

# Semi-Annual Report of the Consumer Financial Protection Bureau

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# 1. Rules and Orders

## 1.1 List of significant rules and orders adopted by the CFPB

During the reporting period of this Semi-Annual Report, the Consumer Financial Protection Bureau (CFPB) adopted the following significant rules and orders.<sup>1</sup>

*Final rules:*

- *Interim Final Rule: Facilitating the LIBOR Transition Consistent with the LIBOR Act (Regulation Z).* In April 2023, the CFPB issued an interim final rule amending Regulation Z, which implements the Truth in Lending Act (TILA), to reflect the enactment of the Adjustable Interest Rate (LIBOR) Act and its implementing regulation promulgated by the Board of Governors of the Federal Reserve System (Board).<sup>2</sup> Among other things, this interim final rule further addressed the planned cessation of most U.S. Dollar (USD) LIBOR tenors after June 30, 2023, by incorporating the Board-selected benchmark replacement for consumer loans into Regulation Z. The CFPB requested public comment on this interim final rule.
- *Final Rule: Consumer Leasing (Regulation M).* In November 2023, the CFPB and the Board finalized amendments to the official interpretations and commentary for the agencies' regulations that implement the Consumer Leasing Act (CLA).<sup>3</sup> The Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) amended the CLA by requiring that the dollar threshold for exempt consumer leases be adjusted annually by the annual percentage increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W). Based on the annual percentage increase in the CPI-W as of June 1, 2023, the exemption threshold increased from \$66,400 to \$69,500 effective January 1, 2024.

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<sup>1</sup> A complete listing of the CFPB's rulemaking actions taken during this reporting period is available on the CFPB's website: <https://www.consumerfinance.gov/rules-policy/>.

<sup>2</sup> "Facilitating the LIBOR Transition Consistent with the LIBOR Act (Regulation Z)," Consumer Financial Protection Bureau, Apr. 28, 2023, [https://files.consumerfinance.gov/f/documents/cfpb\\_facilitating-libor-transition-libor-act-regulation-z\\_2023-04.pdf](https://files.consumerfinance.gov/f/documents/cfpb_facilitating-libor-transition-libor-act-regulation-z_2023-04.pdf).

<sup>3</sup> "Consumer Leasing Act (Regulation M)," Consumer Financial Protection Bureau, Nov. 29, 2023, <https://www.consumerfinance.gov/rules-policy/regulations/1013/>.



provisions of TILA for violations. PACE financing is financing to cover the costs of home improvements that results in a tax assessment on the real property of the consumer.

- *Proposed Rule: Quality Control Standards for Automated Valuation Models.* In June 2023, the OCC, Board, Federal Deposit Insurance Corporation (FDIC), National Credit Union Administration (NCUA), CFPB, and the Federal Housing Finance Agency (FHFA) (collectively, the agencies) invited comment on a proposed rule to implement the quality control standards mandated by the Dodd-Frank Act for the use of automated valuation models (AVMs) by mortgage originators and secondary market issuers in determining the collateral worth of a mortgage secured by a consumer's principal dwelling.<sup>8</sup> Under the proposal, the agencies would require institutions that engage in certain credit decisions or securitization determinations to adopt policies, practices, procedures, and control systems to ensure that AVMs used in these transactions to determine the value of mortgage collateral adhere to quality control standards designed to ensure a high level of confidence in the estimates produced by AVMs; protect against the manipulation of data; seek to avoid conflicts of interest; require random sample testing and reviews; and comply with applicable nondiscrimination laws.
- *Small Business Advisory Review Panel for Consumer Reporting Rulemaking.* In September 2023, the CFPB released an outline of proposals and alternatives under consideration for the CFPB's Fair Credit Reporting Act (FCRA) rulemaking,<sup>9</sup> and released a Panel Report reflecting input from small entity representatives in December 2023.<sup>10</sup>
- *Proposed Rule: Required Rulemaking on Personal Financial Data Rights.* In October 2023, the CFPB proposed a rule to implement personal financial data rights under the Consumer Financial Protection Act of 2010 (CFPA).<sup>11</sup> The proposed rule would require depository and nondepository entities to make available to consumers and authorized

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<sup>8</sup> "Quality Control Standards for Automated Valuation Models," Consumer Financial Protection Bureau, Jun. 1, 2023, [cfpb\\_automated-valuation-models\\_proposed-rule-request-for-comment\\_2023-06.pdf](https://files.consumerfinance.gov/f/documents/cfpb_automated-valuation-models_proposed-rule-request-for-comment_2023-06.pdf).

<sup>9</sup> "Small Business Advisory Review Panel for Consumer Reporting Rulemaking," Consumer Financial Protection Bureau, Sept. 15, 2023, [https://files.consumerfinance.gov/f/documents/cfpb\\_consumer-reporting-rule-sbrefa\\_outline-of-proposals.pdf](https://files.consumerfinance.gov/f/documents/cfpb_consumer-reporting-rule-sbrefa_outline-of-proposals.pdf).

<sup>10</sup> "Final Report of the Small Business Review Panel on the CFPB's Proposals and Alternatives Under Consideration for the Consumer Reporting Rulemaking," Consumer Financial Protection Bureau, Dec. 15, 2023, [https://files.consumerfinance.gov/f/documents/cfpb\\_sbrefa-final-report\\_consumer-reporting-rulemaking\\_2024-01.pdf](https://files.consumerfinance.gov/f/documents/cfpb_sbrefa-final-report_consumer-reporting-rulemaking_2024-01.pdf).

<sup>11</sup> "Required Rulemaking on Personal Financial Data Rights," Consumer Financial Protection Bureau, Oct. 19, 2023, [https://files.consumerfinance.gov/f/documents/cfpb-1033-nprm-fr-notice\\_2023-10.pdf](https://files.consumerfinance.gov/f/documents/cfpb-1033-nprm-fr-notice_2023-10.pdf).

third parties certain data relating to consumers' transactions and accounts; establish obligations for third parties accessing a consumer's data, including important privacy protections for that data; provide basic standards for data access; and promote fair, open, and inclusive industry standards.

- *Proposed Rule: Defining Larger Participants of a Market for General-Use Digital Consumer Payment Applications.* In November 2023, the CFPB proposed a rule to supervise larger participants in a market for general-use digital consumer payment applications, such as larger nonbank companies that offer services like digital wallets and payment apps.<sup>12</sup> The proposed rule would help ensure that nonbank financial companies, specifically those larger companies handling more than 5 million transactions per year, adhere to the same rules as large banks, credit unions, and other financial institutions already supervised by the CFPB.
- *Proposed Rule: Overdraft Lending: Very Large Financial Institutions.* In January 2024, the CFPB proposed to amend Regulations E and Z to update regulatory exceptions for overdraft credit provided by very large financial institutions, thereby ensuring that extensions of overdraft credit adhere to consumer protections required of similarly situated products, unless the overdraft fee is a small amount that only recovers applicable costs and losses.<sup>13</sup> The proposal would allow consumers to better comparison shop across credit products and provide substantive protections that apply to other consumer credit.
- *Proposed Rule: Fees for Instantaneously Declined Transactions.* In January 2024, the CFPB proposed to prohibit covered financial institutions from charging fees, such as nonsufficient funds fees, when consumers initiate payment transactions that are instantaneously declined.<sup>14</sup> Charging such fees would constitute an abusive practice under the CFPA's prohibition on unfair, deceptive, or abusive acts or practices.

