Consumer Advisory Board Meeting

December 10, 2025

Consumer Financial Protection Bureau

Meeting of the CFPB Consumer Advisory Board

The Consumer Financial Protection Bureau's (CFPB) Consumer Advisory Board (CAB), met in person and via Teams at 11:00 a.m. EST on December 10, 2025.

Guest speakers	CAB members present	CFPB staff present
Jim Giudice, General Counsel and Chief Legal Officer, PublicSquare	Chelsie Evans, Executive Director, Hawaiian Community Assets	Victoria Dorfman, Senior Legal Advisor, Director's Front Office
Dave Herman, General Counsel, Credova	Tom Fitzpatrick, Executive Director, Housing Opportunities Made Equal of Virginia	Rachel Cauley, Faith Liaison and Communications Director, Director's Front Office
Steve Simpson, Director, Separation of Powers Litigation, Pacific Legal Foundation	Cashauna Hill, Executive Director, Redress Movement	Bobby Conner, Deputy Assistant Director, Office of Fair Lending and Equal Opportunity
		Kim George, Designated Federal Officer, Chair, Advisory Board and Councils, External Affairs

Welcome

Kim George, Designated Federal Officer and Chair, Advisory Board and Councils, External Affairs
Rachel Cauley, Faith Liaison and Communication Director, Director's Front Office
Victoria Dorfman, Senior Legal Advisor, Director's Front Office

The CFPB's Designated Federal Officer (DFO), Kim George, convened the Consumer Advisory Board (CAB) meeting on "Fair Lending and Debanking" and welcomed committee members, invited guests, and the listening public. Following, the Faith Liaison and Communications Director Rachel Cauley led a prayer.

Ms. Dorfman provided opening remarks and noted that convening the meeting fulfills CFPB's statutory requirement to seek outside expert counsel to support the Bureau's mission to serve the public as a responsible financial regulator. She identified fair lending as the meeting topic and explained CFPB's dual fair lending statutory mandates: (1) ensuring that all consumers have access to markets for consumer financial products and services and that markets for consumer financial products and services are fair, transparent, and competitive; and (2) ensuring fair, equitable, and nondiscriminatory access to credit for both individuals and communities, further highlighting that CFPB is fully committed to carrying out its statutorily required work.

Ms. Dorfman stated that the prior administration's regulatory overreach affected many businesses and necessitated a course correction by this new administration. She indicated that there are egregious examples of companies being targeted for protected political speech and for exercising their constitutional rights. She characterized the meeting as an opportunity to review the previous administration's weaponization of its regulatory power that initiated politically motivated investigations, and how the new administration is rectifying these issues.

Ms. Dorfman indicated the meeting would also cover the new administration's shift in fair lending policy, fair lending enforcement, and supervision priorities, highlighting debanking as a fair lending area of focus. She noted that there would be a discussion on how the CFPB can work better with stakeholders and what fair lending issues are being observed on the ground.

Fair Lending and Debanking

Victoria Dorfman, Senior Legal Advisor, Director's Front Office
Bobby Conner, Deputy Assistant Director, Office of Fair Lending and Equal Opportunity
Jim Giudice, General Counsel and Chief Legal Officer, PublicSquare, Guest Speaker
Dave Herman, General Counsel, Credova, Guest Speaker
Steve Simpson, Director, Separation of Powers Litigation, Pacific Legal Foundation, Guest Speaker

Weaponization of the Bureau

Conversation with Steve Simpson regarding CFPB's engagement with Townstone Financial, Inc.

Ms. Dorfman began the discussion with a brief overview of *CFPB vs. Townstone Financial, Inc. and Barry Sturner*, a case the CFPB filed in the U.S. District Court for the Northern District of Illinois Eastern Division. It was noted that on July 15, 2020, the Bureau filed a lawsuit against Townstone, a nonbank retail-mortgage creditor and broker based in Chicago, Illinois, alleging violations under the Equal Credit Opportunity Act (ECOA), its implementing regulation, Regulation B, and the Consumer Financial Protection Act of 2010. The CFPB now views this fair lending case as a prime example of the prior administration's weaponization of the Bureau.

Ms. Dorfman asked external guest Steve Simpson, who represented Townstone, a variety of questions about the case. She invited him to provide a summary of what transpired between Townstone and their engagement with the CFPB, with an emphasis on unidentified discrimination claims, freedom of speech concerns, and whether any potential customers reported Townstone to the CFPB or if they found Townstone's comments offensive.

Mr. Simpson began by thanking the CFPB and the administration for inviting him to the meeting to discuss this very important case. He expounded upon his belief that this entire case was based on statistics and free speech, with no evidence of discrimination. He explained that around 2017/2018, the CFPB identified Townstone as a target for investigation based on an alleged shortfall of minority applicants relative to peer lenders in Chicago. During the investigation, the CFPB found a handful of comments Townstone made on a weekly radio show

to be offensive and on that basis subjected Townstone to a seven-year ordeal involving a three-year investigation and a five-year lawsuit. Ultimately, Townstone settled due to the weight of the burden of the litigation. Mr. Simpson emphasized that "throughout it all, the CFPB never identified any evidence of actual discrimination."

In response to this narrative, Ms. Dorfman asked Mr. Simpson what he believes went wrong and if the CFPB's actions were the result of discrimination against Townstone. Mr. Simpson stated that the evidence demonstrated that the Bureau "singled out Townstone because it was a convenient target to make an example of." He explained that the process began with what is referred to as a "redlining screen," which was an audit of mortgage companies across the country based on certain parameters. Mr. Simpson indicated that the audit identified "mortgage companies that loaned to too few minority applicants relative to other mortgage companies."

