

UPDATES

Pennsylvania Leads Consumer Financial Protection in the New Era of Federalism

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As the U.S. Consumer Financial Protection Bureau (CFPB or Bureau) shifts toward state-led enforcement under federalism principles, Pennsylvania has emerged as a national leader through nearly eight years of strategic capacity building and robust consumer financial enforcement authority under both federal and state law. With over \$374 million in consumer relief achieved since 2017, Pennsylvania demonstrates how states can effectively protect consumers regardless of federal priority changes. The state's combination of experienced leadership, comprehensive legal authority, and coordinated enforcement across multiple agencies positions Pennsylvania as a model for state-level consumer protection in the new era of federalism.

CFPB's Embrace of Federalism and State Leadership

Although the second Trump administration is still in relatively early days, the CFPB has made clear that it is committed to federalism as a guiding principle in consumer financial supervision and enforcement. Specifically, in April 2025, CFPB Acting Chief Legal Officer Mark Paoletta issued a memorandum stating that the Bureau will “shift resources away from enforcement and supervision that can be done by the States” and “deprioritize supervision where States have and exercise ample regulatory and supervisory authority.”¹

Many states, including and especially Pennsylvania, have demonstrated that they are willing to take up that charge.

Pennsylvania's Long-Term Investment in Consumer Protection

Pennsylvania's leadership in consumer financial protection can be traced back to strategic decisions made during the first Trump administration. In 2017, then–Attorney General (now Democratic Gov.) Josh Shapiro created the Consumer Financial Protection Unit within the Office of Attorney General. The Consumer Financial Protection Unit was dubbed Pennsylvania's “mini-CFPB” at the time and was established in part due to an expected pullback in federal consumer financial enforcement.²

Shapiro's decision to invest in specialized consumer financial protection infrastructure meant that by 2025, Pennsylvania had already developed eight years of expertise, established relationships with other financial regulators, and created a track record and model of effective enforcement.

Leading the Consumer Financial Protection Unit is Nicholas Smyth, one of the first employees hired at

the CFPB and a former U.S. Treasury attorney who helped draft the Consumer Financial Protection Act. Since July 2017, Smyth's team has handled investigations and litigation involving student lending, mortgages, auto finance, payday lending, debt collection, and other consumer financial matters, securing over \$374 million in relief for Pennsylvania consumers.³

Pennsylvania's Comprehensive Legal Framework

State Consumer Protection Authority

Pennsylvania possesses state-level consumer protection authority through the Pennsylvania Unfair Trade Practices and Consumer Protection Law (UTPCPL), which prohibits “unfair methods of competition and unfair or deceptive acts or practices in the conduct of any trade or commerce.”⁴ The UTPCPL provides Pennsylvania with state-level authority that mirrors the CFPB's unfair, deceptive, and abusive acts or practices (UDAAP) powers, applying directly to consumer financial products and services.⁵

The UTPCPL grants the Attorney General comprehensive enforcement authority, including the power to seek injunctive relief, consumer restitution, and civil penalties of up to \$1,000 per violation (\$3,000 for victims over 60).⁶ Pennsylvania also has a strong usury law, capping interest rates at 6% per annum for consumer loans under \$50,000,⁷ and a Fair Credit Extension Uniformity Act, which provides debt collection protections.⁸

Federal Authority Under Dodd-Frank

Pennsylvania also has access to federal enforcement authority under Section 1042 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank), which empowers state attorneys general to enforce certain provisions of the Consumer Financial Protection Act.⁹ In a significant victory for state enforcement authority, a federal court in *Pennsylvania v. Mariner Finance* affirmed that states can enforce the CFPB's prohibition on violating “a Federal consumer financial law” including the 18 enumerated consumer laws assigned to the CFPB under the CFPB.¹⁰ The *Mariner* court rejected arguments that states were limited to enforcing only the CFPB's UDAAP provision, confirming broader state enforcement authority under federal consumer financial law.¹¹

Notably, the Biden administration sought to expand state authority in just this manner in a May 26, 2022, interpretive rule.¹² The current administration, however, rescinded this guidance in May 2025, stating that it did not support expanding state authority under Section 1042 to the 18 enumerated consumer laws.¹³ Regardless of the views of the Biden and second Trump administrations, however, they are merely guidance. It is thus left to the courts — as in *Mariner Finance* — to decide the scope of state authority to enforce federal consumer law.

