



ALERT

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NYDFS Creates "Powerhouse" Consumer Financial Protection Division

The New York Department of Financial Services makes good on a promise to fill a void left by the Consumer Financial Protection Bureau.

On April 29, 2019, the New York Department of Financial Services ("DFS") [announced](#) the appointment of former Assistant U.S. Attorney Katherine Lemire to lead the agency's new Consumer Protection and Financial Enforcement Division, making good on a promise it made more than a year ago to fill the void left by the Consumer Financial Protection Bureau's ("CFPB") "[troublesome policy shift away from consumer financial protection](#)."

The "new" unit, described by Acting Superintendent Linda Lacewell as a "[powerhouse](#)," actually combines the previously separate Enforcement and Financial Frauds and Consumer Protection divisions into one group under Lemire. The group promises to develop investigative leads and intelligence and create supervisory, regulatory, and enforcement policies, with a particular focus on financial crimes and cybersecurity. While it remains to be seen whether the reorganization amounts to a distinction without a difference, it could signal greater and more streamlined enforcement activities against regulated entities in all areas of financial consumer protection.

DFS is not the only New York authority with its eyes on the financial industry. Earlier this year, New York Attorney General Letitia James appointed former CFPB Associate Director of Supervision, Enforcement and Fair Lending, Christopher D'Angelo, to serve as her deputy attorney general for economic justice. Although the Division of Economic Justice is not a new unit in the state attorney general's office, the hiring of an eight-year CFPB veteran to lead the unit is a significant development. While at the CFPB, D'Angelo levied record fines against financial institutions. With these two moves, New York has set the stage to become a hotbed of enforcement activity for financial institutions.

More broadly, the move by DFS and the New York attorney general comports with a recent and widespread focus by the states on bolstering consumer financial protections. Led by Pennsylvania Attorney General Josh Shapiro in 2017, a number of state attorneys general are creating "[mini-CFPB](#)" units dedicated to "[filling the void](#)" left by perceived rollbacks at the federal level. And politically aligned states are more often sharing limited resources and coordinating enforcement efforts.

We will continue to monitor these state efforts.



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