



October 11, 2018

ATTORNEY GENERAL MADIGAN URGES CFPB TO WITHDRAW PROPOSAL ALLOWING COMPANIES TO AVOID COMPLIANCE WITH FEDERAL DISCLOSURE LAWS

Chicago — Attorney General Lisa Madigan today announced she led a coalition of 12 attorneys general to urge the Consumer Financial Protection Bureau (CFPB) to withdraw or substantially modify its “disclosure sandbox” proposal that will allow companies to offer financial products without complying with federal disclosure laws.

On September 10, the CFPB announced its proposal to create a “disclosure sandbox” that would allow companies or trade associations to apply for waivers from compliance with federal disclosure laws, such as the Truth in Lending Act (TILA). The CFPB’s proposal diminishes an existing CFPB policy that already allows limited waivers subject to strict requirements.

In [comments submitted to the CFPB](#), Madigan and the other attorneys general said that the proposed “disclosure sandbox” substantially weakens the CFPB’s current policy, potentially allowing lenders to avoid existing federal disclosure requirements altogether. Madigan and the other attorneys general also said the proposal allows the CFPB to broadly grant waivers from compliance with federal disclosure laws for virtually any reason, with few to no consumer safeguards, transparency and for an indefinite period of time.

“The CFPB’s proposed disclosure sandbox appears to be nothing more than a broad safe harbor for companies to avoid federal disclosure laws and not a program designed to supplement and improve CFPB’s disclosure regulations,” Madigan said. “The disclosure sandbox proposal should be withdrawn from consideration.”

Madigan and the other attorneys general said in their comments that the proposed “disclosure sandbox” appears designed to eliminate federal disclosure requirements and is fundamentally at odds with the text and purpose of the Dodd-Frank Wall Street Reform and Consumer Protection Act enacted following the collapse of the U.S. economy in 2008.

Joining Madigan in sending the comments were the attorneys general of California, the District of Columbia, Iowa, Massachusetts, Maryland, North Carolina, New Jersey, Oregon, Pennsylvania, Virginia and Washington.

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