

**UNITED STATES OF AMERICA
CONSUMER FINANCIAL PROTECTION BUREAU**

ADMINISTRATIVE PROCEEDING
File No. 2015-CFPB-0031

In the Matter of:

EZCORP, Inc.; Texas EZPAWN, L.P.; Texas EZMONEY, L.P.; EZPAWN Alabama, Inc.; EZMONEY Alabama, Inc.; EZPAWN Colorado, Inc.; EZMONEY Colorado, Inc.; EZPAWN Florida, Inc.; EZMONEY Hawaii, Inc.; EZMONEY Idaho, Inc.; EZPAWN Iowa, Inc.; EZMONEY Kansas, Inc.; EZPAWN Louisiana, Inc.; EZMONEY Missouri, Inc.; EZMONEY Nebraska, Inc.; EZPAWN Nevada, Inc.; EZPAWN Oklahoma, Inc.; EZMONEY South Dakota, Inc.; EZMONEY Tennessee, Inc.; EZMONEY Utah, Inc.; EZPAWN Wisconsin, Inc.; and EZMONEY Wisconsin, Inc.

CONSENT ORDER

The Consumer Financial Protection Bureau (“Bureau”) has reviewed the payday and installment lending and collection practices of EZCORP, Inc. and its wholly-owned, domestic subsidiaries (collectively, “Respondent” as defined below). The Bureau has identified violations of the Consumer Financial Protection Act of 2010 (“CFPA”), 12 U.S.C. §§ 5531, 5536(a), and the Electronic Fund Transfer Act (“EFTA”), 15 U.S.C. § 1693k(1), and its implementing regulation, Regulation E, 12 C.F.R. § 1005.10(e)(1), in Respondent’s payday and installment lending and debt collection practices. Under Sections 1053 and 1055 of the CFPA, 12 U.S.C. §§ 5563, 5565, the Bureau issues this Consent Order (“Consent Order”).

I

Jurisdiction

1. The Bureau has jurisdiction over this matter under: (a) Sections 1053 and 1055 of the CFPA, 12 U.S.C. §§ 5563 and 5565, and (b) Section 918(a)(5) of the EFTA, 15 U.S.C. § 1693o(a)(5).

II

Stipulation

2. Respondent has executed a “Stipulation and Consent to the Issuance of a Consent Order,” dated December 15, 2015 (“Stipulation”), which is incorporated by reference and is accepted by the Bureau. By this Stipulation, Respondent has consented to the issuance of this Consent Order by the Bureau under sections 1053 and 1055 of the CFPA, 12 U.S.C. §§ 5563 and 5565, without admitting or denying any findings of fact or conclusions of law, except that Respondent admits the facts necessary to establish the Bureau’s jurisdiction over Respondent and the subject matter of this action.

III

Definitions

The following definitions apply to this Consent Order:

3. “Affiliate” means “any person that controls, is controlled by, or is under common control with another person.” 12 U.S.C. § 5481(1).
4. “Board” means Respondent’s duly-elected and acting Board of Directors.
5. “Clearly and prominently” means:
 - a. In textual communications (e.g., printed publications or words displayed on the screen of an electronic device), the disclosure must be of a type size and

- location sufficiently noticeable for an ordinary consumer to read and comprehend it, in print that contrasts with the background on which it appears;
- b. In communications disseminated orally or through audible means (e.g., radio or streaming audio), the disclosure must be delivered in a volume and cadence sufficient for an ordinary consumer to hear and comprehend it;
 - c. In communications disseminated through video means (e.g., television or streaming video), the disclosure must be in writing in a form consistent with subsection (a), and must appear on the screen for a duration sufficient for an ordinary consumer to read and comprehend it;
 - d. In communications made through interactive media such as the internet, online services, and software, the disclosure must be unavoidable and presented in a form consistent with subsection (a);
 - e. In communications that contain both audio and visual portions, the disclosure must be presented simultaneously in both the audio and visual portions of the communication; and
 - f. In all instances, the disclosure must be presented before the consumer incurs any financial obligation, in an understandable language and syntax, and with nothing contrary to, inconsistent with, or in mitigation of the disclosures used in any communication with the consumer.
6. “Consumer Reporting Agency” means “any person which, for monetary fees, dues, or on a cooperative nonprofit basis, regularly engages in whole or in part in the practice of assembling or evaluating consumer credit information or other information on consumers for the purpose of furnishing consumer reports to third

- parties, and which uses any means or facility of interstate commerce for the purpose of preparing or furnishing consumer reports.” 15 U.S.C. § 1681a(f).
7. “Effective Date” means the date on which the Consent Order is issued.
 8. “Preauthorized electronic fund transfer” means “an electronic fund transfer authorized in advance to recur at substantially regular intervals.” 15 U.S.C. § 1693a(10).
 9. “Regional Director” means the Regional Director for the Southeast Region for the Office of Supervision for the Consumer Financial Protection Bureau, or his/her delegate.
 10. “Related Consumer Action” means a private action by or on behalf of one or more consumers or an enforcement action by another governmental agency brought against Respondent based on substantially the same facts as described in Section IV of this Consent Order.
 11. “Relevant Time Period” means the period from July 21, 2011 to the Effective Date.
 12. “Respondent” means EZCORP, Inc., as well as its current (as of the Effective Date) or former, direct or indirect, affiliates, subsidiaries, parents, divisions, or branches, and all of their successors and assigns, including, but not limited to Texas EZPAWN, L.P.; Texas EZMONEY, L.P.; EZPAWN Alabama, Inc.; EZMONEY Alabama, Inc.; EZPAWN Colorado, Inc.; EZMONEY Colorado, Inc.; EZPAWN Florida, Inc.; EZMONEY Hawaii, Inc.; EZMONEY Idaho, Inc.; EZPAWN Iowa, Inc.; EZMONEY Kansas, Inc.; EZPAWN Louisiana, Inc.; EZMONEY Missouri, Inc.; EZMONEY Nebraska, Inc.; EZPAWN Nevada, Inc.; EZPAWN Oklahoma, Inc.; EZMONEY South Dakota, Inc.; EZMONEY Tennessee, Inc.; EZMONEY Utah, Inc.; EZPAWN Wisconsin, Inc.; and EZMONEY Wisconsin, Inc.