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<sup>12</sup> "Defining Larger Participants of a Market for General-Use Digital Consumer Payment Applications," Consumer Financial Protection Bureau, Nov. 7, 2023, [https://files.consumerfinance.gov/f/documents/cfpb\\_nprm-digital-payment-apps-lp-rule\\_2023-11.pdf](https://files.consumerfinance.gov/f/documents/cfpb_nprm-digital-payment-apps-lp-rule_2023-11.pdf).

<sup>13</sup> "Overdraft Lending: Very Large Financial Institutions," Consumer Financial Protection Bureau, Jan. 17, 2024, [https://files.consumerfinance.gov/f/documents/cfpb\\_overdraft-credit-very-large-financial-institutions\\_proposed-rule\\_2024-01.pdf](https://files.consumerfinance.gov/f/documents/cfpb_overdraft-credit-very-large-financial-institutions_proposed-rule_2024-01.pdf).

<sup>14</sup> "Fees for Instantaneously Declined Transactions," Consumer Financial Protection Bureau, Jan. 24, 2024, [https://files.consumerfinance.gov/f/documents/cfpb\\_fees-for-instantaneously-declined-transactions-nprm\\_2024-01.pdf](https://files.consumerfinance.gov/f/documents/cfpb_fees-for-instantaneously-declined-transactions-nprm_2024-01.pdf).

Other:

- *Supervisory Designation of World Acceptance.* In February 2024, the CFPB issued an order establishing supervisory authority over installment lender World Acceptance Corporation.<sup>15</sup> This was the first instance in which the CFPB utilized the supervisory designation authority set forth in 12 U.S.C. § 5514(a)(1)(C) as implemented by 12 C.F.R. part 1091 in a contested matter. This provision of the CFPA permits the CFPB to bring a nonbank covered person under its supervisory authority where the CFPB has reasonable cause to determine, by order, after notice to the person and a reasonable opportunity to respond that the person is engaging or has engaged in conduct that poses risks to consumers.

## 1.2 List of significant initiatives conducted by the CFPB

### 1.2.1 Reports

- *Report: Medical Credit Cards and Financing Plans.* In May 2023, the CFPB published a report on high-cost specialty financial products, such as medical credit cards, that are sold to patients as a way to alleviate the growing costs of medical care.<sup>16</sup> This report focuses on some of these alternative financing products, including medical credit cards and installment loans, that were once used primarily for elective care but now cover everything from ER visits and specialty care to regular checkups. The report highlights some of the risks to consumers of using financing products such as medical credit cards and installment loans to pay for medical procedures and services. The report provides a background on these products, highlights potential lack of transparency and financial risks to consumers, analyzes data on deferred interest healthcare credit cards, and offers a summary of the terms for a sample of financing products.
- *Issue Spotlight: Analysis of Deposit Insurance Coverage on Funds Stored Through Payment Apps.* In June 2023, the CFPB issued a spotlight analyzing the extent to which popular payment apps, sometimes described as Peer-to-Peer payment platforms, claim to provide federal deposit insurance coverage to users through business arrangements

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<sup>15</sup> “CFPB Orders Federal Supervision for Installment Lender Following Contested Designation,” Consumer Financial Protection Bureau, Feb. 23, 2024, [https://files.consumerfinance.gov/f/documents/cfpb\\_world-acceptance\\_decision-and-order\\_2023-11.pdf](https://files.consumerfinance.gov/f/documents/cfpb_world-acceptance_decision-and-order_2023-11.pdf).

<sup>16</sup> “Report: Medical Credit Cards and Financing Plans,” Consumer Financial Protection Bureau, May 4, 2023, [https://files.consumerfinance.gov/f/documents/cfpb\\_medical-credit-cards-and-financing-plans\\_2023-05.pdf](https://files.consumerfinance.gov/f/documents/cfpb_medical-credit-cards-and-financing-plans_2023-05.pdf).



with banks.<sup>17</sup> In the Issue Spotlight, the CFPB notes that stored funds can be at risk of loss in the event of financial distress or failure of the entity operating the payment platform, and often are not placed in an account at a bank or credit union and lack individual deposit insurance coverage.

- *Issue Spotlight: Chatbots in Consumer Finance.* In June 2023, the CFPB issued a spotlight addressing the expansive adoption and use of chatbots by financial institutions.<sup>18</sup> These chatbots are intended to simulate human-like responses using computer programming and help institutions reduce costs of customer service agents. Some chatbots use more complex technologies marketed as “artificial intelligence” to generate responses to customers. The spotlight highlights several risks associated with the use of chatbots by financial institutions, including possible noncompliance with federal consumer financial protection laws, diminished customer service and trust, and other possible consumer harms.
- *Report: Office of Servicemember Affairs Annual Report.* In June 2023, the CFPB released its annual report on the top financial concerns facing military families.<sup>19</sup> The report highlights the growth of digital payment app usage in the servicemember community, the unique risks to servicemembers from these services, and the potential abuse from bad actors. Some servicemembers have also indicated in their complaints about incurring serious financial harm from scams and fraud when using these services, and their complaints suggest digital payment app providers often fail to provide timely and substantive resolutions.
- *Data Spotlight: Banking and Credit Access in the Southern Region of the U.S.* In June 2023, the CFPB published a Data Spotlight which examined indicators of banking and credit access in the southern region of the United States.<sup>20</sup> The CFPB examined trends in the region as a whole and differences between rural and non-rural areas within the region. Some major characteristics of the region include higher amounts of banking

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<sup>17</sup> “Analysis of Deposit Insurance Coverage on Funds Stored Through Payment Apps,” Consumer Financial Protection Bureau, Jun. 1, 2023, <https://www.consumerfinance.gov/data-research/research-reports/issue-spotlight-analysis-of-deposit-insurance-coverage-on-funds-stored-through-payment-apps/full-report/>.

<sup>18</sup> “Chatbots in Consumer Finance,” Consumer Financial Protection Bureau, Jun. 6, 2023, [https://files.consumerfinance.gov/f/documents/cfpb\\_chatbot-issue-spotlight\\_2023-06.pdf](https://files.consumerfinance.gov/f/documents/cfpb_chatbot-issue-spotlight_2023-06.pdf).

<sup>19</sup> “Report: Office of Servicemember Affairs Annual Report,” Consumer Financial Protection Bureau, Jun. 20, 2023, [https://files.consumerfinance.gov/f/documents/cfpb\\_osa-annual-report\\_2022.pdf](https://files.consumerfinance.gov/f/documents/cfpb_osa-annual-report_2022.pdf).

