

CFO update for the fourth quarter of fiscal year 2020

JULY 1 – SEPTEMBER 30, 2020

Issued: November 30, 2020

Bureau Fund

As of September 30, 2020, the end of the fourth quarter of fiscal year (FY) 2020, the CFPB had incurred approximately \$558.5 million in FY 2020 obligations¹ to carry out the authorities of the Bureau under Federal financial consumer law. Approximately \$323.0 million was spent on employee compensation and benefits for the 1,504² CFPB employees who were on-board by 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 Bureau's significant obligations that occurred during the quarter included:

- \$13.2 million to close out the renovation of the CFPB headquarters building at 1700 G Street;
- \$2.0 million for enterprise-wide cloud hosting infrastructure, system administration and support services;
- \$1.5 million for technology data platform development and support;
- \$1.4 million for the re-design of 1700 G Street in order to consolidate all DC-based employees into one location;
- \$1.4 million to the General Services Administration for rental payment for CFPB's West regional office space;
- \$1.4 million for an interagency agreement the Federal Housing and Finance Administration for the continued development and maintenance of the National Mortgage Database and the administration of related surveys;
- \$1.4 million for video and audio-conferencing capabilities and services;
- \$1.3 million to the Office of Personnel Management for background investigative support services;
- \$1.3 million for experts in support of enforcement cases;
- \$1.2 million for ongoing enterprise development of the customer relationship management system;
- \$1.2 million for complaint analytics support, enabling the bureau to share complaint data with regulators and other federal and state agencies;

¹ 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.

² Reflects employees on board during pay-period 19, calendar year 2020.

- \$1.2 million for ongoing maintenance and development of enterprise platform tools;
- \$1.2 million for contractor support and software licenses associated with Home Mortgage Disclosure Act operations;
- \$1.1 million for contractor support of enforcement matters and litigation.

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

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

Expense Category	FY 2020
Personnel Compensation	231,033,000
Personnel Benefits	91,266,000
Benefits to Former Employees	699,000
Travel	5,770,000
Transportation of Things	132,000
Rents, Communications, Utilities & Misc.	16,127,000
Printing and Reproduction	4,448,000
Other Contractual Services	160,888,000
Supplies & Materials	5,267,000
Equipment	27,361,000
Land and Structures	15,492,000
Total (as of September 30, 2020)	\$ 558,483,000

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

Division / Program Area	FY 2020
Office of the Director	16,372,000
Operations ³	274,522,000
Consumer Education & Engagement	67,090,000
Research, Markets & Regulations	34,356,000
Supervision, Enforcement, Fair Lending	138,987,000
Legal Division	15,973,000
External Affairs	8,216,000
Other Programs ⁴	2,967,000
Total (as of September 30, 2020)	\$ 558,483,000

³ Includes the cost of certain administrative and operational services provided centrally to other Divisions (e.g., building space, utilities, and IT-related equipment and services) in support of all strategic goals

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

FY 2020 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 2020 is capped at \$695.9 million. As of September 30, 2020, the CFPB had received the following transfers for FY 2020. The amounts and dates of the transfers are shown below.

\$223.3M	October 1, 2019
\$97.8M	January 2, 2020
\$137.0M	April 1, 2020
\$79.1M	July 1, 2020
\$537.2M	Total

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 2020

In the first quarter of FY 2020, the CFPB collected civil penalties from six defendants totaling \$2.7 million. In the second quarter of FY 2020, the CFPB collected civil penalties from two defendants totaling \$8. In the third quarter of FY 2020, the CFPB collected \$1.7 million in civil penalties from 7 defendants in 5 cases. In the fourth quarter of FY 2020, the CFPB collected \$29.8 million in civil penalties from 21 entities, bringing the total for FY 2020 to \$34.2 million.

FY 2020 Civil Penalty Fund Collections:

Defendant name	Civil Penalty Collected	Collection date
Northern Resolution Group, LLC, Douglas MacKinnon, Mark Gray, Enhanced Acquisitions, LLC, and Delray Capital, LLC	\$1	October 7, 2019
Certified Forensic Loan Auditors, LLC; Andrew Lehman; and Michael Carrigan	\$5,000 ⁵	November 5, 2019
Asset Recovery Associates, Inc. (ARA)	\$150,000 ⁶	November 8, 2019
Edmiston Marketing, LLC, d/b/a Easy Military Travel	\$1	November 26, 2019

⁵ In accordance with the Consent Order, \$5,000 of the \$493,403 penalty was remitted by the defendant in partial satisfaction of the civil penalty. Full payment is suspended.

