

**UNITED STATES OF AMERICA  
CONSUMER FINANCIAL PROTECTION BUREAU**

ADMINISTRATIVE PROCEEDING

File No. 2017-CFPB-0020

In the Matter of:

**CONDUENT BUSINESS SERVICES, LLC.**

**CONSENT ORDER**

The Consumer Financial Protection Bureau (Bureau) has reviewed the acts and practices of Conduent Business Services, LLC, which formerly conducted business as Xerox Business Services, LLC (Respondent, as defined below), relating to the furnishing of consumer information to consumer reporting agencies and has identified the following law violation: Respondent has operated and maintained loan-servicing software that has contributed to the furnishing of inaccurate consumer information to consumer reporting agencies in violation of 12 U.S.C. §§ 5531, 5536. Under Sections 1053 and 1055 of the Consumer Financial Protection Act of 2010 (CFPA), 12 U.S.C. §§ 5563, 5565, the Bureau issues this Consent Order (Consent Order).

**I  
Overview**

1. Respondent operates and customizes a third-party software application for five auto lenders that automates many of the processes needed to service auto loans. Among other things, the software provides information about consumers

and their auto loans to a number of nationwide consumer reporting agencies (CRAs). However, the software is plagued with defects that have caused the five auto lenders to furnish inaccurate information about how consumers are performing on their loans. The defects are widespread: in 2016, the consumer reports for more than one million of the auto lenders' customers contained one or more errors.

2. Although Respondent is not solely responsible for causing the defects in the software, Respondent contributed to the defects in two ways. First, it utilized a version of software for the lenders' furnishing systems that was incapable of accurate furnishing. And second, it failed to notify the lenders when it learned of the existence of defects in the software despite being uniquely situated to identify the defects.

## **II Jurisdiction**

3. The Bureau has jurisdiction over this matter under sections 1053 and 1055 of the CFPA, 12 U.S.C. §§ 5563 and 5565.

## **III Stipulation**

4. Respondent has executed a "Stipulation and Consent to the Issuance of a Consent Order," dated November 17, 2017 (Stipulation), which is incorporated by reference and is accepted by the Bureau. By this Stipulation, Respondent has consented to the issuance of this Consent Order by the Bureau under sections 1053 and 1055 of the CFPA, 12 U.S.C. §§ 5563 and 5565, without admitting or denying any of the

findings of fact or conclusions of law, except that Respondent admits the facts necessary to establish the Bureau's jurisdiction over Respondent and the subject matter of this action.

#### **IV Definitions**

5. The following definitions apply to this Consent Order:
  - a. "Client" means all entities that currently contract with Respondent for use of the Loan-Servicing Software, and all entities that enter into contract(s) with Respondent for use of the Loan-Servicing Software within 5 years of the Effective Date.
  - b. "Consumer Reporting Agency" or "CRA" means any consumer reporting agency that regularly engages in whole or in part in the practice of assembling or evaluating consumer credit information or other information on consumers for the purpose of furnishing consumer reports to third parties, and which uses any means or facility of interstate commerce for the purpose of preparing or furnishing consumer reports, as defined in Section 603(f) of the Fair Credit Reporting Act, 15 U.S.C. § 1681a(f).
  - c. "Effective Date" means the date on which the Consent Order is issued.
  - d. "Enforcement Director" means the Assistant Director of the Office of Enforcement for the Consumer Financial Protection Bureau, or his/her delegate.
  - e. "Furnishing Defect" means any aspect of Respondent's Loan-Servicing Software that results in or has the potential to result in a Furnishing Inaccuracy, including, but not limited to, any failure by the Loan-Servicing

Software to accurately translate borrower or account information through use of the standard industry-accepted format (*i.e.*, Metro 2) before furnishing such information to the CRAs.

