Consumer Financial Protection Bureau

CONSUMER FINANCIAL PROTECTION BUREAU: ENFORCING CONSUMER PROTECTION LAWS

The Consumer Financial Protection Bureau (CFPB) was created in the wake of the financial meltdown to stand up for consumers and make sure they are treated fairly in the consumer financial marketplace. Supervising financial companies and enforcing consumer protection laws is core to the Bureau carrying out its mission. Since opening its doors in 2011, the CFPB has held bad actors accountable and helped consumers harmed by illegal practices.

CFPB ENFORCEMENT AND SUPERVISION BY THE NUMBERS

- **$4.6 Billion:** Money ordered in relief to consumers by CFPB enforcement actions
- **15 Million:** Consumers who will receive relief because of CFPB enforcement actions
- **$150 Million:** Money ordered to be paid in civil penalties as a result of CFPB enforcement actions
- **$75 Million:** Monetary relief provided to consumers as a result of CFPB supervisory actions
- **775,000:** Consumers who will receive remediation because of CFPB supervisory actions

SUPERVISING FINANCIAL COMPANIES

The CFPB supervises companies to determine their compliance with federal consumer financial laws, assess risks to consumers, and to help ensure a fair and transparent marketplace for consumers. In addition to its authority over banks and credit unions with assets over $10 billion, and their affiliates, the CFPB is the first federal agency with supervisory authority over certain nonbank financial companies. These nonbanks include mortgage lenders and servicers, payday lenders, and private student lenders of all sizes, as well as larger participants in the debt collection, consumer reporting, and student loan servicing markets.

The CFPB routinely discovers problems during examinations that can be resolved through the confidential supervision process. CFPB supervisory actions and self-reported violations at banks and nonbanks have resulted in more than $75 million in remediation to approximately 775,000 consumers.

ENFORCEMENT HIGHLIGHTS

As of July 9, 2014, CFPB enforcement actions have resulted in $4.6 billion in relief for roughly 15 million consumers harmed by illegal practices.

CREDIT CARDS

The CFPB has returned nearly $1.8 billion to millions of consumers harmed by deceptive marketing and enrollment, unfair billing, and discriminatory credit card practices.

- **Bank of America - $727 million consumer refund for deceptive marketing:** The CFPB ordered Bank of America to provide $727 million in relief to consumers harmed by practices related to credit card add-on products. Roughly 1.4 million consumers were affected by Bank of America's deceptive marketing of their add-on products. Bank of America also illegally charged approximately 1.9 million consumer accounts for credit monitoring and credit reporting services that they were not receiving. In addition to the relief, Bank of America will pay a $20 million civil penalty to the CFPB.

- **JPMorgan Chase Bank & Chase Bank – $309 million consumer refund for unfair billing:** The CFPB, working with the OCC, ordered JPMorgan Chase and Chase Bank to refund an estimated $309 million to approximately 2.1 million consumers and pay a $20 million civil penalty. The CFPB found the banks engaged in unfair billing practices for certain credit card add-on products by charging consumers for credit monitoring services that they did not receive.

- **GE Capital -- $225 million consumer refund for deceptive marketing and discrimination:** In the federal government's largest ever credit card discrimination settlement, the CFPB and Department of Justice took action against GE Capital Retail Bank, now known as Synchrony Bank. GE Capital must refund $56 million to approximately 638,000 consumers who were subjected to deceptive marketing practices, and $169 million to about 108,000 borrowers excluded from debt relief offers because of their national origin.

- **Discover – $200 million consumer refund for deceptive marketing:** The CFPB, working with the FDIC, ordered Discover to refund approximately $200 million to more than 3.5 million consumers and pay a $7 million civil penalty. The action stopped Discover's deceptive telemarketing and sales practices used to mislead consumers into paying for credit card add-on products.

- **Capital One – $140 million consumer refund for deceptive marketing:** The CFPB, working with the OCC, ordered Capital One to refund approximately $140 million to 2 million consumers and pay an additional $25 million civil penalty. This action halted deceptive marketing practices used by Capital One's vendors who pressured and misled consumers into paying for add-on products such as payment protection and credit monitoring.

- **American Express – $85 million consumer refund for illegal practices:** The CFPB ordered three American Express subsidiaries to refund an estimated $85 million to approximately 250,000 consumers and pay a $14.1 million civil penalty. The action was the result of an investigation by the CFPB and other federal and state regulators that uncovered illegal practices at every stage of the consumer experience, from marketing to enrollment to payment to debt collection.