<sup>20</sup> “Banking and Credit Access in the Southern Region of the U.S.,” Consumer Financial Protection Bureau, Jun. 21, 2023, [https://files.consumerfinance.gov/f/documents/cfpb\\_ocp-data-spotlight\\_banking-and-credit-access\\_2023-06.pdf](https://files.consumerfinance.gov/f/documents/cfpb_ocp-data-spotlight_banking-and-credit-access_2023-06.pdf).

deserts, and higher amounts of unbanked households than in other regions of the United States. It also found that communities of color and rural areas within the region are more likely to be denied mortgage loans, even with accounting for credit scores. They also found small businesses in the region, particularly minority and women-owned businesses were not getting access to capital they need. The states covered within this spotlight are: Alabama, Arkansas, Georgia, Louisiana, Mississippi, North Carolina, South Carolina, and Tennessee.

- *Issue Spotlight: Consumer Risks Posed by Employer-Driven Debt.* In July 2023, the CFPB issued an Issue Spotlight that examined data about, and consumers experiences with, employer-driven debts.<sup>21</sup> The CFPB found that consumers face uniquely heightened financial risk relating to employer-driven debts because they can affect consumers’ ability to maintain income through employment, and ability to repay the debt. The CFPB also found that consumers may not have the transparency or bargaining power to avoid certain employer-driven debt because consumers are rushed into employer-driven debt agreements that are not fully explained to them and are focused on other aspects of employment, such as wages and other benefits, when seeking employment.
- *Issue Spotlight: Big Tech’s Role in Contactless Payments: Analysis of Mobile Device Operating Systems and Tap-to-Pay Practices.* In September 2023, the CFPB published an Issue Spotlight highlighting the impacts of Big Tech companies’ policies and practices that govern tap-to-pay on mobile devices like smartphones and watches.<sup>22</sup> Consumers are increasingly turning to their mobile devices to make contactless “tap-to-pay” payments at the point-of-sale, which rely on near-field communication (NFC) technology. The dominant mobile device operating systems—Apple’s iOS and Google’s Android—have different policies governing third-party access to NFC, with potential impacts consumer competition and choice in the mobile tap-to-pay space. The issue spotlight was part of the CFPB’s broader effort to monitor the rapidly evolving consumer payments industry, including the expansion of Big Tech companies into this sphere.
- *Report: Tuition Payment Plans in Higher Education.* In September 2023, the CFPB issued a report finding that students face risk when entering into agreements with

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<sup>21</sup> “Issue Spotlight: Consumer Risks Posed by Employer-Driven Debt,” Consumer Financial Protection Bureau, Jul. 20, 2023, <https://www.consumerfinance.gov/data-research/research-reports/issue-spotlight-consumer-risks-posed-by-employer-driven-debt/full-report/>.

<sup>22</sup> “Issue Spotlight: Big Tech’s Role in Contactless Payments: Analysis of Mobile Device Operating Systems and Tap-to-Pay Practices,” Consumer Financial Protection Bureau, Sept. 7, 2023, <https://www.consumerfinance.gov/data-research/research-reports/big-techs-role-in-contactless-payments-analysis-of-mobile-device-operating-systems-and-tap-to-pay-practices/full-report/>.

colleges to spread the upfront cost of tuition into several, interest-free loan payments.<sup>23</sup> The report, which looks at tuition payment plans offered by nearly 450 institutions, finds that many plans have inconsistent disclosures and confusing repayment terms, putting students at risk of missing payments, incurring late fees, and accumulating debt. The report also finds that many institutions withhold transcripts from students as a debt collection tool, a potentially illegal practice that can have severe consequences for students trying to begin their careers or finish their education.

- *Data Point: 2022 Mortgage Market Activity and Trends.* In September 2023, the CFPB issued a Data Point Report that provides an overview of residential mortgage lending in 2022 based on the data collected under the Home Mortgage Disclosure Act (HMDA).<sup>24</sup> Institutions covered by HMDA are required to collect and report specified information about each mortgage application acted upon and mortgage purchased. The data include the disposition of each application for mortgage credit; the type, purpose, and characteristics of each home mortgage application or purchased loan; the census-tract designations of the properties; loan pricing information; demographic and other information about loan applicants, such as their race, ethnicity, sex, age, and income; and information about loan sales.
- *Report: The Consumer Credit Card Market.* In October 2023, the CFPB released its sixth biennial report to Congress on the consumer credit card market.<sup>25</sup> The report found that in 2022 credit card companies charged consumers more than \$130 billion in interest and fees. Total outstanding credit card debt eclipsed \$1 trillion for the first time since the CFPB began collecting this data. The report highlights areas of concern, including that more consumers faced difficulties paying their credit card bills on time, with delinquency rates rising since the end of pandemic relief programs in 2021.
- *Report: State Community Reinvestment Acts.* In November 2023, the CFPB released a report on state Community Reinvestment Act laws.<sup>26</sup> The report, which examined the laws of seven states and the District of Columbia, finds that many of those states adopted

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<sup>23</sup> “Report: Tuition Payment Plans in Higher Education,” Consumer Financial Protection Bureau, Sept. 14, 2023, [https://files.consumerfinance.gov/f/documents/cfpb\\_tuition\\_payment\\_plan\\_report\\_2023-09.pdf](https://files.consumerfinance.gov/f/documents/cfpb_tuition_payment_plan_report_2023-09.pdf).

<sup>24</sup> “Data Point: 2022 Mortgage Market Activity and Trends,” Consumer Financial Protection Bureau, Sept. 27, 2023, [https://files.consumerfinance.gov/f/documents/cfpb\\_data-point-mortgage-market-activity-trends\\_report\\_2023-09.pdf](https://files.consumerfinance.gov/f/documents/cfpb_data-point-mortgage-market-activity-trends_report_2023-09.pdf).

<sup>25</sup> “The Consumer Credit Card Market,” Consumer Financial Protection Bureau, Oct. 25, 2023, [https://files.consumerfinance.gov/f/documents/cfpb\\_consumer-credit-card-market-report\\_2023.pdf](https://files.consumerfinance.gov/f/documents/cfpb_consumer-credit-card-market-report_2023.pdf).

<sup>26</sup> “State Community Reinvestment Acts,” Consumer Financial Protection Bureau, Nov. 2, 2023, [https://files.consumerfinance.gov/f/documents/cfpb\\_state\\_community\\_reinvestment\\_acts\\_2023-11.pdf](https://files.consumerfinance.gov/f/documents/cfpb_state_community_reinvestment_acts_2023-11.pdf).

laws similar to the federal Community Reinvestment Act. The report highlights how states ensure financial institutions' lending, services, and investment activities meet the credit needs of their communities.