- f. “Furnishing Inaccuracy” means any information about a borrower or an account that is furnished to the CRAs by the Loan-Servicing Software that does not reflect accurate and complete borrower or account information.
- g. “Lenders” means the five auto lenders that have contracted with Respondent for use of the Loan-Servicing Software, including DriveTime Automotive Group, Inc., and First Investors Financial Services Group, Inc.
- h. “Loan-Servicing Software” or “Software” means the application program Respondent offers, provides, operates, maintains, and customizes for auto lenders, which automates many of the processes needed to service a loan, including the monthly generation and transmission of Metro 2 Output Files to the CRAs.
- i. “Metro 2” or “Metro 2 Format” means the standard format for the electronic furnishing of consumer information developed by the Consumer Data Industry Association (CDIA), which is intended to ensure information is furnished to the CRAs in a uniform manner so that it accurately reflects information about the borrower and activity on the borrower’s account.
- j. “Metro 2 Output File” means the electronic set of data transmitted monthly to the CRAs that contains consumer report information or other account information, including information relating to the credit history of consumers, expected to be used by lenders and others in connection with

decisions regarding the offering or provision of a consumer financial product or service.

- k. “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 Respondent based on substantially the same facts as described in Section V of this Consent Order.
- l. “Respondent” means Conduent Business Services, LLC, which formerly conducted business as Xerox Business Services, LLC, and its successors and assigns.
- m. “Software Developer” or “Developer” means the company that originally wrote the Source Code for the Loan-Servicing Software.
- n. “Source Code” means the set of programming instructions and statements that controls how the Loan-Servicing Software functions.

## **V**

### **Bureau Findings and Conclusions**

The Bureau finds the following:

- 6. Respondent operates and maintains information technology products and services, including the Loan-Servicing Software. Until January of 2017, Respondent conducted business as Xerox Business Services, LLC. As of January 2017, Respondent conducts business as Conduent Business Services, LLC, which is a limited liability company organized under the laws of Delaware with a principal place of business in Dallas, Texas.
- 7. Respondent operates and maintains the Loan-Servicing Software for five auto lenders (Lenders), including DriveTime Automotive Group, Inc., and First

Investors Financial Services Group, Inc. The Loan-Servicing Software serves as the repository of information associated with a consumer loan and automates many of the processes needed to service the loan. One such automated process is the monthly generation and transmission of Metro 2 Output Files to the Consumer Reporting Agencies (CRAs).

8. Respondent is therefore a “service provider” as that term is defined by 12 U.S.C. § 5481(26) because Respondent provides material services to the Lenders, including the operation and maintenance of the Loan-Servicing Software at the Lenders’ request and approval. The Lenders are covered persons engaged in the consumer financial product or service of auto-loan servicing. 12 U.S.C. § 5481(6).

#### **Findings and Conclusions as to Respondent’s Unfair Acts and Practices**

9. Respondent has operated and maintained the Loan-Servicing Software in a manner that has predictably contributed to the transmission of inaccurate and incomplete consumer information to the CRAs.
10. In particular, Respondent’s Loan-Servicing Software has generated and transmitted Metro 2 Output Files to the CRAs containing inaccurate and incomplete information relating to the following data points that the CRAs use to generate consumer reports: the date of first delinquency; the frequency of payments due; actual payment amount; scheduled monthly payment amount; amount past due; amount charged to loss when a loan is charged-off; account status; 24-month payment history profile; payment rating; Equal Credit Opportunity Act code; the date of account information; the date the account was closed; the date of the consumer’s last payment; transaction type; current

balance; special comment codes; and numerous data points related to associated consumers on the account.

11. Combined, over one million of the more-than 6.4 million consumer accounts for which Respondent transmitted information to the CRAs in 2016 contained one or more errors.