- **American Express – $59.5 million consumer refund for deceptive marketing and unfair billing:** The CFPB, working with the FDIC and OCC, ordered American Express to refund approximately $59.5 million to more than 335,000 consumers for illegal credit card practices including unfair billing tactics and deceptive marketing of credit card add-on products. The CFPB also ordered American Express to pay $9.6 million in civil penalties.

- **GE CareCredit – $34 million consumer refund for deceptive enrollment tactics:** The CFPB ordered GE Capital Retail Bank and its subsidiary CareCredit to refund up to $34.1 million to potentially more than 1 million consumers for illegal credit card enrollment practices. At doctors' and dentists' offices around the country, consumers were signed up for CareCredit credit cards thought to be interest free but that actually accrued interest that kicked in if the full balance was not paid at the end of the promotional period.

MORTGAGES

Mortgage Servicing

The CFPB has ordered $2.6 billion in relief for consumers harmed by systematic misconduct by mortgage servicers.

- **Ocwen – $2 billion in relief and $125 million consumer refund:** The CFPB, along with authorities in 49 states, took action against the nation's largest nonbank mortgage loan servicer, Ocwen Financial Corporation, and its subsidiary, Ocwen Loan Servicing, for misconduct at every stage of the mortgage servicing process. A federal court consent order requires Ocwen to provide $2 billion in principal reduction to underwater borrowers and to refund $125 million to nearly 185,000 borrowers who had already been foreclosed upon.

- **SunTrust -- $500 million in relief and $40 million consumer refund:** The CFPB, along with the Department of Justice and authorities in 49 states, filed a proposed consent order with SunTrust Mortgage addressing systemic mortgage servicing misconduct including robo-signing and illegal foreclosure practices. If entered by the district court, the consent order will require SunTrust to provide $500 million in loss-mitigation relief to underwater borrowers, and pay $40 million to approximately 48,000 consumers who lost their homes to foreclosure.

Mortgage Lending

The CFPB has ordered $44 million in remediation to 85,000 consumers harmed by discriminatory and illegal mortgage lending practices.

- **National City Bank/PNC – $35 million consumer refund for discrimination:** At the request of the CFPB and the DOJ, a federal district court in Pennsylvania issued a consent order requiring National City Bank—now owned by PNC—to pay $35 million in restitution to African-American and Hispanic borrowers who were charged higher prices on mortgage loans than non-minority borrowers.

- **Castle & Cooke – $9 million consumer refund for illegal steering:** At the request of the CFPB, a federal district court in Salt Lake City issued a consent order requiring Utah-based Castle & Cooke Mortgage LLC to refund more than $9 million to consumers who were illegally steered into mortgages with higher interest rates. Castle & Cooke, which does business in 22 states, paid its loan officers illegal bonuses based on the interest rates charged to consumers. The company and two of its officers were also ordered to pay a $4 million civil penalty.

Mortgage Kickbacks and Illegal Practices

The CFPB has ordered companies to pay more than $15 million in fines for paying illegal kickbacks in exchange for business and illegally splitting fees, as well as for making inadequate disclosures.

- **Genworth Mortgage Insurance Corporation, Mortgage Guaranty Insurance Corporation, Radian Guaranty Inc., United Guaranty Corporation, Republic Mortgage Insurance Corporation – Kickbacks from mortgage insurers halted:** At the CFPB's request, a federal district court issued a consent order requiring four mortgage insurers (Genworth, MGIC, Radian, and United Guaranty) to pay a $15 million civil penalty for allegedly paying improper kickbacks to mortgage lenders in exchange for business. The CFPB also obtained a consent order requiring Republic Mortgage Insurance Corporation to pay a $100,000 civil penalty for paying kickbacks to mortgage lenders in exchange for business. The illegal operations involved RMIC and mortgage lenders located throughout the country.

- **RealtySouth – Alabama realty firm ordered to pay $500,000:** The CFPB ordered RealtySouth, the largest real estate firm in Alabama, to pay $500,000 for inadequate disclosures that could leave consumers unaware of their rights to choose service providers during the home-buying process. The practices identified by the CFPB's investigation illegally benefited TitleSouth LLC, an affiliated company owned by the same holding company that owns RealtySouth.

- **Paul Taylor – Homebuilder ordered to surrender $100,000 and banned from industry for illegal kickbacks:** The CFPB ordered a Texas homebuilder, Paul Taylor, to surrender more than $100,000 he received in kickbacks for referring mortgage origination business to Benchmark Bank and to Willow Bend Mortgage Company. The action also prohibits Mr. Taylor from engaging in real estate settlement services for a period of five years.

