

**UNITED STATES OF AMERICA
CONSUMER FINANCIAL PROTECTION BUREAU**

ADMINISTRATIVE PROCEEDING

File No. 2015-CFPB-0026

In the Matter of:

Westlake Services, LLC, also doing business as Westlake Financial Services, LLC,

and

Wilshire Consumer Credit, LLC, also doing business as Wilshire Commercial Capital, LLC

CONSENT ORDER

The Consumer Financial Protection Bureau (Bureau) has reviewed the loan servicing practices of Westlake Services, LLC (Westlake), and Wilshire Consumer Credit, LLC (Wilshire), (collectively, Respondents, as defined below) and the advertising and originating practices of Wilshire and has identified the following law violations:

- (i) Sections 1031(a) and 1036(a)(1) of the Consumer Financial Protection Act of 2010 (CFPA), 12 U.S.C. §§ 5531(a), 5536(a)(1); (ii) Sections 805 and 807 of the Fair Debt Collection Practices Act (FDCPA), 15 U.S.C. §§ 1692c(b), 1692e(5), (10), and (14); and
- (iii) Sections 144 and 146 of the Truth in Lending Act (TILA), 15 U.S.C. §§ 1664 and 1665a, and the TILA's implementing regulation, Regulation Z, 12 C.F.R. §§ 1026.24(c) and 1026.26(b). Under Sections 1053 and 1055 of the Consumer Financial Protection

Act of 2010 (CFPA), 12 U.S.C. §§ 5563, 5565, the Bureau issues this Consent Order (Consent Order).

I

Jurisdiction

1. The Bureau has jurisdiction over this matter under (i) Sections 1053 and 1055 of the CFPA, 12 U.S.C. §§ 5563 and 5565; (ii) Section 814 of the FDCPA, 15 U.S.C. § 1692l; and (iii) Section 108 of TILA, 15 U.S.C. § 1607.

II

Stipulation

2. Respondents have executed a “Stipulation and Consent to the Issuance of a Consent Order,” dated September 28, 2015 (Stipulation), which is incorporated by reference and is accepted by the Bureau. By this Stipulation, Respondents have consented to the issuance of this Consent Order by the Bureau under Sections 1053 and 1055 of the CFPA, 12 U.S.C. §§ 5563 and 5565, without admitting or denying any of the findings of fact or conclusions of law, except that Respondents admit the facts necessary to establish the Bureau’s jurisdiction over Respondents and the subject matter of this action.

III

Definitions

3. The following definitions apply to this Consent Order:
 - a. “Modified Account Consumer” means a Borrower whose account was unilaterally modified by Respondents in such a manner that the loan was extended or the monthly due date was changed during the Relevant Period.

- b. “Affected Consumers” means Modified Account Consumers, Deceptive Phone Call Consumers, and Storage Phone Call Consumers, as described in this Paragraph 3.
- c. “Board” means Respondents’ duly-elected and acting Board of Directors.
- d. “Borrower” means a consumer who was indebted to either Respondent at any time during the Relevant Period.
- e. “Debt Collection” means any practice or effort designed to collect a loan owed to either Respondent or to repossess collateral associated with such loan.
- f. “Deceptive Phone Call Consumer” means a Borrower (a) whose account can be tied to at least one incoming or outgoing phone call using Skip Tracy during the Relevant Period, or at least one Debt Collection call placed by a third-party repossession company engaged by Respondents to make such calls during the Relevant Period, and (b) who made a payment to either Respondent after such call. This definition excludes Storage Phone Call Consumers, as defined below.
 - i. “Group A Consumer” means a Deceptive Phone Call Consumer whose account is in Deficiency Status, as defined below, as of the Effective Date, not including those Borrowers whose accounts were in Deficiency Status but are now owned by another company and not including those Borrowers whose debt has resulted in a judgment.
 - ii. “Group B Consumer” means any Deceptive Phone Call Consumer who is not a Group A Consumer.
- g. “Deficiency Status” means, with respect to loans serviced by either Respondent, that as of the Effective Date of this Consent Order the vehicle

identified as collateral for a particular loan has been repossessed at the direction of either Respondent, the vehicle has been auctioned, the proceeds of the auction have been applied to the loan account, and money is still due on the loan account.

- h. “Effective Date” means the date on which the Consent Order is issued.
- i. “Enforcement Director” means the Assistant Director of the Office of Enforcement for the Consumer Financial Protection Bureau or his/her delegate.
- j. “Related Consumer Action” means a private action by or on behalf of one or more consumers or an enforcement action by another governmental agency brought against Respondents based on substantially the same facts as described in Section IV of this Consent Order.
- k. “Relevant Period” includes the period from January 1, 2010 until July 31, 2015.
- l. “Respondents” means Westlake Services, LLC, also doing business as Westlake Financial Services, LLC, and Wilshire Consumer Credit, LLC, also doing business as Wilshire Commercial Capital, LLC, and any successors or assigns.
- m. “Skip Tracy” means a web-based, multimedia, third-party paid service that allows users to place outgoing calls and choose (a) the phone number from which the calls will appear to have originated; and (b) particular text that may appear on call recipients’ phones as Caller ID. If a call recipient returns a call to one of these phone numbers, Skip Tracy shows the user the Caller ID text associated with the original outgoing call.

- n. “Storage Phone Call Consumer” means a Borrower whose account can be linked to a Triggering Storage Phone Call, as defined below.
- o. “Triggering Storage Phone Call” means a phone call with a Borrower or a Borrower’s reference, employer, friend, or family member routed through Skip Tracy during the Relevant Period when the call was (a) associated with the term “Storage” in Skip Tracy and (b) placed while the Borrower’s vehicle identified as collateral for the loan was in a reposessed status.

IV

Bureau Findings and Conclusions

The Bureau finds the following:

- 4. Westlake is a privately held company headquartered in Los Angeles, California, that specializes in purchasing and servicing subprime and near-subprime auto loans.
- 5. Wilshire, a wholly owned subsidiary of Westlake, extends auto title loans directly to consumers, largely via the internet, and services those loans.
- 6. Respondents are “covered persons” as that term is defined by 12 U.S.C. § 5481(6). Additionally, Westlake is Wilshire’s “service provider” as that term is defined by 12 U.S.C. § 5481(26) because Westlake provides “material services” to Wilshire and participates in the operation and maintenance of Wilshire’s loans.

