

# CFO update through the fourth quarter of fiscal year 2022

OCTOBER 1, 2021 – SEPTEMBER 30, 2022

Issued: December 13, 2023

## Bureau Fund

As of September 30, 2022, the end of the fourth quarter<sup>1</sup> (Q4) of fiscal year (FY) 2022, the Consumer Financial Protection Bureau (CFPB) had incurred approximately \$622.2 million in FY2022 obligations<sup>2</sup> to carry out the authorities of the CFPB under federal financial consumer law. Approximately \$378.0 million was spent on employee compensation and benefits for the 1,632 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:

- \$5.1 million for bureau-wide laptop computer replenishment and associated support;
- \$4.4 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 enterprise-wide cloud hosting infrastructure, system administration and support services;
- \$2.6 million for enforcement contractor support;
- \$1.9 million for complaint analytics support, enabling the CFPB to share complaint data with regulators and other federal and state agencies;
- \$1.8 million for contractor support and software for ongoing operation of the CFPB's Incident Response and Continuous Monitoring programs and other cybersecurity-related support;
- \$1.4 million for operational support services in support of the Small Business Lending (1071) program;
- \$1.4 million for privacy and FOIA program support;
- \$1.3 million for video and audio-conferencing capabilities and services;

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<sup>1</sup> July 1, 2022 – September 30, 2022

<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 24, 2022).

- \$1.2 million for contractor support and software licenses associated with Home Mortgage Disclosure Act operations;
- \$1.2 million for costs related to the renovation of the northeast regional office;
- \$1.1 million for IT software development tools and contractor support.

**The tables below categorize spending by expense category and division/program area:**

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

<b>Expense Category</b>	<b>FY2022</b>
Personnel Compensation	266,327,000
Personnel Benefits	111,614,000
Benefits for Former Personnel	31,000
Travel	935,000
Transportation of Things	80,000
Rents, Communications, Utilities & Misc.	10,496,000
Printing and Reproduction	3,839,000
Other Contractual Services	195,235,000
Supplies & Materials	5,542,000
Equipment	26,501,000
Land & Structures	1,578,000
<b>Total (as of September 30, 2022)</b>	<b>\$622,178,000</b>

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

<b>Division/Program Area</b>	<b>FY2022</b>
Office of the Director	21,021,000
Operations	233,454,000
Consumer Education & External Affairs	81,282,000
Research, Markets & Regulations	44,252,000
Supervision, Enforcement, Fair Lending	153,438,000
Legal Division	18,111,000
Other Programs <sup>4</sup>	3,317,000
Centralized Services <sup>5</sup>	67,303,000
<b>Total (as of September 30, 2022)</b>	<b>\$622,178,000</b>

<sup>4</sup> Other Programs includes the costs of the Office of Ombudsman, Administrative Law Judges, and other CFPB programs.

<sup>5</sup> Includes the cost of centralized benefits and certain administrative and operational services provided centrally to other divisions in support of all strategic goals.

## **FY2022 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 2022 is capped at \$734.0 million. As of September 30, 2022, the CFPB had received the following transfers for FY2022. The dates and amounts of the transfers are shown below.

October 1, 2021	\$235.0M
January 4, 2022	\$276.0M
April 7, 2022	\$67.4M
July 1, 2022	\$63.1M
<b>Total</b>	<b>\$641.5M</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 FY2022

In the first quarter of FY2022, the CFPB collected civil penalties from seven defendants totaling \$5.5 million. In the second quarter of FY2022, the CFPB collected civil penalties from four defendants totaling \$601,001. In the third quarter of FY2022, the CFPB collected \$13.1 million from eight defendants. In the fourth quarter of FY2022, the CFPB collected \$153.3 million from 11 defendants, bringing the total collections for FY2022 to \$172.5 million.

FY2022 Civil Penalty Fund collections:

Defendant Name	Civil Penalty Collected	Collection Date
JPay, LLC	\$2,000,000	10/29/2021
Trustmark National Bank	\$1,000,000	10/29/2021
Fair Collections & Outsourcing, Inc., et al.	\$850,000	11/4/2021
American Advisors Group	\$1,100,000	11/4/2021
Access Funding, LLC, et al. – Charles Smith	\$10,000	11/23/2021
Alder Holdings, LLC	\$500,000	12/2/2021
Access Funding, LLC, et al. – Access Funding Defendants	\$10,000	12/27/2021
LendUp Loans, LLC	\$100,000	1/10/2022
BrightSpeed Solutions, Inc.	\$500,000	1/31/2022
Universal Debt & Payment Solutions, LLC; et al. – Defendants Marcus	\$10,000	3/23/2022 7/25/2022

