

## 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 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 law breakers accountable and helped consumers harmed by illegal practices.

### CFPB ENFORCEMENT AND SUPERVISION BY THE NUMBERS

- **\$10.1 Billion:** Approximate amount of relief to consumers from CFPB enforcement activity, including:
  - \$2.6 billion in restitution to consumers; and
  - \$7.5 billion in principal reductions, cancelled debt, and other consumer relief.
- **17 Million:** Consumers who will receive relief because of CFPB enforcement activity.
- **\$286 Million:** Money ordered to be paid in civil penalties as a result of CFPB enforcement activity.
- **\$248 Million:** Monetary relief provided to consumers as a result of CFPB supervisory actions.
- **1.8 Million:** Consumers who have received relief because of CFPB supervisory actions.

### SUPERVISING FINANCIAL COMPANIES

The CFPB supervises companies to determine their compliance with federal consumer financial laws, to 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, auto finance, student loan servicing and international money transmission markets.

The CFPB routinely resolves issues identified through the confidential supervision process through supervisory actions. CFPB supervisory actions, which include self-reported violations at banks and nonbanks, have resulted in more than \$248 million in remediation to approximately 1.8 million consumers.

### ENFORCEMENT HIGHLIGHTS

As of July 15, 2015, CFPB enforcement activity has resulted in over \$10 billion in relief for more than 17 million consumers harmed by illegal practices.

## CREDIT CARDS

*The CFPB has secured billions of dollars of relief to millions of consumers harmed by deceptive marketing and enrollment, unfair billing, illegal debt collection practices, 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 was ordered to pay a \$20 million civil penalty.
- **[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 \$3.5 million civil penalty. GE Capital was also ordered to pay \$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 \$14 million in penalties to the CFPB and the U.S. Treasury. The action was taken to stop 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 was taken to halt 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, working with other federal agencies, ordered three American Express subsidiaries to refund an estimated \$85 million to approximately 250,000 consumers and pay \$27.5 million in fines to the CFPB and the US Treasury. 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. The CFPB also found that American Express unlawfully discriminated against new account applicants on the basis of age.
- **[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.

- **JPMorgan Chase – Debt relief for over 528,000 consumers and \$50 million consumer refund for illegal debt collection practices:** The CFPB along with authorities in 47 states took action against JPMorgan Chase for selling bad credit card debt and illegally robo-signing court documents. The CFPB and states found that Chase sold “zombie debts” to third-party debt buyers, which include accounts that were inaccurate, settled, discharged in bankruptcy, not owed, or otherwise not collectible. Chase is ordered to permanently stop all attempts to collect, enforce in court, or sell more than 528,000 consumers’ accounts. Chase will also pay at least \$50 million in consumer refunds, \$136 million in penalties and payments to the CFPB and states.
- **U.S. Bank – \$48 million refund for illegal billing practices:** The CFPB ordered U.S. Bank to provide an estimated \$48 million in relief to consumers harmed by illegal billing practices. The CFPB found that U.S. Bank customers were unfairly charged for certain identity protection and credit monitoring services that they did not receive. In addition to the \$48 million refund to 420,000 consumers, U.S. Bank was ordered to pay a \$5 million civil penalty.
- **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.
- **PayPal – \$15 million consumer refund for illegal online credit enrollment practices:** The CFPB took action against PayPal, Inc. for illegally signing up consumers for its online credit product, PayPal Credit, formerly known as Bill Me Later. The CFPB alleged that PayPal deceptively advertised promotional benefits that it failed to honor, signed consumers up for credit without their permission, made them use PayPal Credit instead of their preferred payment method, and then mishandled billing disputes. A court ordered PayPal to pay \$15 million in consumer redress and a \$10 million penalty, and to improve its disclosures and procedures.
- **Affinion Group Holdings and Intersections – \$6.8 million in consumer redress for unfair billing of credit card add-on products and services:** The CFPB took action against two credit card add-on product vendors – Affinion Group Holdings, Inc. (along with its affiliated companies) and Intersections Inc. – for unfairly charging consumers for credit card add-on benefits they did not receive. Under the consent order Affinion would pay approximately \$6.8 million in monetary relief for eligible consumers who have not yet received refunds and \$1.9 million in civil money penalties. Intersections will pay approximately \$55,000 in monetary relief to eligible consumers who have not yet received refunds and \$1.2 million in civil money penalties.
- **Continental Finance Company – \$2.7 million consumer refund for illegal credit card fees:** The CFPB ordered Continental Finance Company LLC, a subprime credit card company based in Delaware, to refund an estimated \$2.7 million to approximately 98,000 consumers who were charged illegal credit card fees. The agency found that the company’s subprime credit cards misrepresented certain fees and hit consumers with illegal charges. The order also requires the company to pay a civil penalty of \$250,000.