***Respondent Contributed to the Furnishing Inaccuracies by Using a Version of Source Code for the Loan-Servicing Software that Was Incapable of Generating Accurate Output Files***

12. Respondent contributed to the Furnishing Inaccuracies by using a version of Source Code for the Loan-Servicing Software that was incapable of accurate furnishing.
13. The Source Code for the Loan-Servicing Software was originally created by an independent Software Developer. Respondent acquired the rights from the Developer to use, distribute, and modify the Source Code in any manner of Respondent's choosing. The Lenders have contracted to use the Loan-Servicing Software exclusively through Respondent, and Respondent has customized the Loan-Servicing Software for each of the Lenders by modifying the Source Code obtained from the Developer.
14. Pursuant to their contracts with Respondent, when a Lender wants to modify or customize any aspect of the Loan-Servicing Software it uses, Respondent alone writes modifications to the Source Code to effectuate the Lender's request. Respondent and the Lender then perform validation testing to ensure the modified Source Code fulfills the Lender's specifications.
15. Between 2004 and 2010, one such modification Respondent performed was to convert three of the five Lenders to a version of the Loan-Servicing Software

that would furnish consumer information in the Metro 2 Format. The Metro 2 Format is the standard industry format for the electronic furnishing of consumer information that is intended to ensure information is furnished to the CRAs in a uniform manner so that it accurately reflects information about the borrower and activity on the borrower's account.

16. Prior to the Metro 2 conversions, these Lenders used a version of the Loan-Servicing Software that furnished consumer information in the Metro Format (hereinafter, Metro 1 Format), which was the standard industry format for furnishing information to the CRAs that preceded the Metro 2 Format.
17. Respondent performed the Metro 2 conversions for the three Lenders in 2004, 2006, and 2010. Respondent did not perform Metro 2 conversions for two of the Lenders because those Lenders became clients of Respondent's in 2012 and 2013 and began furnishing in Metro 2 at that time.
18. To perform the conversions, Respondent used a version of Source Code it had obtained from the Software Developer in 2004. This version of Source Code had been originally designed by the Developer to furnish in Metro 1, but was modified by the Developer in an attempt to build in the functionality for Metro 2 furnishing.
19. This version of Source Code was never included in any official software release by the Developer because the Developer concluded that this version was incapable of accurate Metro 2 furnishing. It reached this conclusion after determining that Metro 2 functionality could not be written into a version of Source Code designed to furnish in Metro 1 because the significant differences



between Metro 1 and Metro 2 required a ground-up redesign of the Loan-Servicing Software.

20. As a result, the Developer abandoned the unreleased version of Source Code it had given to Respondent and instead released a ground-up redesign of the Loan-Servicing Software in 2005, which included, for the first time, the functionality for Metro 2 furnishing.
21. Under its licensing agreement with the Developer, Respondent was entitled to obtain, and make available to the Lenders, the Metro 2-compatible Source Code when it was released by the Developer in 2005. Respondent, however, did not inform the Lenders about the significant differences between the unreleased version of Code it received in 2004 and the Metro 2-compatible Code released by the Developer in 2005. Respondent, with the Lenders' approval, used the unreleased version of Source Code to perform the conversions instead of the Metro 2-compatible Code released in 2005.
22. Respondent's use of the unreleased version of Source Code was a contributing cause of the Loan-Servicing Software's transmission of inaccurate information to the CRAs after each of the conversions. Furnishing Inaccuracies were a predictable consequence of Respondent's use of the unreleased version of Source Code for the Loan-Servicing Software because that version was never officially supported or warranted by the Software Developer.

***Respondent Contributed to the Furnishing Inaccuracies by Failing to Inform the Lenders About Defects in the Software***