Findings and Conclusions as to Misrepresentations About Third-Party Debt Collectors Contacting Borrowers

- 7. From the start of the Relevant Period and continuing at least until April 2014, Respondents’ debt collectors used Skip Tracy to alter the Caller ID information

for outgoing calls to make it appear that the calls were coming from a third party or from a department at Westlake or Wilshire other than the Collection Department.

8. When call recipients returned a call to one of the phone numbers associated with Caller ID information that had been changed using Skip Tracy, that system showed Respondents' employees the Caller ID text associated with the original outgoing call.
9. Respondents' debt collectors used this information to answer the phone in a manner that would continue the ruse.
10. During the relevant time period, collectors used Skip Tracy to place or to receive calls associated with over 137,000 loan accounts.
11. Using Skip Tracy, Respondents' debt collectors called Borrowers and caused phrases such as "Repo," "Repossession Services," or "Asset Recovery" (among others) to appear in Caller ID that would suggest that the call was coming from a repossession company or a similar third-party business.
12. When Respondents put these phrases into the Caller ID information, Respondents' collectors usually pretended during the call that they were calling from repossession companies or similar third-party businesses. In fact, these calls were placed by Respondents, not by repossession companies or similar third-party businesses.
13. During these and other phone calls with Borrowers, Respondents' collectors said they were calling from repossession companies or similar third-party businesses. In fact, these calls were placed by Respondents, not by repossession companies or similar third-party businesses.

14. During phone calls described in Paragraphs 11, 12, and 13, Respondents made other comments explicitly or implicitly threatening that the Borrowers' vehicles would be repossessed.
15. Because Respondents were "creditors" under the FDCPA with respect to loans they originated, acquired, or purchased, 15 U.S.C. § 1692a(4), Respondents became "debt collectors" within the meaning of the FDCPA when Respondents contacted Borrowers and, through use of Skip Tracy or through oral representations over the phone, used any name that would indicate that a third person was collecting or attempting to collect such debts. 15 U.S.C. § 1692a(6).
16. When Respondents made debt collection calls and changed the Caller ID text to display "Repo," "Repossession Services," "Asset Recovery," or other names suggesting repossession, or when Respondents told Borrowers they were calling from repossession companies or similar third-party businesses, they gave Borrowers the false impression that they were in the process of repossessing the Borrowers' vehicles. Thus, Respondents became debt collectors within the meaning of the FDCPA.
17. Section 807 of the FDCPA, 15 U.S.C. § 1692e, prohibits debt collectors from using any false, deceptive, or misleading representation or means in connection with the collection of any debt. Section 807(5) of the FDCPA, 15 U.S.C. § 1692e(5), specifically prohibits threatening to take any action that cannot legally be taken or is not intended to be taken. Section 807(10) of the FDCPA, 15 U.S.C. § 1692e(10), prohibits using false representations or deceptive means to collect or attempt to collect any debt or to obtain information concerning a consumer. Section 807(14) of the FDCPA, 15 U.S.C. § 1692e(14), prohibits the

- use of any business, company, or organization name other than the true name of the debt collector's business, company, or organization.
18. By indicating – whether through oral representations or phrases in the Caller ID – that they were calling from a repossession company or a similar third-party business, Respondents gave the false impression that they were calling from another company and that repossession was imminent.
 19. By explicitly or implicitly threatening that the Borrowers' vehicles would be repossessed, Respondents gave the false impression that repossession was imminent.
 20. Respondents suggested that the calls were coming from a repossession company or a similar third-party business and otherwise explicitly or implicitly threatened repossession even when (a) Respondents had not yet decided to repossess Borrowers' vehicles; or (b) Respondents had decided to repossess Borrowers' vehicles but Respondents had no reason to believe that repossession was imminent.
 21. By representing that calls were originating from repossession companies or similar third-party businesses – and thus implying that repossession was imminent – and by otherwise explicitly or implicitly threatening repossession, Respondents made false or misleading representations, and these practices violated Section 807 of the FDCPA, 15 U.S.C. § 1692e, specifically subsections (5), (10), and (14).
 22. The false representations that these calls were originating from repossession companies or that repossession was imminent were material misrepresentations. These misrepresentations were likely to mislead consumers

acting reasonably. As such, the practice was deceptive under the CFPA. 12 U.S.C. §§ 5531(a), 5536(a)(1).

Findings and Conclusions as to Misrepresentations About Who Was Calling Borrowers

23. Beginning at least in January 2010 and continuing at least until April 2014, Respondents used Skip Tracy to call Borrowers and cause phrases such as “Pizza Delivery,” and “Flower Shop” appear in the Caller ID information along with the phone number.
24. In fact, these calls were made or received by Respondents, not by other businesses.
25. When Respondents put these phrases into the Caller ID information, Respondents’ collectors usually pretended during the call that they worked for businesses or departments matching those descriptions.
26. Respondents posed as employees of pizza delivery services or flower shops in order to trick Borrowers into disclosing their locations or the locations of their vehicles.
27. Respondents also used Skip Tracy to manipulate the information on Caller ID and make it look like the call originated from a family member or friend of the Borrower instead of from Respondents. In fact, the Borrowers’ family members or friends played no role in originating these calls.
28. By representing, in connection with the collection of debts, that calls from Respondents actually were placed by other businesses, including those business names discussed in Paragraph 23, and that calls from Respondents actually were placed by Borrowers’ family members or friends, Respondents made false

or misleading representations that were material misrepresentations because they likely caused Borrowers to answer the phone or divulge location information that could lead to repossession. In addition, the identity of a caller is a material issue for consumers, particularly for those who are fielding calls from debt collectors. These misrepresentations were likely to mislead consumers acting reasonably. As such, this practice was deceptive under the CFPA. 12 U.S.C. §§ 5531(a), 5536(a)(1).

