

# CFO update through the fourth quarter of fiscal year 2023

OCTOBER 1, 2022 – SEPTEMBER 30, 2023

Issued: December 13, 2023

## Bureau Fund

As of September 30, 2023, the end of the fourth quarter<sup>1</sup> (Q4) of fiscal year (FY) 2023, the Consumer Financial Protection Bureau (CFPB) had incurred approximately \$696.6 million in FY2023 obligations<sup>2</sup> to carry out the authorities of the CFPB under federal financial consumer law. Approximately \$428.0 million was spent on employee compensation and benefits for the 1,677 CFPB employees<sup>3</sup> who were on-board at the end of the quarter.

In addition to payroll expenses, the largest obligations made during Q4 were related to contractual services. Some of the CFPB's significant obligations that occurred during the quarter included:

- \$5.5 million for case and customer relationship management system tools and services to support the IT service desk management system, stakeholder engagement, legal case and matter management, enforcement case and matter management, supervision and examination support, and other enterprise platform tools;
- \$4.4 million for IT portfolio and project management support services;
- \$2.4 million for experts in support of enforcement cases;
- \$2.2 million for video and audio-conferencing capabilities and services;
- \$2.1 million for ongoing project management and targeted data management expertise to support the governance, communications, and implementation of the CFPB's Enterprise Data Strategy;
- \$1.7 million for cybersecurity operations, risk management, and associated support services;
- \$1.7 million to the Office of Personnel Management/Defense Counterintelligence and Security Agency for background investigative support services;
- \$1.6 million with the Federal Housing and Finance Administration for the continued development and maintenance of the National Mortgage Database and the administration of related surveys;
- \$1.2 million for technology data platform development and support;

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<sup>1</sup> July 1, 2023 – September 30, 2023

<sup>2</sup> This amount includes new obligations and upward adjustments to previous year obligations. An obligation is a transaction or agreement that creates a legal liability and obligates the government to pay for goods and services ordered or received.

<sup>3</sup> Reflects employees on board during the final complete pay-period of the quarter (PP19, ending September 23, 2023).

- \$1.1 million for consumer credit data used to provide statutory reports to Congress and in rulemakings, to support research initiatives, and for market monitoring and consumer education and engagement work.

**The tables below categorize spending<sup>4</sup> by expense category and division/program area:**

Table 1: Year-to-date spending by expense category:

<b>Expense Category</b>	<b>FY2023</b>
Personnel Compensation	303,811,000
Personnel Benefits	124,238,000
Benefits for Former Personnel	-
Travel	5,978,000
Transportation of Things	105,000
Rents, Communications, Utilities & Misc.	10,925,000
Printing and Reproduction	1,478,000
Other Contractual Services	210,937,000
Supplies & Materials	7,683,000
Equipment	31,233,000
Land & Structures	201,000
<b>Total (as of September 30, 2023)</b>	<b>\$696,589,000</b>

Table 2: Year-to-date spending by division/program area:

<b>Division/Program Area</b>	<b>FY2023</b>
Office of the Director	24,685,000
Operations	246,275,000
Consumer Education & External Affairs	70,693,000
Research, Markets & Regulations	71,977,000
Supervision, Enforcement, Fair Lending	186,826,000
Legal Division	20,651,000
Other Programs <sup>5</sup>	3,220,000
Centralized Services <sup>6</sup>	72,262,000
<b>Total (as of September 30, 2023)</b>	<b>\$696,589,000</b>

<sup>4</sup> This amount includes FY 2023 obligations and upward adjustments to previous year obligations.

<sup>5</sup> Other Programs includes the costs of the Office of Ombudsman, Administrative Law Judges, and other CFPB programs.

<sup>6</sup> Includes the cost of centralized benefits and certain administrative and operational services provided centrally to other Divisions in support of all strategic goals.

## **FY2023 funds transfers received from the Federal Reserve**

The CFPB is funded principally by transfers from the Federal Reserve System, up to the limits set forth in the Dodd-Frank Act. Funding from the Federal Reserve System for fiscal year 2023 is capped at \$750.9 million. As of September 30, 2023, the CFPB had received the following transfers for FY2023. The dates and amounts of the transfers are shown below.