⁶ The defendant transferred \$50,000 of the \$200,000 civil penalty in Q1 FY19.

Defendant name	Civil Penalty Collected	Collection date
Sterling Infosystems	\$2,500,000	November 27, 2019
USA Service Finance	\$25,000	December 31, 2019
UNIVERSAL DEBT & PAYMENT SOLUTIONS, LLC, et al - Bagga	\$1	February 5, 2020
Think Finance, LLC	\$7	March 11, 2020
Cottonwood Financial Ltd., d/b/a Cash Store	\$1,100,000	May 4, 2020 May 29, 2020 June 30, 2020
Chou Team Realty, LLC, et al. (“Monster Loans”) – Defendant Monster Loans	\$1	May 19, 2020
Monster Loans – Defendant Chou	\$350,000	May 22, 2020 June 22, 2020 July 21, 2020
Monster Loans – Defendant Cowell	\$100,000	May 22, 2020 June 19, 2020 July 22, 2020
Specialized Loan Servicing, LLC	\$250,000	May 26, 2020
Main Street Personal Finance, Inc., ACAC, Inc. d/b/a Approved Cash Advance, and Quik Lend, Inc.	\$1	June 5, 2020
Harbour Portfolio Advisors, LLC; National Asset Advisors, LLC; and National Asset Mortgage, LLC – Defendant Harbour	\$25,000	June 25, 2020
Harbour Portfolio Advisors, LLC; National Asset Advisors, LLC; and National Asset Mortgage, LLC – Defendants National Asset Mortgage and National Asset Advisors	\$10,000	July 2, 2020
Nationwide Biweekly Administration, Inc., et al.	\$409,686 ⁷	July 3, 2020
Monster Loans – Defendant Hoose	\$1	July 9, 2020
Prime Choice Funding, Inc.	\$645,000	July 27, 2020

⁷ Funds were received in partial satisfaction of the \$7,930,000 CMP imposed in a November 9, 2017 judgment. The case is currently on appeal.

Defendant name	Civil Penalty Collected	Collection date
Sovereign Lending Group, Inc.	\$460,000	August 5, 2020
GST Factoring, Inc., et al. – Defendant Slaughter	\$1	August 25, 2020
Timemark Solutions, Inc., Timothy Lenihan, Sr., Mark Nagler, and Casey Gassaway	\$4	August 27, 2020
Go Direct Lenders, Inc.	\$150,000	August 27, 2020
TD Bank, N.A.	\$25,000,000	August 27, 2020
GST Factoring, Inc., et al. – Defendant Trimarche	\$1	September 2, 2020
GST Factoring, Inc., et al. – Defendant Mize	\$1	September 4, 2020
PHLoans.com, Inc.	\$160,000 ⁸	September 4, 2020
Trans-Fast Remittance LLC	\$1,600,000	September 4, 2020
Consumer Advocacy Center, Inc., d/b/a Premier Student Loan Center, et al. – Defendants Prime Consulting LLC and Horizon Consultants LLC	\$2	September 8, 2020
Consumer Advocacy Center, Inc., d/b/a Premier Student Loan Center, et al. – Defendant Nguyen	\$1	September 8, 2020
Sigue Corporation, SGS Corporation, and GroupEx Corporation	\$300,000	September 10, 2020
Accelerate Mortgage, LLC	\$225,000	September 11, 2020
ClearPath Lending, Inc.	\$625,000	September 18, 2020
Lobel Financial Corporation	\$100,000	September 22, 2020
Total	\$34,189,709	

⁸ In accordance with the consent order, the defendant was required to pay \$160,000 within 10 days of the effective date of the order and the remaining \$100,000 within 60 days. The \$100,000 is anticipated in FY 2021.