**Findings and Conclusions as to
Disclosures of Loan Information to Third Parties**

29. Beginning at least in January 2010 and continuing at least until April 2014, Respondents called third parties associated with Borrowers, such as Borrowers' references, employers, friends, and family members, without obtaining prior consent from Borrowers.
30. Respondents suggested they were calling from a repossession company or a similar third-party business and communicated with third parties for a purpose other than acquiring location information about Borrowers and without the prior consent of Borrowers. Therefore, Respondents violated 15 U.S.C. § 1692c(b).
31. Beginning at least in January 2010 and continuing at least until April 2014, without Borrowers' prior consent, Respondents called third parties associated with Borrowers, such as Borrowers' references, employers, friends, and family members, identified Borrowers by name, and used Skip Tracy to cause words such as "Repo," "Repossession Services," "Recovery," "General Investigations," or "Concealment" to appear on the call recipients' Caller IDs.

32. In addition to changing Caller ID information, Respondents verbally identified themselves as employees of businesses or departments associated with words like “Repossession” or “General Investigations.”
33. When Respondents caused the word “Concealment” to appear on a call recipient’s Caller ID or verbally identified themselves as employees of businesses or departments associated with the word “Concealment,” it was implied that Respondents were considering recommending or filing criminal charges for concealment of the vehicle.
34. When Respondents did not change the Caller ID information or verbally identify themselves as employees of businesses or departments associated with words like “Repossession,” “General Investigations,” or “Concealment,” Respondents used other tactics to imply a debt collector was pursuing Borrowers or to disclose that Borrowers had received loans, were delinquent on loans, or were facing repossession, investigation, or criminal charges. For example, Respondents called third parties and made statements like, “[wanted] to give her a courtesy call before picking up the Volkswagen.”
35. Section 1036(a)(1)(B) of the CFPA prohibits “unfair, deceptive, or abusive” acts or practices. 12 U.S.C. § 5536(a)(1)(B). An act or practice is unfair if it causes or is likely to cause consumers substantial injury that is not reasonably avoidable and if the substantial injury is not outweighed by countervailing benefits to consumers or to competition.
36. Respondents’ practice of contacting Borrowers’ family members, friends, employers, or references without Borrowers’ prior consent and disclosing information about Borrowers’ loans caused consumers substantial injury.

37. Borrowers could not reasonably avoid Respondents calling their friends, family members, and other third parties about Borrowers' delinquent debts.
38. The benefits, if any, to consumers and competition from Respondents calling Borrowers' friends, Borrowers' families, and third parties without prior consent and disclosing information about Borrowers' loans do not outweigh the injury to Borrowers from these practices.
39. When Respondents contacted Borrowers' family members, friends, employers, or references in connection with the collection of debts and disclosed information about Borrowers' loans without Borrowers' prior consent, the practice was unfair under the CFPA. 12 U.S.C. §§ 5531(c)(1) and 5536(a)(1)(B).
12 U.S.C. §§ 5531(a), 5536(a)(1).

**Findings and Conclusions as to
Threats to Disclose Loan Information to Third Parties**

40. Beginning at least in January 2010 and continuing at least until April 2014, during communications with Borrowers, Respondents threatened to disclose information about loans to third parties.
41. The FDCPA prohibits communicating with third parties without the prior consent of debtors for a purpose other than acquiring location information about debtors. 15 U.S.C. § 1692c(b).
42. The FDCPA also prohibits threatening to take an action that cannot legally be taken. 15 U.S.C. § 1692e(5).
43. When Respondents suggested they were calling from a repossession company or a similar third-party business and threatened to contact Borrowers' family members, friends, employers, or references without Borrowers' permission and

- for a purpose other than acquiring location information about Borrowers, Respondents were threatening to take an action that could not legally be taken. As such, these threats violated 15 U.S.C. § 1692e(5).
44. Respondents' practice of threatening to contact Borrowers' family members, friends, employers, or references without Borrowers' permission and for a purpose other than acquiring location information about Borrowers caused consumers substantial injury.
 45. Borrowers could not reasonably avoid Respondents' threats to contact Borrowers' family members, friends, employers, or references.
 46. The benefits, if any, to consumers and competition from Respondents threatening to call Borrowers' friends, families, employers, or references do not outweigh the injury to Borrowers from these practices.
 47. When Respondents threatened to contact Borrowers' family members, friends, employers, or references without Borrowers' prior consent and for a purpose other than acquiring location information about Borrowers, the practice was unfair under the CFPA. 12 U.S.C. §§ 5531(c)(1) and 5536(a)(1)(B).

**Findings and Conclusions as to
Threats to Investigate or File Criminal Charges**

48. Beginning at least in January 2010 and continuing at least until April 2014, Respondents explicitly or implicitly threatened that Borrowers would be investigated or that criminal charges would be filed against Borrowers.
49. Respondents' collectors represented themselves – through oral representations or use of Skip Tracy – to Borrowers as employees of investigation departments. These representations constituted an implicit threat to investigate Borrowers.

50. Respondents explicitly and implicitly threatened to investigate Borrowers even when Respondents had not yet decided to investigate Borrowers or to refer the accounts to a third party for investigation.
51. Respondents' collectors represented themselves – through oral representations or use of Skip Tracy – to Borrowers as employees of concealment enforcement divisions. These representations constituted an implicit threat to refer Borrowers to the criminal authorities.
52. Respondents explicitly and implicitly threatened to recommend or file criminal charges against Borrowers even when Respondents had not yet decided to refer those Borrowers to the criminal authorities.
53. As described in Paragraphs 48-52, in connection with the collection of debts, Respondents have misrepresented, expressly or by implication, that:
 - a. Borrowers were communicating with employees of investigation departments or concealment enforcement departments other than employees of the Collections Departments at Westlake or Wilshire; and
 - b. Borrowers faced investigation or criminal charges when such measures were not imminent because Respondents had not yet decided to refer the accounts for investigation or refer Borrowers to the criminal authorities.
54. By making the representations set forth in Paragraph 53 in connection with the collection of debts, Respondents made false or misleading representations that were material misrepresentations because they likely caused Borrowers to believe that they needed to make a payment urgently to avoid an investigation. These misrepresentations were likely to mislead consumers acting reasonably. As such, the practice was deceptive under the CFPA. 12 U.S.C. §§ 5531(a),

5536(a)(1).

