

April 1, 2016 – September 30, 2016

# Semi-annual report of the Consumer Financial Protection Bureau



# Message from Richard Cordray

Director of the CFPB



At the Consumer Financial Protection Bureau, we are deeply committed to achieving our mission as the nation's first federal agency whose sole focus is protecting consumers in the financial marketplace. Financial products like mortgages, credit cards, and student loans involve some of the most important financial transactions in people's lives. Through the Dodd-Frank Wall Street and Consumer Protection Act, Congress created the Bureau to stand on the side of consumers and ensure they are treated fairly in the financial marketplace. Since we opened our doors, we have been focused on making consumer financial markets work better for the American people, and helping consumers improve their financial lives.

In this, our tenth Semi-Annual Report to Congress and the President, we provide an update on the Bureau's efforts to achieve this vital mission. Through fair rules, consistent oversight, appropriate enforcement of the law, and broad-based consumer engagement, the Bureau is helping to restore American families' trust in consumer financial markets, protect consumers from improper conduct, and ensure access to fair, transparent, and competitive markets.

In the six months covered by this report, our supervisory actions resulted in financial institutions providing more than \$14 million in redress to over 339,000 consumers. During that timeframe we also announced orders through enforcement actions for approximately \$40 million in total relief for consumers who fell victim to various violations of consumer financial protection laws. We brought numerous enforcement actions for various violations of the Dodd-Frank Act and other laws, including actions against Pressler & Pressler, All American Check Cashing, Intercept, Bancorpsouth, Santander Bank, Wells Fargo Bank, First National Bank of Omaha, Bridgepoint, five Arizona title lenders, TMX Finance, and Flurish.

The Bureau also issued a number of proposed and final rules. In May 2016, the Bureau proposed a rule concerning the use of agreements providing for arbitration of any future dispute between covered persons and consumers in connection with the offering or providing of consumer financial products or services. In July 2016, the Bureau published a notice of proposed rule and request for comment on payday loans, auto title loans, and other similar credit products, including failure to determine whether consumers have the ability to repay without default or re-borrowing and certain payment collection practices. Among other things, the proposal would require lenders to make a reasonable determination that the consumer has the ability to repay a covered loan before extending credit. And in August 2016, the Bureau issued a final rule amending certain mortgage servicing rules issued in 2013 under the Real Estate Settlement Procedures Act (RESPA) and the Truth in Lending Act (TILA).

As a data-driven institution, the Bureau published several reports and other publications during this reporting period. These reports highlighted several important topics in the consumer finance area, including a report on Online Payday Loan Payments and Supplemental Findings on Payday, Payday Installment, Vehicle Title Loans, and Deposit Advance Products; a study of Third Party Debt Collection Operations; a Midyear Update on Student Loan Complaints; a report on Fighting Elder Financial Exploitation through Community Networks; a report on helping youth achieve financial capability; and two editions of the Bureau's *Supervisory Highlights*.

The premise that lies at the very heart of our mission is that consumers should have someone standing on their side to see that they are treated fairly in the financial marketplace. From July 21, 2011 through September 30, 2016, the CFPB has handled over 1 million consumer complaints, including complaints about credit reporting, debt collection, money transfers, bank accounts and services, credit cards, mortgages, vehicle loans, payday loans, student loans, and certain other consumer financial products or services, including prepaid cards, debt settlement services, credit repair services, and pawn and title loans. We now also publish consumer complaint narratives where consumers have "opted in" to share their accounts of what happened and optional public responses by companies.

The progress we have made has been possible thanks to the engagement of hundreds of thousands of Americans who have utilized our consumer education tools, submitted complaints, participated in rulemakings, and told us their stories through our website and at numerous public meetings from coast to coast. We have also benefited from an ongoing dialogue and constructive engagement with the Bureau's advisory groups, the institutions we supervise, with

community banks and credit unions with whom we regularly meet, and with consumer advocates throughout the country. Our progress has also resulted from the extraordinary work of the Bureau's employees—dedicated public servants who are committed to promoting a healthy consumer financial marketplace. Each day, we work to accomplish the goals of renewing people's trust in the marketplace and ensuring that markets for consumer financial products and services are fair, transparent, and competitive. These goals not only support consumers in all financial circumstances, but also help responsible businesses compete on a level playing field, which helps to reinforce the stability of our economy as a whole.

In the years to come, we look forward to continuing to fulfill the vision of an agency dedicated to ensuring a consumer financial marketplace marked by transparency, responsible practices, sound innovation, and excellent customer service.

Sincerely,

A handwritten signature in blue ink that reads "Richard Cordray". The signature is fluid and cursive, with "Richard" on the top line and "Cordray" on the bottom line.

Richard Cordray  
Director

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# 1. Executive summary

The Consumer Financial Protection Bureau (CFPB or Bureau) presents this Semi-Annual Report to the President, Congress, and the American people in fulfillment of its statutory responsibility and commitment to accountability and transparency. This report provides an update on the Bureau's mission, activities, accomplishments, and publications since the last Semi-Annual Report, and provides additional information required by the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank or Dodd-Frank Act), for the period of April 1, 2016 through September 30, 2016.<sup>1</sup>

The Dodd-Frank Act created the Bureau as the nation's first federal agency with a mission of focusing solely on consumer financial protection and making consumer financial markets work for American consumers, responsible businesses, and the economy as a whole. In the wake of the financial crisis of 2008-2010, the President and Congress recognized the need to address widespread failures in consumer protection and the rapid growth in irresponsible lending practices that preceded the crisis. To remedy these failures, the Dodd-Frank Act consolidated most Federal consumer financial protection authority in the Bureau.<sup>2</sup> The Dodd-Frank Act charged the Bureau with, among other things:

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<sup>1</sup> Appendix B provides a guide to the Bureau's response to the reporting requirements of Section 1016(c) of the Dodd-Frank Act. The last Semi-Annual Report was published in June 2016 and may be viewed at: <http://www.consumerfinance.gov/data-research/research-reports/semi-annual-report-spring-2016/>.

<sup>2</sup> Previously, seven different federal agencies (the Federal Reserve Board (and the Federal Reserve Banks) (Board or FRB), Department of Housing and Urban Development (HUD), Federal Deposit Insurance Corporation (FDIC), Federal Trade Commission (FTC), National Credit Union Administration (NCUA), Office of the Comptroller of the Currency (OCC), and Office of Thrift Supervision) were responsible for rulemaking, supervision, and enforcement relating to consumer financial protection.

- Ensuring that consumers have timely and understandable information to make responsible decisions about financial transactions;
- Protecting consumers from unfair, deceptive, or abusive acts and practices, and from discrimination;
- Monitoring compliance with Federal consumer financial law and taking appropriate enforcement action to address violations;
- Identifying and addressing outdated, unnecessary, or unduly burdensome regulations;
- Enforcing Federal consumer financial law consistently in order to promote fair competition;
- Ensuring that markets for consumer financial products and services operate transparently and efficiently to facilitate access and innovation; and
- Conducting financial education programs.<sup>3</sup>

The Bureau has continued its efforts to listen and respond to consumers and industry, to be a resource for the American consumer, and to develop into a great institution worthy of the responsibility conferred on it.

## 1.1 Listening to consumers

Listening and responding to consumers is central to the Bureau's mission. The Bureau continues to provide consumers with numerous ways to make their voices heard. Consumers nationwide have engaged with the Bureau through public field hearings, listening events, roundtables and town halls, and through our website, [consumerfinance.gov](http://consumerfinance.gov). Consumer engagement strengthens the Bureau's understanding of current issues in the ever-changing consumer financial marketplace and informs every aspect of the Bureau's work, including research, rule writing, supervision, and enforcement.

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<sup>3</sup> See Dodd-Frank Act, Pub. L. No. 111-203, Sec. 1021 (b) and (c).

The Bureau has continued to improve the capabilities of its Office of Consumer Response to receive, process, and facilitate responses to consumer complaints. Consumer Response has also continued to expand a robust public [Consumer Complaint Database](#). The database updates nightly and as of September 30, 2016 was populated by approximately 641,000 complaints from consumers about financial products and services from all over the country. Our consumer complaint database includes approximately 103,100 narratives. The CFPB gives companies the opportunity to respond publicly to the substance of the consumer complaints they receive from the CFPB by selecting from a set list of public-facing response categories. Companies are under no obligation to avail themselves of the opportunity.

Launched in July 2015, the Bureau's series of monthly complaint reports continues to highlight key trends from consumer complaints submitted to the Bureau. The monthly report includes complaint data on complaint volume, most-complained-about companies, state and local information, and product trends. Each month, the report highlights a particular product and geographic location and provides insight for the public into the thousands of consumer complaints on financial products and services handled by the CFPB. Over the past six months, those reports have highlighted mortgage, credit reporting, auto loans, credit card, bank account and service, and money transfer complaints and complaints from consumers in California, New Mexico, Arkansas, Washington, Ohio, and Pennsylvania. The report uses a three-month rolling average, comparing the current average to the same period in the prior year where appropriate, to account for monthly and seasonal fluctuations. In some cases, month-to-month comparisons are used to highlight more immediate trends.

## 1.2 Delivering for American consumers and leveling the playing field

The Bureau has continued to expand its efforts to serve and protect consumers in the financial marketplace. The Bureau seeks to serve as a resource on the macro level, by writing clear rules of the road and enforcing consumer financial protection laws in ways that improve the consumer financial marketplace, and on the micro level, by helping individual consumers get responses to their complaints about issues with financial products and services. While the various divisions of the Bureau play different roles in carrying out the Bureau's mission, they all work together to protect and educate consumers, help level the playing field for participants, and fulfill the Bureau's statutory obligations and mission under the Dodd-Frank Act. In all of its

work, the Bureau strives to act in ways that are fair, reasonable, and transparent.

We provide tools and information directly to consumers to enable them to develop practical skills and support sound financial decision-making. These skills include being able to ask questions and to plan ahead. One way we are doing this is with our online tool, *Ask CFPB*. This tool provides answers to over 1,000 questions about financial products and services, including on topics such as mortgages, credit cards, student loans, bank accounts, credit reports, payday loans, and debt collection. This resource is found at [consumerfinance.gov/askcfpb/](http://consumerfinance.gov/askcfpb/). We are also focusing on helping consumers build the skills to plan ahead. For example, our [Paying for College](#) set of tools helps students and their families compare what their college costs will be down the road as they decide where to pursue a college education. Our [Owning a Home](#) set of tools helps consumers shop for a mortgage loan by helping them understand what mortgages are available to them, explore interest rates, compare loan offers, and by providing a closing checklist. The [Money Smart for Older Adults](#) curriculum, developed with the FDIC, includes resources to help people prevent elder financial exploitation and prepare financially for unexpected life events. *CFPB en Español* ([consumerfinance.gov/es/](http://consumerfinance.gov/es/)) provides Spanish-speaking consumers a central point of access to the Bureau's most-used consumer resources available in Spanish.

We are working with other government agencies, social service providers, and community service providers to develop channels to provide decision-making support in moments when consumers are most receptive to receiving information and developing financial decision-making skills. This support includes integrating financial capability into other programs and services where consumers may be seeking assistance. We are also tailoring our approaches to financial decision-making circumstances, challenges, and opportunities for specific populations, including servicemembers and veterans, students and young adults, older Americans, and lower-income and other economically vulnerable Americans.

When Federal consumer financial protection law is violated, the Bureau's Supervision, Enforcement, and Fair Lending Division is committed to holding the responsible parties accountable. In the six months covered by this report, our supervisory actions resulted in financial institutions providing approximately \$14 million in redress to over 339,000 consumers. During that timeframe, we also have announced enforcement actions that resulted

in orders for approximately \$40 million in total relief for consumers who fell victim to various violations of consumer financial protection laws, along with over \$13.7 million in civil money penalties<sup>4</sup>. We brought numerous enforcement actions for various violations of the Dodd-Frank Act and other laws, including actions against Pressler & Pressler for illegal debt collection practices; All American Check Cashing for illegal practices relating to its payday lending; Intercept for enabling unauthorized withdrawals; Bancorpsouth for illegal redlining and discriminatory mortgage underwriting and pricing practices; Santander Bank for illegal overdraft practices; Wells Fargo Bank for illegal student loan servicing practices and illegally secretly opening unauthorized accounts; a former Wells Fargo Bank employee for an illegal mortgage fee-shifting scheme; First National Bank of Omaha for illegal credit card add-on practices; Bridgepoint for deceiving students about the cost of student loans; five Arizona title lenders for failing to disclose loan APR rates to consumers; TMX Finance for luring consumers into more costly loans; and Flurish for failing to deliver promised benefits.<sup>5</sup> The Bureau has also continued to develop and refine its nationwide supervisory program for depository and nondepository financial institutions, through which those institutions are examined for compliance with Federal consumer financial protection law.

Continuing the CFPB's policy of transparency, the Bureau issued two editions of *Supervisory Highlights* this reporting period. The Mortgage Servicing Special Edition of *Supervisory Highlights*<sup>6</sup> reminded institutions of Module 4 of the Equal Credit Opportunity Act (ECOA) baseline review modules used by Bureau examiners to evaluate compliance management systems under ECOA. Among other things, Module 4 contains questions regarding fair lending training of servicing staff, fair lending monitoring of servicing, and servicing of consumers with Limited English Proficiency. The Summer 2016 edition of *Supervisory Highlights*<sup>7</sup> highlighted

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<sup>4</sup> This number is for the time period April 1, 2016 – August 31, 2016.

<sup>5</sup> See Section 6 for more information about these cases.

<sup>6</sup> Consumer Financial Protection Bureau, *Supervisory Highlights Mortgage Servicing Special Edition 2016* at 5 (June 22, 2016), available at [http://files.consumerfinance.gov/f/documents/Mortgage\\_Servicing\\_Supervisory\\_Highlights\\_11\\_Final\\_web.pdf](http://files.consumerfinance.gov/f/documents/Mortgage_Servicing_Supervisory_Highlights_11_Final_web.pdf).

<sup>7</sup> Consumer Financial Protection Bureau, *Supervisory Highlights Summer 2016* at 13 (June 30, 2016), available at [http://files.consumerfinance.gov/f/documents/Supervisory\\_Highlights\\_Issue\\_12.pdf](http://files.consumerfinance.gov/f/documents/Supervisory_Highlights_Issue_12.pdf).

findings from examinations where institutions improperly coded actions taken on conditionally-approved applications with unmet underwriting conditions. In addition, the report discussed supervisory observations of special purpose credit programs, which are established and administered to extend credit to a class of persons who otherwise probably would not receive such credit or would receive it on less favorable terms. This issue also shared important updates to past fair lending settlements reached by the Bureau. This publication is intended to inform both industry and the public about the development of the Bureau's supervisory program and to discuss, in a manner consistent with the confidential nature of the supervisory process, broad trends in examination findings in key market or product areas.

The Bureau has also published new guidance documents, in partnership with other regulators where appropriate, to help institutions know what to expect and how to become, or remain, compliant with the law, including interagency guidance regarding deposit reconciliation practices, and guidance on the new Uniform Residential Loan Application, Regulation B compliance, and collection of expanded Home Mortgage Disclosure Act (HMDA) information about ethnicity and race in 2017.

Reasonable regulations are essential for protecting consumers from harmful practices and ensuring that consumer financial markets function in a fair, transparent, and competitive manner. The Research, Markets, and Regulations Division has focused its efforts on promoting markets in which consumers can shop effectively for financial products and services and are not subject to unfair, deceptive, or abusive acts or practices. During this reporting period, the Research and Markets teams released reports on third party debt collection operations and, jointly with the Federal Housing Finance Agency (FHFA), a technical report about a profile of 2013 mortgage borrowers that includes statistics from the National Survey of Mortgage Originations. The Regulations office issued regulations modifying and clarifying a number of rules implementing changes made by the Dodd-Frank Act, including a final rule in August 2016 amending certain mortgage servicing rules issued in 2013 under the Real Estate Settlement Procedures Act (RESPA) and the Truth in Lending Act (TILA). These amendments focus primarily on clarifying, revising, or amending provisions regarding force-placed insurance notices, policies and procedures, early intervention, and loss mitigation requirements under Regulation X's servicing provisions; and periodic statement requirements under Regulation Z's servicing provisions. In conjunction with this final rule, the Bureau issued an interpretive rule under the Fair Debt Collection Practices Act (FDCPA), which constitutes an advisory opinion for purposes of the FDCPA and provides safe harbors from liability for servicers acting in compliance with specified mortgage servicing rules in Regulations X and Z in three specific

situations. Following the issuance of a March 2015 report, in May 2016, the Bureau proposed a rule concerning the use of agreements providing for arbitration of any future dispute between covered persons and consumers in connection with the offering or providing of consumer financial products or services. The proposal would prohibit covered providers of certain consumer financial products and services from using an arbitration agreement to bar the consumer from filing or participating in a class action. Under the proposal, companies would still be able to include arbitration clauses in their contracts, but for contracts subject to the proposal, the clauses would have to say explicitly that they cannot be used to stop consumers from being part of a class action in court. The Bureau has received several thousand comments on the proposal to date. Finally, in July 2016, the Bureau published a notice of proposed rulemaking and request for comment on payday loans, auto title loans, and other similar credit products. Among other things, the proposal would require lenders to make a reasonable determination that the consumer has the ability to repay a covered loan before extending credit. It would also require lenders to make certain disclosures before attempting to collect payments from consumers' accounts and restrict lenders from making additional payment collection attempts after two consecutive attempts have failed.

To support the implementation of and industry compliance with its rules, the Bureau has published a number of plain-language compliance guides explaining certain rules, along with other resources, and it has actively engaged in discussions with industry about ways to achieve compliance.<sup>8</sup> The Bureau also continued its efforts to streamline, modernize, and harmonize financial regulations that it inherited from other agencies.

In addition to implementing the Dodd-Frank Act, the Bureau continues to explore other areas where regulations may be needed to ensure that markets function properly and possibly harmful or inefficient practices are addressed. Over the next six months, the Bureau will continue implementing the Dodd-Frank Act and using its regulatory authority to ensure that consumers have access to consumer financial markets that are fair, transparent, and competitive.

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<sup>8</sup> <http://www.consumerfinance.gov/guidance/#compliance>.

## 1.3 Building a great institution

The Bureau continues to grow and evolve as an institution. As of September 17, 2016, the CFPB team consisted of 1,587 employees working to carry out the Bureau's mission. It has worked to build a human capital and organizational infrastructure that promotes – and will continue to promote – diversity, transparency, accountability, fairness, and service to the public. That infrastructure includes:

- Demonstrating a strong commitment to openness by utilizing the Bureau's website to share information on its operations;
- Recruiting highly-qualified, diverse personnel;
- Providing training and engagement opportunities for CFPB staff to improve skills, increase knowledge, and maintain excellence; and
- Further promoting diversity and inclusion in the CFPB's workforce and among its contractors, including through the Bureau's Office of Minority and Women Inclusion (OMWI).

The Bureau recognizes that the best way to effectively serve consumers is to ensure that its workforce reflects the ideas, backgrounds, and experiences of the American public. OMWI supports the Bureau's mission by working with the offices of Human Capital (OHC) and Civil Rights (OCR) to continue building a diverse and inclusive workforce that can foster broader and better thinking about how to approach markets.

We will continue working hard to ensure that the American people are treated fairly in the consumer financial marketplace. We encourage you to visit [consumerfinance.gov](http://consumerfinance.gov) for updates.

# 2. Consumer challenges in obtaining financial products and services

The challenges consumers face in navigating and obtaining financial products and services are a driving force behind the CFPB's efforts to make consumer financial markets work better.

Listening and responding to consumers are integral components of our mission, and the Bureau provides numerous ways for consumers to make their voices heard.

## 2.1 Consumer concerns

The Bureau's long-term vision for consumer finance markets is one where consumer protections and business opportunities work in tandem, where financial firms lead through responsible business practices, and where educated consumers can make well-informed decisions. It is critical for the stability of the marketplace and the well-being of consumers to ensure that everyone is playing by the same rules.

As markets and consumers continue to emerge from the continuing effects of the devastating financial crisis of 2008, the Bureau finds that debt collection is central and cuts across virtually all credit products: credit cards, mortgages, student loans, payday loans, and other consumer loans. According to a recent Bureau study, about one in three consumers with a credit record were contacted by a creditor or collector trying to collect a debt in the year prior to the survey.

Many companies in this industry play by the rules. But others cut corners and seek to gain an advantage by ignoring the rules. These bad actors are a detriment to every company that is faithfully following the law, and their actions harm consumers.

During the reporting period covered by this report, consumers shared with the CFPB their experiences – positive and negative – with financial products and services. Consumers have the opportunity to provide the Bureau with such feedback through a variety of forums, including the [Tell Your Story feature on the CFPB's website](#), and by participating in roundtables, town halls, and field hearings. This feedback is critical to our efforts to understand the challenges consumers face in obtaining access to the financial products and services they need.

The Bureau's monthly complaint reports highlight problems faced by consumers for various financial products. These reports indicate that consumers experience issues across a range of products and services from issues with transaction ordering and resulting overdraft fees on checking accounts to credit decisions for credit cards to payment processing issues with auto loans to repeated requests to submit documentation for a loss mitigation review on a mortgage.

In addition to submitting complaints and stories, consumers have opportunities to voice concerns and share their experiences in person at field hearings and public meetings, which focus on particular consumer finance issues. During this reporting period,<sup>9</sup> consumers and advocates participated in large Bureau-sponsored field hearings in [Albuquerque, NM](#), [Kansas City, MO](#), and [Sacramento, CA](#). These events drew hundreds of participants, many of whom shared their personal experiences with arbitration agreements, checking accounts, and other consumer financial issues.

The CFPB's Office of Community Affairs has also hosted roundtable conversations with leaders of consumer, civil rights, community, housing, faith-based, student, and other organizations. The roundtables provided opportunities for stakeholders to meet with Director Cordray and other senior Bureau staff to share their first-hand perspectives on key consumer finance issues that affect their communities.

Collecting, investigating, and responding to consumer complaints are integral parts of the CFPB's work, as set forth in the Dodd-Frank Act.<sup>10</sup> The Bureau hears directly from consumers about the challenges they face in the marketplace, brings their concerns to the attention of

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<sup>9</sup> Between April 1, 2016 and September 30, 2016.

<sup>10</sup> See Dodd-Frank Act, Pub. L. No. 111-203, Sec. 1021(c)(2).

companies, and assists in addressing their complaints.

## Submit a complaint

Have an issue with a financial product or service? We'll forward your complaint to the company and work to get a response from them.

CHECK YOUR COMPLAINT STATUS  
[Check status](#) [First login?](#)

Para presentar una queja en español, llamar al (855) 411-2372

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### Choose a product or service to get started

If you don't want to submit a complaint, you can [tell your story](#).

Want to find others like you? Visit the [complaint database](#) to read about consumers' experiences, in their own words.

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#### LOANS

 [Mortgage](#)

 [Student loan](#)

 [Vehicle loan or lease](#)

 [Payday loan](#)

 [Other consumer loan](#)

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#### PRODUCTS AND SERVICES

 [Bank account or service](#)

 [Credit card or prepaid card](#)

 [Credit reporting](#)

 [Debt collection](#)

 [Money transfer or virtual currency](#)

 [Other financial service](#)

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[consumerfinance.gov/complaint](http://consumerfinance.gov/complaint)

The CFPB began Consumer Response operations on July 21, 2011, by accepting consumer complaints about credit cards. The Bureau now accepts complaints about mortgages, bank accounts and services, student loans, vehicle and other consumer loans, credit reporting, money transfers, debt collection, payday loans, prepaid cards, additional nonbank products (including debt settlement services, credit repair services, and pawn and title loans), and digital currency. Consumers may also contact the CFPB with questions about other products and services. The Bureau answers questions and refers consumers to other regulators or additional resources as appropriate.

## Consumer Complaint Database

Each week we send thousands of consumers' complaints about financial products and services to companies for response. Those complaints are published here after the company responds or after 15 days, whichever comes first. By adding their voice, consumers help improve the financial marketplace.



Consumers have let us know they want to share their complaint descriptions so others can learn from their experience.

[Read consumer narratives](#)



View, sort, and filter data right in your browser.

[View complaint data](#)



All complaint data we publish is freely available for anyone to use, analyze, and build on.

[Download options and API](#)

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[consumerfinance.gov/complaintdatabase](http://consumerfinance.gov/complaintdatabase)

Information about consumer complaints is available to the public through the Bureau's public Consumer Complaint Database (the database), launched on June 19, 2012. The database was initially populated with credit card complaints received on and after June 1, 2012, and has been expanded over time:

- October 2012: added credit card complaints dating back to December 1, 2011;
- March 2013: added mortgage complaints dating back to December 1, 2011, bank account and service complaints, student loan complaints, vehicle and other consumer loan complaints, all dating back to March 1, 2012;
- May 2013: added credit reporting complaints dating back to October 22, 2012 and money transfer complaints dating back to April 4, 2013;
- November 2013: added debt collection complaints dating back to July 10, 2013;
- July 2014: added payday loan complaints dating back to November 6, 2013;
- January 2015: added prepaid cards, other consumer loans (pawn and title), and other financial services dating back to July 19, 2014;
- June 2015: added consumer complaint narratives and optional company public responses;

- February 2016: added tags to identify complaints submitted by older Americans and servicemembers and a field indicating whether the consumer consented to the publication of the narrative;
- March 2016: added consumer loans from marketplace lenders; and
- September 2016: added federal student loan servicing and virtual currency.

A complaint is listed in the database when the company responds to the complaint, or after the company has had the complaint for 15 days, whichever comes first. Complaints are not published if they do not meet all of the publication criteria.<sup>11</sup>

The database generally updates nightly, and contains certain individual complaint-level data collected by the CFPB, including the type of complaint, the date of submission, the consumer's state, and the company that the complaint concerns. The database also includes information about the actions taken by a company in response to a complaint – whether the company's response was timely, how the company responded, and whether the consumer disputed the company's response. The database does not include confidential information about consumers' identities.

On June 25, 2015, the CFPB began to publish consumer complaint narratives in the Consumer Complaint Database. Consumers now have the choice to share in their own words their experiences with the consumer financial marketplace. Only those narratives for which opt-in consumer consent is obtained and to which a robust personal information scrubbing process is applied are eligible for disclosure. The CFPB gives companies the option to respond publicly to the substance of the consumer complaints they receive from the CFPB by selecting from a set list of public-facing response categories.

Web-based features of the database facilitate the ability to filter data based on specific search criteria, to aggregate data in various ways, such as by complaint type, company, state, date, or any combination of available variables, to download data, and to search for words found in complaints. Information from the database has been shared on social media and evaluated using other new applications.

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<sup>11</sup> See Disclosure of Certain Credit Card Complaint Data, 77 Fed. Reg. 37,558 (June 22, 2012).

The Bureau continually strives to improve data quality and protect sensitive information, while making data increasingly available through reports to Congress and to the public about the complaints the CFPB receives and by sharing certain data with the public through the Consumer Complaint Database.

## 2.2 How the CFPB handles complaints

In keeping with the CFPB's statutory responsibility and its commitment to accountability, the following pages provide an overview of the handling and analysis of complaints received by the Bureau from October 1, 2015 through September 30, 2016.<sup>12</sup>

The CFPB's Consumer Response team screens complaints submitted by consumers based on several criteria, including whether the complaint falls within the Bureau's authority and whether the complaint is complete. Screened complaints are forwarded via a secure web portal to the appropriate company.<sup>13</sup> The company reviews the information, communicates with the consumer as needed, and determines what action to take in response. The company then reports back to the consumer and the CFPB via the secure company portal, and the Bureau invites the consumer to review the response and provide feedback.<sup>14</sup> Consumers who have submitted complaints to the Bureau through Consumer Response can log onto the secure consumer portal available on the CFPB's website, or call a toll-free number, to receive status updates, provide

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<sup>12</sup> While the reporting period for this Semi-Annual Report is six months, Dodd-Frank Act § 1016(c)(4) requires "an analysis of complaints about consumer financial products or services that the Bureau has received and collected in its central database on complaints during the preceding year." Therefore, this section reports on the time period October 1, 2015 through September 30, 2016.

<sup>13</sup> In some cases, Consumer Response refers or sends a complaint to another regulator, for example, if a particular complaint does not involve a product or market that is within the Bureau's jurisdiction or one that is not currently being handled by the Bureau, or in cases where the company is not yet registered to respond to complaints in our system. Complaints handled by the Bureau, including those sent to other regulators, serve to inform the Bureau in its work to supervise companies, to enforce consumer financial laws, to write better rules and regulations, and to educate and engage consumers.

<sup>14</sup> The CFPB requests that companies respond to complaints within 15 calendar days. If a complaint cannot be closed within 15 calendar days, a company may indicate that its work on the complaint is "In progress" and provide a final response within 60 calendar days.

additional information, and review responses provided to the consumer by the company. Consumer Response analyzes complaints, company responses, and consumer feedback to spot trends and identify risks to consumers, and to inform the Bureau's overall work, including the identification of supervisory and enforcement priorities that lead to resolutions that benefit large numbers of consumers.



The process seeks to ensure that consumers receive timely responses to their complaints and that the Bureau, other regulators, consumers, and the marketplace have the complaint information needed to improve the functioning of the consumer financial markets for such products and services.

Throughout this process, subject-matter experts help monitor certain complaints. For example, the Office of Servicemember Affairs coordinates with Consumer Response on complaints submitted by servicemembers or their spouses and dependents.

## Complaints handled by the CFPB

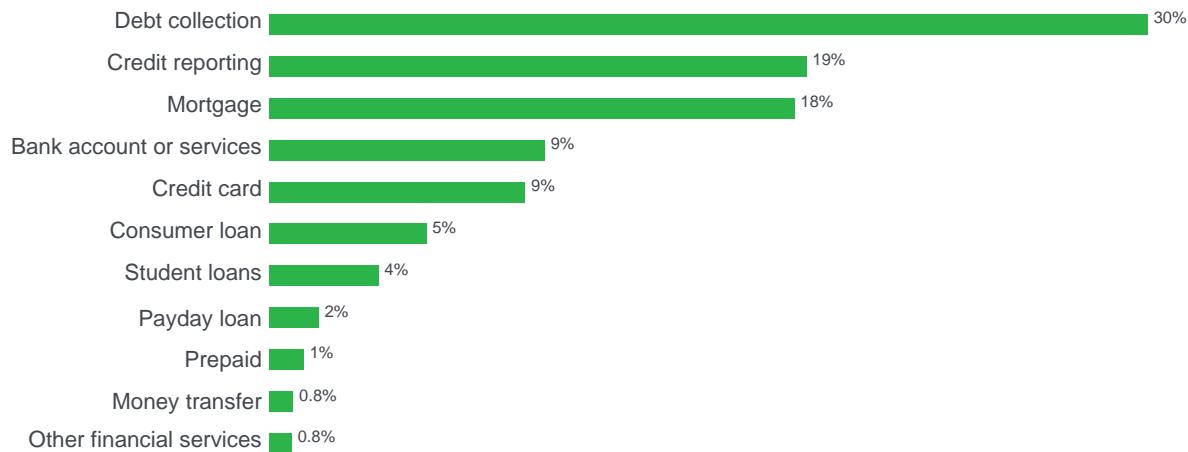
Between October 1, 2015 and September 30, 2016, the CFPB handled approximately 283,700 consumer complaints.<sup>15</sup> Approximately 72% of all consumer complaints were submitted through the CFPB's website and 7% via telephone calls. Referrals accounted for 12% of all complaints received, with the remainder submitted by mail, email, and fax.<sup>16</sup>

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<sup>15</sup> Unless otherwise noted or the context suggests otherwise, the complaint information appearing herein cover this period.

<sup>16</sup> This analysis excludes multiple complaints submitted by a given consumer on the same issue and whistleblower tips. All data are current through September 30, 2016. Since launching Consumer Response operations on July 21, 2011

**FIGURE 1: CONSUMER COMPLAINTS BY PRODUCT<sup>17</sup>**



## Servicemember consumer complaints

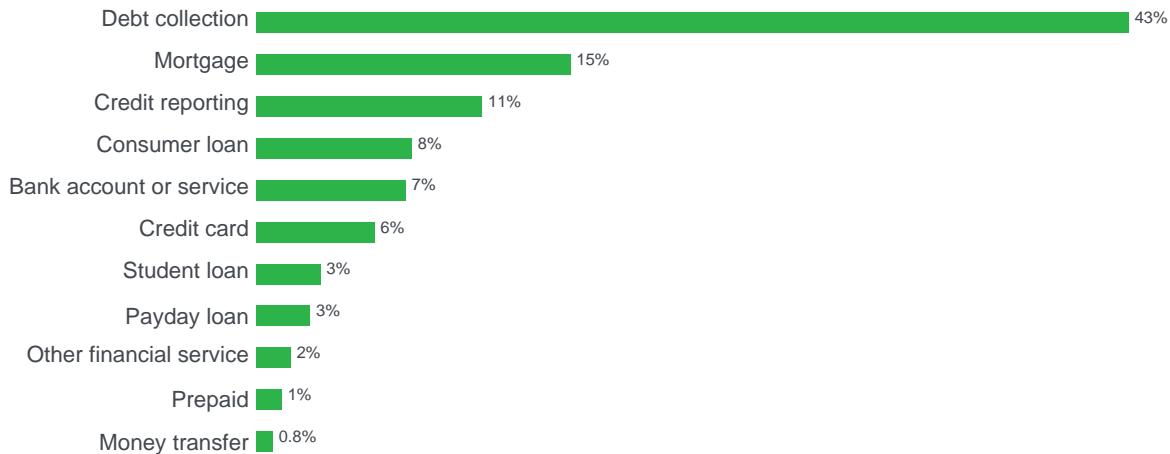
The Dodd-Frank Act created the Office of Servicemember Affairs which addresses the specific challenges faced by servicemembers, veterans, and their families (collectively “servicemembers”). The Office of Servicemember Affairs monitors complaints from servicemembers in conjunction with Consumer Response. Between October 1, 2015 and September 30, 2016, approximately 20,400 complaints were submitted by servicemembers. More detailed information about servicemember complaints can be found in the Office of Servicemember Affairs Annual Report and Semi-Annual Reports.

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through September 30, 2016, the CFPB received approximately 1,008,500 consumer complaints.

<sup>17</sup> Percentages may not sum to 100% due to rounding.

**FIGURE 2: SERVICEMEMBER COMPLAINTS BY PRODUCT**



The discussion below provides information about the actions taken on complaints and provides some highlights from those complaints. More detailed information can be found in the Consumer Response Annual Report to Congress, the Monthly Complaint Reports, and in the public Consumer Complaint Database.

### Consumers' debt collection complaints

Approximately 38,800 (or 45%) of the 85,900 debt collection complaints handled from October 1, 2015 through September 31, 2016 were sent by Consumer Response to companies for review and response. The remaining complaints were referred to other regulatory agencies (25%), found to be incomplete (7%), or are pending with the consumer or the CFPB (2% and 21%, respectively).

Consumers can submit complaints about first-party debt collectors (creditors collecting on their own debts) and third-party debt collectors. For both first- and third-party debt collectors, the most common type of debt collection complaint was about continued attempts to collect a debt that the consumer reports is not owed. The second most common issue for first-party collectors was communication tactics, whereas the second most common issue for third-party collectors was disclosure/verification of debt.

Consumers also have the option to identify the source of the debt when submitting complaints. Given that the most common type of debt collection complaint is about continued attempts to collect a debt that the consumer reports is not owed, it is not surprising that for 22% of complaints the consumer did not identify the source of the debt being collected. The most

common sources of debt reported by consumers were medical, credit card, and payday loan debts at 16%, 13%, and 10%, respectively, of all debt collection complaints.

Consumers complained about frequent or repeated calls from debt collectors, which consumers say are too frequent or at inconvenient times of the day. In complaints submitted about first-party collectors, some consumers reported that they receive repeated calls early in their delinquency or during grace periods. In addition, consumers complained about calls to third parties or calls where the collector threatened to take legal action. Workplace phone calls were also a concern for consumers. In these complaints, some consumers reported that they are not allowed to receive calls at work, while others said their debt was disclosed to a supervisor or other third-party. Some consumers reported that collectors made in-person visits to their workplace.

According to many complaints, requests to cease communications were not honored with consumers reporting that collectors continued communications even after a consumer made an oral or written request to cease communications.

Consumers reported that they were not given enough evidence about the debt to verify it. Consumers are frustrated by the lack of documentation provided about the debt when requested, especially when the documentation requested is a simple invoice or bill for the services or goods that were the subject of the debt being collected. In complaints submitted against third-party collectors especially, some consumers reported that they do not have enough information to verify medical debt—often stating that they believed their health insurance covered the expenses.

Consumers also continued to complain about the furnishing of information to credit reporting agencies. These complaints, which were often consistent with complaints consumers submitted to the Bureau about credit reporting, suggest that consumers frequently only learn about debt collection accounts when they check their credit reports.

## Consumers' credit reporting complaints

Approximately 42,500 (or 81%) of the 52,600 credit reporting complaints handled from October 1, 2015 through September 30, 2016 were sent by Consumer Response to companies for review and response. The remaining complaints were referred to other regulatory agencies (0.3%), found to be incomplete (16%), or are pending with the consumer or the CFPB (2% and 0.4%, respectively).

The most common type of credit reporting complaint was about incorrect information appearing on the consumer's credit report, such as information that does not belong to the consumer, incorrect account status, and incorrect personal information. These complaints frequently involved debt collection items. In some cases, consumers reported having paid the debt appearing on their report. In others, they asserted the debt is no longer due because the debt is too old to be enforced in court. These complaints may reflect confusion about the fact that information on past overdue debt, even when paid, or no longer enforceable as a result of limitations often can remain on a credit report. Other complaints stated that the debt belongs to a different consumer, or consumers state that they do not recognize the debt. Delays in updating inaccurate records, problems correcting inaccurate records, and public records being incorrectly matched to their credit reports continued to be frequent issues cited by consumers.

Consumers also continued to have trouble accessing their credit reports because they cannot answer detailed identity authentication questions. If denied access to their report because they failed online authentication, the option available is to mail copies of sensitive, identifying documents, which some consumers feel is time-consuming and potentially unsecure.

Other common complaints were about issues with credit reporting companies' investigations of information disputed by consumers and difficulties in obtaining a credit report or credit score. Consumers reported that credit reporting companies sometimes return findings on their disputes within only a few days, and consumers questioned the depth and validity of such quick investigations. Additionally, consumers reported frustration when they submitted documentation that they believe proved the information provided by the data furnisher was inaccurate, but no change was made to their credit report.

### Consumers' mortgage complaints

Approximately 43,000 (or 84%) of the 51,300 mortgage complaints handled from October 1, 2015 through September 30, 2016 were sent by Consumer Response to companies for review and response. The remaining complaints were referred to other regulatory agencies (9%), found to be incomplete (3%), or are pending with the consumer or the CFPB (0.5% and 4%, respectively). Consumer Response has handled an additional 2,100 debt collection complaints where the source of the debt is mortgage.