Civil Penalty Fund Allocations in FY 2020

Period 14: April 1, 2019 – September 30, 2019

On November 29, 2019, the Bureau made its fourteenth allocation from the Civil Penalty Fund. As of September 30, 2019, the Civil Penalty Fund contained \$542.9 million that was available for allocation pursuant to 12 C.F.R. § 1075.105(c).⁹

A civil penalty was imposed in ten cases with final orders from Period 14. 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 ten cases, eight have classes of eligible victims with no uncompensated harm that is compensable from the Civil Penalty Fund. Two cases, Universal Debt & Payment Solutions, LLC, et al. and Andrew Gamber, et al., have classes of eligible victims with uncompensated harm that is compensable from the Civil Penalty Fund.

The Universal Debt & Payment Solutions, LLC, et al. case is receiving an allocation of \$558,674 from the Civil Penalty Fund. The class of victims eligible for allocation are consumers who paid money to the entity defendants between March 1, 2011, and March 31, 2015, in connection with the defendants' unlawful debt collection scheme. The Andrew Gamber, et al. case is receiving an allocation of \$2,700,000. Andrew Gamber, through his companies, brokered contracts marketed as purchases of the consumers' future pension and disability payments to consumers, primarily veterans. Eligible victims in this case are consumers who entered into contracts related to their pensions that were brokered by Gamber or his companies between January 1, 2011, and December 31, 2016. The total allocation to classes of victims from Period 14 cases is, therefore, \$3,258,674.

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.

During Period 14, \$0 was allocated for Consumer Education and Financial Literacy purposes.

The total allocation for Period 14 was \$3,258,674.

Period 14 Allocation Summary:

⁹ The amount available for allocation does not include \$10,283,886 that was collected in Period 11 pursuant to an order that was pending appeal at the time of the allocation and was thus not yet a "final order" 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).

Type	Allocation
Victim Compensation	\$3,258,674
<ul style="list-style-type: none"> • Universal Debt & Payment Solutions, LLC, et al. <ul style="list-style-type: none"> ○ Victim Class Allocation: \$558,674 	
<ul style="list-style-type: none"> • Andrew Gamber, Voyager Financial Group, LLC, BAIC, Inc., and SoBell Corp. <ul style="list-style-type: none"> ○ Victim Class Allocation: \$2,700,000 	
Consumer Education and Financial Literacy Programs:	\$0
Total Allocation	\$3,258,674

Period 15: October 1, 2019 – March 31, 2010

On May 29, 2020, the Bureau made its fifteenth allocation from the Civil Penalty Fund. As of March 31, 2020, the Civil Penalty Fund contained \$542.2 million that was available for allocation pursuant to 12 C.F.R. § 1075.105(c).¹⁰

A civil penalty was imposed in six cases with final orders from Period 15. 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 six cases, two had classes of eligible victims with no uncompensated harm that is compensable from the Civil Penalty Fund. Four cases, Certified Forensic Loan Auditors, et al.; Edmiston Marketing, LLC, d/b/a Easy Military Travel; Universal Debt & Payment Solutions, LLC, et al. (Bagga); and Think Finance, LLC; had classes of eligible victims with uncompensated harm that is compensable from the Civil Penalty Fund. Additionally,

¹⁰ The amount available for allocation does not include \$10,283,886 that was collected in Period 11 pursuant to an order that is pending appeal and is thus not yet a “final order” 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 available amount also does not include \$158,121 due to sequestration.

one class of victims in a prior period matter, Northern Resolution Group (Gray), became eligible for compensation during Period 15.¹¹

Of the four current period cases with eligible victims with uncompensated harm, two received an allocation this allocation period. Edmiston Marketing, LLC, d/b/a Easy Military Travel received an allocation of \$3,468,224 from the Civil Penalty Fund. The class of victims eligible for an allocation are consumers who between July 21, 2011 and December 31, 2016, were misled about the true cost of credit on financed airline tickets by being charged fees that were not disclosed as part of the finance charge or annual percentage rate. The Universal Debt & Payment Solutions, LLC; et al. (Bagga) case received an allocation of \$4,627,774 from the Civil Penalty Fund. The class of victims eligible for an allocation are consumers who paid money to the entity defendants between March 1, 2011 and March 31, 2015 in connection with the defendants' unlawful debt collection scheme.¹²

The Fund Administrator exercised discretion and deferred allocations to classes of consumers in three matters, Certified Forensic Loan Auditors, et al., Think Finance, LLC, and Northern Resolution Group (Gray). In the Certified Forensic Loan Auditors, et al. case the Bureau is pursuing claims against related defendants, the results of which may affect the amount of uncompensated harm to victims in this matter. 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 Bureau pursues data and determines victim eligibility in a related matter. Each of these cases will be reviewed as part of the Period 16 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 15, \$0 were allocated for Consumer Education and Financial Literacy purposes.

