

# CFO update through the first quarter of fiscal year 2024

OCTOBER 1, 2023 – DECEMBER 31, 2023

Issued: March 1, 2024 (revised July 31, 2024)

## Bureau Fund

As of December 31, 2023, the end of the first quarter<sup>1</sup> (Q1) of fiscal year (FY) 2024, the Consumer Financial Protection Bureau (CFPB) had incurred approximately \$279.1 million in FY 2024 commitments and obligations<sup>2</sup> to carry out the authorities of the CFPB under federal financial consumer law. Approximately \$150.7 million was spent on employee compensation and benefits for the 1,689 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 Q1 were related to contractual services. Some of the CFPB's significant obligations that occurred during the quarter included:

- \$11.1 million for cybersecurity operations, architecture & engineering, project & risk management, and associated support;
- \$8.5 million to the Department of Treasury for shared government systems and administrative support services, including: human capital support, procurement, financial management, core financial accounting and transaction processing, and travel services;
- \$7.1 million for development of the Small Business Lending Program regulatory data collection system and associated services and 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;
- \$4.1 million for CFPB headquarters building operations and maintenance;
- \$3.8 million for contractor support and software licenses associated with Home Mortgage Disclosure Act operations;
- \$3.5 million for enterprise-wide IT software design & development tools and support services;

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<sup>1</sup> October 1, 2023 – December 31, 2023

<sup>2</sup> This amount includes commitments, new obligations, and upward adjustments to previous year obligations. 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 (PP26, ending December 30, 2023).

- \$3.1 million for enterprise-wide cloud hosting infrastructure, system administration and support services;
- \$2.7 million for wide-area network services and support;
- \$2.3 million for CFPB regional office space rental payments to the General Services Administration;
- \$2.2 million to the Office of Employee Benefits (OEB) of the Federal Reserve for OEB assessment fees and personal choice statements;
- \$1.6 million for security services at CFPB headquarters;
- \$1.6 million for bureau-wide hosting and attendance of conferences & events;
- \$1.4 million for video and audio-conferencing capabilities and services;
- \$1.2 million for ongoing enterprise development of the customer relationship management system with regard to enforcement case management;
- \$1.2 million for enterprise risk management, internal policy, audit oversight, and internal governance support;
- \$1.1 million for program support to internal controls;
- \$1.0 million to provide contractor support for the design, development and implementation of the Non-Bank Registration system.

**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>FY 2024</b>
Personnel Compensation	77,602,000
Personnel Benefits	73,065,000
Benefits for Former Personnel	-
Travel	2,053,000
Transportation of Things	-
Rents, Communications, Utilities & Misc.	6,261,000
Printing and Reproduction	865,000
Other Contractual Services	100,597,000
Supplies & Materials	4,367,000
Equipment	14,311,000
Land & Structures	-
<b>Total (as of December 31, 2023)</b>	<b>\$279,121,000</b>

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

<b>Division/Program Area</b>	<b>FY 2024</b>
Office of the Director	6,548,000
Operations	114,012,000
Consumer Response & Education	22,767,000
Research, Monitoring & Regulations	18,363,000
Supervision, Enforcement, Fair Lending	47,291,000
Legal Division	5,486,000
External Affairs	1,571,000
Other Programs <sup>5</sup>	855,000
Centralized Services <sup>6</sup>	62,228,000
<b>Total (as of December 31, 2023)</b>	<b>\$279,121,000</b>

<sup>4</sup> This amount includes commitments, new 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.

## **FY 2024 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 2024 is capped at \$785.4 million. As of December 31, 2023, the CFPB had received the following transfers for FY 2024. The dates and amounts of the transfers are shown below.

October 25, 2023	\$315.0M
<b>Total</b>	<b>\$315.0M</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 FY 2024

In the first quarter of FY 2024, the CFPB collected civil penalties from 10 defendants totaling \$90.3 million.

FY 2024 Civil Penalty Fund Collections:

Defendant Name	Civil Penalty Collected	Collection Date
TransUnion; Trans Union LLC; and TransUnion Interactive, Inc.	\$5,000,000	10/19/2023
TransUnion Rental Screening Solutions, Inc., and Trans Union LLC	\$4,000,000	10/19/2023
Chime, Inc. d/b/a Sendwave	\$1,500,000	10/27/2023
Citibank, N.A.	\$24,500,000	11/17/2023
Toyota Motor Credit Corporation d/b/a Toyota Financial Services	\$12,000,000	11/20/2023
Enova International, Inc.	\$15,000,000	11/22/2023
Bank of America, N.A.	\$12,000,000	12/5/2023
Atlantic Union Bank	\$1,200,000	12/8/2023
U.S. Bank National Association	\$15,000,000	12/20/2023
Commonwealth Financial Systems, Inc.	\$95,000	12/21/2023
<b>Total</b>	<b>\$90,295,000</b>	

