attorney General and the Commissioner shall make their best efforts to address such material concerns and reach an agreement regarding the subpoena and such agreement shall not be unreasonably withheld.