The total allocation for Period 15 was \$8,095,998.

¹¹ While the final order in the Northern Resolution Group matter became effective on August 23, 2019 (Period 14), victims did not become eligible for compensation from the Civil Penalty Fund until the terms of the suspension were met during Period 15.

¹² The same class of victims received an allocation of \$558,673 during Period 14 as the result of a final order with additional defendants—Universal Debt & Payment Solutions, LLC; et al. (Khan).

Period 15 Allocation Summary:

Type	Allocation
Victim Compensation	\$8,095,998
<ul style="list-style-type: none">• Edmiston Marketing, LLC, d/b/a Easy Military Travel<ul style="list-style-type: none">○ Victim Class Allocation: \$3,468,224	
<ul style="list-style-type: none">• Universal Debt & Payment Solutions, LLC, et al. (Bagga)<ul style="list-style-type: none">○ Victim Class Allocation: \$4,627,774	
Consumer Education and Financial Literacy Programs:	\$0
Total Allocation	\$8,095,998

After the Period 16 allocation, the available balance in the Civil Penalty Fund was \$534 million. The amount in the Fund as of September 30, 2020, will be available for allocation following the conclusion of Period 16 in accordance with 12 C.F.R. § 1075.105(c).

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 2020:

In the first quarter of FY 2020, the Bureau collected \$155,717 in Bureau-Administered Redress from three defendants. In the second quarter of FY2020, the Bureau collected \$3.6 million. In the third quarter of FY 2020, the Bureau collected \$2.7 million in Bureau-Administered Redress from four defendants in 3 cases. In the fourth quarter of FY 2020, the Bureau collected \$5.9 million from 10 defendants, bringing the total for FY

2020 to \$12.3 million. Funds are distributed in accordance with the terms of the final order for each case.

FY 2020 Bureau-Administered Redress Collections:

Defendant name	Amount Collected	Collection date
Sumant Khan	\$4,659	October 7, 2019 October 30, 2019
ORION PROCESSING, LLC, d/b/a World Law Processing	\$492	October 29, 2019
Fay Servicing, LLC	\$150,566	November 29, 2019
Hydra Financial	\$3,801,589	February 18, 2020 May 19, 2020
Monster Loans – Defendant Monster Loans	\$200,000	May 19, 2020
Monster Loans – Defendants Chou & TDK Enterprises, LLC	\$403,750	May 20, 2020 June 22, 2020 July 21, 2020
Main Street Personal Finance, Inc., ACAC, Inc. d/b/a Approved Cash Advance, and Quik Lend, Inc.	\$2,000,000	June 5, 2020
Monster Loans – Defendant Hoose	\$25,000	July 9, 2020
Timemark Solutions, Inc., Timothy Lenihan, Sr., Mark Nagler, and Casey Gassaway	\$22,000	August 19, 2020
GST Factoring, Inc., et al. – Defendant Ruggiero	\$30,000	August 20, 2020
GST Factoring, Inc., et al. – Defendant Slaughter	\$5,000	August 21, 2020
GST Factoring, Inc., et al. – Defendant Trimarche	\$25,000	September 2, 2020
Consumer Advocacy Center, Inc., d/b/a Premier Student Loan Center, et al. – Defendants Nguyen and TN Accounting Inc.	126,664	September 2, 2020 September 9, 2020 September 14, 2020

Defendant name	Amount Collected	Collection date
Consumer Advocacy Center, Inc., d/b/a Premier Student Loan Center, et al. – Defendants Prime Consulting LLC and Horizon Consultants LLC	\$1,400,000	September 4, 2020
Consumer Advocacy Center, Inc., d/b/a Premier Student Loan Center, et al. – Defendant Mice and Men LLC	\$4,105,430	September 22, 2020
GST Factoring, Inc., et al. – Defendant Mize	\$21,568	September 30, 2020
Total	\$12,321,718	

For additional information on CFPB's Civil Penalty Fund and Bureau-Administered Redress programs, see <http://www.consumerfinance.gov/about-us/payments-harmed-consumers/>.