UNITED STATES OF AMERICA
BUREAU OF CONSUMER FINANCIAL PROTECTION

ADMINISTRATIVE PROCEEDING
File No. 2018-BCFP-0002

In the Matter of:

Security Group, Inc.,
Security Finance Corporation of Spartanburg, Professional Financial Services Corp., et al.

CONSENT ORDER

The Bureau of Consumer Financial Protection ("Bureau") has reviewed the installment lending, collection, and furnishing practices of Security Group, Inc., its wholly owned subsidiaries Security Finance Corporation of Spartanburg and Professional Financial Services Corp., and their respective Operating Entities (collectively, "Respondents" 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 Fair Credit Reporting Act ("FCRA"), 15 U.S.C. §§ 1681–1681x, and its implementing regulation, Regulation V, 12 C.F.R. pt. 1022. Under §§ 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 §§ 1053 and 1055 of the CFPA, 12 U.S.C. §§ 5563, 5565, and § 621 of the FCRA, 15 U.S.C. § 1681s(b)(1).

II

Stipulation

2. Respondents have executed a "Stipulation and Consent to the Issuance of a Consent Order," dated June 5, 2018 ("Stipulation"), which is incorporated by reference and is accepted by the Bureau. By this Stipulation, Respondents have consented to the issuance of this Consent Order by the Bureau under §§ 1053 and 1055 of the CFPA, 12 U.S.C. §§ 5563, 5565, without admitting or denying any of the findings of fact or conclusions of law, except that Respondents admit the facts necessary to establish the Bureau's jurisdiction over Respondents and the subject matter of this Consent Order.

III

Definitions

3. The following definitions apply to this Consent Order:

   a. "Board" means the duly elected and acting Boards of Security Group, Inc., Security Finance Corporation of Spartanburg, Professional Financial Services Corp. and the Operating Entities.

   b. "Consumer Reporting Agency" or "CRA" refers to a Consumer Reporting Agency as defined by 15 U.S.C. § 1681a(f).

   c. "Effective Date" means the date on which this Consent Order is issued.

   d. "Enforcement Director" means the Bureau's Assistant Director of the Office of Enforcement, or his or her delegee.

   e. "Operating Entities" means the wholly owned subsidiaries of Security Finance Corporation of Spartanburg and Professional Financial Services Corp., as well as any similar entities created in the future, that are licensed pursuant to state

law and operate consumer finance businesses in one or more states.[1]

f. "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 any one of the Respondents based on substantially the same facts as described in Section IV of this Consent Order.

g. "Relevant Period" means the period from July 21, 2011 to the Effective Date.

h. "Respondents" means Security Group, Inc., Security Finance Corporation of Spartanburg, Professional Financial Services Corp., each Operating Entity, and their successors and assigns.

IV

Bureau Findings and Conclusions

The Bureau finds the following:

4. Security Group, Inc. ("SGI"), is a South Carolina corporation that owns all the issued and outstanding stock in various subsidiaries including Security Finance Corporation of Spartanburg and Professional Financial Services Corp.

5. Security Finance Corporation of Spartanburg ("SFCS"), a wholly owned subsidiary

[1] The Operating Entities currently are Security Finance Corporation of Alabama, Security Finance Corporation of South Carolina , Security Finance Corporation of Utah, Security Finance Corporation of Wisconsin, Security Finance of Georgia, LLC, Security Finance of Idaho, LLC, Security Finance of Louisiana, LLC, Security Finance of Missouri, LLC, Security Finance of New Mexico, LLC, Security Finance of Oklahoma, LLC, Security Finance of Texas, LP, Security Finance Company of Tennessee, SFC of Illinois, LLC, SFC of Nevada, LLC, Professional Financial Services of Alabama, LLC, Professional Financial Services of Florida, LLC, Professional Financial Services of Georgia, LLC, Professional Financial Services of Indiana, LLC, Professional Financial Services of Kentucky, LLC, Professional Financial Services of North Carolina, LLC, Professional Financial Services of Ohio, LLC, Professional Financial Services of South Carolina, LLC, Professional Financial Services of Tennessee, LLC, Professional Financial Services of Texas, LLC, and Professional Financial Services of Virginia, LLC.

of Respondent SGI, is a South Carolina corporation that owns all of the issued and outstanding stock or other interests in various SFCS Operating Entities. The primary business of its Operating Entities is making consumer loans. SFCS provides administrative services for its Operating Entities and the Operating Entities of PFS.