Enforcement Results

Applying both state and federal authorities, the Pennsylvania Office of the Attorney General has demonstrated sophisticated enforcement capability across three distinct types of consumer financial protection actions:

Independent Pennsylvania Actions. The state has pursued significant cases independently, including a settlement with GPGL Holdings (d/b/a Fast Money Car Title Loans),¹⁴ using Pennsylvania's Unfair

Trade Practices and Consumer Protection Law and the Loan Interest and Protection Law.

Multistate Enforcement. Pennsylvania has led or joined multistate enforcement actions, including filing suit against student loan servicer Navient in October 2017 and co-leading that litigation with Washington, Illinois, Massachusetts, and California, ultimately resulting in a \$1.85 billion settlement with over \$70 million in relief obtained for Pennsylvania borrowers.¹⁵ The case involved both state and federal consumer protection claims.¹⁶

Coordinated Federal-State Actions. Pennsylvania worked with the U.S. Department of Justice, CFPB, and neighboring states in the over \$20 million Trident Mortgage Company redlining settlement,¹⁷ which involved federal fair lending laws. The state also participated in the \$600 million Equifax settlement, securing \$7.3 million for Pennsylvania consumers,¹⁸ which involved allegations of federal data breach laws and state consumer protection statutes.

Governor Shapiro's Consumer Protection Initiative

Building on this foundation, Gov. Shapiro has recently expanded Pennsylvania's consumer protection efforts, explicitly citing the CFPB pullback as a primary motivation. In May 2025, he launched new centralized consumer protection tools to help Pennsylvanians report scams and resolve financial and insurance issues.¹⁹

In announcing this initiative, Pennsylvania stated: "In February, the acting director of the federal Consumer Financial Protection Bureau (CFPB) ordered employees to stop working to protect consumers — and in recent weeks, the federal government has made clear that it intends to leave this work to the states if it is going to happen at all. Thanks to Pennsylvania's exceptionally strong consumer protection laws, the Shapiro Administration will continue to protect consumers in the Commonwealth — and the new initiative Governor Shapiro announced today makes it easier than ever for Pennsylvanians to report a consumer complaint." The Shapiro administration was explicit about filling the federal void: "Now, as federal oversight and efforts to protect consumers — especially from the CFPB — decline, the Shapiro administration is stepping up with new tools, expanded enforcement, and stronger coordination."²⁰

The initiative represents what Pennsylvania characterizes as a "no wrong door approach" to government services, with the goal of ensuring that regardless of the issue — whether insurance, lending, utilities, or financial scams — Pennsylvanians get routed to the appropriate agency for help. Consumers will be connected with the Department of Banking and Securities for financial exploitation and predatory lending issues, the Pennsylvania Insurance Department for insurance claims and coverage disputes, and other agencies regulating utilities, student loans, and professional licensing, for example.²¹

Conclusion

Pennsylvania has emerged as a national leader in state-level consumer financial protection through strategic foresight and sustained capacity building. The state's early recognition of the value of building robust consumer protection capabilities, exemplified then-Attorney General Shapiro's 2017 creation of its Consumer Financial Protection Unit and recruitment of federal expertise, has positioned Pennsylvania to lead consumer protection efforts as the CFPB emphasizes state leadership.

The state's comprehensive approach — combining experienced leadership, state consumer protection

laws including the UTPCPL, federal authority under Dodd-Frank, and coordinated enforcement across multiple agencies — demonstrates that states can effectively protect consumers through strategic planning and sustained investment.

Pennsylvania's success suggests that consumer financial protection will continue through state leadership, with Pennsylvania serving as both a model for other states and a caution for companies that do business in Pennsylvania. States with the foresight to invest in consumer protection infrastructure can maintain — and even enhance — enforcement capacity despite federal policy shifts. For companies operating in Pennsylvania, this means continued robust consumer protection regardless of federal priorities, requiring comprehensive compliance strategies that account for the state's specific regulatory priorities and enforcement approach. As other states observe Pennsylvania's results, its approach may well become the blueprint for state-level consumer protection nationwide in the new era of federalism.

¹ National Law Review, "CFPB Memo Details Less Oversight on Fintechs, Shift to State-Led Enforcement," April 23, 2025, <https://natlawreview.com/article/cfpb-memo-details-less-oversight-fintechs-shift-state-led-enforcement>.

