

# Civil Penalty Fund

## Frequently Asked Questions

Updated: 12/02/2024

### **Q1. What does the Civil Penalty Fund rule do?**

The Civil Penalty Fund rule governs how we use funds collected from civil penalties. First, the rule provides that we designate a Fund Administrator who manages the Civil Penalty Fund. Second, the rule explains the conditions under which harmed consumers receive payments from the Fund and the amounts of those payments. Third, the rule establishes procedures that the Fund Administrator follows to decide how money in the Fund is allocated between classes of harmed consumers and consumer education and financial literacy programs. Fourth, the rule explains how payments are distributed to harmed consumers. Finally, the rule requires the Fund Administrator to issue regular reports on how money in the Civil Penalty Fund has been used.

[Read the rule](#)

### **Q2. How much has been collected in the Civil Penalty Fund?**

The total of all Civil Penalty Fund deposits through September 30, 2024, is \$3,577,698,469. To see how the funds have been used and how much is available for allocation, [review our financial reports](#).

### **Q3. Who manages the Fund on a day-to-day basis?**

The Civil Penalty Fund Administrator manages the Fund, and they report to the Chief Financial Officer.

### **Q4. Who sits on the Civil Penalty Fund Governance Board?**

The Civil Penalty Fund Administrator is advised by a Governance Board that is chaired by the Deputy Director and includes the Associate Director for Supervision, Enforcement, Fair Lending & Equal Opportunity; the Associate Director for Consumer Response and Education; the Chief Operating Officer; and the General Counsel.

### **Q5. Do consumers receive payments for uncompensated harm only from the civil penalties paid by the company or person that harmed them, or can the CFPB use civil penalties collected in one case to pay consumers with uncompensated harm in another case?**

Consumers with uncompensated harm are not limited to receiving only what the person or company that harmed them paid into the Civil Penalty Fund. All civil penalties are deposited into the Civil Penalty Fund where they are pooled and can be used for payments to eligible harmed consumers from any case.

### **Q6. How much money do harmed consumers receive from the Civil Penalty Fund?**

Under the rule, harmed consumers may receive up to the amount of their uncompensated harm from the Civil Penalty Fund. The rule describes what constitutes “uncompensated harm” for purposes of payment. The Fund is not intended as a complete replacement for other sources of compensation. The amount that harmed consumers actually receive depends on how much money is in the Fund and other factors as described in Q7.

**Q7. How do you determine the amount of a consumer’s “uncompensated harm” that can be compensated from the Fund?**

To determine the amount of a consumer’s uncompensated harm, the Fund Administrator takes the person’s total “compensable harm,” and subtracts any compensation that the person has already received—or is reasonably expected to receive—for that harm. The Fund Administrator determines the person’s total compensable harm by looking to the terms of the relevant court or administrative order. If the amount of compensable harm cannot be determined based on the terms of the relevant order, the compensable harm generally equals the out-of-pocket losses that resulted from the violation.

**Q8. What does it mean to “allocate” funds?**

Allocating funds means setting aside money for a specific purpose. For the Civil Penalty Fund, the Fund Administrator “allocates” funds when they set aside money for payments to particular classes of harmed consumers, or for use on consumer education and financial literacy programs.

**Q9. When do harmed consumers receive funds that have been allocated to them?**

Once the Fund Administrator allocates funds to a class of harmed consumers, the CFPB begins the process to distribute payments to the people in that class. We usually work with payments administrators to identify and locate the harmed consumers in the class and distribute payments. Distribution processing time varies from case to case. For a list of cases currently in distribution, please refer to the table of [ongoing cases](#).

**Q10. What happens if there is more money in the fund than is needed to give all eligible harmed consumers full compensation for their uncompensated harm?**

If there is enough money in the Civil Penalty Fund to fully compensate all eligible consumers’ uncompensated harm, the CFPB generally first provides full compensation to all eligible harmed consumers to the extent practicable. then we can allocate remaining funds for consumer education and financial literacy programs, and/or keep money in the fund for future harmed consumers.