6. The Operating Entities of SFCS use, or have used in the past the following trade names: A&A Finance, Apex Finance, Bond Finance, Canyon Finance, Continental Credit, Continental Loans, Friendly Finance, Heritage Credit, Hometown Finance, Key Loan and Finance, Lake Park Finance, Longhorn Finance, Maverick Finance, Merit Finance, Money Tree Finance, Patriot Loan Company, Port City Finance, Security Finance, Sunbelt Credit, Time Finance, and Zia Finance.

7. Professional Financial Services Corp. ("PFS"), a wholly owned subsidiary of Respondent SGI, is a South Carolina corporation that is the sole member of various PFS Operating Entities. The primary business of its Operating Entities is the purchase of retail installment sales contracts from automobile dealers. Four of the PFS Operating Entities also make consumer loans. The PFS Operating Entities service and collect on the contracts they purchase and the loans they make. PFS also operates under a variety of trades names of which Professional Financial Services is the most recognizable.

8. In total, Respondents own and operate approximately 900 locations in the following states: Alabama, Florida, Georgia, Illinois, Idaho, Indiana, Kentucky, Louisiana, Missouri, New Mexico, Nevada, North Carolina, Ohio, Oklahoma, South Carolina, Tennessee, Texas, Utah, Virginia, and Wisconsin.

9. Respondents originate, provide, purchase, service, and collect on high-cost, short-

term, secured and unsecured loans, including installment loans offered to consumers primarily for personal, family, or household purposes. These are "consumer financial product[s] or service[s]" under the CFPA. 12 U.S.C. §§ 5481(5), (15)(A)(i), (15)(A)(x).

10. Respondents are covered persons and, as applicable, related persons under the CFPA because they are in the business of making consumer loans and collecting debt related to such loans. 12 U.S.C. § 5481(6)(A), (25)(B)–(C).

11. Respondents are also "persons" under the FCRA, 15 U.S.C. § 1681a(b).

12. Respondents regularly furnish information relating to consumers to CRAs for inclusion in consumer reports and are therefore "furnishers" under Regulation V, 12 C.F.R. § 1022.41(c).

13. Respondents have operated as a common enterprise while engaging in unlawful conduct, including unfair or deceptive acts or practices and other violations of law described in this Consent Order.

14. Respondents are jointly and severally liable for the described unlawful acts and practices because they have operated as a common enterprise while engaging in unlawful conduct.

UNFAIR ACTS OR PRACTICES

15. 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).

Findings and Conclusions as to Respondents' Unfair In-Person Collection Visits to Consumers' Homes and Places of Employment

16. Until at least December 2015, in numerous instances, Respondents visited consumers' homes and places of employment, as well as the homes of their neighbors, to collect or attempt to collect delinquent debt. Respondents continued to visit consumers' homes until at least October 2016. In some instances, Respondents also visited consumers in other public places to collect or attempt to collect debt.

17. Between 2011 and 2016, Respondents conducted or attempted more than 12 million of these in-person visits to more than 1.3 million consumers.

18. Respondents did not inform consumers who applied for loans that Respondents had a policy or practice of conducting in-person collection visits.

19. In numerous instances, in the course of attempting to collect debt from consumers in person, Respondents disclosed or risked disclosing consumers' delinquency to third parties, disrupted consumers' workplaces and jeopardized their employment, and humiliated and harassed consumers. For example, Respondents:

    a. discussed debts with consumers and took payments from consumers where third parties could see or overhear, such as on a doorstep within earshot of neighbors, on a speakerphone in public, in the middle of a grocery store, through drive-thru windows at fast food restaurants, in line at a big-box retailer, and in other public locations;

    b. handed field cards to third parties, including consumers' young children, for delivery to consumers;

    c. threatened consumers with jail, shoved them, or physically blocked a

consumer from leaving private property;

