

Supreme Court: CFPB Single-Director Structure Unconstitutional, Compliance Week, ft. Richard Perr

Richard J. Perr, co-managing partner of the KD Philadelphia office and chair of the Consumer Financial Services practice group, was quoted in this Compliance Week article following his interview with Jaclyn Jaeger, published on June 29, 2020.

The U.S. Supreme Court in a decision issued Monday ruled the Consumer Financial Protection Bureau's single-director structure violates the separation of powers between the executive and legislative branches and is unconstitutional while also ruling that the CFPB can continue to operate.

*In a 5-4 decision in *Seila Law v. Consumer Financial Protection Bureau*, the Court ruled the CFPB's leadership by a sole director "lacks a foundation in historical practice and clashes with constitutional structure by concentrating power in a unilateral actor insulated from presidential control," Chief Justice John Roberts wrote in the majority opinion for the Court.*

Richard Perr, chair of the Consumer Financial Services practice at Kaufman Dolowich & Voluck, calls the decision a "precedent-setting constitutional opinion." That the Supreme Court refused to strike down the entire Bureau "immediately leaves the Director susceptible to removal by the President at will," he says.

The decision could have regulatory ramifications as well. "The ruling should push the CFPB into releasing and publishing several of its proposed rules that are in the pipeline, given that the current director can no longer anticipate staying in her five-year term if the Democratic nominee for president wins the November election," Perr says.