October 19, 2022	\$315.7M
January 4, 2023	\$286.0M
April 10, 2023	\$59.8M
July 17, 2023	\$59.7M
<b>Total</b>	<b>\$721.2M</b>

## Civil Penalty Fund

The Dodd-Frank Act authorizes the CFPB to collect civil penalties through judicial and administrative actions and to use these funds for specified purposes, including payments to victims harmed by companies or individuals that violated federal consumer financial laws as well as for consumer education and financial literacy programs once all eligible victims have been located and paid. As directed by the Dodd-Frank Act, the CFPB maintains a separate account for these funds at the Federal Reserve Bank of New York.

### Civil penalties collected in FY2023

In the first quarter of FY2023, the CFPB collected civil penalties from eight defendants totaling \$1.8 billion. In the second quarter of FY2023, the CFPB collected \$11.0 million in civil penalties from three defendants. In the third quarter of FY2023, the CFPB collected \$32.7 million in civil penalties from five defendants. In the fourth quarter of FY2023, the CFPB collected \$118.1 million in civil penalties in eight matters, bringing the total collections for FY2023 to \$1.9 billion.

FY2023 Civil Penalty Fund collections:

Defendant Name	Civil Penalty Collected	Collection Date
Regions Bank	\$50,000,000	10/7/2022
Choice Money Transfer, Inc. d/b/a Small World	\$950,000	10/13/2022
All American Check Cashing	\$10,000	11/14/2022
Carrington Mortgage Services, LLC	\$5,250,000	11/25/2022
RD Legal Funding, LLC	\$1	12/6/2022
My Loan Doctor, LLC d/b/a Loan Doctor and Edgar Radjabli	\$150,000	12/20/2022
Wells Fargo Bank, N.A.	\$1,700,000,000	12/27/2022
Servicio Uniteller Inc.	\$700,000	12/30/2022
Forster & Garbus, LLP	\$100,000	1/27/2023 2/23/2023 3/29/2023 4/26/2023

<b>Defendant Name</b>	<b>Civil Penalty Collected</b>	<b>Collection Date</b>
		5/31/2023 6/27/2023
TMX Finance LLC	\$10,000,000	3/3/2023
RMK Financial Corp. d/b/a Majestic Home Loan or MHL	\$1,000,000	3/7/2023
Portfolio Recovery Associates, LLC	\$12,000,000	4/20/2023
Citizens Bank, N.A.	\$9,000,000	6/2/2023
OneMain Financial Holdings, LLC	\$10,000,000	6/2/2023
Phoenix Financial Services, LLC	\$1,675,000	6/16/2023
ACI Worldwide Corp., and ACI Payments, Inc.	\$25,000,000	7/16/2023
Bank of America, N.A. (Sales Practices and Credit Card Rewards)	\$30,000,000	7/18/2023
Bank of America, N.A. (NSF fees)	\$60,000,000	7/18/2023
Consumer Advocacy Center Inc., d/b/a Premier Student Loan Center, et al. – Defendant Kaine Wen	\$134,630 <sup>7</sup>	7/20/2023 7/27/2023
Katharine Snyder, Performance Arbitrage Company, Inc., and Life Funding Options, Inc.	\$495	8/6/2023
Freedom Mortgage Corporation	\$1,750,000	8/25/2023
Tempoe, LLC	\$1,000,000	9/18/2023
Realty Connect USA Long Island, Inc.	\$200,000	9/27/2023
<b>Total</b>	<b>\$1,918,920,126</b>	

<sup>7</sup> The funds collected are not available for allocation under 12 C.F.R. § 1075.105(c)(3), since the defendant is appealing the judgment and the order is, therefore, not yet a “final order” as defined in 12 C.F.R. § 1075.101.

## Civil Penalty Fund allocations in FY2023

Period 20: April 1, 2022 – September 30, 2022

On November 29, 2022, the CFPB made its 20th allocation from the Civil Penalty Fund. As of September 30, 2022, the Civil Penalty Fund contained an unallocated balance of \$471,112,663.54.<sup>8</sup> The fund administrator has set aside \$1,500,000 to cover administrative expenses associated with distributing funds to harmed consumers, reducing the amount available for allocation to \$469,612,663.54.

