

From Government to Startup: Sindeo GC Jobe Danganan's Unique Fintech Perspectives

Technology, Privacy, and eCommerce



Jobe Danganan is general counsel and chief compliance officer of Sindeo, a modern mortgage marketplace. Sindeo works with over 40 lenders and uses technology as a platform to connect consumers with the right loan based on the consumer's needs. The consumer is the end all and be all for Sindeo — from its product design, to its technology framework, to compensation for its mortgage advisors who are paid based on customer satisfaction.

As a fintech lawyer, Danganan's role isn't as customer-facing, but he plays a vital role in enabling Sindeo's mission. Danganan is responsible for all legal, compliance, and regulatory issues affecting the company. "I've quickly learned to be the jack of all trades," he explains. "From startup financing, employment, IP, corporate governance, licensing, product advice, contract negotiation, immigration, federal and state regulations, and of course, being a trusted partner to the CEO and the board of directors." He adds, "And since we're in the mortgage space — one of the most regulated industries — I ensure that the company strictly complies with all regulations affecting the company."

While Danganan joined Sindeo about three years ago, he was not new to the growing community of financial technology ("fintech") lawyers. In the past, he served as an enforcement attorney at the Consumer Financial Protection Bureau (CFPB). The CFPB is a new federal agency created in response to the 2008 financial crisis.

The agency's vision is of a "consumer finance marketplace that works for American consumers, responsible providers, and the economy as a whole." It has the power to regulate all consumer financial products, including mortgages, credit cards, student loans, and so forth. Since its creation, it has fined companies and provided consumer relief to the tune of US$12 billion and counting.

As a CFPB lawyer, Danganan investigated financial institutions for violations of consumer protection laws and unfair and deceptive practices. As one of the first CFPB lawyers, Danganan became very involved in meeting the agency's goals. "I was an early hire and part of the CFPB's 'Founders Club,' and as such, worked with its various departments and decision-makers in helping set up the agency," he explains.

Danganan acknowledges that the transition to Sindeo was natural, given his passion for and experience in consumer empowerment. "I joined the CFPB because of its mission to help consumers in financial transactions," he says. "As years passed, I realized that fintech companies were also striving to provide transparency and empowerment to consumers through technology."

Fintech companies are essentially disaggregating products offered by banks (mortgages, personal loans, student loans), but unlike banks, they don't have depository clients they can take for granted. Instead, fintech companies have to compete based on technology and transparency. This is an exciting challenge, especially for Danganan.

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"When a new fintech startup, Sindeo, approached me about the general counsel role, I was immediately sold on their mission to provide technology and services to consumers in navigating one of the most complex and costly financial products for consumers: mortgages," he explains.

After experiencing consumer finance law from both regulatory and business perspectives, Danganan has three key insights for fintech lawyers.

First and foremost, according to Danganan, "You need a robust compliance program. Complex regulations apply equally to a big bank with more than 100 laywers, and to a small fintech player with one lawyer. And a legal violation, given the capital constraints of a startup and costly penalties, can literally put your company out of business."

This is no exaggeration. According to Danganan, the CFPB can fine up to a one million dollars per day. He continues, "At minimum, you need living policies and procedures approved by your board, regular training for all your employees, and a swift and efficient complaint resolution process."

Second, says Danganan, "You really need to get ahead and be proactive given that you're dealing with highly regulated products." He continues, "It is a good idea to keep abreast of legal and regulatory developments in your area. For example, if the government is proposing a new rule affecting your industry, make sure to comment and weigh in. And if you're a small player and don't have the resources, band with other players in your field so you can pool resources and comment together. There's strength in numbers."

Danganan himself is an active player in this field. "Several Fintech GCs, for example, banded together to weigh in on a proposed charter by the OCC," he explains. "We've also set up an informal Fintech GC forum, and we often get together informally to chat about common issues and challenges."

Third, according to Danganan, "You need to understand that regulators are very interested in the fintech space." Danganan's CFPB experience has informed this particular insight. "The CFPB, for example, has created Project Catalyst, whose stated purpose is to 'engage with the innovator

community' and 'monitor emerging trends.' You can even "Pitch a Pilot" to the CFPB if you're working on a 'new, consumer-friendly financial product,'" Danganan explains. Danganan adds that the OCC and the FTC have also set up similar programs for fintech outreach.

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Meanwhile, individual states have requested documents from and set up meetings with fintech companies to better understand their products. Given the heightened regulatory interest in fintech, there are diverging trains of thoughts on whether it's better to "beg for forgiveness later than to ask for permission" from regulators now.

Danganan strongly recommends the latter route. "My personal view, especially after having worked at the bureau, is that you should meet your regulator now when you're on friendly terms, as opposed to an adversarial position later when you're being formally investigated. Show them why your product is great for consumers and that your company takes compliance very seriously."

As Danganan's insights show, fintech is an emerging field that has the potential to reshape how consumers approach personal finance. By maintaining a robust compliance program, staying proactive, and communicating with regulators, fintech lawyers and their companies can continue empowering consumers.

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Olga V. Mack is a fellow at CodeX, The Stanford Center for Legal Informatics, and a Generative AI Editor at law.MIT. Mack shares her views in her columns on ACC Docket, Newsweek, Bloomberg, VentureBeat, Above the Law, and many other publications.

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