

# Attorney General Alliance Meeting Recap: Focus on Director Chopra's Remarks

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Last week, state attorneys general (AGs) gathered to discuss Nevada Attorney General and Attorney General Alliance Chair Aaron Ford's Initiative, focusing on consumer protection education. Attendees heard from many panels discussing topics ranging from consumer financial literacy, digital literacy, and cybersecurity, to the continued hot topic of AI. We are highlighting the fireside chat between AG Ford and CFPB Director Rohit Chopra, as they discussed a variety of important topics and collaboration with State AGs.

## Cooperation and Role of State AGs

Director Chopra began by complimenting the State AGs for their important consumer protection work, including by ringing the alarm bells on the foreclosure crisis. While he discussed the roles of states throughout his remarks, he emphasized that states and the CFPB need to work together. He reminded the AGs that early on, the CFPB published a procedural rule clarifying that State AGs can bring suit under the CFPB's organic statute including a whole host of consumer credit and data laws, which several states have utilized. Director Chopra said the CFPB is looking for ways to collaborate with more states, noting they have been able to collect billions in penalties that can be used for consumer redress even in unrelated cases to make victims whole. Director Chopra asked that consumers send complaints to both State AG offices and the CFPB, because their consumer complaint system immediately routes complaints to the financial company at issue to get a response and resolution without staff intervention. The CFPB also is able to use data visualization tools to provide states with information about hot issues in different regions. The CFPB has used complaint data in collaboration with states to work on medical debt and other collection cases. Director Chopra said the CFPB is always looking upstream to identify warning signs to avoid future crises like the one caused by subprime mortgages.

## Consumer Data and Security

Director Chopra explained that President Biden's executive order on protecting sensitive personal data highlights a broad bipartisan interest in stopping the bulk transfer of consumer data. He explained that State AGs can work alongside the CFPB to enforce the Fair Credit Reporting Act, not only against the big three reporting companies, but also against data brokers. He noted the CFPB will propose additional rules to require data brokers to adhere to accuracy standards and otherwise protect consumer data. Director Chopra described categories of data and lists that brokers can purchase about vulnerable consumers, and his concern that there be a way for these people to be able to participate in the digital world without sacrificing privacy and security. He pointed to state laws requiring additional privacy and security such as Washington's recent [My Health My Data Act](#),

and said he supported the fight against preemption of state privacy laws.

## **Big Tech and AI**

Director Chopra reminded the audience of big tech's efforts to become payment processors, providing them consumer transaction data. He noted these payment methods were used as a vector for imposter fraud, specifically citing the DOJ and states' March lawsuit against Apple. Director Chopra explained the CFPB has recruited additional technologists with knowledge of user interfaces and design, and the agency has hosted enforcer roundtables with states to discuss issues with AI and technology, including how to draft CIDs.

On AI, Director Chopra said the CFPB is looking at marketing and advertising for discriminatory or manipulative AI. They are also reviewing how loans are being written, because if AI cannot explain why it denied credit to a person, it is a violation of federal law that requires explanation for denial. Director Chopra also said chat bots are another form of AI used by banks for customer service. He alluded that it could be considered deceptive to use human names and "... thinking signals to simulate human activity. Director Chopra said he wants to see institutions affirmatively describe these chat bots as robots and ensure the bots do not provide inaccurate information or a poor customer service experience.

## **Bank Relationships**

Director Chopra said the CFPB's work has shifted some from mortgage lending issues with banks into non-banks. He said they have also heard from the AG community that national chartered banks have not cooperated on investigations, claiming preemption. Director Chopra said when that happens, the CFPB will work with the states to obtain the information themselves. His expectation is that banks work with the states to ensure consumers are protected.

## **Junk Fees**

As a former businessperson himself, Director Chopra said pricing consultants he encountered in the past left a big impression on him. He noted that industries such as air travel, event ticketing, and banking have made it difficult to compare pricing resulting in reduced competition. He described certain bank fees such as a paper statement fee (when nothing is printed and no paper is sent) as "fake fees," and harkened back to past CFPB actions against banks reordering payments to trigger multiple overdraft fees. Director Chopra also said that some credit card issuers created a business model based on rooting for people to be late, causing late fees. The CFPB has proposed rules to close what he described as a loophole in the credit industry, stating people understand they will have to pay interest but do not understand the other layers of fees they may not be able to control. Director Chopra also pointed to potential concerns with credit card reward "bait and switch" offers as a core truth in advertising concept. Though the CFPB is using rulemaking and enforcement actions to combat junk fees, Director Chopra also gave credit to the business community for taking initiative to become more upfront and transparent.

Stay tuned as our team will be hearing more from the State AG community on AI and other tech topics in less than two weeks at the NAAG and AGA's Southern Regional Meeting/Artificial Intelligence and Preventing Child Exploitation Seminar.