A civil penalty was imposed in 14 cases with final orders from Period 20. Under the Civil Penalty Fund rule, victims of the violations for which these civil penalties were imposed are eligible for compensation from the Civil Penalty Fund. Of those 14 cases, four had classes of eligible victims with uncompensated harm that is compensable from the Civil Penalty Fund. All four cases received an allocation during this period. Additionally, there are two prior period cases which received an allocation this period.

The allocations for each case are as follows:

- The BounceBack Inc., et al. case received an allocation of \$1,481,773 from the Civil Penalty Fund. The class of victims who received the allocation are consumers who, between January 1, 2015, and November 1, 2021, (1) received a collection letter from BounceBack, and (2) who paid any money to the company for its financial-accountability class, program fees, or payment plans.
- The Frank R. Gebase Jr., case received an allocation of \$240,995 from the Civil Penalty Fund. The class of victims who received the allocation are consumers whose bank accounts were debited, directly or indirectly, by “Processingstudentloans” between May 2016 and April 2017.
- The Performance SLC, LLC, et al. case received an allocation of \$10,950,818.20. This allocation includes \$10,448,467.90 for consumers who, from January 1, 2016, to April 29, 2022, (1) paid all or a portion of Performance SLC’s fee into a dedicated trust account, or (2) entered into a credit plan agreement to finance payment of Performance SLC’s fee, and \$502,350.30 for consumers who were referred to PSettlement by OneLoanPlace.com from August 27, 2018, to April 29, 2022, and paid a fee to PSettlement.
- The Hello Digit, LLC case received an allocation of \$38,220 from the Civil Penalty Fund. The class of victims who received the allocation are consumers

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<sup>8</sup> The unallocated balance amount does not include \$10,693,571 in funds that were collected pursuant to two orders that are currently pending appeal and are thus not yet “final orders” as defined in 12 C.F.R. § 1075.101. Those funds are therefore not available for allocation under 12 C.F.R. § 1075.105(c). The amount includes \$9,833,640 that was sequestered during fiscal year 2022. The sequestration amount was not available for allocation during fiscal year 2022 but became available to the Bureau in fiscal year 2023.

whose overdraft reimbursement requests were (1) submitted to Hello Digital between January 1, 2017, and August 10, 2022, and (2) denied because the fee was caused by a subscription fee. The Think Finance, LLC, et al. case received an allocation of \$384,010,543.61 from the Civil Penalty Fund. Eligible victims in this matter comprise consumers in Arizona, Arkansas, Colorado, Connecticut, Illinois, Indiana, Kentucky, Massachusetts, Minnesota, Montana, New Hampshire, New Jersey, New Mexico, New York, North Carolina, Ohio, and South Dakota, who obtained credit from Plain Green, Great Plains, and Mobiloans, and who made payments in excess of the principal they borrowed on that credit between 2011 and 2019.

- The Future Income Payments, LLC, et al. case received an allocation of \$11,086,433.97 from the Civil Penalty Fund. The class of victims who received the allocation are consumers who sold a portion of their income stream to FIP or a related entity, or to a third party where the transaction was brokered through FIP or a related entity, in exchange for a lump sum from approximately 2011 through 2018.

The fund administrator exercised discretion and deferred an allocation to a class of consumers in one prior period matter, Northern Resolution Group (Gray). In the Northern Resolution Group (Gray) case, the victim allocation is deferred while the CFPB pursues data and determines victim eligibility in a related matter. This case will be reviewed as part of the Period 21 allocation.

As of the time of this allocation, aside from the Northern Resolution Group (Gray) case which has been addressed above, there were no prior period victim classes with uncompensated harm that is compensable from the Civil Penalty Fund.

During Period 20, \$0 was allocated for consumer education and financial literacy purposes.

The total allocation for Period 20 was \$407,808,784.

Period 20 allocation summary:

<b>Case Name</b>	<b>Allocation Amount</b>
BounceBack, Inc., et al.	\$1,481,773
Frank Ronald Gebase, Jr.	\$240,995
Performance SLC, LLC, et al.	\$10,950,818
Hello Digit, LLC	\$38,220

Think Finance, LLC, et al.	\$384,010,544
Future Income Payments LLC, et al.	\$11,086,434
<b>Total</b>	<b>\$407,808,784</b>

Period 21: October 1, 2022 – March 31, 2023

On May 30, 2023, the CFPB made its twenty-first allocation from the Civil Penalty Fund. As of March 31, 2023, the Civil Penalty Fund contained an unallocated balance of \$1,729,351,170.<sup>9</sup> The Fund Administrator set aside \$1,000,000 to cover administrative expenses associated with distributing funds to harmed consumers, reducing the amount available for allocation to \$1,728,351,170.