**Q11. What happens if there is not enough money in the fund to give all eligible victims full compensation for their uncompensated harm?**

If, at the time of a scheduled allocation, there is not enough money available in the Civil Penalty Fund to provide full compensation for all eligible consumers’ uncompensated harm, the Fund Administrator allocates funds equitably among the classes of harmed consumers from the most recent six-month period, who have not yet had an opportunity to receive an allocation from the Fund. The Fund Administrator then allocates funds to classes of harmed consumers from preceding six-month periods if funds remain. If there is not enough money to give full compensation to all eligible harmed consumers who could practicably be paid, no money is allocated for consumer education and financial literacy programs.

**Q12. How are funds allocated to consumer education and financial literacy programs?**

The first priority is always to allocate funds to pay harmed consumers. If funds remain after allocating enough money to provide full compensation to all eligible harmed consumers who can practicably be paid, the Fund Administrator may allocate some or all remaining funds for consumer education and financial literacy programs.

**Q13. Why haven't funds been allocated for consumer education and financial literacy programs since 2015?**

The CFPB may use other statutory funds for consumer education and financial literacy and has committed to using funds for these purposes. The Civil Penalty Fund is also, and primarily, used to provide relief to harmed consumers, and we want to make certain that consumers who are harmed by scams and fraud can receive payments. At this time, we are using funds in the Civil Penalty Fund only for payments to harmed consumers.

**Q14. Does the Civil Penalty Fund earn interest?**

The Civil Penalty Fund is maintained at the Federal Reserve Bank of New York in a non-interest-bearing account.

**Q15. What is redress and how is it different from payments to harmed consumers from the Civil Penalty Fund?**

When the CFPB enforces the law, it or a court may order the company or person that violated the law to take action to remedy the harm it caused consumers. This can include requiring the company or person to compensate people for this harm. This compensation is generally called "redress." In some cases, we may require the company or person that violated the law to pay the redress directly to consumers. In other cases, we may require the company or person to pay the redress to us, and, in turn, we distribute the redress money to the people harmed by that person or company's violations.

Civil money penalties and payments to harmed consumers from the Civil Penalty Fund are different. When a company or person that violated the law is ordered to pay a civil penalty, that penalty does not go directly to that company's or person's victims, but rather is put in the Civil Penalty Fund. All civil penalties that anyone pays to the CFPB are pooled in this common fund, and the money is used to pay any eligible harmed consumers in accordance with the Civil Penalty Fund rule.

The main difference between redress and Civil Penalty Fund payments is the link between who pays the money and who can receive the money. When a company or person pays redress, that redress money can go only to people harmed by that company or person. When a company or person pays a civil penalty, that money goes into the Civil Penalty Fund and can be used to pay any eligible harmed consumer from any case.

**Q16. Is the Civil Penalty Fund funded by taxes?**

No, the Civil Penalty Fund is not funded by taxes or other money collected from the general public. It is funded by civil penalties, or fines, that the CFPB imposes on companies and/or individuals for violating federal consumer financial protection laws.

**Q17. Can I apply to receive money from the Civil Penalty Fund?**

Consumers can't apply to receive money from the Civil Penalty Fund. The CFPB determines which harmed consumers are eligible for the funds based on criteria described in the Civil Penalty Fund rule, which rely on the terms of our court and administrative orders. If a class of harmed consumers is eligible for funds and we don't have all the information we need to make those payments, we may invite harmed consumers to submit claims. If that's the case, you'll find information about submitting a claim for a particular case in the table [of ongoing cases](#).