d. visited consumers' places of employment even when Respondents knew or should have known that the consumers were not allowed to have personal visitors there;

e. visited consumers' places of employment even when the consumers or the consumers' employers or co-workers had informed Respondents that the consumers could not be contacted at work or that future visits would endanger the consumers' employment;

f. visited consumers' homes or places of employment multiple times, and without permission from the consumers, in a manner that was likely to reveal that they were collecting a debt, including by visiting more than 10 times in a month;

g. visited the homes of consumers' neighbors and left field cards with their neighbors;

h. told third parties, while asking about the consumer, that they were from "Security Finance"; and

i. directly informed third parties during field visits of consumers' delinquency.

20. Respondents' acts or practices have caused and were likely to cause consumers substantial injury, including humiliation, inconvenience, and reputational damage ranging from unwanted attention to disclosure of their delinquent debt to disciplinary action and other negative employment consequences.

21. Consumers could not reasonably avoid the harm because they did not know whether, when, or how these in-person visits might occur and could not control

Respondents' use of this collection tactic. In numerous instances, Respondents continued to conduct in-person visits even after consumers or their employers or neighbors asked Respondents to stop. Thus, consumers could not prevent Respondents' employees from revealing information about their past-due debts to third parties or from continuing to make workplace visits.

22. The substantial injury resulting from the in-person visits outweighs any countervailing benefits. Respondents have many other ways to collect debt that do not reveal the delinquency of the consumer's debt or otherwise harm consumers. Any marginal benefit in the form of more recoveries is outweighed by the substantial injury to consumers.

23. Respondents' acts and practices set forth in Paragraphs 15–22 thus constitute unfair acts or practices in violation of the CFPA, 12 U.S.C. §§ 5531(a), 5536(a)(1)(B).

Findings and Conclusions as to Respondents' Unfair Collection Calls to Work

24. During the Relevant Period, as part of their loan application process, Respondents required consumers to list their home and work telephone numbers.

25. Until at least December 2015, Respondents routinely called consumers at work in an attempt to collect debts. Sometimes Respondents called consumers on shared phone lines and in the process, spoke with consumers' co-workers or employers. In doing so, in numerous instances, Respondents disclosed or risked disclosing the existence of consumer's delinquent debts.

26. In numerous instances Respondents called consumers at work, sometimes multiple times, after being told that consumers were not allowed to receive calls at work and

that future calls could endanger their employment.

27. Respondents have acknowledged that their employees repeatedly failed to heed and properly record consumers' and third parties' requests to cease contact and that personnel were unaware of and could not access cease-contact requests logged by employees in other stores. These failures resulted in repeated unlawful calls to consumers and third parties.

28. In numerous instances, in connection with collecting or attempting to collect debt, Respondents called consumers at work when (a) Respondents knew or should have known that such calls were prohibited or (b) Respondents knew or should have known that the consumers, their colleagues, or employers had previously requested that the calls to work cease.

29. Respondents' repeated calls to consumers' workplaces have caused and were likely to cause consumers substantial injury, including humiliation, inconvenience, and reputational damage ranging from unwanted attention to disclosure of their delinquent debt to disciplinary action and other negative employment consequences.

30. Consumers could not reasonably avoid the harm because they did not know whether, when, or how these calls might occur and had no control over Respondents' use of this collection tactic. In numerous instances, Respondents continued to call consumers at work even after consumers or their employers asked Respondents to stop.

31. The substantial injury resulting from the calls outweighs any countervailing benefits. Respondents have many other ways to collect debt that do not disrupt consumers' workplaces or otherwise harm consumers. Any marginal benefit in the

form of more recoveries by Respondents is outweighed by the substantial injury to consumers.

32. Respondents' acts and practices set forth in Paragraphs 24–31 thus constitute unfair acts or practices in violation of the CFPA, 12 U.S.C. §§ 5531(a), 5536(a)(1)(B).

Findings and Conclusions as to Respondents' Unfair Calls to Third Parties

33. During the Relevant Period, as part of their loan application process, Respondents required consumers to provide the names and contact information for multiple references.

34. Respondents also conducted searches using online databases to obtain additional contact information for consumers or other third parties that Respondents believed might be somehow related to consumers.