23. Respondent also contributed to the Furnishing Inaccuracies by failing to notify all the Lenders when it learned of the existence of Furnishing Inaccuracies or Furnishing Defects.
24. For example, one of the Lenders notified Respondent in late 2011 that the Loan-Servicing Software was incorrectly furnishing the date on which a consumer first becomes thirty days delinquent on his or her loan, which is known as the “date of first delinquency” or “DOFD.” This date is important because, among other things, the CRAs use DOFD to determine when they must cease reporting a delinquency, as required by the Fair Credit Reporting Act, 15 U.S.C. § 1681c.
25. In late 2011, the impacted Lender ordered Respondent to fix the Software so that this particular DOFD problem, which related to consumers who had filed for bankruptcy, would no longer occur. The Lender asked Respondent to fix the same problem three more times between late 2012 and September 2014, but Respondent did not fix the problem for the Lender until late 2014.
26. Even though Respondent was aware of the DOFD problem since 2011, and it finally fixed the problem for one Lender in late 2014, Respondent has not notified the other Lenders of the defect or its fix, even though they have experienced the same problem.
27. Another example of Respondent’s failure to notify the Lenders of known defects with the Loan-Servicing Software involved the Software’s inability to distinguish, in the account status field, between a vehicle that is voluntarily surrendered by a consumer and one that has been involuntarily repossessed.

Respondent learned in September 2012 that the Source Code for the Loan-Servicing Software did not distinguish between voluntary surrenders and involuntary repossessions. As a result, consumers who voluntarily surrendered their vehicles were incorrectly reported as having their vehicles repossessed.

28. Despite learning of this defect, Respondent never notified the Lenders that the Source Code for the Software reported all voluntary surrenders as involuntary repossessions. Instead, Respondent only fixed the defect when each Lender raised the issue with Respondent.
29. Moreover, on numerous occasions, the Software Developer advised Respondent that it needed to upgrade the Loan-Servicing Software for accurate furnishing. For example, in February 2012, the Developer informed Respondent that a number of DOFD Furnishing Inaccuracies were due to the failure to upgrade the Software to a newer version. Despite learning this, Respondent did not notify the Lenders that they should upgrade to a newer version of the software package because the unreleased version caused inaccurate consumer information to be furnished to the CRAs. As a result, a number of the DOFD Furnishing Inaccuracies needlessly persisted for years.
30. Thus, the Furnishing Inaccuracies were a predictable consequence of Respondent's use of the unreleased version of Source Code for the Loan-Servicing Software and Respondent's failure to inform the Lenders about the Software's defects.
31. Section 1036(a)(1)(B) of the CFPA prohibits "unfair, deceptive, or abusive" acts or practices." 12 U.S.C. § 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.

32. As set forth in Paragraphs 6 through 30, Respondent has operated and maintained Loan-Servicing Software that contributed to the transmission of inaccurate consumer information to the CRAs.
33. Respondent's acts and practices as set forth in Paragraphs 6 through 30 cause or are likely to cause substantial injury to consumers that is not reasonably avoidable by consumers and that is not outweighed by countervailing benefits to consumers or competition.
34. Thus, Respondent engaged in unfair acts and practices in violation of sections 1036(a)(1)(B) and 1031(c)(1) of the CFPA. 12 U.S.C. §§ 5536(a)(1)(B) and 5531(c)(1).

## **ORDER**

### **VI**

#### **Conduct Provisions**

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

35. Respondent and its officers, agents, servants, employees, and attorneys who have actual notice of this Consent Order, whether acting directly or indirectly, may not violate sections 1031 and 1036 of the CFPA, 12 U.S.C. §§ 5531 and 5536, and must take the following affirmative actions:
  - a. Within 10 days of the Effective Date, notify the Lenders of the existence of all Furnishing Inaccuracies identified in this Consent Order.
  - b. Pursuant to Section VII, develop and implement reasonable policies, procedures, processes, and controls sufficient to notify Respondent's Clients

of any potential or actual issues regarding the accuracy and integrity of information provided to the CRAs, which (at a minimum):