13. “Service Provider” means “any person that provides a material service to a covered person in connection with the offering or provision by such covered person of a consumer financial product or service[.]” 12 U.S.C. § 5481(26)(A).

IV

Bureau Findings and Conclusions

The Bureau finds the following:

14. During the Relevant Time Period, EZCORP, Inc., a financial services company headquartered in Austin, Texas, through certain of its wholly-owned subsidiaries, including but not limited to those listed in Paragraph 12, offered, provided, arranged for, serviced, and collected for its own account on high-cost, short-term, unsecured loans, which it originated or arranged in more than 500 stores. These loans included (i) single-payment loans (“payday loans”), and (ii) multiple-payment loans with installment payments of principal, interest, or fees typically due semi-monthly or monthly (“installment loans”). These are “consumer financial product[s] or service[s]” under the CFPA. 12 U.S.C. § 5481(5), 15(A)(i), 15(A)(x). Therefore EZCORP, Inc. and its wholly-owned subsidiaries, including but not limited to those listed in Paragraph 12, are each a “covered person” under the CFPA, including as a “related person,” where applicable. 12 U.S.C. § 5481(6)(A); (25)(B)-(C).
15. While engaging in the unlawful conduct described herein, EZCORP, Inc. and its wholly-owned subsidiaries, including but not limited to those listed in Paragraph 12, operated as a common enterprise that shared common ownership, management, control, business divisions, addresses, office space, and employees, and commingled funds. As a result, EZCORP, Inc. and its subsidiaries, including

but not limited to those listed in Paragraph 12, are jointly and severally liable for the acts and practices described herein.

16. The CFPA prohibits covered persons from engaging in “unfair, deceptive, or abusive” acts or practices. 12 U.S.C. §§ 5531, 5536(a)(1)(B). An act or practice is unfair if it causes or is likely to cause consumers substantial injury that is not reasonably avoidable and if the substantial injury is not outweighed by countervailing benefits to consumers or to competition. 12 U.S.C. § 5531(c). An act or practice is deceptive if there is a material representation, omission, or practice that is likely to mislead consumers acting reasonably under the circumstances.
17. EFTA provides that no person may “condition the extension of credit to a consumer on such consumer’s repayment by means of preauthorized electronic fund transfers.” 15 U.S.C. § 1693k(1) and Regulation E, 12 C.F.R. § 1005.10(e)(1).
18. On July 29, 2015, Respondent announced that it would be closing down its U.S. Financial Services division which offered payday, installment, and auto-title loans. Since that time, Respondent has been in the process of winding-down payday, installment, and auto-title lending operations. The wind-down will be complete on or before March 31, 2016 (the “Operations Termination Date”).

**Unlawful In-Person Collection Visits to Consumers’
Homes and Places of Employment**

19. During the Relevant Time Period, until at least October 2013 when Respondent changed its policy, Respondent visited consumers’ homes and places of employment, sometimes on multiple occasions, to collect or attempt to collect debts from consumers.
20. Respondent’s employees discussed the debt with, and took payments from,

consumers at their homes and places of employment.

21. Respondent's employees stated the name of the company, wore name tags, handed their business cards to third parties, or left their business cards on a consumer's door where third parties could find it.
22. Respondent's employees threatened consumers with in-person collection visits, telling them that if the consumer did not return a phone call or make a payment, then Respondent would conduct an in-person collection visit.
23. Respondent's employees visited a consumer's home or place of employment even when they were able to contact the consumer through other means, and at times, visited a consumer's home or place of employment even when one of Respondent's employees had recently spoken with the consumer by phone.
24. If a consumer was not present or not available to speak during an in-person collection visit, then Respondent's employee would attempt to leave a letter for the consumer with a third party, such as the consumer's supervisor, co-worker, parent, child, or roommate. Third parties at consumers' workplaces at times refused to accept these letters because the consumer could not engage in personal business matters at work. In addition, at times, Respondent's employees were turned away from a consumer's workplace by a third party, such as a supervisor, co-worker, receptionist, or security officer, because the consumer was not permitted to have personal visitors at work.
25. Respondent's policies provided that employees should avoid disclosing the existence of the debt to third parties during in-person collection visits, but Respondent's employees did disclose or engaged in conduct that risked the disclosure of the existence of consumers' debts to third parties, such as the

consumers' supervisors, co-workers, neighbors, roommates, or family members. For example, at times, Respondent's employees discussed the consumer's debt with third parties or discussed the debt with the consumer in a place where third parties could overhear.

26. Respondent's employees visited consumers' places of employment when Respondent's employees knew or should have known that personal visitors were not permitted or that going to consumers' places of employment was inconvenient to consumers. Respondent went to consumers' places of employment even when consumers requested that Respondent not communicate with them at work. For example, one consumer stated that she was told by one of Respondent's employees that "[w]e received your letter saying no communication at work, but if you don't call us back I'm showing up at your job." Such visits could disrupt the consumers' workplace and cause or risk adverse employment consequences to consumers.
27. Consumers suffered or were likely to suffer harm as a result of in-person collection visits, including humiliation and reputational damage, as well as negative consequences at work.
28. During the Relevant Time Period, Respondent conducted thousands of in-person collection visits to consumers' homes or places of employment.
29. In numerous instances, in connection with collecting or attempting to collect debt, during visits to consumers' homes and places of employment, Respondent caused or was likely to cause substantial injury to consumers by disclosing or risking disclosing the existence of the consumers' debt to third parties or by visiting consumers' places of employment when Respondent knew or should have known that personal visitors were not permitted or that going to the consumers' places of

employment was inconvenient to consumers.

30. Respondent's acts and practices, described in Paragraph 29, caused or were likely to cause substantial injury to consumers, such as humiliation and reputational damage, as well as negative consequences at work, that was not reasonably avoidable by consumers or outweighed by countervailing benefits to consumers or to competition.
31. Thus, Respondent engaged in unfair acts or practices in violation of sections 1031, and 1036(a)(1)(B) of the CFPA, 12 U.S.C. §§ 5531, 5536(a)(1)(B).