35. In numerous instances, in connection with collecting or attempting to collect debt, Respondents, often without the prior consent of consumers, called third parties including consumers' credit references, supervisors, landlords, family members, and suspected family members (a) in a manner that disclosed or risked disclosing the existence of delinquent debt to third parties or (b) when Respondents knew or should have known that the consumers or the third parties had previously requested that the calls cease.

36. Respondents have acknowledged that their employees repeatedly failed to heed and properly record consumers' and third parties' requests to cease contact and that their personnel were unaware of and could not access cease-contact requests logged by employees in other stores. These failures resulted in repeated calls to consumers and third parties after such cease contact requests had been made

37. Respondents' acts or practices have caused and were likely to cause consumers substantial injury, including humiliation, inconvenience, and reputational damage.

38. Consumers could not reasonably avoid the harm because they did not know whether, when, or how these calls might occur and had no control over Respondents' use of this collection tactic. In numerous instances, Respondents continued to call consumers' references, suspected family members, and other third parties even after consumers or the third parties asked Respondents to stop.

39. The substantial injury resulting from the calls outweighs any countervailing benefits. Respondents have many other ways to collect debt that do not reveal or risk revealing the delinquency of the consumer's debt or otherwise harm consumers. Any marginal benefit in the form of more recoveries by Respondents is outweighed by the substantial injury to consumers.

40. Respondents' acts and practices set forth in Paragraphs 33–39 thus constitute unfair acts or practices in violation of the CFPA, 12 U.S.C. §§ 5531(a), 5536(a)(1)(B).

VIOLATIONS OF THE FCRA AND REGULATION V

41. Section 1022.42(a) of Regulation V requires a furnisher of information to "establish and implement reasonable written policies and procedures regarding the accuracy and integrity of the information relating to consumers that it furnishes to a consumer reporting agency." 12 C.F.R. § 1022.42(a) (the "Furnisher Rule").

42. Section 623(a)(2) of the FCRA requires a person who "regularly and in the ordinary course of business" furnishes information to a credit reporting agency about its "transactions or experiences with any consumer," and who has "furnished information that the person determines is not complete or accurate" to promptly

provide any corrections or additional information necessary to make the information provided to the CRA complete and accurate. 15 U.S.C. § 1681s-2(a)(2).

43. Section 623(a)(5)(A) of the FCRA requires that a person who furnishes information to a CRA regarding a "delinquent account being placed for collection" must notify the agency of the date the delinquency commenced. 15 U.S.C . § 1681s-2(a)(5)(A).

Findings and Conclusions as to Respondents' Failure to Establish and Implement Reasonable Credit Reporting Policies and Procedures

44. Since at least 2011, Respondents have regularly furnished consumer information to the national CRAs for inclusion in consumers' credit reports. On a monthly basis, Respondents furnished information— including the consumer's loan balance, whether payments were timely or late, and whether the consumer had disputed the debt in some way—for approximately 1 million consumer accounts.

45. Respondents received as many as 18,000 credit reporting disputes in a month—either directly from consumers or indirectly from the CRAs.

46. In response to these disputes, Respondents were required to investigate and, as applicable, update or correct consumer information to the CRAs. Respondents did so using the industry's online automated system ("e-OSCAR").

47. To properly furnish on a monthly basis and to use e-OSCAR to update and correct credit information, Respondents had to turn their consumer account records, such as information about loans and payment histories, into industry-standard codes using a guide called Metro 2 ("Metro 2 Guide").

48. Respondents built their own credit furnishing system using the Metro 2 Guide to convert the information in their own loan-sales database to the Metro 2 format for monthly furnishing.

49. From the inception of Respondents' furnishing operation until at least 2015, Respondents had no written policies or procedures related to credit reporting.

50. Respondents also failed to establish and implement any reasonable policies and procedures regarding the accuracy and integrity of the consumer information Respondents furnished to CRAs. For example, there were no policies and procedures addressing standard data reporting formats or standards about transmission to CRAs; maintaining records for a reasonable amount of time; internal controls; or deleting, updating, or correcting information in Respondents' records.