The most common type of mortgage complaint involved problems consumers faced when they were unable to make payments, such as issues relating to loan modifications, collections, or

foreclosures. Consumers continued to complain about a loss mitigation review process that was prolonged by repeated requests to submit the same documentation and a lack of responsiveness from their single point of contact. Consumers also reported that they received conflicting and confusing foreclosure notifications while undergoing loss mitigation assistance review. Some consumers complained that they were not considered for all available loss mitigation options or were incorrectly denied a modification, while others stated that the terms of the modification offered to them were unaffordable.

Consumers expressed frustration that they were not properly informed of the transfer of their loan to another servicer, or that payments made to either the prior or current servicer around the time of the transfer were not applied to their account. Consumers stated that issues involving their escrow accounts often surfaced post transfer and no clear explanation was provided for the resulting increase in their monthly payment.

Additionally, consumers who reported being involved in the loss mitigation review process at the time servicing was transferred complained that documentation (e.g., application, modification approvals) was not provided to their new servicer. A number of complaints involved difficulty with payments not being accepted or not being applied as intended. Notably, consumers who were approved for a loss mitigation option—for example, a trial period plan, forbearance agreement, or loan modification—reported servicers declining payments, inaccurately applying payments, or holding payments in suspense accounts. Consumers expressed frustration that servicers lagged in the timely boarding and reviewing of documents while foreclosure proceedings progressed.

Consumers with successfully completed loan modifications complained that some servicers do not amend derogatory credit reporting accrued by consumers during trial periods although documents provided to the consumers by servicers indicated that they would do so.

Consumers also mentioned their attempts to communicate with their servicers were met with difficulty and resulted in confusing and contradictory information. Consumers seeking to obtain clarification regarding reinstatement amounts, charges and fees, and interest rate increases reported being provided ambiguous information; consumers described this as frustrating and stated it led to delays in obtaining resolutions.

In managing escrow accounts, instances of over-collection, unexplained shortages, and untimely tax and insurance disbursements were common issues that consumers encountered. Consumers said these escrow discrepancies led to erroneous increases in monthly payments.

Some consumers reported that after having experienced property damage, they filed insurance claims, received their claims benefit checks, and forwarded those checks to their servicers. However, these consumers reported that servicers delayed releasing funds needed to make necessary repairs to their homes despite having provided all required documentation.

Consumers complained about prolonged and confusing experiences with the loan origination process. Some consumers described unresponsive loan representatives and stated that they were required to submit multiple loan applications. Some consumers reported that the processing delays resulted in the loss of favorable interest rates and the expiration of rate locks.

### Consumers' bank account and service complaints

Approximately 21,000 (or 78%) of the 27,000 bank account or services complaints received from October 1, 2015 through September 30, 2016, such as those about checking and savings accounts, were sent by Consumer Response to companies for review and response. The remaining complaints were referred to other regulatory agencies (13%), found to be incomplete (4%), or are pending with the consumer or the CFPB (0.7% and 4%, respectively).

The most common type of bank account and service complaint related to opening, closing, or managing the account. These complaints addressed issues such as account maintenance fees, legal processing fees for judgments and levies, changes in account terms, confusing marketing, early withdrawal penalties for certificates of deposit, and involuntary account closures.

Complaints about the use of consumer and credit reporting data for account screening are increasingly common. Consumers frequently mentioned learning of a furnisher's past negative reporting to both specialty checking account reporting and national credit reporting companies when they attempt to open a new bank account. Consumers also expressed concern over the difficulty that they have addressing potential errors on their reports.

Consumers also frequently complained about error resolution procedures, including timelines for investigation and provisional credit for disputed transactions. Consumers also frequently claimed that a specific transaction was not authorized or that they were the victims of fraud or identity theft. Some consumers also appeared to misunderstand what can and can't be disputed as an error, and attempted to dispute transactions because they were dissatisfied with the products or services they purchased.

Other common complaints related to deposit and withdrawal issues, such as transaction holds, the company's right to offset deposit accounts, and unauthorized debit card charges. In this

area, many consumers were frustrated by companies' handling of error disputes and requests to stop payment on preauthorized electronic debits. The availability of funds deposited via check or through direct deposit was also a major concern for consumers. Consumers were often frustrated by bank check holding policies and by the length of time it takes for various negotiable instruments to clear and become available. A number of these complaints involved mobile deposit applications and problems that consumers encountered when using them, including institutions having different funds availability policies for mobile deposits.

Another common type of complaint related to problems caused by low account balances, including overdraft fees, bounced checks, charged-off accounts, and negative reporting to credit reporting agencies. Complaints related to overdrafts remain common, including complaints about transaction ordering. Many consumers are frustrated by the way some companies appear to manipulate the order in which deposits and withdrawals are posted to consumers' accounts to maximize overdraft fees. Consumers complained about overdrafts that took place because of confusion over the availability of funds that they were attempting to deposit. Consumers also regularly complained about the size of overdraft fees when making small dollar purchases. Other fees, including insufficient funds fees, extended overdraft fees and monthly maintenance fees were also frequently the subject of complaints.

### Consumers' credit card complaints

Approximately 20,200 (or 80%) of the 25,100 credit card complaints handled from October 1, 2015 through September 30, 2016 were sent by Consumer Response to companies for review and response. The remaining complaints were referred to other regulatory agencies (13%), found to be incomplete (3%), or are pending with the consumer or the CFPB (0.7% and 3%, respectively). Consumer Response has handled an additional 11,200 debt collection complaints where the source of the debt is credit card. These credit card-related debt collection complaints account for nearly 13% of all debt collection complaints handled by the CFPB.

Billing disputes are the most common type of credit card complaint. Consumers continued to be confused and frustrated by the process and by their limited ability to challenge inaccuracies on their monthly credit card billing statements. For example, some consumers realized only after their claim has been denied that they needed to notify their credit card companies within 60 days of the first periodic statement that reflects the billing errors. In other cases, consumers were not aware that companies typically do not stop a merchant charge once the cardholder has authorized it, or do not override a merchant's "no-return policy."

Credit decisions—initial application decisions and servicing changes (e.g., interest rate adjustments, credit limit reductions)—are frequently the subject of complaints. Consumers complained of difficulty understanding these determinations by the credit card companies and the reasons stated on letters explaining the decisions. They also expressed concern about potential unfairness resulting from existing items on their credit report that they feel do not reflect their creditworthiness. Other consumers expressed a belief that prejudice or bias may impact those credit decisions.

A number of consumers also complained about how payments are applied to accounts with multiple balances and different expiration periods that resulted from balance transfers, cash advances, or deferred interest purchases. Frequently, these consumers felt that they were not adequately informed how their payments would be applied and were surprised that payments were not applied to promotional or deferred interest balances with limited terms. With deferred interest programs, consumers complained that the terms of these programs were not adequately explained to them. Specifically, some consumers thought that no interest charges would be incurred during the deferral period regardless of whether the debt is paid in full.

Consumers continued to complain about misleading offers for rewards programs. These consumers often stated that they have difficulty receiving promised benefits, or that the terms and conditions of the programs were not clearly explained when they opened the card. Complaints about bonus points or miles programs, cash back programs, and travel benefits programs are especially common in these complaints.

Consumers also expressed frustration with various fees and additional costs associated with their credit cards. For example, although consumers understood why late fees were assessed to their accounts, they often felt that fees should not be applied when an automatic payment failed or when a billing statement did not arrive in a timely manner.

Consumers who received insurance products (e.g., phone or travel insurance), warranty extensions and guaranties, improved return polices, price protection services, and other similar benefits through their card programs sometimes complained about difficulties they experienced while attempting to take advantage of those benefits.

Another issue consumers complained about is the closure of their account without their knowledge or consent. In most of these situations, the company stated that the consumer's account was closed because of default or suspected fraud. Consumers also often expressed frustration when accounts are closed due to inactivity, resulting in negative credit score impacts.

Some of these consumers also stated that they would have used the cards in question if they had been notified of the impending closure.

### Consumers' payday loan and consumer loan complaints

Consumer Response began accepting consumer loan complaints, including complaints about installment loans, vehicle loans and leases, and personal lines of credit in March 2012. The ability to accept payday loan and pawn and title loan complaints were added in November 2013 and July 2014, respectively.

Approximately 9,100 (or 60%) of the 15,300 consumer loan complaints, including complaints about installment loans, vehicle loans and leases, personal lines of credit, and pawn and title loans, handled from October 1, 2015 through September 30, 2016 were sent by Consumer Response to companies for review and response. The remaining complaints were referred to other regulatory agencies (19%), found to be incomplete (6%), or are pending with the consumer or the CFPB (1% and 14%, respectively).

The most common type of consumer loan complaint is about managing the loan, lease, or line of credit. Other common types of complaints address problems consumers have when they are unable to pay, including issues related to debt collection, bankruptcy, default, and problems when taking out the loan or lease, such as term changes. Consumers complained about lenders offering very favorable terms to attract their interest and later changing those terms so that the consumer often ends up paying much more for a loan than they were initially told. Consumers also complained about funds drawn on their line of credit being deposited into an account rather than receiving a check as requested.

Specifically, with auto loan complaints, consumers complained about misleading advertisements at "Buy Here Pay Here" dealerships. Consumers explained that these dealerships checked their credit even though advertisements stated that their credit would not be considered. Consumers also complained that although advertisements stated that making timely payments on their loans would help build their credit up, these dealerships would not furnish good standing credit information to credit reporting agencies.

Some consumers complained that warranties they believe that they were required to purchase did not cover basic repairs sought by the consumer. In these complaints, consumers purchased older cars and they were under the impression that the warranty would cover the repairs often associated with cars that have high mileage. Since these repairs were not covered, consumers

incurred high costs to fix their cars or in some instances were unable to make further use of the vehicle. Consumers with vehicle leases also complained about having to pay what they felt were high wear and tear fees at the end of the lease term. These consumers explained that they disagreed with the wear and tear determinations and believed the process was unfair. Because there is a subjective element to this determination, consumers indicated that they should be allowed to be present for the inspection.

Consumers reported that they did not understand the effects of fees and high interest rates on the total cost of their loans. As a result, they complained of high outstanding balances despite making a number of monthly payments. Many consumers described having to voluntarily surrender their vehicle because they could no longer afford their payments. In many of these complaints, consumers ended up owing more than the value of the car. Consumers also complained of repossession that occurred without any notification. In some of these complaints, the repossession occurred while the consumer was under the impression that they had successfully negotiated a repayment plan.

Approximately 1,800 (or 37%) of all payday complaints received from October 1, 2015 through September 30, 2016 were sent by Consumer Response to companies for review and response. The remaining complaints were referred to other regulatory agencies (25%), found to be incomplete (13%), or are pending with the consumer or the CFPB (2% and 24%, respectively). Of the payday loan complaints submitted by consumers, approximately 55% were about problems consumers experienced with an online payday loan. Approximately 15% reported problems when obtaining a payday loan in person or at a store. For the remaining approximately 30% of complaints, the consumer did not indicate how the loan was obtained.

Consumer Response has handled an additional 8,300 debt collection complaints where the source of the debt is payday loans. These payday-related debt collection complaints account for nearly 10% of all debt collection complaints handled by the CFPB.

The most common type of payday loan or deposit advance (i.e., bank payday advance loan) complaint was about problems with contacting the lender. Another common type of complaint involved being charged unexpected fees or interest and receiving loans they did not apply for. Consumers also complained about applying for the loan, but not receiving money from the lender.

The remaining complaints involved issues surrounding payments, such as the lender's representation of checks and submission of multiple electronic debit attempts. Consumers

frequently reported that they were not aware that the payday contracts sometimes authorized the lender to withdraw funds electronically. Additionally, consumers complained that payday lenders re-present a check several times, causing the consumer to incur multiple nonsufficient funds or overdraft fees.

Many consumers reported that they were unaware that funds would be taken from the next direct deposit to pay for a recent direct deposit advance. Consumers also reported widespread confusion over repayment dates. Consumers with multiple advances often had difficulty managing a short repayment period and will roll-over the loan, inflating the total cost of the loan. Other common complaints included lack of clarity about repayment of the loan using automatic withdrawal features on a bank card, prepaid card, or by direct deposit and disputes with lenders about whether the loan had been paid off. The cost and structure of a particular loan can sometimes make it difficult for consumers to repay.

Consumers raised concerns such as the risk of being unable to repay the loan while still having enough money left over for other expenses, the high cost of the loan, and aggressive debt collection practices in the case of delinquency or default.

### Consumers' student loan complaints

Approximately 7,400 (or 69%) of all student loans complaints handled from October 1, 2015 through September 30, 2016 were sent by Consumer Response to companies for review and response. The remaining complaints were referred to other regulatory agencies (10%), found to be incomplete (8%), or are pending with the consumer or the CFPB (3% and 9%, respectively). In February 2016, Consumer Response began accepting federal student loan servicing complaints. Consumer Response has handled an additional 2,300 debt collection complaints where the source of the debt is a student loan.

The most common type of student loan complaint concerned problems consumers confront when they are dealing with lenders or servicers. In particular, consumers continued to struggle when working with their servicers to apply payments and discuss their payment options. With federal student loan servicing complaints, consumers reported issues enrolling in repayment programs that take into account their income. Consumers continued to struggle with the limited affordable payment options permitted in their private student loan agreements. Specifically, some consumers said they were unable to refinance or restructure the repayment terms of their loan, either to lower monthly payments during periods of financial hardship or to improve

existing terms based upon the consumer's improved credit profile and credit-worthiness.

Consumers also reported problems when they are unable to pay, such as issues related to default, student debt collection, and bankruptcy.

### Consumers' money transfer complaints

Approximately 1,700 (or 69%) of all money transfer complaints received from October 1, 2015 through September 30, 2016 were sent by Consumer Response to companies for review and response. The remaining complaints were referred to other regulatory agencies (13%), found to be incomplete (6%), or are pending with the consumer or the CFPB (1% and 11%, respectively).

Consumer complaints about money transfers frequently involved attempts by consumers to remit money to family members, both domestically and internationally. Consumers often submitted complaints because the transfer recipients did not receive the money transfer, because the amount received was smaller than expected, or because of significant and unanticipated delays.

Consumers also complained about error resolution, cancellation, and requests for refunds. Consumers often mentioned refunds are subject to long delays. Some consumers do not understand their error resolution rights, remedies, or the timeframe for correcting errors, which may be governed by the agreement for the money transfer and/or federal law.

Many money transfer complaints involved consumers being victims of fraud. A common fraud is the "person-in-need" where the fraud perpetrator asks the consumer to transfer money in order to help family members pay for bail or for other emergency needs.

Customer service and access to information about the status of transfers, investigations into transfers, and other money transfer processes can be sources of frustration for consumers. When contacting customer service, consumers reported that they receive inadequate or confusing information, experience long hold times, or were simply unable to reach customer service representatives. Even when consumers do eventually receive information, they often found that the explanations for problems they encountered were insufficient and did not provide them with the means to prevent similar problems in the future.

Some consumers who sent international transfers mentioned problems with the transfer amount, transfer fees and taxes, and exchange rates. Some consumers complained that

remittance transfer providers charge them a higher exchange rate than the exchange rate reported in major newspapers. A number of consumers also reported that the funds were not received in the same currency in which the transfer is funded (i.e., U.S. Dollars).

### Consumers' prepaid card complaints

Approximately 1,900 (or 58%) of all prepaid complaints received from October 1, 2015 through September 30, 2016 were sent by Consumer Response to companies for review and response. The remaining complaints were referred to other regulatory agencies (26%), found to be incomplete (6%), or are pending with the consumer or the CFPB (1% and 8%, respectively).

Consumers complained that they were unable to access funds loaded on their prepaid cards for an extended period of time. Frequently these consumers complained of hardships resulting from their lack of access to funds.

Consumers complained about expired prepaid cards where the company declined to re-issue cards with remaining balances. In most instances, the company noted that the expiration or valid through date was embossed on the card.

A variety of fees—replacement card, monthly, inactivity, transaction, balance inquiry, PIN change, and overdraft—are a major concern for consumers.

Consumers submitted complaints about compromised prepaid cards. In these complaints, consumers claimed that unauthorized funds withdrawals occurred shortly after card activation or after the consumer performed the first transaction.

Consumers stated that after disputing a particular charge, the company would often freeze the entire available balance to prevent further loss while the claim was under review. During the review process, companies sometimes requested additional information—such as purchase receipts or packaging—which were not available to consumers. Consumers who were victims of frauds or scams frequently complained that scammers instructed them to purchase prepaid cards in order to transfer funds to the fraud perpetrators.

### Other financial services complaints

Approximately 400 (or 19%) of all other financial services complaints received from October 1, 2015 through September 30, 2016 were sent by Consumer Response to companies for review and response. The remaining complaints were referred to other regulatory agencies (33%),

found to be incomplete (13%), or are pending with the consumer or the CFPB (2% and 33%, respectively).

Of the 2,200 other financial services complaints submitted by consumers, approximately 56% dealt with fraud or scams. Approximately 17% of complaints were about customer service issues, while approximately 8% of complaints dealt with unexpected or other fees. The remaining complaints for other financial services involved issues with excessive fees, advertising and marketing, disclosures, lost or stolen checks or money orders, and incorrect exchange rates.

## How companies respond to consumer complaints

Approximately 188,100 (or 66%) of all complaints received between October 1, 2015 and September 30, 2016 were sent by Consumer Response to companies for review and response.<sup>18</sup> After Consumer Response forwards complaints to companies, the company has 15 days to respond and 60 days to provide a final response.

Company responses include descriptions of steps taken or that will be taken, communications received from the consumer, any follow-up actions or planned follow-up actions, and a categorization of the response. Response category options include “Closed with monetary relief,” “Closed with non-monetary relief,” “Closed with explanation,” “Closed,” “In progress,” and other administrative options. Consumers are given the option to review and dispute all company closure responses.

Companies have responded to approximately 94% of complaints<sup>19</sup> sent to them and report having closed 90% of the complaints sent to them. Companies’ responses describe a range of relief such as:

- refunding a fee;
- providing mortgage foreclosure alternatives that help the consumer keep their home;

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<sup>18</sup> The remaining complaints have been referred to other regulatory agencies (14%), found to be incomplete (8%), or are pending with the consumer or the CFPB (1% and 10%, respectively).

<sup>19</sup> Companies have responded to approximately 177,200 of the 188,100 sent to them for response.

- stopping harassment from debt collectors;
- cleaning up consumers' credit reports by correcting submissions to credit bureaus;
- restoring or removing a credit line;
- correcting account information, including in credit reports; and
- addressing formerly unmet customer service issues.

Company responses provided outside of the 15-day or 60-day response windows are deemed untimely. Consumers did not receive a timely response in 3% of complaints.

### Consumers' feedback about companies' responses

Once the company responds, the CFPB gives consumers the option to provide feedback on the company's response. Consumers had the option to provide feedback about approximately 169,100 company responses, disputing 19%. Approximately 66% were not disputed and the rest were pending with consumers at the end of this period.

### Consumer response investigation and analysis

Consumer Response analyzes consumer complaints, including the accuracy, completeness, and timeliness of a company's responses as well as consumers' feedback about that company's responses, to ensure that consumers receive timely responses to their complaints and that the Bureau and other regulators, consumers, and the marketplace have the complaint information needed to improve the functioning of the consumer financial markets for such products and services.

Consumer Response uses a variety of approaches to analyze consumer complaints, which leverage the structured and unstructured information from complaints, company responses, and consumer feedback about those company responses to their complaints. This includes using text analytics and other analytical tools to identify and tag additional products and issues, phrases, and concepts to monitor trends in complaints. Complaint analysis may prompt investigation of individual complaints or investigation of cohorts of complaints and possible referral to colleagues in the CFPB's Division of Supervision, Enforcement, and Fair Lending for further consideration.

Consumer Response shares complaint data, analyzes, and offers insights to other offices to help the Bureau:

- Understand problems consumers are experiencing in the marketplace and the impact of those experiences on their lives;
- Develop tools to empower people to know their rights and protect themselves;
- Scope and prioritize examinations and ask targeted questions when examining companies' records and practices;
- Identify and stop unfair practices before they become major issues; and
- Investigate issues and take action when we find problems.

Listening to consumers and reviewing and analyzing their complaints is an integral part of the CFPB's work in understanding issues in the consumer financial marketplace, and in helping the market work better for consumers. The information shared by consumers and companies throughout the complaint process informs the Bureau about business practices that may pose risks to consumers and helps the Bureau supervise companies, enforce federal consumer financial laws, and write better rules and regulations.

## 2.3 Shopping challenges

The challenges that consumers face in the marketplace highlight the importance of a tenet that is central to the CFPB's mission – promoting markets in which consumers can understand and anticipate the risks, costs, and other terms of financial products and services. When the costs, risks, and other key features of financial products are transparent and understandable, consumers are better able to compare products and choose the best ones for their situation.

Prior Semi-Annual reports highlighted challenges consumers faced shopping for a particular lending or deposit product, including the markets for mortgages, credit cards, student loans, checking accounts, and small-dollar credit. In the Spring 2016 Semi-Annual report, we focused on findings from the Bureau's Consumer Credit Card Market report on deferred interest and rewards cards. Work completed by the CFPB over the past six months sheds light on areas of concern for consumers who are part of immigrant populations and students applying for income-driven repayment plans.

## Challenges faced by immigrant consumers

In the July 2016 Issue Brief: Financial Education Programs Serving Immigrant Populations, the CFPB research found three different types of challenges that immigrants face when building financial well-being. One set of challenges is caused primarily by socioeconomic status and affects both immigrants and U.S.-born consumers. The second set of challenges is unique to immigrant populations, and may transcend socioeconomic factors. The third set of challenges is associated with having limited English proficiency.

**Challenges caused primarily by socioeconomic status:** Socioeconomic status can be just as important as the experience of being an immigrant when it comes to financial capability. Knowledge and understanding of the financial system, trust in financial institutions, and experience with financial products is highly correlated with socioeconomic status. Many low- and moderate-income immigrants encounter the same challenges to building financial well-being that households comprised of low- and moderate-income native-born persons face. Such challenges include:

- **Using mainstream financial services.** Many immigrant households do not trust financial institutions due to previous experiences with financial institutions in the U.S.<sup>20</sup> In particular, instances in which consumers were not aware of, or did not understand the full set of potential fees or where consumers felt that fees were not adequately explained led some immigrants to express frustration about their experiences with retail banks.<sup>21</sup> While checking accounts have lower up-front costs than alternative financial products such as check cashers, bank accounts can have minimum balance requirements and other fees.<sup>22</sup> A survey of Latin American immigrants found that negative perceptions of bank accounts were

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<sup>20</sup> Federal Deposit Insurance Corporation, *2011 FDIC Survey of Banks' Efforts to Serve the Unbanked and Underbanked* (December 2012), available at [fdic.gov/unbankedsurveys/2011survey/2011report.pdf](http://fdic.gov/unbankedsurveys/2011survey/2011report.pdf); Barcellos et al. 2012; Suro et al. 2002.

<sup>21</sup> Lutheran Immigration and Refugee Service, *Financial Literacy for Newcomers: Weaving Immigrant Needs Into Financial Education* (March 2006), available at [higheradvantage.org/wp-content/uploads/2012/05/rw\\_financial\\_literacy.pdf](http://higheradvantage.org/wp-content/uploads/2012/05/rw_financial_literacy.pdf).

<sup>22</sup> Osili and Paulson 2007.

closely related to immigrants' perceptions about high minimum balance requirements.<sup>23</sup> For households with low and unstable incomes, the potential savings from having bank accounts may be eliminated if the household does not understand the full set of possible fees and the steps required to avoid them if minimum balances are not met.

For households with low and unstable incomes, paying a check casher may feel easier and faster than managing a bank account with minimum balance requirements and fees. Additionally, a 2013 National Council of La Raza study found that the consumers it surveyed believed that check cashers offer more convenient hours and locations and are more likely to have bilingual staff, among other things.<sup>24</sup> Some banks have taken steps to improve their services by investing in diverse staff, expanded hours, and installing multilingual ATMs.<sup>25</sup>

- **Lack of or poor credit history in the U.S.** Without access to information about a consumer's credit behavior, credit reporting companies (also known as consumer reporting agencies) cannot compile a credit history, resulting in a "thin" credit file or no file at all.<sup>26</sup> This may be common among new immigrants who have not yet used credit products in the United States.

Damaged credit may also be a problem for immigrants who obtained credit without fully understanding the features of the products or without information about managing credit and debt. Similar to nonimmigrants, immigrants may also default due to a financial shock. Relative newcomers might not understand the costs or impact of missed payments and the importance of credit scores in obtaining credit, job and rental applications, and other circumstances.

- **Limited loans for small businesses.** According to the Small Business Administration,

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<sup>23</sup> Suro et al. 2002.

<sup>24</sup> National Council of La Raza, *Latino Financial Access and Inclusion in California* (June 2013), available at [publications.nclr.org/handle/123456789/1123](http://publications.nclr.org/handle/123456789/1123). This report is based on a financial survey of Latinos in California.

<sup>25</sup> Paulson et al. 2006.

<sup>26</sup> Consumer Financial Protection Bureau Office of Research, *Data Point: Credit Invisibles* (May 2015), available at [files.consumerfinance.gov/f/201505\\_cfpb\\_data-point-credit-invisibles.pdf](http://files.consumerfinance.gov/f/201505_cfpb_data-point-credit-invisibles.pdf).

immigrants have higher business ownership and formation rates than nonimmigrants. Approximately one in 10 immigrant workers owns a business.<sup>27</sup> However, small business owners often experience trouble borrowing money beyond credit cards and personal loans. Lack of access to credit can present barriers to starting and expanding businesses.<sup>28</sup>

**Challenges unique to immigrant households:** Immigrants face unique challenges, such as navigating the immigration process, potentially learning a new language, and assimilating to a new (or different) financial system. Some of the difficulties get easier with time, but building financial well-being can be a long process.

- **Documentation and identification requirements.** There appears to be confusion about the documents needed to open accounts among both immigrants and financial institutions and concerns about immigration status among immigrants. A national survey of Latin American immigrants found that 25% believed that opening a bank account required a Social Security number or a driver's license.<sup>29</sup> In fact, some, but not all, banks and credit unions accept foreign passports, consular IDs, or other alternative forms of identification and train their staff effectively on identification requirements.<sup>30</sup> For example, the USA PATRIOT Act allows financial institutions to accept different forms of identification such as an Individual Taxpayer Identification Number (ITIN) and foreign government issued IDs, such as the Matricula Consular card, enabling insured financial institutions to serve unbanked immigrants who live and work in the United States.<sup>31</sup>

Some immigrants may have, for example, a Matricula Consular. This is a card that countries such as Mexico, Guatemala, and Argentina issue as identification. A 2012 FDIC survey found

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<sup>27</sup> Small Business Administration Office of Advocacy, *Immigrant Entrepreneurs and Small Business Owners, and Their Access to Financial Capital* (May 2012), available at [sba.gov/sites/default/files/rs396tot.pdf](http://sba.gov/sites/default/files/rs396tot.pdf).

<sup>28</sup> Lofstrom and Wang 2009.

<sup>29</sup> Suro et al. 2002.

<sup>30</sup> National Council of La Raza 2013; Paulson et al. 2006.

<sup>31</sup> Federal Deposit Insurance Corporation, *Linking International Remittance Flows to Financial Services: Tapping the Latino Immigrant Market* (December 2004), available at [fdic.gov/regulations/examinations/supervisory/insights/siwin04/latino\\_mkt.html](http://fdic.gov/regulations/examinations/supervisory/insights/siwin04/latino_mkt.html).

that a majority of banks accepted a non-U.S. passport or some other nontraditional form of identification from prospective customers. Among respondents, 58% of banks accepted a non-U.S. passport, 40% accepted identification from a foreign consulate, and 73% accepted an ITIN as an alternative to a Social Security number at account opening.<sup>32</sup>

In addition to some confusion about identification requirements, immigrants sometimes worry that banks will investigate immigration status or share customer information with immigration authorities. Some fear losing the money in their account if the identification they used to open the account expires or if they are deported.<sup>33</sup> New York City's Office of Financial Empowerment found that documentation status is one of the strongest determinants of banking status.<sup>34</sup>

- **Unfamiliarity with the U.S. financial system.** Recent immigrants may be unfamiliar with financial products and fees in the United States. In addition, the U.S. tax system can be a major challenge, because taxes in their country of origin may have been very different.<sup>35</sup>

In terms of financial products, even if immigrants find products that suit their immediate needs for managing money, it may take longer for them to take advantage of the full scope of financial products and services – insurance, credit products and credit counseling services, Individual Development Accounts (IDAs), credit reports and scores, down payment assistance, mortgages, retirement accounts, and more. While gaps in checking account use between immigrants and native-born households disappear with time in the United States,<sup>36</sup>

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<sup>32</sup> Federal Deposit Insurance Corporation 2012.

<sup>33</sup> Paulson et al. 2006.

<sup>34</sup> New York City Department of Consumer Affairs Office of Financial Empowerment, *Immigrant Financial Services Study* (November 2013), available at [www1.nyc.gov/assets/dca/downloads/pdf/partners/Research-ImmigrantFinancialStudy-FullReport.pdf](http://www1.nyc.gov/assets/dca/downloads/pdf/partners/Research-ImmigrantFinancialStudy-FullReport.pdf).

<sup>35</sup> GAO 2010, p12.

<sup>36</sup> Osili and Paulson 2007.

gaps in longer-term assets and overall wealth persist into retirement.<sup>37</sup>

- **Lack of trust in financial institutions.** Immigrants may bring with them a distrust of financial institutions based on experiences in their countries of origin. One study found that after controlling for income, education, race, and marital status, most of the gap between immigrants and native-born use of mainstream banking can be explained by the quality of banking in an immigrant's home country.<sup>38</sup>
- **Expectations of returning home.** Immigrants who expect to be in the United States for only a short time may be motivated to accumulate savings while they are in the United States. However, at the same time, they may feel that they have less need to learn about the U.S. financial system and make longer-term investments like homeownership or retirement savings.<sup>39</sup> This may create an inherent tension where some immigrants may not be able to attain or access wealth-building capability without becoming more immersed in the system.
- **Ethnically concentrated neighborhoods.** A study suggests that immigrants living in more ethnically concentrated neighborhoods are sometimes less likely to join the financial mainstream because they listen to their neighbors and families and are unfamiliar with the U.S. financial systems.<sup>40</sup> Anecdotal evidence suggests that ethnically concentrated neighborhoods may turn to more familiar methods for taking care of financial needs<sup>41</sup> like rotating savings and credit associations (ROSCAs), notaries, and money transfer providers.

### **Challenges associated with having limited English proficiency**

- **Language challenges.** Households with limited English skills face multiple obstacles to understanding and accessing financial products and services. Financial disclosures and

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<sup>37</sup> See, for example, Love and Schmidt 2014; Heim et al. 2011; Sevak and Schmidt 2007.

<sup>38</sup> Osili and Paulson 2008.

<sup>39</sup> Barcellos et al. 2012.

<sup>40</sup> Osili and Paulson 2007.

<sup>41</sup> Osili and Paulson 2007.

other written documents may be available only in English.

Many financial institutions do not have bilingual employees available to serve individuals with limited English proficiency, particularly for languages other than Spanish.<sup>42</sup> Even when bilingual bank employees are available, they may not be familiar with all financial products the institution offers. This means individuals with limited English can have trouble getting information about products, comparing costs, and correcting errors.

Technical terms in the U.S. financial system – e.g., “subprime,” “overdraft protection,” “balloon payment,” “401(k)” – may not have equivalent terms in some languages. Even if equivalent terms exist, translations may create more confusion than clarity.<sup>43</sup> For example, when targeting materials and products to Latinos, financial education materials often are translated from English to their literal equivalent in Spanish, which may be unintelligible or difficult for the reader to understand.<sup>44</sup>

Individuals with limited English skills may rely on friends and family – often their minor children – to serve as interpreters during financial transactions.<sup>45</sup> These individuals, particularly children, may not be expert about the financial topics being discussed or may not be able to translate complex financial or legal concepts.

- **Scams and deceptive practices.** At some point during their initial years in the United States, many immigrants deal with scams or deceptive practices. These include many of the same concerns that exist for native-born households. However, there are scams designed to exploit the specific vulnerabilities of immigrants. For example, service providers that work with LEP communities indicated that in some cases, individuals use their ability to converse

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<sup>42</sup> Lutheran Immigration and Refugee Service 2006, p11.

<sup>43</sup> For a glossary of how the CFPB translates key financial terms into Spanish and Chinese, see [files.consumerfinance.gov/f/201510\\_cfpb\\_spanish-style-guide-glossary.pdf](http://files.consumerfinance.gov/f/201510_cfpb_spanish-style-guide-glossary.pdf) and [files.consumerfinance.gov/f/201510\\_cfpb\\_chinese-style-guide-glossary.pdf](http://files.consumerfinance.gov/f/201510_cfpb_chinese-style-guide-glossary.pdf).

<sup>44</sup> National Council of La Raza, *Financial Education in Latino Communities: An Analysis of Programs, Products, and Results/Effects* (December 2004), available at [publications.nclr.org/handle/123456789/1394](http://publications.nclr.org/handle/123456789/1394), p11.

<sup>45</sup> GAO 2010, p. 11.

fluently in someone's native language to build trust and then take advantage of the person. Other service providers described scams in which LEP individuals are told the terms of an agreement orally in their native language and then asked to sign a written contract in English that is purported to memorialize that agreement, but that, in fact, contains entirely different and less favorable terms.<sup>46</sup> Language barriers may also make it harder for those with limited English skills to register a complaint about a practice or product,<sup>47</sup> where complaint-taking is limited to English.

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<sup>46</sup> GAO 2010.

<sup>47</sup> Appleseed, *Expanding and Improving Financial Services for Low- and Moderate-Income Immigrant Communities: Next Steps*, available at [texasappleseed.org/sites/default/files/101-FinancialServices-ExpandingandImprovingCommunitiesNext%20Steps.pdf](http://texasappleseed.org/sites/default/files/101-FinancialServices-ExpandingandImprovingCommunitiesNext%20Steps.pdf).

# 3. Delivering for American consumers and leveling the playing field

The CFPB exercises its authorities under Federal consumer financial laws to administer, implement, and promote compliance with those laws. The Bureau also works to expand the resources it makes available to consumers to build the foundation necessary to empower consumers to take control over their financial lives.

## 3.1 Resources for consumers

The CFPB provides financial education initiatives designed to provide consumers with opportunities to access a broad range of financial information, tools, services, and other resources to support financial capability. The Bureau provides tools, resources, and information to consumers based on their specific issues with financial products and services, with a goal of improved financial literacy and capability – among the public as a whole, and among consumers who have experienced particular challenges in the financial markets.

### Consumer response

As detailed in the previous section, Consumer Response receives complaints and inquiries directly from consumers. Complaints are accepted through the CFPB website, [consumerfinance.gov](http://consumerfinance.gov), and by telephone, mail, email, fax, and referral.

Consumers submit complaints on the [CFPB website](#) using complaint forms tailored to specific products, and can also log on to the secure consumer portal to check the status of a complaint

and review a company's response. While on the website, consumers can chat with a live agent to receive help completing a complaint form. Consumers can also call the Bureau's toll-free number to ask questions, submit a complaint, check the status of a complaint, and more.<sup>48</sup> The CFPB's U.S.-based contact centers handle calls with little-to-no wait times, provide services to consumers in more than 180 languages, and serve hearing and speech-impaired consumers via a toll-free telephone number. Cutting-edge technology, including the secure company and consumer portals, makes the process efficient and user-friendly for consumers and companies. The CFPB also provides secure channels for companies to communicate directly with dedicated staff about technical issues.

The CFPB's phased-in approach to taking complaints has allowed Consumer Response to develop strong foundations over time. By applying the lessons learned through previous complaint function rollouts, Consumer Response has continued to improve its intake process, enhanced its communication with companies, and ensured the system's ease-of-use and effectiveness for consumers. Based on feedback from consumers and companies, as well as from its own observations, Consumer Response identifies new opportunities to improve its processes and implement changes with each product launch.

## Consumer education and engagement

An essential part of the mission of the CFPB is to empower consumers to take control over their financial lives. The CFPB's Consumer Education and Engagement Division (CEE) develops and implements initiatives to educate and empower consumers to make choices about money to meet their own life goals. Despite the availability of a wide range of information about managing money and about financial products and services, many consumers still struggle to make the financial decisions that serve their life goals. The Bureau hears every day from people experiencing difficulty in their financial lives, who often express regret that they did not know more about the risks involved in particular financial decisions at the time they made those decisions. Research indicates that significant numbers of Americans are worried about their household finances – from not being able to cover regular expenses, to not having savings to cover a financial shock, to not having enough money to retire.

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<sup>48</sup> To find more information about submitting a complaint, please see Appendix A.

The Bureau works to improve the financial literacy, including financial capability, of consumers in America. The Bureau has developed a strategy and a range of initiatives to help consumers take more control over their financial lives. Broadly, this strategy recognizes that financial literacy and financial capability require more than simply providing consumers with more information. Being able to manage one's financial life and make the financial decisions that will serve one's life goals requires a combination of knowledge, skills, and action.

The Bureau's strategy to improve financial literacy has two key aspects. First, the Bureau is seeking to provide assistance to consumers at important points in their financial lives. This includes building channels with a broad range of entities that consumers trust and may look to for financial and related guidance. Second, the Bureau is moving forward on research to identify effective approaches to financial education and better define how to measure and develop financial well-being. Fundamental to this strategy is developing approaches to provide youth with opportunities to develop the knowledge, skills, and attitudes that will serve them as adults. This strategy has been informed by the Bureau's consultations with the Financial Literacy and Education Commission (FLEC), and is aligned with FLEC's guiding vision of sustained financial well-being for U.S. individuals and families.

The Bureau's financial education strategy focuses on identifying opportune moments to engage consumers about their financial decisions and providing information, tools, or other decision-making supports to help with those decisions. The Bureau provides consumers with financial decision-making resources and skills that will serve them today and in the future. The Bureau is working to address financial decision-making issues that affect consumers generally, and also issues that affect specific populations – servicemembers, students and young adults, older adults, and consumers who are low-income or economically vulnerable.

The Bureau offers tools for consumers that provide assistance directly, and also works with others who can provide consumers with financial educational assistance in connection with other types of services consumers may seek. The Bureau is targeting its direct-to-consumer educational tools and resources toward assisting consumers with the financial aspects of large life decisions, starting with going to college, moving on to buying a home and, later in life, retiring; and on smaller decisions that can have large life consequences, such as starting a habit of savings, managing debt, and developing financial life skills to pass on to one's children. The Bureau also provides a robust tool, *Ask CFPB*, to answer common consumer questions that arise as people make choices about their financial lives and about financial products and services.

As part of its efforts to assist consumers in their financial lives, the Bureau engages in a rich and ongoing dialogue with stakeholders to share information, learn about promising practices, and identify opportunities to create or strengthen channels to bring financial education and financial capability programming to consumers. These stakeholders include financial education practitioners; federal, state, and local government agencies; and various other private and nonprofit organizations.

