

# CFO update through the third quarter of fiscal year 2022

APRIL 1, 2022 – JUNE 30, 2022

Issued: August 23, 2022

## CFPB Fund

As of June 30, 2022, the end of the third quarter<sup>1</sup> of fiscal year (FY) 2022, the Consumer Financial Protection Bureau (CFPB) had incurred approximately \$519.8 million in FY2022 commitments and obligations<sup>2</sup> to carry out the authorities of the CFPB under Federal financial consumer law. Approximately \$294.4 million was spent on employee compensation and benefits for the 1,634 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 the quarter were related to contractual services. Some of the CFPB's significant obligations that occurred during the quarter included:

- \$14.1 million to the Board of Governors of the Federal Reserve System for services provided by the Inspector General of the Board of Governors of the Federal Reserve System and the CFPB;
- \$3.7 million for Consumer Response system operations and maintenance;
- \$3.4 million for e-discovery systems and support services;
- \$3.3 million for Consumer Response contact center services;
- \$2.7 million for IT service desk and customer support services;
- \$2.2 million for technical litigation support services, contractor support, and products provided through an interagency agreement with the Department of Justice;
- \$1.8 million for consumer services awareness and outreach initiatives;
- \$1.5 million for enterprise-wide IT software design and development support services;
- \$1.4 million for experts in support of enforcement cases;
- \$1.3 million for CFPB headquarters building custodial services;
- \$1.3 million for program management and management consulting services in support of the CFPB's consumer response function;
- \$1.0 million for ongoing enterprise development of the customer relationship management system;
- \$1.0 million for financial management support services.

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<sup>1</sup> April 1, 2022 – June 30, 2022

<sup>2</sup> A commitment is a reservation of funds related to an authorized procurement action. 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 (PP13, ending July 02, 2022).

**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	200,462,000
Personnel Benefits	93,985,000
Travel	375,000
Transportation of Things	80,000
Rents, Communications, Utilities & Misc.	9,917,000
Printing and Reproduction	4,332,000
Other Contractual Services	184,515,000
Supplies & Materials	5,347,000
Equipment	20,485,000
Land & Structures	315,000
<b>Total (as of June 30, 2022)</b>	<b>\$519,813,000</b>

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

<b>Division/Program Area</b>	<b>FY2022</b>
Office of the Director	16,282,000
Operations	196,445,000
Consumer Education & External Affairs	69,060,000
Research, Markets & Regulations	39,098,000
Supervision, Enforcement, Fair Lending	118,263,000
Legal Division	13,950,000
Other Programs <sup>4</sup>	2,595,000
Centralized Services <sup>5</sup>	64,120,000
<b>Total (as of June 30, 2022)</b>	<b>\$519,813,000</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 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 June 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
<b>Total</b>	<b>\$578.4M</b>

## Civil Penalty Fund

The Dodd-Frank Act authorizes the CFPB to collect for specified purposes civil penalties it obtains in judicial and administrative actions under federal consumer financial laws. The CFPB is authorized to use these funds for payments to victims of activities for which civil penalties have been imposed and may also use the funds for consumer education and financial literacy programs to the extent that such victims cannot be located or payments to them are otherwise not practicable. 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 7 defendants totaling \$5.5 million. In the second quarter of FY2022, the CFPB collected civil penalties from 4 defendants totaling \$601,001. In the third quarter of FY2022, the CFPB collected \$13.1 million from 8 defendants, bringing the total collections for the first three quarters of FY2022 to \$19.2 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	\$1,000	3/23/2022

<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	\$15,000	4/26/2022 5/20/2022 6/14/2022
Performance SLC, LLC, Performance Settlement, LLC, and Daniel Crenshaw	\$30,002	5/12/2022
Bank of America, N.A.	\$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	\$1,500,000	5/20/2022
Access Funding, LLC, et al. – Michael Borkowski	\$5,000	5/20/2022
JPL Recovery Solutions, LLC, et al.	\$500,000	5/26/2022
Frank Ronald Gebase, Jr.	\$75,000	6/22/2022
<b>Total</b>	<b>\$19,196,003</b>	

## Civil Penalty Fund Allocations in FY2022

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

On November 29, 2021, the CFPB made its eighteenth 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 for which these 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 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

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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.

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

<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.

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, 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>

## **CFPB-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.

### **CFPB-Administered Redress Collected in FY2022:**

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

### **FY2022 CFPB-Administered Redress Collections:**

<b>Defendant Name</b>	<b>Amount Collected</b>	<b>Collection Date</b>
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	\$85,000	5/31/2022
<b>Total</b>	<b>\$7,858,450</b>	

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<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.

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