51. Further, Respondents' policies and procedures did not address how to code properly customer account information or responses to consumer disputes using the Metro 2 Guide and did not ensure that their monthly furnishing system was coordinated with their consumer dispute furnishing practices.

52. From at least 2011 until August 2016, Respondents routinely furnished information about their customers' performance on loans to one or more CRAs.

53. Respondents therefore violated the Furnisher Rule, 12 C.F.R. § 1022.42(a).

Findings and Conclusions as to Respondents' Failure to Update and Correct Inaccurate Credit Reporting and Failure to Furnish the Date of First Delinquency

54. On numerous occasions until August 2016, affecting thousands of consumers, Respondents furnished information that Respondents had determined was inaccurate based on the information that Respondents maintained in the loan-sales database or based on other information, such as information provided by consumers as part of a credit reporting dispute or information provided by CRAs.

55. Respondents made multiple furnishing errors and incorrectly reported information

on a monthly basis for thousands of consumers. Respondents' furnishing errors were systemic and pervasive.

56. When Respondents determined they needed to make updates or corrections to the consumer information they had furnished, Respondents were often slow to make necessary updates and changes. Certain systemic changes took longer than one year to update and correct, resulting in inaccuracies remaining on consumers' credit reports for longer periods.

57. For example, Respondents often re-furnished the same information that they had already determined was inaccurate after having updated or corrected consumer information in responding to a consumer credit reporting dispute. This was because, for years, Respondents' monthly furnishing system was not coordinated with Respondents' process for responding to consumer disputes through e-OSCAR. Respondents determined that this was a systemic error but still took more than a year to correct this systemic problem.

58. As a result of Respondents' failure to coordinate their internal furnishing practices, consumer information that had been corrected (in responding to a consumer dispute) was overwritten with incorrect information (as part of the monthly furnishing process), resulting in consumer credit reports that contained inaccuracies.

59. Respondents' problematic furnishing practices affected tens of thousands of consumers. The following inaccuracies in Respondents' furnishing system were the most pervasive:

a. inaccuracies in the date of first delinquency;

b. inaccuracies in declining balances for charged off accounts;

c. inaccuracies in account payment histories; and

d. inflated and inaccurate high-credit limits.

60. Respondents continued to furnish inaccurate information until August 2016.

61. In August 2016, Respondents suspended all monthly furnishing to the CRAs after determining that their furnishing system contained multiple systemic errors. Respondents resumed furnishing to CRAs beginning in December 2017.

62. As a result, Respondents failed to promptly update thousands of consumer accounts to reflect subsequent account activity including payments and settlements.

63. Consumers complained to the Bureau that information that Respondents inaccurately furnished and failed to promptly update or correct lowered their credit scores and hampered their ability to obtain credit and make purchases.

64. For the reasons described in Paragraphs 54 through 63, Respondents have failed to promptly update and correct information that they determined was inaccurate or incomplete in violation of § 623(a)(2) of the FCRA, 15 U.S.C. § 1681s-2(a)(2).

65. Respondents, due to the systemic programming error described in Paragraph 59.a), failed to report the date of first delinquency for at least 4,600 accounts.

66. Respondents thus violated § 623(a)(5)(A) of the FCRA, 15 U.S.C. § 1681s-2(a)(5)(A).

ORDER

V

Conduct Provisions

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

67. Respondents and their officers, agents, servants, employees, and attorneys who have actual notice of this Consent Order, whether acting directly or indirectly, may not violate §§ 1031 and 1036 of the CFPA, 12 U.S.C. §§ 5531, 5536, and must take the affirmative actions set forth in this section:

    a. Respondents and their officers, agents, servants, employees, and attorneys, whether acting directly or indirectly, are restrained from:

        i. Making in-person visits to a consumer's home, neighbors' homes, the consumer's place of employment, or any public place in connection with collecting or attempting to collect debt;

        ii. Placing a call to any third party about a consumer's account after the third party has notified Respondents, orally or in writing, that the person wishes Respondents to cease further communication with the person;

        iii. Placing a call to a consumer's workplace if Respondents know, or have reason to know, that such calls are inconvenient to the consumer or prohibited by the employer; and

        iv. Except as permitted by state law, disclosing the existence of a consumer's delinquent debt to any third party in connection with collecting or attempting to collect a debt from the consumer, unless the consumer, after default, provided his or her voluntary, affirmative, and

specific written permission on an opt-in basis for the third-party communication. An inadvertent disclosure will not be a violation of this paragraph.