- *Report: Fair Debt Collection Practices Act CFPB Annual Report 2023.* In November 2023, the CFPB issued its annual report to Congress on debt collection, which highlights the challenges American families face when debt collectors pursue allegedly unpaid medical bills.<sup>27</sup> The report describes how the CFPB and states have worked to stop the collections of medical bills that are inaccurate or not even owed at all. The report also provides updates on the debt collection market more broadly and summarizes activities by the CFPB and other federal agencies relating to debt collection, including the Federal Trade Commission (FTC) and its actions under the FTC Act to protect small businesses from unfair and deceptive debt collection practices.
- *Report: Overdraft and Nonsufficient Fund Fees: Insights from the Making Ends Meet Survey and Consumer Credit Panel.* In December 2023, the CFPB issued a report finding that many consumers are still being hit with unexpected overdraft and nonsufficient fund (NSF) fees, despite recent changes implemented by banks and credit unions that have eliminated billions of dollars in fees charged each year.<sup>28</sup> Using the CFPB's 2023 Making Ends Meet survey, the report provides new insights about consumers' experiences with overdraft and NSF fees, including the credit characteristics of consumers with varying levels of overdraft/NSF activity.
- *Report: 2023 College Banking and Credit Card Agreements.* In December 2023, the CFPB released a report presenting new research and data on certain financial products that colleges market to their students in partnership with third-party financial service providers, including deposit accounts, prepaid cards, and credit cards.<sup>29</sup> Policymakers, along with federal auditors, banking regulators, and other agencies, have identified risks associated with marketing practices related to college-sponsored financial products and developed laws and policies to address those risks. However, many colleges continue to offer and market financial products in ways that may mislead students under certain

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<sup>27</sup> "Report: Fair Debt Collection Practices Act CFPB Annual Report 2023," Consumer Financial Protection Bureau, Nov. 16, 2023, [https://files.consumerfinance.gov/f/documents/cfpb\\_fdcpa-annual-report\\_2023-11.pdf](https://files.consumerfinance.gov/f/documents/cfpb_fdcpa-annual-report_2023-11.pdf).

<sup>28</sup> "Report: Overdraft and Nonsufficient Fund Fees Insights from the Making Ends Meet Survey and Consumer Credit Panel," Consumer Financial Protection Bureau, Dec. 19, 2023, [https://files.consumerfinance.gov/f/documents/cfpb\\_overdraft-nsf-report\\_2023-12.pdf](https://files.consumerfinance.gov/f/documents/cfpb_overdraft-nsf-report_2023-12.pdf).

<sup>29</sup> "Report: 2023 College Banking and Credit Card Agreements," Consumer Financial Protection Bureau, Dec. 19, 2023, [https://files.consumerfinance.gov/f/documents/cfpb\\_college-banking-and-credit-card-agreements-report.pdf](https://files.consumerfinance.gov/f/documents/cfpb_college-banking-and-credit-card-agreements-report.pdf).

circumstances. This report also serves as the fourteenth annual report to Congress on college credit cards pursuant to the CARD Act.

- *Issue Spotlight: Federal Student Loan Return to Repayment.* In January 2024, the CFPB released an Issue Spotlight that highlighted issues consumers faced as the student loan repayment pause ended and borrowers returned to repayment.<sup>30</sup> Issues observed include extended servicer call hold times, Income-Driven Repayment (IDR) application processing delays, and inaccurate servicing and billing statements being sent to borrowers starting repayment. The CFPB noted that in earlier student loan servicing examinations similar conduct had resulted in examiners citing certain institutions for an unfair or deceptive act or practice.

## 1.2.2 Guidance

- *Advisory Opinion: Fair Debt Collection Practices Act (Regulation F: Time-Barred Debt).* In April 2023, the CFPB issued an Advisory Opinion to affirm that the Fair Debt Collection Practices Act (FDCPA) and its implementing Regulation F prohibit a debt collector from suing or threatening to sue to collect a time-barred debt.<sup>31</sup> Accordingly, an FDCPA debt collector who brings or threatens to bring a State court foreclosure action to collect a time-barred mortgage debt may violate the FDCPA and Regulation F.
- *Consumer Financial Protection Circular 2023-02: Reopening Deposit Accounts That Consumers Previously Closed.* In May 2023, the CFPB released a Circular addressing illegal reopening of deposit accounts by banks after consumers close them.<sup>32</sup> The Circular affirms that a bank may violate federal law if it unilaterally reopens a deposit account to process transactions after a consumer has already closed it.
- *Consumer Financial Protection Circular 2023-03: Adverse Action Notification Requirements and the Proper Use of the CFPB's Sample Forms Provided in Regulation B.* In September 2023, the CFPB released a Circular regarding lenders' legal requirements to provide adverse action notices under the Equal Credit Opportunity Act

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<sup>30</sup> "Issue Spotlight: Federal Student Loan Return to Repayment," Consumer Financial Protection Bureau, Jan. 5, 2024, [https://files.consumerfinance.gov/f/documents/cfpb\\_federal-student-loan-return-to-repayment-report\\_2024-01.pdf](https://files.consumerfinance.gov/f/documents/cfpb_federal-student-loan-return-to-repayment-report_2024-01.pdf).

<sup>31</sup> "Fair Debt Collection Practices Act (Regulation F); Time-Barred Debt," Consumer Financial Protection Bureau, Apr. 26, 2023, [https://files.consumerfinance.gov/f/documents/cfpb\\_regulation-f-time-barred-debt\\_advisory-opinion\\_2023-04.pdf](https://files.consumerfinance.gov/f/documents/cfpb_regulation-f-time-barred-debt_advisory-opinion_2023-04.pdf).

<sup>32</sup> "Consumer Financial Protection Circular 2023-02: Reopening deposit accounts that consumers previously closed," Consumer Financial Protection Bureau, May 10, 2023, [https://files.consumerfinance.gov/f/documents/cfpb\\_reopening-deposit-accounts-that-consumers-previously-closed\\_2023-05.pdf](https://files.consumerfinance.gov/f/documents/cfpb_reopening-deposit-accounts-that-consumers-previously-closed_2023-05.pdf).

(ECOA) and Regulation B, including when using artificial intelligence and other complex models.<sup>33</sup> The Circular describes how lenders must provide specific and accurate reasons when taking adverse actions against consumers and cannot simply use the CFPB sample adverse action forms and checklists if they do not reflect the actual reason for the denial of credit or a change of credit conditions.

- *Advisory Opinion: Consumer Information Requests to Large Banks and Credit Unions.* In October 2023, the CFPB issued an Advisory Opinion regarding section 1034(c) of the CFPB, which requires large banks and credit unions to comply in a timely manner with consumer requests for information concerning their accounts.<sup>34</sup> Certain policies—such as charging excessive fees—can unreasonably impede consumers’ ability to get basic information they need and that these institutions must provide under section 1034(c). The Advisory Opinion clarifies that pursuant to this provision, large banks and credit unions are generally prohibited from imposing unreasonable obstacles on customers for basic information about their accounts.
- *Advisory Opinion: Fair Credit Reporting; Background Screening.* In January 2024, the CFPB issued an Advisory Opinion to affirm that, when preparing consumer reports, a consumer reporting agency that reports public record information is not using reasonable procedures to assure maximum possible accuracy under section 607(b) of FCRA if it does not have certain procedures in place.<sup>35</sup> For example, it must have procedures that prevent reporting of information that is duplicative or that has been expunged, sealed, or otherwise legally restricted from public access. The Advisory Opinion also highlights certain aspects of the reporting period for adverse items under FCRA section 605(a)(5).
- *Advisory Opinion: Fair Credit Reporting; File Disclosure.* In January 2024, the CFPB issued an Advisory Opinion to address certain obligations that consumer reporting agencies have under section 609(a) of FCRA.<sup>36</sup> The Advisory Opinion underscored that, to trigger a consumer reporting agency’s file disclosure requirement under FCRA section

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<sup>33</sup> “Consumer Financial Protection Circular 2023-03: Adverse Action Notification Requirements and the Proper Use of the CFPB’s Sample Forms Provided in Regulation B,” Consumer Financial Protection Bureau, Sept. 19, 2023, [https://files.consumerfinance.gov/f/documents/cfpb\\_adverse\\_action\\_notice\\_circular\\_2023-09.pdf](https://files.consumerfinance.gov/f/documents/cfpb_adverse_action_notice_circular_2023-09.pdf).