**Findings and Conclusions as to Debt Collection Calls
From a Repossession Company**

55. Respondents paid a third-party repossession company to make Debt Collection calls to Borrowers.
56. Respondents directed the repossession company to call Borrowers even when Respondents had not yet decided to repossess those vehicles or when Respondents had no reason to believe that repossession was imminent.
57. Upon receiving a call from a third-party repossession company, a reasonable consumer would conclude that repossession was imminent.
58. As described in Paragraphs 55-57, in connection with the collection of debts, Respondents caused the third-party repossession company to call Borrowers and create the impression that repossession was imminent when either repossession was not imminent or Respondents did not verify whether repossession was imminent.
59. Because the repossession company referred to in Paragraph 58 was a service provider to Respondents under the CFPA, 12 U.S.C. § 5481(26)(A), Respondents can be held liable for deceptive practices that the repossession company made on Respondents' behalf and at their direction.
60. The representations set forth in Paragraph 58 were, and are, false or misleading and were material misrepresentations because Borrowers likely believed that they needed to make a payment urgently to avoid repossession. These representations were likely to mislead consumers acting reasonably. As such, the practice was deceptive under the CFPA. 12 U.S.C. §§ 5531(a), 5536(a)(1).

**Findings and Conclusions as to Financial Agreements
Regarding the Return of Vehicles After Repossession**

61. Beginning at least in January 2010 and continuing at least until April 2014, Respondents called Borrowers whose vehicles had already been repossessed and used Skip Tracy to make it appear that their calls were coming from a party associated with the word “Storage” (*i.e.*, a “Triggering Storage Phone Call”).
62. During some of these calls Westlake collectors gave Borrowers the impression that Borrowers’ vehicles would be released if Borrowers paid a certain amount of money.
63. The amount of money agreed to during these conversations was usually less than the full amount due on the account.
64. In fact, it was Respondents’ practice not to release a vehicle to a Borrower after repossession unless the Borrower paid the full amount due on the account.
65. As a consequence, in numerous instances Borrowers paid the amounts agreed upon during these conversations, but their vehicles were not released.
66. Using data received from Respondents, the Bureau identified 115 consumers who made payments after receiving a Triggering Storage Phone Call during the Relevant Period.
67. The representations described in Paragraph 62 were, and are, false or misleading and were material misrepresentations because they likely affected Borrowers’ decisions to make payments. These misrepresentations were likely to mislead consumers acting reasonably. As such, the practice was deceptive under the CFPA. 12 U.S.C. §§ 5531(a), 5536(a)(1).

**Findings and Conclusions as to Additional Interest Accruing
Without Borrowers' Consent or Understanding**

68. Beginning at least in January 2010 and continuing at least until September 2011, some Westlake collectors changed the due dates on accounts or extended loan terms without consulting with, or even speaking with, the affected Borrowers.
69. During subsequent communications with these Borrowers, Westlake collectors suggested, orally or in writing, that Borrowers adopt these revised payment schedules without explaining that these schedules would cause additional interest to accrue.
70. Instead they told Borrowers, explicitly or implicitly, that the modified payment schedules would have a positive effect for Borrowers.
71. In fact, if Borrowers adopted the modified payment schedules and did not make an additional payment, Borrowers would accrue additional interest over the loan term.
72. Urging Borrowers to adopt the unilaterally changed schedules by telling Borrowers, explicitly or implicitly, that the modified schedules would have a positive effect for Borrowers without explaining that additional interest would accrue was a material misrepresentation. These misrepresentations were likely to mislead consumers acting reasonably. As such, the practice was deceptive under the CFPA. 12 U.S.C. §§ 5531(a), 5536(a)(1).

**Findings and Conclusions as to Advertising Rates
Without Stating the Annual Percentage Rate**

73. Section 144(c) of TILA, 15 U.S.C. § 1664(c), requires that if any advertisement for credit other than open-end credit "states the rate of a finance charge, the

- advertisement shall state the rate of that charge expressed as an annual percentage rate.”
74. Section 1026.24 of Regulation Z explains that “[i]f an advertisement is for credit not secured by a dwelling, the advertisement shall not state any ... rate [other than the annual percentage rate], except that a simple annual rate or periodic rate that is applied to an unpaid balance may be stated in conjunction with, but not more conspicuously than, the annual percentage rate.” 12 C.F.R. § 1026.24(c).
75. The loans originated by Wilshire are non open-end credit plans. 15 U.S.C. § 1602(j).
76. The loans originated by Wilshire are not secured by a dwelling.
77. In some advertisements for auto title loans disseminated in 2013, Wilshire referenced a rate of 4.9%. In these advertisements, 4.9% was not the annual percentage rate, and Wilshire did not state the annual percentage rate.
78. In 2012, Wilshire posted at least nine comments to its Facebook page and disseminated at least 16 tweets claiming that “loans start at just 2.1% per month.”
79. The 2.1% rate referenced in these comments and tweets was not the annual percentage rate, and Wilshire did not state the annual percentage rate.
80. Most of these Facebook comments and tweets have been visible for at least three years.
81. By advertising a rate but not disclosing an annual percentage rate, Wilshire violated Section 144 of TILA and Section 1026.24 of Regulation Z.
82. At some point during the period beginning January 2010 and ending March

- 2014, Wilshire stated on one of its websites in bold, green font at the top of the page: “Car Title Loans starting at 2.1% a month.” Farther down the page, in a smaller, non-bold, black font, the website stated, “Our Loans start at 2.075% a month which is 24.9% APR (depending on credit”).
83. The annual percentage rate was displayed in a less conspicuous manner than the monthly rate.
 84. By advertising an annual percentage rate but displaying it less conspicuously than another rate, Wilshire violated Section 144 of TILA and Section 1026.24 of Regulation Z.
 85. Advertising a rate but not disclosing an annual percentage rate and, separately, advertising an annual percentage rate but displaying it less conspicuously than another rate, were material misrepresentations that likely caused consumers to believe that the loans would carry a lower interest rate than the true annual percentage rate. These misrepresentations were likely to mislead consumers acting reasonably. As such, the practice was deceptive under the CFPA. 12 U.S.C. §§ 5531(a), 5536(a)(1).