- i. Require Respondent's Clients to, on an ongoing basis, alert Respondent to actual or potential Furnishing Inaccuracies that the Client determines may be the result of a Furnishing Defect in the Loan-Servicing Software, and that the Client may discover through its communications with consumers or the CRAs.
- ii. Ensure that Respondent notifies all Clients of actual or potential Furnishing Inaccuracies reported to Respondent through the process described in Paragraph 35(b)(i) above. Such notification shall occur routinely and within a reasonable period of time not to exceed thirty days from when Respondent receives a report of an actual or potential Furnishing Inaccuracy.
- iii. Ensure that Respondent identifies and communicates to all Clients all systems updates, software releases, and any other system documentation or communication from the Software Developer relating to the generation and transmission of Metro 2 Output Files, routinely and within a reasonable period of time not to exceed thirty days from receipt of the documentation or communication from the Software Developer.
- iv. Require Respondent to present to each Client, within thirty days of each new release of Source Code from the Software Developer, an explanation of the differences between the version of Software Respondent currently operates for the Client and the newest version

released. At each presentation, Respondent shall reiterate its contractual obligation to upgrade its Clients to the most recent version of Software available from the Developer free of charge.

- c. Pursuant to Section VII, devote staffing, facilities, resources, and systems, appropriate to the nature, size, complexity, and scope of Respondent's role in providing consumer information to the CRAs, sufficient to satisfy Respondent's obligations under this Order.
- d. Pursuant to Section VII, identify all Furnishing Inaccuracies not otherwise identified in Paragraph 35(a) and notify each Client in writing of the nature of the Furnishing Inaccuracy. Such notification shall occur routinely and within a reasonable period of time not to exceed thirty days from when Respondent identifies any Furnishing Inaccuracy.
- e. Pursuant to Section VII, and routinely and within a reasonable period of time not to exceed thirty days from when a Client notifies Respondent of the existence of any potential or actual Furnishing Inaccuracy that the Client determines may be the result of a Furnishing Defect in the Client's Software, identify all Furnishing Defects and determine resolutions to each Furnishing Defect identified. For each Defect identified, provide a written and oral explanation to the impacted Client of the nature of the Furnishing Defect and how the proposed resolution will resolve the Defect. Within a reasonable period of time not to exceed forty-five days from when the impacted Client provides final approval to implement the proposed resolution, implement the proposed resolution to the Furnishing Defect.

## **VII Compliance Plan**

**IT IS FURTHER ORDERED** that:

36. Within 15 days of the Effective Date, Respondent shall submit to the Enforcement Director the names and curriculum vitae of one or more independent consultants with specialized expertise in Metro 2 furnishing, including, but not limited to, expertise in analyzing technical aspects of loan-servicing software to ensure the software accurately and completely furnishes consumer information to the CRAs. The Enforcement Director shall have the discretion to make a determination of non-objection and shall make such determination within 10 days, or direct Respondent to select one or more different independent consultants. If the Enforcement Director directs Respondent to select one or more different independent consultants, Respondent shall do so within 15 days, and submit the names and curriculum vitae of the newly-identified independent consultant(s) to the Enforcement Director, who may then make a determination of non-objection within 5 days.
37. Within 15 days of the Enforcement Director's determination of non-objection, Respondent shall engage the independent consultant (Independent Consultant) to review and assess Respondent's practices. Within 45 days of retaining the Independent Consultant, the Independent Consultant must, at a minimum:
  - a. Determine whether Respondent's policies, practices, and procedures relating to the generation and transmission of monthly Metro 2 Output Files to the CRAs, including all policies, practices, and procedures relating to any technical aspect of the Loan-Servicing Software, are appropriate to the nature,

- size, complexity, and scope of Respondent's role in providing consumer information to the CRAs;
- b. Determine whether Respondent's staffing, facilities, resources, and systems are appropriate to the nature, size, complexity, and scope of Respondent's role in providing consumer information to the CRAs;
  - c. Identify all Furnishing Defects and Furnishing Inaccuracies, and determine resolutions to each Furnishing Defect by reviewing and assessing, at a minimum:
    - i. All Metro 2 Output Files that Respondent transmitted to the CRAs within 30 days of the Effective Date, after removal of any personally identifiable information of consumers contained in the Metro 2 Output Files;
    - ii. The Source Code and data dictionary for all technical aspects of every version of Loan-Servicing Software that Respondent operates as of the Effective Date, and that relate to the Software's ability to generate and transmit Metro 2 Output Files; and
    - iii. Anything else within Respondent's possession or control that the Independent Consultant deems necessary to identify and resolve all Furnishing Defects.
38. Within 90 days of retaining the Independent Consultant, the Independent Consultant must prepare a written report detailing the findings of the review and assessment ("Consultant Report"), and provide the Consultant Report to Respondent. The Consultant Report shall include written recommendations for any changes and improvements to Respondent's policies, practices, procedures,