<sup>34</sup> “Consumer Information Requests to Large Banks and Credit Unions,” Consumer Financial Protection Bureau, Oct. 11, 2023, [https://files.consumerfinance.gov/f/documents/cfpb-1034c-advisory-opinion-2023\\_10.pdf](https://files.consumerfinance.gov/f/documents/cfpb-1034c-advisory-opinion-2023_10.pdf).

<sup>35</sup> “Fair Credit Reporting; Background Screening,” Consumer Financial Protection Bureau, Jan. 11, 2024, [https://files.consumerfinance.gov/f/documents/cfpb\\_fair-credi-reporting-background-screening\\_2024-01.pdf](https://files.consumerfinance.gov/f/documents/cfpb_fair-credi-reporting-background-screening_2024-01.pdf).

<sup>36</sup> “Fair Credit Reporting; File Disclosure,” Consumer Financial Protection Bureau, Jan. 11, 2024, [cfpb\\_fair-credit-reporting-file-disclosure\\_2024-01.pdf](https://files.consumerfinance.gov/f/documents/cfpb_fair-credit-reporting-file-disclosure_2024-01.pdf).

609(a), a consumer does not need to use specific language, such as “complete file” or “file.” The Advisory Opinion also highlighted the requirements regarding the information that must be disclosed to a consumer under FCRA section 609(a). In addition, the Advisory Opinion affirmed that consumer reporting agencies must disclose to a consumer both the original source and any intermediary or vendor source (or sources) that provide the item of information to the consumer reporting agency under FCRA section 609(a).

- *Consumer Financial Protection Circular 2024-01: Preferencing and Steering Practices by Digital Intermediaries for Consumer Financial Products or Services.* In February 2024, the CFPB released a Circular addressing how companies operating comparison-shopping tools can violate the law by preferencing products or services based on financial or other benefits they receive.<sup>37</sup> The Circular affirms that, where consumers reasonably rely on an operator of a digital comparison-shopping tool or lead generator to act in the interests of the consumer, the operator or lead generator can take unreasonable advantage of that reliance by obtaining financial or other benefits for giving preferential treatment to their own or other products or services through steering or enhanced product placement.
- *Circular 2024-02: Deceptive Marketing Practices About the Speed or Cost of Sending a Remittance Transfer.* In March 2024, the CFPB issued a Circular warning remittance transfer providers that false advertising about the cost or speed of sending a remittance transfer can violate federal law.<sup>38</sup> Companies in the marketplace are charging junk fees on international money transfers and making false claims about the speed of transfers. The Circular highlights several marketing practices relating to sending international money transfers that may violate the CFPA’s prohibition on deceptive acts or practices. This prohibition is enforced by the CFPB, states, and other regulators. Guidance in the Circular applies both to traditional providers of international money transfers and to “digital wallets” that offer the capability to send money internationally from the United States.

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<sup>37</sup> “Consumer Financial Protection Circular 2024-01: Preferencing and Steering Practices by Digital Intermediaries for Consumer Financial Products or Services,” Consumer Financial Protection Bureau, Feb. 29, 2024, [https://files.consumerfinance.gov/f/documents/cfpb\\_digital-intermediaries\\_circular\\_2024-02.pdf](https://files.consumerfinance.gov/f/documents/cfpb_digital-intermediaries_circular_2024-02.pdf).

<sup>38</sup> “Circular 2024-02: Deceptive Marketing Practices About the Speed or Cost of Sending a Remittance Transfer,” Mar. 27, 2024, [https://files.consumerfinance.gov/f/documents/cfpb\\_circular\\_2024-02.pdf](https://files.consumerfinance.gov/f/documents/cfpb_circular_2024-02.pdf).

### 1.2.3 Other initiatives

- *Policy Statement: Abusive Acts or Practices.* In April 2023, the CFPB issued a policy statement that explains the legal prohibition on abusive conduct in consumer financial markets and summarizes more than a decade of precedent.<sup>39</sup>
- *Notice re: Revised Methodology for Determining Average Prime Offer Rights.* In April 2023, the CFPB announced the availability of a revised version of its “Methodology for Determining Average Prime Offer Rates,” which describes the data and methodology used to calculate the average prime offer rate (APOR) for purposes of Regulation C and Regulation Z.<sup>40</sup> The methodology statement has been revised to address the imminent unavailability of certain data the CFPB previously relied on to calculate APORs, as a result of a recent decision by Freddie Mac to make changes to its Primary Mortgage Market Survey® (PMMS). The CFPB has identified a suitable temporary alternative source of the relevant data and will begin relying on those data to calculate APORs on or after April 21, 2023.
- *Joint Statement on Enforcement Efforts Against Discrimination in Automated Systems.* In April 2023, the CFPB, along with the Department of Justice (DOJ), the Equal Employment Opportunity Commission (EEOC), and the FTC, issued a joint statement committing to enforcement efforts against discrimination and bias in automated systems.<sup>41</sup>
- *Statement on Examination Principles Related to Valuation Discrimination and Bias in Residential Lending.* In February 2024, the FFIEC issued a statement of principles related to valuation discrimination and bias for member entities to consider in their consumer compliance and safety and soundness examinations.<sup>42</sup>

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<sup>39</sup> “Policy Statement on Abusive Acts or Practices,” Consumer Financial Protection Bureau, Apr. 3, 2023, [https://files.consumerfinance.gov/f/documents/cfpb\\_policy-statement-of-abusiveness\\_2023-03.pdf](https://files.consumerfinance.gov/f/documents/cfpb_policy-statement-of-abusiveness_2023-03.pdf).

<sup>40</sup> “Notice of Availability of Revised Methodology for Determining Average Prime Offer Rates,” Consumer Financial Protection Bureau, Apr. 14, 2023, [cfpb\\_notice-revised-methodology-determining-average-prime-offer-rates\\_2023-04.pdf](https://files.consumerfinance.gov/f/documents/cfpb_notice-revised-methodology-determining-average-prime-offer-rates_2023-04.pdf).

<sup>41</sup> “Joint Statement on Enforcement Efforts Against Discrimination and Bias in Automated Systems,” Consumer Financial Protection Bureau, Apr. 25, 2023, [https://files.consumerfinance.gov/f/documents/cfpb\\_joint-statement-enforcement-against-discrimination-bias-automated-systems\\_2023-04.pdf](https://files.consumerfinance.gov/f/documents/cfpb_joint-statement-enforcement-against-discrimination-bias-automated-systems_2023-04.pdf).

<sup>42</sup> “Statement on Examination Principles Related to Valuation Discrimination and Bias in Residential Lending,” Consumer Financial Protection Bureau, Feb. 12, 2024, [https://files.consumerfinance.gov/f/documents/cfpb\\_ffiec-statement-on-exam-principles\\_2024-02.pdf](https://files.consumerfinance.gov/f/documents/cfpb_ffiec-statement-on-exam-principles_2024-02.pdf).