Mr. Simpson noted that the CFPB essentially targeted Townstone for being below average and questioned whether it is a crime or violation to be below average. Mr. Simpson explained that around 2014/2015 a former loan officer at the company launched a (one-hour) talk radio show, which later became a (half-hour) podcast, to give advice, discuss mortgages, and take calls-ins so that they could drum up business. When the CFPB discovered the radio show and podcast, it used audio mining software to scour all seventy-nine (79) hours of content produced over a five-year period. He stated that the way the CFPB did discovery was to look for terms that it might find offensive or terms that would indicate discrimination.

Mr. Simpson recounted that the CFPB identified five comments (in five years) it felt were disconcerting and offensive. After identifying these clips, the CFPB conducted an eight-hour interview on the record (basically a deposition of his client) of Barry Sturner, Townstone's cofounder. They pulled the "old lawyer trick," waiting until 4:00 p.m. in the afternoon after the witness is tired before presenting him with the radio show comments. He explained that Mr. Sturner had no idea this was coming and thought the meeting was just to clear up a misunderstanding and that if he talked to the CFPB the misunderstanding could have been resolved. The CFPB pressed Mr. Sturner about the comments, saying, "Don't you think these would be offensive or discouraging to people?" In response, Mr. Sturner apologized, and the CFPB used that response as a basis to claim he admitted that these comments violated the law. Mr. Simpson stated that despite the CFPB having no evidence of discrimination, no evidence from anyone claiming discrimination, and no evidence from anyone claiming the radio show or

podcast was offensive the CFPB was looking for a "scapegoat" given the times and public debates about race and other issues.

Ms. Dorfman asked Mr. Simpson if he could provide some of the comments made by Townstone and the freedom of speech issues that were implicated. Mr. Simpson responded that the easiest way to understand the nature of the show is to look at what the CFPB itself thought. Based on what was discovered after an internal investigation, the CFPB lawyers described the Townstone show as "overtly political and often critical of the Bureau." Mr. Simpson noted that anybody who knows anything about free speech laws knows that overtly political speech gets the highest protections under the First Amendment, and it is within the bounds of everybody's right to free speech to criticize the CFPB. Mr. Simpson stated that Mr. Sturner didn't criticize the CFPB that much; however, he did "poke fun at them every once in a while." He recalled the show discussed a lot of things, including mortgage financing, home buying, real estate investing, and sometimes allowed callers to converse about non-financial topics. like sports, crime in Chicago and just everyday life.

Mr. Simpson recalled that out of 79 hours of content, the CFPB identified 16 minutes in which these comments fell into discussions the CFPB found disconcerting, constituting 33% of the overall time in a five-year period. He transitioned from this statement by explaining that crime is a big deal in Chicago, and on a few occasions, Mr. Sturner said things like "if it weren't for the police in Chicago, I really think this town or the southside would become a war zone." On another occasion they were talking about how one of the loan officers on the show said that he had gone skydiving and one of the other the guys piped up and said, "why do you need to go skydiving? That's dangerous. Just run through the southside and you'll get a thrill." Mr. Simpson stated that these were the nature of the comments that the CFPB found disconcerting and potentially offensive to some listeners but that offensive speech, political speech, speech that lawyers in the government or regulatory agencies think is disconcerting cannot be the basis of a lawsuit, and yet, there was never evidence that anybody complained about these comments, much less noting having heard them. He further explained that the only other evidence that the CFPB had was "purely statistical," which it described internally as "circumstantial evidence" and that "it was crystal clear that what motivated this lawsuit was the speech."

Ms. Dorfman asked Mr. Simpson about a survey Townstone funded regarding potential customers and consumer listeners, and what conclusions they reached. Mr. Simpson explained

once Townstone finally understood what the case was about, they spent upwards of $50,000 to conduct this survey through a consumer research firm. The firm conducted focus groups on different occasions with real consumers who identified themselves as interested in mortgages in Chicago, comprising "a mix of minorities, white people, but a lot of African Americans." They read the comments to the participants and talked about reactions to the comments from the radio show and listened to excerpts. According to Mr. Simpson, "nobody thought there was anything offensive." In fact, he stated a number of participants "asked for Townstone's contact information because they felt they [Townstone] knew what they were doing." He added that on top of the consumer survey, during both the investigation and the lawsuit, Townstone twice produced over 100 gigabytes of information and sent it to the CFPB. Mr. Simpson recalled that the CFPB never identified one piece of evidence of discrimination. He recounted that Townstone did the same thing again in the lawsuit and searched for any sort of offensive term from emails and communications that might have indicated discrimination but found no evidence.

Mr. Simpson stated they asked the CFPB repeatedly during the lawsuit to identify anybody who was offended or anybody who felt discriminated against, and there was no evidence of that whatsoever. He stated that the case, despite no evidence of discrimination, was unquestionably motivated by political and social views of Townstone and the conclusion that what they said was offensive. Mr. Simpson recounted that the resulting seven-year battle essentially put Townstone out of business and almost ruined Mr. Sturner's life.

Ms. Dorfman then noted that her understanding was that the CFPB told Townstone early in the lawsuit that it believed it could seek $40 million in damages. Mr. Simpson confirmed that this was their opening "kind of offer" of settlement, which he said is pretty typical in lawsuits for regulatory agencies to try to settle the case. He recalled that the CFPB went to Townstone and said that, based on its calculations, the number of comments made and the number of days, several thousand per day, "we could easily hit you with 40 million dollars in fines." He emphasized that this is what Mr. Sturner and Townstone were facing. Subsequently, the CFPB offered to settle for a million dollars. Mr. Simpson recalls that Mr. Sturner felt strongly that he had not done anything wrong and wanted to litigate the case. However, Mr. Simpson noted that by 2024, just before the election and after enduring a seven-year ordeal, settling made the most sense.