staffing, facilities, resources, and/or systems regarding the accuracy and integrity of information provided to the CRAs that the Independent Consultant deems appropriate considering the nature, size, complexity, and scope of Respondent's furnishing activities.

39. Within 90 days of receiving the Consultant Report, and based on the Independent Consultant's recommendations, Respondent must develop a comprehensive compliance plan (Compliance Plan). At a minimum, the Compliance Plan must:
- a. Describe the specific measures Respondent will take to comply with each of the conduct provisions in Section VI, including specific and reasonable timeframes and deadlines for complying with each of the conduct provisions when Respondent identifies a Furnishing Inaccuracy or Furnishing Defect;
  - b. Contain any additional policies and procedures necessary to ensure compliance with sections 1036(a)(1)(B) and 1031(c)(1) of the CFPA based on the recommendations set forth in the Consultant Report; and
  - c. Contain specific timeframes and deadlines for implementation of the steps described above.
40. To the extent Respondent does not incorporate all of the recommendations of the Independent Consultant into the Compliance Plan, Respondent shall specify which recommendations the Compliance Plan does not adopt, the reason why such recommendations have not been adopted, and how excluding such recommendations affects Respondent's compliance with sections 1036(a)(1)(B) and 1031(c)(1) of the CFPA.

41. Within 90 days of receiving the Consultant Report, Respondent must submit the Consultant Report and the Compliance Plan to the Enforcement Director.
42. The Enforcement Director will have the discretion to make a determination of non-objection to the Compliance Plan or direct Respondent to revise it. If the Enforcement Director directs Respondent to revise the Compliance Plan, Respondent must make the revisions and resubmit the Compliance Plan to the Enforcement Director within 30 days.
43. After receiving notification that the Enforcement Director has made a determination of non-objection to the Compliance Plan, Respondent must implement and adhere to the steps, recommendations, deadlines, and timeframes outlined in the Compliance Plan.

## **VIII**

### **Order to Pay Civil Money Penalties**

**IT IS FURTHER ORDERED** that:

44. Under section 1055(c) of the CFPA, 12 U.S.C. § 5565(c), by reason of the violation of law described in Section V of this Consent Order, and taking into account the factors in 12 U.S.C. § 5565(c)(3), Respondent must pay a civil money penalty of \$1.1 million to the Bureau.
45. Within 10 days of the Effective Date, Respondent 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.
46. The civil money penalty paid under this Consent Order will be deposited in the Civil Penalty Fund of the Bureau as required by section 1017(d) of the CFPA, 12 U.S.C. § 5497(d).

47. Respondent 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, Respondent 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.
48. To preserve the deterrent effect of the civil money penalty in any Related Consumer Action, Respondent may not argue that Respondent is entitled to, nor may Respondent 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 or because of any payment that the Bureau makes from the Civil Penalty Fund (Penalty Offset). If the court in any Related Consumer Action grants such a Penalty Offset, Respondent must, within 30 days after 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.
49. In the event of any default on Respondent's obligations to make payment under this Consent Order, interest, computed under 28 U.S.C. § 1961, as amended, 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.

50. Respondent 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 Respondent.
51. Under 31 U.S.C. § 7701, Respondent, unless it already has done so, must furnish to the Bureau its taxpayer identifying number, which may be used for purposes of collecting and reporting on any delinquent amount arising out of this Consent Order.
52. Within 30 days of the entry of a final judgment, consent order, or settlement in a Related Consumer Action, Respondent 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 Respondent 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.