Findings and Conclusions as to the Failure to Provide the Annual Percentage Rate In Response to Oral Inquiries

86. Section 146 of TILA, 15 U.S.C. § 1665a, and 12 C.F.R. § 1026.26(b) require creditors to provide only the annual percentage rate in response to a consumer’s oral inquiry about the cost of non open-end credit plans, although the creditor may also quote a simple annual rate or periodic rate if it is applied to an unpaid balance. If the annual percentage rate cannot be determined in advance, the annual percentage rate for a sample transaction shall be stated.

87. Beginning at least in January 2014 and continuing at least until April 2014, during phone calls with prospective borrowers who asked about the cost of credit, Wilshire representatives did not state the annual percentage rates but provided other rates.
88. Beginning at least in January 2014 and continuing at least until April 2014, during phone calls with prospective borrowers who asked about the cost of credit, Wilshire representatives did not provide an annual percentage rate for a sample transaction when the annual percentage rate could not be determined in advance.
89. By failing to provide annual percentage rates, or by failing to provide annual percentage rates for sample transactions, during these calls, Wilshire violated Section 146 of TILA, 15 U.S.C. § 1665a, and 12 C.F.R. § 1026.26(b)
90. Providing cost information other than the annual percentage rate (or an annual percentage rate for sample transactions), in response to a consumer's inquiry about the cost of a loan was a material misrepresentation that likely caused consumers to believe that the cost of the credit was lower than it was. These misrepresentations were likely to mislead consumers acting reasonably. As such, the practice was deceptive under the CFPA. 12 U.S.C. §§ 5531(a), 5536(a)(1).

ORDER

V

Conduct Provisions

IT IS ORDERED, under sections 1053 and 1055 of the CFPA, that:

91. Respondents and their officers, agents, servants, employees, and attorneys who have actual notice of this Consent Order, whether acting directly or indirectly, may not violate, including by taking reasonable measures to ensure that their service providers, affiliates, and other agents do not violate: (a) Sections 1031 and 1036 of the CFPA, 12 U.S.C. §§ 5531 and 5536; (b) Sections 805 and 807 of the FDCPA, 15 U.S.C. §§ 1692c and 1692e; and (c) Sections 144 and 146 of TILA, 15 U.S.C. §§ 1664 and 1665a, and Regulation Z, 12 C.F.R. §§ 1026.24(c) and 1026.26(b), as follows and must take the following affirmative actions:
 - a. Respondents and their officers, agents, servants, employees, and attorneys who have actual notice of this Consent Order, whether acting directly or indirectly, in connection with the collection of debts, may not misrepresent, or assist others in misrepresenting, expressly or impliedly:
 - i. That Respondents' debt collectors work for or are associated with any company, office, or department other than their actual company, office, and department;
 - ii. That debt collectors working on behalf of Respondent are calling from a phone number associated with a company, office, or department other than their actual company, office, and department;
 - iii. That Respondents, or entities acting on Respondents' behalf, are or imminently will be repossessing consumers' vehicles;

- iv. That Respondents will return repossessed vehicles if the consumer pays less than the full amount due on the account;
 - v. That Respondents may refer, or are referring, consumers for criminal prosecution or investigation; or
 - vi. The effects on interest accrual of changing the due date of a loan;
- b. Respondents and their officers, agents, servants, employees, and attorneys, whether acting directly or indirectly, in connection with the collection of debts, are restrained from:
- i. Using any means to alter the information displayed on Caller ID, unless otherwise required to do so by law;
 - ii. Failing to identify themselves as employees of Respondents during calls with consumers;
 - iii. Unlawfully disclosing loan information to third parties;
 - iv. Threatening to disclose loan information to third parties when doing so would be unlawful; and
 - v. Changing the due dates on consumers' loans, or extending consumers' loans, without explaining to consumers the effects of those modifications and obtaining consumers' informed consent to the changes;
- c. Respondents and their officers, agents, servants, employees, and attorneys, whether acting directly or indirectly, in connection with the collection of debts, must not engage any repossession company to make Debt Collection calls unless the accounts in question have been categorized as out for

repossession and are assigned to those repossession companies for repossession; and

- d. Respondents will not pursue any additional judgments or garnishments against Group A Consumers.

VI

Compliance Plan

IT IS FURTHER ORDERED that:

92. Within 30 days of the Effective Date, Respondents must submit to the Enforcement Director for review and determination of non-objection a comprehensive compliance plan designed to ensure that Respondents' practices relating to Debt Collection comply with the terms of this Consent Order (Compliance Plan). The Compliance Plan must include, at a minimum:
 - a. Detailed steps for addressing each action required by this Consent Order;
 - b. A comprehensive compliance management system for:
 - i. Evaluating advertisements for compliance with TILA and Regulation Z before publication; and
 - ii. Regular recording and review of Debt Collection calls between (a) Respondents or any agent of Respondents engaging in Debt Collection, and (b) any consumer;
 - c. A requirement that Respondents allocate resources to compliance that are commensurate with the companies' size, complexity, and business operations to ensure that they implement adequate compliance programs including appropriate staffing levels with qualified and experienced personnel;

- d. A requirement that Respondents provide mandatory ongoing education and training in Federal consumer financial laws and the prohibitions and requirements in this Consent Order for all affected officers, agents, servants, employees, and attorneys, with training tailored to each individual's responsibilities and duties; training activities must be documented and the training programs reviewed and updated at least annually to ensure that appropriate personnel are provided with the most relevant and pertinent information; all new employees of either Respondent or any other agent of either Respondent engaging in Debt Collection must complete this training before engaging in Debt Collection calls;
 - e. A requirement that the Compliance Plan be updated at least every two years, or as required by changes in laws or regulations, so that the Compliance Plan remains current and effective; and
 - f. Specific timeframes and deadlines for implementation of the steps described above.
93. The Enforcement Director will have the discretion to make a determination of non-objection to the Compliance Plan or direct Respondents to revise it. If the Enforcement Director directs Respondents to revise the Compliance Plan, Respondents must make the revisions and resubmit the Compliance Plan to the Enforcement Director within 15 days.
94. After receiving notification that the Enforcement Director has made a determination of non-objection to the Compliance Plan, Respondents must implement and adhere to the steps, recommendations, deadlines, and timeframes outlined in the Compliance Plan.