² HousingWire, "Mini-CFPB? Pennsylvania attorney general launches consumer financial protection unit," July 21, 2017, <https://www.housingwire.com/articles/40758-mini-cfpb-pennsylvania-attorney-general-launches-consumer-financial-protection-unit/>; PA Office of Attorney General, "Attorney General Josh Shapiro Announces Consumer Financial Protection Unit," July 2017, <https://www.attorneygeneral.gov/taking-action/attorney-general-josh-shapiro-announces-consumer-financial-protection-unit/>

³ LinkedIn, "Nicholas Smyth — Assistant Chief Deputy Attorney General, Bureau of Consumer Protection," <https://www.linkedin.com/in/nicksmyth/>; University of Michigan Finance Law & Policy, "Nick Smyth," Speaker Profile, <https://financelawpolicy.umich.edu/speaker/nick-smyth>.

⁴ Pennsylvania General Assembly, "Unfair Trade Practices and Consumer Protection Law," Act of Dec. 17, 1968, PL 1224, No. 387, <https://www.legis.state.pa.us/WU01/LI/LI/US/HTM/1968/0/0387..HTM>.

⁵ *Id.*

⁶ *Id.*

⁷ FindLaw, "Pennsylvania Interest Rates Laws," June 20, 2016, <https://www.findlaw.com/state/pennsylvania-law/pennsylvania-interest-rates-laws.html>.

⁸ <https://www.attorneygeneral.gov/protect-yourself/consumer-advisories/fair-debt-collection-practices/>

⁹ Cornell Law School, "Dodd-Frank: Title X — Bureau of Consumer Financial Protection," Wex Legal Information Institute, https://www.law.cornell.edu/wex/dodd-frank_title_x_-_bureau_of_consumer_financial_protection.

¹⁰ Pennsylvania Attorney General, "Court Denies Mariner Finance's Motion to Dismiss; Multistate Lawsuit against Predatory Installment Lender Headed to Trial," January 26, 2024, <https://www.attorneygeneral.gov/taking-action/court-denies-mariner-finance-motion-to-dismiss-multistate-lawsuit-against-predatory-installment-lender-headed-to-trial/>.

¹¹ *Id.*

¹² *Federal Register*, "Authority of States To Enforce the Consumer Financial Protection Act of 2010," May 26, 2022, <https://www.federalregister.gov/documents/2022/05/26/2022-11356/authority-of-states-to-enforce-the-consumer-financial-protection-act-of-2010>.

¹³ *Federal Register*, "Authority of States To Enforce the Consumer Financial Protection Act of 2010; Rescission," May 15, 2025, <https://www.federalregister.gov/documents/2025/05/15/2025-08641/authority-of-states-to-enforce-the-consumer-financial-protection-act-of-2010-rescission>.

¹⁴ PA Office of Attorney General, "AG Henry Announces Settlement with Lead Generator that Allegedly Used Fake Customer Reviews to Recruit Business for Auto Title Loan Lender," November 7, 2024, <https://www.attorneygeneral.gov/taking-action/ag-henry-announces-settlement-with-lead-generator-that-allegedly-used-fake-customer-reviews-to-recruit-business-for-auto-title-loan-lender/>.

¹⁵ PA Office of Attorney General, "Attorney General Josh Shapiro Announces \$1.85 Billion Landmark Settlement with Student Loan Servicer Navient," January 13, 2022, <https://www.attorneygeneral.gov/taking-action/attorney-general-josh-shapiro-announces-1-85-billion-landmark-settlement-with-student-loan-servicer-navient/>.

¹⁶ *Id.*

¹⁷ U.S. Department of Justice, "Justice Department, Consumer Financial Protection Bureau, and Three State Attorneys General Reach Settlements With Trident Mortgage Company," July 27, 2022, <https://www.justice.gov/usao-edpa/pr/justice-department-consumer-financial-protection-bureau-and-three-state-attorneys>.

¹⁸ PA Office of Attorney General, "AG Shapiro Secures \$600 Million from Equifax," July 22, 2019, <https://www.attorneygeneral.gov/taking-action/ag-shapiro-secures-600-million-from-equifax-in-largest-data-breach-settlement-in-history/>.

¹⁹ Commonwealth of Pennsylvania, "Gov Shapiro Launches New Consumer Protection Tools Help Pennsylvanians," May 1, 2025, <https://www.pa.gov/governor/newsroom/2025-press-releases/gov-shapiro-launches-new-consumer-protection-tools-help-pennsylv.html>.

²⁰ *Id.*

²¹ *Id.*

CONTACTS

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