- **1st Alliance, LLC – Lender ordered to pay $83,000:** The CFPB ordered a Connecticut mortgage lender, 1st Alliance Lending, LLC to pay an $83,000 civil money penalty for violating federal law by illegally splitting real estate settlement fees.

- **Fidelity Mortgage Corporation – Mortgage lender ordered to pay $81,000 for illegal kickbacks:** The CFPB took action against a mortgage lender, Fidelity, and its former owner and current president for entering into an agreement with a bank under which the bank referred potential borrowers to Fidelity in exchange for kickbacks in the form of inflated lease payments.

- **Stonebridge Title Services – Title company ordered to pay $30,000 for illegal kickbacks:** The CFPB ordered a New Jersey company, Stonebridge Title Services Inc., to pay $30,000 for violating federal law by paying commissions to more than twenty independent salespeople who referred title insurance business to Stonebridge.

- **Borders & Borders – Law firm sued for illegal kickback scheme:** The CFPB filed a complaint alleging that Borders & Borders, a Kentucky 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. The lawsuit is currently pending.

Mortgage Loan Modification Scams

The CFPB has taken action against companies that take advantage of struggling consumers seeking mortgage loan modifications.

- **Gordon Law Firm – Mortgage loan modification scam halted:** The CFPB took action against two California residents and their companies who operated a mortgage loan modification enterprise that targeted consumers in over 25 states. The individuals used the front of a "law firm" to lead consumers to believe they were being helped in modifying mortgage loans or receiving foreclosure relief. Instead, the company charged them illegal upfront fees, but seldom delivered the promised relief. The court awarded a judgment of over $11 million for disgorgement and restitution against the key defendant, Chance Gordon. He has appealed this decision. The CFPB settled with the other individual defendant.

- **National Legal Help Center – Mortgage loan modification scam halted:** The CFPB took action to address a scam targeting consumers nationwide with false promises of mortgage relief, charging consumers fees for legal services they did not in fact provide. A District Court in California issued a default judgment against the defendants, awarding over $2 million in restitution for victims and more than $1 million in civil money penalties, along with permanent injunctive relief.

Mortgage Loan Data Reporting

The CFPB has taken action against financial institutions for inaccurate mortgage loan reporting.

- **Washington Federal and Mortgage Master – $35,000 and $425,000 civil penalties for loan reporting errors:** The CFPB uncovered significant errors in the mortgage loan data provided by these two entities under the Home Mortgage Disclosure Act (HMDA). This data helps detect and stop discriminatory lending. The Bureau ordered the companies—a bank and a non-bank—to pay civil penalties, correct and resubmit data required by HMDA, and to develop and implement effective HMDA compliance management systems to prevent future violations.

AUTO LENDING

The CFPB has ordered $86 million in remediation to 285,000 consumers harmed by discriminatory and deceptive auto lending practices.

- **Ally Financial – $80 million consumer refund for discrimination:** The CFPB and DOJ ordered Ally Financial, Inc. and Ally Bank to pay $80 million in damages to minority borrowers because of Ally's practice of allowing car dealers to "mark up" the credit-based interest rates on auto loans, and compensating dealers based on that mark up. This practice resulted in 235,000 African American, Hispanic and Asian American borrowers being charged higher rates than similarly-situated white borrowers. The $80 million consumer refund and $18 million civil penalty represent the largest ever federal government auto loan discrimination settlement.

- **U.S. Bank and Dealers' Financial Services -- $6.5 million consumer refund for deceptive marketing:** The CFPB ordered U.S. Bank and one of its nonbank partners, Dealers' Financial Services, to end deceptive marketing and lending practices targeted at active-duty military members. The action resulted in $6.5 million in refunds to servicemembers who participated in the companies' Military Installment Loans and Educational Services (MILES) auto loan program.

PAYDAY AND INSTALLMENT LENDING

The CFPB has taken action against high-cost loan companies for predatory debt collection tactics.

- **Cash America – $14 million consumer refund for robo-signing:** The CFPB took its first enforcement action against a payday lender, Cash America International, Inc., for robo-signing court documents related to debt collection lawsuits, illegally overcharging servicemembers in violation of the Military Lending Act, and destroying records in advance of the Bureau's examination. Cash America will complete consumer refunds of up to $14 million and pay a $5 million civil penalty.

