

**IN THE UNITED STATES DISTRICT COURT  
FOR THE WESTERN DISTRICT OF TEXAS  
AUSTIN DIVISION**

COMMUNITY FINANCIAL SERVICES  
ASSOCIATION OF AMERICA, LTD., and  
CONSUMER SERVICE ALLIANCE OF  
TEXAS,

*Plaintiffs,*

v.

CONSUMER FINANCIAL PROTECTION  
BUREAU and KATHLEEN KRANINGER,  
in her official capacity as Director, Consumer  
Financial Protection Bureau,

*Defendants.*

Civil Action No. 1:18-cv-295

**JOINT STATUS REPORT AND JOINT MOTION TO LIFT STAY OF LITIGATION  
AND TO ENLARGE THE TIME AND PAGE LIMITS ON ANTICIPATED UPCOMING  
BRIEFING**

Plaintiffs Community Financial Services Association of America, Ltd., and Consumer Service Alliance of Texas, together with Defendants the Consumer Financial Protection Bureau and Kathleen Kraninger, in her official capacity as Director of the Bureau, (collectively, the “Parties”) submit this Joint Status Report to inform the Court of recent developments relevant to this litigation. In light of these developments, the Parties also jointly move to lift the stay of this action entered on June 12, 2018 (ECF No. 29).

Plaintiffs filed this action to challenge the Bureau’s “Payday, Vehicle Title, and Certain High-Cost Installment Loans” rule, issued on November 17, 2017 (“2017 Payday Rule” or “2017 Rule”), 82 Fed. Reg. 54472 (Nov. 17, 2017). That Rule contained two primary components— (1) underwriting provisions requiring lenders to assess borrowers’ ability to repay before making

covered loans and (2) payments provisions governing lenders' withdrawing payments for covered loans from consumers' bank accounts. Among other claims, Plaintiffs contend that the Rule must be set aside because the Bureau was unconstitutionally structured when it promulgated the Rule because its single Director was removable by the President only for cause. Compl. ¶¶ 68-76 (ECF No. 1).

In June 2018, the Court stayed the action pending further order of the Court in light of the Bureau's plans to engage in a rulemaking to reconsider aspects of the 2017 Rule. ECF No. 29. The Court also later stayed the compliance date for the entire 2017 Rule, which had originally been set as August 19, 2019, *see* 82 Fed. Reg. at 54472. ECF No. 53.

On June 29, 2020, the United States Supreme Court decided *Seila Law LLC v. Consumer Financial Protection Bureau*, holding that that Bureau's leadership by a single independent Director violated the separation of powers and invalidating the statutory restriction on the President's power to remove the Director. 140 S. Ct. 2183, 2207, 2209-11 (2020). In response to that decision, on July 7, 2020, the Bureau issued a notice announcing that "[t]he Bureau, through its Director, hereby affirms and ratifies the payment provisions of the 2017 Final Rule." Bureau of Consumer Financial Protection, Payday, Vehicle Title, and Certain High-Cost Installment Loans; Ratification of Payment Provisions, *available at* [https://files.consumerfinance.gov/f/documents/cfpb\\_ratification\\_payment-provisions\\_2020-07.pdf](https://files.consumerfinance.gov/f/documents/cfpb_ratification_payment-provisions_2020-07.pdf) (published at 85 Fed. Reg. 41,905 (July 13, 2020)). Defendants take the position that this ratification cures any constitutional defect with the 2017 Payday Rule. Plaintiffs take the position that this ratification is legally insufficient to cure the constitutional defects in the 2017 Payday Rule.

On the same day, the Bureau issued a final rule revoking the underwriting provisions of the 2017 Payday Rule. Bureau of Consumer Financial Protection, Payday, Vehicle Title, and Certain High-Cost Installment Loans, Final Rule, *available at* [https://files.consumerfinance.gov/f/documents/cfpb\\_payday\\_final-rule-2020-revocation.pdf](https://files.consumerfinance.gov/f/documents/cfpb_payday_final-rule-2020-revocation.pdf) (published at 85 Fed. Reg. 44,382 (July 22, 2020)). The 2020 Rule leaves the payments provisions of the 2017 Payday Rule in place. The Bureau has no current plans to initiate any rulemaking to revise those provisions.

Given the completion of this rulemaking process, and the Supreme Court's resolution of *Seila Law*, the Parties agree that there is no longer any basis for this action to remain stayed. The Parties accordingly jointly move for the stay of litigation to be lifted.

