
IN RE TRANSWORLD SYSTEMS INC.)
)
2015-MISC-Transworld Systems Inc-0001)

**DECISION AND ORDER ON PETITION BY TRANSWORLD SYSTEMS
INC. TO APPEAR AT THE ORAL EXAMINATION OF CHANDRA ALPHABET**

The Consumer Financial Protection Bureau (Bureau) has commenced a nonpublic investigation to determine whether loan holders, servicers, collectors or other persons have engaged or are engaging in unlawful acts and practices relating to the servicing and collecting of private student loans, and whether Bureau action is warranted.

On January 26, 2015, the attorneys within the Bureau's Office of Enforcement responsible for this investigation (Bureau Investigators) issued a Civil Investigative Demand (CID) to an individual named Chandra Alphabet. The CID sought Ms. Alphabet's oral testimony and set an investigational hearing for February 23, 2015. *See* 12 U.S.C. § 5562(c)(13); 12 C.F.R. §§ 1080.6(a)(4); 1080.7. At the time, Ms. Alphabet was an employee of Transworld Systems Inc. (TSI), and counsel for TSI accepted service of the CID on behalf of Ms. Alphabet. The date for the investigational hearing was later modified to March 12, 2015.

On March 11, 2015, one day before the scheduled investigational hearing, counsel for TSI informed the Bureau Investigators that Ms. Alphabet had retained separate counsel. The Bureau Investigators informed counsel for TSI that they intended to proceed with the investigational hearing the next day. Counsel for TSI did not request to be present at the hearing.

The Bureau Investigators traveled to Atlanta, Georgia for the March 12, 2015 investigational hearing, but Ms. Alphabet did not appear. On April 2, 2015, the Bureau Investigators reached Ms. Alphabet by phone. She agreed to comply with the CID by providing oral testimony as soon as the Bureau Investigators made the necessary scheduling arrangements.

On April 9, 2015, nearly one month after becoming aware that Ms. Alphabet had retained separate counsel, counsel for TSI demanded to be present at Ms. Alphabet's investigational hearing. On April 21, 2015, TSI filed the subject petition to attend the oral examination of Ms. Alphabet.

LEGAL DETERMINATION

The petition is denied for three independent reasons.

First, TSI has no standing to petition for the order it seeks. TSI filed its petition pursuant to § 1052(f) of the Consumer Financial Protection Act (CFPA), 12 U.S.C. § 5562(f). This statutory provision states, in relevant part, that “[n]ot later than 20 days after the service of any civil investigative demand upon any person . . . *such person* may file with the Bureau a petition for an order by the Bureau modifying or setting aside the demand.” 12 U.S.C. § 5562(f) (emphasis added). As the text of this provision makes clear, only a person who has been served with a CID has the right to petition the Bureau to modify that CID. Here, the CID was served on Ms. Alphabet. The CID was not served on TSI and, thus, the CFPA does not provide TSI the right to petition for an order to modify or quash the CID or to be present when Ms. Alphabet testifies.

Second, TSI’s petition was not timely. Pursuant to the CFPA and its implementing regulation, a person has 20 days after the service of a CID to file a petition to modify that CID. 12 U.S.C. § 5562(f); 12 C.F.R. § 1080.6(e). Here, Ms. Alphabet was served, through counsel for TSI, on or before February 2, 2015. Under the rule, the right to petition for modification of the CID expired on February 22, 2015, at the latest. TSI filed the petition on April 24, 2015, well beyond the statutory filing deadline.¹ As a result, even if TSI had standing to petition the Bureau for the right to be present at the investigational hearing, its petition would be untimely.

Third, even assuming arguendo that TSI had a right to petition and that its petition was timely, TSI has no right to be present when Ms. Alphabet testifies. The law governing attendance at an investigational hearing clearly delineates those who may be present:

In investigational hearings, the Bureau investigators shall exclude from the hearing room all persons except the person being examined, his or her counsel, the officer before whom the testimony is to be taken, any investigator or representative of an agency with which the Bureau is engaged in a joint investigation, and any individual transcribing or recording such testimony.

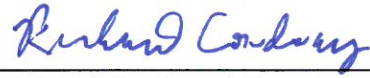
12 C.F.R. § 1080.7(c) (emphasis added); *see also* 12 U.S.C. § 5562(c)(13)(B) (same).

TSI has no right to attend Ms. Alphabet’s investigational hearing. And, the Bureau investigators in this matter have informed me that they do not intend to exercise their discretion to permit TSI to attend the hearing. *See* 12 C.F.R. § 1080.7(c). As a result, even if TSI had standing to petition and the petition was timely, it would be rejected on its merits.

¹ TSI knew that Ms. Alphabet would be represented by separate counsel by at least March 11, 2015. Its petition would be untimely even if this later date were used for purposes of calculating the applicable deadline.

CONCLUSION

TSI's petition to attend the examination of Chandra Alphabet is denied.



Richard Cordray, Director

May 29, 2015