The Bureau's financial education research program focuses on: determining how to define and measure financial well-being as the end goal of financial education; identifying the knowledge, skills, and habits associated with financially capable consumers; and identifying effective approaches to improving financial capability and well-being. The Bureau will use the results of this research to refine how it supports consumers' financial decisions. The Bureau is sharing the results as they become available so others can look to the Bureau's findings as they make choices about how to provide financial education that can lead to better outcomes for consumers in America.

## Highlights of financial education initiatives

The Bureau has undertaken a broad array of financial education initiatives this reporting period, as well as continued or expanded upon prior initiatives. Highlights of these initiatives are described below.

Bureau tools and information to assist consumers directly in making financial decisions:

- *Ask CFPB* ([consumerfinance.gov/askcfpb/](http://consumerfinance.gov/askcfpb/)) is an interactive online tool that gives consumers “when you need it” answers to questions about financial products and services including credit cards, mortgages, student loans, bank accounts, credit reports, payday loans, and debt collection.
- *Paying for College* ([consumerfinance.gov/paying-for-college/](http://consumerfinance.gov/paying-for-college/)) is a set of online tools for students and families evaluating their higher education financing options – comparing college costs and financial aid, learning about college money and loan options, and assessing repayment options.
- *Owning a Home* ([consumerfinance.gov/owning-a-home/](http://consumerfinance.gov/owning-a-home/)) is a set of online tools for consumers to use as they begin and pursue the process of finding a home mortgage product that fits their needs and their budget. It helps consumers understand the basics

of mortgages, orient themselves in the market and process, and consider various factors that may affect their own mortgage decision.

- *Know Before You Owe: Take Control of Your Auto Loan* ([consumerfinance.gov/consumer-tools/auto-loans/](http://consumerfinance.gov/consumer-tools/auto-loans/)) is a set of resources to help consumers understand what is involved when financing an automobile. The resources, including an Auto Loan Cost Comparison Worksheet, encourage consumers to shop around for an auto loan and focus on the total cost of the loan, not just the monthly payment.
- *CFPB en Español* ([consumerfinance.gov/es/](http://consumerfinance.gov/es/)) provides Spanish-speaking consumers, who make up the second largest language group in the United States, a central point of access to the Bureau's most-used consumer resources available in Spanish.
- *Planning for Retirement* ([consumerfinance.gov/retirement/before-you-claim/](http://consumerfinance.gov/retirement/before-you-claim/)) is an interactive educational online tool to help consumers make an informed decision about one of the biggest choices that they will have to make. The tool helps people as they decide when to claim their Social Security benefits and understand how their claiming age affects their benefits. The tool, built in collaboration with the Social Security Administration, gives consumers the information and tips they need to make a well-informed choice in light of their own situation.

The Bureau is working with community institutions, government agencies, and other organizations to integrate financial education or capability strategies into existing service programs or consumer relationships:

- Schools provide the opportunity to transform the financial lives of a generation of Americans by introducing key money and finance-related concepts early, and building on that foundation consistently through the kindergarten through grade 12 (K-12) school years. The Bureau has launched a youth financial education initiative to build on existing efforts to integrate financial education into K-12 curricula and undertake other approaches to improving youth financial capability. This work includes a guide to help policymakers connect with tools, information, and insights to enhance K-12 financial education efforts available at [consumerfinance.gov/reports/advancing-k-12-financial-education-a-guide-for-policymakers/](http://consumerfinance.gov/reports/advancing-k-12-financial-education-a-guide-for-policymakers/); and a tool for analyzing and identifying appropriate and promising youth financial education curricula available at [consumerfinance.gov/reports/youth-financial-education-curriculum-review-tool/](http://consumerfinance.gov/reports/youth-financial-education-curriculum-review-tool/).

- The *Money as You Grow* ([consumerfinance.gov/money-as-you-grow](http://consumerfinance.gov/money-as-you-grow)) website provides a developmental framework for how children develop financial capability, and activities and conversation starters parents can use at each stage of development. These resources are broken up into resources for three age groups: early childhood, middle childhood, and teen and young adulthood. Early childhood resources focus on building skills and attitudes that can later be translated to financial choices, such as planning and problem solving, staying focused, and delaying gratification. Middle childhood is a good time to start speaking more explicitly about financial concepts, moving towards teen and young adulthood, when people start to earn money and make financial decisions on their own.
- The *Youth Personal Finance Pedagogy* ([consumerfinance.gov/youth-financial-education/](http://consumerfinance.gov/youth-financial-education/)) is a framework for teaching personal finance skills to children, based on the Bureau's research-based developmental model. The pedagogy aims to help teachers work with their students to improve executive functioning skills such as planning and problem solving, to create and encourage positive financial habits and effective money management, to build financial research skills to compare and contrast options, and to design safe opportunities for youth to practice financial decision-making.
- The Bureau's report *Building Blocks to Help Youth Achieve Financial Capability: A New Model and Recommendations* examines the development of the youth precursors to the knowledge, skills, habits, and norms that are associated with adult financial well-being. This developmental model is designed to help youth caregivers and educators start youth early on the path to financial capability. The report and brief are available at [consumerfinance.gov/data-research/research-reports/building-blocks-help-youth-achieve-financial-capability/](http://consumerfinance.gov/data-research/research-reports/building-blocks-help-youth-achieve-financial-capability/).
- Employers, including the federal government as an employer, can play an important role in helping people avoid financial distress and in promoting long-term financial well-being. Employers can do this by implementing practices in the workplace that strengthen financial capability, including making it easier for employees to adopt positive saving and investing habits. The Bureau has developed information about these practices in its report, *Financial Wellness at Work*. The report is available at [consumerfinance.gov/reports/financial-wellness-at-work/](http://consumerfinance.gov/reports/financial-wellness-at-work/).
- The Bureau continues its workplace initiative focused on empowering public service organizations to help their employees tackle their student debt. As part of this initiative, the Bureau developed a toolkit, *Employer's guide to assisting employees with student loan*

*repayment.* Public service organizations can use the toolkit to help employees learn about their options and work toward qualifying for federal loan repayment benefits available for student debt, including public service loan forgiveness. The Bureau is asking public service employers to take a pledge to help their employees in this effort. The pledge can be found at [consumerfinance.gov/pledge/](http://consumerfinance.gov/pledge/).

- The Bureau is working with the Department of Labor's Employment and Training Administration to assist municipal leaders and local workforce boards in 24 communities over a two-year period to integrate financial capability services into their youth employment programs. Innovations and lessons from this work will be shared with municipal leaders and the Department of Labor's broader Workforce System, which includes American Job Centers nationwide.
- Libraries are trusted institutions, and serve as a central neighborhood resource. The Bureau is working with libraries and national organizations with community networks to identify resources and community partnerships that can help libraries develop financial education programming. The Bureau is providing information and trainings for librarians. These efforts are helping libraries build the expertise to help consumers research their financial questions. Resources for libraries are available at [consumerfinance.gov/library-resources/](http://consumerfinance.gov/library-resources/).
- Volunteer Income Tax Assistance (VITA) sites assist more than 3.5 million low-income households each year to prepare and file their tax returns free of charge and, if the filer is eligible, apply for the Earned Income Tax Credit. The Bureau offers training and materials that site managers and volunteer tax preparers at VITA sites can use to encourage consumers to save a portion of their tax refunds. Through a large scale pilot involving 41 VITA programs around the country the training was offered via webinar to VITA site managers and their volunteer tax preparers. The Bureau offered an array of educational materials in English and Spanish for taxpayers including information sheets, posters, flyers, and social media ready content. These materials highlighted the benefits of saving at tax time and explained available savings options while filing a return, such as direct deposit into a savings account, splitting the refund into multiple accounts, purchase of a Series I savings bond or deposit into the new Treasury sponsored *myRA* retirement account. In 2016, 189,000 tax filers had their taxes prepared at sites where CFPB training and materials were provided with 147,615 tax filers receiving refunds. Of those filers receiving refunds 2,562 split their refunds into multiple accounts using IRS form 8888, 639 filers purchased Series I

savings bonds, and 70 made deposits into the new Treasury Department sponsored *myRA* retirement account.

- To support consumers and the mortgage industry in transitioning to new residential mortgage disclosure forms effective for applications for home purchase mortgage loans received beginning October 3, 2015, the Bureau developed a new consumer information booklet, *Your home loan toolkit: A step-by-step guide (The Toolkit)*. The *Toolkit* is designed to help consumers purchasing a house to use the new forms to guide them through the process of shopping for a mortgage and buying a home. The *Toolkit* integrates new requirements under the Dodd-Frank Act. Lenders can use the *Toolkit* to satisfy requirements under RESPA, Regulation X, and TILA, Regulation Z, requiring them to provide special information booklets to help consumers better understand the nature and costs of real estate settlement services. The booklet is delivered to hundreds of thousands of consumers each year and it will help spread plain-language educational information at a time when consumers are entering into a major financial transaction. The *Toolkit* is available in print-ready and web-ready versions, in English and Spanish, at [consumerfinance.gov/learnmore/#respa](http://consumerfinance.gov/learnmore/#respa).
- The Bureau connects to and supports financial education practitioners through the *CFPB Financial Education Exchange (CFPB FinEx)*. *CFPB FinEx* is an online and in-person information exchange designed to provide financial education practitioners with centralized access to CFPB tools, resources, and research on consumer financial behavior and effective practices. *CFPB FinEx* facilitates discussion among financial educators and allows the Bureau to gather feedback on financial education tools and approaches. Financial educators can access CFPB tools, resources, and research through a *Resources for financial educators* web page, which is available at [consumerfinance.gov/adult-financial-education/](http://consumerfinance.gov/adult-financial-education/). This web page includes a printable, shareable inventory of Bureau tools, resources, and reports, which is available at [consumerfinance.gov/f/201603\\_cfpb\\_finex-resource-inventory.pdf](http://consumerfinance.gov/f/201603_cfpb_finex-resource-inventory.pdf).
- The Bureau continues to train organizations to adopt and use *Your Money, Your Goals*, a toolkit for use by frontline staff in social services, legal aid, worker and community organizations. The toolkit allows users to help the people they serve strengthen their financial capability and personal money management skills. The Bureau has worked with various entities to expand the reach of *Your Money, Your Goals* program. More information is available at [consumerfinance.gov/your-money-your-goals/](http://consumerfinance.gov/your-money-your-goals/).

- The Bureau hosted a series of virtual *Military financial educator forums* on consumer financial topics for service providers who deliver financial, educational, or legal counseling to servicemembers and their families worldwide. The Bureau makes these forums available as on-demand video trainings on the Bureau's website at [consumerfinance.gov/servicemembers/on-demand-forums-and-tools/](http://consumerfinance.gov/servicemembers/on-demand-forums-and-tools/). These trainings currently cover issues in debt collection, credit reporting, veteran consumer issues, the consumer complaint process, and solutions for servicemembers with troubled mortgages.
- The Bureau and the FDIC collaborate in serving older adults and distribute a financial education tool, *Money Smart for Older Adults* (MSOA), as a stand-alone module in the FDIC's *Money Smart* financial education program. MSOA provides information for older adults and their caregivers on preventing and responding to financial exploitation such as scams and identity theft, and resources on how to prepare financially for unexpected life events. MSOA is offered by community organizations around the country that interact with older adults, family members, or caregivers, in Spanish and English. Participant guides are available for download at [consumerfinance.gov/f/201306\\_cfpb\\_msoa-participant-guide.pdf](http://consumerfinance.gov/f/201306_cfpb_msoa-participant-guide.pdf) and are available for order through [promotions.usa.gov/cfpbpubs.html](http://promotions.usa.gov/cfpbpubs.html). Community organizations that wish to offer the course in their communities can order the instructor materials from the FDIC at [fdic.gov/consumers/consumer/moneysmart/olderadult.html](http://fdic.gov/consumers/consumer/moneysmart/olderadult.html).
- The Bureau developed educational guides, *Managing Someone Else's Money*, designed to help financial caregivers of older adults to manage money or property of someone who is unable to make their own financial decisions. We created guides tailored to the needs of people in four different fiduciary capacities: agents under a power of attorney, court-appointed guardians, trustees, and government fiduciaries (Social Security representative payees and VA fiduciaries). Each guide contains information on the fiduciary's responsibilities and tips on how to spot financial exploitation and avoid scams. We also created six sets of state-specific *Managing Someone Else's Money* guides to provide information on state law, practice, and resources, as well as a set of tips and templates to help legal and aging experts in the remaining states create state-specific versions. Guides and tips for states are available for download at [consumerfinance.gov/managing-someone-elses-money](http://consumerfinance.gov/managing-someone-elses-money).
- The Bureau launched a *Safe Student Account Toolkit* to assist colleges and universities seeking to enter into agreements with financial institutions to provide safer and more affordable co-branded financial products for students. This toolkit can help schools when

developing a request for proposals to solicit bids to provide these financial products by empowering schools to solicit bids that clearly outline account features, fees and costs to students and, based on this information, to select a vendor that meets their students' needs.

This toolkit is available for download

at [http://files.consumerfinance.gov/f/201512\\_cfpb\\_safe-student-account-toolkit.pdf](http://files.consumerfinance.gov/f/201512_cfpb_safe-student-account-toolkit.pdf) and interested schools are encouraged to contact the Bureau at [students@cfpb.gov](mailto:students@cfpb.gov).

The Bureau is conducting evidence-based research to build on current knowledge of what approaches to financial education are effective and how to measure effectiveness:

- A growing consensus is emerging that the ultimate measure of success for financial literacy efforts should be improvement in individual financial well-being. The Bureau has formally defined financial well-being from the consumer perspective and has begun to identify the specific types of knowledge, behavior, and personal traits that help people achieve greater financial well-being. The Bureau released the first findings of this research in a report entitled *Financial well-being: The goal of financial education*, which is available at [consumerfinance.gov/reports/financial-well-being/](http://consumerfinance.gov/reports/financial-well-being/).
- The Bureau developed and tested a set of questions – a “scale” – to measure financial well-being. The scale is designed to allow financial education practitioners and researchers to accurately and consistently quantify, and therefore observe, something that is not directly observable – the extent to which someone’s financial situation and the financial capability that they have developed provide them with security and freedom of choice. The Bureau’s user guide describes the research behind the CFPB *Financial Well-Being Scale* and provides detailed steps for using it, including how to score individuals’ responses and compare their scores. The scale and guide are available at [consumerfinance.gov/reports/financial-well-being-scale/](http://consumerfinance.gov/reports/financial-well-being-scale/).
- In 2016, the Bureau assimilated the latest research and input from the financial education field to develop *Principles for financial well-being*. Practitioners can use the Principles to identify promising strategies that can help consumers improve their financial well-being, evaluate which principles are already present in their programs and how they support financial well-being, and refine existing programs by incorporating new insights gathered through CFPB’s financial well-being research.

## 3.2 Outreach

In addition to its efforts to engage specific populations, the CFPB regularly hosts public events across the country to discuss CFPB initiatives and to solicit input about issues related to consumer financial products and services. During this reporting period, the public participated in field hearings on arbitration in [Albuquerque, NM](#), on small dollar lending in [Kansas City, MO](#), and on debt collection in [Sacramento, CA](#).

In conjunction with these public events, Director Cordray and senior Bureau officials held roundtables with community leaders, legal services attorneys, housing counselors, state and local officials, community banks, credit unions, housing industry participants, and others as part of the CFPB's commitment to engage with the public. The CFPB also hosted two meetings of its Community Bank Advisory Council; both were located in Washington, D. C. and occurred on [April 21, 2016](#) and [September 29, 2016](#). Additionally, the CFPB held one meeting of its Academic Research Council in Washington, D.C. on [May 20, 2016](#) and one meeting of its Credit Union Advisory Council in Washington, D.C. on [September 1, 2016](#). The CFPB also held a meeting of its Consumer Advisory Board in Little Rock, AR on [June 9, 2016](#).

The Bureau has also actively solicited the perspectives of consumer and civil rights groups, including holding roundtables with community-based organizations across the country. During this reporting period, the Bureau's Office of Community Affairs has engaged thousands of community group representatives through hundreds of meetings, briefing calls, and public appearances.

The Bureau's Office of Financial Institutions and Business Liaison was established in April 2013 to facilitate and coordinate dialogue with all industry participants, and has hosted hundreds of meetings, briefing calls, and public appearances with financial institutions and financial industry trade associations.

Director Cordray and senior CFPB leadership have also delivered several speeches at widely-attended industry and nonprofit conferences.<sup>49</sup> In addition to direct outreach through field events, roundtables, public meetings, speeches, and briefing calls, the CFPB launched Project

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<sup>49</sup> A list of speeches given in this reporting period by CFPB personnel may be found in Appendix H of this report.

Catalyst in November 2012 to support innovators in creating consumer-friendly financial products and services. The Bureau believes that markets work best when they are open to new ideas, and that the insights and innovations that come from looking at problems and solutions from new angles hold great potential in our efforts to achieve our mission of making the consumer finance market work for all consumers. Project Catalyst is designed to open lines of communication and foster collaborations that promote consumer-friendly innovation.

To these ends, Project Catalyst has continued to develop its outreach efforts and policy tools. Through popular “office hours” events, which are held in San Francisco, CA; New York, NY; and Austin, TX four to five times per year, the CFPB is able to keep up to date with the fast-paced development in the FinTech space while the FinTech startups benefit from the Bureau’s knowledge of the regulatory environment and other considerations. Project Catalyst has developed three policy tools over the years. The first policy tool is the “research collaboration” program in which CFPB subject matter experts work with entrepreneurial companies to better understand what works for consumers and to inform our policy making. Since its launching, Project Catalyst has entered six such collaborations with companies large and small. The second policy tool is a trial disclosure program in which the CFPB provides waivers of federal disclosure requirements for successful applicants to allow them to develop and test innovative and consumer-friendly disclosures. More recently, the Bureau published a third tool, a no-action letter policy which aims to reduce regulatory uncertainty for new products and services that offer the potential for significant consumer benefit. More information about Project Catalyst is available on the CFPB’s website.<sup>50</sup>

### 3.3 Partnerships

The Bureau has furthered many existing partnerships and formalized several new ones.

To date, the Bureau has signed numerous memoranda of understanding (MOUs) with intergovernmental partners, including federal agencies, state financial regulatory entities, state and tribal attorneys general, and municipal law enforcement agencies. The Bureau has also

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<sup>50</sup> <http://www.consumerfinance.gov/ProjectCatalyst/>.

actively solicited the perspectives of consumer and civil rights groups.

## Office of the Consumer Advisory Board and Councils

The CFPB's [Office of the Consumer Advisory Board and Councils](#) is charged with managing the Bureau's advisory groups and serving as the liaison between advisory group members and the Bureau.<sup>51</sup> In addition to its regular engagements with external stakeholders, the Bureau's outreach also includes the:

- Consumer Advisory Board (CAB);
- Community Bank Advisory Council (CBAC);
- Credit Union Advisory Council (CUAC); and
- Academic Research Council (ARC).

Among its responsibilities, the Office of the Consumer Advisory Board and Councils:

- Manages the policies and procedures for the constitution and management of the advisory board and councils;
- Manages the selection process for the Bureau's advisory board and councils;
- Conducts agenda setting for advisory board and council meetings;
- Regularly facilitates discussions between the Bureau and advisory board/council members; and
- Recommends policy and associated strategies as suggested by the advisory board and councils.

The Consumer Advisory Board and Councils offer vital insight and perspective of financial service providers as the Bureau strives to issue thoughtful, research-based rules.

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<sup>51</sup> [http://www.consumerfinance.gov/blog/category/consumer-advisory-board/..](http://www.consumerfinance.gov/blog/category/consumer-advisory-board/)

The Consumer Advisory Board meets at least twice per year. The Credit Union Advisory Council and Community Bank Advisory Council each meet, on average, twice per year in person and twice per year by conference call. The Academic Research Council meets once a year.



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CAB Chair Bill Bynum speaks at the Consumer Advisory Board meeting on June 9, 2016 in Little Rock, AR.

## Role of the Consumer Advisory Board

Section 1014(a) of the Dodd-Frank Act states:

*The Director shall establish a Consumer Advisory Board to advise and consult with the Bureau in the exercise of its functions under the Federal consumer financial laws, and to provide information on emerging practices in the consumer financial products or*

*services industry, including regional trends, concerns, and other relevant information.*<sup>52</sup>

The Advisory Board and Councils help the Bureau solicit external stakeholder feedback on a range of topics, including consumer engagement, policy development, and research, and from a range of actors, including academics, industry, community members, and advocates. The advisory boards and councils consult on a variety of cross-cutting topics and report on meetings, and the CFPB provides minutes and/or summaries of their meetings on the Bureau's website. Members of the Bureau's board and councils serve for limited, specified terms.

### Membership and public application process of the Consumer Advisory Board and Councils

Section 1014(b) of the Dodd-Frank Act states:

*In appointing the members of the Consumer Advisory Board, the Director shall seek to assemble experts in consumer protection, financial services, community development, fair lending and civil rights, and consumer financial products or services and representatives of depository institutions that primarily serve underserved communities, and representatives of communities that have been significantly impacted by higher-priced mortgage loans, and seek representation of the interests of covered persons and consumers, without regard to party affiliation.*<sup>53</sup>

Membership to all of the Bureau's advisory groups is facilitated through a public process whereby members of the public may apply to serve on a board or council. The Bureau accepts applications for these four advisory groups on a yearly basis.<sup>54</sup> New CAB members will serve a three-year term and new CBAC, CUAC, and ARC members will serve two-year terms. On August

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<sup>52</sup> Dodd-Frank Act, Pub. L. No. 111-203, § 1014(a).

<sup>53</sup> Dodd-Frank Act, Pub. L. No. 111-203, § 1014(b).

<sup>54</sup> <http://www.consumerfinance.gov/about-us/blog/accepting-applications-for-our-advisory-board-and-councils-2016/>.

19, 2016 the Bureau was pleased to announce the appointment of these new board and council members.<sup>55</sup>

## Meetings of the Consumer Advisory Board and Councils

The Bureau has held five meetings of the Advisory Board and Councils during this reporting period:

- Two CBAC meetings – April 2016 and September 2016 in Washington, D.C.
- One ARC meeting – May 20, 2016 in Washington, D.C.
- One CAB meeting – June 9, 2016 in Little Rock, AR.
- One CUAC meetings – September 2016 in Washington, D.C.

Generally, Director Cordray provides remarks at Bureau Board and Council meetings, which are made available on our website. The Bureau now makes full advisory group meetings open and accessible to the public. These meetings provide an opportunity for members of the public to hear the information and expertise advisory group members provide to the Bureau on the financial issues affecting their communities or constituencies. Any subcommittee meetings or discussions are also reported out and posted to [consumerfinance.gov](http://consumerfinance.gov) in meeting minutes and the CAB's annual report to the Bureau.

## Topics covered with our Consumer Advisory Board and the other councils

In April 2016, the CBAC met to discuss Know Before You Owe, consumer complaint handling, overdraft, the CFPB's strategic outlook, and preventing elder financial abuse.

In May 2016, the ARC met to discuss the dynamics of household balance sheets, disclosures, and the challenges of consumer financial regulation.

In June 2016, the CAB met to discuss financial technology and regulation, arbitration, mortgage

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<sup>55</sup> <http://www.consumerfinance.gov/newsroom/cfpb-announces-new-members-of-the-consumer-advisory-board-community-bank-advisory-council-and-credit-union-advisory-council/>.

servicing, the CFPB's auto lending education initiative, trends and themes in the marketplace, and small dollar lending.

In September 2016, the CUAC and CBAC met to discuss HMDA implementation, share on the group perspectives, youth financial capability, and debt collection.

For more information about the CAB and the other CFPB advisory groups, please visit our [website](#).

# 4. Regulations and guidance

The Bureau has continued to issue a number of proposed and final rules that relate to the Dodd-Frank Act, including, but not limited to, a proposed rule concerning arbitration clauses included in certain contracts for a consumer financial product or service, a proposed rule to address consumer harms from practices related to payday loans, vehicle title loans, and other similar credit products, and a final rule to amend various provisions of the mortgage servicing rules in Regulation X (which implements RESPA) and Regulation Z (which implements TILA). In addition, the Bureau continues to follow up on an earlier Request for Information seeking public comment on potential projects to streamline regulations. The Bureau also continues its efforts to assist industry with the implementation of Dodd-Frank Act requirements, including the Bureau's Know Before You Owe (KBYO) mortgage disclosure and HMDA regulations.

## 4.1 Implementing statutory protections

The CFPB continues to engage in significant activities designed to implement the Dodd-Frank Act consumer protection provisions. Following the Bureau's issuance of mortgage rules in January 2013,<sup>56</sup> the KBYO mortgage disclosure rule in November 2013, the HMDA rule in October 2015, and amendments to the mortgage servicing rules in August 2016, the Bureau has continued to engage in activities to support the implementation process for these rules with both industry and consumers, as described further in Section 4.3. Other statutory implementation efforts have included issuing additional rules pursuant to Dodd-Frank Act mandates. Much of the Bureau's recent activity continues to be mortgage-related:

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<sup>56</sup> The Bureau's implementation activities for these rules are further discussed in section 4.3.

- In October 2015, the Bureau finalized amendments to Regulation C to, among other things, implement Dodd-Frank Act revisions to HMDA. On October 28, 2015, these changes were published in the *Federal Register*. The Bureau is assisting the industry with implementation of the final HMDA rule, similar to the Bureau's efforts on the KBYO rule and the 2013 mortgage rules.
- In August 2016, the Bureau issued a final rule amending certain mortgage servicing rules issued in 2013 under RESPA and TILA. These amendments focus primarily on clarifying, revising, or amending provisions regarding force-placed insurance notices, policies and procedures, early intervention, and loss mitigation requirements under Regulation X's servicing provisions; and periodic statement requirements under Regulation Z's servicing provisions. The amendments also address proper compliance regarding certain servicing requirements when a consumer is a potential or confirmed successor in interest, is in bankruptcy, or sends a cease communication request under the FDCPA. The final rule also makes technical corrections to several provisions of Regulations X and Z. In conjunction with the final rule, the Bureau issued an interpretive rule under the FDCPA, which constitutes an advisory opinion for purposes of the FDCPA and provides safe harbors from liability for servicers acting in compliance with specified mortgage servicing rules in Regulations X and Z in three specific situations.
- In July 2016, the Bureau proposed various amendments to Federal mortgage disclosure requirements under RESPA and TILA that are implemented in Regulation Z. The proposed amendments memorialize the Bureau's informal guidance on various issues and include clarifications and technical amendments. The Bureau is also proposing tolerance provisions for the total of payments, an adjustment to a partial exemption mainly affecting housing finance agencies and nonprofits, extension of coverage of the integrated disclosure requirements to all cooperative units, and guidance on sharing the disclosures with various parties involved in the mortgage origination process. The comment period for the proposal ends in the fall of 2016. The Bureau expects to issue a final rule in mid 2017.
- In consultation and cooperation with other agencies with Gramm-Leach-Bliley Act (GLBA) rule writing authority, the Bureau issued a proposal in July 2016 to amend Regulation P, which implements the GLBA and requires, among other things, that financial institutions provide an annual notice describing their privacy policies and practices to their customers. The proposal would make minor technical modifications

and clarifications to Regulation P to incorporate GLBA section 503(f) which provides an exception to the annual notice requirement for financial institutions that meet certain conditions. The comment period for that proposal ended on August 10 and the Bureau expects to issue a final rule in fall 2016.

- The Bureau issued two rules in March 2016 to address the HELP Rural Communities Act, which was enacted on December 4, 2015. First, the Bureau issued a procedural rule that established a process to apply for an area to be designated as a rural area for purposes of a Federal consumer financial law. Second, the Bureau issued an interim final rule that expanded eligibility for special provisions and an exemption from requirements provided to certain small creditors operating in rural or underserved areas under the Bureau's mortgage rules.
- Section 1071 of the Dodd-Frank Act amends ECOA to require financial institutions to report information concerning credit applications made by women-owned, minority-owned, and small businesses. The Bureau is in its early stages with respect to implementing section 1071, and is currently focused on outreach and research to develop its understanding of the players, products, and practices in business lending markets. The CFPB then expects to begin developing proposed regulations concerning the data to be collected and determining the appropriate procedures and privacy protections needed for information-gathering and public disclosure under this section.

## 4.2 Addressing longstanding consumer protection and regulatory burden concerns in other markets

In addition to work implementing Dodd-Frank Act mandates relating to mortgages, the Bureau has continued to focus attention on a number of issues in other consumer financial products and services markets. This work includes rulemakings to revise regulations the Bureau inherited from other agencies and the issuance of a proposed rule governing prepaid accounts, as well as continued research and other preparations for rulemakings to address several longstanding issues regarding debt collection, payday loans and deposit advance programs, and overdraft features on deposit accounts.

As reflected in its Spring 2016 [regulatory agenda](#), the Bureau has continued work on a number of projects to address longstanding concerns in other consumer financial services markets. For example:

- In November 2014, the Bureau proposed amendments to Regulations E and Z to create a comprehensive set of consumer protections for prepaid financial products, which are increasingly being used by consumers in place of traditional checking accounts. The proposed rule would expressly bring prepaid products within the ambit of Regulation E, which implements the Electronic Fund Transfer Act (EFTA), as prepaid accounts and create new provisions specific to such accounts. The proposed rule would also amend Regulation E and Regulation Z, which implements TILA, to regulate prepaid accounts with overdraft services or credit features. The comment period for the proposed rule closed at the end of March 2015, and the Bureau expects to release a final rule in Fall 2016.<sup>57</sup>
- The Bureau is also engaged in rulemaking activities regarding debt collection practices. Debt collection continues to be the single largest source of complaints to the Federal Government of any industry. Building on the Bureau's November 2013 Advance Notice of Proposed Rulemaking, the Bureau released materials in July 2016 in advance of convening an August 2016 panel under the Small Business Regulatory Enforcement Fairness Act (SBREFA) in conjunction with the Office of Management and Budget and the Small Business Administration's Chief Counsel for Advocacy to consult with small businesses that may be affected by the policy proposals under consideration. This SBREFA process focused on companies that are considered "debt collectors" under the FDCPA. The CFPB continues to analyze the results of a survey to obtain information from consumers about their experiences with debt collection and plans to publish a report in the coming months.
- The Bureau is developing a final rule to address consumer harms from practices related to payday loans, auto title loans, and other similar credit products, including failure to

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<sup>57</sup> The Bureau subsequently finalized this rulemaking after the end of the reporting period. <http://www.consumerfinance.gov/policy-compliance/rulemaking/final-rules/prepaid-accounts-under-electronic-fund-transfer-act-regulation-e-and-truth-lending-act-regulation-z/>.

determine whether consumers have the ability to repay without default or re-borrowing and certain payment collection practices. The Bureau issued a Notice of Proposed Rulemaking in June 2016. The deadline for comments on the Notice of Proposed Rulemaking is October 7, 2016. Among other things, the proposal would require lenders to make a reasonable determination that the consumer has the ability to repay a covered loan before extending credit. It would also require lenders to make certain disclosures before attempting to collect payments from consumers' accounts and restrict lenders from making additional payment collection attempts after two consecutive attempts have failed.

- Building on Bureau research and other sources, the Bureau is engaged in policy analysis and further research initiatives in preparation for a rulemaking on overdraft programs on checking accounts. The CFPB issued a [white paper](#) in June 2013 based primarily on supervisory data from several large banks that highlighted a number of possible consumer protection concerns, including how consumers opt in to overdraft coverage for ATM and one-time debit card transactions, overdraft coverage limits, transaction posting order, overdraft and insufficient funds fee structure, and involuntary account closures. In July 2014, the CFPB released a report, based on data from the same sources, providing additional information about the outcomes of consumers who do and do not opt in to overdraft coverage for ATM and one-time debit card transactions. The July [2014 report](#) also explored the transactions that overdraw consumer accounts. The CFPB is continuing to engage in additional research and has begun consumer testing initiatives relating to the opt-in process.
- The Bureau has proposed a rule concerning the use of agreements providing for arbitration of any future dispute between covered persons and consumers in connection with the offering or providing of consumer financial products or services. The proposed rule followed issuance of a report, which was required by the Dodd-Frank Act, and released in March 2015. The proposal would prohibit covered providers of certain consumer financial products and services from using an arbitration agreement to bar the consumer from filing or participating in a class action. Under the proposal, companies would still be able to include arbitration clauses in their contracts. However, for contracts subject to the proposal, the clauses would have to say explicitly that they cannot be used to stop consumers from being part of a class action in court. The proposal would also require a covered provider that has an arbitration agreement and that is involved in arbitration pursuant to a pre-dispute arbitration agreement to submit

specified arbitral records to the Bureau. The Bureau has received several thousand comments on the proposal.

The Bureau has continued to work on defining larger participants in markets for consumer financial services and products. Under Title X of the Dodd-Frank Act, the Bureau is authorized to exercise supervisory authority over larger participants that it defines by rule.

With regard to regulations that the CFPB inherited, the Bureau issued a Request for Information in December 2011 seeking comment on opportunities to streamline, modernize, and harmonize regulations inherited from other federal agencies. The Bureau has sought to address such issues in the course of its rulemakings; for instance, by using the rulemakings to consolidate mortgage disclosures under TILA and RESPA to clarify or reduce the burden of existing regulations, and by exploring opportunities to reduce unwanted regulatory burden as part of the HMDA rulemaking.

The Bureau has also continued to launch other rulemaking and guidance initiatives designed to streamline existing regulations and reduce regulatory burden.

## 4.3 Facilitating implementation of new regulations

As the Bureau has issued regulations to implement Dodd-Frank Act requirements, it has focused intently on supporting the implementation process for these rules with both industry and consumers. The Bureau has provided substantial implementation support for these regulations, including engaging in public outreach, speaking at conferences, and publishing guides, summaries, charts, webinars, and other resources. The Bureau has continued to develop and issue regulatory implementation materials and reference aids that support and assist regulatory implementation efforts for the KBYO mortgage disclosure rule, which went into effect in October 2015, the HMDA rule released in October 2015 , as well as the amendments to the mortgage servicing rules under RESPA (Regulation X) and the Truth in Lending Act (Regulation Z) issued in August 2016 and a related interpretive rule under the FDCPA to clarify the

interaction of the FDCPA and specified mortgage servicing rules in Regulations X and Z also issued in August 2016. These implementation materials, which are publicly available on a section of the Bureau's website dedicated to regulatory implementation,<sup>58</sup> along with other communications and outreach efforts, facilitate industry access to information on regulatory requirements and developments, particularly for smaller businesses that may have limited legal and compliance staff. The Bureau plans to continue to develop additional tools and resources to facilitate implementation and compliance with new rules, and to update existing resources to reflect regulatory amendments.

In October 2015, the Bureau issued the HMDA rule along with a number of resources to assist industry with understanding and implementing the new rule's requirements:

- A summary and overview of the final rule;
- A timeline of the rule's effective dates;
- Coverage charts to assist a financial institution in determining whether it is a HMDA reporter for purposes of the final rule;
- A summary of reportable data explaining the HMDA data points required to be collected, recorded, and reported under the rule;
- A reference chart explaining when data points may be reported as "not applicable" for certain loan types; and
- A Small Entity Compliance Guide providing a plain-language explanation of the rule in a form that makes the content more accessible for industry constituents, especially smaller businesses with limited legal and compliance staff.

In July 2016, the Bureau published a webinar providing an overview of the HMDA final rule and explaining institutional and transactional coverage, the data collection and submission process, and key dates for implementation. The Bureau also published a transactional coverage chart to help entities determine whether a transaction is reportable under the rule.

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<sup>58</sup> <http://www.consumerfinance.gov/regulatory-implementation/>.

In addition, the Bureau has made available a number of [data submission resources for HMDA filers](#) and vendors on its Resources for HMDA Filers website.<sup>59</sup> Filing Instructions Guides have been published for data collected in 2017 and 2018. These guides contain file specifications describing the format to be used when filing HMDA data with the Bureau, an explanation of changes to the data submission process, and other information and resources to help entities file the HMDA data that they collect. The Bureau has also published a Technology Preview webpage,<sup>60</sup> which provides an initial view into the way HMDA filers will interact with the HMDA Platform and describes resources that will be available for filers, developers, and the interested public. This web page will be updated on an ongoing basis to keep stakeholders informed of new developments.

In addition to publishing implementation resources, the Bureau continues to engage in extensive outreach activities, including speaking at conferences and other events, to support the implementation of new HMDA mortgage lending data reporting rules and to identify and address implementation issues. The Bureau is also conducting outreach meetings and calls with vendors to facilitate implementation efforts and providing informal oral guidance in response to interpretive inquiries from a variety of stakeholders. Finally, the Bureau is coordinating closely with other regulators, including through the Federal Financial Institutions Examination Council (FFIEC), on HMDA implementation. The Bureau will continue to monitor implementation progress and publish additional regulatory implementation tools and resources on its website to support implementation needs.

The Bureau has also continued to support the implementation of the KBYO rule, which took effect in October 2015. Since the issuance of the KBYO rule, the Bureau has published a substantial number of implementation resources, including a plain-language small entity compliance guide providing an overview and summary of key aspects of the KBYO rule; a plain-language guide to forms providing detailed, illustrated instructions on completing the new Loan Estimate and Closing Disclosure forms; a number of sample forms and timelines; a construction loan factsheet; an examination manual and readiness materials; and other resources. The Bureau has also conducted a series of public webinars on the KBYO rule in conjunction with the

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<sup>59</sup> These resources are available at <http://www.consumerfinance.gov/data-research/hmda/for-filers/>.

<sup>60</sup> <http://www.consumerfinance.gov/data-research/hmda/tech-preview>.

Federal Reserve System, which are posted on the regulatory implementation section of the Bureau's website. In April 2016, the Bureau conducted and published its seventh KBYO webinar, which provided guidance on specific questions regarding the interpretation and implementation of the rule's requirements that had received by the Bureau since the rule took effect in October 2015.

In August 2016, the Bureau published a special guide designed to help settlement professionals navigate the changes made by the KBYO mortgage initiative. The Bureau also continues to maintain an online guide to help real estate professionals understand regulatory changes made by the KBYO rule and work with consumers to ensure smooth and on-time closings. The Bureau also continues to maintain the "Owning a Home" website, which features an interactive guide to the mortgage loan process and loan options, a calculator to explore interest rates, checklists, and other resources to help consumers and others understand the loan process and disclosure requirements.

In July 2016, the Bureau proposed updates to the KBYO mortgage disclosure rule. The proposed amendments are intended to formalize guidance in the rule and provide greater clarity and certainty. The proposed changes would augment implementation of the KBYO rule, which took effect in October 2015, and further help to facilitate compliance within the mortgage industry. Bureau staff continues to engage in outreach and market monitoring activities to identify implementation issues as they arise, and provide informal oral guidance in response to interpretive inquiries from a myriad of stakeholders. The Bureau also plans to update the compliance guides to reflect any final regulatory updates and other information.

When the Bureau issued amendments to the mortgage servicing rules in August 2016, the Bureau published a number of resources along with the rule to assist industry with understanding the regulatory changes and implementing new requirements. Specifically, the Bureau published a summary of the new rule, a factsheet and table highlighting and summarizing the regulatory changes and clarifications that directly affect small servicers, and a factsheet that explains the new rule's definition of delinquency and how it applies to Regulation X's specified mortgage servicing provisions and Regulation Z's periodic statement provisions for mortgage loans. The Bureau plans provide additional support to facilitate implementation and compliance with the August 2016 amendments to the mortgage servicing rules, and to update the existing compliance guide to reflect the August 2016 amendments.