Ms. Dorfman inquired about the settlement amount, and Mr. Simpson responded that Mr. Sturner settled for $100,000. Ms. Dorfman noted that after this administration took over the CFPB, the new leadership worked to correct "this absolutely flagrant misuse of government resources in the Townstone." She explained that in March 2025, Acting Director Vought sought to vacate the settlement after a seven-year harassment saga. Even though the court declined to vacate the consent order, Ms. Dorfman explained that this leadership believes it was essential to expose the processes leading to this overreach. She then thanked Mr. Simpson for his point of view and for sharing Townstone's story, highlighting the importance of righting the wrong and raising awareness of these issues.

Mr. Simpson concluded by explaining that Townstone always felt attacked throughout this process and based on his reading of articles about the CFPB and hearing from many former attorneys and others who worked at the Bureau, there is often a sense in regulatory agencies that they are at war with the regulated industries. Mr. Simpson conveyed his belief that this is wrong and expressed his hope for change, noting that regulatory agencies need to look at themselves more in self-reflection. According to Mr. Simpson, Townstone felt that they were being attacked for no good reason. He opined that anytime a government is going after somebody because of comments made on a radio show that government agencies find offensive, that should be a red flag – a time to check their premises and decide what the real reasons are for the investigation.

Conversation with Jim Giudice and Dave Herman regarding the CFPB's engagement with Credova Financial

Next, Ms. Dorfman turned to the other guest speakers Jim Giudice, General Counsel and Chief Legal Officer of PublicSquare, and Dave Herman, General Counsel of Credova Financial. She explained that Credova withstood a politically motivated investigation for over four years until the current leadership ended it in August 2025. She explained that following a case review, the CFPB leadership determined that the investigation exemplified the type of weaponization against disfavored industries and individuals that President Trump and Acting Director Vought are committed to ending.

Mr. Giudice began by providing historical context to illustrate how Credova's experience with the CFPB is really related to the Second Amendment, Second Amendment commerce, and the firearms industry. He explained that going back to the 1990's, the firearms industry (for

political and ideological reasons) has been a constant target of those who are anti-gun. He stated that in the 1990's, they saw direct attacks against the industry, including state sponsored lawsuits against firearm manufacturers and dealers for criminal misuse of firearms. Mr. Giudice further explained that in the early 2000's, the Protection of Lawful Commerce in Arms Act (PLCAA) was passed and prohibited these types of malicious lawsuits. Thereafter, he began to see political and government actors taking a secondary approach by attacking the firearm industry through banking and financial services, which is where Credova became relevant. He described Credova as a point-of-sale financial technology company offering consumer financing tailored for the firearm and outdoor recreation space. Mr. Giudice stated that Credova had to innovate to provide essential services to an industry that otherwise lacked available service providers, which also made them a target for politically and ideologically motivated activities.

After establishing the historical context, Mr. Giudice deferred to Mr. Herman to explain the timeline of the investigation and detail Credova's specific interactions with the CFPB. Mr. Herman recounted that the investigation began in February 2021. As outside counsel for Credova, along with other members of their legal team, they met with Bureau enforcement attorneys and asked them numerous times what Credova was doing wrong and what needed improvement. He stated that the CFPB never provided a clear response. Mr. Herman stated that over time, as they provided information demonstrating compliance with applicable federal and state laws, rules and regulations, the Bureau's rationale shifted repeatedly over the course of the investigation. He recalled that every time they would "knock something down," the CFPB would come back with something else. As a result of this, he stated it became clear to them that over the course of the investigation, timing of events, and the shifting positions taken by the CFPB, that this was less about protecting consumers and more about shutting down lawful commerce in a disfavored industry.

Mr. Herman noted that based on his experience working with numerous government agencies and state attorneys on enforcement actions, this case felt very different because he could never identify a clear legal violation commensurate with the magnitude of the weight of government pressure on Credova. After hearing this account of the investigation's progression, Ms. Dorfman asked whether this was typical engagement with a financial regulator from their perspective. Mr. Herman responded that it was absolutely not typical and based on his career experience with other federal regulators, this engagement was fundamentally different. He noted that the investigation was initially connected to the New York Attorney General's office, which was odd.

He continued by explaining that the New York Attorney General's office attempted to use the CFPB's subpoenas and processes for them to conduct investigations of Credova, even though Credova had no business, customers, or nexus in New York state. He characterized this as a strange and an unusual misuse of process by both the CFPB and the New York Attorney General's office.

Mr. Giudice interjected to build on this point, noting that the misuse and abuse of process in this type of a situation can feel like the process itself is weaponized and used as punishment. He stated "in the private sector we have a bottom line. We have employees who rely on their paychecks, and they rely on us to build and grow a successful business so that they can provide for their families." He opined that this is a multiyear investigation that was not focused on consumer harm and resulted in hundreds of thousands of dollars of legal spending. Mr. Giudice emphasized that the process itself, particularly with the involvement of the New York Attorney General's office, does not seem to be the type of process that a regulator would typically follow with a business that is seeking to comply with the industry requirements.

Following this discussion, Ms. Dorfman asked why the New York Attorney General's office was involved in the investigation and what its purported role was, given that Credova appeared to have no business in New York. Mr. Herman responded that he believes the New York Attorney General's office simply did not like the business that Credova was in and did not approve of it bringing innovative financing options to consumers for use in Second Amendment activity. He reiterated that notwithstanding the lack of any nexus to New York, the New York Attorney General's office continually seemed to lead the investigation even in violation of the Bureau's own internal policies.