VII

Role of the Board

IT IS FURTHER ORDERED that:

95. The Board must review all submissions (including plans, reports, programs, policies, and procedures) required by this Consent Order prior to submission to the Bureau.
96. Although this Consent Order requires Respondents to submit certain documents for review or non-objection by the Enforcement Director, the Board will have the ultimate responsibility for proper and sound management of Respondents and for ensuring that Respondents comply with Federal consumer financial law and this Consent Order.
97. In each instance that this Consent Order requires the Board to ensure adherence to, or perform certain obligations of Respondents, the Board must:
 - a. Authorize whatever actions are necessary for Respondents to fully comply with the Consent Order;
 - b. Require timely reporting by management to the Board on the status of compliance obligations; and
 - c. Require timely and appropriate corrective action to remedy any material non-compliance with any failures to comply with Board directives related to this Section.

VIII**Order to Pay Redress**

IT IS FURTHER ORDERED that:

98. Within 30 days of the Effective Date, Respondents must reserve or deposit into a segregated deposit account \$25,777,274 for the purpose of providing redress to Affected Consumers as required by this Section.
99. Within 30 days of the Effective Date, Respondents must submit to the Enforcement Director for review and non-objection a comprehensive written plan for providing redress consistent with this Consent Order (Redress Plan). The Redress Plan will include a list of specific account numbers eligible to receive each type of redress, each account holder's name, address, phone number, and email address, and an explanation of the total amount of redress to be provided to each account holder. The Enforcement Director will have the discretion to make a determination of non-objection to the Redress Plan or direct Respondents to revise it. If the Enforcement Director directs Respondents to revise the Redress Plan, Respondents must make the revisions and resubmit the Redress Plan to the Enforcement Director within 15 days. After receiving notification that the Enforcement Director has made a determination of non-objection to the Redress Plan, Respondents must implement and adhere to the steps, recommendations, deadlines, and timeframes outlined in the Redress Plan.
100. The Redress Plan must apply to all Affected Consumers (approximately 176,115 consumers) and, at a minimum:

- a. Specify how Respondents identified each consumer in the following groups and specify the names and account numbers of consumers in each group:
 - i. Deceptive Phone Call Consumers (approximately 139,000 consumers);
 - ii. Group A Consumers;
 - iii. Group B Consumers;
 - iv. Storage Phone Call Consumers (approximately 115 consumers); and
 - v. Modified Account Consumers (approximately 37,000 consumers);
- b. Allocate \$24,185,054.04 to be paid to Deceptive Phone Call Consumers (excluding Storage Phone Call Consumers, but including Modified Account Consumers to the extent they are also Deceptive Phone Call Consumers), allocating each Group A Consumer 75% of the redress amount given to each Group B Consumer;
- c. Provide a one-time reduction in charged-off or existing account balance in the amount of \$250 to each Group A Consumer (“Balance Reductions”) (approximately \$17.4 million);
- d. Allocate \$597,872.98 among Storage Phone Call Consumers in a manner that repays each such consumer pro rata for all payments made to Respondents after the first Triggering Storage Phone Call associated with each account;
- e. Detail a methodology for calculating the redress amount for each Modified Account Consumer (including Deceptive Phone Call Consumers and Storage Phone Call Consumers to the extent they are also Modified Account Consumers) necessary to refund all additional interest and fees paid by each Modified Account Consumer as a result of the due date change or extension

entered by Respondents without the Modified Account Consumer's permission (approximately \$1.93 million in total);

- f. Detail the manner in which redress will be provided to all Affected Consumers, including detailing how payments will be made to probate or bankruptcy estates in accordance with applicable law;
- g. Detail the reasonable efforts that Respondents will undertake to locate consumers to whom redress should be provided and verify their addresses before providing redress; and
- h. For any Affected Consumer that receives a reduction in charged off or existing account balance pursuant to the Redress Plan, require Respondents to update or correct any information furnished to any consumer reporting agency about any Affected Consumer to the extent that information is or becomes inaccurate as Respondents comply with the Order to Pay Redress and other provisions of this Consent Order.

101. The Redress Plan must include: (1) the form of the letter (Redress Notification Letter) to be sent notifying Affected Consumers of the redress; and (2) the form of the envelope that will contain the Redress Notification Letter. The letter must include language explaining how the amount of redress was calculated; an explanation of the use of a credit or check as applicable; and a statement that the provision of refund payment or credit is in compliance with the terms of this Consent Order. Respondents may not include in any envelope containing a Redress Notification Letter any materials other than the approved letters, and when appropriate, redress checks, unless Respondents have obtained written

- confirmation from the Enforcement Director that the Bureau does not object to the inclusion of the additional materials.
102. The Enforcement Director may modify the form of redress in whole or in part, upon a showing of good cause, under Section XVII.
103. After completing the Redress Plan, if the amount of redress – excluding all account reductions provided pursuant to ¶¶ 100.c and 100.e – provided to Affected Consumers is less than \$25,777,274, within 30 days of the completion of the Redress Plan, Respondents must pay to the Bureau, by wire transfer to the Bureau or to the Bureau’s agent, and according to the Bureau’s wiring instructions, the difference between the amount of redress, excluding the account reductions, provided to Affected Consumers and \$25,777,274.
104. The Bureau may use these remaining funds to pay additional redress to Affected Consumers. If the Bureau determines, in its sole discretion, that additional redress is wholly or partially impracticable or otherwise inappropriate, or if funds remain after the additional redress is completed, the Bureau will deposit any remaining funds in the U.S. Treasury as disgorgement. Respondents will have no right to challenge any actions that the Bureau or its representatives may take under this Section.
105. Respondents may not condition the payment of any redress to any Affected Consumer under this Order on that Affected Consumer waiving any right.
106. Within 30 days of completing the Redress Plan, Respondents will submit to the Enforcement Director a report with an assessment of their compliance with the terms of the Redress Plan (“Redress Report”). The Redress Report will, at a minimum:

- a. State, for each category of Affected Consumers listed in ¶ 100.a:
 - i. The number of consumers who received redress; and
 - ii. The total amount of redress provided; and
- b. Describe the procedures used to issue and track redress payments to Affected Consumers; and
- c. Describe the work of independent consultants that Respondents used, if any, to assist with and review execution of the Redress Plan.