Once the stay of the litigation is lifted, Defendants anticipate promptly filing a motion to lift the stay of the compliance date for the payments provisions of the 2017 Rule, on the ground that staying the compliance date is no longer warranted in light of the Supreme Court's decision in *Seila Law* and the Bureau Director's subsequent ratification of the payments provisions. Plaintiffs intend to oppose that motion on the ground, among others, that a continued stay is necessary to prevent irreparable injury pending conclusion of judicial review, *see* 5 U.S.C. § 705. Plaintiffs believe that good cause exists for an extension of the page and time limits for non-dispositive motions set forth in the Local Rule CV-10 given the complexity of the issues involved, and the need to explain the relevant legal background, cogently discuss the merits, and address Plaintiffs' claims of irreparable harm. Defendants do not object to reasonable extensions. The parties therefore respectfully request that the Court extend the briefing deadlines so that Plaintiffs' opposition to Defendants' motion to lift the stay of the compliance date will be due 14 days after the filing of Defendants' motion, and Defendants' reply will be due 14 days after the filing of Plaintiffs' opposition. In addition, the parties request that the page limits be

enlarged to permit 25 pages for Plaintiffs' opposition and to permit Defendants a total of 30 pages, combined, for their motion and reply. The parties agree that this request for an extension of the time and page limits is without prejudice to either party seeking any additional extension under the applicable rules.

The parties further anticipate that this action can be finally resolved on cross-motions for summary judgment. The parties have not reached agreement on when the briefing schedule for those cross-motions should be set and accordingly offer two alternative proposals to the Court:

**Plaintiffs' Proposal:** Plaintiffs submit that it is premature to set a briefing schedule for cross-motions for summary judgment because the appropriate timetable for resolution of those motions will depend on how the Court rules on Defendants' forthcoming motion to lift the stay of the compliance date, and related proceedings that may follow from the Court's ruling (such as a motion for a preliminary injunction). Plaintiffs have an interest in resolving the merits of their challenge to the payments provisions before those provisions take effect. Thus, in order to intelligently negotiate a timeline for summary judgment (including, potentially, an expedited timeline), Plaintiffs first need to know when the provisions will take effect, which will turn on whether the Court lifts the stay of the compliance date and how much time Plaintiffs' members are given to bring their business operations into compliance. Moreover, there is no need to order the parties to negotiate over this contingent situation at this juncture, given the other proceedings that must occur first.

**Defendants' Proposal:** Defendants submit that there is no reason to await the Court's resolution of the Defendants' anticipated motion to lift the stay of the compliance date, or any other proceedings involving any claim by Plaintiffs for preliminary relief, before beginning the summary judgment briefing that will allow for final resolution of this case. Cross-motions for

summary judgment will be necessary to finally resolve this case, and although Plaintiffs state that they have an interest in “resolving the merits of their challenge to the payments provisions *before* those provisions take effect,” it is unclear how *delaying* summary judgment briefing will serve that interest in expeditious resolution of their challenge. Defendants accordingly propose that the Court order the parties to negotiate a schedule for briefing cross-motions for summary judgment and to jointly propose a schedule—or, if no agreement can be reached, to provide the parties’ respective proposals—to the Court within 14 days of the Court’s order lifting the stay of litigation.

Dated: July 24, 2020

Respectfully submitted,

MARY McLEOD  
General Counsel

JOHN R. COLEMAN  
Deputy General Counsel

STEVEN Y. BRESSLER  
Assistant General Counsel

/s/ Kristin Bateman  
KRISTIN BATEMAN (Cal. Bar No. 270913)  
Attorney  
Consumer Financial Protection Bureau  
1700 G Street, NW  
Legal Division  
Washington, D.C. 20552  
Telephone: (202) 435-7821  
Fax: (202) 435-7024  
Kristin.Bateman@cfpb.gov

*Counsel for Defendants Consumer Financial  
Protection Bureau and Kathleen Kraninger*

/s/ Michael A. Carvin  
MICHAEL A. CARVIN  
D.C. Bar No. 366784  
Admitted *pro hac vice*  
macarvin@jonesday.com  
CHRISTIAN G. VERGONIS  
D.C. Bar No. 483293  
Admitted *pro hac vice*  
cvergonis@jonesday.com  
**JONES DAY**  
51 Louisiana Avenue NW  
Washington, DC 20001  
Telephone: (202) 879-3939  
Facsimile: (202) 626-1700

LAURA JANE DURFEE  
Texas Bar No. 24069653  
ldurfee@jonesday.com  
**JONES DAY**  
2727 North Hardwood Street  
Dallas, TX 75201  
Telephone: (214) 220-3939  
Facsimile: (214) 969-5100

*Counsel for Plaintiffs*

**CERTIFICATE OF SERVICE**

I hereby certify that on July 24, 2020, I electronically filed the foregoing with the Clerk of Court using the CM/ECF system, which will send notification of such filing to the following:

Michael A. Carvin  
Christian G. Vergonis  
Jones Day  
51 Louisiana Ave., NW  
Washington, DC 20001-2113

Laura Jane Durfee  
Jones Day  
2727 N. Harwood  
Dallas, TX 75201

/s/ Kristin Bateman

Kristin Bateman

*Counsel for Defendants*