Mr. Herman stated that the New York Attorney General's office tried to conduct depositions under a CFPB subpoena, which was something they had never encountered. After being informed this violated the CFPB's published policies, the Bureau took over the depositions, but New York Attorney General's attorneys appeared to be feeding questions to the CFPB enforcement attorneys and providing exhibits. He described how the New York Attorney General and the CFPB concluded the deposition by discussing what they believed Credova did wrong. They simply did not like the fact that Credova was offering financing for firearms, not that Credova was violating a law, rule, or a regulation. According to Mr. Herman, they simply objected to Credova's products. Upon hearing this, Ms. Dorfman noted that this seems very

reminiscent of conduct that the Supreme Court unanimously condemned in *NRA. v. Vullo* where the New York Attorney General again went after the firearms industry. Mr. Herman affirmed this comparison and explained that the matter went even deeper. He recounted that during settlement discussions, and after years and months of silence, the Bureau attempted to force a settlement prior to the change of administration by approaching Credova's third-party service provider. The Bureau proposed that the New York Attorney General would settle for a minimal amount in exchange for the provider agreeing to cut off Credova's services through injunctive relief. He explained that this tactic would have rendered Credova unable to operate and would have forced the company to settle from a position of desperation despite no identified legal violations. Mr. Herman concluded that the Bureau's ultimate goal was a complete shutdown of Credova's operations.

Mr. Giudice emphasized that an investigation focused on consumer harm would have sought appropriate injunctive and potential monetary relief. Instead, the demanded injunctive relief was designed to put Credova out of business. He explained that they repeatedly asked the CFPB for examples, regulatory guidance, and industry comparisons but never received anything back.

Ms. Dorfman then asked whether it sounded like this was an attempt to restrict lawful Second Amendment activity, and whether the CFPB made any commentary on this issue directly. Mr. Herman confirmed it did. He explained that during discussions with enforcement attorneys both at the CFPB and the New York Attorney General's office, the attorneys stated that they simply did not believe Credova should be able offer this type of financing to consumers. Mr. Herman stated that this position was reflected in the draft consent order that was circulated to Credova, which included disclosures that are not required under Regulation M or the Consumer Leasing Act or Regulation Z and the Truth in Lending Act (TILA). He stated that what they were asking for was not being imposed on any other industry member and would have required Credova to be at such a competitive disadvantage that they could not effectively compete in the marketplace.

Ms. Dorfman then stated that her understanding was that in addition to suppressing lawful Second Amendment activity, there was an overlay of politically motivated pressure that happened here. She asked for more information regarding this. Mr. Giudice responded by explaining that the timing of the Bureau's actions was very telling. He described a pattern of flurries of Bureau activity followed by months and sometimes more than a year of complete

silence, oddly timed with public announcements related to Credova and PublicSquare (Credova's parent company). Mr. Giudice detailed the Bureau's engagement pattern and cited a specific example. He explained that after Credova's fall 2022 NORA (Notice of Reasonable Cause) call with the Bureau and their response, they heard nothing for over a year. The Bureau resumed contact only after PublicSquare publicly announced its partnership with Credova in January 2024, which prompted additional requests for information and diligence. Mr. Giudice explained that when PublicSquare acquired Cordova, Bureau activity ramped back up with renewed questioning, followed by another period of silence as the November 2024 election approached. The Bureau then resumed requesting information before the election. He explained that they answered and cooperated while continuing to ask for promised examples that were never provided. Mr. Giudice described events that happened subsequent to the November 2024 election and recalled that the day Donald Trump Jr's appointment to PublicSquare's board was announced, Bureau attorneys immediately reached out to their outside counsel and demanded an emergency same-day meeting despite months of prior silence and promises to show them exactly what compliance was required. According to Mr. Giudice, the CFPB provided a draft consent decree that was riddled with factual and legal inaccuracies, which they brought to the Bureau's attention. He explained they were told the matter needed to be settled before the new administration's inauguration, otherwise the CFPB would likely file suit. Mr. Giudice stated that this clearly illustrates an ideological or political motivation by a federal regulatory agency.

Ms. Dorfman thanked them for sharing that experience and confirmed that after the CFPB reviewed all the internal documents, their impressions were correct in that the investigation was politically motivated and had no basis in the law.

In closing remarks, Mr. Herman thanked everyone for listening to this story and described the investigation as highly unusual even among other CFPB investigations. He emphasized that it was one that was clearly not grounded in law, but rather in politics and ideologies. He stated that if Credova's conduct was wrong, it should not have mattered what political party the company ascribed to. Mr. Herman recalled the Bureau never identifying what law Credova violated or what they did wrong. From his perspective, this represents regulation by enforcement and leaves companies with no guidance on how to comply. He stated that, "essentially, you show up, the CFPB tells you they're going to extract a penalty from you unless you do something and then we have to accept it or else face the full weight of the federal

government." He stated that Credova held strong against this, but it was very damaging to the company.

Mr. Giudice shared final words on good governance and expected behavior from both the regulator and members of the regulated industry. He explained that when a business operates while working hard to identify the applicable laws and regulations, understand them, apply them, and constantly monitor compliance with them, that should be viewed as model behavior. Instead, he noted, the outcome is a very adversarial relationship between the regulator and the regulated business, which does not constitute good governance for businesses and the American people.

Mr. Giudice concluded by providing context for their experience, noting that the firearm industry and the Second Amendment have been under constant attack for decades and that as a financial technology company, they were being punished for their support of the firearm industry. He explained that following the early 2000s protection of PLCAA that prevented direct legal attacks, tactics evolved into indirect attacks. He described industry members, retailers, and manufacturers being targeted or denied financial services, which he explains is core to this story. Mr. Giudice further explained that businesses like theirs, which have been very intentional about supporting an individual's right to bear arms, the Second Amendment, and the firearm industry, have been targeted by regulators both at the federal and state level which makes it very difficult for their business to survive.

Ms. Dorfman confirmed that the CFPB had closed the investigation into Credova and provided the CAB members with a letter outlining the many problems that occurred during the investigation. She emphasized that this is not the way the CFPB should have functioned and assured them they are doing everything to correct these issues.