Finally, the Bureau continues to develop online tools to support industry compliance efforts. In

December 2015, the Bureau released an automated, online Rural and Underserved Areas tool to assist creditors in determining whether a property is in a “rural or underserved” area. Creditors may rely on this tool to provide a safe harbor determination that a property is located in a rural or underserved area. In addition, the Bureau continues to develop and expand its eRegulations project, which is a web-based, open source tool that aims to make regulations easier to navigate, read, and understand. eRegulations presents regulation text and commentary in a clear format, and allows users to compare different versions to identify changes. The Bureau began this effort in October 2013 with the online release of Regulation E (including the new remittance transfer rules) with the goals of increased compliance, more efficient supervision, and improved accessibility.<sup>61</sup> The Bureau unveiled Regulation Z in May 2014 and Regulations B, D, J, K, L, and M in November 2015.<sup>62</sup>

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<sup>61</sup> <http://www.consumerfinance.gov/eregulations/1005>.

<sup>62</sup> <http://www.consumerfinance.gov/eregulations/1026>.

# 5. Supervision

The CFPB's supervisory authority extends to banks, thrifts, and credit unions with assets of more than \$10 billion, as well as affiliates of those institutions. In addition, the CFPB supervises nonbank mortgage originators and servicers, payday lenders, and private student lenders, regardless of size, and also supervises larger nonbank participants of other markets as the CFPB defines by rule. To date, the CFPB has promulgated larger-participant rules with respect to the following nonbank markets: debt collection, consumer reporting, student loan servicing, international money transfers, and automobile financing.

The CFPB's Offices of Supervision Examinations and Supervision Policy are located within the Division of Supervision, Enforcement, and Fair Lending. These two offices develop and administer the CFPB's nationwide supervisory program for depository and nondepository financial institutions. In conducting its supervisory activities, the CFPB focuses on maintaining consistency across markets, industries, charters, and regions, as well as on ensuring efficient and effective examinations and supervisory work. The CFPB follows a risk-based approach to examinations, prioritizing consumer products and markets that pose significant risks to consumers.

## 5.1 Supervisory activities

Since the last release of the Semi-Annual Report in June 2016, the CFPB has issued the following public documents:

### Supervisory Highlights

Supervision periodically publishes a document entitled "Supervisory Highlights," that discusses the CFPB's supervisory program and identifies examination findings in key markets, industries, and product areas.

In June 2016,<sup>63</sup> the Bureau issued the Summer 2016 edition of Supervisory Highlights, which covered supervision work generally completed between January 2016 and April 2016. This edition reported examination findings in the areas of auto origination, debt collection, mortgage origination, small-dollar lending, and fair lending. As with past editions, this report also included information on supervision program developments, such as coordination with state and federal regulators on supervisory matters, and more information on recently released bulletins and guidance documents.

Also in June 2016, the Bureau issued a special edition of Supervisory Highlights dedicated to mortgage servicing,<sup>64</sup> which focused in particular on loss mitigation and servicing transfers.

## 5.2 Supervisory guidance

### Interagency Guidance Regarding Deposit Reconciliation Practices<sup>65</sup>

In May 2016, the Bureau issued this guidance jointly with the Board of Governors of the Federal Reserve System, the FDIC, NCUA, and OCC. The guidance informs financial institutions about supervisory expectations regarding customer account deposit reconciliation practices, and notes the various laws and regulations relevant to these practices.

## 5.3 Reporting on the Truth in Lending Act, the Electronic Fund Transfer Act, and the Credit Card Accountability

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<sup>63</sup> [http://files.consumerfinance.gov/f/documents/Supervisory\\_Highlights\\_Issue\\_12.pdf](http://files.consumerfinance.gov/f/documents/Supervisory_Highlights_Issue_12.pdf).

<sup>64</sup> [http://files.consumerfinance.gov/f/201603\\_cfpb\\_supervisory-highlights.pdf](http://files.consumerfinance.gov/f/201603_cfpb_supervisory-highlights.pdf).

<sup>65</sup> [http://files.consumerfinance.gov/f/documents/201605\\_cfpb\\_interagency-guidance-regarding-deposit-reconciliation-practices.pdf](http://files.consumerfinance.gov/f/documents/201605_cfpb_interagency-guidance-regarding-deposit-reconciliation-practices.pdf).

# Responsibility and Disclosure Act (CARD Act)

## Reporting on TILA, EFTA, and the CARD Act

TILA and EFTA require the CFPB to file an annual report to Congress that includes a description of the administration of functions under TILA and EFTA, and an assessment of the extent to which compliance with TILA and EFTA has been achieved. In addition, Section 502(e) of the CARD Act requires reporting on supervisory and enforcement activities with respect to compliance by credit card issuers with applicable Federal consumer protection statutes and regulations.

This part of the CFPB's Semi-Annual Report to Congress will provide the information required by TILA, EFTA, and the CARD Act.

First, it describes the CFPB's and other agencies' enforcement efforts and required reimbursements to consumers by supervised institutions, as they relate to TILA, EFTA, their respective implementing regulations, Regulation Z and Regulation E, and the CARD Act. Second, it provides an assessment of the extent of compliance with the provisions of TILA, EFTA, and their implementing regulations. This TILA, EFTA, and CARD Act report covers the period between January 1, 2015, and December 31, 2015.<sup>66</sup>

## TILA: Public enforcement actions and reimbursements

The purposes of TILA are: (1) to provide a meaningful disclosure of credit terms to enable consumers to compare the various credit terms available in the marketplace more readily and to avoid the uninformed use of credit; and (2) to protect consumers against inaccurate and unfair credit billing and credit card practices. 15 USC § 1601(a).

The enforcement efforts made, and reimbursements required, by all the agencies assigned

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<sup>66</sup> In order to facilitate reporting on an interagency basis, this TILA, EFTA, and CARD Act report is based on the full calendar year of 2015. This update is delivered annually in the Fall Semi-Annual Report.

enforcement authority under TILA are discussed in this section.

The agencies charged with enforcement of TILA under 15 USC § 1607 include:

- the CFPB;
- the FDIC;
- the FRB;
- the NCUA;
- the OCC;
- the FTC;
- the Department of Transportation (DOT);
- the Farm Credit Administration (FCA); and
- the Grain Inspection, Packers and Stockyards Administration of the Department of Agriculture.

During the reporting period of January 1, 2015, through December 31, 2015, the following agencies reported enforcement actions under TILA, including:

**TABLE 1: ENFORCEMENT ACTIONS RELATED TO TILA**

Agency	Summary
CFPB	Ordered a subprime credit card company to refund to consumers illegal credit card fees that had been assessed in violation of Regulation Z. In addition, the company engaged in deceptive practices in violation of the CFPB by misleading consumers about credit card costs by mischaracterizing opt-out procedures for paper billing and for misrepresenting that security deposits would be FDIC-insured.
	Filed a lawsuit with the Navajo Nation against a tax preparation firm, an affiliated tax fund anticipation loan company, and their principals for violating Regulation Z. The lawsuit alleged that the tax refund loan company provided inaccurate annual percentage rate (APR) disclosures for numerous tax loans. The lawsuit also alleged that the defendants engaged in unfair, deceptive, and

Agency	Summary
	<p>abusive practices in violation of the CFPA. These included, among other allegations, that the company extended additional high-cost refund anticipation loans to consumers without disclosing that the consumers' tax refunds had been received by the company and would be available shortly. The federal court approved a settlement requiring reimbursements and civil money penalties.</p>
	<p>Took action against an indirect auto finance company and its auto title lending subsidiary for failing to provide APRs in response to oral inquiries. Other allegations included unfair and deceptive debt collection practices, in violation of the FDCPA and the CFPA, by deceiving consumers by calling under false pretenses, using phony caller ID information, falsely threatening to refer borrowers for investigation or criminal prosecution, and by illegally disclosing information about debts to borrowers' employers, friends, and family. The Bureau ordered the companies to pay redress to consumers and a civil penalty, among other actions.</p>
	<p>Filed an administrative lawsuit against an online lender and its CEO for failing to disclose the costs consumers would pay under the default terms of the contracts for short-term loans, in violation of law, including TILA. The CFPB's action also involved violations of EFTA and the CFPA.</p>
FDIC	<p>Issued one Cease &amp; Desist order for violations of TILA.</p>
OCC	<p>Entered into a consent order with a bank's chief executive officer and board member relating to his failure to respond to the OCC's criticisms of the bank's noncompliance with an outstanding formal agreement and violations of law, including Regulation Z. The CEO agreed to pay a civil money penalty.</p>
	<p>Issued five administrative consent orders involving TILA and Regulation Z against auto dealers, specifically relating to deceptive advertising and failing to disclose (or clearly and conspicuously disclose) required credit terms.</p>
FTC	<p>Issued final consent orders against two car title lenders for deceptive advertising of loan fees and costs, in violation of TILA and Regulation Z.</p>
	<p>Settled separate cases with payday lending companies that had charged consumers without accurately disclosing the APR and other fees and/or misstating the APR, finance charge, payment schedule of loans, and total number of loan payments.</p>

No other agencies with TILA enforcement authority reported taking any enforcement actions related to TILA during the January 1, 2015, through December 31, 2015, time period.

For TILA and Regulation Z violations found during the same time period, the CFPB, FRB, FDIC, and NCUA required 36 institutions to reimburse an estimated 98,961 consumers approximately \$46.9 million. This amount includes reimbursements required by the enforcement actions noted in Table 1 as well as non-public supervisory or enforcement actions. These totals also include those stemming from CFPB consent orders with three institutions for violations of Federal consumer financial laws, including TILA.

## EFTA: Public enforcement actions and reimbursements

The purpose of EFTA is to provide a basic framework establishing the rights, liabilities, and responsibilities of participants in electronic fund and remittance transfer systems. 15 USC § 1693(b).

The enforcement efforts made, and reimbursements required, by all the agencies assigned enforcement authority under EFTA are discussed in this section. The CFPB will continue to consider the potential benefits and costs to consumers and financial service providers in evaluating new rules under EFTA. The CFPB will also continue to monitor the market and evaluate the adequacy of consumer protection under EFTA.

The agencies charged with enforcement of EFTA under 15 USC § 1693 include:

- the CFPB;
- the FDIC;
- the FRB;
- the NCUA;
- the OCC;
- the FTC;
- the DOT; and
- the Securities and Exchange Commission.

During the reporting period of January 1, 2015, through December 31, 2015, the following agencies reported enforcement actions under EFTA, including:

**TABLE 2: ENFORCEMENT ACTIONS RELATED TO EFTA**

Agency	Summary
	Ordered a bank to refund overdraft fees to consumers who were illegally charged, in violation of Regulation E and the CFPA.
	Took action against a payday and other small-dollar lender for illegal debt collection practices in violation of the CFPA, ordering the lender to reimburse consumers. The lender also required debt repayment by pre-authorized checking account withdrawals, in violation of EFTA. The Bureau ordered the lender to provide relief to consumers and pay a civil penalty, among other actions.
CFPB	Took action against a student financial aid services company for giving consumers misleading information about the total cost of its subscription financial services, in violation of the CFPA and the Telemarketing Sales Rule, and for imposing on consumers undisclosed and unauthorized automatic recurring charges for those services, in violation of EFTA. The Bureau ordered the company to provide relief to consumers and pay a civil penalty, among other actions.
	Filed an administrative lawsuit against an online lender and its CEO (as discussed previously under Enforcement Actions related to TILA) for violating EFTA by requiring consumers to agree to repay their loans via pre-authorized Automated Clearing House (ACH) payments.
OCC	Entered into a consent order with a bank's chief executive officer (CEO) and board member (as discussed previously under Enforcement Actions related to TILA) relating to his failure to respond to the OCC's criticisms of the bank's noncompliance with an outstanding formal agreement and violations of law, including Regulation E. The CEO agreed to pay a civil money penalty.
	Sued a group of online marketers of skincare products for using deceptive offers to consumers, prompting them to provide their credit or debit card information and automatically enrolling them in a buying program with recurring fees without the consumers' written authorization, in violation of EFTA.
FTC	Obtained a preliminary injunction against a marketer of diet supplements for deceptive advertising and recurring withdrawals without the consumers' authorization, in violation of the Federal Trade Commission Act (FTC Act) and EFTA.
	Settled charges with a payday lender (as discussed previously under Enforcement Actions related to TILA) for making preauthorized debits from consumers' bank

<b>Agency</b>	<b>Summary</b>
	accounts as a condition of loans, in violation of EFTA.

No other agencies with EFTA enforcement authority reported taking any enforcement actions related to EFTA during the January 1, 2015, through December 31, 2015, time period.

For EFTA and Regulation E violations found during this time period, the CFPB and the NCUA required 21 institutions to reimburse 93,000 consumers a total of \$61.7 million. This amount includes reimbursements required by the enforcement actions noted in Table 2 as well as non-public enforcement actions, and includes violations for other Federal consumer financial laws.

## CARD Act: Public enforcement actions and reimbursements

The CARD Act amended TILA to establish fair and transparent practices relating to the extension of credit under an open-end consumer credit plan. Section 502(e) of the CARD Act requires reporting on supervision and enforcement activities undertaken by the Federal banking agencies (the FRB, FDIC, and OCC) and the FTC with respect to compliance by credit card issuers with applicable Federal consumer protection statutes and regulations.

During the reporting period of January 1, 2015, and December 31, 2015, the following agencies reported several enforcement actions under applicable Federal consumer financial protection laws:

**TABLE 3: ENFORCEMENT ACTIONS RELATED TO THE CARD ACT AND RELATED LAWS**

<b>Agency</b>	<b>Summary</b>
FDIC	Issued seven civil money penalties and seven Cease & Desist orders for violations of the Federal Trade Commission Act.
OCC	Issued two consent orders related to two banks' billing and marketing of identity theft protection and debt collection products. These enforcement actions were taken in conjunction with the CFPB. Issued two consent orders against a bank related to unfair and deceptive deposit reconciliation practices and two consent orders related to unfair and deceptive marketing and billing of identity protection and debt cancellation products. These enforcement actions were taken in conjunction with the CFPB and the FDIC.

Agency	Summary
	Issued two consent orders related to a bank's unfair billing for identity protection products.
	Issued two consent orders related to the bank's unfair and deceptive billing and marketing of identity theft protection and debt cancellation products.

In addition, as discussed previously under Enforcement Actions related to TILA, the Bureau had ordered a subprime credit card company to refund to consumers illegal credit card fees. No other agencies reported taking any enforcement actions related to the CARD Act and related applicable Federal consumer financial laws during the January 1, 2015, and December 31, 2015, time period.

As a result of enforcement actions taken during this time period, the FDIC and OCC required 13 institutions and affiliates to reimburse more than 10.5 million consumers over \$864.5 million. This amount includes reimbursements required by the enforcement actions noted in Table 3. In addition, in the actions taken jointly with the OCC (see Table 3), the CFPB required the institutions to reimburse 8.8 million consumers a total of \$711 million.

## Assessment of compliance and common violations – TILA and EFTA

The FFIEC agencies reported overall compliance by supervised entities with TILA (including those related to open-end credit) and EFTA, and their respective implementing regulations.<sup>67</sup> However, the agencies reported that more institutions were cited for violations of Regulation Z than Regulation E over the reporting period. This section outlines the most frequently cited violations of Regulation Z and Regulation E reported by the FFIEC agencies for the reporting period.

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<sup>67</sup> Other agencies either do not conduct compliance examinations or reported general compliance for the laws under their jurisdiction.

For the reporting period of January 1, 2015, through December 31, 2015, the most frequently cited violations of Regulation Z reported by the FFIEC agencies were:<sup>68</sup>

- 12 C.F.R. § 1026.18(b) – On closed-end credit, failure to disclose the amount financed, using that term, and a brief description such as the amount of credit provided to you or on your behalf.
- 12 C.F.R. § 1026.18(d) – On closed-end credit, failure to disclose, or accurately disclose, the finance charge, using that term, or a brief description such as “the dollar amount the credit will cost you.”

For the reporting period of January 1, 2015, through December 31, 2015, the most frequently cited violations of Regulation E reported by the FFIEC agencies were:

- 12 C.F.R. § 1005.11(c) – Failure to comply with the investigation and timeframe requirements for resolving errors in electronic fund transfers.
- 12 C.F.R. § 1005.11(d) – Failure to follow the procedures when an investigation determines no error or a different error occurred.

## Outreach related to TILA and EFTA

The FFIEC agencies issue guidance and examination procedures to assist supervised institutions in complying with the requirements of TILA and EFTA and their respective implementing regulations. The agencies also provide guidance to industry members on these topics through participation in conferences (including teleconferences) and outreach events.

In 2015 the Federal Trade Commission (FTC) and the National Association for the Advancement of Colored People of Georgia hosted a conference examining the frauds affecting the African-American community, including issues related to TILA. The FTC also held a town hall on military lending with partners such as the Department of Defense and the CFPB. The FTC continues its efforts to educate consumers and business about issues related to consumer credit

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<sup>68</sup> Because the FFIEC agencies use different methods to compile the data, the information presented here supports only general conclusions.

transactions to which TILA applies; such efforts have included blog posts on auto sales and financing and car title loans. The FTC also issued blog posts providing consumers and businesses guidance that explained certain EFTA and Regulation E violations and provided tips on how to avoid unauthorized charges. In addition, the FTC revised its publication “Billed for Merchandise You Never Received” to include tips for dealing with debit card charges, noting that debit card protections are different from those for credit cards.

## Coordination and Information Sharing with other Government Agencies

As described in the Spring 2016 semi-annual report, the CFPB and state regulators coordinate on examinations pursuant to MOUs (Memoranda of Understanding). These MOUs are operationalized by a framework for coordination on supervision and enforcement that was entered into by the CFPB and the Conference of State Bank Supervisors (CSBS), acting on behalf of state financial regulatory authorities.<sup>69</sup> The agreements between state regulators and the CFPB provide for coordination to achieve examination efficiencies and to avoid duplication of time and resources expended. The MOUs also establish safeguards and restrictions on the treatment of any shared information.

In addition, the CFPB coordinates with federal prudential regulators<sup>70</sup> on examination planning and policy considerations. Representatives of the CFPB and the federal prudential regulators meet regularly to coordinate supervisory and other activities. The CFPB also coordinates and collaborates with federal prudential regulators and federal law enforcement agencies, such as DOJ, HUD, and the FTC, in enforcement investigations and actions, including in the fair lending context.

The Director of the CFPB is a member of the FFIEC. As part of its mission, the FFIEC facilitates the development of consistent examination principles, standards, procedures, and report formats, and otherwise makes recommendations to promote uniformity in the supervision of

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<sup>69</sup> [http://files.consumerfinance.gov/f/201305\\_cfpb\\_state-supervisory-coordination-framework.pdf](http://files.consumerfinance.gov/f/201305_cfpb_state-supervisory-coordination-framework.pdf).

<sup>70</sup> FRB, FDIC, NCUA, and OCC.

financial institutions. As discussed in Section 4.3, in 2015, the FFIEC member agencies updated examination procedures for TILA and RESPA. The updated procedures reflect regulatory amendments, including those related to the KBYO rule.

## 5.4 Examiner training and commissioning

The CFPB's Supervision Learning & Development team is responsible for training and commissioning the CFPB's field examination staff. The primary vehicle for commissioning is the Examiner Commissioning Program (ECP), which became effective as of October 27, 2014. The finalized ECP policy replaced the previous Interim Commissioning Policy (ICP), which allowed regional directors to submit executive review nomination memos for highly experienced examiners and field managers. The CFPB issued 173 commissions under the ICP to examiners, field managers, and headquarters staff. Under the new ECP, an additional 41 examiners have achieved commissioned examiner status, bringing the total number of commissioned examiners to 192, not including examiners who have left the CFPB or moved to non-examiners positions at the CFPB.

The ECP includes five instructor-led, classroom-based courses, as well as formal on-the-job training modules, Acting Examiner-in-Charge (EIC) assignments, and a comprehensive multiple-choice test. The ECP finishes with a case study assessment. Within 12-18 months of achieving commissioned examiner status under ECP, examiners will complete a 120 day rotational assignment in any of a variety of offices in the Washington D.C. headquarters. Completed and fully-implemented components of the ECP currently include the following instructor-led classroom-based courses: Operations and Deposits/Prepaid Products, Lending Principles, Fair Lending Examination Techniques, Advanced Communications, and EIC Capstone course.

Now that all parts of the ECP are finished and fully implemented there are two paths to a commission. One is through successful completion of the ECP, including the comprehensive test and case study assessment. The second is an abbreviated program for examiners commissioned at other agencies that are required to complete the two-week EIC Capstone course within one year of joining the CFPB in order to better understand processes and reports specific to CFPB.

## 5.5 Conducting investigations

Since the CFPB's launch, the Offices of Enforcement (Enforcement) and Fair Lending and Equal Opportunity (Fair Lending) have been investigating potential violations of federal consumer financial laws. In using its investigation resources, the Bureau considers many factors, including amount of consumer harm and the significance of the potential law violation. Investigations currently underway span the full breadth of the Bureau's enforcement jurisdiction. Further detail about ongoing investigations is not generally made public by the Bureau until a public enforcement action is filed.

# 6. Enforcement actions

Section 1016(c)(5) of the Dodd-Frank Act requires the Bureau to include in the semi-annual report “a list, with a brief statement of the issues, of the public supervisory and enforcement actions to which the Bureau was a party during the preceding year.” The Bureau was a party in the following public enforcement actions from October 1, 2015 through September 30, 2016, detailed as follows:

***In the Matter of Flurish, Inc, d/b/a Lendup*** (File No. 2016-CFPB-0023) (consent order entered September 27, 2016)

The CFPB took action against online lender Flurish, Inc., doing business as LendUp, for failing to deliver the promised benefits of its products and failing to comply with consumer finance laws. The CFPB found that the company did not give consumers the opportunity to build credit and provide access to cheaper loans, as it claimed to consumers it would, failed to have appropriate policies and procedures regarding credit reporting, failed to disclose certain fees, and misstated annual percentage rates for some consumers. LendUp’s conduct violated the CFPA’s prohibition on deception and unfairness as well as Regulation V, TILA, and Regulation Z. The CFPB has ordered the company to provide more than 50,000 consumers with approximately \$1.83 million in refunds. The company will also pay a civil monetary penalty of \$1.8 million.

***In the Matter of TMX Finance, LLC*** (File No. 2016-CFPB-0022) (consent order entered September 26, 2016)

The CFPB took action against TitleMax parent company TMX Finance LLC for luring consumers into costly loan renewals by presenting them with misleading information about the deals’ terms and costs. The lender also used unfair debt collection tactics that illegally exposed information about debts to borrowers’ employers, friends, and family. TMX Finance violated the CFPA’s prohibition against unfair and abusive acts and practices. The Bureau’s consent order requires TMX Finance to stop its unlawful practices and pay a \$9 million civil monetary penalty.

***In the Matter of Prime Marketing Holdings, LLC, d.b.a. Park View Credit, NationalCredit Advisors, and Credit Experts*** (C.D. Cal. 2:16-cv-07111) (complaint filed September 22, 2016)

The CFPB filed a lawsuit in federal district court against the credit repair company Prime Marketing Holdings, LLC, which allegedly charged consumers a series of illegal advance fees as well as misrepresented the cost and effectiveness of its services. The CFPB is seeking to halt the company's harmful conduct and to obtain relief for consumers, including refunds of fees paid to the defendant. The Bureau released a consumer advisory with tips for consumers who are working to improve their credit history or who are dealing with credit repair services.

***In the Matter of Bridgepoint Education, Inc.*** (File No. 2016-CFPB-0016) (consent order entered September 12, 2016)

The CFPB took action against for-profit college chain Bridgepoint Education, Inc. for deceiving students into taking out private student loans that cost more than advertised. The CFPB found that the school deceived its students about the total cost of institutional loans that it offered by telling students the wrong monthly repayment amount. As a result, students took out loans without knowing the true cost and were obligated to make payments greater than what they were promised.

The Bureau's order requires Bridgepoint to refund all payments made by students toward private student loans taken out from the school, including principal and interest, a total of about \$5 million. Bridgepoint must also discharge all outstanding debt for its institutional student loans, a total of approximately \$18.5 million. In addition, Bridgepoint will stop making deceptive statements about its institutional loan program, remove negative information from borrowers' credit reports, and pay an \$8 million civil monetary penalty. Finally, Bridgepoint will make the cost of college clear by implementing a mandatory financial aid shopping tool. This tool will show students what it means for them to take out a Bridgepoint loan and the implication of that decision on their future financial obligations.

***In the Matter of Auto Cash Leasing, LLC*** (File No. 2016-CFPB-0017) (notice of charges filed September 20, 2016); ***Interstate Lending, LLC*** (File No. 2016-CFPB-0018) ( notice of charges filed September 20, 2016); ***Oasis Title Loans, LLC*** (File No. 2016-CFPB-0019) (notice of charges filed September 20, 2016); ***Phoenix Title Loans, LLC*** (File No. 2016-

CFPB-0020) (notice of charges filed September 20, 2016); **Presto Auto Loans, Inc.** (File No. 2016-CFPB-0021) (notice of charges filed September 20, 2016)

The CFPB initiated administrative proceedings against five title lenders operating in Arizona — Auto Cash Leasing, LLC; Interstate Lending, LLC; Oasis Title Loans, LLC; Phoenix Title Loans, LLC; and Presto Auto Loans, Inc. — for failing to disclose the annual percentage rate in online advertisements about title loans. The Bureau alleges that the companies advertised a periodic interest rate for their loans without listing the corresponding annual percentage rate. The CFPB filed five individual administrative lawsuits seeking civil monetary penalties and administrative orders requiring the companies to correct their practices.

***In the Matter of Wells Fargo Bank, N.A.*** (File No. 2016-CFPB-0015) (consent order entered September 8, 2016)

The Bureau took action against Wells Fargo Bank, N.A. to address its widespread illegal practice of opening unauthorized deposit and credit card accounts. In an attempt to generate business, Wells Fargo Bank set sales goals and offered financial incentives to encourage employees to cross-sell financial products and services, such as savings and checking accounts, credit cards, debit and ATM cards, and online banking services, to existing customers. The Bureau's investigation revealed that thousands of Wells employees opened unauthorized deposit and credit card accounts, issued and activated unauthorized debit cards, and signed consumers up for online banking without authorization, all to satisfy sales goals and earn financial rewards under the bank's incentive-compensation program. Specifically, the Bureau found that Wells employees engaged in "simulated funding," opening hundreds of thousands of deposit accounts without consumers' knowledge or consent and transferring funds from consumers' authorized accounts to fund the new accounts, causing consumers to incur about \$2 million in fees. The Bureau also found Wells employees opened tens of thousands of unauthorized credit cards resulting in over \$400,000 in fees, opened debit cards and created PINs to active them without consumers' knowledge or consent, and enrolled consumers in online banking services using false email addresses.

The Bureau determined that these practices violated the CFPA's prohibition against unfair and abusive acts and practices. The Bureau's consent order requires Wells Fargo Bank to pay full restitution to victims, expected to be at least \$2.5 million, and a \$100 million civil monetary penalty. This is the largest penalty imposed or received in an enforcement action to date and

reflects the severity of the practices we addressed. The bank will also pay an additional \$35 million penalty to the OCC, and another \$50 million to the City and County of Los Angeles.

***In the Matter of First National Bank of Omaha*** (File No. 2016-CFPB-0014) (consent order entered August 25, 2016)

The CFPB took action against First National Bank of Omaha for engaging in unfair and deceptive acts or practices in connection with the marketing and administration of the bank's debt cancellation and credit monitoring add-on products. First National Bank of Omaha deceptively marketed its debt cancellation add-on products by disguising the fact that it was selling consumers a product, misrepresenting the terms, conditions, and benefits of the products, and misrepresenting the ease of cancelling the products. First National Bank of Omaha engaged in unfair acts or practices by administering the debt cancellation products in a way that prevented the vast majority of consumers from receiving several of the product benefits. First National Bank of Omaha also engaged in unfair acts or practices by unfairly billing consumers for credit monitoring add-on products without providing full product benefits. The CFPB ordered First National Bank of Omaha to refund approximately \$27.75 million in fees to approximately 257,000 consumers; cease marketing debt cancellation or credit monitoring add-on products until it submits a compliance plan to the CFPB; and pay a \$4.5 million civil money penalty.

***In the Matter of Wells Fargo Bank, N.A.*** (File No. 2016-CFPB-0013) (consent order entered August 22, 2016)

The CFPB took action against Wells Fargo Bank for certain illegal student loan servicing practices. Because of the breakdowns throughout Wells Fargo's servicing process, thousands of student loan borrowers encountered problems with their loans or received misinformation about their payment options. Specifically, Wells Fargo violated the CFPA's prohibition against unfair and deceptive acts and practices and the Fair Credit Reporting Act by processing payments in a way that maximized fees for many consumers, misleading borrowers about the consequences of making partial payments, charging late fees even though consumers had made timely loan payments, and failing to update and correct inaccurate information reported to credit reporting companies. The consent order requires that Wells pay at least \$410,000 to compensate consumers for illegally-imposed late fees, improve its student loan servicing practices, enhance disclosures provided with their billing statements, remove any negative student loan information inaccurately or incompletely provided to a consumer reporting

company, and pay a \$3.6 million civil money penalty.

***United States of America and Consumer Financial Protection Bureau v. BancorpSouth Bank* (N.D. Miss. 1:16-cv-00118-GHD-DAS) (consent order entered on July 25, 2016)**

On June 29, 2016, the CFPB and DOJ filed a joint complaint and proposed consent order against BancorpSouth Bank for discriminatory mortgage lending practices that harmed African Americans and other minorities. The court entered the order on July 25, 2016. The complaint alleges that BancorpSouth engaged in numerous discriminatory practices, including illegally redlining in Memphis; denying certain African Americans mortgage loans more often than similarly situated non-Hispanic White applicants; charging African-American customers for certain mortgage loans more than non-Hispanic White borrowers with similar loan qualifications; and implementing an explicitly discriminatory loan denial policy. In addition to injunctive relief, the consent order requires BancorpSouth Bank to pay \$4 million in direct loan subsidies in minority neighborhoods in Memphis, at least \$800,000 for community programs, advertising, outreach, and credit repair, \$2.78 million to African-American consumers who were unlawfully denied or overcharged for loans, and a \$3 million civil monetary penalty. The violations of ECOA are further discussed in the Fair Lending Enforcement Section of this report.

***In the Matter of Santander Bank, N.A.* (File No. 2016-CFPB-0012) (consent order entered July 14, 2016)**

The CFPB took action against Santander Bank, N.A. for deceptively marketing overdraft services in violation of the CFPA, and for violating the overdraft opt-in requirements of the Electronic Fund Transfer Act and Regulation E. Santander's telemarketing vendor misrepresented terms and costs associated with overdraft services and signed certain bank customers up for services without their consent. Santander paid a \$10 million civil monetary penalty to the CFPB. It must also give consumers a new opportunity to affirmatively consent to overdraft services, must not use a vendor to telemarket its overdraft service, and must increase oversight of the vendors it uses to telemarket consumer financial products or services.

***Consumer Financial Protection Bureau v. Intercept Corporation, Bryan Smith, and Craig Dresser* (D.N.D. No. 3:16-cv-00144-ARS) (complaint filed June 6, 2016)**

The CFPB filed a federal court complaint against payment processor Intercept Corporation and

two of its executives, Bryan Smith and Craig Dresser. The Bureau alleges that the defendants engaged in and substantially assisted unfair acts or practices by continuing to electronically debit millions of dollars from consumers' accounts despite numerous warnings that the payment requests were illegal or fraudulent. The Bureau's lawsuit seeks to end Intercept's unlawful practices, obtain redress for consumers, and impose penalties.

***In the Matter of David Eghbali*** (File No. 2016-CFPB-0011) (consent order entered May 25, 2016)

The CFPB took action against a former Wells Fargo employee for an illegal mortgage fee-shifting scheme. The CFPB found that Eghbali directed an escrow company with which he worked to reduce its fees for certain customers and make up for its losses by adding fees to loans for other customers. This scheme helped Eghbali generate business by allowing him to offer "no-cost" loans to price-conscious clients who might otherwise have gone to a competitor bank to find a cheaper loan. The CFPB found the Eghbali violated RESPA and the Consumer Financial Protection Act (CFPA). The consent order required Eghbali to pay an \$85,000 civil monetary penalty and banned him from working in the mortgage industry for one year.

***Consumer Financial Protection Bureau v. All American Check Cashing, Inc., Mid-State Finance, Inc. and Michael E. Gray*** (S.D. Miss. No. 3:16-cv-00356-WHB-JCG) (complaint filed May 11, 2016)

The CFPB filed a federal court complaint against two companies that offer check-cashing services and payday loans and their president and sole owner. In a complaint filed in federal court, the Bureau alleged that All American tried to keep consumers from learning how much they would be charged to cash a check and used deceptive tactics to stop consumers from backing out of transactions. The Bureau also alleged that All American made deceptive statements about the benefits of its high-cost payday loans and also failed to provide refunds after consumers made overpayments on their loans. The Bureau's lawsuit seeks to end All American's unlawful practices, obtain redress for consumers, and impose penalties.

***In the Matter of Pressler & Pressler, LLP, Sheldon H Pressler, and Gerard J. Felt*** (File No. 2016-CFPB-0009) (consent order entered April 25, 2016)

The CFPB took action against a debt-collection law firm and two principal partners that filed unfair and deceptive debt-collection lawsuits. The CFPB found Pressler & Pressler mass-

produced these lawsuits by using an automated claim-preparation system and non-attorney support staff to determine which consumers to sue. Attorneys generally spent less than a few minutes, and sometimes less than 30 seconds, reviewing each case before initiating a lawsuit. This process allowed the firm to generate and file hundreds of thousands of lawsuits against consumers in New Jersey, New York, and Pennsylvania between 2009 and 2014. The CFPB found that Pressler & Pressler and the individual respondents violated the FDCPA and the CFPAs. The consent order requires the firm and the partners to cease using inaccurate affidavits as evidence to collect debts, to obtain and review specific account-level documents before filing lawsuits or threatening to sue, and to pay a \$1 million civil monetary penalty.

***In the Matter of New Century Financial Services, Inc.*** (File No. 2016-CFPB-0010)  
(consent order entered April 25, 2016)

The CFPB took action against a debt buyer that bought and collected defaulted consumer debt and handed off the accounts to Pressler & Pressler LLP, which filed unfair and deceptive debt-collection lawsuits based on the accounts. The CFPB found that New Century violated the FDCPA and the CFPAs. The CFPB's consent order requires New Century to cease using inaccurate affidavits as evidence to collect debts, to obtain and review specific account-level documents before filing lawsuits or threatening to sue, avoid certain discovery practices in debt-collection litigation, and pay a \$1.5 million civil monetary penalty.

***In the Matter of Student Aid Institute, Inc.*** (File No. 2016-CFPB-0008) (consent order entered March 30, 2016)

The CFPB took action against a student loan debt relief company that tricked borrowers into paying fees for federal loan benefits and misrepresented to consumers that it was affiliated with the Department of Education. The company ultimately reaped millions of dollars in advance fees from thousands of consumers. The Bureau's consent order requires Student Aid Institute and its chief executive officer, Steven Lamont, to shut down debt-relief operations, cancel all contracts with consumers and stop charging them, stop participating in the debt relief industry, take steps to ensure student loan borrowers do not miss important repayment benefits, and pay a \$50,000 civil monetary penalty.

***In the Matter of Dwolla, Inc.*** (File No. 2016-CFPB-0007) (consent order entered March 2, 2016)

The CFPB took action against an online payment platform, Dwolla, for deceiving consumers about its data security practices and the safety of its online payment system. This was the Bureau's first case addressing data security practices. From December 2010 until 2014, Dwolla misrepresented the security of its systems and the steps it took to protect consumers' information and thereby violated the CFPA prohibition against deception. The Bureau's consent order requires Dwolla to stop misrepresenting its data security practices, train employees on the company's data security policies and procedures, and pay a \$100,000 civil monetary penalty.

***In the Matter of Citibank, N.A., Department Stores National Bank, and Citifinancial Servicing, LLC*** (File No. 2016-CFPB-0004) (consent order entered February 23, 2016); ***In the Matter of Faloni & Associates, LLC*** (File No. 2016-CFPB-0006) (consent order entered February 23, 2016); ***In the Matter of Solomon & Solomon, P.C.*** (File No. 2016-CFPB-0005) (consent order entered February 23, 2016)

The CFPB took action against both Citibank and two debt collection law firms it used that falsified court documents filed in debt collection cases in New Jersey state courts. Citibank retained Faloni & Associates, LLC, and Solomon & Solomon, P.C. to collect credit card debt on its behalf in New Jersey state courts. Citibank prepared sworn statements attesting to the accuracy of the debt allegedly owed. Citibank then provided the affidavits to their attorneys to file with New Jersey courts. The two firms altered the dates of the affidavits, the amount of the debt allegedly owed, or both, after the affidavits were executed in violation of the Fair Debt Collection Practices Act. The CFPB ordered Citibank to comply with an existing court order that Citibank refund \$11 million to consumers and forgo collecting about \$34 million from nearly 7,000 consumers. Faloni & Associates, LLC, are ordered to pay a penalty of \$15,000, and Solomon & Solomon, P.C., must pay a penalty of \$65,000.

***In the Matter of Citibank, N.A.*** (File No. 2016-CFPB-0003) (consent order entered February 23, 2016)

The CFPB took action against Citibank for illegal debt sales and debt collection practices. The CFPB found that Citibank violated the CFPA by providing inaccurate and inflated annual percentage rate (APR) information on almost 130,000 credit card accounts it sold to debt buyers who then used the exaggerated APR in debt collection attempts. Citibank also failed to promptly forward to debt buyers approximately 14,000 customer payments totaling almost \$1 million. The Bureau's order requires Citibank to refund all payments consumers made from Feb. 1, 2010 to November 14, 2013 to debt buyers that referenced an inflated APR provided by Citibank in

their collection efforts where the discrepancy was more than 1%; provide certain account documents when it sells debt; stop selling debt it cannot verify; include provisions in its debt sales contracts prohibiting the debt buyer from reselling the debt; give consumers basic information about debt that it sells; and pay \$3 million in penalties.

***In the Matter of Toyota Motor Credit Corporation*** (File No. 2016-CFPB-002) (consent order issued February 2, 2016)

After a joint investigation, on February 2, 2016, the CFPB and DOJ announced a settlement with Toyota Motor Credit Corporation, requiring Toyota Motor Credit to pay up to \$21.9 million in relief to consumers harmed by discriminatory auto lending practices. The Bureau found that Toyota Motor Credit charged African-American and Asian and Pacific Islander consumers more in dealer markup for auto loans than similarly-situated non-Hispanic White consumers in violation of ECOA. Going forward, Toyota Motor Credit is required to reduce dealer discretion to markup the interest rate to only 1.25% above the buy rate for auto loans with terms of five years or less, and 1% for auto loans with longer terms, or to eliminate discretionary markup all together. The violations of ECOA are further discussed in the Fair Lending Enforcement section of this report.