IX

Order to Pay Civil Money Penalties

IT IS FURTHER ORDERED that:

107. Under Section 1055(c) of the CFPA, 12 U.S.C. § 5565(c), by reason of the violations of law described in Section IV of this Consent Order, and taking into account the factors in 12 U.S.C. § 5565(c)(3), Respondents must pay a civil money penalty of \$4,250,000 to the Bureau.
108. Within 10 days of the Effective Date, Respondents must pay the civil money penalty by wire transfer to the Bureau or to the Bureau's agent in compliance with the Bureau's wiring instructions.
109. The civil money penalty paid under this Consent Order will be deposited in the Civil Penalty Fund of the Bureau as required by Section 1017(d) of the CFPA, 12 U.S.C. § 5497(d).
110. Respondents must treat the civil money penalty paid under this Consent Order as a penalty paid to the government for all purposes. Regardless of how the Bureau ultimately uses those funds, Respondents may not:

- a. Claim, assert, or apply for a tax deduction, tax credit, or any other tax benefit for any civil money penalty paid under this Consent Order; or
 - b. Seek or accept, directly or indirectly, reimbursement or indemnification from any source, including but not limited to payment made under any insurance policy, with regard to any civil money penalty paid under this Consent Order.
111. To preserve the deterrent effect of the civil money penalty in any Related Consumer Action, Respondents may not argue that Respondents are entitled to, nor may Respondents benefit by, any offset or reduction of any compensatory monetary remedies imposed in the Related Consumer Action because of the civil money penalty paid in this action (Penalty Offset). If the court in any Related Consumer Action grants such a Penalty Offset, Respondents must, within 30 days after entry of a final order granting the Penalty Offset, notify the Bureau, and pay the amount of the Penalty Offset to the U.S. Treasury. Such a payment will not be considered an additional civil money penalty and will not change the amount of the civil money penalty imposed in this action.

X

Additional Monetary Provisions

IT IS FURTHER ORDERED that:

112. In the event of any default on Respondents' obligations to make payment under this Consent Order, interest, computed under 28 U.S.C. § 1961, as amended, will accrue on any outstanding amounts not paid from the date of default to the date of payment, and will immediately become due and payable.

113. Respondents must relinquish all dominion, control, and title to the funds paid to the fullest extent permitted by law and no part of the funds may be returned to Respondents.
114. Under 31 U.S.C. § 7701, Respondents, unless they already have done so, must furnish to the Bureau their taxpayer identifying numbers, which may be used for purposes of collecting and reporting on any delinquent amount arising out of this Consent Order.
115. Within 30 days of the entry of a final judgment, consent order, or settlement in a Related Consumer Action, Respondents must notify the Enforcement Director of the final judgment, consent order, or settlement in writing. That notification must indicate the amount of redress, if any, that Respondents paid or are required to pay to consumers and describe the consumers or classes of consumers to whom that redress has been or will be paid.

XI

Reporting Requirements

IT IS FURTHER ORDERED that:

116. Respondents must notify the Bureau of any development that may affect compliance obligations arising under this Consent Order, including but not limited to, a dissolution, assignment, sale, merger, or other action that would result in the emergence of a successor company; the creation or dissolution of a subsidiary, parent, or affiliate that engages in any acts or practices subject to this Consent Order; the filing of any bankruptcy or insolvency proceeding by or against Respondents; or a change in Respondents' name or address.

Respondents must provide this notice, if practicable, at least 30 days before the development, but in any case no later than 14 days after the development.

117. Within 90 days of the Effective Date, and again one year after the Effective Date, Respondents must submit to the Enforcement Director an accurate written compliance progress report (Compliance Report) that has been approved by the Board, which, at a minimum:
 - a. Describes in detail the manner and form in which Respondents have complied with this Order; and
 - b. Attaches a copy of each Order Acknowledgment obtained under Section XII, unless previously submitted to the Bureau.

XII

Order Distribution and Acknowledgment

IT IS FURTHER ORDERED that:

118. Within 30 days of the Effective Date, Respondents must deliver a copy of this Consent Order to each of their Board members and executive officers, as well as to any managers, employees, service providers, or other agents and representatives who have responsibilities related to the subject matter of the Consent Order.
119. For 5 years from the Effective Date, Respondents must deliver a copy of this Consent Order to any business entity resulting from any change in structure referred to in Section XI, any future Board members and executive officers, as well as to any managers, employees, service providers, or other agents and representatives who will have responsibilities related to the subject matter of the Consent Order before they assume their responsibilities.

120. Respondents must secure a signed and dated statement acknowledging receipt of a copy of this Consent Order, ensuring that any electronic signatures comply with the requirements of the E-Sign Act, 15 U.S.C. § 7001 et seq., within 30 days of delivery, from all persons receiving a copy of this Consent Order under this Section.

XIII

Recordkeeping

IT IS FURTHER ORDERED that:

121. Respondents must create, or if already created, must retain for at least 5 years from the Effective Date, the following business records:
 - a. All documents and records necessary to demonstrate full compliance with each provision of this Consent Order, including all submissions to the Bureau;
 - b. All documents and records pertaining to the Redress Plan and the Redress Report, described in Section VIII above;
 - c. Copies of all telephone scripts used during calls with consumers, forms used to correspond with consumers, training materials, advertisements, websites, and other materials, including any such materials used by a third party on behalf of either Respondent; and
 - d. Recordings of all telephone calls between consumers and either Respondent that relate to Debt Collection.
122. Respondents must require all third parties engaged in Debt Collection on behalf of either Respondent to record and retain all Debt Collection calls between such third parties and any consumer.
123. Respondents must retain the documents identified in Paragraph 121 for the

duration of the consent order, and Respondents must require all third parties engaged in Debt Collection on behalf of either Respondent to retain the documents identified in Paragraph 122 for the duration of the consent order.