New Administration's Bureau

CFPB Transition & Executive Branch Policy

Ms. Dorfman then addressed the CFPB's present and future, noting the closing of what she described as CFPB's history of weaponization and sharing a glimpse into the CFPB's new direction by highlighting fair lending work since new leadership took over.

She shared that over the past several months, with the transition in leadership, the CFPB has undertaken an extensive review of its operations. During this time, the CFPB has made changes consistent with the new administration and Bureau leadership's policies and priorities. She stated that Acting Director Vought confirmed his commitment to implementing the President's policies and that the Bureau has been busy implementing several Executive Orders impacting its fair lending work, including:

- Executive Order 14281, "Restoring Equality of Opportunity and Meritocracy," which directs federal agencies to stop using disparate impact liability in their enforcement of civil rights laws;
- Executive Order 14173, "Ending Illegal Discrimination and Restoring Merit-Based Opportunity," which requires that all executive departments and agencies terminate all discriminatory and illegal preferences, mandates, policies, programs, activities, guidance, regulations, enforcement actions, consent orders, and requirements. It further requires agencies to enforce civil-rights laws and combat illegal private-sector diversity, equity, and inclusion preferences, mandates, policies, programs, and activities; and
- Executive Order 14331, "Guaranteeing Fair Banking for all Americans," which seeks to address debanking so that no American is denied access to financial services because of their political or religious beliefs, and states that banking decisions must be made on the basis of "individualized, objective, and risk-based analyses."

New Bureau Fair Lending Priorities & Shifts in Policy

Disparate Impact

Ms. Dorfman continued to outline the CFPB's future work in fair lending, specifically new fair lending priorities and shifts in policy. She said that to comply with these executive orders and the new administration's priorities, the CFPB leadership has made significant shifts in its fair lending work.

She said that to be consistent with Executive Order 14281, the CFPB no longer uses disparate impact in its supervision or enforcement of fair lending laws. To that end, the Bureau has closed all elements of several open exams and investigations that relied on disparate impact liability to align with that directive and has also terminated the CFPB orders that relied on disparate impact liability, including the administrative order against Synchrony Bank.

Ms. Dorfman went on to say that similarly, the CFPB is focusing its supervisory and enforcement resources on fair lending matters with direct evidence of overt racial discrimination and identified victims. Consistent with this, on May 15, 2025, the Bureau issued a no action letter for its order in the U.S. District Court for the Northern District of Illinois against Draper & Kramer Mortgage Corporation, which was based on claims of redlining. Under the no action letter, the CFPB ceased monitoring compliance with the order, will not engage in any supervisory activity to assess compliance with it, and will take no further steps to enforce the order.

She said that the CFPB, in coordination with the Department of Justice, also successfully terminated the orders against Trustmark National Bank, entered in the U.S. District Court for the Western District of Tennessee, and Trident Mortgage Company, entered in the U.S. District Court for the Eastern District of Pennsylvania—both of which involved claims of redlining—on May 21, 2025 and June 2, 2025 respectively.

She said that the CFPB also terminated its administrative order against Bank of America, N.A. on June 5, 2025. The order was based in part on findings that loan officers were not asking applicants for required demographic data.

Special Purpose Credit Programs

Ms. Dorfman stated that the CFPB is no longer consulting with institutions regarding any special purpose credit programs (SPCPs) that rely on race, national origin, or sex, pursuant to Executive order 14173. Consistent with this Executive Order and recognizing the broader statutory and constitutional concerns raised by such programs, the Bureau has proposed a rule that would prohibit creditors from offering programs that rely on the race, national origin, or sex of the applicant in making credit decisions. However, the CFPB reserves the right to continue enforcing fair lending laws against unlawful discrimination based on national origin, race, and sex.

Debanking

Following this, Mr. Conner opened a segment on debanking, saying that debanking is one of the CFPB's main priorities. As such, the CFPB leadership has dedicated resources across the Bureau

to implement the President's Executive Order on debanking. The President's Executive Order on debanking directs federal banking regulators, in part, to review their guidance and regulations for reputation risk or "equivalent concepts that could result in politicized or unlawful debanking." The Executive Order also directs regulators to identify financial institutions that have engaged in unlawful or politicized debanking and take appropriate remedial action. Consistent with the Executive Order, the CFPB reviewed its Examination Manual and confirmed that it does not reference reputation risk.

Mr. Conner stated the CFPB is also reviewing its guidance, regulations, and other materials used to regulate or examine entities under its authority and will make changes, as appropriate, to any materials that include reputation risk concepts that could result in unlawful debanking. Mr. Conner said that the CFPB is also reviewing its Consumer Complaints as well as Supervisory and Enforcement data for evidence of potential debanking.

Mr. Conner explained that in the debanking context, the CFPB will be evaluating financial institutions for compliance with the Equal Credit Opportunity Act (ECOA), the Fair Credit Reporting Act (FCRA), and the adverse action notice requirements under those laws. The CFPB is also working with other regulatory partners, including the DOJ, as part of the DOJ's Debanking Task Force, to address debanking issues more broadly.

Mr. Conner encouraged financial institutions to consider reviewing current and past policies and practices, to include (1) Underwriting and eligibility criteria, (2) Account processes, and (3) Complaints to assess debanking risks associated with the President's Executive Order on debanking and with existing federal and state laws.

Enforcement & Supervision Priorities

Regarding the CFPB's Supervision and Enforcement priorities, Mr. Conner stated the CFPB is only focusing on areas clearly within the agency's statutory authority and prioritizing pressing threats to consumers. He further stated that the Bureau is concentrating on actual fraud against consumers, where there are identifiable victims with material and measurable consumer damages, and redressing tangible harm by getting money back directly to consumers.

He said that with regards to fair lending, matters with direct evidence of intentional racial discrimination and identified victims shall be brought to the leadership's attention and maximum penalties will be sought.