Nothing in this Consent Order shall be read as an exception to this Paragraph.

68. Respondents and their officers, agents, servants, employees, and attorneys who have actual notice of this Consent Order, and whether acting directly or indirectly, may not violate the FCRA, 15 U.S.C. §§ 1681–1681x, and its implementing regulation, Regulation V, 12 C.F.R. pt. 1022, and must take the affirmative actions set forth in this section:

a. Within 90 days of the Effective Date, in consultation with an independent consultant with specialized experience in consumer-information furnishing, Respondents will implement and maintain reasonable written policies and procedures regarding the accuracy and integrity of the information that they furnish to Consumer Reporting Agencies. In so doing, Respondents must consider the guidelines in Appendix E of the Furnisher Rule and incorporate them where appropriate. Respondents must review their policies and procedures at least yearly, and periodically update them, as necessary, to ensure their continued effectiveness.

b. Within 90 days of the Effective Date, Respondents will complete a review of all information they furnished to the CRAs from July 21, 2011 to the Effective Date and request that all CRAs to which they furnished, correct or update any inaccurate or incomplete information in accordance with 15 U.S.C. § 1681s-2(a)(2). For accounts on which Respondents furnished that are reported by the CRAs, where Respondents cannot furnish a correction

or update, Respondents will request that all CRAs to which they furnished delete the account. Respondents will not thereafter furnish the inaccurate or incomplete information.

c. Within 90 days of the Effective Date, Respondents will arrange means by which consumers whose accounts Respondents determine require updating, correction or deletion as set forth in Subparagraph 68(b) provided that the consumers are no longer eligible to receive a free credit report via annualcreditreport.com, may obtain a credit report free of charge from one of the CRAs to which Respondents furnish information. Respondents will ensure the option to obtain the free credit report is available to such consumers for 180 days after they receive the notice specified in Paragraph 68(d).

d. Within 90 days of the Effective Date, Respondents will notify each of their customers affected by inaccurate information furnished to the CRAs through August 2016 (and identified using the process set forth in Subparagraph 68(b)) of at least the following:

   i. Since at least 2011, Respondents (using their relevant trade name) have been providing outdated or inaccurate information about some of their customers to the CRAs and failing to update or correct such information after determining the inaccuracies;

   ii. As a result of those failures, Respondents are the subject of an Enforcement Action by the Bureau;

   iii. There may be inaccuracies on consumers' credit reports;

   iv. That consumers may obtain a credit report free of charge so long as

they apply for such report within 180 days of receiving the notice, and the means for doing so; and

v. The process consumers may use to dispute incomplete or inaccurate information in their credit report.

e. Within 30 days of the Effective Date, Respondents will update their policies and procedures to include a specific process for identifying when they have furnished information that is inaccurate or requires updating to any CRA ("Furnishing Audit Program"). At a minimum, the policies and procedures for the Furnishing Audit Program will require that Respondents: (i) examine a randomly selected sample of accounts for furnishing inaccuracies on a monthly basis using industry-accepted standards for selection and testing; and (ii) monitor and evaluate disputes they receive from the CRAs and their customers for indications of systemic inaccuracies; and

f. Respondents will fully implement the Furnishing Audit Program within 90 days of the Effective Date.

VI

Compliance Plan

IT IS FURTHER ORDERED that:

69. Within 30 days of the Effective Date, Respondents must submit to the Enforcement Director, for review and determination of non-objection, a comprehensive compliance plan designed to ensure that Respondents' credit reporting and collection of installment loans comply with applicable Federal consumer financial law and the terms of this Consent Order ("Compliance Plan"). The Compliance