## MORTGAGES

## **Mortgage Servicing**

*The CFPB has secured billions of dollars 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 and the District of Columbia, 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 and the District of Columbia, entered into a consent order with SunTrust Mortgage addressing systemic mortgage servicing misconduct including robo-signing and illegal foreclosure practices. The consent order requires 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.
- **Flagstar Bank – \$27.5 million refund for violation of new mortgage servicing rules:** The CFPB ordered Flagstar Bank to pay back \$27.5 million to 6,500 consumers for violating the CFPB’s new mortgage servicing rules and other laws by illegally blocking borrowers’ attempts to save their homes. Flagstar was also ordered to pay a \$10 million fine, and is prohibited from acquiring servicing rights for default loan portfolios until it demonstrates it has the ability to comply with laws that protect consumers during the loss mitigation process.
- **Green Tree Servicing – \$48 million in restitution for mortgage servicing violations:** At the request of the CFPB and the FTC, a federal district court ordered Green Tree Servicing, LLC, to pay \$48 million in restitution to mortgage borrowers for failing to honor modifications for loans transferred from other servicers, delaying decisions on short sales, and deceptively charging consumers convenience fees for mortgage payments. Green Tree also paid a \$15 million civil money penalty.
- **Nationwide Biweekly Administration – Mortgage payment companies sued for deceiving homeowners:** The CFPB filed a lawsuit against Nationwide Biweekly Administration, Inc., Loan Payment Administration LLC and the companies’ owner, Daniel Lipsky, alleging that Nationwide misrepresents the interest savings consumers will achieve through a biweekly mortgage payment program and misleads consumers about the cost of the program. The lawsuit is currently pending.

## **Mortgage Discrimination**

*The CFPB has taken action to help consumers harmed by discriminatory mortgage lending practices.*

- **National City Bank/PNC – \$35 million consumer refund for discrimination:** The CFPB and the Department of Justice took action against 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. The action against National City Bank entitled 76,000 harmed minority consumers to redress.
- **Provident Funding Associates – \$9 million consumer redress for discrimination:** The CFPB and the Department of Justice took joint action against Provident Funding Associates for illegally charging

higher broker fees on mortgage loans to African-American and Hispanic borrowers on the bases of race and national origin. Provident will pay \$9 million in damages to harmed African-American and Hispanic borrowers.

### **Mortgage Steering, Kickbacks, and Illegal Practices**

*The CFPB has taken action against companies for steering consumers into costlier loans, paying illegal kickbacks in exchange for business and illegally splitting fees, as well as for making inadequate disclosures or using deceptive advertisements.*

- **RPM Mortgage – \$18 million in consumer redress for steering borrowers into costlier mortgages:** The CFPB took action against RPM Mortgage, Inc. and its CEO, Erwin Robert Hirt, for illegally paying bonuses and higher commissions to loan originators to incentivize them to steer consumers into costlier mortgages. RPM is required to pay \$18 million in redress to consumers and a \$1 million civil penalty, and Hirt is required to pay an additional \$1 million civil penalty.
- **Amerisave Mortgage Corp. – \$14.8 million consumer refund for bait-and-switch mortgage scheme:** The CFPB took action against Amerisave Mortgage Corporation, its affiliate, Novo Appraisal Management Company, and the owner of both companies, Patrick Markert, for engaging in a bait-and-switch mortgage lending scheme that harmed tens of thousands of consumers. The Bureau found that Amerisave lured consumers by advertising misleading interest rates, locked them in with costly up-front fees, failed to honor its advertised rates, and illegally overcharged them for affiliated “third-party” services. Amerisave and Novo were ordered to provide \$14.8 million in refunds to harmed consumers and to pay a \$4.5 million civil penalty. Patrick Markert, as an individual, was ordered to pay an additional \$1.5 million civil penalty.
- **Wells Fargo and JPMorgan Chase – \$11.1 million consumer refund for illegal mortgage kickbacks:** The CFPB and the Maryland Attorney General took action against Wells Fargo and JPMorgan Chase for an illegal marketing-services-kickback scheme they participated in with a now-defunct title company. The title company gave the banks’ loan officers cash, marketing materials, and consumer information in exchange for business referrals. The consent orders require Wells Fargo to pay \$10.8 million in redress and \$24 million in civil penalties, and JPMorgan Chase to pay approximately \$300,000 in redress and \$600,000 in civil penalties.
- **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 9,400 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.
- **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 \$15 million in civil penalties 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.