Mr. Conner also stated that CFPB's Fair Lending Supervisory activities will focus on entities' compliance with ECOA and Home Mortgage Disclosure Act (HMDA) and that ECOA examination work will focus on:

- Uncovering direct evidence of intentional discrimination on a prohibited basis;
- Systemic failures to provide applicants with legally required notices of adverse actions; and
- Lenders' systems for identifying risks of non-compliance with ECOA and its implementing Regulation B.

Mr. Conner also stated that HMDA examination work will focus on validating the accuracy of key data points collected and submitted by lenders.

Mr. Conner further noted that the CFPB is reviewing its consumer complaints and supervisory and enforcement data for evidence of potential debanking, and that additional fair lending supervisory work may be scheduled to follow up on potential debanking findings identified from this review.

Service Members & Veterans

Ms. Dorfman discussed how the CFPB will have a strong focus on protecting and providing redress to servicemembers, their families, and veterans.

She said that consistent with this priority, the CFPB and FirstCash, Inc., along with its nineteen subsidiaries, resolved the Bureau's lawsuit started in 2021, alleging violations of the Military Lending Act (MLA). The parties reached a settlement and jointly filed a stipulated final judgment and proposed order, which the court promptly entered the same day. The MLA provides protections for active duty servicemembers and certain dependents in connection with extensions of consumer credit. These protections include a maximum allowable annual

percentage rate of 36%, a prohibition against required arbitration, and certain mandatory loan disclosures.

Ms. Dorfman said that the CFPB specifically alleged that since October 2016, the defendants violated the MLA by making pawn loans, which are small loans secured by personal property, to covered borrowers with rates that exceeded the Act's maximum allowable annual percentage rate of 36%. The CFPB also alleged that the loan agreements with covered borrowers violated the MLA by requiring arbitration in the case of a dispute and by failing to make all required loan disclosures.

The order requires the defendants to:

- Set aside $5 million to ensure full redress to harmed servicemembers and their family members in connection with thousands of unlawful pawn loans;
- Pay a $4 million fine to the CFPB's victims relief fund; and
- Comply with the MLA by either offering an MLA-compliant loan product to servicemembers and their families or complying with a regulatory safe harbor meant to screen for MLA-protected borrowers.

Ms. Dorfman said that the CFPB settled another MLA matter recently. On September 29, 2022, the Bureau filed a lawsuit against MoneyLion Technologies, Inc., ML Plus, LLC, and 37 MoneyLion lending subsidiaries. MoneyLion is a financial technology (fintech) company (formerly known as MoneyLion, Inc.) that offers online installment loans and other products to consumers through its lending subsidiaries and membership programs through its subsidiary ML Plus. The MLA contains several protections for active duty servicemembers and their families, defined as "covered borrowers." The CFPB alleged that MoneyLion and its lending subsidiaries violated the MLA by, among other things, charging covered borrowers annual percentage rates that exceeded the allowable rate under the Act and failing to make required disclosures. The CFPB also alleged that MoneyLion, its lending subsidiaries, and ML Plus violated the Consumer Financial Protection Act of 2010 by:

- Misrepresenting that covered borrowers owed loan payments and associated fees that they did not in fact owe because loan contracts were void from their inception;

- Not permitting consumers with unpaid loan balances to exit the membership program; and
- Continuing to charge and collect monthly membership fees after consumers had asked to cancel their memberships or terminate Automated Clearing House fee withdrawals.

Ms. Dorfman stated that on November 21, 2025, the CFPB and all defendants jointly filed a proposed stipulated final judgment and order to require the defendants to pay $1.75 million in consumer redress and ensure their products comply with the MLA.

Fair Lending Rulemaking

Small Business Lending Rule

Mr. Conner stated that the CFPB is undertaking several priority rulemakings. In June and October of 2025, the Bureau extended the compliance deadlines for the Small Business Lending Rule under section 1071 of the Dodd-Frank Act by approximately one year. The Bureau is also de-prioritizing the enforcement of this rule. In November 2025, the CFPB issued a proposed rule for public comment to amend the Small Business Lending Rule. The proposed rule notably proposes two changes to the covered financial institution definitions (1) to exclude Farm Credit System lenders from coverage, and (2) to raise the origination threshold from 100 to 1,000 covered-credit transactions for each of two consecutive years. The proposed rule would also make the following edits to the bona fide error portions concerning enforcement:

- Changes the gross annual revenue threshold in the rule's definition of small business from five million dollars or less to one million dollars or less;
- Removes the discretionary data points for application method, application recipient, denial reasons, pricing information, and number of workers;
- Modifies the collection of data concerning business ownership status of small business applicants and the format of demographic data collected concerning the principal owners to comply with an executive branch mandate. The proposed changes generally include:
    - removing references to and questions about "LGBTQI+"-owned business status;
    - requiring financial institutions to inquire about a principal owner's sex, rather than sex/gender; and

    - providing that the sex of the principal owners be selected from a static binary response option of male or female, rather than a free-form text field.
- Changes the provisions on the time and manner of data collection, to remove various prohibitions on discouragement and adds a provision that would emphasize for applicants their statutory rights under the rule; and
- Extends the rule's compliance date to January 1, 2028, for all financial institutions covered by the rule. The comment period for this proposed rule closed on December 15, 2025. All interested stakeholders were encouraged to submit their comments by the deadline.