***In the Matter of Herbies Auto Sales*** (File No. 2016-CFPB-001) (consent order entered January 21, 2016)

The CFPB took action against Herbies Auto Sales, a buy-here pay-here used car dealer, for abusive financing schemes, hiding auto finance charges, and misleading consumers in violation of TILA and the CFPA. The Bureau's consent order requires Herbies to pay \$700,000 in restitution to harmed consumers, with a suspended civil money penalty of \$100,000. Under the terms of the order, Herbies is required to stop deceiving consumers during the financing process; post automobile prices; and provide consumers certain financing information (including the actual APR) before or at the time financing is offered.

***In the Matter of Eric V. Sancho d/b/a Lead Publisher*** (File No. 2015-CFPB-0033) (consent order issued December 17, 2015)

The CFPB took action against Eric V. Sancho, who operated a company called Lead Publisher that sold millions of consumers' sensitive personal data to entities engaged in a fraudulent debt-collection scheme. The Bureau found that from 2011 to 2014, Sancho failed to vet his leads' sources or buyers. He sold roughly three million leads to two related companies, WNY Account

Solutions Group, LLC and Universal Debt Solutions, LLC, which used the information to harass and deceive consumers into paying alleged debts they did not actually owe. The CFPB found that Sancho violated the CFPRA. The consent order required Sancho to disgorge \$21,151 he made illegally and banned him from the financial-products and consumer-leads industries.

***In the Matter of D and D Marketing, Inc., d/b/a T3Leads, Grigor Demirchyan, and Marina Demirchyan*** (C.D. Cal. File No. 2:15-cv-09692) (complaint filed December 17, 2015)

***Consumer Financial Protection Bureau v. Dmitry Fomichev*** (C.D. Cal. Case No. 2:16-cv-2724) (complaint filed April 21, 2016)

***Consumer Financial Protection Bureau v. Davit Gasparyan aka David Gasparyan*** (C.D. Cal. Case No. 2:16-cv-2725) (complaint filed April 21, 2016)

In three separate but related actions, the CFPB filed complaints in federal court against (1) T3Leads, a lead aggregator, and its President and Vice President, Grigor and Marina Demirchyan; (2) Dmitry Fomichev, a co-founder and former executive of the company; and (3) Davit Gasparyan, a co-founder and former executive of the company. The complaint against T3Leads alleges that T3 acquires consumer-loan applications, or leads, from lead-generators, and sells those leads to lead purchasers. The CFPB also alleges T3 does not vet or monitor its lead purchasers for illegal activity and deprives consumers of the opportunity to assess the reliability of lenders with which they are matched, exposing them to substantial risks. T3 has allegedly allowed its lead generators to attract consumers with misleading statements and T3 takes unreasonable advantage of consumers' lack of understanding of the material risks, costs, or conditions of the loan products for which they apply. The complaint alleges T3 violated the CFPRA's prohibitions of unfair and abusive acts or practices. The complaints against the individual defendants allege that they unlawfully aided the company's violations. The complaints seek monetary relief, injunctive relief, and penalties.

***In the Matter of Interstate Auto Group, Inc. aka. CarHop, and Universal Acceptance Corporation*** (File No. 2015-CFPB-0032) (consent order entered December 17, 2015)

The CFPB took action against CarHop, one of the country's biggest "buy-here, pay-here" auto dealers, and its affiliated financing company, Universal Acceptance Corporation, for providing damaging, inaccurate consumer information to credit reporting companies. CarHop and its

affiliate also failed to provide accurate, positive credit information that it promised consumers it would supply to the credit reporting companies. The Bureau's order requires the companies to cease their illegal activities and pay a \$6,465,000 civil penalty. CarHop must develop and implement written consumer information furnishing policies and procedures; must identify inaccurate information, notify the CRAs of the inaccuracies, and either provide the correct information to the CRAs or delete the inaccurate information if accurate information is not available; must provide notice to consumers of the inaccuracies, the remedial measures taken, and the process for obtaining a free credit report; and must implement monthly auditing and monitoring processes.

***In the Matter of EZCORP, Inc., et al.*** (File No. 2015-CFPB-0031) (consent order entered December 16, 2015)

The CFPB took action against EZCORP, Inc., a payday and other small-dollar lender, for illegal debt collection practices. These practices related to sending debt collectors to consumers' workplaces and homes, which risked disclosing the consumer's debt to third parties and causing adverse employment consequences; empty threats of legal action; misrepresenting consumers' rights; and exposing consumers to bank fees through multiple electronic withdrawal attempts on consumer accounts. The Bureau ordered EZCORP to pay \$7.5 million in refunds to approximately 93,000 consumers, pay \$3 million in penalties, and stop all further collection efforts on its remaining payday and installment loans, owed by roughly 130,000 consumers and estimated to include tens of millions of dollars in debt. It also bars EZCORP from future in-person debt collection, prohibits EZCORP from attempting to debit a consumer's account after a previous attempt failed because of insufficient funds without the consumer's permission, and includes various other injunctive terms.

***Consumer Financial Protection Bureau v. Collecto, Inc., d/b/a EOS CCA*** (D. Mass. File No. 1:15-cv-14024) (stipulated final judgment and order entered December 8, 2015)

The CFPB filed a complaint in federal court against Collecto, Inc. d/b/a EOS CCA, a Massachusetts debt-collection firm, for reporting and collecting on old cellphone debt that consumers disputed and EOS did not verify. The company also provided inaccurate information to credit-reporting companies about the debt and failed to correct inaccurate information that it reported. The complaint alleged that the company violated FCRA, the FDCPA, and the CFPB's prohibition on deceptive acts or practices. A stipulated final judgment and order entered by the court in the matter requires EOS to refund at least \$743,000 to consumers and pay a \$1.85

million civil money penalty. The order also requires EOS to cease collecting and reporting on certain disputed debt; stop collecting unsubstantiated debt and, for five years, review original account-level documents to verify a debt before collecting on it in certain circumstances; and ensure accuracy when providing information to credit reporting companies. For five years, EOS will also be subject to restrictions on re-selling debt.

***Consumer Financial Protection Bureau and Anthony J. Albanese, Acting Superintendent of Financial Services of the State of New York v. Pension Funding, LLC; Pension Income, LLC; Steven Covey; Edwin Lichtig; and Rex Hofelter*** (C.D. Cal. No. 8:15-cv-01329) (complaint filed August 20, 2015; stipulated final judgment and consent order as to Lichtig and Hofelter entered February 10, 2016; default judgment as to Covey entered July 11, 2016)

The CFPB joined with the New York Department of Financial Services (NYDFS) to take action against two companies, Pension Funding, LLC and Pension Income, LLC, and three of the companies' individual managers for deceiving consumers about the costs and risks of their pension-advance loans. The CFPB and NYDFS filed a joint complaint in federal court alleging that from 2011 until about December 2014, Pension Funding and Pension Income offered consumers lump-sum loan payments in exchange for the consumers agreeing to redirect all or part of their pension payments for eight years. The complaint also alleges that the individual defendants, Steven Covey, Edwin Lichtig, and Rex Hofelter, designed and marketed these loans and were responsible for the companies' operations. The complaint alleges that the companies and individuals violated the CFPA's prohibitions against unfair, deceptive, and abusive acts or practices.

On January 8, 2016 the court appointed a receiver over defendants Pension Funding and Pension Income. The receiver's responsibilities include taking control of all funds and assets of the companies and completing an accounting of all pension-advance transactions that are the subject of the action. On February 10, 2016 the court entered a consent order as to two of the individual defendants, Lichtig and Hofelter. The order imposes bans on these individuals' participation in pension-advance transactions and requires them to pay money to the receivership estate. On July 11, 2016, the court granted a default judgment against the final individual defendant, Covey, who did not appear in the case. The court's order imposes a ban and requires Covey to pay disgorgement of approximately \$580,000. The payment will be made to the U.S. Treasury. The court-appointed receiver's work with respect to the companies is ongoing.

***In the Matter of Clarity Services, Inc.*** (File No. 2015-CFPB-0030) (consent order entered December 3, 2015)

The CFPB took action against a nationwide credit reporting company, Clarity Services, Inc., and its owner, Tim Ranney, for illegally obtaining consumer credit reports. The company, which focuses on the subprime market, also violated the law by failing to appropriately investigate consumer disputes. The Bureau's consent order requires the company and its owner to halt their illegal practices, fully investigate consumer disputes and improve the way they investigate consumer disputes and obtain, sell, and resell consumer credit reports. The company and Ranney must also pay an \$8 million penalty.

***In the Matter of Integrity Advance, LLC*** (File No. 2015-CFPB-0029) (notice of charges filed November 18, 2015; Recommended Decision issued September 27, 2016)

The CFPB took action against an online lender, Integrity Advance, LLC, and its CEO, James R. Carnes, for deceiving consumers about the cost of short-term loans. The Bureau alleges that the company's contracts did not disclose the costs consumers would pay under the default terms of the contracts. The Bureau also alleges that the company unfairly used remotely created checks to debit consumers' bank accounts even after consumers revoked authorization for automatic withdrawals. The CFPB filed an administrative lawsuit seeking redress for harmed consumers, as well as a civil money penalty and injunctive relief. The Administrative Law Judge issued a Recommended Decision finding liability and recommending injunctive and monetary relief. The decision has been appealed.

***In the Matter of Student Financial Resource Center (College Financial Advisory)*** (File No. 2013-0831-02) (S.D. Ca. Case No. 3:15-cv-02440) (complaint filed October 29, 2015)

The Bureau filed a complaint in federal court against a company operating a nationwide student financial aid scam and the individual who owns and operates the scheme. The Bureau alleges that the company, which operates under the names Student Financial Resource Center and College Financial Advisory, issued marketing letters instructing students to fill out a form and pay a fee in exchange for the company conducting extensive searches to target or match consumers with individualized financial aid opportunities. In reality, consumers received nothing or a generic booklet that failed to provide individualized advice. The Bureau also alleges that the companies misrepresented their affiliation with government and university financial aid offices and pressured consumers to enroll through deceptive statements. The CFPB seeks to stop these practices and obtain restitution and penalties.

***In the Matter of General Information Services, Inc.*** (File No. 2015-CFPB-0028)

(consent order entered October 29, 2015)

The CFPB took action against two of the largest employment background screening report providers, General Information Services and its affiliate, e-Background-checks.com, Inc., for failing to take basic steps to assure the information reported about job applicants was accurate. The companies also failed to exclude impermissible information in their consumer reports. These practices potentially affected consumers' eligibility for employment, caused reputational harm, and violated FCRA. The Bureau's order requires the companies to correct their practices, provide \$10.5 million in relief to harmed consumers, and pay a \$2.5 million civil penalty.

***United States of America and Consumer Financial Protection Bureau v. Hudson City Bank, F.S.B.*** (D.N.J. No. 2:15-cv-07056-CCC-JBC) (final consent order entered on November 4, 2015)

On September 24, 2015, CFPB and DOJ filed a joint complaint and proposed consent order to address unlawful redlining in Hudson City Bank's mortgage business. The court entered the order on November 4, 2015. Based on a CFPB examination followed by a joint investigation with DOJ, the complaint alleges that from 2009 to 2013 Hudson City unlawfully redlined in violation of ECOA by structuring its business so as to avoid majority-Black-and-Hispanic neighborhoods in New York, New Jersey, Connecticut, and Pennsylvania, thereby discouraging applications from those neighborhoods. The consent order requires Hudson City to pay \$25 million in loan subsidies to qualified borrowers in the affected communities, \$2.25 million in community programs and outreach, and a \$5.5 million penalty. The order will also require Hudson City to open two new branches, revise its compliance management system, expand its assessment area under the Community Reinvestment Act, and assess the credit needs of majority-Black-and-Hispanic communities. The violations of ECOA are further discussed in the Fair Lending Enforcement section of this report.

***Consumer Financial Protection Bureau v. World Law Group*** (S.D. Fla. No. 1:15-cv-23070-MGC D) (preliminary injunction orders entered by the court on September 2, 2015 and September 14, 2015; default judgment against World Law and Stipulated Final Judgment entered against two of the individual defendants entered August 1, 2016)

The CFPB filed a federal court complaint against World Law Group for running a debt-relief scheme that charged consumers exorbitant, illegal upfront fees. The Bureau alleges that the

debt-relief scheme falsely promised consumers a team of attorneys to help negotiate debt settlements with creditors, failed to provide legal representation, and rarely settled consumers' debts. The Bureau alleges that World Law took almost \$107 million from at least 21,000 consumers before providing any debt-relief services. The complaint alleges that the conduct violated EFTA, the Telemarketing Sales Rule (TSR), and the CFPB's prohibition against unfair and deceptive acts and practices. The court issued the preliminary injunction because it found that the Bureau was likely to prevail and that the public interest was served by granting the Order.

The court entered a default judgment against World Law and a Stipulated Final Judgment against two of the individuals involved on August 1, 2016, permanently banning them from participating in telemarketing, assisting others in telemarketing any consumer financial product or service, or from selling, advertising, or owning debt relief products. The court also ordered World Law Group to pay nearly \$107 million in consumer redress and a civil money penalty of \$40 million. A court-appointed receiver is identifying and collecting assets that can be converted to consumer refunds.

***Consumer Financial Protection Bureau v. Gordon, et al.*** (C.D. Cal. No. 12-cv-06147) (stipulated judgment and order entered against various defendants on February 1, 2013; order granting the Bureau's motion for summary judgment against other defendants entered June 26, 2013; affirmed on appeal April 14, 2016)

This action involves a nationwide mortgage relief scheme in which the CFPB alleged that the defendants took advantage of financially distressed homeowners by promising to help them obtain loan modifications and charging them advance fees ranging from \$2,500 to \$4,500. On February 1, 2013, the court entered a stipulated final judgment and order for permanent injunction as to defendants Abraham Michael Pessar, Division One Investment and Loan, Inc., and Processing Division, LLC. On June 26, 2013, the court granted summary judgment in favor of the CFPB against defendants Chance Edward Gordon and the Gordon Law Firm, P.C., finding that those defendants violated the Dodd-Frank Act by falsely representing: (1) that consumers would obtain mortgage loan modifications that substantially reduced consumers' mortgage payments or interest rates and (2) that defendants were affiliated with, endorsed by, or approved by the U.S. government, among other things. The Court also found that Gordon violated Regulation O by receiving up-front payments, failing to make required disclosures, wrongly directing consumers not to contact lenders, and misrepresenting material aspects of defendants' services. The court awarded an \$11,403,338.63 judgment for equitable monetary

relief against Gordon. The United States Court of Appeals for the Ninth Circuit affirmed the grant of summary judgment against Gordon on April 14, 2016 and remanded for the court to consider whether the monetary judgment amount should be reduced.

***Consumer Financial Protection Bureau v. Borders & Borders, PLC, et al.*** (W.D. Ky. No. 3:13-cv-01047-JGH) (complaint filed October 24, 2013)

The CFPB filed a complaint alleging that Borders & Borders, a real estate closing law firm, had set up joint ventures with local real estate and mortgage brokers for the purpose of funneling kickbacks to those brokers in exchange for referrals to Borders & Borders. The complaint seeks injunctive and other equitable relief. On February 12, 2015, the Court denied the defendants' motion for judgment on the pleadings. The case remains pending.

***Consumer Financial Protection Bureau v. NDG Financial Corp., et al.*** (S.D.N.Y. No. 15-cv-5211) (complaint filed July 6, 2015)

The CFPB filed a complaint against the NDG Financial Corporation and nine of its affiliates for engaging in unfair, deceptive, and abusive practices relating to its payday lending enterprise. The complaint alleges that the enterprise, which has companies located in Canada and Malta, originated, serviced, and collected payday loans that were void under state law, represented that U.S. federal and state laws did not apply to the Defendants or the payday loans, and used unfair and deceptive tactics to secure repayment, all in violation of the Dodd-Frank Act.

***Consumer Financial Protection Bureau v. Nationwide Biweekly Administration, Inc., et al.*** (N.D. Cal. No. 3:15-cv-2106) (complaint filed May 11, 2015)

The CFPB filed a complaint against Nationwide Biweekly Administration, Inc., Loan Payment Administration LLC, and Daniel S. Lipsky. The complaint alleges that the marketing and administration of Nationwide's "Interest Minimizer" program violated the CFPA's prohibition against deceptive and abusive acts or practices and the Telemarketing Sales Rule. In particular, it alleges that Nationwide and Lipsky guarantee consumers will save money on their mortgages when they know a substantial majority of consumers will leave the program before saving any money. The complaint also alleges Nationwide Biweekly misrepresents the interest savings consumers will achieve through its program and misleads consumers about the cost of the program. The complaint seeks a permanent injunction, consumer redress, and civil penalties.

***Consumer Financial Protection Bureau v. Universal Debt & Payment Solutions,***

**LLC, et al.** (N.D.GA No. 1:15-CV-0859) (complaint filed March 26, 2015; preliminary injunction issued April 7, 2015)

On April 7, 2015, the Bureau obtained a preliminary injunction that froze the assets and enjoined unlawful conduct related to a phantom debt collection scheme. The Bureau's suit against a group of seven debt collection agencies, six individual debt collectors, four payment processors, and a telephone marketing service provider, alleges violations of the FDCPA and the CFPAs prohibition on unfair and deceptive acts and practices, and providing substantial assistance to unfair or deceptive conduct. The complaint alleges that the individuals, acting through a network of corporate entities, use threats and harassment to collect "phantom" debt from consumers. Phantom debt is debt consumers do not actually owe or debt that is not payable to those attempting to collect it. Their misconduct was facilitated by the substantial assistance of the payment processors and the telephone service provider. The Bureau is seeking a permanent injunction, redress for consumers, and a monetary penalty. On September 1, 2015, the Court denied the payment processors' motion to dismiss the claims against them.

**Consumer Financial Protection Bureau v. All Financial Services, LLC** (D. Md. No. 1:15-cv-00420) (complaint filed February 12, 2015; stipulated final judgment and order entered on October 21, 2015)

On February 12, 2015, the Bureau filed a lawsuit against All Financial Services, LLC in federal court. The complaint alleged that All Financial Services, LLC disseminated deceptive and misleading advertisements for mortgage credit products in violation of Regulation N and the deceptive acts and practices prohibition in the CFPAs. Additionally, the Bureau alleged that All Financial Services, LLC failed to maintain copies of disseminated advertisements as required by Regulation N. The Bureau sought a monetary penalty and injunctive relief. On October 21, 2015, the Court entered a stipulated final judgment. The judgment imposed a \$13,000 civil money penalty, prohibits the company from violating Regulation N and the CFPAs and requires the company to implement a compliance plan to ensure that the company's mortgage credit product advertisements comply with all applicable Federal consumer financial laws.

**Consumer Financial Protection Bureau v. Irvine Web Works, Inc., et al.** (C.D. Cal. No. 8:14-cv-1967) (complaint filed December 11, 2014; stipulated final judgment and order entered March 15, 2016)

The CFPB filed suit in federal court against Irvine Web Works, Inc., d/b/a Student Loan

Processing.US (SLP) and its owner, James Krause (Krause). The complaint alleged that SLP and Krause violated the TSR and CFPA by falsely representing an affiliation with the Department of Education (ED), including through the use of a logo very similar to the ED logo, the claim that the company “work[s] with” ED, and the appearance of SLP’s direct mailings. The complaint also alleged that the defendants charged illegal advance fees for their student debt relief services in violation of the TSR, and failed to disclose or misrepresented the cost of their services, in violation of the TSR and CFPA. On March 15, 2016, the court entered a stipulated final judgment and order against SLP and Krause. The order required SLP to shut down operations within 45 days; immediately stop charging consumers fees; and process necessary paperwork for 30 days after entry of the order for consumers who have upcoming recertification or renewal deadlines relating to income-driven repayment plans. In addition, the order imposed a judgment for \$8.2 million, a large portion of which was suspended based on inability to pay. Accordingly, under the terms of the order, the defendants were ordered to pay \$326,000 in consumer redress to the Bureau to be distributed to compensate victims of the defendants’ illegal activities. The order also banned Krause and SLP permanently from marketing or providing debt relief and student loan services and imposed a \$1 civil monetary penalty.

***Consumer Financial Protection Bureau v. Richard F. Moseley, Sr., et al.*** (W.D. Mo. No. 4:14-cv-00789DW) (complaint filed September 8, 2014; stipulated preliminary injunction entered on October 3, 2014)

The CFPB filed a lawsuit against a confederation of online payday lenders known as the Hydra Group, its principals, and affiliates, alleging that they used a maze of interrelated entities to make unauthorized and otherwise illegal loans to consumers. The CFPB alleged that the defendants’ practices violate the CFPA, TILA, and EFTA. On September 9, 2014, a federal court in Kansas City issued an *ex parte* temporary restraining order against the defendants, ordering them to halt lending operations. The court also placed the companies in temporary receivership, granted the appointed receiver and the CFPB immediate access to the defendants’ business premises, and froze their assets. On October 3, 2014, the court entered a stipulated preliminary injunction against the defendants pending final judgment in the case. On February 10, 2016, the U.S. Attorney’s Office for the Southern District of New York announced criminal charges against Richard F. Moseley, Sr. concerning the same online payday lending enterprise. On March 4, 2016, the judge in the CFPB’s case against the Hydra Group stayed the civil proceeding until resolution of the criminal case against Richard F. Moseley, Sr.

***Consumer Financial Protection Bureau v. Corinthian Colleges, et al.*** (N.D. Ill. No.

1:14-cv-07194) (complaint filed September 16, 2014; final judgment entered on October 27, 2015)

On September 16, 2014, the CFPB filed a lawsuit against Corinthian Colleges, Inc. in federal court. The complaint alleges that Corinthian induced students to take private student loans by deceptively describing the job and career prospects of its graduates as well as Corinthian's career services, and by misrepresenting its job placement rates. Corinthian also engaged in aggressive debt collection practices in violation of the CFPB and the FDCPA. On October 27, 2015, the court entered a final default judgment against Corinthian Colleges, Inc. The court determined that Corinthian was liable for more than \$530 million in consumer redress and prohibited the company from engaging in future misconduct. Partial relief for borrowers was provided in February 2015 when the CFPB and the U.S. Department of Education announced more than \$480 million in forgiveness for a large portion of Corinthian's high-cost private student loans.

***Consumer Financial Protection Bureau v. Frederick J. Hanna & Associates, P.C., et al.*** (N.D. Ga. No. 1:14-cv-2211-AT) (complaint filed July 14, 2014; final judgment entered on January 6, 2016)

In January 2016, the court entered a consent order resolving a lawsuit that the CFPB filed in 2014 against Frederick J. Hanna & Associates and three of its principal partners alleging violations of the FDCPA and the CFPB. The Georgia-based law firm and its partners relied on deceptive court filings and faulty evidence to churn out more than 350,000 debt-collection lawsuits in Georgia alone between 2009 and 2014. The firm used automated processes and the work of non-attorney staff to file lawsuits that were signed by attorneys when, in fact, no attorney was meaningfully involved in preparing those communications. In addition, the firm used sworn statements from its clients attesting to details about consumer debts to support its lawsuits. The firm filed these statements with the court even though in some cases the signers could not possibly know the details they were attesting to. The consent order requires the firm and its principals to pay a \$3.1 million civil penalty and bars the firm and its principal partners from certain debt-collection practices, such as filing lawsuits without being able to verify the consumers' debts and intimidating consumers with deceptive court filings.

***Consumer Financial Protection Bureau v. CashCall, Inc., et al.*** (C.D.Cal. File CV 15-7522-JFW) (complaint filed December 16, 2013 in D. Mass. No. 1:13-cv-13167; partial summary judgment granted to the Bureau on August 31, 2016)

In 2013, the Bureau filed a lawsuit against online loan servicer, CashCall Inc., its owner, a

subsidiary, and an affiliate, for collecting and attempting to collect consumer-installment loans that were void or partially nullified because they violated either state caps on interest rates or state licensing requirements for lenders. CashCall serviced loans it made in the name of an entity, Western Sky, which was located on the Cheyenne River Sioux Tribe's land. The complaint alleges that the defendants violated the CFPA's prohibition against unfair, deceptive, and abusive acts or practices. In December 2015, the court denied the defendants' motion to dismiss the case, and on August 31, 2016, the court granted the Bureau's motion for partial summary judgment and denied the defendants' motion for summary judgment. The court resolved all issues of liability in the Bureau's favor, leaving open only the issues of relief, penalty, and injunction. The court ruled that the tribal choice-of-law provision in the Western Sky loan contracts was invalid and concluded that the laws of the borrowers' states applied to the loan agreements, which were void in more than a dozen subject states because they violated those states' usury laws, lender licensing laws, or both. The Court held that CashCall, its subsidiary, and its affiliate committed deceptive acts under the CFPA by servicing and collecting on loans that were void or uncollectible under the laws of the subject states. Finally, the Court held that CashCall's owner and president, J. Paul Reddam, was individually liable for these violations because he was at least reckless with respect to the corporate defendants' acts. The Court denied the defendants' summary judgment motion in its entirety.

This action is still pending.

***Consumer Financial Protection Bureau v. Morgan Drexen and Walter Ledda***  
(C.D. Cal File SACV13-01267 JLS) (complaint filed August 20, 2013; stipulated final judgment and consent order against Ledda entered on October 19, 2015; final judgment entered against Morgan Drexen on March 16, 2016)

In March, the court entered a final judgment resolving a lawsuit that the Bureau filed in 2013 against Morgan Drexen. The Bureau alleged that the company violated the CFPA and the TSR by charging illegal upfront fees for debt-relief services and making misrepresentations in advertisements. The court found that the company violated federal law, prohibited Morgan Drexen from collecting any further fees from its customers, and ordered it to pay more than \$132 million in restitution and a \$40 million civil penalty. This decision follows a stipulated final judgment against Morgan Drexen's president and chief executive officer, Walter Ledda, which the court approved in October 2015. The court found that Ledda violated federal law, banned him from providing debt relief services, and required him to pay restitution and a civil money penalty.

## 7. Fair lending

As part of its mandate, the CFPB’s Office of Fair Lending (Fair Lending) is charged with “providing oversight and enforcement of Federal laws intended to ensure the fair, equitable, and nondiscriminatory access to credit for both individuals and communities” that are enforced by the CFPB, including ECOA and HMDA.<sup>71</sup> This part of Fair Lending’s mandate is accomplished primarily through fair lending supervision and enforcement work. Interagency coordination<sup>72</sup> and outreach to industry groups and fair lending, civil rights, consumer and community advocates<sup>73</sup> are also important elements of our mandate. On April 29, 2016, the Bureau published its spring 2016 fair lending report to Congress<sup>74</sup> on the efforts of the Bureau and the fulfillment of our fair lending mandate. This report of the CFPB<sup>75</sup> provides an overview of the Bureau’s risk-based fair lending prioritization process; supervision tools; recent public enforcement actions; interagency coordination efforts and reporting; and outreach activities during calendar year 2015. In this Semi-Annual Report update, we focus on highlights from our fair lending supervision and enforcement activities, and continued efforts in interagency coordination and outreach.

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<sup>71</sup> Dodd-Frank Act, § 1013(c)(2)(A).

<sup>72</sup> Dodd-Frank Act, §1013(c)(2)(B).

<sup>73</sup> Dodd-Frank Act, §1013(c)(2)(C).

<sup>74</sup> Dodd-Frank Act, § 1013(c)(2)(D).

<sup>75</sup> See Consumer Financial Protection Bureau, Fair Lending Report of the Consumer Financial Protection Bureau (Apr. 29, 2016), available at [http://files.consumerfinance.gov/f/documents/201604\\_cfpb\\_Fair\\_Lending\\_Report\\_Final.pdf](http://files.consumerfinance.gov/f/documents/201604_cfpb_Fair_Lending_Report_Final.pdf).

# 7.1 Fair lending supervision and enforcement

## Fair lending supervision

The CFPB's Fair Lending Supervision program assesses compliance with Federal fair lending consumer financial laws and regulations at banks and nonbanks over which the Bureau has supervisory authority. Supervision activities range from assessments of the institutions' fair lending compliance management systems to in-depth reviews of products or activities that may pose heightened fair lending risks to consumers. As part of its Fair Lending Supervision program, the Bureau continues to conduct three types of fair lending reviews at Bureau-supervised institutions: ECOA baseline reviews, ECOA targeted reviews, and HMDA data integrity reviews. The Bureau's Fair Lending supervisory work has focused on the areas of mortgage, indirect auto lending, credit cards, and small business lending, but has included other product areas as well.

In conducting reviews, CFPB examination teams have observed violations of ECOA and HMDA, as well as various factors that indicate heightened fair lending risk, including:

- Weak or nonexistent fair lending compliance management systems;
- Underwriting and pricing policies that consider prohibited bases in a manner that violates ECOA or presents a fair lending risk;
- Discretionary policies without sufficient controls or monitoring to prevent discrimination;
- Inaccurate HMDA data; and
- Noncompliance with Regulation B's adverse action notification requirements.

When the CFPB identifies situations in which fair lending compliance is inadequate, it directs institutions to establish fair lending compliance programs commensurate with the size and complexity of the institution and its lines of business. When the Bureau identifies fair lending violations, it requires remediation or other appropriate relief.

Although the Bureau's supervisory activity is confidential, the Bureau publishes regular reports

on its website called *Supervisory Highlights*. These reports provide information to all market participants on supervisory trends the Bureau observes as well as information on public enforcement matters that arise from supervisory reviews. The Mortgage Servicing Special Edition of *Supervisory Highlights*<sup>76</sup> reminded institutions of Module 4 of the ECOA baseline review modules used by Bureau examiners to evaluate compliance management systems under ECOA. Among other things, Module 4 contains questions regarding fair lending training of servicing staff, fair lending monitoring of servicing, and servicing of consumers with Limited English Proficiency. The Summer 2016 edition of *Supervisory Highlights*<sup>77</sup> highlighted findings from HMDA examinations where institutions improperly coded actions taken on conditionally-approved applications with unmet underwriting conditions. In addition, the report discussed supervisory observations regarding ECOA special purpose credit programs, designed to benefit a class of people who would otherwise be denied credit or would receive it on less favorable terms. Here, the Bureau has observed both a mortgage lending program and a small business program established as special purpose credit programs.

## Fair lending enforcement<sup>78</sup>

The CFPB has the authority to bring enforcement actions pursuant to HMDA and ECOA. Specifically, the CFPB has the authority to engage in research, conduct investigations, file administrative complaints, and hold hearings and adjudicate claims through the CFPB's administrative enforcement process. The CFPB also has independent litigating authority and can file cases in federal court alleging violations of fair lending laws under the CFPB's jurisdiction. Like other Federal bank regulators, the CFPB also is required to refer matters to DOJ when it has reason to believe that a creditor has engaged in a pattern or practice of lending

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<sup>76</sup> Consumer Financial Protection Bureau, *Supervisory Highlights Mortgage Servicing Special Edition 2016* at 5 (June 22, 2016), available at [http://files.consumerfinance.gov/f/documents/Mortgage\\_Servicing\\_Supervisory\\_Highlights\\_11\\_Final\\_web.pdf](http://files.consumerfinance.gov/f/documents/Mortgage_Servicing_Supervisory_Highlights_11_Final_web.pdf).

<sup>77</sup> Consumer Financial Protection Bureau, *Supervisory Highlights Summer 2016* at 13 (June 30, 2016), available at [http://files.consumerfinance.gov/f/documents/Supervisory\\_Highlights\\_Issue\\_12.pdf](http://files.consumerfinance.gov/f/documents/Supervisory_Highlights_Issue_12.pdf).

<sup>78</sup> Section 1016(c)(5) of the Dodd-Frank Act requires the Bureau to include in the semi-annual report public enforcement actions the Bureau was a party to during the preceding year, which is April 1, 2015 through March 31, 2016, for this report.

discrimination. Over the past year, the CFPB announced two fair lending public enforcement actions--one involving mortgages and one involving indirect auto lending. The Bureau has also made significant progress in administration of prior fair lending enforcement actions.

## Mortgage

### BANCORPSOUTH BANK

On June 29, 2016, CFPB and DOJ announced a joint action against BancorpSouth Bank (BancorpSouth) for discriminatory mortgage lending practices that harmed African Americans and other minorities. The complaint filed by the CFPB and DOJ<sup>79</sup> alleges that BancorpSouth engaged in numerous discriminatory practices, including illegal redlining in Memphis; denying certain African Americans mortgage loans more often than similarly situated non-Hispanic White applicants; charging African-American borrowers for certain mortgage loans more than non-Hispanic White borrowers with similar loan qualifications; and implementing an explicitly discriminatory loan denial policy. The consent order, which was entered by the court on July 25, 2016, requires BancorpSouth to pay \$4 million in direct loan subsidies in minority neighborhoods<sup>80</sup> in Memphis, at least \$800,000 for community programs, advertising, outreach, and credit repair, \$2.78 million to African-American consumers who were unlawfully denied or overcharged for loans, and a \$3 million penalty.<sup>81</sup>

BancorpSouth is a regional depository institution headquartered in Tupelo, Mississippi that operates branches in eight states: Alabama, Arkansas, Florida, Louisiana, Mississippi, Missouri,

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<sup>79</sup> *United States and Consumer Financial Protection Bureau v. BancorpSouth Bank.*, No. 1:16-cv-00118-GHD-DAS (N.D. Miss. June 29, 2016) (complaint), available at [http://files.consumerfinance.gov/f/documents/201606\\_cfpb\\_bancorpsouth-joint-complaint.pdf](http://files.consumerfinance.gov/f/documents/201606_cfpb_bancorpsouth-joint-complaint.pdf), and in Section 6.2 above, Enforcement actions, for more information.

<sup>80</sup> Majority-minority neighborhoods or minority neighborhoods refers to census tracts with a minority population greater than 50%.

<sup>81</sup> *United States and Consumer Financial Protection Bureau v. BancorpSouth Bank.*, No. 1:16-cv-00118-GHD-DAS (N.D. Miss. June 29, 2016) (consent order), available at [http://files.consumerfinance.gov/f/documents/201606\\_cfpb\\_bancorpSouth-consent-order.pdf](http://files.consumerfinance.gov/f/documents/201606_cfpb_bancorpSouth-consent-order.pdf), and in Section 6.2 above, Enforcement actions, for more information.

Tennessee, and Texas. As of March 31, 2016, BancorpSouth had total assets of \$13.9 billion. In the complaint, CFPB and DOJ allege that BancorpSouth:

- **Illegally redlined in Memphis:** The agencies allege that, at least from 2011 to 2013, BancorpSouth illegally redlined in the Memphis area—the market from which the bank received the most applications—by structuring its business to avoid and discourage consumers in minority neighborhoods from accessing mortgages. Specifically, the agencies allege that the bank placed its branches outside of minority neighborhoods, excluded nearly all minority neighborhoods from the area it chose to serve under the Community Reinvestment Act, and directed nearly all of its marketing away from minority neighborhoods. As a result, BancorpSouth generated relatively few applications from minority neighborhoods as compared to its peers.
- **Discriminated in underwriting certain mortgages:** The agencies also allege that one of BancorpSouth’s lending units discriminated against African-American applicants by denying them mortgage loans—including loans with consumer as well as business purposes—more often than similarly situated non-Hispanic White applicants. Specifically, the agencies allege that BancorpSouth granted its employees wide discretion to make credit decisions on mortgage loans. This discretion resulted in African-American applicants being denied certain mortgages at rates more than two times higher than expected if they had been non-Hispanic White.
- **Discriminated in pricing certain mortgage loans:** The agencies also allege that one of BancorpSouth’s lending units discriminated against African-American borrowers that it did approve by charging them higher annual percentage rates than non-Hispanic White borrowers with similar loan qualifications. Specifically, the agencies allege that BancorpSouth granted its employees wide discretion to set the prices of mortgage loans. This discretion resulted in African-American borrowers paying significantly higher annual percentage rates than similarly situated non-Hispanic White borrowers, costing African-American consumers hundreds of dollars more each year they held the loan.
- **Implemented an explicitly discriminatory denial policy:** The complaint alleges that BancorpSouth required its employees to deny applications from minorities and other “protected class” applicants more quickly than those from other applicants and not to provide credit assistance to “borderline” applicants, which may have improved their chances of getting a loan. The bank generally permitted loan officers to assist marginal applicants, but the explicitly race-based denial policy departed from that practice. An

audio recording of a 2012 internal meeting at BancorpSouth clearly articulates this discriminatory policy, as well as negative and stereotyped perceptions of African Americans.

The consent order requires BancorpSouth to take a number of remedial measures, including paying \$4 million into a loan subsidy program to increase access to affordable credit, by offering qualified applicants in majority-minority neighborhoods in Memphis mortgage loans on a more affordable basis than otherwise available from BancorpSouth. The loan subsidies can include interest rate reductions, closing cost assistance, and down payment assistance. The consent order also requires BancorpSouth to pay \$2.78 million to African-American consumers who were improperly denied mortgage loans or overcharged for their loans because of BancorpSouth's allegedly discriminatory pricing and underwriting policies. In addition, the consent order requires BancorpSouth to spend \$500,000 to partner with community-based or governmental organizations that provide education, credit repair, and other assistance in minority neighborhoods in Memphis, and to spend at least \$300,000 on a targeted advertising and outreach campaign to generate applications for mortgage loans from qualified consumers in majority-minority neighborhoods in Memphis. Finally, BancorpSouth will pay a \$3 million penalty to the CFPB's Civil Penalty Fund.

In addition to the monetary requirements, the decree orders BancorpSouth to expand its physical presence by opening one new branch or loan production office in a high-minority neighborhood (a census tract with a minority population greater than 80%) in Memphis. The bank must also offer African-American consumers who were denied mortgage loans while BancorpSouth's allegedly discriminatory underwriting policy was in place the opportunity to apply for a new loan at a subsidized interest rate. Among other revisions to its policies, BancorpSouth is also required by the consent order to implement policies that require its employees to provide equal levels of information and assistance to individuals who inquire about mortgage loans, regardless of race or any other prohibited characteristic.

When investigating identified redlining risks, the Bureau's approach is consistent with that of other federal agencies, including other federal law enforcement agencies and bank regulators. For example, the Bureau looks to risk indicators described in the Interagency Fair Lending Examination Procedures, which were initially issued by the prudential regulators and later

adopted by the Bureau.<sup>82</sup> The Bureau also looks to the types of evidence that DOJ has cited in support of its complaints alleging redlining. These sources identify multiple factors that the Bureau considers during a redlining investigation, including: applications received, and originations in, minority areas as compared with a lender's peers; the scope of the lender's Community Reinvestment Act assessment area; the lender's physical branch and office locations; the lender's marketing practices; the lender's policies; employee statements and conduct; and other evidence.