# 1.3 Plan of the CFPB for rules, orders, or other initiatives conducted by the CFPB

## 1.3.1 Rules and orders

Upcoming Period:

- *Procedures for Supervisory Designation Proceedings.* In April 2024, the CFPB issued a procedural rule to update how the agency designates a nonbank for supervision under 12 U.S.C § 5514(a)(1)(C). This final rule amends the procedural rule first issued in 2013 and later amended in April 2022 and November 2022. The final rule streamlines the designation proceedings for both the CFPB and nonbanks and reflects changes to the CFPB’s organizational structure.<sup>43</sup>
- *Interpretive Rule: Truth in Lending (Regulation Z); Use of Digital User Access Accounts to Access Buy Now, Pay Later Loans.* In May 2024, the CFPB issued an interpretive rule to address the applicability of subpart B of Regulation Z to lenders that issue digital user accounts used to access credit, including to those lenders that market loans as “Buy Now, Pay Later” (BNPL).<sup>44</sup> The interpretive rule described how these lenders meet the criteria for being “card issuers” for purposes of Regulation Z. Such lenders that extend credit are also “creditors” subject to subpart B of Regulation Z, including those provisions governing periodic statements and billing disputes. While not required under the Administrative Procedure Act, the CFPB opted to collect comments on the interpretive rule and may make revisions as appropriate after reviewing feedback received.
- *Final Rule: Reg CC Inflation-Adjusted Thresholds.* In May 2024, the CFPB and Board amended Regulation CC, which implements the Expedited Funds Availability Act (EFA Act) and the Check Clearing for the 21st Century Act (Check 21 Act), to fulfill a statutory

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<sup>43</sup> “Procedures for Supervisory Designation Proceedings,” Consumer Financial Protection Bureau, Apr. 16, 2024, [https://files.consumerfinance.gov/f/documents/cfpb\\_procedures-for-supervisory-designation-proceedings\\_2024-04.pdf](https://files.consumerfinance.gov/f/documents/cfpb_procedures-for-supervisory-designation-proceedings_2024-04.pdf).

<sup>44</sup> “Truth in Lending (Regulation Z); Use of Digital User Access Accounts to Access Buy Now, Pay Later Loans,” Consumer Financial Protection Bureau, May 22, 2024, [https://files.consumerfinance.gov/f/documents/cfpb\\_bnpl-interpretive-rule\\_2024-05.pdf](https://files.consumerfinance.gov/f/documents/cfpb_bnpl-interpretive-rule_2024-05.pdf).

requirement in the EFA Act to adjust the dollar amounts under the EFA Act for inflation.<sup>45</sup>

- *Final Rule: Registry of Nonbank Covered Persons Subject to Certain Agency and Court Orders.* In June 2024, the CFPB finalized a rule requiring certain types of nonbank covered persons subject to certain final public orders obtained or issued by a government agency in connection with the offering or provision of a consumer financial product or service to report the existence of the orders and related information to a CFPB registry.<sup>46</sup>
- *Final Rule: Required Rulemaking on Personal Data Rights; Industry Standard Setting.* In June 2024, the CFPB finalized in part its proposed rule on consumer data rights under section 1033 of the CFPA.<sup>47</sup> The final rule established minimum attributes a standard-setting body must possess to receive CFPB recognition and to issue consensus standards when the full rule is finalized. The CFPB also released its process for how standard setters apply for CFPB recognition.
- *Proposed Rule: Prohibition on Creditors and Consumer Reporting Agencies Concerning Medical Information (Regulation V).* In June 2024, the CFPB sought public comment on a proposed rule amending Regulation V, which implements the FCRA, concerning medical information.<sup>48</sup> The CFPB is proposing to remove a regulatory exception in Regulation V from the limitation in the FCRA on creditors obtaining or using information on medical debts for credit eligibility determinations. The proposed rule would also provide that a consumer reporting agency generally may not furnish to a creditor a consumer report containing information on medical debt that the creditor is prohibited from using.
- *Final Rule: Quality Control Standards for Automated Valuation Models.* In June 2024, the CFPB, along with the OCC, FRB, FDIC, NCUA, and FHFA, adopted a final rule to implement the quality control standards mandated by the Dodd-Frank Act for the use of

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<sup>45</sup> “Availability of Funds and Collection of Checks (Regulation CC),” Consumer Financial Protection Bureau, May 13, 2024, [https://files.consumerfinance.gov/f/documents/cfpb\\_availability-of-funds-collection-checks-reg-cc\\_final-rule-2019.pdf](https://files.consumerfinance.gov/f/documents/cfpb_availability-of-funds-collection-checks-reg-cc_final-rule-2019.pdf).

<sup>46</sup> “Registry of Nonbank Covered Persons Subject to Certain Agency and Court Orders,” Consumer Financial Protection Bureau, Jun. 3, 2024, [https://files.consumerfinance.gov/f/documents/cfpb\\_nonbank-registration-orders\\_final-rule.pdf](https://files.consumerfinance.gov/f/documents/cfpb_nonbank-registration-orders_final-rule.pdf).

<sup>47</sup> “Required Rulemaking on Personal Data Rights; Industry Standard Setting,” Consumer Financial Protection Bureau, Jun. 5, 2024, [https://files.consumerfinance.gov/f/documents/cfpb\\_personal-financial-data-rights\\_final-rule\\_2024-06.pdf](https://files.consumerfinance.gov/f/documents/cfpb_personal-financial-data-rights_final-rule_2024-06.pdf).

<sup>48</sup> “Prohibition on Creditors and Consumer Reporting Agencies Concerning Medical Information (Regulation V),” Consumer Financial Protection Bureau, Jun. 11, 2024, [https://files.consumerfinance.gov/f/documents/cfpb\\_fcra-med-debt-proposed-rule\\_2024-06.pdf](https://files.consumerfinance.gov/f/documents/cfpb_fcra-med-debt-proposed-rule_2024-06.pdf).

AVMs by mortgage originators and secondary market issuers in determining the collateral worth of a mortgage secured by a consumer’s principal dwelling.<sup>49</sup> Under the final rule, institutions that engage in certain credit decisions or securitization determinations must adopt policies, practices, procedures, and control systems to ensure that AVMs used in these transactions to determine the value of mortgage collateral adhere to quality control standards designed to ensure a high level of confidence in the estimates produced by AVMs; protect against the manipulation of data; seek to avoid conflicts of interest; require random sample testing and reviews; and comply with applicable nondiscrimination laws.