- [\*\*NewDay Financial, LLC – Company fined for deceptive mortgage advertising and kickbacks:\*\*](#) The CFPB took action against NewDay Financial, LLC for deceiving consumers about the financial relationship between the company and a veterans’ organization which endorsed NewDay’s products and for participating in a scheme to pay kickbacks for customer referrals. NewDay has paid a \$2 million civil money penalty for its actions.

### **Mortgage Loan Modification Scams**

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

- [\*\*Hoffman Law Group – \\$27 million judgment against foreclosure relief scam companies:\*\*](#) The CFPB and the State of Florida took action against the Hoffman Law Group, corporate affiliates, and their individual operators for using deceptive marketing practices and scamming distressed homeowners. The complaint alleged that defendants tricked consumers into paying millions of dollars in illegal upfront fees to join frivolous lawsuits that the companies falsely claimed would pressure banks to modify their loans or provide foreclosure relief. A federal district court found the corporate defendants liable for \$11,730,579 – the full amount of illegal fees paid by consumers – and ordered them to pay a \$10 million civil penalty, in addition to penalties to the State of Florida. The individual defendants were also found liable for penalties, ordered to pay redress, and banned from the mortgage and foreclosure relief industries.
- [\*\*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 25 states. The enterprise promised consumers help in modifying mortgage loans or receiving foreclosure relief. Instead, the company charged them illegal upfront fees, but seldom delivered the promised relief. The CFPB settled with one individual defendant and that defendant’s companies. The court awarded a judgment of over \$11 million for disgorgement and restitution against the remaining defendants, Chance Gordon and his law firm. Gordon has appealed this decision.
- [\*\*Mortgage Assistance Relief Services \(MARS\) Rule Sweep – Foreclosure relief scammers sued:\*\*](#) The CFPB, along with the FTC and 15 states, filed lawsuits against foreclosure relief scammers accused of charging upfront fees and using deceptive marketing tactics to rip off distressed homeowners across the country. The Bureau filed lawsuits against companies that collected more than \$25 million in illegal advance fees for unfulfilled services.
- [\*\*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.

### **AUTO LENDING**

*The CFPB has taken action to help 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 discrimination caused by 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 non-minority borrowers. The \$80 million consumer refund and \$18 million civil penalty represent the largest ever federal government auto loan discrimination settlement.

- **[Honda – \\$24 million consumer redress for discrimination:](#)** The CFPB and DOJ resolved an action with Honda that will put new measures in place to address discretionary auto loan pricing and compensation practices. Honda’s past practices resulted in thousands of African-American, Hispanic, and Asian and Pacific Islander borrowers paying higher interest rates than white borrowers for their auto loans, without regard to their creditworthiness. Honda will change its pricing and compensation system to substantially reduce dealer discretion and minimize the risks of discrimination, and will pay \$24 million in restitution to affected borrowers.
- **[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.
- **[DriveTime – "Buy-here, pay-here" auto dealer fined for harming consumers with debt collection tactics and credit report errors:](#)** The CFPB ordered Arizona-based car dealer, DriveTime, to pay an \$8 million civil penalty, after the company was found to have harmed consumers by making harassing debt collection calls, and provided inaccurate credit information on their customers to credit reporting agencies. In addition to the civil penalty, the CFPB ordered DriveTime to immediately halt their unfair debt collection practices and fix its credit reporting system.
- **[First Investors Financial Services Group Inc. – Auto finance company fined for distorting credit records:](#)** The CFPB ordered First Investors Financial Services Group Inc., a Texas based auto finance company that primarily lends to subprime borrowers, to pay a \$2.75 million civil penalty for distorting consumer credit records. The company knowingly provided inaccurate information to credit reporting agencies for years.
- **[Security National Automotive Acceptance Company – Auto finance company sued for aggressive debt collection tactics against servicemembers:](#)** The CFPB filed a lawsuit against Security National Automotive Acceptance Company, alleging that the company used a combination of illegal threats and deceptive claims in order to collect debts. The CFPB is seeking compensation for harmed consumers, a civil penalty, and an order prohibiting the company from committing future violations. The lawsuit is currently pending.