Unlawful Calls to Third Parties

32. As part of its loan application process, Respondent required consumers to list addresses and phone numbers for references, supervisors, and, in many instances, landlords. Respondent did not disclose to consumers that these third parties would later be contacted by Respondent's employees as part of debt collection efforts for purposes other than to acquire location information for the consumer.
33. Respondent's policies stated that employees should contact third parties for "location purposes only," but at times, Respondent did not limit debt collection calls to references, supervisors, and landlords to circumstances in which it lacked adequate contact information for the consumer. Respondent called these third parties repeatedly, and, at times, disclosed or risked disclosing the existence of the consumer's debt.
34. In numerous instances, in connection with collecting or attempting to collect debt, Respondent, for reasons other than to acquire location information and without prior consent of consumers, called third parties (in some cases repeatedly), including consumers' credit references, supervisors, and landlords, and disclosed

or risked disclosing the existence of the debt to third parties.

35. Respondent's acts and practices, described in Paragraph 34, caused or were likely to cause substantial injury to consumers, such as humiliation and reputational damage, as well as negative consequences at work, that was not reasonably avoidable by consumers or outweighed by countervailing benefits to consumers or to competition.
36. Thus, Respondent engaged in unfair acts or practices in violation of Sections 1031, and 1036(a)(1)(B) of the CFPA, 12 U.S.C. §§ 5531, 5536(a)(1)(B).

Unlawful Calls to Consumers at Work

37. In numerous instances, in connection with collecting or attempting to collect debt, Respondent called consumers at work, sometimes multiple times, after being told that consumers were not allowed to receive calls at work.
38. Respondent's acts and practices, described in Paragraph 37, of calling consumers at work in connection with collecting or attempting to collect debt, when Respondent knew or should have known that such calls were prohibited by the consumers' employer, caused or was likely to cause substantial injury to consumers, such as humiliation and reputational damage, as well as negative consequences at work, that was not reasonably avoidable by consumers or outweighed by countervailing benefits to consumers or to competition.
39. Thus, Respondent engaged in unfair acts or practices in violation of Sections 1031, and 1036(a)(1)(B) of the CFPA, 12 U.S.C. §§ 5531, 5536(a)(1)(B).

Unlawful “ACH Splits”

40. Respondent collected loan payments from consumers by electronic fund transfers through the Automated Clearing House (“ACH”), an electronic network used to

- obtain and transmit payments and deposits.
41. If consumers did not have sufficient funds in their accounts when Respondent attempted an electronic fund transfer, consumers' banks often assessed non-sufficient funds ("NSF") fees or overdraft fees against the consumer.
 42. During the Relevant Time Period, until early 2013, if an initial electronic fund transfer from a consumer's bank account failed due to insufficient funds, Respondent would initiate an "ACH split" on the consumer's next payday. An "ACH split" was three simultaneous attempts to withdraw money electronically from a consumer's bank account: one for 50% of the total amount due, one for 30% of the total amount due, and one for 20% of the total amount due. Respondent did not adequately disclose to consumers that it would initiate an ACH split if an initial electronic fund transfer failed. Since 2011, tens of thousands of consumers have likely incurred bank fees if consumers did not have sufficient funds in their accounts when the ACH splits were presented to the consumers' banks.
 43. ACH splits resulted in a large number of bank fees being imposed on consumers. Since 2011, approximately 80% of ACH splits resulted in three failed electronic fund transfers, often resulting in three NSF fees assessed against consumers by their banks.
 44. In numerous instances, during the Relevant Time Period until at least March 2013 when Respondent changed its policy, including as described in Paragraphs 42 and 43, in connection with collecting or attempting to collect debt, if an initial electronic fund transfer from a consumer's bank account failed, Respondent initiated an ACH split.
 45. Respondent's acts and practices, described in Paragraph 44, caused or were likely

to cause substantial injury to consumers, such as NSF fees imposed by the consumers' banks, that was not reasonably avoidable by consumers or outweighed by countervailing benefits to consumers or to competition.

46. Thus, Respondent engaged in unfair acts or practices in violation of Sections 1031, and 1036(a)(1)(B) of the CFPA, 12 U.S.C. §§ 5531, 5536(a)(1)(B).

False Threats of Legal Action

47. In numerous collection calls, Respondent falsely threatened consumers with litigation if they did not pay a past due amount, including by stating that the consumers' accounts could be sent or referred to legal, legal collections, or the legal department; that their accounts could be put in a "legal status" or reviewed for legal action; that legal action was possible or could be pursued; or that consumers could incur additional fees, such as legal fees, as a result of nonpayment.
48. In fact, at the time these threats were made, Respondent did not refer these types of accounts to any legal division, law firm, or legal department; did not put the accounts in a "legal status" or review them for legal action; did not take legal action against consumers on the accounts; and did not cause consumers to pay any legal fees on the accounts.
49. As described in Paragraph 47, in connection with collecting or attempting to collect debt, in numerous instances, Respondent represented to consumers, directly or indirectly, expressly or by implication, that if the consumer did not make a payment, Respondent might take legal action against them.
50. In truth and in fact, Respondent did not intend to take legal action against these consumers to collect past due amounts and its policies prohibited such threats.
51. Thus, Respondent's representations, as described in Paragraph 49, constitute

deceptive acts or practices in violation of sections 1031 and 1036(a)(1)(B) of the CFPA, 12 U.S.C. §§ 5531, 5536(a)(1)(B).

Misrepresentations about Consumers' Ability to Stop Electronic Fund Transfers

52. Respondent's policy permitted consumers to revoke their authorization for Respondent to initiate electronic fund transfers from the consumer's bank account by notifying Respondent either in writing or orally, depending on the type of loan.
53. Consumers could also stop electronic fund transfers by contacting their bank.
54. In numerous instances, in connection with collecting or attempting to collect debt, Respondent represented to consumers, directly or indirectly, expressly or by implication, that the only way for consumers to stop Respondent from initiating electronic fund transfers against the consumer's account was for the consumer to make a payment or to set up a payment arrangement.
55. In truth and in fact, Respondent's policy was that consumers could revoke their authorization for Respondent to initiate electronic fund transfers, and consumers could also stop electronic fund transfers by contacting their banks.
56. Thus, Respondent's representations, as described in Paragraph 54, constitute deceptive acts or practices in violation of sections 1031 and 1036(a)(1)(B) of the CFPA, 12 U.S.C. §§ 5531, 5536(a)(1)(B).