A civil penalty was imposed in 10 cases with final orders from Period 21. Under the Civil Penalty Fund rule, victims of the violations for which these civil penalties were imposed are eligible for compensation from the Civil Penalty Fund. Of those 10 cases, two have classes of eligible victims with uncompensated harm that is compensable from the Civil Penalty Fund and both received an allocation during this period.

The allocations for each case are as follows:

- The All American Check Cashing, Inc., et al. case received an allocation of \$8,231,552.79 from the Civil Penalty Fund. The classes of victims that received an allocation are (1) individuals who cashed checks with the defendants between July 21, 2011, and June 8, 2017, and (2) individuals who received income monthly, and borrowed pursuant to defendants' lending program between July 21, 2011, and June 19, 2014.
- The RD Legal Funding LLC, et al. case received an allocation of \$1,403,495.54 from the Civil Penalty Fund. The class of victims that received an allocation is specific individuals who made payments to the defendants in excess of the funds that they received from the defendants.

The fund administrator exercised discretion and deferred an allocation to a class of consumers in one prior period matter, Northern Resolution Group (Gray). In the Northern Resolution Group (Gray) case, the victim allocation is deferred while the

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<sup>9</sup> The unallocated balance amount does not include \$10,693,571 in funds that were collected pursuant to two orders that are currently pending appeal and are thus not yet “final orders” as defined in 12 C.F.R. § 1075.101. Those funds are therefore not available for allocation under 12 C.F.R. § 1075.105(c). Additionally, it does not include amounts unavailable due to sequestration.

Bureau pursues data and determines victim eligibility in a related matter. This case will be reviewed as part of the Period 22 allocation.

As of the time of this allocation, aside from the Northern Resolution Group (Gray) case which was addressed above, there are no prior period victim classes with uncompensated harm that is compensable from the Civil Penalty Fund.

During Period 21, \$0 was allocated for consumer education and financial literacy purposes.

The total allocation for Period 21 was \$9,635,048.

Period 21 allocation summary:

<b>Case Name</b>	<b>Allocation Amount</b>
All American Check Cashing	\$8,231,553
RD Legal Funding, LLC	\$1,403,496
<b>Total</b>	<b>\$9,635,049</b>

## **Bureau-Administered Redress**

Dodd-Frank Act Section 1055 authorizes a court in a judicial action, or the CFPB in an administrative proceeding, to grant any appropriate legal or equitable relief for a violation of Federal consumer financial law. Such relief may include redress for victims of the violations, including refunds, restitution, and damages. Relief that is intended to compensate victims is treated as fiduciary funds and deposited into the “Legal or Equitable Relief Fund” established at the Department of the Treasury.

### Bureau-Administered Redress Collected in FY2023:

In the first quarter of FY2023, the CFPB collected \$13,493 in Bureau-Administered Redress from one defendant. In the second quarter of FY2023, the CFPB collected \$153,382 from the two defendants. In the third quarter of FY2023, the CFPB collected \$8,520 from one defendant. There were no collections in the fourth quarter, bringing total Bureau-Administered Redress collections for FY2023 to \$175,395. Funds are distributed in accordance with the terms of the final order for the case.

FY2023 Bureau-Administered Redress Collections:

<b>Defendant Name</b>	<b>Amount Collected</b>	<b>Collection Date</b>
Consumer Advocacy Center Inc., d/b/a Premier Student Loan Center, et al. – Relief Defendant Sarah Kim	\$68,593	11/30/2022 2/22/2023
Hydra Financial – Richard F. Moseley, Sr.	\$98,282	3/17/2023
Consumer Advocacy Center, Inc., d/b/a Premier Student Loan Center, et al. – Defendant Albert Kim	\$8,520	6/30/2023
<b>Total</b>	<b>\$175,395</b>	

See additional information on CFPB's Civil Penalty Fund and Bureau-Administered Redress programs.