## **CHECKING ACCOUNTS**

*The CFPB has taken action against firms illegally charging overdraft fees to consumers and deceptively marketing “free” checking accounts.*

- **[M&T Bank – \\$2.9 million refund to consumers for deceptively advertising free checking accounts:](#)** The CFPB ordered M&T Bank to refund \$2.9 million to approximately 59,000 consumers who were lured into opening “free” checking accounts without disclosure of key eligibility requirements. When consumers failed to meet the requirements, M&T automatically switched them to checking accounts with fees. In addition to the refunds to consumers, M&T was ordered to pay a \$200,000 civil money

penalty to the CFPB.

- **Regions Bank – Bank fined for unlawful overdraft practices:** The CFPB took action against Regions Bank for charging overdraft fees to consumers who had not opted-in for overdraft coverage. The bank also charged overdraft and non-sufficient funds fees on its deposit advance product despite claims that it would not. Regions had already refunded hundreds of thousands of consumers approximately \$49 million in fees, and the consent order requires the bank to fully refund all remaining consumers. Regions also paid a \$7.5 million fine.

## **PAYDAY AND INSTALLMENT LENDING**

*The CFPB has taken action against payday lenders and installment lenders for unlawful lending and collections practices.*

- **Rome Finance – \$92 million in debt relief for servicemembers and others harmed by predatory lending:** The CFPB and 13 state attorneys general obtained approximately \$92 million in debt relief from Colfax Capital Corporation and Culver Capital, LLC, also collectively known as “Rome Finance,” for about 17,000 U.S. servicemembers and other consumers harmed by the company’s predatory lending scheme. The companies promised consumers no money down and instant financing, then masked expensive finance charges being levied on the servicemembers and other consumers.
- **Cash America – \$14 million consumer refund for robo-signing:** The CFPB took action against a payday lender, Cash America International, Inc., for robo-signing court documents related to debt collection lawsuits, illegally overcharging servicemembers and their families in violation of the Military Lending Act, and destroying records in advance of the Bureau’s examination. Cash America was ordered to complete refunds to 14,000 consumers of \$14 million and pay a \$5 million civil penalty.
- **ACE Cash Express – \$5 million consumer 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 civil penalty.
- **Military Assistance Company - \$3.1 million in relief to servicemembers charged undisclosed fees:** The CFPB took action against military allotment processor Fort Knox National Company and its subsidiary, Military Assistance Company, for charging servicemembers millions of dollars in undisclosed fees. The companies were ordered to pay about \$3.1 million in relief to harmed servicemembers.
- **S/W Tax Loans, Inc. – \$438,000 consumer redress and tax-refund scheme halted:** The CFPB, together with the Navajo Nation, took action against companies and individuals who operated an illegal tax-refund scheme that used tax-preparation franchises to steer low-income consumers, including many citizens of the Navajo nation, toward high-cost tax-refund-anticipation loans. A federal court approved an order that will result in roughly \$438,000 in total consumer redress and require the defendants to pay \$438,000 in civil penalties.
- **The Hydra Group – Online payday lender sued for illegally depositing loans and withdrawing fees:** At the request of the CFPB, a federal court halted the operations of an online payday lender, the Hydra Group, which the Bureau alleged is running an illegal cash grab scheme. The CFPB alleged that Hydra Group used information bought from online lead generators to access consumers’ checking accounts

to illegally deposit payday loans and withdraw fees without consent. In addition to seeking to halt the Hydra Group's unlawful actions, the CFPB seeks to refund harmed consumers and levy a fine on the company. The lawsuit is currently pending.