Misrepresentations about Consumers' Ability to Stop Collection Calls

57. Respondent's policy was to honor a consumer's written request to stop collection calls to a personal number and to honor a consumer's oral or written request to stop collection calls to a work number.
58. In numerous instances, in connection with the collecting or attempting to collect a

debt, Respondent represented to consumers, directly or indirectly, expressly or by implication, that the only way for consumers to stop Respondent from making collection calls to the consumer was for the consumer to make a payment or to set up a payment arrangement.

59. In truth and in fact, it was Respondent's policy to honor a consumer's request to stop collection calls.
60. Thus, Respondent's representations, as described in Paragraph 58, constitute deceptive acts or practices in violation of sections 1031 and 1036(a)(1)(B) of the CFPA, 12 U.S.C. §§ 5531, 5536(a)(1)(B).

Misrepresentations about the Timing of Electronic Fund Transfers

61. During the Relevant Time Period, certain of Respondent's installment loan documents, including loan notes and authorizations for electronic fund transfers, provided specific information about when Respondent would initiate an electronic fund transfer to debit a consumer's account. For example, Respondent's documents variously represented that:
 - a. Respondent would initiate an electronic fund transfer after 12:00 p.m. on the due date, if the consumer did not make a payment by that time;
 - b. Respondent would initiate an electronic fund transfer after the store's close of business on the due date, if the consumer did not make a payment by that time;
 - c. Respondent would initiate an electronic fund transfer on or after 6:00 p.m. on the due date; or
 - d. Consumers had until 1:00 p.m. on the due date to make a payment, and if they did so, Respondent would cancel the electronic fund transfer.

62. In fact, Respondent batched electronic fund transfer requests for installment loans on the evening before the due date and initiated them early in the morning on the due date, typically between 4:00 a.m. and 6:00 a.m., and Respondent did not cancel electronic fund transfers after they were transmitted.
63. As a result, consumers were harmed. For the first failed electronic fund transfer, Respondent assessed a one-time fee of up to \$40 against the consumer, depending on the state. Consumers also incurred fees from their banks. In some instances, as a result of Respondent's practices, consumers had insufficient funds in their accounts to cover payments to other entities. Since 2011, tens of thousands of consumers have likely incurred bank fees when Respondent initiated debits earlier than authorized because consumers did not have sufficient funds in their accounts at the time of the early debit.
64. As described in Paragraph 61, in connection with providing installment loans to consumers, in numerous instances, Respondent represented to consumers, directly or indirectly, expressly or by implication, that Respondent would initiate an electronic fund transfer after a specific time on the due date.
65. In truth and in fact, Respondent initiated electronic fund transfers prior to the times stated in loan documents.
66. Thus, Respondent's representations, as described in Paragraph 64, constitute deceptive acts or practices in violation of sections 1031 and 1036(a)(1)(B) of the CFPA, 12 U.S.C. §§ 5531, 5536(a)(1)(B).

Misrepresentation about Consumers' Ability to Repay Their Loans Early

67. Respondent's policies stated that consumers could prepay their loans without penalty. In numerous instances, during the Relevant Time Period until at least July

2013, in connection with providing installment loans to consumers, Respondent represented to consumers in Colorado, directly or indirectly, expressly or by implication, that consumers could not repay their multi-payment installment loans in full at any point in the loan term or could not repay such loans early without penalty.

68. In truth and in fact, for the loans in question, there were no restrictions on or penalties for early repayment, and consumers could avoid the possibility of paying additional interest and fees through early repayment.
69. Thus, Respondent's representations, as described in Paragraph 67 constitute deceptive acts or practices in violation of sections 1031 and 1036(a)(1)(B) of the CFPA, 12 U.S.C. §§ 5531, 5536(a)(1)(B).

False Statements that Respondent Would Not Conduct a Credit Check on Applicants

70. From November 2011 to May 2012, Respondent displayed advertisements in numerous stores stating that Respondent would not conduct a credit check on loan applicants.
71. In fact, at the time the advertisements were displayed, Respondent routinely conducted credit checks on loan applicants.
72. As described in Paragraph 70, in numerous instances, Respondent has represented to consumers, directly or indirectly, expressly or by implication, that they would not conduct a credit check on loan applicants.
73. In truth and in fact, Respondent conducted credit checks on loan applicants. Consumers who may have believed that their credit reports would be negatively affected by the existence of credit inquiries, and consumers with poor credit

history, may not have sought a loan if they were aware that a credit check would be conducted.

74. Thus, Respondent's representations, as described in Paragraph 72, constitute deceptive acts or practices in violation of sections 1031 and 1036(a)(1)(B) of the CFPA, 12 U.S.C. §§ 5531, 5536(a)(1)(B).

Extension of Credit Conditioned on Prauthorized Electronic Fund Transfers

75. During the Relevant Time Period, until January 23, 2013, many consumers who obtained an installment loan from Respondent signed a loan note that required them to authorize Respondent to initiate multiple electronic fund transfers from the consumer's bank account. The authorizations allowed Respondent to withdraw funds from the consumer's bank account at substantially regular intervals, such as biweekly or monthly, for repayment of the loan.
76. In numerous instances, Respondent conditioned the extension of credit to consumers on consumers agreeing to repay their loans by preauthorized electronic fund transfers.
77. Thus, Respondent violated the EFTA, 15 U.S.C. § 1693k(1) and Regulation E, 12 C.F.R. § 1005.10(e)(1).