- *Proposed Rule: Streamlining Mortgage Servicing for Borrowers Experiencing Payment Difficulties; Regulation X.* In July 2024, the CFPB proposed a rule that would amend regulations originally issued in 2013 regarding the responsibilities of mortgage servicers.<sup>50</sup> The proposed amendments would streamline existing requirements when borrowers seek payment assistance in times of distress, add safeguards when borrowers seek help, and revise existing requirements with respect to borrower assistance. The proposed rule would also require servicers to provide certain communications in languages other than English, such as when a borrower is seeking payment assistance with their mortgage. The proposed rule, if finalized, would increase the likelihood that investors and borrowers can avert the costs of avoidable foreclosure.
- *Interim Final Rule: Small Business Lending under the Equal Credit Opportunity Act (Regulation B); Extension of Compliance Dates.* In July 2024, in light of court orders in ongoing litigation, the CFPB amended Regulation B to extend the compliance dates set forth in its 2023 small business lending rule and to make other date-related conforming adjustments.<sup>51</sup>
- *Proposed Rule: Financial Data Transparency Act Joint Data Standards.* In July 2024, the CFPB, OCC, Board, FDIC, NCUA, FHFA, Commodity Futures Trading Commission (CFTC), Securities and Exchange Commission (SEC), and Department of the Treasury invited public comment on a proposed rule to establish data standards to promote

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<sup>49</sup> “Quality Control Standards for Automated Valuation Models,” Consumer Financial Protection Bureau, Jun. 24, 2024, <https://www.consumerfinance.gov/rules-policy/final-rules/quality-control-standards-for-automated-valuation-models/>.

<sup>50</sup> “Streamlining Mortgage Servicing for Borrowers Experiencing Payment Difficulties; Regulation X,” Consumer Financial Protection Bureau, Jul. 10, 2024, [https://files.consumerfinance.gov/f/documents/cfpb\\_mortgage-servicing-nprm-proposed-rule\\_2024-07.pdf](https://files.consumerfinance.gov/f/documents/cfpb_mortgage-servicing-nprm-proposed-rule_2024-07.pdf).

<sup>51</sup> “Small Business lending under the Equal Credit Opportunity Act (Regulation B); Extension of Compliance Dates,” Consumer Financial Protection Bureau, Jun. 25, 2024, [https://files.consumerfinance.gov/f/documents/cfpb\\_sbl-compliance-dates\\_interim-final-rule\\_2024-06.pdf](https://files.consumerfinance.gov/f/documents/cfpb_sbl-compliance-dates_interim-final-rule_2024-06.pdf).

interoperability of financial regulatory data across these agencies.<sup>52</sup> Final standards established pursuant to this rulemaking will later be adopted for certain collections of information in separate rulemakings by the agencies or through other actions taken by the agencies. The agencies proposed this rule as required by the Financial Data Transparency Act of 2022.

- *Proposed Rule: Remittance Transfers Under the Electronic Fund Transfer Act (Regulation E).* In September 2024, the CFPB issued a proposed rule that would amend the disclosure requirements for certain international money transfers, or remittances.<sup>53</sup> The proposed amendment would provide consumers clearer information about the types of inquires that may be better handled by their remittance company before contacting the CFPB or the relevant state regulator.

### 1.3.2 Other initiatives

Upcoming Period:

- *Issue Spotlight: Banking in Video Games and Virtual Worlds.* In April 2024, the CFPB issued a report examining the growth of financial transactions in online video games and virtual worlds.<sup>54</sup> The report focuses on the increasing value of gaming assets that are stored on player accounts and used as a medium of exchange for transactions within these virtual worlds, including the purchase of goods and services and person-to-person transfers. The report identifies a number of trends and risks associated with gaming assets.
- *Data Spotlight: Trends in discount points amid rising interest rates.* In April 2024, the CFPB released a Data Spotlight reporting on trends in mortgage discount points.<sup>55</sup> The 2022 and 2023 housing market was marked by increasing affordability challenges for prospective homebuyers as rapidly rising interest rates reached a peak of 7.79 percent by October of 2023. Concurrent with rising interest rates, a larger share of borrowers paid

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<sup>52</sup> “Financial Data Transparency Act Joint Data Standards,” Consumer Financial Protection Bureau, Jul. 30, 2024, [https://files.consumerfinance.gov/f/documents/cfpb\\_financial-data-transparency-act-proposed-rule\\_2024-07.pdf](https://files.consumerfinance.gov/f/documents/cfpb_financial-data-transparency-act-proposed-rule_2024-07.pdf).

<sup>53</sup> “Proposed Rule: Remittance Transfers Under the Electronic Fund Transfer Act (Regulation E)” Consumer Financial Protection Bureau, Sept. 20, 2024, [https://files.consumerfinance.gov/f/documents/cfpb\\_remittance-transfers-under-the-electronic-fund-transfer-act-reg-e-propose\\_GfplXsc.pdf](https://files.consumerfinance.gov/f/documents/cfpb_remittance-transfers-under-the-electronic-fund-transfer-act-reg-e-propose_GfplXsc.pdf).

<sup>54</sup> “Banking in Video Games and Virtual Worlds,” Consumer Financial Protection Bureau, Apr. 4, 2024, [https://files.consumerfinance.gov/f/documents/cfpb\\_banking-in-video-games-and-virtual-worlds\\_2024-04.pdf](https://files.consumerfinance.gov/f/documents/cfpb_banking-in-video-games-and-virtual-worlds_2024-04.pdf).

<sup>55</sup> “Data Spotlight: Trends in discount points amid rising interest rates,” Consumer Financial Protection Bureau, Apr. 5, 2024, <https://www.consumerfinance.gov/data-research/research-reports/data-spotlight-trends-in-discount-points-amid-rising-interest-rates/>.

discount points. This spotlight uses quarterly data collected pursuant to HMDA to look at the borrower and loan characteristics of homeowners that paid discount points between the first quarter of 2019 and the third quarter of 2023, a period that included record-high mortgage interest rates and preceded the Federal Reserve’s announcement of its intention to lower interest rates.

- *Data Point: Recent Changes in Medical Collections on Consumer Credit Records.* In April 2024, the CFPB released a report showing that 15 million Americans still have medical bills on their credit reports despite changes by the nationwide credit reporting companies.<sup>56</sup> Medical collections on consumer credit reports have been an area of focus for CFPB research in recent years. In addition to studying trends in medical debt as a whole, the CFPB’s reports have documented the burden of medical debt on older Americans, and the incidence of medical collections in rural counties in Appalachia and the Deep South region.
- *Report: Price Complexity in Laboratory Markets.* In April 2024, the CFPB issued a report that indicates consumers tend to pay more for products that have more complex pricing structures.<sup>57</sup> The report is based on experiments with multiple rounds of buyers and sellers interacting in simple markets and found that participants tended to pay more when prices were broken into sub-parts and were harder to understand. The research has implications for understanding how junk fees impede fair and competitive pricing in markets like auto loans or mortgages, where consumers have to evaluate extended warranties, add-ons, closing costs, and a wide variety of other fees instead of an all-inclusive price.
- *Issue Spotlight: Health Savings Accounts.* In May 2024, the CFPB released an Issue Spotlight detailing the complex costs and fees that many consumers with health savings accounts are forced to pay.<sup>58</sup> A health savings account (HSA) is a type of tax-advantaged savings account available to consumers enrolled in High Deductible Health Plans (HDHPs) to use for certain healthcare expenses. The prevalence of HSAs among consumers has surged in recent years, with approximately 36 million HSAs reported in 2023. These accounts collectively hold over \$116 billion in assets, representing an

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<sup>56</sup> “Data Point: Recent Changes in Medical Collections on Consumer Credit Records,” Consumer Financial Protection Bureau, Apr. 29, 2024, [https://files.consumerfinance.gov/f/documents/cfpb\\_recent-changes-medical-collections-on-consumer-credit-reports\\_2024-03.pdf](https://files.consumerfinance.gov/f/documents/cfpb_recent-changes-medical-collections-on-consumer-credit-reports_2024-03.pdf).