As part of its investigation, the CFPB also sent testers to several BancorpSouth branches to inquire about mortgages, and the results of that testing support the CFPB and DOJ allegations. The agencies allege that, in several instances, a BancorpSouth loan officer treated the African-American tester less favorably than a non-Hispanic White counterpart. Specifically, the complaint alleges that BancorpSouth employees treated African-American testers who sought information about mortgage loans worse than non-Hispanic White testers with similar credit qualifications. For example, BancorpSouth employees provided information that would restrict African-American consumers to smaller loans than non-Hispanic White testers. This was the CFPB's first use of testing to support an allegation of discrimination. Testing is a tool the Bureau employs in its enforcement investigative activity. Other government agencies, including DOJ and HUD, as well as private fair housing organizations and state and local agencies, have used testers for decades as a method of identifying discrimination. Courts have long recognized testing as a reliable investigative tool.

## Indirect Auto Finance

### **TOYOTA MOTOR CREDIT CORPORATION**

On February 2, 2016, the CFPB resolved an action with Toyota Motor Credit Corporation (Toyota Motor Credit)<sup>83</sup> that requires Toyota Motor Credit to change its pricing and

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<sup>82</sup> See the CFPB Examination Procedures, Equal Credit Opportunity Act Baseline Review Modules at: [http://files.consumerfinance.gov/f/201210\\_cfpb\\_supervision-and-examination-manual-v2.pdf](http://files.consumerfinance.gov/f/201210_cfpb_supervision-and-examination-manual-v2.pdf).

<sup>83</sup> *In re. Toyota Motor Credit Corporation*, File No. 2016-CFPB-0002 (Feb. 2, 2016) (consent order), available at [http://files.consumerfinance.gov/f/201602\\_cfpb\\_consent-order-toyota-motor-credit-corporation.pdf](http://files.consumerfinance.gov/f/201602_cfpb_consent-order-toyota-motor-credit-corporation.pdf), and in Section 6.2 above, Enforcement actions, for more information.

compensation system by substantially reducing or eliminating discretionary markups to minimize the risks of discrimination. On that same date, DOJ also filed a complaint and proposed consent order in the U.S. District Court for the Central District of California addressing the same conduct. That consent order was entered by the court on February 11, 2016. Toyota Motor Credit's past practices resulted in thousands of African-American and Asian and Pacific Islander borrowers paying higher interest rates than similarly-situated non-Hispanic White borrowers for their auto loans. The consent orders require Toyota Motor Credit to pay up to \$21.9 million in restitution to affected borrowers.

Toyota Motor Credit Corporation is the U.S. financing arm of Toyota Financial Services, which is a subsidiary of Toyota Motor Corporation. As of the second quarter of 2015, Toyota Motor Credit was the largest captive auto lender<sup>84</sup> in the United States and the fifth largest auto lender overall. As an indirect auto lender, Toyota Motor Credit sets risk-based interest rates, or "buy rates," that it conveys to auto dealers. Indirect auto lenders like Toyota Motor Credit then allow auto dealers to charge a higher interest rate when they finalize the deal with the consumer. This is typically called "discretionary markup." Markups can generate compensation for dealers while giving them the discretion to charge similarly-situated consumers different rates. Over the time period under review, Toyota Motor Credit permitted dealers to mark up consumers' interest rates as much as 2.5%.

The enforcement action was the result of a joint CFPB and DOJ investigation that began in April 2013. The agencies investigated Toyota Motor Credit's indirect auto lending activities' compliance with ECOA. The Bureau found that Toyota Motor Credit violated ECOA by adopting policies that resulted in African-American and Asian and Pacific Islander borrowers paying higher interest rates for their auto loans than non-Hispanic White borrowers as a result of the dealer markups that Toyota Motor Credit permitted and incentivized. Toyota Motor Credit's pricing and compensation structure meant that for the period covered in the order, thousands of African-American borrowers were charged, on average, over \$200 more for their auto loans, and thousands of Asian and Pacific Islander borrowers were charged, on average, over \$100 more for their auto loans.

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<sup>84</sup> Captive auto lenders are indirect auto lenders that are directly affiliated with a particular automobile manufacturer.

The CFPB's administrative action and DOJ's consent order require Toyota Motor Credit to reduce dealer discretion to mark up the interest rate to only 1.25% above the buy rate for auto loans with terms of five years or less, and 1% for auto loans with longer terms, or to move to non-discretionary dealer compensation. Toyota Motor Credit must also pay \$19.9 million in remediation to affected African-American and Asian and Pacific Islander borrowers whose auto loans were financed by Toyota Motor Credit between January 2011 and February 2, 2016.

Toyota Motor Credit will pay up to an additional \$2 million into the settlement fund to compensate any affected African-American and Asian and Pacific Islander borrowers in the time period between February 2, 2016, and when Toyota Motor Credit implements its new pricing and compensation structure. The Bureau did not assess penalties against Toyota Motor Credit because of its responsible conduct, namely the proactive steps the institution is taking to directly address the fair lending risk of discretionary pricing and compensation systems by substantially reducing or eliminating that discretion altogether. In addition, Toyota Motor Credit must hire a settlement administrator who will contact consumers, distribute the funds, and ensure that affected borrowers receive compensation.

## Settlement Administration

### **ALLY FINANCIAL INC. AND ALLY BANK**

On December 19, 2013, CFPB and DOJ entered into the federal government's largest auto loan discrimination settlement in history<sup>85</sup> which required Ally Financial Inc. and Ally Bank (Ally) to pay \$80 million in damages to harmed African-American, Hispanic, and Asian and Pacific Islander borrowers. The CFPB found and DOJ alleged that minority borrowers on more than 235,000 auto loans paid higher interest rates than similarly-situated non-Hispanic White borrowers between April 2011 and December 2013 because of Ally's discriminatory discretionary markup and compensation system.

Ally hired a settlement administrator to distribute the \$80 million in damages to harmed borrowers. On June 15, 2015, the Bureau published a blog post announcing the selection of the settlement administrator and providing information on contacting the administrator and

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<sup>85</sup> *In re. Ally Financial Inc.*, No. 2013-CFPB-0010 (Dec. 20, 2013) (consent order), available at [http://files.consumerfinance.gov/f/201312\\_cfpb\\_consent-order\\_ally.pdf](http://files.consumerfinance.gov/f/201312_cfpb_consent-order_ally.pdf).

submitting settlement forms.<sup>86</sup> On June 26, 2015, the settlement administrator sent letters to Ally borrowers identified as potentially eligible for remediation from the settlement fund. Consumers had until October 2015 to respond, after which the agencies determined the final distribution amount for each eligible borrower. Following the conclusion of the participation period, Ally's settlement administrator identified approximately 301,000 eligible, participating borrowers and co-borrowers—representing approximately 235,000 loans—who were overcharged as a result of Ally's discriminatory pricing and compensation structure during the relevant time period. On January 29, 2016, the Ally settlement administrator mailed checks totaling \$80 million plus accrued interest to harmed borrowers participating in the settlement.<sup>87</sup>

In addition to the \$80 million in settlement payments for consumers who were overcharged between April 2011 and December 2013, pursuant to its continuing obligations under the terms of the consent orders, Ally has also made ongoing payments to consumers affected after the consent orders were issued. Specifically, Ally paid approximately \$38.9 million in September 2015 and an additional \$51.5 million in May 2016, to consumers that Ally determined were both eligible and overcharged on auto loans issued during 2014 and 2015, respectively.

#### **PROVIDENT FUNDING ASSOCIATES**

As previously reported, on May 28, 2015, CFPB and DOJ filed a joint complaint against Provident Funding Associations (Provident) for discrimination in mortgage lending, along with a proposed order to settle the complaint. The complaint alleges that from 2006 to 2011, Provident discriminated in violation of ECOA by charging over 14,000 African-American and Hispanic borrower more in brokers' fees than similarly situated non-Hispanic White borrowers on the basis of race and national origin. The consent order, which was entered on June 18, 2015, required Provident to pay \$9 million in harmed borrowers, to pay to hire a settlement

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<sup>86</sup> Patrice Ficklin, Consumer Financial Protection Bureau, *Ally Settlement Administrator Will Contact Eligible Borrowers Soon* (June 15, 2015), available at <http://www.consumerfinance.gov/blog/ally-settlement-administrator-will-contact-eligible-borrowers-soon/>.

<sup>87</sup> Patrice Ficklin, Consumer Financial Protection Bureau, *Harmed Ally Borrowers Have Been Sent \$80 Million in Damages* (January 29, 2016), available at <http://www.consumerfinance.gov/blog/harmed-ally-borrowers-have-been-sent-80-million-in-damages/>.

administrator to distribute funds to the harmed borrowers identified by the CFPB and DOJ, and not to discriminate against borrowers in assessing total broker fees.<sup>88</sup>

On September 28, 2016, the Bureau published a blog post announcing the selection of the settlement administrator and providing information on contacting the administrator and submitting settlement forms.<sup>89</sup> The blog post also announced that the settlement administrator was mailing participation packets to eligible consumers. Consumers have until December 27, 2016 to respond.

## Referrals to DOJ

During this reporting period<sup>90</sup> and pursuant to Section 706(g) of ECOA, the CFPB has referred four matters to DOJ with regard to:

- Discrimination on the bases of age, marital status, receipt of public assistance income, and sex, in mortgage lending;
- Discrimination on the bases of national origin and race in auto finance; and
- Discrimination on the bases of national origin and race in credit card account management.

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<sup>88</sup> *In re. Provident Funding Associates*, No. 3:15-cv-023-73 (N.D. Cal. May 28, 2015) (consent order), available at: [http://files.consumerfinance.gov/f/201505\\_cfpb\\_consent-order-provident-funding-associates.pdf](http://files.consumerfinance.gov/f/201505_cfpb_consent-order-provident-funding-associates.pdf).

<sup>89</sup> Patrice Ficklin, Consumer Financial Protection Bureau, *Provident Settlement Administrator to Contact Eligible Borrowers Soon* (September 28, 2016), available at <http://www.consumerfinance.gov/about-us/blog/provident-settlement-administrator-contact-eligible-borrowers-soon/>.

<sup>90</sup> October 1, 2015 – September 30, 2016.

## 7.2 Interagency fair lending coordination and outreach

### Interagency coordination

The Bureau's fair lending activity involves close partnerships and coordination with the Bureau's Federal and state regulatory and enforcement partners. Fair Lending continues to lead the Bureau's fair lending interagency coordination and collaboration efforts by working with partners on the Financial Fraud Enforcement Task Force's Non-Discrimination Working Group, the Interagency Task Force on Fair Lending, the Interagency Working Group on Fair Lending Enforcement, and the FFIEC HMDA Data Collection Subcommittee.

On April 29, 2016, along with other members of the FFIEC, the Bureau released a proposal<sup>91</sup> to revise the existing Uniform Interagency Consumer Compliance Rating System to reflect regulatory, supervisory, technological, and market changes since the system was established. The previous rating system was adopted in 1980, and the proposed revisions aim to address the broad array of risks in the market that can cause consumer harm, including fair lending violations. As of September 30, 2016, the FFIEC member agencies were reviewing public comments on the proposal.

### Fair lending outreach, speeches, presentations, and publications

The CFPB is committed to communicating directly with stakeholders including policymakers; industry; academia; fair lending, civil rights, consumer, and community groups; and the public, on its policies, compliance expectations, and priorities. Outreach is accomplished through issuance of Reports to Congress, Interagency Statements, *Supervisory Highlights*, Compliance

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<sup>91</sup> Federal Financial Institutions Examination Council, Uniform Interagency Consumer Compliance Rating System 81 FR 26553, available at [https://www.ffiec.gov/press/PDF/FFIEC\\_CCR\\_System\\_Federal\\_Register\\_Note.pdf](https://www.ffiec.gov/press/PDF/FFIEC_CCR_System_Federal_Register_Note.pdf); see also Federal Financial Institutions Examination Council, FFIEC Seeks Comments on Proposed Revisions to Uniform Interagency Consumer Compliance Rating System (Apr. 29, 2016), available at <https://www.ffiec.gov/press/pr042916.htm>.

Bulletins, and blog posts, as well as through the delivery of correspondence, speeches, meetings, and presentations addressing fair lending and access to credit matters.

As noted in the Fair Lending Supervision section 7.1.1 above, the Bureau released on June 22, 2016, the Mortgage Servicing Special Edition of *Supervisory Highlights* that reminded institutions of the update to the ECOA Baseline Review Modules used by examiners. On June 30, 2016, the Bureau released the Summer 2016 edition of *Supervisory Highlights* that highlighted findings from HMDA examinations where institutions improperly coded actions taken on conditionally-approved applications with unmet underwriting conditions, as well as supervisory observations regarding special purpose credit programs.

As part of its outreach mandate, the Bureau released a blog post in English<sup>92</sup> and Spanish<sup>93</sup> announcing its June 29, 2016 joint action with DOJ alleging that BancorpSouth Bank violated ECOA by discriminating against African Americans and other minority consumers, by illegally denying fair access to credit to residents in minority neighborhoods in the Memphis area; unlawfully denying African-American applicants certain mortgage loans and overcharging some of its African-American borrowers; and requiring its employees to review applications from minorities more quickly than others, and not to provide them the opportunity receive credit assistance that might have improved their chances of getting a loan.

CFPB leadership and staff continue to deliver briefings, correspondence, testimony, speeches, panel remarks, webinars, and in-person presentations to diverse audiences, including Members of Congress and staff, industry, bar associations, academia, national and state fair lending and fair housing groups, and community and consumer advocates.

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<sup>92</sup> Patrice Ficklin and Daniel Dodd Ramirez, Consumer Financial Protection Bureau, *Redlining: CFPB and DOJ action requires BancorpSouth Bank to pay millions to harmed consumers* (June 29, 2016), available at <http://www.consumerfinance.gov/about-us/blog/redlining-cfpb-and-doj-action-requires-bancorpsouth-bank-pay-millions-harmed-consumers/>.

<sup>93</sup> Patrice Ficklin and Daniel Dodd Ramirez, Consumer Financial Protection Bureau, *La delimitación ilegal: Acción del CFPB y del Departamento de Justicia requiere que el banco BancorpSouth pague millones de dólares a consumidores perjudicados* (June 29, 2016), available at <http://www.consumerfinance.gov/about-us/blog/la-delimitacion-ilegal-accion-del-cfpb-y-del-departamento-de-justicia-requiere-que-el-banco-bancorpsouth-pague-millones-de-dolares-consumidores-perjudicados/>.

The Bureau looks forward to continued dialogue with these and other stakeholders on important matters related to fair lending and access to credit.

## 7.3 Home Mortgage Disclosure Act

On October 28, 2015, the Bureau published in the Federal Register a final rule to implement the Dodd-Frank Act amendments to HMDA.<sup>94</sup> The rule also finalized certain amendments that the Bureau believes are necessary to improve the utility of HMDA data and further the purposes of HMDA.

Subsequent to the HMDA rule's finalization, the Bureau has published on its website a "Home Mortgage Disclosure Act rule implementation" page to help industry understand, implement, and comply with HMDA and Regulation C.<sup>95</sup> For more information on the HMDA rule implementation, please see Section 4.3, Facilitating Implementation of New Regulations, of this report.

### HMDA data resubmission RFI

The Bureau received 31 comments in response to its Request for Information Regarding Home Mortgage Disclosure Act Resubmission Guidelines published January 12, 2016 in the Federal Register.<sup>96</sup> Commenters included HMDA reporters, industry trade groups, and consumer groups. Under the Bureau's current resubmission guidelines, if a financial institution's HMDA data exceed certain error thresholds, the institution must correct and resubmit its HMDA data to the Bureau. In response to the comments received, the Bureau is considering what changes may be needed to its current guidelines.

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<sup>94</sup> 80 Fed. Reg. 66,128 (Oct. 28, 2015), available at <https://www.gpo.gov/fdsys/pkg/FR-2015-10-28/pdf/2015-26607.pdf>.

<sup>95</sup> See <http://www.consumerfinance.gov/policy-compliance/guidance/implementation-guidance/hmda-implementation/>.

<sup>96</sup> 81 Fed. Reg. 1,405 (Jan. 12, 2016), available at <https://www.gpo.gov/fdsys/pkg/FR-2016-01-12/pdf/2016-00442.pdf>.

# 8. Building a great institution: Update

The CFPB seeks to promote transparency, accountability, and fairness. Built on these values, the CFPB is better able to make consumer financial markets work for consumers, honest businesses, and the economy.

## 8.1 Open government

The Bureau's mission is to be an agency that helps consumer finance work by making rules more effective, by consistently and fairly enforcing the rules, and by empowering consumers to take more control of their economic lives. A critical part of making financial markets work is ensuring transparency in those markets. The CFPB believes that it should hold itself to that same standard and strives to be a leader by being transparent with respect to its own activities. To accomplish this, the Bureau utilizes its website, [consumerfinance.gov](http://consumerfinance.gov), as the primary vehicle to share information on the operations and decisions the CFPB undertakes every day.

Recent information posted on our website that illustrates the Bureau's commitment to openness includes:<sup>97</sup>

### **Freedom of Information Act (FOIA)**

Transparency is at the core of the CFPB's agenda and is an essential part of how the CFPB

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<sup>97</sup> The open government section of the Bureau's website is [consumerfinance.gov/open/](http://consumerfinance.gov/open/), and all documents and pages referenced in this section may be found there.

operates. The public deserves to know what the CFPB is doing and how it is doing it. Earlier this year, the CFPB posted the [Annual FOIA Report for 2015](#) and the [Chief FOIA Officer Report for 2016](#). During this reporting period, the CFPB also published quarterly reports.<sup>98</sup>

### **Leadership Calendars**

The CFPB remains committed to providing information to the public regarding the daily work of the Bureau's senior leadership by sharing their daily calendars. The Bureau consistently posts the [monthly calendars](#) of Director Richard Cordray to its website. The calendars of past leaders Elizabeth Warren, Raj Date, and Steven Antonakes are archived on the Bureau's website for the public to view as well.

### **Procurement Opportunities**

The Bureau remains committed to publishing its [future procurement needs](#) by listing a description of the requirement, forecasted solicitation fiscal year and quarter, and forecasted acquisition method.

### **Procurement Transparency**

The Bureau's Office of Procurement introduced a Contract Transparency Clause in February 2011 to each of its solicitations and contracts. The clause gives notice to all prospective trading partners that the Bureau will publish contracts on our website to enhance the visibility to any interested party in how the public money entrusted to us is being spent.

### **General Reports**

The CFPB also continues to post a variety of reports to illustrate progress in several areas of the Bureau's operations and activities. Recent reports posted to the CFPB's website include the 2015 Annual Reports of [Consumer Response, the Office of Minority and Women Inclusion, Fair Lending](#), the Bureau's most recent edition of the [Semi-Annual Report to Congress and the President](#), the [Plain Writing Compliance Act Report for 2016](#), a [Midyear Update on Student Loan Complaints](#), a report on [Fighting Elder Financial Exploitation through Community Networks](#), a report on [Building Blocks to Help Achieve Youth Financial](#)

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<sup>98</sup> <http://www.consumerfinance.gov/foia/>.

[Capability](#), and two editions of *Supervisory Highlights*.<sup>99</sup>

### **Regulations and Guidance Updates**

The CFPB periodically provides updates on regulations and guidance. During this reporting period, the Bureau posted updates to its Supervision and Examination Manual and various bulletins.<sup>100</sup>

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<sup>99</sup> All editions of *Supervisory Highlights* may be found at <http://www.consumerfinance.gov/policy-compliance/guidance/supervisory-highlights/>.

<sup>100</sup> The full list of guidance updates during this reporting period may be found in Appendix C, and on the Bureau's website at <http://www.consumerfinance.gov/policy-compliance/guidance/implementation-guidance/>.

# 9. Budget

The Bureau is committed to fulfilling its statutory responsibilities and delivering value to American consumers by being accountable and using our resources carefully. The CFPB's Operations Division is responsible for coordinating activities related to the development of the CFPB's annual budget. The Office of the Chief Financial Officer within the Division has primary responsibility for developing the budget, and works in close partnership with the Office of Human Capital, the Office of Procurement, the Technology and Innovation team, and other program offices to develop budget and staffing estimates in consideration of statutory requirements, performance goals, and priorities of the Bureau. The CFPB Director ultimately approves the CFPB budget.

## 9.1 How the CFPB is funded

The CFPB is funded principally by transfers made by the Board of Governors from the combined earnings of the Federal Reserve System, up to the limits set forth in the Dodd-Frank Act. The Director of the CFPB requests transfers from the Federal Reserve System in amounts that he has determined are reasonably necessary to carry out the Bureau's mission. Annual funding from the Federal Reserve System was capped at a fixed percentage of the total 2009 operating expenses of the Federal Reserve System, equal to:

- 10% of these Federal Reserve System expenses (or approximately \$498 million) in fiscal year (FY) 2011;
- 11% of these expenses (or approximately \$547.8 million) in FY 2012; and

- 12% of these expenses (or approximately \$597.6 million) in FY 2013 and each year thereafter, subject to annual adjustments.<sup>101</sup>

If the authorized transfers from the Federal Reserve were not sufficient in FY 2010-2014, the CFPB had the authority in those fiscal years to ask Congress for up to \$200 million in additional funds, subject to the appropriations process.<sup>102</sup> The CFPB did not request an appropriation in FY 2011, FY 2012, FY 2013, or FY 2014. That authority has now expired.

The inflation-adjusted transfer cap for FY 2016 was \$631.7 million. The adjusted transfer cap for FY 2017 is \$646.2 million. The CFPB requested transfers from the Federal Reserve totaling \$564.9 million to fund CFPB operations and activities through the fourth quarter of FY 2016.<sup>103</sup>

Funds received from the Federal Reserve are held in an account for the Bureau at the Federal Reserve Bank of New York.

Bureau funds that are not funding current needs of the CFPB, however, are invested in Treasury securities. Earnings from those investments are also deposited into the Bureau's account.<sup>104</sup>

## Fiscal year 2016 spending through the end of FY 2016

As of September 30, 2016, the end of FY 2016, the CFPB incurred approximately \$575.6 million in obligations<sup>105</sup> to carry out the authorities of the Bureau under Federal financial consumer law. Approximately \$290.3 million was spent on employee compensation and benefits for the 1,591 CFPB employees who were on-board by the end of the fiscal year.

In addition to payroll expenses, the largest obligations made through the end of the fiscal year

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<sup>101</sup> See Dodd-Frank Act, Pub. L. No. 111-203, Sec. 1017(a)(2).

<sup>102</sup> See *id.* Sec. 1017(e).

<sup>103</sup> The Bureau posts all funding request letters on its website at consumerfinance.gov/budget.

<sup>104</sup> See Dodd-Frank Act, Pub. L. No. 111-203, Sec. 1017(b).

<sup>105</sup> 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.

were related to contractual services. Some of the Bureau's significant obligations that occurred through the end of FY 2016 included:

- \$16.1 million for maintaining ongoing operations of CFPB's consumer contact center and case management system, both of which are critical front-line systems that enabled the Bureau to handle more than 283,000 complaints in fiscal year 2016;
- \$14.4 million for IT portfolio and project management support services, which assist and support the Bureau in its on-going efforts to develop, sustain, and mature its IT program management and business process capabilities;
- \$14.1 million to the Board of Governors of the Federal Reserve System for services provided by the Office of the Inspector General of the Board of Governors of the Federal Reserve System and the Consumer Financial Protection Bureau;
- \$13.9 million to empower and educate American consumers through paid communications to help people discover and use the bureau's tools and resources;
- \$12.9 million for a one-year building occupancy agreement with the General Services Administration for CFPB's temporary headquarters office space;
- \$12.5 million for a one-year building occupancy agreement with the Office of the Comptroller of the Currency;
- \$9.1 million for continued development of a cost-effective, internally managed cloud infrastructure;
- \$8.4 million for operation and development of the cybersecurity program that provides the Bureau a way of securing communications, data, and IT resources through a combination of policy, continuous monitoring, and leveraging best in breed technologies;
- \$8.1 million to centrally manage the Bureau's Network, manage and measure data effectiveness in order to make data-driven decisions, and improve the financial literacy of consumers, as mandated by the Dodd-Frank Act, by helping to facilitate the Bureau's Empowerment and Education programs and coordinate and amplify the Bureau's advocacy and outreach activities;
- \$5.8 million for continued development of a scalable and automated system that provides an efficient and effective method to perform analysis on the complaint data and

is utilized to analyze the increased volume of complaints the Bureau receives from American consumers and to identify trends and possible consumer harm; and

- \$5.2 million for exercising a one-year option period on an occupancy agreement with the FHFA.

Tables 4 and 5 categorize CFPB obligations incurred through the first two quarters of FY 2016 by expense category and division/program area:

**TABLE 4: FY 2016 SPENDING BY EXPENSE CATEGORY**

Expense Category	FY 2016
Personnel Compensation	\$214,005,000
Benefit Compensation	\$76,336,000
Travel	\$18,305,000
Transportation of Things	\$78,000
Rents, Communications, Utilities & Misc.	\$22,492,000
Printing and Reproduction	\$4,434,000
Other Contractual Services	\$215,770,000
Supplies & Materials	\$5,782,000
Equipment	\$18,157,000
Land and Structures	\$200,000
Total (as of 09/30/16)	\$575,559,000

**TABLE 5:** FY 2016 SPENDING BY PROGRAM AREA

<b>Division/Program Area</b>	<b>FY 2016</b>
Office of the Director	\$8,801,000
Operations	\$120,173,000
Consumer Education & Engagement	\$42,037,000
Research, Markets & Regulations	\$39,038,000
Supervision, Enforcement, Fair Lending	\$147,820,000
Legal Division	\$15,662,000
External Affairs	\$8,414,000
Other Programs <sup>106</sup>	\$2,892,000
Centralized Services <sup>107</sup>	\$190,722,000
Total (as of 09/30/16)	\$575,559,000

## Civil Penalty Fund

Pursuant to the Dodd-Frank Act, the CFPB is also authorized to collect and retain for specified purposes civil penalties collected from any person in any judicial or administrative action under federal consumer financial laws.<sup>108</sup> The CFPB generally is authorized to use these funds for payments to victims of activities for which civil penalties have been imposed, and may also use

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<sup>106</sup> Other Programs comprises the costs of the CFPB Office of Ombudsman, Administrative Law Judges, and other CFPB programs.

<sup>107</sup> Centralized services include the cost of certain administrative and operational services provided centrally to other Divisions (e.g., building space, utilities, and IT-related equipment and services).

<sup>108</sup> See Dodd-Frank, Pub. L. No. 111-203, Sec. 1017(d).

the funds for consumer education and financial literacy programs under certain circumstances. The CFPB maintains a separate account for these funds at the Federal Reserve Bank of New York.

## Civil penalty funds collected in 2016

In the first quarter of FY 2016, the CFPB collected civil penalties from 11 defendants totaling \$33.1 million. In the second quarter of FY 2016, the CFPB collected \$8,130,001 from seven defendants. In the third quarter of FY 2016, the CFPB collected \$2.7 million from five defendants. In the fourth quarter of FY 2016, the CFPB collected a total of \$138.2 million from ten defendants. In total, the CFPB collected \$182.1 million in civil penalties in FY 2016.

**TABLE 6:** FY 2016 CIVIL PENALTY FUND COLLECTIONS

Defendant name	CMP collected	Collection date
Fifth Third Bank	\$500,000	October 6, 2015
Westlake Services, LLC, and Wilshire Consumer Credit, LLC	\$4,250,000	October 7, 2015
Morgan Drexen, Inc., and Walter Ledda <sup>109</sup>	\$1	October 23, 2015
Security National Automotive Acceptance Company, LLC	\$1,000,000	November 2, 2015
Affinion Group Holdings, Inc.	\$1,900,000	November 13, 2015
Hudson City Savings Bank, F.S.B.	\$5,500,000	November 13, 2015
All Financial Services, LLC <sup>110</sup>	\$13,000	November 24, 2015 December 10, 2015
General Information Services, Inc., and e-Backgroundchecks.com, Inc.	\$2,500,000	November 25, 2015

<sup>109</sup> The \$1 civil penalty was collected pursuant to a final order against Walter Ledda, one of two defendants in this case. The case against Morgan Drexen, Inc., the corporate defendant, concluded on March 16, 2016.

<sup>110</sup> The final order required All Financial Services, LLC, to pay a total of \$137,000 in civil penalties in two installments of \$6,500 each.

<b>Defendant name</b>	<b>CMP collected</b>	<b>Collection date</b>
Clarity Services, Inc., and Timothy Ranney	\$8,000,000	December 24, 2015
EZCORP, Inc.	\$3,000,000	December 24, 2015
Interstate Auto Group, Inc., aka "CarHop," and Universal Acceptance Corporation	\$6,465,000	December 30, 2015
Collecto, Inc. d/b/a EOS CCA	\$1,850,000	January 5, 2016
Fredrick J. Hanna & Associates, P.C.	\$3,100,000	January 7, 2016
Solomon & Solomon, P.C.	\$65,000	February 24, 2016
Citibank, N.A.	\$3,000,000	February 26, 2016
Faloni & Associates, LLC	\$15,000	March 4, 2016
Dwolla, Inc.	\$100,000	March 9, 2016
IrvineWebWorks, Inc. d/b/a Student Loan Processing.US	\$1	March 23, 2016
Student Aid Institute Inc., Steven Lamont	\$50,000	April 1, 2016
New Century Financial Services, Inc.	\$1,500,000	April 27, 2016
Pressler & Pressler, LLP, Sheldon H. Pressler, and Gerard J. Felt	\$1,000,000	April 28, 2016
David Eghbali <sup>111</sup>	\$65,000	June 3, 2016 July 22, 2016 September 26, 2016

<sup>111</sup> David Eghbali was ordered to pay \$85,000. In accordance with the order, the defendant paid \$25,000 on June 3, 2016; \$20,000 on July 22, 2016; and 20,000 on September 26, 2016. Collection of the outstanding funds is anticipated in accordance with the order in fiscal year 2017.

<b>Defendant name</b>	<b>CMP collected</b>	<b>Collection date</b>
The Hoffman Law Group P.A. f/k/a The Residential Litigation Group, P.A.	\$135,000	June 29, 2016
Santander Bank, N.A.	\$10,000,000	July 22, 2016
Orion Processing, LLC, d/b/a World Law Processing – Individual Defendants Derin Scott & David Klein <sup>112</sup>	\$2	August 4, 2016 September 12, 2016
BancorpSouth Bank	\$3,030,756	August 4, 2016
Wells Fargo Bank, N.A. (Educational Financial Services)	\$3,600,000	August 26, 2016
First National Bank of Omaha	\$4,500,000	August 30, 2016
Wells Fargo Bank, N.A. (Sales Practices)	\$100,000,000	September 19, 2016
Bridgepoint Education, Inc.	\$8,000,000	September 20, 2016
TMX Finance LLC	\$9,000,000	September 29, 2016
<b>Total</b>	<b>\$182,138,760</b>	

## Civil penalty fund allocations in FY 2016

Period 6: April 1, 2015 – September 30, 2015

On November 27, 2015, the Bureau made its sixth allocation from the Civil Penalty Fund. As of September 30, 2015, the Civil Penalty Fund contained an unallocated balance of \$136.6 million. The Fund Administrator set aside \$1 million for administrative expenses, leaving \$135.6 million available for allocation pursuant to 12 C.F.R. § 1075.105(c).

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<sup>112</sup> On August 4, 2016, and September 12, 2016, defendants Derin Scott and David Klein respectively transferred \$1 each into the Civil Penalty Fund.

During Period 6, final orders in Bureau enforcement actions imposed civil penalties in 22 cases. For two cases with final orders from Period 6, the civil penalties were received after September 30, 2015, and were not included as funds available for allocation in Period 6. Under the Civil Penalty Fund rule, the victims of the violations for which the civil penalties were imposed in these 22 cases were eligible to receive payment from the Civil Penalty Fund to compensate their uncompensated harm.

Of those 22 cases, 20 cases had classes of eligible victims with no uncompensated harm that is compensable from the Civil Penalty Fund, and two cases had classes of eligible victims with uncompensated harm that is compensable from the Civil Penalty Fund.

The two cases with compensable uncompensated harm, Hoffman Law Group and Student Financial Aid Services, received an allocation from the Civil Penalty Fund. The Bureau allocated \$11.1 million to the Hoffman victim class and \$9.3 million to the Student Financial Aid Services class, enough to compensate fully those victim classes' uncompensated harm.

The total allocation to classes of victims from Period 6 cases was \$20.4 million, leaving \$115.2 million available for allocation to prior-period cases. Global Client Solutions, a Period 4 case, received an allocation of \$108 million in Period 4. As of the time of the Period 6 allocation, there was insufficient information to determine whether additional funds should be allocated to the victims in the Global Client Solutions case.

In accordance with section 1075.106(d) of the Civil Penalty Fund rule, \$101.8 million remained available for allocation for Consumer Education and Financial Literacy purposes. During Period 6, \$15.4 million was allocated for Consumer Education and Financial Literacy purposes.

TABLE 7: PERIOD 4-6 ALLOCATION SUMMARY

Type	Allocation
Victim Compensation	\$20,374,842.02
The Hoffman Law Group, P.A. f/k/a The Residential Litigation Group, P.A.	
Victim Class Allocation: \$11,074,842.02	
Student Financial Aid Services, Inc.	

Type	Allocation
Victim Class Allocation: \$9,300,000.00	
Consumer Education and Financial Literacy Programs:	\$15,432,809
Total Allocation	\$35,807,651.02

### **Period 7: October 1, 2015- March 31, 2016**

On May 27, 2016, the Bureau made its seventh allocation from the Civil Penalty Fund. As of March 31, 2016, the Civil Penalty Fund contained an unallocated balance of \$141 million. The Fund Administrator set aside \$1.5 million for administrative expenses, leaving \$139.5 million available for allocation pursuant to 12 C.F.R. § 1075.105(c).

During Period 7, final orders in Bureau enforcement actions imposed civil penalties in 18 cases. Under the Civil Penalty Fund rule, the victims of the violations for which the civil penalties were imposed in these cases are eligible to receive payment from the Civil Penalty Fund to compensate their uncompensated harm.

Of those 18 cases, 15 cases had classes of eligible victims with no uncompensated harm that is compensable from the Civil Penalty Fund, and three cases had classes of eligible victims with uncompensated harm that is compensable from the Civil Penalty Fund.

The three cases with compensable uncompensated harm, Walter Ledda (from the Morgan Drexen case), IrvineWebWorks, Inc. d/b/a Student Loan Processing.US, and Student Aid Institute, received allocations from the Civil Penalty Fund. The Bureau allocated \$98.9 million to the Morgan Drexen victim class, \$7.9 million to the Student Loan Processing victim class, and \$3.5 million to the Student Aid Institute victim class, enough to compensate fully those victim classes' uncompensated harm.

The total allocation to classes of victims from Period 7 cases was \$110.3 million, leaving \$29.2 million available for allocation to prior-period cases. Global Client Solutions, a Period 4 case, received an allocation of \$107.9 million in Period 4. As of the time of this allocation, there was insufficient information to determine whether additional funds should be allocated to the victims in the Global Client Solutions case.

In accordance with section 1075.106(d) of the Civil Penalty Fund rule, \$15.7 million remained available for allocation for Consumer Education and Financial Literacy purposes. During Period 7, no money was allocated for Consumer Education and Financial Literacy purposes.

**TABLE 8:** PERIOD 7 ALLOCATION SUMMARY

Type	Allocation
Victim Compensation	\$110,321,563.75
- Walter J. Ledda (Morgan Drexen, Inc.)	
Victim Class Allocation: \$98,889,115.00	
- Irvine Web Works, Inc. d/b/a Student Loan Processing	
Victim Class Allocation: \$7,923,548.48	
- Student Aid Institute, Inc., Steven Lamont	
Victim Class Allocation: \$3,508,900.27	
Consumer Education and Financial Literacy Programs	\$0
Total Allocation	\$110,321,563.75

The remaining unallocated Civil Penalty Fund balance will be available for future allocations. The unallocated amount in the Fund as of September 30, 2016 will be available for allocation following the conclusion of Period 7 in accordance with 12 C.F.R. § 1075.105(c).

For additional information on CFPB's Civil Penalty Fund,  
see <http://www.consumerfinance.gov/budget/civil-penalty-fund/>.

## 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 2016:**

In the first quarter of FY 2016, the Bureau collected \$500,000 in Bureau-Administered Redress funds from Walter Ledda, one of the defendants in the Morgan Drexen matter. In the second quarter of FY 2016, the Bureau collected \$326,000 in Bureau-Administered Redress funds from IrvineWebWorks, Inc. d/b/a Student Loan Processing US. In the fourth quarter of FY 2016, the Bureau collected \$156,734 in Bureau-Administered Redress funds from defendants in two matters. In all cases, these funds will be distributed in accordance with the terms of their respective final orders.

**TABLE 9: FY 2016 BUREAU-ADMINISTERED REDRESS COLLECTIONS**

Defendant name	Amount collected	Collection date
Walter J. Ledda (Morgan Drexen, Inc.)	\$500,000	October 23, 2015
IrvineWebWorks, Inc. d/b/a Student Loan Processing.US	\$326,000	March 23, 2016
World Law Debt Services, LLC <sup>113</sup>	\$121,387	August 11, 2016 August 12, 2016
Corinthian Colleges, Inc. <sup>114</sup>	\$35,347	August 18, 2016
Total	\$982,734	

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

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<sup>113</sup> Orion Processing, LLC, d/b/a World Law Processing paid a total of \$121,387 in redress in seven installments on August 11, 2016 and August 12, 2016.

<sup>114</sup> Corinthian Colleges, Inc. paid \$35,347 in redress in two installments on August 18, 2016.

# 10. Diversity and inclusion

## 10.1 Recruiting and hiring

The CFPB continues its commitment to recruit and hire highly qualified individuals from diverse backgrounds to fill positions at the Bureau's headquarters in Washington, D.C., and in its examiner workforce distributed across the country. The Bureau's examiners are organized by regions and anchored by key strategic satellite offices in three of the nation's financial hubs – Chicago, IL; New York, NY; and San Francisco, CA; and the fourth regional team of examiners is anchored in Washington, D.C. As of September 17, 2016, there are 1,587<sup>115</sup> staff on-board and working to carry out the CFPB's mission.

To meet current and future staffing requirements, the Bureau will continue to evolve its talent acquisition strategies to build a pipeline of talent through the following methods.

### Talent acquisition

The Bureau is committed to recruiting highly-qualified, diverse applicants for CFPB positions; it leverages multiple sources for recruitment to ensure access to wide candidate pools. The Bureau deploys a comprehensive outreach approach and achieves its recruiting goals through:

- Utilizing digital platforms to maximize engagement reach, including the Professional

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<sup>115</sup> There are 1,587 staff on-board as of pay period 18 (September 17, 2016). This employee count excludes interns and any employees who may have separated from the Bureau during the pay period. It only represents active workforce employees at the end of the reporting period in question and may differ from counts which utilize other methods of counting Bureau employment.