ORDER

V

Conduct Provisions

IT IS ORDERED, under sections 1053 and 1055 of the CFPA, that:

78. Respondent and its officers, agents, servants, employees, and attorneys who have actual notice of this Consent Order, whether acting directly or indirectly, may not

violate, including by taking reasonable measures to ensure that its Service Providers, Affiliates, and other agents do not violate, sections 1031 and 1036 of the CFPB, 12 U.S.C. §§ 5531 and 5536, section 913 of the EFTA, 15 U.S.C. § 1693k(1), Regulation E, 12 C.F.R. § 1005.10(e)(1), or the Fair Debt Collection Practices Act (“FDCPA”), 15 U.S.C. § 1692 *et seq.*

79. Respondent, and its officers, agents, servants, employees, and attorneys who have actual notice of this Consent Order, whether acting directly or indirectly, in connection with offering, providing, arranging for, servicing, or collecting on payday or installment loans, are permanently restrained and prohibited from, or assisting others in:
 - a. visiting a consumer’s home or place of employment in connection with collecting or attempting to collect debt;
 - b. contacting any person or entity in relation to the consumer’s account, other than the consumer, except:
 - i. for the purpose of acquiring the address of consumer’s residence, the consumer’s phone number at that residence, or the consumer’s mobile phone number, and then the contact must not (1) disclose the consumer owes any debt, (2) disclose the communication relates to the collection of a debt, or (3) occur more than once to the same third party unless requested by that party; or
 - ii. if the consumer, after default, provides his or her voluntary, affirmative, and specific written permission, on an opt-in basis.
 - c. calling a consumer at a telephone number that Respondent knows or should know is a telephone number for the consumer’s place of employment, in

- connection with collecting or attempting to collect debt, unless the consumer, after default, has given his or her voluntary, affirmative, and specific written permission, on an opt-in basis;
- d. disclosing or risking disclosing the existence of the consumer's debt to any person other than the consumer, including references, landlords, or supervisors, in connection with collecting or attempting to collect a debt;
 - e. initiating an electronic fund transfer against a consumer's account after a previous electronic fund transfer against the consumer's account has failed due to insufficient funds, unless Respondent obtains the consumer's voluntary, affirmative, and specific written or recorded authorization, on an opt-in basis, after the failed attempt; and
 - f. conditioning the extension of credit to consumers on repayment by preauthorized electronic fund transfers.
80. Respondent, and its officers, agents, servants, employees, and attorneys who have actual notice of this Consent Order, whether acting directly or indirectly, may not misrepresent, in connection with offering, providing, arranging for, servicing, or collecting on payday or installment loans, or assist others in misrepresenting, expressly or impliedly:
- a. That Respondent will or might take legal action against a consumer;
 - b. That consumers cannot stop electronic fund transfers from their bank accounts, including by representing that the only way for a consumer to stop Respondent from initiating electronic fund transfers from the consumer's bank account is for the consumer to make a payment or to set up a payment arrangement;

- c. That consumers cannot stop collection calls, including by representing that the only way for a consumer to stop Respondent from making collection calls is for the consumer to make a payment or to set up a payment arrangement;
 - d. The time or date Respondent will initiate an electronic fund transfer;
 - e. That consumers cannot repay installment loans early, including by representing that the consumer cannot repay in full at any point in the loan term or cannot repay such loans early without a penalty;
 - f. That Respondent will not conduct a credit check on loan applicants; or
 - g. Any other fact material to consumers concerning Respondent's offering, provision, arrangement for, servicing, or collection of payday or installment loans.
81. Respondent, and its officers, agents, servants, employees, and attorneys who have actual notice of this Consent Order, whether acting directly or indirectly, must clearly and prominently disclose to a consumer how to stop electronic fund transfers by Respondent, including immediately after a consumer states that he or she does not want Respondent to initiate an electronic fund transfer.

VI

Compliance Plan

IT IS FURTHER ORDERED that:

82. If, after the Operations Termination Date, Respondent decides to offer, provide, arrange for, service, or collect on payday or installment loans at any point in the future, at least 60 days before doing so, Respondent must submit to the Regional Director, for review and determination of non-objection, a comprehensive compliance plan designed to ensure that Respondent's offering, provision,

arranging for, servicing, and collection of payday and installment loans comply with applicable Federal consumer protection laws and the terms of this Consent Order (“Compliance Plan”). The Compliance Plan shall, at a minimum:

- a. Include detailed steps for addressing each action required by this Consent Order;
- b. Explain Respondent’s consumer compliance organizational and reporting structure;
- c. Provide written descriptions of the job duties for key consumer-compliance staff positions, which clearly define employee authority and accountability;
- d. Require that Respondent record and regularly monitor its debt collection calls;
- e. Require ongoing education and training in applicable federal and state consumer protection laws and the terms of this Consent Order for all appropriate employees, with training tailored to each individual’s job duties or other role within the company. Respondent shall document its training program and shall review and update its training program at least annually to ensure that it provides appropriate individuals with the most relevant information;
- f. Require a consumer complaint monitoring process, including the maintenance of adequate records of all written, oral, or electronic complaints or inquiries, formal or informal, received by Respondent and the resolution of the complaints and inquiries;
- g. Require independent audit coverage of the compliance program and Respondent’s compliance with all applicable federal and state consumer

- protection laws and internal policies and procedures;
- h. Require that the Compliance Plan be updated at least semi-annually—or as required by changes in laws or regulations, or changes in Respondent's business strategies or activities—to ensure that the Compliance Plan remains current and effective; and
 - i. Include specific timeframes and deadlines for implementation of the steps described above.
83. Within 90 days of the Respondent's submission of a comprehensive Compliance Plan, the Regional Director will have the discretion to make a determination of non-objection to the Compliance Plan or direct the Respondent to revise it. If the Regional Director directs the Respondent to revise the Compliance Plan, the Respondent must make the revisions and resubmit the Compliance Plan to the Regional Director within 30 days.
84. After receiving notification that the Regional Director has made a determination of non-objection to the Compliance Plan, the Respondent must implement and adhere to the steps, recommendations, deadlines, and timeframes outlined in the Compliance Plan.
85. Respondent may offer, provide, arrange for, service, and collect on payday and installment loans only after receiving notification that the Regional Director has made a determination of non-objection to the Compliance Plan and only after it is prepared to and capable of adhering to the steps, recommendations, deadlines, and timeframes outlined in the Compliance Plan.