## Civil Penalty Fund Allocations in FY 2024

Period 22: April 1, 2023 – September 30, 2023

On November 29, 2023, the CFPB made its twenty-second allocation from the Civil Penalty Fund. As of September 30, 2023, the Civil Penalty Fund contained an available unallocated balance of \$1,980,060,536.<sup>7</sup> The CFPB has set aside \$40,000,000 to cover administrative expenses associated with distributing funds to harmed consumers, reducing the amount available for allocation to \$1,940,060,536.

A civil penalty was imposed in 11 cases with final orders from Period 22. Of those 11 cases, Tempoe, LLC, and Progrexion Marketing, Inc., et. al (“Lexington Law”) received an allocation this period. Victims in one prior period matter, Driver Loan, LLC, became eligible for compensation in period 22 and received an allocation this period. The eligible harm associated with these three matters totals \$2,856,001,246.

The allocations for each case are as follows:

- The Driver Loan case received an allocation of \$2,863,648 from the Civil Penalty Fund. The class of victims receiving an allocation are consumers who deposited funds with the defendants between June 1, 2020 and June 1, 2021. This allocation covers 100% of eligible consumer harm.
- The Tempoe case received an allocation of \$192,259,616 from the Civil Penalty Fund. The class of victims receiving an allocation are certain consumers who entered into lease agreements with Tempoe from January 1, 2015 to September 11, 2023 where the agreement extended six months after the initial term and disclosures were not provided. This allocation covers 100% of eligible consumer harm.
- The Lexington Law case received a total of \$1,744,937,273 from the Civil Penalty Fund for two classes of consumers.
  - One class of consumers received an allocation of \$1,725,937,273. The class of victims receiving this allocation are certain consumers who purchased the defendants’ credit repair services from March 8, 2016 through August 30, 2023. The eligible harm associated with this class of consumers is \$2,641,877,981. Due to funding limitations, this class was prorated and received 65.3% of their eligible harm. The Bureau believes that this approach provides the maximum benefit to the public at the lowest administrative cost therefore allowing the Bureau to dedicate the

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<sup>7</sup> The unallocated balance amount does not include \$10,828,201 in funds that were collected pursuant to three 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 \$109,378,447 that was sequestered during 2023 and became available to the CFPB in fiscal year 2024.

maximum amount of recovery to the public that otherwise would have no chance for compensation. If sufficient funds are available in future periods, these victims may receive additional allocations to cover up to 100% of their eligible harm.

- One class of consumers received an allocation of \$19,000,000. These are certain consumers who made a payment to Lexington Law or CreditRepair.com from July 21, 2011 through March 7, 2016. This allocation covers 100% of eligible consumer harm.

The CFPB exercised discretion and deferred an allocation to a class of consumers in one matter, OneMain Financial Holdings, LLC, et al. In the OneMain case, the victim allocation is deferred while the CFPB pursues additional consumer level data. This case will be reviewed as part of the Period 23 allocation.

Additionally, a review of the Northern Resolution Group case, which had been deferred for allocation in prior periods, has been completed. Consumers in this matter will not receive an allocation from the Civil Penalty Fund.<sup>8</sup> As of the time of this allocation, there were no prior period victim classes with uncompensated harm that is compensable from the Civil Penalty Fund.

No funds were available for allocation for Consumer Education and Financial Literacy purposes.

The total allocation for Period 22 was \$1,940,060,536.

Period 22 Allocation Summary:

<b>Case Name</b>	<b>Allocation Amount</b>
Driver Loan	\$2,863,648
Tempoe LLC	\$192,259,616
Lexington Law – Class A	\$1,725,937,273
Lexington Law – Class B	\$19,000,000
<b>Total</b>	<b>\$1,940,060,536</b>

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<sup>8</sup> Due to data limitations, it is not practicable to compensate consumers in this matter.

## **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 FY 2024:

In the first quarter of FY 2024, the CFPB collected \$124,873 in Bureau-Administered Redress from one defendant. Funds are distributed in accordance with the terms of the final order for the case.

### FY 2024 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. – Defendant Consumer Advocacy Center, Inc.	\$124,873	10/18/2023
<b>Total</b>	<b>\$124,873</b>	

See additional information on CFPB’s Civil Penalty Fund and Bureau-Administered Redress programs at <https://www.consumerfinance.gov/enforcement/payments-harmed-consumers/civil-penalty-fund/>.