- **ACE Cash Express -- $5 million refund for pressuring borrowers into debt traps:** The CFPB took action against ACE Cash Express, one of the largest payday lenders in the United States, for pushing payday borrowers into a cycle of debt. The CFPB found that ACE used illegal debt collection tactics – including harassment and false threats of lawsuits or criminal prosecution – to pressure overdue borrowers into taking out additional loans they could not afford. ACE will provide $5 million in refunds and pay a $5 million penalty.

- **CashCall – Online loan servicer sued for illegal debt collection:** The CFPB filed a complaint against an online loan servicer, CashCall Inc., for engaging in unfair, deceptive, and abusive practices, including debiting consumer checking accounts for loans that were void. The CFPB is seeking injunctive and monetary relief, as well as penalties for CashCall's allegedly collecting money that consumers do not owe. The lawsuit is currently pending.

DEBT COLLECTION

The CFPB has taken action against to address illegal debt collection tactics used to intimidate consumers.

- **Hanna Law Firm – Debt collection lawsuit mill sued for deceptive debt collection:** The CFPB sued Frederick J. Hanna & Associates and its three principal partners for operating an illegal debt-collection-lawsuit mill. The Bureau alleges that the firm, relying on an automated system and non-attorney staff, and without meaningful attorney participation, churns out hundreds of thousands of debt-collection lawsuits that frequently rely on faulty or unsubstantiated evidence. These suits often intimidate consumers into paying debts that they don't owe. The lawsuit is currently pending.

STUDENT LENDING

The CFPB has taken action to address predatory practices in student lending.

- **ITT Educational Services – For-profit college sued for predatory student lending:** The CFPB sued ITT Educational Services, Inc., alleging that ITT exploited its students and pushed them into high-cost private student loans that were likely to default. The complaint seeks restitution for victims, a civil penalty, and an injunction against ITT. The lawsuit is currently pending.

ILLEGAL DEBT-RELIEF SERVICES

The CFPB has taken action against firms illegally taking advantage of consumers struggling with debt, or helping other companies collect illegal fees from consumers.

- **Meracord – Debt-settlement payment processor fined $1.38 million and barred from the industry:** At the request of the CFPB, a federal district court in Tacoma, Washington, entered a consent order requiring debt-settlement payment processor Meracord LLC and its CEO and owner, Linda Remsberg, to pay a $1.38 million civil penalty for helping other companies collect millions of dollars in illegal upfront fees from consumers. Meracord and Remsberg are also subject to a lifetime ban from processing payments for debt settlement and mortgage settlement companies.

- **Payday Loan Debt Solution, Inc. – $100,000 consumer refund for illegal fees:** At the request of the CFPB, a federal district court in Miami entered a consent order requiring a nationwide debt-relief services company, Payday Loan Debt Solution, Inc., to pay $100,000 in restitution to consumers who were unlawfully charged advance fees for debt-settlement services. The CFPB's lawsuit was joined by five state law-enforcement agencies and was the Bureau's first joint enforcement action with the states. The court also ordered defendants to pay a $5,000 civil penalty.

- **American Debt Settlement Solutions – Debt-settlement scam halted:** The CFPB took action against a Florida debt-settlement company that misled consumers nationwide and charged illegal fees for their services. A court-issued consent order halted the company's operation, prevented the company and the owner from providing debt-relief services in the future, and imposed a $15,000 civil penalty.

- **Mission Settlement Agency and Premier Consultant Group – Debt settlement companies sued for illegal practices:** The CFPB filed a complaint in federal district court in New York against two debt relief companies, Mission Settlement Agency and Premier Consultant Group LLC, that allegedly charged consumers illegal advance fees for debt-settlement services while failing to provide effective service, causing consumers to fall further into debt and harm their credit history. The lawsuit is currently pending.

- **Morgan Drexen – Debt-settlement company sued for taking advantage of struggling consumers:** The CFPB has sued Morgan Drexen, Inc. and its president and CEO Walter Ledda, for charging illegal upfront fees and deceiving consumers. A CFPB investigation revealed that, since October 2010, more than 22,000 Morgan Drexen consumers have enrolled the company's debt-relief programs. According to the Bureau's complaint, consumers enrolled in the company's debt-relief programs have been charged millions of dollars in illegal fees. The lawsuit is currently pending.

###

The Consumer Financial Protection Bureau is a 21st century agency that helps consumer finance markets work by making rules more effective, by consistently and fairly enforcing those rules, and by empowering consumers to take more control over their economic lives. For more information, visit www.consumerfinance.gov.