VII

Role of the Board

IT IS FURTHER ORDERED that:

86. The Board must review all submissions required by this Consent Order prior to submission to the Bureau.
87. Although this Consent Order requires the Respondent to submit certain documents for the review or non-objection by the Regional Director, the Board will have the ultimate responsibility for proper and sound management of Respondent and for ensuring that Respondent complies with applicable Federal and state consumer protection laws and this Consent Order.
88. In each instance that this Consent Order requires the Board to ensure adherence to, or perform certain obligations of Respondent, the Board must:
 - a. Authorize whatever actions are necessary for Respondent to fully comply with the Consent Order;
 - b. Require timely reporting by management to the Board on the status of compliance obligations; and
 - c. Require timely and appropriate corrective action to remedy any material non-compliance with any failure to comply with Board directives related to this Section.

VIII

Redress and Remediation

IT IS FURTHER ORDERED that:

89. Within 10 days of the Effective Date, Respondent shall reserve or deposit into a segregated deposit account \$7,500,000 for the purpose of providing redress and

remediation as required by this Section.

90. Affected Consumers, expected to total approximately 93,000 consumers, are defined and will be remediated as follows:
- a. For all consumers for whom, during the Relevant Time Period, Respondent visited their home or place of employment in connection with collecting or attempting to collect debt from payday or installment loans, Respondent must provide redress, as follows: full restitution of all payments made, directly or indirectly, to Respondent by a consumer within 90 days of an in-person collection visit to that consumer, including payments of principal, interest, and fees.
 - b. For all consumers against whom, during the Relevant Time Period, Respondent initiated an ACH split, and more than one electronic fund transfer that was part of the ACH split failed, Respondent must provide redress as follows:
 - i. Respondent will provide \$34 for each electronic fund transfer that was the second and, where applicable, third such electronic fund transfer of an ACH split that failed due to insufficient funds in the consumer's account, and
 - ii. Respondent will refund all fees paid directly or indirectly to Respondent as a result of each second and, where applicable, third electronic fund transfer of an ACH split that failed.
 - c. For all consumers against whom, during the Relevant Time Period, Respondent initiated an electronic fund transfer at a time earlier than described in Respondent's loan documents, as described in Paragraphs 61-66,

and that electronic fund transfer failed, Respondent must provide redress as follows:

- i. Respondent will provide \$34 for each electronic fund transfer that failed due to insufficient funds in the consumer's account, and
 - ii. Respondent will refund all fees paid directly or indirectly to Respondent as a result of each electronic fund transfer that failed.
 - d. For all consumers who, during the Relevant Time Period, signed an installment loan note that included an authorization for Respondent to initiate preauthorized electronic fund transfers from the consumer's bank account, and against whom Respondent initiated one or more preauthorized electronic fund transfer that failed, Respondent must provide redress as follows: Respondent will refund all fees paid directly or indirectly to Respondent as a result of each such electronic fund transfer that failed.
91. For the approximately 130,000 consumers who, as of the Effective Date, have an allegedly outstanding debt with Respondent from a payday or installment loan, expected to total tens of millions of dollars in debt, Respondent must (i) cease all collection activities and take no further actions to enforce or collect such debts; (ii) cease accepting any payments from consumers related to such debts; (iii) not sell or otherwise transfer such debts to any third parties; and (iv) within 30 days of the Effective Date, request in writing to any Consumer Reporting Agencies to which Respondent has formerly reported information about consumers, that the Consumer Reporting Agencies amend, delete, or suppress any negative information relating to such debts.
92. Within 30 days of the Effective Date, Respondent shall submit to the Regional

Director for review and non-objection a comprehensive written plan for providing redress and remediation consistent with this Consent Order (“Redress and Remediation Plan”). The Regional Director shall have the discretion to make a determination of non-objection to the Redress and Remediation Plan or direct Respondent to revise it. If the Regional Director directs Respondent to revise the Redress and Remediation Plan, Respondent shall make the revisions and resubmit the Redress and Remediation Plan to the Regional Director within 15 days. Upon notification that the Regional Director has made a determination of non-objection to the Redress and Remediation Plan, Respondent shall promptly implement and adhere to the steps, recommendations, deadlines, and timeframes set forth in the Redress and Remediation Plan. The Redress and Remediation Plan shall:

- a. Identify a Third-Party Settlement Administrator (“Administrator”) to conduct the activities set forth in the Redress and Remediation Plan;
- b. Provide that Respondent shall pay all costs of administering redress and remediation as required by this Section;
- c. Require Respondent, through the Administrator, to provide redress, as required by this Section;
- d. Include a detailed description of the methodology used to determine the population of Affected Consumers and the appropriate redress for each Affected Consumer, and the procedures to issue and track redress payments;
- e. Include a detailed description of the procedures used to comply with the requirements in Paragraph 91 with respect to any allegedly outstanding payday and installment debt;
- f. Include the forms of the letters (“Notification Letters”) to be sent notifying

consumers of the redress and remediation described in Paragraphs 90 and 91, the form of the envelope that will contain the Notification Letters, and a description of the process of sending the Notification Letters to consumers, which must include the following:

- i. Respondent, through the Administrator, must send the Notification Letters by United States Postal Service first-class mail, address correction service requested, to the consumer's last address as maintained by Respondent's records.
- ii. If Respondent must provide redress to the consumer, Respondent must mail a redress check with the Notification Letter and include language explaining how the amount of the redress payment to the consumer was calculated; a statement that the provision of the redress payment is in accordance with the terms of this Consent Order; and a statement that accepting the redress payment will not subject the consumer to any new debt collection or credit reporting activities for that debt.
- iii. If the consumer, as of the Effective Date, has an allegedly outstanding debt with Respondent from a payday or installment loan, the Notification Letter must state the amount of the consumer's outstanding debt and that, pursuant to this Consent Order, Respondent must (i) cease all collection activities and take no further actions to enforce or collect such debts; (ii) cease accepting any payments from consumers related to such debts; (iii) within 30 days of the Effective Date, request in writing that any Consumer Reporting Agencies that compile and maintain files on consumers amend, delete,

- or suppress any negative information relating to such debts; and (iv) not sell or otherwise transfer such debts to any third parties.
- iv. Respondent must not include in any envelope containing a Notification Letter any materials other than the approved letter and, if applicable, redress checks.
- g. Require Respondent, through the Administrator, to make reasonable attempts to obtain a current address for any consumer whose Notification Letter is returned for any reason, using at least the National Change of Address System, and to promptly re-mail all returned letters to current addresses. If a redress check for any consumer is returned to Respondent after such second mailing, or if a current mailing address cannot be identified using the National Change of Address System, Respondent must retain the redress amount of such consumer for a period of one hundred and eighty (180) days from the date the check was originally mailed, during which period such amount may be claimed by such consumer upon appropriate proof of identity.
- h. Provide that nothing in the Redress and Remediation Plan creates any new collection or credit reporting rights on behalf of Respondent.
93. After completing the Redress and Remediation Plan, if the total amount of redress provided to Affected Consumers is less than \$7,500,000, then within 30 days of completion of the Redress and Remediation Plan, Respondent must pay to the Bureau by wire transfer to the Bureau or the Bureau's agent, and according to the Bureau's wiring instructions, the difference between the amount of redress provided to Affected Consumers and \$7,500,000.