Regulation B, implementing ECOA

Mr. Conner stated that in November 2025, the Bureau also published a proposed rule for public comment to amend Regulation B, subpart A, the regulation implementing ECOA. He went on to highlight a few significant changes proposed for Regulation B. Consistent with the President's Executive Orders 14173 and 14281, the proposed rule provides that ECOA does not authorize disparate impact claims and would amend the prohibition on discouraging applicants or prospective applicants to clarify that: (1) it prohibits statements of intent to discriminate in violation of ECOA and is not triggered merely by negative consumer impressions, and (2) encouraging statements by creditors directed at one group of consumers is not prohibited discouragement as to applicants or prospective applicants who were not intended recipients of the statements. The proposed rule would also amend the standards for SPCPs offered or participated in by for-profit organizations to include new standards and related restrictions. Mr. Conner further explained that under the proposed rule, for-profit organizations would be (1) prohibited from using race, color, national origin, or sex as eligibility criteria for special purpose credit programs, and (2) they would be restricted in using religion, marital status, age, or income derived from a public assistance program as eligibility criteria. These are a few of the changes for Regulation B. **The comment period for this proposed rule closed on December 15, 2025. All interested stakeholders were encouraged to submit their comments by the deadline.*

Mr. Conner shared that more information about both of these fair lending-related rulemakings can be found on the Bureau's website, www.consumerfinance.gov, and that the public should also refer to the Unified Agenda at www.reginfo.gov for more information about these and other rulemakings by the CFPB.

Reducing Unnecessary Guidance

Ms. Dorfman stated that the CFPB has also taken great strides to reduce unnecessary guidance and rescinded more than sixty guidance materials by a notice of withdrawal filed in the *Federal Register* on May 15, 2025. The CFPB has previously issued non-binding policy guidance in myriad forms, such as guidance documents, interpretive rules, advisory opinions, and policy statements, over its history. Ms. Dorfman explained that the CFPB's current policy is to avoid issuing guidance except where necessary and where such guidance would reduce rather than increase compliance burdens. The full list of the rescinded guidance is available on the *Federal Register* website at www.federalregister.gov.

Discussion with Consumer Advisory Board

Victoria Dorfman, Senior Legal Advisor, Director's Front Office
Chelsie Evans, Executive Director, Hawaiian Community Assets
Tom Fitzpatrick, Executive Director, Housing Opportunities Made Equal of Virginia
Cashauna Hill, Executive Director, Redress Movement

Ms. Dorfman then opened the floor to the discussion portion of the meeting with the Board members, asking for their input on how the CFPB and external stakeholders can work together better.

A CAB member stated that she is not seeing evidence along the lines of the testimony offered today. She also highlighted that the testimony is not consistent with what she is seeing on the ground as a long-time fair housing lending practitioner and attorney who has litigated these types of cases in states across the country. She said that communities around the country are "deeply concerned" about what she described as the continued gutting of civil rights protections, including the disparate impact principle and special purpose credit programs (SPCP). The member encouraged the CFPB to make policies that are rooted in history and fact. She said that the Federal Housing Administration's underwriting manual, for four decades, was very clear that lenders must protect against "the infiltration of inharmonious racial or nationality groups" and rely on racially restrictive covenants that limited property ownership to people of the "white race." She stated that the history of government-sponsored segregation and discrimination that harmed millions of Americans of color is well-documented, that many of these Americans and

their descendants are still alive today, and that basic tenets of fairness and honor would suggest that they "don't just acknowledge that harm but also make an effort to repair it." She further stated that special purpose credit programs were one of the only attempts the federal government has made to repair the injuries inflicted by discriminatory housing policies, and that guidance to make those programs real had only been put in place within the last five years. The member characterized the gutting of the SPCP guidance as an embarrassing betrayal of the purpose of the Equal Credit Opportunity Act (ECOA) and an overwhelming deficiency of fairness, honor, and truth. The member also indicated that concerns about the elimination of disparate impact liability are rooted in recent history pointing to the twentieth anniversary of Hurricane Katrina and the federal levy failures. She described how, in the aftermath of that disaster, St. Bernard Parish passed a parish-wide ordinance banning property owners from renting to anyone who was not related to them by blood. She noted that while the ordinance did not explicitly mention race, over ninety percent of property owners in St. Bernard Parish at the time were white, effectively preventing people of color from accessing rental housing there. The member stated that a federal lawsuit eventually forced the parish to repeal the law. She said this example offers a glimpse into a world without disparate impact liability, and that the proposed rule being discussed during the meeting would allow lenders to go back to the days of "redlining" neighborhoods. The member feels that the proposed rule is out of step with the Supreme Court's ruling and would make the country more unaffordable and less fair for working class people and people of color.

Another CAB member stated that from a HUD-certified counseling perspective, partnerships only work when the financial systems exist and are centered on the people they are meant to serve. She noted that nearly half of Hawaiian households are one paycheck away from potentially being homeless and that nationally, one in five low-income adults are unbanked compared to approximately 1% of higher income adults. The member explained that when families are living that close to financial crisis, losing access to a bank account is not a minor inconvenience but can disable their entire financial lives. She stated that debanking is more volatile than most people realize, noting that thousands of consumers had filed complaints about improper account closures in just the last three years. She indicated that the burden of these closures falls heaviest on low-income working families who are already struggling to stay housed, keep utilities on, and maintain credit.

The member referenced the 2008 housing crash as an example of what happens when financial institutions face too little accountability, noting that families absorbed the damage while institutions moved forward largely protected. She explained that when a bank freezes or closes an account without a valid cause or fails to protect the consumer from fraud, the family absorbs 100% of the consequences, including missed rent payments, shut-off notices, damaged credit scores, and higher interest rates for years to come. The member said that if families face those consequences, banks must face proportionate accountability. She explained that a solution already exists, pointing to the Electronic Funds Transfer act as a model that requires banks to investigate certain errors within ten days using clear, familiar procedures that banks use every day. The member stated that a wrongful account freeze is an error and should be treated as one and that consumers should have the right to dispute it, receive a timely investigation, and have the error promptly corrected.