<b>Defendant Name</b>	<b>Civil Penalty Collected</b>	<b>Collection Date</b>
Brown, Sarita Brown, and WNY Account Solutions, LLC		
Consumer Advocacy Center, Inc., d/b/a Premier Student Loan Center, et al. – Defendant TAS 2019 LLC	\$1	3/28/2022
Edfinancial Services, LLC	\$1,000,000	4/8/2022
BounceBack, Inc. and Gale Krieg	\$30,000	4/26/2022 5/20/2022 6/14/2022 7/12/2022 8/8/2022 9/12/2022
Performance SLC, LLC, Performance Settlement, LLC, and Daniel Crenshaw	\$30,002	5/12/2022
Bank of America, N.A. (Garnishment matter)	\$10,000,000	5/18/2022
RAM Payment, LLC, also doing business as Reliant; Account Management Systems, LLC, formerly known as Reliant Account Management; Gregory Winters; and Stephen Chaya	\$3,000,000	5/20/2022 7/8/2022
Access Funding, LLC, et al. – Michael Borkowski	\$5,000	5/20/2022
JPL Recovery Solutions, LLC, et al.	\$2,000,000	5/26/2022 8/24/2022
Frank Ronald Gebase, Jr.	\$175,000	6/22/2022 9/7/2022
Consumer Advocacy Center, Inc., d/b/a Premier Student Loan Center, et al. – Defendant Albert Kim	\$1	7/6/2022
Bank of America, N.A. (Prepaid matter)	\$100,000,000	7/27/2022
U.S. Bank National Association	\$37,500,000	8/2/2022
Hyundai Capital America	\$6,000,000	8/4/2022
Hello Digit, LLC	\$2,700,000	8/12/2022
Trident Mortgage Company LP	\$4,000,000	9/19/2022

<b>Defendant Name</b>	<b>Civil Penalty Collected</b>	<b>Collection Date</b>
<b>Total</b>	<b>\$172,520,004</b>	

### Civil Penalty Fund allocations in FY2022

Period 18: April 1, 2021 – September 30, 2021

On November 29, 2021, the CFPB made its 18th allocation from the Civil Penalty Fund. As of September 30, 2021, the Civil Penalty Fund contained an unallocated balance of \$465,346,795.<sup>6</sup> This amount was available for allocation.

A civil penalty was imposed in 13 cases with final orders from Period 18. Under the Civil Penalty Fund rule, victims of the violations where civil penalties were imposed are eligible for compensation from the Civil Penalty Fund. Of those 13 cases, five had classes of eligible victims with uncompensated harm that was compensable from the Civil Penalty Fund. Four of those cases received an allocation during this period.

The allocations for each case are as follows:

- The College Financial Advisory case received an allocation of \$4,738,028 from the Civil Penalty Fund. The class of victims who have received an allocation are consumers who purchased the Defendants' student loan program based on the misrepresentations in Defendants' solicitation letters.
- The Yorba Capital Management, LLC, et al., case received an allocation of \$860,000 from the Civil Penalty Fund. The class of victims who have received an allocation are consumers from whom Yorba Capital attempted to collect or collected debt using the Defendants' deceptive notices between January 1, 2017, and April 6, 2021.
- The Burlington Financial Group, LLC, et al. case received an allocation of \$30,406,599 from the Civil Penalty Fund. The class of victims who have received an allocation are consumers who paid advance fees for Burlington's debt-relief and credit-repair services from January 2016 through June 29, 2021.
- The Chou Team Realty, et al. case received an allocation of \$18,833,119 from the Civil Penalty Fund. The allocation covers final orders from periods 16 and 18. The

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<sup>6</sup> The unallocated balance amount does not include \$10,693,571 in funds that were collected pursuant to two orders that were pending appeal and were thus not yet "final orders" as defined in 12 C.F.R. § 1075.101. Those funds were therefore not available for allocation under 12 C.F.R. § 1075.105(c). The amount includes \$3,500,439 that was sequestered during fiscal year 2021. The sequestration amount was not available for allocation during fiscal year 2021 but was available to the CFPB in fiscal year 2022.

class of victims who have received an allocation are consumers who were charged fees by the defendants.

The fund administrator exercised discretion and deferred allocations to classes of consumers in one Period 18 matter, Future Income Payments, and two prior period matters, Think Finance, LLC, and Northern Resolution Group (Gray). In the Future Income Payments case the CFPB is pursuing data and determining eligible consumer harm. In the Think Finance case, there are related actions which may result in compensation to eligible victims in this matter. 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. Each of these cases will be reviewed as part of the Period 19 allocation.

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

During Period 18, \$0 was allocated for consumer education and financial literacy purposes.

The total allocation for Period 18 was \$54,837,746.

Period 18 Allocation Summary:

<b>Case Name</b>	<b>Allocation Amount</b>
College Financial Advisory	\$4,738,028
Yorba Capital Management, LLC, et al.	\$860,000
Burlington Financial Group, LLC, et al.	\$30,406,599
Chou Team Realty, et al.	\$18,833,119
<b>Total</b>	<b>\$54,837,746</b>

Period 19: October 1, 2021 – March 31, 2022

On May 27, 2022, the CFPB made its nineteenth allocation from the Civil Penalty Fund. As of March 31, 2022, the Civil Penalty Fund contained an unallocated balance of \$416,234,003.<sup>7</sup> This amount was available for allocation.