94. The Bureau may use these remaining funds to pay additional redress to Affected Consumers. If the Bureau determines, in its sole discretion, that additional redress is wholly or partially impracticable or otherwise inappropriate, or if funds remain after the additional redress is completed, the Bureau will deposit any remaining funds in the U.S. Treasury as disgorgement. Respondent will have no right to challenge any actions that the Bureau or its representatives may take under this Section.
95. Respondent must not condition any redress or remediation to any consumer under this Consent Order on that person's agreement to any condition, such as the waiver of any right.

IX

Order to Pay Civil Money Penalties

IT IS FURTHER ORDERED that:

96. Under section 1055(c) of the CFPA, 12 U.S.C. § 5565(c), by reason of the violations of law described in Section IV of this Consent Order, and taking into account the factors in 12 U.S.C. § 5565(c)(3), Respondent must pay a civil money penalty of \$3,000,000 to the Bureau, as directed by the Bureau and as set forth herein.
97. Within 10 days of the Effective Date, Respondent must pay the civil money penalty by wire transfer to the Bureau or to the Bureau's agent in compliance with the Bureau's wiring instructions.
98. The civil money penalty paid under this Consent Order will be deposited in the Civil Penalty Fund of the Bureau as required by section 1017(d) of the CFPA, 12 U.S.C. § 5497(d).
99. Respondent must treat the civil money penalty paid under this Consent Order as a

penalty paid to the government for all purposes. Regardless of how the Bureau ultimately uses those funds, Respondent may not:

- a. Claim, assert, or apply for a tax deduction, tax credit, or any other tax benefit for any civil money penalty paid under this Consent Order; or
- b. Seek or accept, directly or indirectly, reimbursement or indemnification from any source, including but not limited to payment made under any insurance policy, with regard to any civil money penalty paid under this Consent Order.

100. To preserve the deterrent effect of the civil money penalty in any Related Consumer Action, Respondent may not argue that Respondent is entitled to, nor may Respondent benefit by, any offset or reduction of any compensatory monetary remedies imposed in the Related Consumer Action because of the civil money penalty paid in this action (“Penalty Offset”). If the court in any Related Consumer Action grants such a Penalty Offset, Respondent must, within 30 days after entry of a final order granting the Penalty Offset, notify the Bureau, and pay the amount of the Penalty Offset to the U.S. Treasury. Such a payment will not be considered an additional civil money penalty and will not change the amount of the civil money penalty imposed in this action.

X

Additional Monetary Provisions

IT IS FURTHER ORDERED that:

101. In the event of any default on Respondent’s obligations to make payment under this Consent Order, interest, computed under 28 U.S.C. § 1961, as amended, will accrue on any outstanding amounts not paid from the date of default to the date of payment, and will immediately become due and payable.

102. Respondent must relinquish all dominion, control, and title to the funds paid to the fullest extent permitted by law and no part of the funds may be returned to Respondent.
103. Under 31 U.S.C. § 7701, Respondent, unless it already has done so, must furnish to the Bureau its taxpayer identifying numbers, which may be used for purposes of collecting and reporting on any delinquent amount arising out of this Consent Order.
104. Within 30 days of the entry of a final judgment, consent order, or settlement in a Related Consumer Action, Respondent must notify the Regional Director of the final judgment, consent order, or settlement in writing. That notification must indicate the amount of redress, if any, that Respondent paid or is required to pay to consumers and describe the consumers or classes of consumers to whom that redress has been or will be paid.

XI

Reporting Requirements

IT IS FURTHER ORDERED that:

105. Respondent must notify the Bureau of any development that may affect compliance obligations arising under this Consent Order, including but not limited to, a dissolution, assignment, sale, merger, or other action that would result in the emergence of a successor company; the creation or dissolution of a subsidiary, parent, or affiliate that engages in any acts or practices subject to this Consent Order; the filing of any bankruptcy or insolvency proceeding by or against Respondent; or a change in Respondent's name or address. Respondent must provide this notice, if practicable, at least 30 days before the development, but in

any case no later than 14 days after the development.

106. Within 90 days of the Effective Date, and again one year after the Effective Date, Respondent must submit to the Regional Director an accurate written compliance progress report (“Compliance Report”), which has been approved by the Board, which, at a minimum:
- a. Describes in detail the manner and form in which Respondent has complied with this Order; and
 - b. Attaches a copy of each Order Acknowledgment obtained under Section XII, unless previously submitted to the Bureau.

XII

Order Distribution and Acknowledgment

IT IS FURTHER ORDERED that:

107. Within 30 days of the Effective Date, Respondent must deliver a copy of this Consent Order to each of its board members and executive officers, as well as to any managers, employees, Service Providers, or other agents and representatives who have responsibilities related to the subject matter of the Consent Order.
108. For 5 years from the Effective Date, Respondent must deliver a copy of this Consent Order to any business entity resulting from any change in structure referred to in Section XI, any future board members and executive officers, as well as to any managers, employees, Service Providers, or other agents and representatives who will have responsibilities related to the subject matter of the Consent Order before they assume their responsibilities.
109. To the extent that Respondent is required to provide a copy of this Consent Order to any person pursuant to Section XII of this Consent Order, Respondent must

secure a signed and dated statement acknowledging receipt of a copy of this Consent Order, ensuring that any electronic signatures comply with the requirements of the E-Sign Act, 15 U.S.C. § 7001 *et seq.*, within 30 days of delivery, from all persons receiving a copy of this Consent Order under this Section.