124. Respondents must make the documents identified in Paragraphs 121 and 122 available to the Bureau upon the Bureau's request.

XIV

Notices

IT IS FURTHER ORDERED that:

125. Unless otherwise directed in writing by the Bureau, Respondents must provide all submissions, requests, communications, or other documents relating to this Consent Order in writing, with the subject line, "In re Westlake Services, LLC Matter No. 2015-CFPB-[Docket #]" and send them either:

- a. By overnight courier (not the U.S. Postal Service), as follows:

Assistant Director for Enforcement
 Consumer Financial Protection Bureau
 ATTENTION: Office of Enforcement
 1625 Eye Street, N.W.
 Washington D.C. 20006; or

- b. By first-class mail to the below address and contemporaneously by email to Enforcement_Compliance@cfpb.gov:

Assistant Director for Enforcement
 Consumer Financial Protection Bureau
 ATTENTION: Office of Enforcement
 1700 G Street, N.W.
 Washington D.C. 20552.

XV

Cooperation with the Bureau

IT IS FURTHER ORDERED that:

126. Respondents must cooperate fully to help the Bureau determine the identity and location of, and the amount of injury sustained by, each Affected Consumer. Respondents must provide such information in their or their agents' possession or control within 14 days of receiving a written request from the Bureau.
127. Respondents must cooperate fully with the Bureau in this matter and in any investigation related to or associated with the conduct described in this Consent Order. Respondents must provide truthful and complete information, evidence, and testimony. Respondents must cause Respondents' officers, employees, representatives, or agents to appear for interviews, discovery, hearings, trials, and any other proceedings that the Bureau may reasonably request upon 5 days written notice, or other reasonable notice, at such places and times as the Bureau may designate, without the service of compulsory process.

XVI

Compliance Monitoring

IT IS FURTHER ORDERED that, to monitor Respondents' compliance with this Consent Order:

128. Within 14 days of receipt of a written request from the Bureau, Respondents must submit additional Compliance Reports or other requested information, which must be made under penalty of perjury; provide sworn testimony; or produce documents.

129. Respondents must permit Bureau representatives to interview any employee or other person affiliated with Respondents who has agreed to such an interview. The person interviewed may have counsel present.
130. Nothing in this Consent Order will limit the Bureau's lawful use of civil investigative demands under 12 C.F.R. § 1080.6 or other compulsory process.

XVII

Modifications to Non-Material Requirements

IT IS FURTHER ORDERED that:

131. Respondents may seek a modification to non-material requirements of this Consent Order (*e.g.*, reasonable extensions of time and changes to reporting requirements) by submitting a written request to the Enforcement Director.
132. The Enforcement Director may, in his/her discretion, modify any non-material requirements of this Consent Order (*e.g.*, reasonable extensions of time and changes to reporting requirements) if he/she determines good cause justifies the modification. Any such modification by the Enforcement Director must be in writing.

XVIII

Administrative Provisions

133. The provisions of this Consent Order do not bar, estop, or otherwise prevent the Bureau, or any other governmental agency, from taking any other action against Respondents, except as described in Paragraph 134.
134. The Bureau releases and discharges Respondents from all potential liability for law violations that the Bureau has or might have asserted based on the practices described in Section IV of this Consent Order, to the extent such

practices occurred before the Effective Date and the Bureau knows about them as of the Effective Date. The Bureau may use the practices described in this Consent Order in future enforcement actions against Respondents and their affiliates, including, without limitation, to establish a pattern or practice of violations or the continuation of a pattern or practice of violations or to calculate the amount of any penalty. This release does not preclude or affect any right of the Bureau to determine and ensure compliance with the Consent Order, or to seek penalties for any violations of the Consent Order.

135. This Consent Order is intended to be, and will be construed as, a final Consent Order issued under Section 1053 of the CFPA, 12 U.S.C. § 5563, and expressly does not form, and may not be construed to form, a contract binding the Bureau or the United States.
136. This Consent Order will terminate 5 years from the Effective Date or 5 years from the most recent date that the Bureau initiates an action alleging any violation of the Consent Order by Respondents. If such action is dismissed or the relevant adjudicative body rules that Respondents did not violate any provision of the Consent Order, and the dismissal or ruling is either not appealed or upheld on appeal, then the Consent Order will terminate as though the action had never been filed. The Consent Order will remain effective and enforceable until such time, except to the extent that any provisions of this Consent Order have been amended, suspended, waived, or terminated in writing by the Bureau or its designated agent.
137. Calculation of time limitations will run from the Effective Date and be based on calendar days, unless otherwise noted.

138. Should Respondents seek to transfer or assign all or part of their operations that are subject to this Consent Order, Respondents must, as a condition of sale, obtain the written agreement of the transferee or assignee to comply with all applicable provisions of this Consent Order.
139. The provisions of this Consent Order will be enforceable by the Bureau. For any violation of this Consent Order, the Bureau may impose the maximum amount of civil money penalties allowed under Section 1055(c) of the CFPA, 12 U.S.C. § 5565(c). In connection with any attempt by the Bureau to enforce this Consent Order in federal district court, the Bureau may serve Respondents wherever Respondents may be found and Respondents may not contest that court's personal jurisdiction over Respondents.
140. This Consent Order and the accompanying Stipulation contain the complete agreement between the parties. The parties have made no promises, representations, or warranties other than what is contained in this Consent Order and the accompanying Stipulation. This Consent Order and the accompanying Stipulation supersede any prior oral or written communications, discussions, or understandings.
141. Nothing in this Consent Order or the accompanying Stipulation may be construed as allowing Respondents, the Board, officers, or employees to violate any law, rule, or regulation.

IT IS SO ORDERED, this 30th day of September, 2015.

Richard Cordray

Richard Cordray
Director
Consumer Financial Protection Bureau