A civil penalty was imposed in 11 cases with final orders from Period 19. Under the Civil Penalty Fund rule, victims of the violations for which these civil penalties were imposed were eligible for compensation from the Civil Penalty Fund. Of those 11 cases, three had classes of eligible victims with uncompensated harm that is compensable from the Civil Penalty Fund. All three cases received an allocation during period 19.

The allocations for each case are as follows:

- The Access Funding, LLC, et al. case received an allocation of \$28,409,957 from the Civil Penalty Fund. The class of victims who have received an allocation are consumers whose structured-settlement transfers were approved by a court between December 1, 2012, and November 21, 2016 (1) for whom Smith signed the independent-professional-advice letter to accompany the court submission or (2) who received an advance from Access Funding.
- The LendUp Loans, LLC case received an allocation of \$39,833,927 from the Civil Penalty Fund. The class of victims who have received an allocation are consumers to whom LendUp extended a Subject Loan from October 1, 2016, to August 10, 2021.
- The BrightSpeed Solutions, Inc., et al. case received an allocation of \$54,000,000 from the Civil Penalty Fund. The class of victims who have received an allocation are consumers for whom BrightSpeed processed a remotely-created check for the purchase of products or services from certain merchant clients between January 1, 2016, through January 1, 2019.

The fund administrator exercised discretion and deferred allocations to classes of consumers in three prior period matters, Future Income Payments, Think Finance, LLC, and Northern Resolution Group (Gray). In the Future Income Payments case the CFPB is pursuing data and determining eligible consumer harm. In the Think Finance case,

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<sup>7</sup> The unallocated balance amount does not include \$10,693,571 in funds that were collected pursuant to two orders that were pending appeal and were thus not yet “final orders” as defined in 12 C.F.R. § 1075.101. Those funds were therefore not available for allocation under 12 C.F.R. § 1075.105(c). The amount also does not include \$346,047 that was subject to sequestration during fiscal year 2022.

there are related actions which may result in compensation to eligible victims in this matter. 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. Each of these cases will be reviewed as part of the Period 20 allocation.

As of the time of this allocation, aside from the Future Income Payments, Think Finance, LLC, and Northern Resolution Group (Gray) cases which have been addressed above, there were no prior period victim classes with uncompensated harm that is compensable from the Civil Penalty Fund.

During Period 19, \$0 were allocated for consumer education and financial literacy purposes.

The total allocation for Period 19 was \$122,243,884.

Period 19 Allocation Summary:

<b>Case Name</b>	<b>Allocation Amount</b>
Access Funding, et al.	\$28,409,957
LendUp Loans, LLC	\$39,833,927
BrightSpeed Solutions, Inc.	\$54,000,000
<b>Total</b>	<b>\$122,243,884</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 FY2022:

In the first quarter of FY2022, the CFPB collected \$4.2 million in Bureau-Administered Redress from two defendants. In the second quarter of FY2022, the CFPB collected \$3.1 million in Bureau-Administered Redress from three defendants. In the third quarter of FY2022, the CFPB collected \$587,000 from three defendants. In the fourth quarter of FY2022, the CFPB collected \$78,043 from two defendants, bringing the total collections for FY2022 to \$7.9 million. Funds are distributed in accordance with the terms of the final order for each case.

### FY2022 Bureau-Administered Redress collections:

Defendant Name	Amount Collected	Collection Date
U.S. Equity Advantage, Inc., and Robert M. Steenbergh	\$240,000 <sup>8</sup>	10/15/2021 11/15/2021 12/16/2021 1/14/2022
JPay, LLC	\$4,000,000	10/29/2021
DMB Financial, LLC	\$465,136	1/18/2022 5/17/2022
Consumer Advocacy Center, Inc., d/b/a Premier Student Loan Center, et al. – Defendant TAS 2019 LLC	\$2,866,314	3/28/2022
Performance SLC, LLC, Performance Settlement, LLC, and Daniel Crenshaw	\$202,000	5/12/2022
Consumer Advocacy Center, Inc., d/b/a Premier Student Loan Center, et al. – Relief Defendant Sarah Kim	\$145,925	5/31/2022 9/26/2022
Consumer Advocacy Center, Inc., d/b/a Premier Student Loan Center, et al. – Defendant Albert Kim	\$17,118	7/18/2022 7/20/2022

<sup>8</sup> Full payment of the \$9,300,000 judgment for redress was suspended upon Respondents’ payment of \$900,000 in 15 monthly installments of \$60,000 each, with the final payment on or before January 14, 2022. Respondents paid \$660,000 in FY21 in accordance with the order.

<b>Defendant Name</b>	<b>Amount Collected</b>	<b>Collection Date</b>
<b>Total</b>	<b>\$7,936,493</b>	

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