XIII

Recordkeeping

IT IS FURTHER ORDERED that:

110. Respondent must create, or if already created, must retain for at least 5 years from the Effective Date, the following business records:
 - a. All documents and records necessary to demonstrate full compliance with each provision of this Consent Order, including all submissions to the Bureau; and
 - b. All documents and records pertaining to Redress and Remediation, described in Section VIII above.
111. Respondent must retain the documents identified in Paragraph 110 for the duration of this Consent Order.
112. Respondent must make the documents identified in Paragraph 110 available to the Bureau upon the Bureau's request.

XIV

Notices

IT IS FURTHER ORDERED that:

113. Unless otherwise directed in writing by the Bureau, Respondent must provide all submissions, requests, communications, or other documents relating to this Consent Order in writing, with the subject line, “*In re EZCORP, Inc., et al.*, File No.

2015-CFPB-0031," and send them either:

- a. By overnight courier (not the U.S. Postal Service) to, as follows:

James Carley
Regional Director, Bureau Southeast Region
Consumer Financial Protection Bureau
1625 Eye Street, N.W., 4th Floor
Washington D.C. 20006

or;

- b. By first-class mail to the below address and contemporaneously by email to

Enforcement_Compliance@cfpb.gov:

James Carley
Regional Director, Bureau Southeast Region
Consumer Financial Protection Bureau
1700 G Street, N.W.
Washington D.C. 20552

XV

Cooperation with the Bureau

IT IS FURTHER ORDERED that:

114. Respondent must cooperate fully to help the Bureau determine the identity of and location of, and the amount of injury sustained by, each Affected Consumer, and each consumer who, as of the Effective Date, had an allegedly outstanding debt with Respondent from a payday or installment loan. Respondent must provide such information in its or its agents' possession or control within 30 days of receiving a written request from the Bureau.

XVI

Compliance Monitoring

IT IS FURTHER ORDERED that, to monitor Respondent's compliance with this Consent Order:

115. Within 30 days of receipt of a written request from the Bureau, Respondent must submit additional Compliance Reports or other requested information, which must be made under penalty of perjury; provide sworn testimony; or produce documents.
116. Respondent must permit Bureau representatives to interview any employee or other person affiliated with Respondent who has agreed to such an interview. The person interviewed may have counsel present.
117. Nothing in this Consent Order will limit the Bureau's lawful use of civil investigative demands under 12 C.F.R. § 1080.6 or other compulsory process.
118. For the duration of the Order in whole or in part, Respondent agrees to continue to be subject to the Bureau's supervisory authority under 12 U.S.C. § 5514. Consistent with 12 C.F.R. § 1091.111, Respondent may not petition for termination of supervision under 12 C.F.R. § 1091.113.

XVII

Modifications to Non-Material Requirements

IT IS FURTHER ORDERED that:

119. Respondent may seek a modification to non-material requirements of this Consent Order (*e.g.*, reasonable extensions of time and changes to reporting requirements) by submitting a written request to the Regional Director.
120. The Regional Director may, in his/her discretion, modify any non-material requirements of this Consent Order (*e.g.*, reasonable extensions of time and changes to reporting requirements) if he/she determines good cause justifies the modification. Any such modification by the Regional Director must be in writing.

XVIII

Administrative Provisions

121. The provisions of this Consent Order do not bar, estop, or otherwise prevent the Bureau, or any other governmental agency, from taking any other action against Respondent, except as described in Paragraph 122.
122. The Bureau releases and discharges Respondent from all potential liability for law violations that the Bureau has or might have asserted based on the practices described in Section IV of this Consent Order, to the extent such practices occurred before the Effective Date and the Bureau knows about them as of the Effective Date. The Bureau may use the practices described in this Consent Order in future enforcement actions against Respondent and its affiliates, including, without limitation, to establish a pattern or practice of violations or the continuation of a pattern or practice of violations or to calculate the amount of any penalty. This release does not preclude or affect any right of the Bureau to determine and ensure compliance with the Consent Order, or to seek penalties for any violations of the Consent Order.
123. All pending motions are hereby denied as moot.
124. This Consent Order is intended to be, and will be construed as, a final Consent Order issued under section 1053 of the CFPA, 12 U.S.C. § 5563, and expressly does not form, and may not be construed to form, a contract binding the Bureau or the United States.
125. This Consent Order will terminate 5 years from the Effective Date or 5 years from the most recent date that the Bureau initiates an action alleging any violation of the Consent Order by Respondent, whichever is later. If such action is dismissed or the

relevant adjudicative body rules that Respondent did not violate any provision of the Consent Order, and the dismissal or ruling is either not appealed or upheld on appeal, then the Consent Order will terminate as though the action had never been filed. The Consent Order will remain effective and enforceable until such time, except to the extent that any provisions of this Consent Order have been amended, suspended, waived, or terminated in writing by the Bureau or its designated agent.

126. Calculation of time limitations will run from the Effective Date and be based on calendar days, unless otherwise noted.
127. Should Respondent seek to transfer or assign all or part of its operations that are subject to this Consent Order, Respondent must, as a condition of sale, obtain the written agreement of the transferee or assignee to comply with all applicable provisions of this Consent Order.
128. The provisions of this Consent Order will be enforceable by the Bureau. For any violation of this Consent Order, the Bureau may impose the maximum amount of civil money penalties allowed under section 1055(c) of the CFPA, 12 U.S.C. § 5565(c). In connection with any attempt by the Bureau to enforce this Consent Order in federal district court, the Bureau may serve Respondent wherever Respondent may be found and Respondent may not contest that court's personal jurisdiction over Respondent.
129. This Consent Order and the accompanying Stipulation contain the complete agreement between the parties. The parties have made no promises, representations, or warranties other than what is contained in this Consent Order and the accompanying Stipulation. This Consent Order and the accompanying Stipulation supersede any prior oral or written communications, discussions, or

understandings.

130. Nothing in this Consent Order or the accompanying Stipulation may be construed as allowing the Respondent, its Board, officers, or employees to violate any law, rule, or regulation.

IT IS SO ORDERED, this 15 th day of December, 2015.


Richard Cordray
Director
Consumer Financial Protection Bureau