Plan will, at a minimum:

a. Include detailed steps for addressing each action required by this Consent Order;

b. Require that Respondents regularly monitor their records of incoming and outgoing consumer telephone calls to ensure compliance with applicable federal consumer financial laws;

c. Require that Respondents implement an effective method of logging requests by consumers and third parties not to be contacted about a particular consumer's account and ensuring that those requests are honored;

d. Require ongoing education and training in applicable federal and state consumer protection laws and the applicable terms of this Consent Order for all appropriate employees, with training tailored to each individual's job duties or other role within the company. Respondents will document their training program and will review and update their training program at least annually to ensure that it provides appropriate individuals with the most relevant information;

e. Require a consumer complaint monitoring process, including the maintenance of adequate records of all written, oral, or electronic complaints, formal or informal, received by Respondents and the resolution of the complaints and inquiries;

f. Include a draft notice and describe in the detail the method of notification that Respondents intend to use to satisfy the requirements of Paragraph 68.d;

g. Require that the Compliance Plan be updated at least semi-annually—or as required by changes in laws or regulations, or changes in Respondents'

business strategies or activities—to ensure that the Compliance Plan remains current and effective; and

h. Include specific timeframes and deadlines for implementation of the steps described above.

70. Within 90 days of the Respondents' submission of a comprehensive Compliance Plan, the Enforcement Director will have the discretion to make a determination of non-objection to the Compliance Plan or direct the Respondents to revise it. If the Enforcement Director directs the Respondents to revise the Compliance Plan, the Respondents must make the revisions and resubmit the Compliance Plan to the Enforcement Director within 30 days.

71. After receiving notification that the Enforcement Director has made a determination of non-objection to the Compliance Plan, the Respondents must implement and adhere to the steps, recommendations, deadlines, and timeframes outlined in the Compliance Plan.

VII

Role of the Board

IT IS FURTHER ORDERED that:

72. The Board, or a committee thereof, must review all submissions required by this Consent Order prior to submission to the Bureau.

73. Although this Consent Order requires the Respondents to submit certain documents for the review or non-objection by the Enforcement Director, the Board will have the ultimate responsibility for proper and sound management of Respondents and for ensuring that Respondents comply with applicable federal and state consumer protection laws and this Consent Order.

74. In each instance in which this Consent Order requires the Board to ensure adherence to or perform certain obligations of Respondents, the Board must:

a. Authorize whatever actions are necessary for Respondents to fully comply with this 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

Order to Pay Civil Money Penalties

IT IS FURTHER ORDERED that:

75. 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), Respondents must pay a civil money penalty of $5 million to the Bureau, as directed by the Bureau and as set forth herein.

76. Within 10 days of the Effective Date, Respondents 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.

77. The civil money penalty paid under this Consent Order will be deposited in the Civil Penalty Fund of the Bureau as required by § 1017(d) of the CFPA, 12 U.S.C. § 5497(d).

78. Respondents 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, Respondents 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.

79. To preserve the deterrent effect of the civil money penalty in any Related Consumer Action, Respondents may not argue that Respondents are entitled to, nor may Respondents 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, Respondents must, within 30 days of 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.

IX

Additional Monetary Provisions

IT IS FURTHER ORDERED that:

80. In the event of any default on Respondents' obligations to make payment under this Consent Order, interest, computed under 28 U.S.C. § 1961, 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.

81. Respondents 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 Respondents.

82. Under 31 U.S.C. § 7701, Respondents, unless they have already done so, must furnish to the Bureau their taxpayer identifying numbers, which may be used for purposes of collecting and reporting on any delinquent amount arising out of this Consent Order.

83. Within 30 days of the entry of a final judgment, consent order, or settlement in a Related Consumer Action, Respondents must notify the Enforcement Director of the final judgment, consent order, or settlement in writing. That notification must indicate the amount of redress, if any, that Respondents paid or are required to pay to consumers and describe the consumers or classes of consumers to whom that redress has been or will be paid.

X

Reporting Requirements

IT IS FURTHER ORDERED that:

84. Respondents 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 Respondents; or a change in any Respondent's name or address. Respondents 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.