## **IX Reporting Requirements**

**IT IS FURTHER ORDERED** that:

53. Respondent 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 Respondent; or a change in Respondent's name or address(es).

Respondent 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.

54. Within 7 days of the Effective Date, Respondent must:
  - a. Designate at least one telephone number and email, physical, and postal address as points of contact, which the Bureau may use to communicate with Respondent;
  - b. Identify all businesses for which Respondent is the majority owner, or that Respondent directly or indirectly controls, by all of their names, telephone numbers, and physical, postal, email, and Internet addresses;
  - c. Describe the activities of each such business, including the products and services offered, and the means of advertising, marketing, and sales.
55. Respondent must report any change in the information required to be submitted under Paragraph 53 at least 30 days before the change or as soon as practicable after the learning about the change, whichever is sooner.
56. At one year after the date of notification of the Enforcement Director's determination of non-objection to the Compliance Plan, Respondent must submit to the Enforcement Director an accurate written compliance progress report (Compliance Report), which, at a minimum:
  - a. Describes in detail the manner and form in which Respondent has complied with this Consent Order, including (at a minimum) a description of:
    - a. Each Furnishing Defect and Furnishing Inaccuracy Respondent has identified since the Effective Date;
    - b. How and when Respondent identified the Defect or Inaccuracy;

- c. Which of Respondent's Clients are impacted by the Defect or Inaccuracy;
  - d. Respondent's proposed resolution for the Defect;
  - e. How and when Respondent resolved the Defect on behalf of each impacted Client;
  - f. How each impacted Client addressed the Furnishing Inaccuracy, including whether the Client furnished accurate and complete information for all consumer accounts affected by any known Furnishing Inaccuracy, or requested that all CRAs to whom Respondent provided the information delete the associated tradeline due to the unavailability of accurate and complete information; and
  - g. The date by which each impacted Client addressed the Furnishing Inaccuracy.
- b. Attaches a copy of each Order Acknowledgment obtained under Section XI, unless previously submitted to the Bureau.

**X**

**Order Distribution and Acknowledgment**

**IT IS FURTHER ORDERED** that,

57. Within 30 days of the Effective Date, Respondent must deliver a copy of this Consent Order to each of its executive officers; to any managers, employees, Service Providers, or other agents and representatives who have responsibilities related to the subject matter of the Consent Order; and to the board members and/or executive officers of any current or future Client of

Respondent's that has utilized or will utilize the Loan-Servicing Software within five years of the Effective Date.

58. For 5 years from the Effective Date, Respondent must deliver a copy of this Consent Order to any business entity resulting from any change in structure referred to in Section IX, 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 the Consent Order before they assume their responsibilities.
59. Respondent 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 *et seq.*, within 30 days of delivery, from all persons receiving a copy of this Consent Order under this Section.

## **XI Recordkeeping**

**IT IS FURTHER ORDERED** that

60. Respondent must create, or if already created, must retain for at least 5 years from the Effective Date, 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. All documents and records pertaining to the Independent Consultant's review and Compliance Plan, described in Section VII above.
  - c. A log that describes in detail:

- i. Each Furnishing Defect and Furnishing Inaccuracy Respondent has identified since the Effective Date;
  - ii. How and when Respondent identified the Defect or Inaccuracy;
  - iii. Which of Respondent's Clients are impacted by the Defect or Inaccuracy;
  - iv. Respondent's proposed resolution for the Defect;
  - v. How and when Respondent resolved the Defect on behalf of each impacted Client;
  - vi. How each impacted Client addressed the Furnishing Inaccuracy, including whether the Client furnished accurate and complete information for all consumer accounts affected by any known Furnishing Inaccuracy, or requested that all CRAs to whom Respondent provided the information delete the associated tradeline due to the unavailability of accurate and complete information; and
  - vii. The date by which each impacted Client addressed the Furnishing Inaccuracy.
- d. All documents and records pertaining to information contained in the log described in Paragraph 60(c).
61. Respondent must make the records and documents identified in Paragraph 60 available to the Bureau upon the Bureau's request.