Diversity Network – a digital platform that enables the publication of CFPB job opportunities to a broad array of diverse target populations;

- Engaging in external outreach, which includes participation at professional conferences and university events, with a special focus on building relationships and marketing with diverse affinity organizations, such as the National Black MBA Association, the National Society of Hispanic MBAs, the Association of Latin Professionals for America, Ascend Pan Asian Leaders, and the National Association of Black Accountants;
- Enlisting senior leadership and Bureau champions to promote the Bureau's employer identity at outreach events to attract candidates to the CFPB as a "best place to serve";
- Engaging existing staff as ambassadors of the Bureau and providing them with the tools, messages, and resources to reach out to their own professional networks;
- Continuing to utilize intern and professional development programs to build a robust pipeline of talent to meet current and emerging workforce needs, including through the Federal Pathways Program; and
- Leveraging and promoting flagship development programs, such as the Technology and Innovation Fellows Program, the Director's Financial Analyst Program, and the Louis Brandeis Honors Attorney Program, to find the best and brightest mid-and entry-level talent, and promoting the Bureau as an employer of choice.

## Solidifying identity as an employer of choice

The CFPB continues to build its reputation as an employer that offers challenging work in direct support of American consumers. The Bureau's inspiring mission, willingness to innovate and collaborate, and insistence on excellence serve as strong platforms on which to recruit exceptional talent. The CFPB recruits inspired, goal-oriented professionals who derive intrinsic value from professional accomplishment and public service. Once onboard, CFPB employees work with diverse, dedicated colleagues while protecting consumers, further solidifying the Bureau's identity as an employer of choice.

## Improving the hiring process

- CFPB is committed to maintaining an efficient and effective hiring process in accordance with Federal hiring goals and standards.
- The Office of Human Capital (OHC) has institutionalized a new annual hiring planning process. This process provides the opportunity for divisions and OHC to more strategically plan and ensure appropriate resources to support hiring needs for the year. Better planning enables OHC to allocate resources more effectively to help offices accomplish their hiring goals. OHC also used information provided through hiring planning effort to create new business intelligence tools to better track and monitor hiring activity.
- OHC uses tailored assessment methods (e.g., structured interviews and work sample reviews) to support selections for target positions, and offers training to hiring managers on how to conduct structured interviews effectively. This year, OHC introduced a new Subject Matter Expert Review of Minimum Qualifications process. These assessment strategies enhance the pool of highly-qualified candidates, enable hiring managers to make objective, data-driven employee selection decisions, and build a workforce that demonstrates the key competencies necessary for success at the Bureau.
- OHC has implemented a comprehensive Risk and Internal Controls Monitoring Program to provide oversight of the Bureau's recruitment and selection processes and improve the quality, accuracy, and integrity of hiring process data. Components of the monitoring program will be reviewed on a quarterly and annual basis and findings will be used to enhance and improve the quality of the Bureau's hiring program.

OHC also administers its New Employee and Hiring Manager Surveys to identify processes that are working well, as well as areas for improvement to provide a seamless onboarding experience for all new hires.

## 10.2 Staff education, training, and engagement

Since its creation, the CFPB has focused on strong engagement with existing and potential Bureau staff by utilizing education, training, and engagement programs. As the CFPB matures,

both the reach and depth of these programs have evolved.

During the reporting period, the Bureau has taken the following actions:

- Increased quantity and scope of targeted learning programs and development resources for employees and leaders, including new learning support resources for managers, and additional career development resources and workshops;
- Delivered additional sessions of internal custom training courses for new CFPB supervisors to cover basic managerial duties as a Federal supervisor or manager;
- Delivered additional sessions, and implemented new sessions of our custom CFPB Leadership Development series, the *Leadership Excellence Seminars*, designed to train all levels of CFPB managers on managerial practices and desired and expected leadership behaviors;
- Continued to increase the reach, number of engagements, and completions of the leadership coaching program available to middle managers and senior CFPB leaders;
- Increased internal learning and professional development opportunities open to all CFPB employees, including new internal training courses and workshops;
- Continued to leverage thousands of titles of on-demand learning resources, including self-paced eLearning courses, on-line books, articles, and video vignettes, aligned with CFPB core competencies, basic supervisory tasks, and managerial leadership skills;
- Continued to operate a library of online reference materials through the CFPB library, with additional resources;
- Provided guidance, and interactive learning events to support both individual development planning and career development, including:
  - Team briefings and individual consultations to employees and supervisors on individual development planning and career planning resources, to assist employees in career development
  - Implemented and delivered two new interactive workshops on individual development planning and career development resources, open to all employees;

- Implemented the first year of a multi-year deployment of the revised Performance Management Program, which emphasized coaching for success and implemented revised performance standards for leaders in FY17 and for all team members in FY18;
- Implemented the agency's first-ever Awards and Recognition Program to recognize the exceptional accomplishments of CFPB employees.

## 10.3 Diversity and inclusion

The CFPB's Office of Minority and Women Inclusion (OMWI) was created in January 2012 to lead the diversity and inclusion strategy at the Bureau. OMWI's mandates are outlined in Section 342 of the Dodd-Frank Act (12 U.S.C. § 5452). Organizationally, OMWI is part of the Office of Equal Opportunity and Fairness, which reports directly to the Bureau's Director.

The statutory mandate requires that OMWI:

- Be responsible for all matters of the Bureau relating to diversity in management, employment, and business activities.
- Develop standards for:
  - Equal employment opportunity, and the racial, ethnic and gender diversity of the workforce and senior management of the Bureau; and
  - Increased participation of minority-owned and women-owned businesses in the programs and contracts of the Bureau, including standards for coordinating technical assistance to such businesses.
  - Assessing the diversity policies and practices of entities regulated by the Bureau.
- Advise the Director of the CFPB on the impact of the policies and regulations of the Bureau on minority-owned and women owned businesses.

### Diversity in the CFPB's workforce

The CFPB is committed to having a workforce that is diverse by gender, and by race and ethnicity, at all levels of the organization. As of September 17, 2016, the Bureau had 1,587 total

employees. After controlling for attrition, that represents an increase of 101 employees from September 2015. Women represent 49% of the Bureau's workforce. The CFPB is committed to promoting strong workforce demographics by gender, race and ethnicity and to increasing the number of women and minorities in leadership positions.

As Table 10 shows, minorities constituted 37% percent of the workforce as of September 17, 2016.

**TABLE 10:** TABLE 10: CFPB WORKFORCE DIVERSITY AS OF SEPTEMBER 17, 2016

Demographic group	CFPB SEPTEMBER 2016 #	CFPB SEPTEMBER 2016 %
Male	812	51%
Female	775	49%
Non-Minority	1003	63%
Total Minority	584	37%
Total Workforce	1,587	100%

Table 11 shows the CFPB workforce by race and ethnicity. Of the 1,587 employees at the end of the reporting period, 63% self-identify as White, 19% as Black/African-American, 9% as Asian American, and 3% as another racial group or belonging to two or more racial groups. In terms of ethnicity, 6% of employees self-identify as Hispanic, and 94% as Non-Hispanic.

**TABLE 11:** CFPB WORKFORCE BY ETHNICITY AND RACE AS OF SEPTEMBER 17, 2016

Ethnic and racial group	CFPB SEPTEMBER 2016 #	CFPB SEPTEMBER 2016 %
Non-Hispanic	1,492	94.01%
White	1003	63.20%
African American	302	19.03%
Asian	137	8.63%
American Indian or Alaska Native	5	0.32%

<b>Ethnic and racial group</b>	<b>CFPB SEPTEMBER 2016 #</b>	<b>CFPB SEPTEMBER 2016 %</b>
Native Hawaiian or Pacific Islander	3	0.19%
2 or More Races	42	2.65%
Hispanic	95	5.99%
White	61	3.84%
African American	8	0.50%
Asian	1	0.06%
American Indian or Alaska Native	2	0.13%
2 or More Races	5	0.32%
Not Identified	18	1.13%

## Workplace Initiatives

During the reporting period, OMWI continued to develop and implement strategies to increase diversity and to foster an inclusive work environment for all employees. Specific initiatives included the following:

- Continued to manage the Executive Advisory (Diversity and Inclusion) Council, a cross-divisional group of senior leaders working to strengthen and integrate diversity and inclusion into the Bureau's functioning by providing strategic guidance, advocacy and support for diversity and inclusion in the Bureau;
- Worked with each division to develop and implement diversity and inclusion objectives in their divisional strategic plans aimed at increasing the diversity among their staff, and ensuring that the work environment is inclusive for all employees;
- Continued to provide a mandatory two-day training workshop on diversity and inclusion and a two-day training working on EEO compliance through OCR for all supervisors and managers to help them strengthen their skills in leading and managing a diverse and inclusive workforce;

- Continued to provide mandatory training for all non-supervisory employees to increase their awareness and understanding of the importance of diversity and inclusion and how it enhances the overall effectiveness of the Bureau;
- Continued to collaborate with OHC and OCR to enhance supervisory and employee training offered by them to ensure that compliance, diversity and inclusion concepts are addressed, such as in the supervisory development sessions, leadership effectiveness seminars, and structured interview training;
- Presented a seminar to managers on identifying and utilizing effective strategies for mitigating unconscious bias and ensuring compliance with civil rights mandates in performance evaluations in collaboration with OCR;
- Continued to work with OHC to establish and maintain relationships with, and outreach to, professional organizations that represent veterans, disabled veterans, Hispanics and other minority constituencies. This includes attending career fairs and professional association meetings throughout the year to meet and provide information on CFPB, and on employment opportunities to these groups, including posting vacancies on bulletin boards geared to these groups of professionals;
- Launched the inaugural term of the Diversity and Inclusion Council of Employees (DICE). The DICE members represent employees throughout the Bureau, from both the Headquarters and the Regional offices. (DICE is an advisory body to OMWI and serves as an important feedback mechanism to OMWI);
- Created an Employee Resource Group policy to serve as a guide to employees who want to form interest-based groups to assist the Bureau in understanding and considering various perspectives in our service to the diverse spectrum of consumers, and to serve as a vehicle to assist in networking, recruiting and retaining a diverse workforce; and
- Partnered with OHC to analyze the Annual Employee Survey, particularly the InclusionQuotient index, to understand employee perceptions of the Bureau across demographic groups and to help all employees feel included in the Bureau.

## Diversity and inclusion at regulated entities

Under the Dodd-Frank Act, OMWI is required to create standards for assessing the diversity and inclusion policies and practices of the entities regulated by the CFPB. The OMWI Director

worked with fellow OMWI Directors at the FDIC, FRB, NCUA, OCC, and SEC to develop interagency standards<sup>116</sup> which were published in June 2015. The interagency standards were posted for public comments.

OMWI began the work to implement the standards as required by the mandate. This included creating processes and procedures for entities to voluntarily assess and report on their internal diversity and inclusion.

### Minority-owned and women-owned business initiatives

OMWI and the Bureau's Procurement Office are committed to greater economic empowerment for women and minorities and aim to promote procurement opportunities for minority-owned and women-owned businesses.

OMWI and the Office of Procurement have engaged in outreach efforts to raise awareness of procurement opportunities available at CFPB. These efforts include:

- Creating and developing relationships with key business stakeholders, industry groups, and trade groups;
- Speaking at and attending supplier diversity events and co-locating with other federal partners at events when available; and
- Distributing literature and educational materials aimed at minority- and women-owned businesses.

The CFPB is a regular participant in an interagency working group consisting of other OMWI staff from the FDIC, Federal Housing Finance Agency, FRB, Treasury, NCUA, OCC, and SEC.

The Procurement Office is currently measuring obligations for certain small business contracts awarded to minority-owned small disadvantaged businesses, women-owned small businesses, service-disabled-veteran-owned small businesses, and HUBZone small businesses. During FY

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<sup>116</sup> <https://www.federalregister.gov/articles/2015/06/10/2015-14126/final-interagency-policy-statement-establishing-joint-standards-for-assessing-the-diversity-policies>.

2016,<sup>117</sup> the Bureau awarded 26% of contract dollars to small businesses. Of the total contract dollars awarded in FY 2016, 8% went to small disadvantaged businesses. The total contract dollars awarded to woman-owned small businesses during this period was 7%.

**TABLE 12:** CONTRACT DOLLARS AWARDED TO SMALL BUSINESS BY TYPE

Type of Small Business	Obligated dollars*
Small business	\$26,305,651
Small disadvantaged business	\$8,401,557
Woman-owned small business	\$7,234,573
Service disabled veteran owned small business	\$919,083
HubZone small business	\$3,139,709

\*Dollars may apply to multiple socio-economic categories.

To assist vendors interested in contracting opportunities at the Bureau to better understand upcoming business opportunities, the Procurement Office lists a forecast of procurement opportunities for the year on its external-facing website. The Procurement Office and OMWI jointly present important tips for potential businesses at the workshops for vendors new to government or CFPB contracting opportunities, and provide email addresses to foster communication between the office and potential business vendors.

In an effort to increase transparency and enhance understanding, the CFPB has developed a number of practical resources for small, minority-owned, and women-owned businesses. OMWI created brochures and pamphlets aimed specifically at educating diverse suppliers. These materials include information on historical obligations by products and service categories, a forecast of future procurements, and information on small business set-asides. OMWI works

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<sup>117</sup> Data source is from the Federal Procurement Data System (FPDS) for FY 2016 from October 1, 2015 through September 30, 2016. The data was pulled, and is current, as of October 28, 2016. FPDS data is subject to an OMB annual validation each January for the previous fiscal year.

with the Procurement Office to make these resources available digitally and to update them regularly on the CFPB website.<sup>118</sup>

The Office of Procurement has continued its vendor outreach efforts in 2016, attending the 26<sup>th</sup> Annual Government Procurement Conference in April.

In furthering OMWI's mandate to ensure fair inclusion among its suppliers, OMWI and Procurement are finalizing a contractual provision requiring contractors and subcontractors, when applicable, to make "good-faith efforts" to ensure, to the maximum extent possible, the "fair inclusion of women and minorities in the[ir] workforce," as required under Section 342(c)(2)-(3) of the Dodd-Frank Act.

During the period covered by this semi-annual report, OMWI has also begun creating tools to assist vendors in understanding the requirements around this provision and to create a process for submission and evaluation of such materials.

Finally, the statement of Director Cordray's commitment to Supplier Diversity remains available for the public and interested vendors to view on the following CFPB Website: [http://files.consumerfinance.gov/f/201409\\_cfpb\\_supplier-diversity-statement.pdf](http://files.consumerfinance.gov/f/201409_cfpb_supplier-diversity-statement.pdf).

## External Affairs/Consumer Education and Engagement

In collaboration with External Affairs and Consumer Education and Engagement, OMWI conducts outreach to consumer groups, advocacy organizations, and other stakeholders to develop strong and productive partnerships. These offices collaborate to reach consumers and potential candidates at recruiting, community outreach, and other events. These offices also engage in meetings with various consumer groups, advocacy organizations, and other stakeholders to discuss concerns and issues such as how policies may impact consumers, to discuss how the organizations may increase their participation in contracting opportunities for minority-owned and women-owned businesses, and to learn about the experience of minority consumers firsthand. OMWI will continue to develop productive relationships with the representatives of the communities served.

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<sup>118</sup> <http://www.consumerfinance.gov/doing-business-with-us/>.

## APPENDIX A:

# More about the CFPB

### **GENERAL INFORMATION:**

Email address: [info@consumerfinance.gov](mailto:info@consumerfinance.gov)

Phone number: (202) 435-7000

### **WEBSITE:**

[www.consumerfinance.gov](http://www.consumerfinance.gov)

### **MAILING ADDRESS:**

Consumer Financial Protection Bureau

ATTN: Employee name, Division, and/or Office Number

1700 G Street, NW

Washington, D.C. 20552

### **CONSUMER COMPLAINTS AND QUESTIONS:**

Webpage: [consumerfinance.gov/complaint](http://consumerfinance.gov/complaint)

Toll free number: (855) 411-CFPB (2372)

TTY/TDD: (855) 729-CFPB (2372)

Fax number: (855) 237-2392

Hours of operation: 8 a.m. - 8 p.m. EST, services in 180+ languages

Consumer Financial Protection Bureau

PO Box 4503

Iowa City, Iowa 52244

### **WHISTLEBLOWERS:**

Email: [whistleblower@consumerfinance.gov](mailto:whistleblower@consumerfinance.gov)

Toll free number: (855) 695-7974

**PRESS & MEDIA REQUESTS:**

Email: [press@consumerfinance.gov](mailto:press@consumerfinance.gov)

**OFFICE OF LEGISLATIVE AFFAIRS:**

Legislative Affairs: (202) 435-7960

**CFPB OMBUDSMAN'S OFFICE:**

Email: [CFPBombudsman@cfpb.gov](mailto:CFPBombudsman@cfpb.gov)

Webpage: [consumerfinance.gov/ombudsman](http://consumerfinance.gov/ombudsman)

Toll free number: (855) 830-7880

TTY number: (202) 435-9835 Fax number: (202) 435-7888

## APPENDIX B:

# Statutory reporting requirements

This Appendix provides a guide to the Bureau's response to the reporting requirements of Section 1016(c) of the Dodd-Frank Act. The sections of the report identified below respond to Section 1016(c)'s requirements.

<b>Statutory Subsection</b>	<b>Reporting Requirement</b>	<b>Section</b>	<b>Page</b>
1	A discussion of the significant problems faced by consumers in shopping for or obtaining consumer financial products or services	Consumer challenges in obtaining financial products and services – shopping challenges	37-44
2	A justification of the Bureau's budget request for the previous year	Budget Appendix I – Financial and budget reports	122-33 171-74
3	A list of significant rules and orders adopted by the Bureau, as well as other significant initiatives conducted by the Bureau, during the preceding year, and the plan of the Bureau for rules, orders, or other initiatives to be undertaken during the upcoming period	Appendix C – Significant rules, orders, and initiatives	149-58
4	An analysis of complaints about consumer financial products or services that the Bureau has received and collected in its central database on complaints during the preceding year	Consumer challenges in obtaining financial products and services – Consumer concerns	15-37

<b>Statutory Subsection</b>	<b>Reporting Requirement</b>	<b>Section</b>	<b>Page</b>
5	A list, with a brief statement of the issues, of the public supervisory and enforcement actions to which the Bureau was a party during the preceding year <sup>119</sup>	Enforcement actions	85-104
		Fair lending enforcement actions	107-15
6	The actions taken regarding rules, orders, and supervisory actions with respect to covered persons which are not credit unions or depository institutions	Appendix D – Actions taken regarding rules, orders, and supervisory actions with respect to covered persons which are not credit unions or depository institutions	159-62
7	An assessment of significant actions by State attorneys general or State regulators relating to Federal consumer financial law	Appendix E – Significant state attorney general and regulator actions	163
8	An analysis of the Bureau's efforts to fulfill its fair lending mission	Fair lending	105-18
9	An analysis of the Bureau's efforts to increase workforce and contracting diversity consistent with the procedures established by OMWI	Diversity and inclusion	134-44

<sup>119</sup> Supervisory actions are not public. Periodically, the Bureau shares supervisory actions with the public in *Supervisory Highlights*, which may be found in Appendix F.

## APPENDIX C:

# Significant rules, orders, and initiatives<sup>120</sup>

Section 1016(c)(3) requires “a list of significant rules and orders adopted by the Bureau, as well as other significant initiatives conducted by the Bureau, during the preceding year and the plan of the Bureau for rules, orders or other initiatives to be undertaken during the upcoming period.”

Below is a list of rules and other initiatives that the Bureau proposed, adopted, or finalized during the preceding year.<sup>121</sup> Rather than limiting the list to significant items, the Bureau has, in order to be transparent and provide more complete information about its activities, included a more expansive set of rules, guidance, and initiatives:<sup>122</sup>

- Proposed rule: Amendments Relating to Disclosure of Records and Information;<sup>123</sup>
- Proposed rule: Amendments to Federal Mortgage Disclosure Requirements Under the

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<sup>120</sup> Many links in this section are to documents published in the *Federal Register*. However, links to final rules, proposed rules, and guidance documents may also be found on the CFPB’s website, [consumerfinance.gov/regulations/](http://consumerfinance.gov/regulations/) and [consumerfinance.gov/guidance](http://consumerfinance.gov/guidance).

<sup>121</sup> The preceding year is defined as October 1, 2015 – September 30, 2016.

<sup>122</sup> To better inform the public, this Appendix contains a discussion of a broad range of rulemakings, orders, and initiatives, which may not be defined as “significant” for other purposes. Items are listed in reverse chronological order of *Federal Register* publication, beginning with the most recently-published document.

<sup>123</sup> <https://www.federalregister.gov/documents/2016/08/24/2016-19594/amendments-relating-to-disclosure-of-records-and-information>.

Truth in Lending Act (Regulation Z);<sup>124</sup>

- Proposed rule: Appraisals for Higher-Priced Mortgage Loans Exemption Threshold;<sup>125</sup>
- Proposed rule: Consumer Leasing (Regulation M);<sup>126</sup>
- Proposed rule: Truth in Lending (Regulation Z);<sup>127</sup>
- Request for Information on Payday Loans, Vehicle Title Loans, Installment Loans, and Open-End Lines of Credit;<sup>128</sup>
- Proposed rule: Payday, Vehicle Title, and Certain High-Cost Installment Loans;<sup>129</sup>
- Proposed rule: Annual Privacy Notice Requirement Under the Gramm-Leach-Bliley Act (Regulation P);<sup>130</sup>
- Final rule: Truth in Lending (Regulation Z) Annual Threshold Adjustments (CARD Act, HOEPA and ATR/QM);<sup>131</sup>

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<sup>124</sup> <https://www.federalregister.gov/documents/2016/08/15/2016-18426/amendments-to-federal-mortgage-disclosure-requirements-under-the-truth-in-lending-act-regulation-z>.

<sup>125</sup> <https://www.federalregister.gov/documents/2016/08/04/2016-18058/appraisals-for-higher-priced-mortgage-loans-exemption-threshold>.

<sup>126</sup> <https://www.federalregister.gov/documents/2016/08/04/2016-18059/consumer-leasing-regulation-m>.

<sup>127</sup> <https://www.federalregister.gov/documents/2016/08/04/2016-18062/truth-in-lending-regulation-z>.

<sup>128</sup> <https://www.federalregister.gov/documents/2016/07/22/2016-13492/request-for-information-on-payday-loans-vehicle-title-loans-installment-loans-and-open-end-lines-of>.

<sup>129</sup> <https://www.federalregister.gov/documents/2016/07/22/2016-13490/payday-vehicle-title-and-certain-high-cost-installment-loans>.

<sup>130</sup> <https://www.federalregister.gov/documents/2016/07/11/2016-16132/annual-privacy-notice-requirement-under-the-gramm-leach-bliley-act-regulation-p>.

<sup>131</sup> <https://www.federalregister.gov/documents/2016/06/27/2016-14782/truth-in-lending-regulation-z-annual-threshold-adjustments-card-act-hoepa-and-atrqm>.

- Interim final rule: Civil Penalty Inflation Adjustments;<sup>132</sup>
- Proposed rule: Arbitration Agreements;<sup>133</sup>
- Final rule: Amendments to Filing Requirements Under the Interstate Land Sales Full Disclosure Act (Regulations J and L);<sup>134</sup>
- Request for Information Regarding Student Loan Borrower Communications;<sup>135</sup>
- Final rule: Finalization of Interim Final Rules (Subject to Any Intervening Amendments) Under Consumer Financial Protection Laws;<sup>136</sup>
- Amendments to the 2013 Mortgage Servicing Rules Under the Real Estate Procedures Act (Regulation X) and the Truth in Lending Act (Regulation Z);<sup>137</sup>
- Interim final rule: Operations in Rural Areas under the Truth in Lending Act (Regulation Z);<sup>138</sup>

<sup>132</sup> <https://www.federalregister.gov/documents/2016/06/14/2016-14031/civil-penalty-inflation-adjustments>.

<sup>133</sup> <https://www.federalregister.gov/documents/2016/05/24/2016-10961/arbitration-agreements>.

<sup>134</sup> <https://www.federalregister.gov/documents/2016/05/11/2016-10715/amendments-to-filing-requirements-under-the-interstate-land-sales-full-disclosure-act-regulations-j>.

<sup>135</sup> <https://www.federalregister.gov/documents/2016/05/03/2016-10327/request-for-information-regarding-student-loan-borrower-communications>.

<sup>136</sup> <https://www.federalregister.gov/documents/2016/04/28/2016-09431/finalization-of-interim-final-rules-subject-to-any-intervening-amendments-under-consumer-financial>.

<sup>137</sup> <https://www.federalregister.gov/documents/2016/04/26/2016-09695/amendments-to-the-2013-mortgage-servicing-rules-under-the-real-estate-settlement-procedures-act>.

<sup>138</sup> <https://www.federalregister.gov/documents/2016/03/25/2016-06834/operations-in-rural-areas-under-the-truth-in-lending-act-regulation-z-interim-final-rule>.

- Final rule: Application Process for Designation of Rural Area under Federal Financial Law; Procedural Rule;<sup>139</sup>
  - Final Policy Statement: Policy on No-Action Letters; Information Collection;<sup>140</sup>
  - Request for Information: Request for Information Regarding Home Mortgage Disclosure Act Resubmission Guidelines;<sup>141</sup>
  - Final rule: 2013 Integrated Mortgage Disclosures Rule Under the Real Estate Settlement Procedures Act (Regulation X) and the Truth in Lending Act (Regulation Z); Correction;<sup>142</sup>
  - Final rule: Home Mortgage Disclosure (Regulation C) Adjustment to Asset-Size Exemption Threshold;<sup>143</sup>
  - Final rule: Truth in Lending Act (Regulation Z) Adjustment to Asset-Size Exemption Threshold;<sup>144</sup>
  - Final rule: Appraisals for Higher-Priced Mortgage Loans Exemption Threshold;<sup>145</sup>
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<sup>139</sup> <https://www.federalregister.gov/documents/2016/03/03/2016-04643/application-process-for-designation-of-rural-area-under-federal-consumer-financial-law-procedural>.

<sup>140</sup> <https://www.federalregister.gov/documents/2016/02/22/2016-02390/policy-on-no-action-letters-information-collection>.

<sup>141</sup> <https://www.federalregister.gov/documents/2016/01/12/2016-00442/request-for-information-regarding-home-mortgage-disclosure-act-resubmission-guidelines>.

<sup>142</sup> <https://www.federalregister.gov/documents/2015/12/24/2015-32463/2013-integrated-mortgage-disclosures-rule-under-the-real-estate-settlement-procedures-act-regulation>.

<sup>143</sup> <https://www.federalregister.gov/documents/2015/12/23/2015-32285/home-mortgage-disclosure-regulation-c-adjustment-to-asset-size-exemption-threshold>.

<sup>144</sup> <https://www.federalregister.gov/documents/2015/12/23/2015-32293/truth-in-lending-act-regulation-z-adjustment-to-asset-size-exemption-threshold>.

<sup>145</sup> <https://www.federalregister.gov/documents/2015/11/27/2015-30097/appraisals-for-higher-priced-mortgage-loans-exemption-threshold>.

- Final rule: Consumer Leasing (Regulation M);<sup>146</sup>
- Final rule: Truth in Lending (Regulation Z);<sup>147</sup>
- Notice: Fair Credit Reporting Act Disclosures;<sup>148</sup>
- Agency Information Collection: Joint Standards for Assessing the Diversity Policies and Practices of Entities Regulated by the Agencies;<sup>149</sup>
- Policy Guidance: Joint Statement of Principles on Student Loan Servicing;<sup>150</sup>
- Final rule: Home Mortgage Disclosure (Regulation C);<sup>151</sup> and
- Final rule: Amendments Relating to Small Creditors and Rural or Underserved Areas Under the Truth in Lending Act (Regulation Z).<sup>152</sup>

In the upcoming period, the Bureau also intends to propose or adopt the following rules and orders, and conduct the following initiatives:

- Continue work to address issues in connection with implementation of the Dodd-Frank Act's mortgage requirements and implementation of the Bureau's 2013 Mortgage Rules;
- Continued expansion of the Bureau's capacity to handle consumer complaints with respect to all products and services within its authority;

<sup>146</sup> <https://www.federalregister.gov/documents/2015/11/27/2015-30071/consumer-leasing-regulation-m>,

<sup>147</sup> <https://www.federalregister.gov/documents/2015/11/27/2015-30091/truth-in-lending-regulation-z>.

<sup>148</sup> <https://www.federalregister.gov/documents/2015/11/20/2015-29664/fair-credit-reporting-act-disclosures>.

<sup>149</sup> <https://www.federalregister.gov/documents/2015/11/06/2015-28369/agency-information-collection-submission-for-omb-review-joint-comment-request-joint-standards-for>.

<sup>150</sup> <https://www.federalregister.gov/documents/2015/11/02/2015-27775/joint-statement-of-principles-on-student-loan-servicing>.

<sup>151</sup> <https://www.federalregister.gov/documents/2015/10/28/2015-26607/home-mortgage-disclosure-regulation-c>.

<sup>152</sup> <https://www.federalregister.gov/documents/2015/10/02/2015-24362/amendments-relating-to-small-creditors-and-rural-or-underserved-areas-under-the-truth-in-lending-act>.

- Enforcement of nondiscrimination on the basis of disability in programs receiving financial assistance from the Bureau;
- Rules finalizing a proposal to implement comprehensive consumer protections for prepaid accounts under Regulations E and Z; and
- Rules finalizing a proposal from the Board of Governors of the Federal Reserve on the Expedited Funds Availability Act as implemented by Regulation CC.

The Bureau has issued the following bulletins and guidance documents over the past year:<sup>153</sup>

- Military Lending Act Examination Procedures;<sup>154</sup>
- Status of New Uniform Residential Loan Application and Collection of Expanded Home Mortgage Disclosure Act Information about Ethnicity and Race in 2017 under Regulation B;<sup>155</sup>
- Mortgage Servicing Examination Procedures;<sup>156</sup>
- Summer 2016 Supervisory Highlights;<sup>157</sup>
- Supervisory Highlights Mortgage Servicing Special Edition;<sup>158</sup>
- Interagency Guidance Regarding Deposit Reconciliation Practices;<sup>159</sup>

<sup>153</sup> The past year is defined here as October 1, 2015 – September 30, 2016. The Bureau posts all bulletins and guidance documents on its website, <http://www.consumerfinance.gov/guidance/>.

<sup>154</sup> [http://s3.amazonaws.com/files.consumerfinance.gov/f/documents/092016\\_cfpb\\_MLAExamManualUpdate.pdf](http://s3.amazonaws.com/files.consumerfinance.gov/f/documents/092016_cfpb_MLAExamManualUpdate.pdf).

<sup>155</sup> [http://s3.amazonaws.com/files.consumerfinance.gov/f/documents/092016\\_cfpb\\_HMDAEthnicityRace.pdf](http://s3.amazonaws.com/files.consumerfinance.gov/f/documents/092016_cfpb_HMDAEthnicityRace.pdf).

<sup>156</sup>

[http://s3.amazonaws.com/files.consumerfinance.gov/f/documents/11.5\\_Mortgage\\_Servicing\\_Exam\\_Procedures\\_June\\_2016.pdf](http://s3.amazonaws.com/files.consumerfinance.gov/f/documents/11.5_Mortgage_Servicing_Exam_Procedures_June_2016.pdf).

<sup>157</sup> [http://files.consumerfinance.gov/f/documents/Supervisory\\_Highlights\\_Issue\\_12.pdf](http://files.consumerfinance.gov/f/documents/Supervisory_Highlights_Issue_12.pdf).

<sup>158</sup>

[http://s3.amazonaws.com/files.consumerfinance.gov/f/documents/Mortgage\\_Servicing\\_Supervisory\\_Highlights\\_11\\_Final\\_web.pdf](http://s3.amazonaws.com/files.consumerfinance.gov/f/documents/Mortgage_Servicing_Supervisory_Highlights_11_Final_web.pdf).

- Submission of credit card agreements under the Truth in Lending Act (Regulation Z);<sup>160</sup>
- Winter 2016 Supervisory Highlights;<sup>161</sup>
- Compliance Bulletin: the FCRA's Requirement that Furnishers Establish and Implement Reasonable Written Policies and Procedures Regarding the Accuracy and Integrity of Information Furnished to All Consumer Reporting Agencies;<sup>162</sup>
- Fall 2015 Supervisory Highlights;<sup>163</sup>
- Supervision and Examination Manual Update on ECOA Baseline Review Procedures;<sup>164</sup> and
- Supervision and Examination Manual Update on Equal Credit Opportunity Act Procedures.<sup>165</sup>

The Bureau has issued the following orders to remedy violations of Federal consumer financial law over the past year:<sup>166</sup>

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<sup>159</sup> [http://files.consumerfinance.gov/f/documents/201605\\_cfpb\\_interagency-guidance-regarding-deposit-reconciliation-practices.pdf](http://files.consumerfinance.gov/f/documents/201605_cfpb_interagency-guidance-regarding-deposit-reconciliation-practices.pdf).

<sup>160</sup> [http://files.consumerfinance.gov/f/201604\\_cfpb\\_submission-of-credit-card-agreements-under-the-truth-in-lending-act-regulation-z.pdf](http://files.consumerfinance.gov/f/201604_cfpb_submission-of-credit-card-agreements-under-the-truth-in-lending-act-regulation-z.pdf).

<sup>161</sup> [http://files.consumerfinance.gov/f/201603\\_cfpb\\_supervisory-highlights.pdf](http://files.consumerfinance.gov/f/201603_cfpb_supervisory-highlights.pdf).

<sup>162</sup> [http://files.consumerfinance.gov/f/201602\\_cfpb\\_supervisory-bulletin-furnisher-accuracy-obligations.pdf](http://files.consumerfinance.gov/f/201602_cfpb_supervisory-bulletin-furnisher-accuracy-obligations.pdf).

<sup>163</sup> [http://files.consumerfinance.gov/f/201510\\_cfpb\\_supervisory-highlights.pdf](http://files.consumerfinance.gov/f/201510_cfpb_supervisory-highlights.pdf).

<sup>164</sup> Equal Credit Opportunity Act Baseline Review Modules (applicable for examinations after December 1, 2015). [http://files.consumerfinance.gov/f/201510\\_cfpb\\_ecoa-baseline-review-modules.pdf](http://files.consumerfinance.gov/f/201510_cfpb_ecoa-baseline-review-modules.pdf).

<sup>165</sup> Equal Credit Opportunity Act (ECOA). [http://files.consumerfinance.gov/f/201510\\_cfpb\\_ecoa-narrative-and-procedures.pdf](http://files.consumerfinance.gov/f/201510_cfpb_ecoa-narrative-and-procedures.pdf).

<sup>166</sup> October 1, 2015 – September 30, 2016.

- *In the Matter of Flurish, Inc, d/b/a LendUp;*<sup>167</sup>
- *In the Matter of TMX Finance LLC;*<sup>168</sup>
- *In the Matter of Bridgepoint Education, Inc.;*<sup>169</sup>
- *In the Matter of Wells Fargo Bank, N.A.;*<sup>170</sup>
- *In the Matter of First National Bank of Omaha;*<sup>171</sup>
- *In the Matter of Wells Fargo Bank, N.A.;*<sup>172</sup>
- *In the Matter of Santander Bank, N.A.;*<sup>173</sup>
- *In the Matter of David Eghbali;*<sup>174</sup>
- *In the Matter of New Century Financial Services, Inc.;*<sup>175</sup>

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<sup>167</sup> File No. 2016-CFPB-0023, Consent order entered on September 27, 2016.

[http://files.consumerfinance.gov/f/documents/092016\\_cfpb\\_LendUpConsentOrder.pdf](http://files.consumerfinance.gov/f/documents/092016_cfpb_LendUpConsentOrder.pdf).

<sup>168</sup> File No. 2016-CFPB-0022, Consent order entered on September 26, 2016.

[http://files.consumerfinance.gov/f/documents/092016\\_cfpb\\_TitleMaxConsentOrder.pdf](http://files.consumerfinance.gov/f/documents/092016_cfpb_TitleMaxConsentOrder.pdf).

<sup>169</sup> File No. 2016-CFPB-0016, Consent order entered on September 12, 2016.

[http://s3.amazonaws.com/files.consumerfinance.gov/f/documents/092016\\_cfpb\\_BridgepointConsentOrder.pdf](http://s3.amazonaws.com/files.consumerfinance.gov/f/documents/092016_cfpb_BridgepointConsentOrder.pdf).

<sup>170</sup> File No. 2016-CFPB-0015, Consent order entered on September 8, 2016.

[http://s3.amazonaws.com/files.consumerfinance.gov/f/documents/092016\\_cfpb\\_WFBconsentorder.pdf](http://s3.amazonaws.com/files.consumerfinance.gov/f/documents/092016_cfpb_WFBconsentorder.pdf).

<sup>171</sup> File No. 2016-CFPB-0014, Consent order entered on August 26, 2016.

[http://files.consumerfinance.gov/f/documents/082016\\_cfpb\\_FNBOconsentorder.pdf](http://files.consumerfinance.gov/f/documents/082016_cfpb_FNBOconsentorder.pdf).

<sup>172</sup> File No. 2016-CFPB-0013, Consent order entered on August 22, 2016.

[http://files.consumerfinance.gov/f/documents/2016\\_CFPB\\_0013Wells\\_Fargo\\_Bank\\_N.A.\\_Consent\\_Order.pdf](http://files.consumerfinance.gov/f/documents/2016_CFPB_0013Wells_Fargo_Bank_N.A._Consent_Order.pdf).

<sup>173</sup> File No. 2016-CFPB-0012, Consent order entered on July 14, 2016.

[http://files.consumerfinance.gov/f/documents/20160714\\_cfpb\\_Consent\\_Order.pdf](http://files.consumerfinance.gov/f/documents/20160714_cfpb_Consent_Order.pdf).

<sup>174</sup> File No. 2016-CFPB-0011, Consent order entered on May 26, 2016.

[http://files.consumerfinance.gov/f/documents/201605\\_cfpb\\_consent-order-david-eghbali.pdf](http://files.consumerfinance.gov/f/documents/201605_cfpb_consent-order-david-eghbali.pdf).

- *In the Matter of Pressler & Pressler, LLP;*<sup>176</sup>
- *In the Matter of Student Aid Institute, Steven Lamont;*<sup>177</sup>
- *In the Matter of Dwolla, Inc.;*<sup>178</sup>
- *In the Matter of Faloni & Associates, LLC;*<sup>179</sup>
- *In the Matter of Solomon & Solomon, P.C.;*<sup>180</sup>
- *In the Matter of Citibank, N.A., Department Stores National Bank, and Citifinancial Servicing, LLC;*<sup>181</sup>
- *In the Matter of Citibank, N.A.;*<sup>182</sup>
- *In the Matter of Toyota Motor Credit Corporation;*<sup>183</sup>

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<sup>175</sup> File No. 2016-CFPB-0010, Consent order entered on April 25, 2016.

[http://files.consumerfinance.gov/f/documents/201604\\_cfpb\\_consent-order\\_new-century-financial-services-inc.pdf](http://files.consumerfinance.gov/f/documents/201604_cfpb_consent-order_new-century-financial-services-inc.pdf).

<sup>176</sup> File No. 2016-CFPB-0009, Consent order entered on April 25, 2016.

[http://files.consumerfinance.gov/f/documents/201604\\_cfpb\\_consent-order-pressler-pressler-llp-sheldon-h-pressler-and-gerard-j-felt.pdf](http://files.consumerfinance.gov/f/documents/201604_cfpb_consent-order-pressler-pressler-llp-sheldon-h-pressler-and-gerard-j-felt.pdf).