# Allocations

	<u>30-May-13</u>
Payday Loan Debt Solution, Inc.	\$488,815
Gordon, et al.	\$10,000,000
Consumer Education and Financial Literacy Programs	\$13,380,000
	<u>29-Nov-13</u>
American Debt Settlement Solutions, Inc.	\$499,248
National Legal Help Center, Inc.	\$2,057,983
	<u>30-May-14</u>
Meracord LLC	\$11,542,229
3-D Resorts–Bluegrass, LLC.	\$6,704,100
	<u>28-Nov-14</u>
Culver Capital, LLC	\$3,400,434
Amerisave Mortgage Corporation	\$1,380,470
Global Client Solutions, LLC	\$107,995,400
	<u>29-May-15</u>
College Education Services LLC	\$3,459,336
Union Workers Credit Services, Inc.	\$18,908,744
National Corrective Group, Inc.	\$23,262,067
Culver Capital, LLC	\$421,481
	<u>27-Nov-15</u>
Hoffman Law Group f/k/a Residential Litigation	\$11,074,842
Student Financial Aid Services, Inc.	\$9,300,000
Consumer Education and Financial Literacy Programs	\$15,432,809
	<u>27-May-16</u>
Morgan Drexen, Inc., and Walter Ledda	\$98,889,115
Irvine Web Works, Inc. d/b/a Student Loan Processing	\$7,923,548
Student Aid Institute, Steven Lamont	\$3,508,900
	<u>29-Nov-16</u>
Morgan Drexen, Inc., and Walter Ledda	\$33,993,373
	<u>30-May-17</u>
Orion Processing, LLC, d/b/a World Law Processing, et. al	\$98,408,416
Siringoringo et al.	\$20,825,000
Global Client Solutions	\$8,188,668
	<u>29-Nov-17</u>
The Mortgage Law Group, LLP	\$18,331,737

Commercial Credit Consultants, et al.	\$21,500,716
Prime Marketing Holdings, LLC	\$14,451,033
	<u>30-May-18</u>
Commercial Credit Consultants, et al.	\$9,149,286
Prime Marketing Holdings, LLC	\$6,149,407
	<u>29-Nov-18</u>
Federal Debt Assistance Association, LLC, et al	\$4,972,389
Triton Management Group, Inc.	\$1,022,298
"Hydra Group"	\$69,623,528
	<u>30-May-19</u>
Mark Corbett	\$9,027,895
Howard Law	\$35,206,275
	<u>29-Nov-19</u>
Universal Debt & Payment Solutions, LLC; et al	\$558,674
Andrew Gamber, Voyager Financial Group, LLC, BAIC, Inc., and SoBell Corp	\$2,700,000
	<u>30-May-20</u>
Edmiston Marketing, LLC, d/b/a Easy Military Travel	\$3,468,224
Universal Debt & Payment Solutions, LLC, et al. (Bagga)	\$4,627,774
	<u>27-Nov-20</u>
Main Street Personal Finance, Inc.	\$1,540,517
Certified Forensic Loan Auditors, LLC; et al.	\$3,000,000
Timemark Solutions, Inc., et al.	\$3,762,360
GST Factoring, Inc., et al.	\$11,718,432
Premier Student Loan Center, et al.	\$89,366,096
	<u>30-May-21</u>
SMART Payment Plan, LLC	\$6,000,000
Katharine Snyder, et al	\$3,864,000
U.S. Equity Advantage	\$8,400,000
Nationstar Mortgage LLC	\$1,211
Omni Financial of Nevada, Inc.	\$79,437,227
	<u>29-Nov-21</u>
College Financial Advisory	\$4,738,028
Yorba Capital Management, LLC, et al.	\$860,000
Burlington Financial Group, LLC, et al.	\$30,406,599
Chou Team Realty, et al.	\$18,833,119
	<u>27-May-22</u>
Access Funding, et al	\$28,409,957

LendUp Loans	\$39,833,927
BrightSpeed Solutions, Inc	\$54,000,000

29-Nov-22

BounceBack, Inc., et al.	\$1,481,773
Frank Ronald Gebase, Jr.	\$240,995
Performance SLC, LLC, et al.	\$10,950,818
Hello Digit, LLC	\$38,220
Think Finance, LLC, et al.	\$384,010,544
Future Income Payments LLC, et al.	\$11,086,434

30-May-23

All American Check Cashing	\$8,231,553
RD Legal Funding, LLC	\$1,403,496

29-Nov-23

Driver Loan	\$2,863,648
Tempoe	\$192,259,616
Lexington Law – Class A	\$1,725,937,273
Lexington Law – Class B	\$19,000,000

30-May-24

Prehired, LLC.	\$4,248,249
Lexington Law – Class A	\$104,492,941

29-Nov-24

Bloomtech Inc.	\$58,075,874
Western Benefits Group	\$974,590
Lexington Law – Class A	\$49,021,494