

# CFO update through the first quarter of fiscal year 2022

OCTOBER 1, 2021 – DECEMBER 31, 2021

Issued: March 8, 2022

## CFPB Fund

As of December 31, 2021, the end of the first quarter<sup>1</sup> of fiscal year (FY) 2022, the Consumer Financial Protection Bureau (CFPB) had incurred approximately \$193.0 million in FY2022 commitments and obligations<sup>2</sup> to carry out the authorities of the Bureau under Federal financial consumer law. Approximately \$101.8 million was spent on employee compensation and benefits for the 1,597 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:

- \$6.9 million for Consumer Response contact center services;
- \$6.1 million for ongoing enterprise development of the customer relationship management system;
- \$3.4 million to the Department of the Treasury for shared human capital support services;
- \$3.4 million for wide area network services;
- \$3.2 million for contractor support and software for ongoing operation of the Bureau's Incident Response and Continuous Monitoring programs;
- \$3.1 million for cybersecurity risk management software and support;
- \$3.0 million for enterprise-wide cloud hosting infrastructure, system administration and support services;
- \$2.9 million for licenses and IT implementation support for migration to a cloud-office solution;
- \$2.7 million for security services at CFPB headquarters;
- \$1.9 million for video and audio-conferencing capabilities and services;
- \$1.9 million for technology data platform development and support;
- \$1.7 million for cybersecurity architecture and engineering support;
- \$1.7 million for GPO printing, duplication and distribution of consumer education materials;

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<sup>1</sup> October 1, 2021 – December 31, 2021

<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 (PP25, calendar year 2021).

- \$1.6 million to the Office of Employee Benefits (OEB) of the Federal Reserve for OEB assessment fees and personal choice statements;
- \$1.5 million for ongoing enterprise development of the customer relationship management system;
- \$1.4 million to the Department of the Treasury for shared financial management services;
- \$1.4 million to the General Services Administration for rental payment for CFPB's West regional office space;
- \$1.4 million to the Office of Personnel Management/Defense Counterintelligence and Security Agency for background investigative support services;
- \$1.3 million to the General Services Administration for rental payment for CFPB's Northeast regional office space;
- \$1.3 million for cybersecurity project management support;
- \$1.2 million to the Department of Treasury for shared procurement services;
- \$1.1 million for IT mobility support services;
- \$1.1 million for enterprise-wide IT software design and development support services;
- \$1.0 million for ongoing enterprise development of the customer relationship management system with regard to enforcement case management; and
- \$1.0 million for program support to internal controls.

**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	61,782,000
Personnel Benefits	40,024,000
Travel	31,000
Transportation of Things	80,000
Rents, Communications, Utilities & Misc.	7,944,000
Printing and Reproduction	2,488,000
Other Contractual Services	74,365,000
Supplies & Materials	2,041,000
Equipment	4,256,000
Land and Structures	0
<b>Total (as of December 31, 2021)</b>	<b>\$193,011,000</b>

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

<b>Division/Program Area</b>	<b>FY2021</b>
Office of the Director	5,269,000
Operations	86,326,000
Consumer Education & External Affairs	22,445,000
Research, Markets & Regulations	8,913,000
Supervision, Enforcement, Fair Lending	36,289,000
Legal Division	4,461,000
Other Programs <sup>4</sup>	840,000
Centralized Services <sup>5</sup>	28,468,000
<b>Total (as of December 31, 2021)</b>	<b>\$193,011,000</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 December 31, 2021, the CFPB had received the following transfers for FY2022. The dates and amounts of the transfers are shown below.

October 1, 2021	\$235.0M
<b>Total</b>	<b>\$235.0M</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 FY2022

In the first quarter of FY2022, the CFPB collected civil penalties from 7 defendants totaling \$5.5 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
<b>Total</b>	<b>\$5,470,000</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 Bureau 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>

After the Period 18 allocation, the available balance in the Civil Penalty Fund was \$410.5 million. This amount plus the available collections through March 31, 2022 will be available for the Period 19 allocation 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 FY2022:

In the first quarter of FY2022, the CFPB collected \$4.2 million in Bureau-Administered Redress from two defendants. 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	\$180,000 <sup>7</sup>	10/15/2021 11/15/2021 12/16/2021
JPay, LLC	\$4,000,000	10/29/2021
<b>Total</b>	<b>\$4,180,000</b>	

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

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<sup>7</sup> Full payment of the \$9,300,000 judgment for redress will be suspended upon Respondents’ payment of \$900,000 in 15 monthly installments of \$60,000 each, with the final payment due on or before January 15, 2022. Respondents paid \$660,000 in FY21 in accordance with the order.