**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 to address illegal debt collection practices.*

- **Syndicated Office Systems – \$5.4 million in consumer relief for illegal debt collection and credit reporting practices:** The CFPB took action against medical debt collector Syndicated Office Systems, LLC, for mishandling consumer credit reporting disputes and preventing consumers from exercising important debt collection rights. These practices potentially affected the credit scores of thousands of individuals and caused consumers distress and confusion. The CFPB ordered the company to provide over \$5.4 million in relief to harmed consumers, correct its business practices, and pay a \$500,000 penalty.
- **Freedom Stores – \$2.5 million in consumer relief for illegal debt collection practices against servicemembers:** The CFPB and the Attorneys General of North Carolina and Virginia took action against a retailer and debt collectors for unlawful debt collection practices including illegal lawsuits, debiting consumers' accounts without authorization, and contacting servicemembers' commanding officers. The three companies and their owners and chief officers were required to pay over \$2.5 million in consumer redress and a \$100,000 civil penalty.
- **Frederick J. Hanna & Associates – Debt collection lawsuit mill sued for illegal and deceptive tactics:** The CFPB sued a Georgia-based firm, Frederick J. Hanna & Associates, and its three principal partners for operating a debt collection lawsuit mill that uses illegal tactics to intimidate consumers into paying debts they may not owe. The Bureau alleges that the Hanna firm churns out hundreds of thousands of lawsuits that frequently rely on deceptive court filings and faulty or unsubstantiated evidence. 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.
- **Corinthian Colleges – For-profit college sued for predatory lending scheme:** The CFPB sued Corinthian Colleges, Inc. for illegally luring tens of thousands of students into taking out expensive loans to cover tuition costs by advertising bogus job prospects and career services. To protect current and past students of the Corinthian schools, the Bureau is seeking to halt these practices and is requesting the court to grant relief to the students who collectively have taken out more than \$500 million in private student loans. The lawsuit is currently pending.

- [ECMC Group – \\$480 million in debt relief for current and former Corinthian College students:](#) The CFPB, together with the Department of Education, negotiated more than \$480 million in forgiveness for borrowers who took out private student loans from Corinthian Colleges, one of the nation’s largest for-profit schools. ECMC Group, the new owner of a number of Corinthian schools, also agreed not to operate a private student loan program for seven years and agreed to a series of new consumer protections.

#### **DEBT-RELIEF SERVICES**

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

- [Global Client Solutions – \\$6 million in consumer relief for ordering illegal upfront fees:](#) The CFPB has ordered Global Client Solutions, an Oklahoma based debt-settlement payment processor, to provide \$6 million in relief to consumers and pay a \$1 million civil penalty for allegedly helping other companies to collect tens of millions of dollars in illegal upfront fees from consumers.
- [Meracord, LLC – Debt-settlement payment processor fined 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 civil penalty of approximately \$1.38 million 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.
- [Morgan Drexen – Debt-settlement company sued for taking advantage of struggling consumers:](#) The CFPB 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 in the company’s debt-relief programs. According to the Bureau’s complaint, consumers have enrolled in the company’s debt-relief programs have been charged millions of dollars in illegal fees. The court ruled that Morgan Drexen broke the law and must stop collecting money from its customers. Morgan Drexen went out of business in late June 2015 after filing for bankruptcy. The lawsuit against CEO Walter Ledda is currently pending.

#### **WIRELESS CRAMMING**

*The CFPB has taken action against wireless companies found to have illegally crammed third party charges onto consumer’s accounts without notification.*

- [Sprint Corporation and Verizon Wireless – \\$120 million in redress for billing customers illegal third-party charges:](#) The CFPB filed proposed orders against Sprint Corporation and Verizon Wireless for illegally billing wireless consumers tens of millions of dollars in unauthorized third-party charges, taking action in coordination with state attorneys general and the Federal Communications Commission (FCC). The CFPB’s complaint alleges that Sprint operated a billing system that allowed third parties to “cram” unauthorized charges on customers mobile-phone accounts and ignored customer complaints about the charges. The orders require Sprint and Verizon to pay \$120 million in consumer refunds and \$38 million in federal and state fines.

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