85. Within 90 days of the Effective Date, and again one year after the Effective Date, Respondents must submit to the Enforcement Director an accurate written compliance progress report ("Compliance Report") that has been approved by the Board, which, at a minimum: Lists each applicable paragraph and subparagraph of the Order and describes in detail the manner and form in which Respondents have complied with each such paragraph and subparagraph of the Consent Order;

    a. Describes in detail the manner and form in which Respondents have complied with the Compliance Plan; and

    b. Attaches a copy of each Order Acknowledgment obtained under Section XI, unless previously submitted to the Bureau.

XI

Order Distribution and Acknowledgment

IT IS FURTHER ORDERED that:

86. Within 30 days of the Effective Date, Respondents must deliver a copy of this Consent Order to each of their 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 this Consent Order.

87. For 5 years from the Effective Date, Respondents must deliver a copy of this Consent Order to any business entity resulting from any change in structure referred to in Section X, 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 this Consent Order before they assume their responsibilities.

88. To the extent that Respondents are required to provide a copy of this Consent

Order to any person pursuant to Section XI of this Consent Order, Respondents 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. §§ 7001–7006, within 30 days of delivery, from all persons receiving a copy of this Consent Order under this Section.

XII

Recordkeeping

IT IS FURTHER ORDERED that:

89. Respondents must create, or if already created, must retain for the duration of the Consent Order, 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.
    b. Copies of all scripts, training materials, and manuals related to the credit reporting or collection of Respondents loans.
90. Respondents must make the documents identified in Paragraph 89 available to the Bureau upon the Bureau's request.

XIII

Notices

IT IS FURTHER ORDERED that:

91. Unless otherwise directed in writing by the Bureau, Respondents must provide all submissions, requests, communications, or other documents relating to this Consent Order in writing, with the subject line, "*In re* Security Group, Inc., *et al.*,

File No. 2018-BCFP-0002," and send them either:

a. By overnight courier (not the U.S. Postal Service) to:

Kristen A. Donoghue
Assistant Director for Enforcement
Bureau of Consumer Financial Protection
1700 G Street, N.W.
Washington D.C. 20552

or;

b. By first-class mail to the below address and contemporaneously by email to Enforcement_Compliance@cfpb.gov:

Kristen A. Donoghue
Assistant Director for Enforcement
Bureau of Consumer Financial Protection
1990 K Street, N.W.
Washington D.C. 20552

XIV

Cooperation with the Bureau

IT IS FURTHER ORDERED that:

92. Respondents must provide all relevant non-privileged information in their or their agents' possession or control within 30 days of receiving a written request from the Bureau.

XV

Compliance Monitoring

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

93. Within 30 days of receipt of a written request from the Bureau, Respondents must submit additional Compliance Reports or other requested information related to the requirements of this Consent Order, which must be made under penalty of

perjury; provide sworn testimony related to requirements of this consent order and Respondents compliance with those requirements; or produce documents related to requirements of this consent order and Respondents' compliance with those requirements.

94. Respondents must permit Bureau representatives to interview about the requirements of this Consent Order and Respondents' compliance with those requirements any employee or other person affiliated with Respondents who has agreed to such an interview. The person interviewed may have counsel present.

95. 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.

XVI

Modifications to Non-Material Requirements

IT IS FURTHER ORDERED that:

96. Respondents 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 Enforcement Director.

97. The Enforcement Director may, in his or her discretion, modify any non-material requirements of this Consent Order (*e.g.*, reasonable extensions of time and changes to reporting requirements) if he or she determines good cause justifies the modification. Any such modification by the Enforcement Director must be in writing.

XVII

Administrative Provisions

98. 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 Respondents, except as described in Paragraph 99.

99. The Bureau releases and discharges Respondents 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 that 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 Respondents and their 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 this Consent Order, or to seek penalties for any violations of this Consent Order.

100. 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.

101. This Consent Order will terminate 5 years from the Effective Date. This 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.

102. Calculation of time limitations will run from the Effective Date and be based on calendar days, unless otherwise noted.

103. Should Respondents seek to transfer or assign all or part of their operations that

are subject to this Consent Order, Respondents 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.

104. 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 § 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 Respondents wherever Respondents may be found and Respondents may not contest that court's personal jurisdiction over Respondents.

105. 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.

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

IT IS SO ORDERED, this 12th day of June, 2018.

Mick Mulvaney
Acting Director
Bureau of Consumer Financial Protection