## **XII**

### **Notices**

**IT IS FURTHER ORDERED** that:



62. Unless otherwise directed in writing by the Bureau, Respondent must provide all submissions, requests, communications, reports, or other documents relating to this Consent Order in writing, with the subject line, “*In re* Conduent Business Services, LLC, File No. Year-CFPB-0020,” and send them either:

a. By overnight courier (not the U.S. Postal Service), as follows:

Assistant Director for Enforcement  
Consumer Financial Protection Bureau  
ATTENTION: Office of Enforcement  
1990 K Street, N.W.  
Washington D.C. 20006; or

b. By first-class mail to the below address and contemporaneously by email to

[Enforcement\\_Compliance@cfpb.gov](mailto:Enforcement_Compliance@cfpb.gov):

Assistant Director for Enforcement  
Consumer Financial Protection Bureau  
ATTENTION: Office of Enforcement  
1700 G Street, N.W.  
Washington D.C. 20552

### **XIII**

#### **Cooperation with the Bureau**

**IT IS FURTHER ORDERED** that:

63. Respondent must cooperate fully with the Bureau in this matter and in any investigation related to or associated with the conduct described in Section V. Respondent must provide truthful and complete information, evidence, and testimony. Respondent must further cause Respondent’s officers, employees, representatives, or agents to appear for interviews, discovery, hearings, trials, and any other proceedings that the Bureau may reasonably request upon 10

days written notice, or other reasonable notice, at such places and times as the Bureau may designate, without the service of compulsory process.

**XIV**  
**Compliance Monitoring**

**IT IS FURTHER ORDERED** that, to monitor Respondent's compliance with this Consent Order:

64. Within 14 days of receipt of a written request from the Bureau, Respondent must submit additional Compliance Reports or other requested information, which must be made under penalty of perjury; provide sworn testimony; or produce documents.
65. Respondent must permit Bureau representatives to interview any employee or other person affiliated with Respondent who has agreed to such an interview. The person interviewed may have counsel present.
66. 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.

**XV**  
**Modifications to Non-Material Requirements**

**IT IS FURTHER ORDERED** that:

67. Respondent 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.
68. The Enforcement Director may, in his/her discretion, modify any non-material requirements of this Consent Order (*e.g.*, reasonable extensions of time and

changes to reporting requirements) if he/she determines good cause justifies the modification. Any such modification by the Enforcement Director must be in writing.

## **XVI**

### **Administrative Provisions**

69. 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 Respondent, except as described in Paragraph 70.
70. The Bureau releases and discharges Respondent from all potential liability for law violations that the Bureau has or might have asserted based on the practices described in Section V of this Consent Order, to the extent 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 Respondent and its 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 the Consent Order, or to seek penalties for any violations of the Consent Order.
71. 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.

72. This Consent Order will terminate 5 years from the Effective Date or 5 years from the most recent date that the Bureau initiates an action alleging any violation of the Consent Order by Respondent. If such action is dismissed or the relevant adjudicative body rules that Respondent did not violate any provision of the Consent Order, and the dismissal or ruling is either not appealed or upheld on appeal, then the Consent Order will terminate as though the action had never been filed. The 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.
73. Calculation of time limitations will run from the Effective Date and be based on calendar days, unless otherwise noted.
74. Should Respondent seek to transfer or assign all or part of its operations that are subject to this Consent Order, Respondent 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.
75. 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 section 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 Respondent wherever Respondent may be found and Respondent may not contest that court's personal jurisdiction over Respondent.

76. 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.
77. Nothing in this Consent Order or the accompanying Stipulation may be construed as allowing Respondent, or its Board, officers, or employees, to violate any law, rule, or regulation.

**IT IS SO ORDERED**, this 17th day of November, 2017.



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Richard Cordray  
Director  
Consumer Financial Protection Bureau