<sup>177</sup> File No. 2016-CFPB-0008. Consent order entered on March 30, 2016.

[http://files.consumerfinance.gov/f/201603\\_cfpb\\_consent-order-student-aid-institute-inc-steven-lamont.pdf](http://files.consumerfinance.gov/f/201603_cfpb_consent-order-student-aid-institute-inc-steven-lamont.pdf).

<sup>178</sup> File No. 2016-CFPB-0007. Consent order entered on March 2, 2016.

[http://files.consumerfinance.gov/f/201603\\_cfpb\\_consent-order-dwolla-inc.pdf](http://files.consumerfinance.gov/f/201603_cfpb_consent-order-dwolla-inc.pdf).

<sup>179</sup> File No. 2016-CFPB-0006. Consent order entered on February 23, 2016.

[http://files.consumerfinance.gov/f/201602\\_cfpb\\_consent-order-faloni-and-associates-llc.pdf](http://files.consumerfinance.gov/f/201602_cfpb_consent-order-faloni-and-associates-llc.pdf).

<sup>180</sup> File No. 2016-CFPB-0005. Consent order entered on February 23, 2016.

[http://files.consumerfinance.gov/f/201602\\_cfpb\\_consent-order-solomon-and-solomon-pc.pdf](http://files.consumerfinance.gov/f/201602_cfpb_consent-order-solomon-and-solomon-pc.pdf).

<sup>181</sup> File No. 2016-CFPB-0004. Consent order entered on February 23, 2016.

[http://files.consumerfinance.gov/f/201602\\_cfpb\\_consent-order-solomon-and-solomon-pc.pdf](http://files.consumerfinance.gov/f/201602_cfpb_consent-order-solomon-and-solomon-pc.pdf).

<sup>182</sup> File No. 2016-CFPB-0003. Consent order entered on February 23, 2016.

[http://files.consumerfinance.gov/f/201602\\_cfpb\\_consent-order-citibank-na.pdf](http://files.consumerfinance.gov/f/201602_cfpb_consent-order-citibank-na.pdf).

- *In the Matter of Herbies Auto Sales;*<sup>184</sup>
- *In the Matter of Eric V. Sancho d/b/a Lead Publisher;*<sup>185</sup>
- *In the Matter of Interstate Sales Group, Inc., also doing business as “CarHop” and Universal Acceptance Corporation;*<sup>186</sup>
- *In the Matter of EZ Corp;*<sup>187</sup>
- *In the Matter of Clarity Services, Inc.;*<sup>188</sup>
- *In the Matter of General Information Services, Inc.;*<sup>189</sup> and
- *In the Matter of Security National Automotive Acceptance Company, LLC.*<sup>190</sup>

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<sup>183</sup> File No. 2016-CFPB-0002. Consent order entered February 2, 2016.

[http://files.consumerfinance.gov/f/201602\\_cfpb\\_consent-order-toyota-motor-credit-corporation.pdf](http://files.consumerfinance.gov/f/201602_cfpb_consent-order-toyota-motor-credit-corporation.pdf).

<sup>184</sup> File No. 2016-CFPB-0001. Consent order entered January 21, 2016.

[http://files.consumerfinance.gov/f/201601\\_cfpb\\_consent-order\\_y-kings-corp-also-doing-business-as-herbies-auto-sales.pdf](http://files.consumerfinance.gov/f/201601_cfpb_consent-order_y-kings-corp-also-doing-business-as-herbies-auto-sales.pdf).

<sup>185</sup> File No. 2015-CFPB-0033. Consent order entered December 17, 2015.

[http://files.consumerfinance.gov/f/201512\\_cfpb\\_eric-v-sancho-consent-order.pdf](http://files.consumerfinance.gov/f/201512_cfpb_eric-v-sancho-consent-order.pdf).

<sup>186</sup> File No. 2016-CFPB-0032. Consent order entered December 17, 2015.

[http://files.consumerfinance.gov/f/201512\\_cfpb\\_carhop-consent-order.pdf](http://files.consumerfinance.gov/f/201512_cfpb_carhop-consent-order.pdf).

<sup>187</sup> File No. 2015-CFPB-0031. Consent order entered December 16, 2015.

[http://files.consumerfinance.gov/f/201512\\_cfpb\\_ezcorp-inc-consent-order.pdf](http://files.consumerfinance.gov/f/201512_cfpb_ezcorp-inc-consent-order.pdf).

<sup>188</sup> File No. 2015-CFPB-0030. Consent order entered December 3, 2015.

[http://files.consumerfinance.gov/f/201512\\_cfpb\\_consent-order\\_clarity-services-inc-timothy-ranney.pdf](http://files.consumerfinance.gov/f/201512_cfpb_consent-order_clarity-services-inc-timothy-ranney.pdf).

<sup>189</sup> File No. 2015-CFPB-0028. Consent order entered October 29, 2015.

[http://files.consumerfinance.gov/f/201510\\_cfpb\\_consent-order\\_general-information-service-inc.pdf](http://files.consumerfinance.gov/f/201510_cfpb_consent-order_general-information-service-inc.pdf).

<sup>190</sup> File No. 2015-CFPB-0027. Consent order entered October 28, 2015.

[http://files.consumerfinance.gov/f/201510\\_cfpb\\_consent-order-administrative-snaac.pdf](http://files.consumerfinance.gov/f/201510_cfpb_consent-order-administrative-snaac.pdf).

## APPENDIX D:

# Actions taken regarding rules, orders, and supervisory actions with respect to covered persons which are not credit unions or depository institutions

Section 1016(c)(6) requires a report on “the actions taken regarding rules, orders, and supervisory actions with respect to covered persons which are not credit unions or depository institutions.” Between October 1, 2015 and September 30, 2016, the Bureau has taken the following actions with respect to such covered persons:

- The Bureau’s *Supervisory Highlights* publications provide general information about the Bureau’s supervisory activities at banks and nonbanks without identifying specific companies. The Bureau published four issues of Supervisory Highlights between October 1, 2015 and September 30, 2016;<sup>191</sup>
- *In the Matter of Security National Automotive Acceptance Company, LLC*;<sup>192</sup>

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<sup>191</sup> Fall 2015: [http://files.consumerfinance.gov/f/201510\\_cfpb\\_supervisory-highlights.pdf](http://files.consumerfinance.gov/f/201510_cfpb_supervisory-highlights.pdf); Winter 2016: [http://files.consumerfinance.gov/f/201603\\_cfpb\\_supervisory-highlights.pdf](http://files.consumerfinance.gov/f/201603_cfpb_supervisory-highlights.pdf); Mortgage Servicing Special Edition: [http://files.consumerfinance.gov/f/documents/Mortgage\\_Servicing\\_Supervisory\\_Highlights\\_11\\_Final\\_web.pdf](http://files.consumerfinance.gov/f/documents/Mortgage_Servicing_Supervisory_Highlights_11_Final_web.pdf); and Summer 2016: [http://files.consumerfinance.gov/f/documents/Supervisory\\_Highlights\\_Issue\\_12.pdf](http://files.consumerfinance.gov/f/documents/Supervisory_Highlights_Issue_12.pdf).

<sup>192</sup> File No. 2015-CFPB-0027. Consent order entered October 28, 2015.

- *In the Matter of General Information Services, Inc.*;<sup>193</sup>
- *In the Matter of Clarity Services, Inc.*;<sup>194</sup>
- *In the Matter of EZCORP, Inc.*;<sup>195</sup>
- *In the Matter of Interstate Auto Group, Inc. aka. CarHop, and Universal Acceptance Corporation*;<sup>196</sup>
- *In the Matter of Eric V. Sancho d/b/a Lead Publisher*,<sup>197</sup>
- *In the Matter of Herbies Auto Sales*;<sup>198</sup>
- *In the Matter of Toyota Motor Credit Corporation*;<sup>199</sup>
- *In the Matter of Solomon & Solomon, P.C.*;<sup>200</sup>

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[http://files.consumerfinance.gov/f/201510\\_cfpb\\_consent-order-district-snaac.pdf](http://files.consumerfinance.gov/f/201510_cfpb_consent-order-district-snaac.pdf).

<sup>193</sup> File No. 2015-CFPB-0028. Consent order entered October 29, 2015.

[http://files.consumerfinance.gov/f/201510\\_cfpb\\_consent-order\\_general-information-service-inc.pdf](http://files.consumerfinance.gov/f/201510_cfpb_consent-order_general-information-service-inc.pdf).

<sup>194</sup> File No. 2015-CFPB-0030. Consent order entered December 3, 2015.

[http://files.consumerfinance.gov/f/201512\\_cfpb\\_consent-order\\_clarity-services-inc-timothy-ranney.pdf](http://files.consumerfinance.gov/f/201512_cfpb_consent-order_clarity-services-inc-timothy-ranney.pdf).

<sup>195</sup> File No. 2015-CFPB-0031. Consent order entered December 16, 2015.

[http://files.consumerfinance.gov/f/201512\\_cfpb\\_ezcorp-inc-consent-order.pdf](http://files.consumerfinance.gov/f/201512_cfpb_ezcorp-inc-consent-order.pdf).

<sup>196</sup> File No. 2015-CFPB-0032. Complaint filed December 17, 2015.

[http://files.consumerfinance.gov/f/201512\\_cfpb\\_carhop-consent-order.pdf](http://files.consumerfinance.gov/f/201512_cfpb_carhop-consent-order.pdf).

<sup>197</sup> File No. 2015-CFPB-0033. Consent order entered December 17, 2015.

[http://files.consumerfinance.gov/f/201512\\_cfpb\\_eric-v-sancho-consent-order.pdf](http://files.consumerfinance.gov/f/201512_cfpb_eric-v-sancho-consent-order.pdf).

<sup>198</sup> File No. 2016-CFPB-0001. Consent order entered January 21, 2016.

[http://files.consumerfinance.gov/f/201601\\_cfpb\\_consent-order\\_y-kings-corp-also-doing-business-as-herbies-auto-sales.pdf](http://files.consumerfinance.gov/f/201601_cfpb_consent-order_y-kings-corp-also-doing-business-as-herbies-auto-sales.pdf).

<sup>199</sup> File No. 2016-CFPB-0002. Consent order entered February 2, 2016.

[http://files.consumerfinance.gov/f/201602\\_cfpb\\_consent-order-toyota-motor-credit-corporation.pdf](http://files.consumerfinance.gov/f/201602_cfpb_consent-order-toyota-motor-credit-corporation.pdf).

<sup>200</sup> File No. 2016-CFPB-0005. Consent order entered on February 23, 2016.

- *In the Matter of Faloni & Associates, LLC*;<sup>201</sup>
- *In the Matter of Dwolla, Inc.*<sup>202</sup>
- *In the Matter of Student Aid Institute, Steven Lamont*;<sup>203</sup>
- *In the Matter of Pressler & Pressler, LLP*;<sup>204</sup>
- *In the Matter of New Century Financial Services, Inc.*;<sup>205</sup>
- *In the Matter of David Eghbali*;<sup>206</sup>
- *In the Matter of Bridgepoint Education*;<sup>207</sup>
- *In the Matter of TMX Finance LLC*;<sup>208</sup> and
- *In the Matter of Flurish, Inc, d/b/a LendUp*.<sup>209</sup>

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[http://files.consumerfinance.gov/f/201602\\_cfpb\\_consent-order-solomon-and-solomon-pc.pdf](http://files.consumerfinance.gov/f/201602_cfpb_consent-order-solomon-and-solomon-pc.pdf).

<sup>201</sup> File No. 2016-CFPB-0006. Consent order entered on February 23, 2016.

[http://files.consumerfinance.gov/f/201602\\_cfpb\\_consent-order-faloni-and-associates-llc.pdf](http://files.consumerfinance.gov/f/201602_cfpb_consent-order-faloni-and-associates-llc.pdf).

<sup>202</sup> File No. 2016-CFPB-0007. Consent order entered on March 2, 2016.

[http://files.consumerfinance.gov/f/201603\\_cfpb\\_consent-order-dwolla-inc.pdf](http://files.consumerfinance.gov/f/201603_cfpb_consent-order-dwolla-inc.pdf).

<sup>203</sup> File No. 2016-CFPB-0008. Consent order entered March 30, 2016.

[http://files.consumerfinance.gov/f/201603\\_cfpb\\_consent-order-student-aid-institute-inc-steven-lamont.pdf](http://files.consumerfinance.gov/f/201603_cfpb_consent-order-student-aid-institute-inc-steven-lamont.pdf).

<sup>204</sup> File No. 2016-CFPB-0009. Consent order entered April 25, 2016.

[http://files.consumerfinance.gov/f/documents/201604\\_cfpb\\_consent-order-pressler-pressler-llp-sheldon-h-pressler-and-gerard-j-felt.pdf](http://files.consumerfinance.gov/f/documents/201604_cfpb_consent-order-pressler-pressler-llp-sheldon-h-pressler-and-gerard-j-felt.pdf)

<sup>205</sup> File No. 2016-CFPB-0010. Consent order entered April 25, 2016.

[http://files.consumerfinance.gov/f/documents/201604\\_cfpb\\_consent-order\\_new-century-financial-services-inc.pdf](http://files.consumerfinance.gov/f/documents/201604_cfpb_consent-order_new-century-financial-services-inc.pdf).

<sup>206</sup> File No. 2016-CFPB-0011. Consent order entered May 25, 2016.

[http://files.consumerfinance.gov/f/documents/201605\\_cfpb\\_consent-order-david-eghbali.pdf](http://files.consumerfinance.gov/f/documents/201605_cfpb_consent-order-david-eghbali.pdf).

<sup>207</sup> File No. 2016-CFPB-0016. Consent order entered on September 12, 2016.

[http://s3.amazonaws.com/files.consumerfinance.gov/f/documents/092016\\_cfpb\\_BridgepointConsentOrder.pdf](http://s3.amazonaws.com/files.consumerfinance.gov/f/documents/092016_cfpb_BridgepointConsentOrder.pdf).

<sup>208</sup> File No. 2016-CFPB-0022. Consent order entered on September 26, 2016.

[http://files.consumerfinance.gov/f/documents/092016\\_cfpb\\_TitleMaxConsentOrder.pdf](http://files.consumerfinance.gov/f/documents/092016_cfpb_TitleMaxConsentOrder.pdf).

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<sup>209</sup> File No. 2016-CFPB-0023. Consent order entered on September 27, 2016.  
[http://files.consumerfinance.gov/f/documents/092016\\_cfpb\\_LendUpConsentOrder.pdf](http://files.consumerfinance.gov/f/documents/092016_cfpb_LendUpConsentOrder.pdf).

## APPENDIX E:

# Significant state attorney general and regulator actions

Dodd-Frank Section 1016(c)(7) requires “an assessment of significant actions by State attorneys general or State regulators relating to Federal consumer financial law.” The reporting period for this information is October 1, 2015 – September 30, 2016.

For purposes of the Section 1016(c)(7) reporting requirement at this early period in the Bureau’s development, the Bureau has determined that any actions asserting claims pursuant to Section 1042 of the Dodd-Frank Act are “significant.” The Bureau is aware of the following State attorney general or State regulator action that was initiated during the reporting period and that asserted Dodd-Frank Act claims:

- *The People of the State of California v. Volkswagen AG, Volkswagen Group of America, Inc., Volkswagen Group of America Chattanooga Operations LLC, Audi AG, Dr. Ing. h.c. F. Porsche AG, and Porsche Cars North America, Inc.*, No. 3:16-cv-03620 (N.D. Cal. June 27, 2016).

## APPENDIX F:

# Reports

The CFPB published the following reports from October 1, 2015 through September 30, 2016, which may be found at [consumerfinance.gov/reports/](http://consumerfinance.gov/reports/).

[\*\*October 14, 2015: Annual Report of the CFPB Student Loan Ombudsman 2015;\*\*](#)

[\*\*October 21, 2015: Youth Financial Education Curriculum Review Tool;\*\*](#)

[\*\*October 27, 2015: CFPB Diversity and Inclusion Strategic Plan 2016 – 2020;\*\*](#)

[\*\*October 27, 2015: Monthly Complaint Report Vol. 4;\*\*](#)

[\*\*October 29, 2015: Financial Literacy Annual Report;\*\*](#)

[\*\*November 3, 2015: Supervisory Highlights: Fall 2015;\*\*](#)

[\*\*November 4, 2015: Mobile Financial Services: A Summary of Comments from the Public on Opportunities, Challenges, and Risks for the Underserved;\*\*](#)

[\*\*November 16, 2015: Financial Report Fiscal Year 2015;\*\*](#)

[\*\*November 20, 2015: Semi-Annual Report Fall 2015;\*\*](#)

[\*\*November 23, 2015: OSA Semi-Annual Snapshot of Servicemember Complaints;\*\*](#)

[\*\*November 24, 2015: Monthly Complaint Report, Vol. 5;\*\*](#)

[\*\*December 3, 2015: The Consumer Credit Card Market;\*\*](#)

[\*\*December 10, 2015: Measuring Financial Well-Being: A Guide to Using the CFPB Financial Well-Being Scale;\*\*](#)

[\*\*December 14, 2015: 2015 CFPB Annual Employee Survey Results;\*\*](#)

**December 16, 2015:** 2015 College Credit Card Agreements;

**December 22, 2015:** Monthly Complaint Report, Vol. 6;

**January 4, 2016:** Report of the Consumer Financial Protection Bureau Pursuant to Section 1017(e)(4) of the Dodd-Frank Act;

**January 13, 2016:** Consumer Financial Protection Bureau Independent Audit of Selected Operations and Budget, Fiscal Year 2015;

**January 28, 2016:** Monthly Complaint Report, Vol. 7;

**March 1, 2016:** Monthly Complaint Report, Vol. 8;

**March 8, 2016:** Supervisory Highlights: Winter 2016;

**March 22, 2016:** Servicemembers 2015: A Year in Review;

**March 22, 2016:** Fair Debt Collection Practices Act Annual Report 2016;

**March 29, 2016:** Monthly Complaint Report, Vol. 9;

**April 1, 2016:** 2015 Consumer Response Annual Report;

**April 1, 2016:** No FEAR Act Annual Report for Fiscal Year 2015;

**April 13, 2016:** 2015 Office of Minority and Women Inclusion Annual Report to Congress;

**April 20, 2016:** Online Payday Loan Payments;

**April 26, 2016:** Testing of Bankruptcy Periodic Statement Forms for Mortgage Servicing;

**April 26, 2016:** Monthly Complaint Report, Vol. 10;

**April 28, 2016:** Fair Lending Report 2015;

**May 18, 2016:** Single-Payment Vehicle Title Lending;

**May 24, 2016:** Monthly Complaint Report, Vol. 11;

**May 27, 2016:** A Profile of 2013 Mortgage Borrowers: Statistics from the National Survey of Mortgage Originations;

**June 7, 2016:** Supplemental Findings on Payday, Payday Installment, and Vehicle Title Loans, and Deposit Advance Products;

**June 22, 2016:** Supervisory Highlights Mortgage Servicing Special Edition;

**June 28, 2016:** Monthly Complaint Report, Vol. 12;

**June 30, 2016:** 2016 Strategic Sustainability Performance Plan;

**July 1, 2016:** Semi-Annual Report Spring 2016;

**July 15, 2016:** Financial Education Programs Serving Immigrant Populations Issue Brief;

**July 26, 2016:** Monthly Complaint Report, Vol. 13;

**July 28, 2016:** Study of Third-Party Debt Collection Operations;

**July 29, 2016:** Plain Writing Act Compliance Report 2016;

**August 18, 2016:** Midyear Update on Student Loan Complaints;

**August 23, 2016:** Report and Recommendations: Fighting Elder Financial Exploitation through Community Networks;

**August 30, 2016:** Monthly Complaint Report, Vol. 14;

**September 7, 2016:** Building Blocks to Help Youth Achieve Financial Capability: A New Model and Recommendations; and

**September 27, 2016:** Monthly Complaint Report, Vol. 15.

## APPENDIX G:

# Congressional testimony

Senior CFPB staff has testified before Congress a total of 63 times since the Bureau began in 2011, including on the following six occasions between October 1, 2015 and September 30, 2016, which may be found at <http://www.consumerfinance.gov/newsroom/?type=testimony>.

**October 23, 2015:** Stacy Canan before the House Committee on Energy and Commerce Subcommittee on Commerce, Manufacturing, and Trade. “Fighting Fraud Against the Elderly, an Update”;

**December 8, 2015:** Richard Cordray before the House Committee on Financial Services. “Oversight of the Financial Stability Oversight Council”;

**February 11, 2016:** David Silberman before the House Committee on Financial Services Subcommittee on Financial Institutions and Consumer Credit. “Short-Term, Small Dollar Lending: The CFPB’s Assault on Access to Credit and Trampling of State and Tribal Sovereignty”;

**March 16, 2016:** Richard Cordray before the House Committee on Financial Services. “The Semi-Annual Report of the Bureau of Consumer Financial Protection”;

**April 7, 2016:** Richard Cordray before the Senate Committee on Banking, Housing, and Urban Affairs. “The Consumer Financial Protection Bureau’s Semi-Annual Report to Congress”; and

**September 20, 2016:** Richard Cordray before the Senate Committee on Banking, Housing, and Urban Affairs. “An Examination of Wells Fargo’s Unauthorized Accounts and the Regulatory Response”.

## APPENDIX H:

# Speeches

Director Richard Cordray spoke at the following public events between October 1, 2015 and September 30, 2016:<sup>210</sup>

**October 7, 2015:** [Prepared Remarks by Richard Cordray at the Arbitration Field Hearing in Denver, CO;](#)

**October 8, 2015:** [Prepared Remarks by Richard Cordray at a Meeting of the Credit Union Advisory Council in Washington, D.C.;](#)

**October 19, 2015:** [Prepared Remarks by Richard Cordray at the Mortgage Bankers Association Annual Convention in San Diego, CA;](#)

**October 22, 2015:** [Prepared Remarks by Richard Cordray at the Meeting of the Consumer Advisory Board in Washington, D.C.;](#)

**November 10, 2015:** [Prepared Remarks by Richard Cordray at the American Bankers Association Annual Convention in Los Angeles, CA;](#)

**November 12, 2015:** [Prepared Remarks by Richard Cordray at the Brookings Institution in Washington, D.C.;](#)

**November 18, 2015:** [Prepared Remarks by Richard Cordray at the Financial Literacy and Education Meeting in Washington, D.C.;](#)

**December 3, 2015:** [Prepared Remarks by Richard Cordray at the Consumer Federation of](#)

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<sup>210</sup> All speeches by CFPB senior staff are available at: <http://www.consumerfinance.gov/newsroom/?type=speech-2>.

[America in Washington, D.C.;](#)

[\*\*February 3, 2016:\*\* Prepared Remarks by Richard Cordray at a Field Hearing on Checking Account Access in Louisville, KY;](#)

[\*\*February 4, 2016:\*\* Prepared Remarks by Richard Cordray at the Financial Literacy and Education Meeting in Washington, D.C.;](#)

[\*\*February 18, 2016:\*\* Prepared Remarks by Richard Cordray at the American Constitution Society in New York, NY;](#)

[\*\*February 23, 2016:\*\* Prepared Remarks by Richard Cordray at the Credit Union National Association in Washington, D.C.;](#)

[\*\*February 25, 2016:\*\* Prepared Remarks by Richard Cordray at the Consumer Advisory Board Meeting in Washington, D.C.;](#)

[\*\*March 9, 2016:\*\* Prepared Remarks by Richard Cordray at the Consumer Bankers Association Meeting in Phoenix, AZ;](#)

[\*\*April 4, 2016:\*\* Prepared Remarks by Richard Cordray at the FCC Consumer Broadband Disclosure Event in Washington, D.C.;](#)

[\*\*May 5, 2016:\*\* Prepared Remarks by Richard Cordray at the Field Hearing on Arbitration Clauses in Albuquerque, NM;](#)

[\*\*May 20, 2016:\*\* Prepared Remarks by Richard Cordray at the Academic Research Council Meeting in Washington, D.C.;](#)

[\*\*June 2, 2016:\*\* Prepared Remarks by Richard Cordray at the Small-Dollar Field Hearing in Kansas City, MO;](#)

[\*\*June 9, 2016:\*\* Prepared Remarks by Richard Cordray at the Consumer Advisory Board Meeting in Little Rock, AR;](#)

[\*\*June 29, 2016:\*\* Prepared Remarks by Richard Cordray at the Financial Literacy and Education Commission Meeting in Washington, D.C.;](#)

[\*\*July 12, 2016:\*\* Prepared Remarks by Richard Cordray at the FINRA Foundation National](#)

[Financial Capability Study Release in Washington, D.C.;](#)

[July 19, 2016: Prepared Remarks by Richard Cordray at the NAACP Annual Convention in Cincinnati, OH;](#)

[July 28, 2016: Prepared Remarks by Richard Cordray at the Field Hearing on Debt Collection in Sacramento, CA;](#)

[September 1, 2016: Prepared Remarks by Richard Cordray at the Credit Union Advisory Council Meeting in Washington, D.C.;](#)

[September 7, 2016: Prepared Remarks by Richard Cordray at the Youth Financial Capability Town Hall in Dallas, TX;](#)

[September 21, 2016: Prepared Remarks by Richard Cordray at the National Association of Federal Credit Unions in Washington, D.C.;](#)

[September 29, 2016: Prepared Remarks by Richard Cordray at the Community Bank Advisory Council Meeting in Washington, D.C.; and](#)

[September 29, 2016: Prepared Remarks by Richard Cordray at the Corporation for Enterprise Development Assets Learning Conference in Washington, D.C.](#)

## APPENDIX I:

# Financial and budget reports

The CFPB has published the following financial reports from January 1, 2012 through November 15, 2016, which are all available at [consumerfinance.gov/budget](http://consumerfinance.gov/budget):

[\*\*January 20, 2012:\*\* CFO update for the first quarter of FY 2012;](#)

[\*\*May 11, 2012:\*\* CFO update for the second quarter of FY 2012;](#)

[\*\*July 27, 2012:\*\* CFO update for the third quarter of FY 2012;](#)

[\*\*November 15, 2012:\*\* Financial Report of the CFPB – FY 2012;](#)

[\*\*December 15, 2012:\*\* CFO Update for the fourth quarter of FY 2012;](#)

[\*\*February 15, 2013:\*\* CFO Update for the first quarter of FY 2013;](#)

[\*\*May 15, 2013:\*\* CFO Update for the second quarter of FY 2013;](#)

[\*\*August 15, 2013:\*\* CFO Update for the third quarter of FY 2013;](#)

[\*\*December 15, 2013:\*\* Financial Report of the CFPB – FY 2013;](#)

[\*\*December 15, 2013:\*\* CFO Update for the fourth quarter of FY 2013;](#)

[\*\*February 14, 2014:\*\* CFO Update for the first quarter of FY 2014;](#)

[\*\*May 15, 2014:\*\* CFO Update for the second quarter of FY 2014;](#)

[\*\*August 15, 2014:\*\* CFO Update for the third quarter of FY 2014;](#)

[\*\*November 15, 2014:\*\* Financial Report of the CFPB – FY 2014;](#)

[\*\*November 15, 2014:\*\* CFO Update for the fourth quarter of FY 2014;](#)

**February 18, 2015:** CFO Update for the first quarter of FY 2015;

**May 25, 2015:** CFO Update for the second quarter of FY 2015;

**September 11, 2015:** CFO Update for the third quarter of FY 2015;

**November 16, 2015:** Financial Report of the CFPB – FY 2015;

**November 20, 2015:** CFO Update for the fourth quarter of FY 2015;

**February 16, 2016:** CFO Update for the first quarter of FY 2016;

**May 17, 2016:** CFO Update for the second quarter of FY 2016;

**August 17, 2016:** CFO Update for the third quarter of FY 2016;

**November 15, 2016:** CFO Update for the fourth quarter of FY 2016; and

**November 15, 2016:** Financial Report of the CFPB – FY 2016.

- The CFPB has published the following Budget Documents, which are all available at [consumerfinance.gov/budget](http://consumerfinance.gov/budget):
  - [Fiscal Year 2012 Budget in Brief](#);
  - [Fiscal Year 2012 Congressional Budget Justification](#);
  - [Fiscal Year 2013 Budget in Brief](#);
  - [FY 2013 Budget Justification](#);
  - [CFPB Strategic Plan, Budget, and Performance Report – April 2013](#);
  - [CFPB Strategic Plan, Budget, and Performance Report – March 2014](#);
  - [CFPB Strategic Plan, Budget, and Performance Report – February 2015](#); and
  - [CFPB Strategic Plan, Budget, and Performance Report – February 2016](#).

The CFPB has published the following funding requests to and funding acknowledgements from

the Federal Reserve Board, from January 1, 2012 through September 30, 2016<sup>211</sup>, which are all available at [consumerfinance.gov/budget](http://consumerfinance.gov/budget).

**January 6, 2012: Funding Acknowledgement from the Federal Reserve Board;**

**March 30, 2012: Funding Request to the Federal Reserve Board;**

**April 5, 2012: Funding Acknowledgement from the Federal Reserve Board;**

**July 2, 2012: Funding Request to the Federal Reserve Board;**

**July 9, 2012: Funding Acknowledgement from the Federal Reserve Board;**

**October 2, 2012: Funding Request to the Federal Reserve Board;**

**October 18, 2012: Funding Acknowledgement from the Federal Reserve Board;**

**January 7, 2013: Funding Request to the Federal Reserve Board;**

**January 16, 2013: Funding Acknowledgement from the Federal Reserve Board;**

**April 2, 2013: Funding Request to the Federal Reserve Board;**

**April 8, 2013: Funding Acknowledgement from the Federal Reserve Board;**

**October 7, 2013: Funding Request to the Federal Reserve Board;**

**October 15, 2013: Funding Acknowledgement from the Federal Reserve Board;**

**January 7, 2014: Funding Request to the Federal Reserve Board;**

**January 22, 2014: Funding Acknowledgement from the Federal Reserve Board;**

**April 7, 2014: Funding Request to the Federal Reserve Board;**

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<sup>211</sup> As a funding request and acknowledgment has also been published since September 30, 2016, we include that additional documentation for informational purposes.

**April 11, 2014:** Funding Acknowledgement from the Federal Reserve Board;

**July 9, 2014:** Funding Request to the Federal Reserve Board;

**July 28, 2014:** Funding Acknowledgement from the Federal Reserve Board;

**October 8, 2014:** Funding Request to the Federal Reserve Board;

**October 15, 2014:** Funding Acknowledgment from the Federal Reserve Board;

**January 14, 2015:** Funding Request to the Federal Reserve Board;

**January 16, 2015:** Funding Acknowledgment from the Federal Reserve Board;

**April 10, 2015:** Funding Request to the Federal Reserve Board;

**April 13, 2015:** Funding Acknowledgment from the Federal Reserve Board;

**July 16, 2015:** Funding Request to the Federal Reserve Board;

**July 21, 2015:** Funding Acknowledgement from the Federal Reserve Board;

**October 8, 2015:** Funding Request to the Federal Reserve Board;

**October 14, 2015:** Funding Acknowledgment from the Federal Reserve Board;

**January 26, 2016:** Funding Request to the Federal Reserve Board;

**February 5, 2016:** Funding Acknowledgement from the Federal Reserve Board;

**April 12, 2016:** Funding Request to the Federal Reserve Board;

**April 13, 2016:** Funding Acknowledgement from the Federal Reserve Board;

**July 14, 2016:** Funding Request to the Federal Reserve Board;

**July 19, 2016:** Funding Acknowledgement from the Federal Reserve Board;

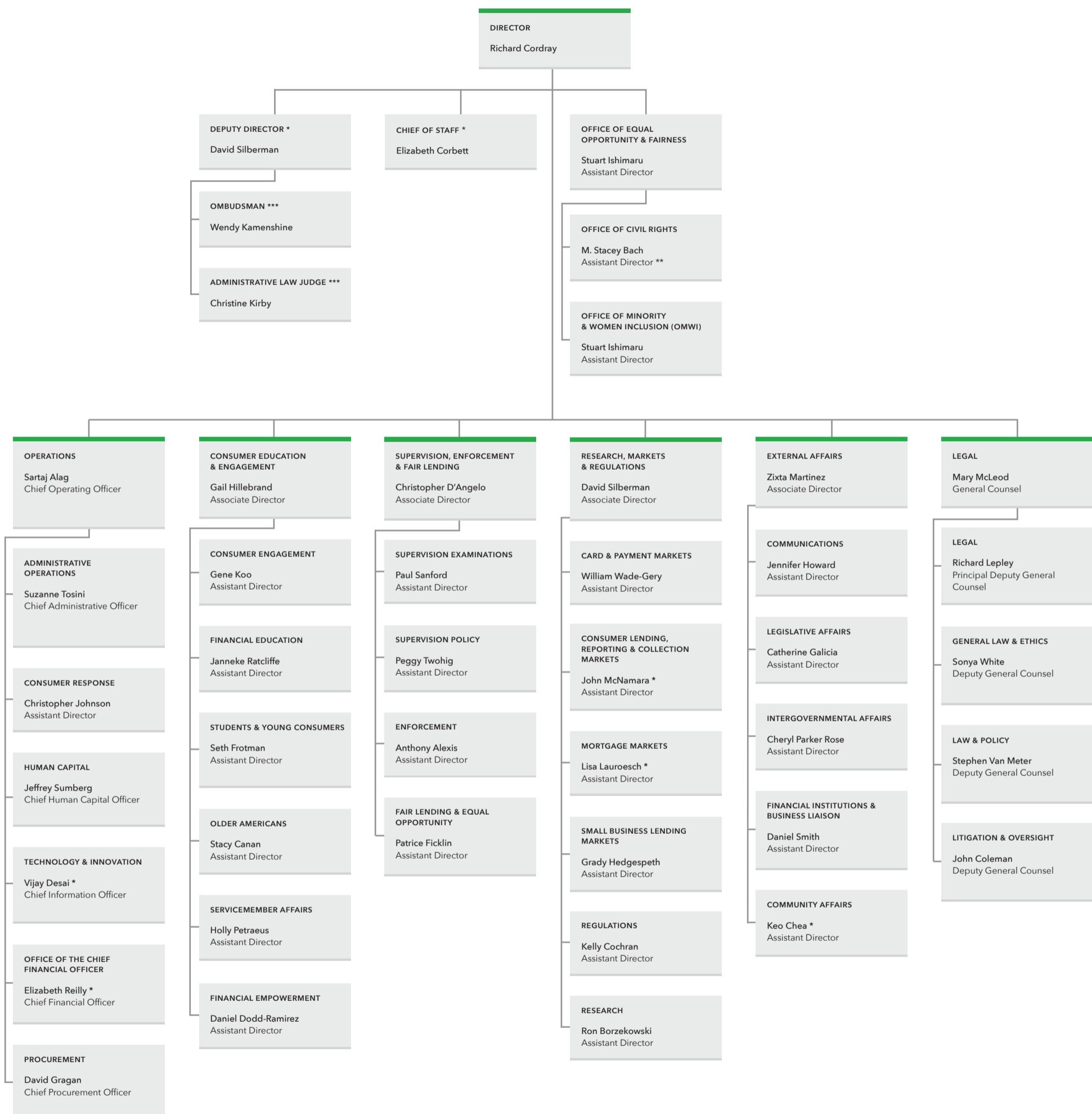
**October 14, 2016:** Funding Request to the Federal Reserve Board; and

**October 25, 2016:** Funding Acknowledgement from the Federal Reserve Board.

# APPENDIX J:

## Bureau structure

Organizational chart last updated on Sept. 30, 2016. Learn more at [consumerfinance.gov](http://consumerfinance.gov)



### CHART LEGEND

- \* Position currently filled on an acting basis
- \*\* Position has direct reporting responsibilities to the director
- \*\*\* Position is not part of the CFPB Director's Office

## APPENDIX K:

# Defined terms

ACRONYM	DEFINED TERM
APR	Annual Percentage Rate
ARC	The CFPB's Academic Research Council
BUREAU	The Consumer Financial Protection Bureau
CAB	The CFPB's Consumer Advisory Board
CARD ACT	Credit Card Accountability Responsibility and Disclosure Act of 2009
CBAC	The CFPB's Community Bank Advisory Council
CEE	The CFPB's Division of Consumer Education and Engagement
CFPA	Consumer Financial Protection Act of 2010
CFPB	The Consumer Financial Protection Bureau
CFPB FinEx	The CFPB Financial Education Exchange
CONSUMER RESPONSE	The CFPB's Office of Consumer Response
CUAC	The CFPB's Credit Union Advisory Council
DODD-FRANK ACT	Dodd-Frank Wall Street Reform and Consumer Protection Act
DOJ	The U.S. Department of Justice
ECOA	Equal Credit Opportunity Act
ECP	Examiner Commissioning Program
ED	The U.S. Department of Education
EFTA	Electronic Fund Transfer Act

<b>ACRONYM</b>	<b>DEFINED TERM</b>
<b>EIC</b>	Examiner-in-Charge
<b>EMPOWERMENT</b>	The CFPB's Office of Financial Empowerment
<b>ENFORCEMENT</b>	The CFPB's Office of Enforcement
<b>FAIR LENDING</b>	The CFPB's Office of Fair Lending and Equal Opportunity
<b>FCRA</b>	Fair Credit Reporting Act
<b>FDCPA</b>	Fair Debt Collection Practices Act
<b>FDIC</b>	The U.S. Federal Deposit Insurance Corporation
<b>FEDERAL RESERVE BOARD</b>	The U.S. Board of Governors of the Federal Reserve System
<b>FFIEC</b>	The U.S. Federal Financial Institutions Examination Council
<b>FLEC</b>	The Financial Literacy and Education Commission
<b>FPDS</b>	Federal Procurement Data System
<b>FRB</b>	The U.S. Board of Governors of the Federal Reserve System
<b>FTC</b>	The U.S. Federal Trade Commission
<b>FY</b>	Fiscal Year
<b>GLBA</b>	Gramm-Leach-Bliley Act
<b>HMDA</b>	Home Mortgage Disclosure Act of 1975
<b>HUD</b>	The U.S. Department of Housing and Urban Development
<b>ICP</b>	Interim Commissioning Policy
<b>KBYO</b>	Know Before You Owe
<b>MOU</b>	Memorandum of Understanding
<b>MSOA</b>	Money Smart for Older Adults
<b>NCUA</b>	The National Credit Union Administration
<b>NYDFS</b>	New York Department of Financial Services

<b>ACRONYM</b>	<b>DEFINED TERM</b>
<b>OCC</b>	The U.S. Office of the Comptroller of the Currency
<b>OHC</b>	The CFPB's Office of Human Capital
<b>OMWI</b>	The CFPB's Office of Minority and Women Inclusion
<b>RESPA</b>	Real Estate Settlement Procedures Act of 1974
<b>SBREFA</b>	The Small Business and Regulatory Enforcement Fairness Act
<b>TILA</b>	Truth in Lending Act
<b>TREASURY</b>	The U.S. Department of the Treasury
<b>TSR</b>	Telemarketing Sales Rule
<b>VITA</b>	Volunteer Income Tax Assistance