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## **STATEMENT OF FORSTER & GARBUS IN REGARD TO THE MATTER BUREAU OF *CONSUMER FINANCIAL PROTECTION* v. *FORSTER & GARBUS, LLP***

Forster & Garbus, LLP (F&G) denies the allegations set forth in the CFPB's complaint. F&G fully cooperated with the CFPB during the course of this investigation which included the production of thousands of pages of documents and submitting to two (2) investigational hearings. Given this, we were deeply disappointed that the allegations in the complaint filed by the CFPB misstated the sworn testimony by F&G attorneys and badly mischaracterized the information and documentation we provided. F&G attorneys developed and have always been responsible for implementation of a robust and sophisticated set of policies and procedures that ensures all attorneys in the firm appropriately review information to support pleadings filed in court. These same policies and procedures have been implemented to ensure compliance with the Fair Debt Collections Practices Act's (FDCPA) attorney involvement interpretations and consistent with the terms of prior CFPB consent orders entered against other collection law firms, compliance with relevant New York law (including the requirements of the Department of Financial Services as well as the NYS Office of Court Administration Rules regarding the proofs needed for the entry of a default judgment in consumer credit transactions), compliance with our client's standards and expectations, as well as compliance with the Rules of Professional Conduct. It is therefore not surprising to us that the CFPB's complaint fails to identify a single consumer who was harmed by F&G's alleged conduct.

In a speech made by Director Kraninger last month at the Bipartisan Policy Center regarding her vision for the CFPB, the Director stated that "purposeful enforcement is about utilizing robust resources most effectively to focus on the right cases to reinforce clear rules of the road". There are no "clear rules of the road," however, relating to the so-called "meaningful attorney involvement" doctrine that is the subject of the CFPB's lawsuit against our firm. The FDCPA does not define, or even refer to, this "meaningful attorney involvement" doctrine anywhere in its text, nor is there any binding authority which governs how the doctrine would apply to the legal pleadings at issue here, which were in fact filed by attorneys of our firm. Indeed, this lawsuit was filed just one week after the CFPB released its Notice of Proposed Rulemaking (NPR) for debt collection, which contains hundreds of pages and dozens of unanswered questions relating to the proposed "rules of the road" -- these unanswered questions were posed by the CFPB to industry and consumer stakeholders. Both Director Kraninger and prior Acting Director Mulvaney have acknowledged that the CFPB should not engage in "regulation by enforcement" yet the filing of this lawsuit against our firm suggests that this unfortunate trend is

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continuing. F&G policies and procedures have nonetheless exceeded the requirements of the “ad hoc” expectations of the CFPB.

Forster & Garbus is fully committed to defending its ethical and compliance practices and we look forward to our day in court.

For further information please contact, Joann Needleman, Esq.