The member suggested that the CFPB should make it clear that its primary partners are the public and the communities that are mostly at risk. She opined that any bank institution, FinTech, Community Development Financial Institutions (CDFIs), or mortgage lenders that want to be seen as a CFPB partner must be willing to operate under transparent, enforceable standards and stated that Department of Housing and Urban Development (HUD)-certified counseling agencies and CDFIs are already held to strict federal requirements and welcome guardrails because they see the harm to consumers when protections are removed. The member concluded by explaining that that balanced accountability applied consistently, not selectively, is how the integrity of the financial system and the stability of households can be protected.

Another CAB member expressed his concern over the absence of several former CAB members, noting that those members were recently invited to leave the CAB, and that their voices would be missed during the meeting. Additionally, the member stated his displeasure at the way that the CAB meeting allowed industry presenters to speak in person; however, the CAB members were not invited to the conference room, and he would have attended in person.

The CAB member went on to say that he was shocked with the proposed revisions to Regulation B, and that the CFPB is moving forward with a proposed rule that will significantly change the industry with such limited data. He questioned whether the CFPB believes that qualitive considerations are sufficient to undertake such a complete rewriting of fair lending laws in the

country. He stated that the proposed rule gets the law wrong and that ECOA is straightforward in why Congress intended for disparate impact to be included in the Act.

The member expressed his concern that only geography will be considered and not individual characteristics, which can potentially bring back redlining. He stated that everyone has seen the impact that redlining has on these communities, noting he has seen this firsthand in Richmond, Norfolk, and other cities in Virginia. He added that the CFPB must be careful as it thinks through what the implications will be as they move forward with this new rule.

The member mentioned that he would like to see other consumers' voices heard concerning this matter and not just from the three CAB members who provided input during this meeting.

As part of this discussion, Ms. Dorfman thanked the members for reading the materials and providing their feedback. She stated that this administration is committed to rooting out intentional discrimination and that this type of work is what the CFPB has been undertaking.

Ms. Dorfman added that she was glad to hear that there are members who agree that debanking is a high priority. She shared that the CFPB has been working with the Department of Justice and other agencies concerning this matter and that the CFPB has quite a bit of resources committed to this issue.

Ms. Dorfman said that she agrees we need transparent and enforceable standards and not selective prosecution. Regulated entities need to know what is expected of them and that the CFPB has already taken down nonbinding guidance as it is not transparent.

After this discussion ended, Ms. Dorfman transitioned the conversation to emerging fair lending issues the members are seeing on the ground.

In response, a CAB member shared data from Hawaii and the community her organization serves, stating that fair lending issues families face is that those with the least financial margin are encountering the steepest barriers to safe, affordable credit. She explained that when families already living paycheck to paycheck cannot access fair credit, they often turn to higher cost products that deepen financial instability. She noted that opaque loan denials with no explanation or path forward, high-cost alternatives filing the gap left by mainstream credit, and

AI driven underwriting that produces unequal outcomes even when presented as neutral are issues that these consumers encounter. She also referenced a 2024 Yale University study finding that AI models used to simulate mortgage underwriting consistently recommended denying loans and charging higher interest rates to Black applicants than to otherwise white identical applicants, even when race was removed from the data.

The CAB member then offered three considerations for CFPB: First, she stated that fairness must reflect real outcomes, not theoretical neutrality, as proxies, algorithms, and opaque processes produce unequal results even without intent. Second, she encouraged strengthening lenders, especially CDFIs, that can underwrite based on real household cash flow rather than proxy-driven algorithms or outdated credit models. Third, she urged caution about rewriting foundational civil rights protections without data, noting that the proposed ECOA changes and Regulation B acknowledge on page 51, as another CAB member indicated, that the Bureau lacks information about the number of special purpose credit programs in existence, their costs, their benefits, and the realities of discrimination in the marketplace. The member concluded by reiterating that fair lending is not just about preventing overt discrimination but about ensuring everyone has access to a fair, functional, and safe financial system that supports stability rather than undermining it.

Another CAB member said one of the persistent problems she sees is a lack of access to mainstream banking and financial tools for people of color, particularly those living in majority or historically African-American neighborhoods. She explained that she continues to see high denial rates for mortgage loans for African Americans and people of color compared to White Americans and noted that people of color continue to be pushed into more expensive loan products even when they control or can account for more income or high income. The member concluded that her work does not reflect what was heard earlier in the meeting, and that lower-income people and people of color continue to have less access to mortgage loans and banking products and services than others in this country.

Another CAB member added that while access to credit for those who are credit invisible is not an emerging issue, the racial disparities embedded in that problem are hard to ignore. He noted the disparity is growing with his clients who are not mortgage-ready solely because of their credit scores, despite having everything else in order. The member urged the CFPB to think about how to ensure that those individuals have the same opportunities as others.

Closing

Victoria Dorfman, Senior Legal Advisor, Director's Front Office
Kim George, Bureau's Designated Federal Officer and Chair, Advisory Board and Councils, External Affairs

In closing, Victoria Dorfman thanked everyone for the robust conversation. She said that under this administration, the CFPB is fully committed to carrying out its statutory mandates from Congress, including its fair lending mandates. She went on to say that the CFPB looks forward to engaging with the advisory board and other stakeholders about fair lending. She said that the CFPB truly values its partnerships in this important work.

The Designated Federal Officer thanked the members, participating CFPB staff, external guests, and the listening public for their participation.

Adjournment

Designated Federal Officer Kim George adjourned the meeting of the CFPB Consumer Advisory Board on December 10, 2025, at approximately 12:30 p.m. EST.

Certification

I hereby certify that, to the best of my knowledge, the foregoing minutes are accurate and complete.

LaShaun Warren
Deputy Associate Director
External Affairs Division
Consumer Financial Protection Bureau

Kim George
Designated Federal Officer, Chair
Advisory Board and Councils
External Affairs Division
Consumer Financial Protection Bureau