<sup>57</sup> “Report: Price Complexity in Laboratory Markets,” Consumer Financial Protection Bureau, Apr. 30, 2024, [https://files.consumerfinance.gov/f/documents/cfpb\\_price-complexity-in-laboratory-markets\\_2024-04.pdf](https://files.consumerfinance.gov/f/documents/cfpb_price-complexity-in-laboratory-markets_2024-04.pdf).

<sup>58</sup> “Issue Spotlight: Health Savings Accounts,” Consumer Financial Protection Bureau, May 1, 2024, [https://files.consumerfinance.gov/f/documents/cfpb\\_health-savings-account-issue-spotlight\\_2024-04.pdf](https://files.consumerfinance.gov/f/documents/cfpb_health-savings-account-issue-spotlight_2024-04.pdf).

increase of more than 500 percent since 2013. This significant growth has coincided with the rising prevalence of HDHPs, as HSAs were established to provide tax benefits to individuals with HDHPs. An HSA typically has an underlying consumer deposit account, and while HSAs share similarities with healthcare spending accounts like flexible spending accounts (FSAs) and certain tax-advantaged retirement accounts, they also have distinct elements. This report examines these unique characteristics and evaluates consumer experiences in the HSA market. Overall, while the tax benefits associated with HSAs may add value for certain consumers, HSAs also present increased costs, primarily in the form of fees and low interest rates.

- *Issue Spotlight: Credit Card Rewards.* In May 2024, the CFPB released an Issue Spotlight, finding consumers encounter numerous problems with credit card rewards programs.<sup>59</sup> The role of rewards in the industry has grown substantially, as rewards programs have become increasingly expensive for issuers and important to consumers. For this Issue Spotlight, the CFPB analyzed several hundred consumer complaints relating to the administration of credit card rewards programs and identified four recurring themes that resulted in consumers not receiving the rewards they were promised: (1) unexpected promotional conditions, (2) devaluation, (3) redemption problems, and (4) revocation.
- *Request for Information: Mortgage Closing Costs.* In May 2024, the CFPB issued a Request for Information seeking comments from the public related to fees charged by providers of mortgages and related settlement services.<sup>60</sup> Mortgages come with many associated fees and costs, referred to as “closing costs,” that are due by the time the loan closes or when the borrower signs the loan agreement. These closing costs, and particularly the costs the lender imposes on the borrower as part of the cost of getting the loan, have recently risen sharply. Lenders are also impacted by rising closing costs. The cost for credit scores, credit reports, and employment verification, for example, have all increased over the last few years. These higher costs are passed on to the consumer or eat into lenders’ bottom lines, in a market where mortgage originators are already facing financial challenges.
- *Consumer Financial Protection Circular 2024-03: Unlawful and Unenforceable Contract Terms and Conditions.* In June 2024, the CFPB released a Consumer Financial Protection Circular indicating that including unlawful or unenforceable terms and

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<sup>59</sup> “Issue Spotlight: Credit Card Rewards,” Consumer Financial Protection Bureau, May 9, 2024, [https://files.consumerfinance.gov/f/documents/cfpb\\_credit-card-rewards\\_issue-spotlight\\_2024-05.pdf](https://files.consumerfinance.gov/f/documents/cfpb_credit-card-rewards_issue-spotlight_2024-05.pdf).

<sup>60</sup> “Request for Information: Mortgage Closing Costs,” Consumer Financial Protection Bureau, May 30, 2024, [https://files.consumerfinance.gov/f/documents/cfpb\\_rfi-closing-costs\\_2024-05.pdf](https://files.consumerfinance.gov/f/documents/cfpb_rfi-closing-costs_2024-05.pdf).

conditions in contracts for consumer financial products and services can violate the prohibition on deceptive acts or practices in the CFPA.<sup>61</sup>

- *Fair Lending Annual Report to Congress*: In June 2024, the CFPB published its Annual Fair Lending Report to Congress describing the CFPB’s fair lending activities in enforcement and supervision; guidance and rulemaking; interagency coordination; and outreach and education for calendar year 2023.<sup>62</sup>
- *Proposed Interpretive Rule: Consumer Credit Offered to Borrowers in Advance of Expected Receipt of Compensation for Work*. In July 2024, the CFPB issued a proposed interpretive rule to help market participants determine when certain existing requirements under Federal law are triggered.<sup>63</sup> The proposed interpretive rule would also address certain costs that are in substantial connection with extensions of such credit, such as expedited delivery fees and costs marketed as “tips.”
- *Data Spotlight: Developments in the Paycheck Advance Market*. In July 2024, the CFPB released a Data Spotlight examining employer-sponsored paycheck advance loans.<sup>64</sup> The report found that workers using these employer-sponsored products take out an average of twenty-seven such loans per year and that the typical employer-sponsored loan carries an annual percentage rate over 100 percent.
- *Interagency Guidance on Reconsideration of Value for Residential Real Estate*. In July 2024, the CFPB, along with the FDIC, FRB, NCUA, and OCC, issued final guidance addressing reconsiderations of value (ROV) for residential real estate transactions.<sup>65</sup> The guidance advises on policies and procedures that financial institutions may implement to allow consumers to provide financial institutions with information that may not have

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<sup>61</sup> “Consumer Financial Protection Circular 2024-03: Unlawful and Unenforceable Contract Terms and Conditions,” Consumer Financial Protection Bureau, June 4, 2024, [https://files.consumerfinance.gov/f/documents/cfpb\\_circular-2024-03.pdf](https://files.consumerfinance.gov/f/documents/cfpb_circular-2024-03.pdf).

<sup>62</sup> “Fair Lending Annual Report to Congress,” Consumer Financial Protection Bureau, Jun. 26, 2024, [https://files.consumerfinance.gov/f/documents/cfpb\\_fair-lending-report\\_fy-2023.pdf](https://files.consumerfinance.gov/f/documents/cfpb_fair-lending-report_fy-2023.pdf).

<sup>63</sup> “Consumer Credit Offered to Borrowers in Advance of Expected Receipt of Compensation for Work,” Jul. 18, 2024, [https://files.consumerfinance.gov/f/documents/cfpb\\_paycheck-advance-marketplace\\_proposed-interpretive-rule\\_2024-07.pdf](https://files.consumerfinance.gov/f/documents/cfpb_paycheck-advance-marketplace_proposed-interpretive-rule_2024-07.pdf).

<sup>64</sup> “Data Spotlight: Developments in the Paycheck Advance Market,” Consumer Financial Protection Bureau, Jul. 18 2024, <https://www.consumerfinance.gov/data-research/research-reports/data-spotlight-developments-in-the-paycheck-advance-market/>.

<sup>65</sup> “Interagency Guidance on Reconsideration of Value for Residential Real Estate,” Consumer Financial Protection Bureau, Jul. 18, 2024, [https://files.consumerfinance.gov/f/documents/cfpb\\_interagency-guidance-on-reconsiderations-of-value\\_2024-07.pdf](https://files.consumerfinance.gov/f/documents/cfpb_interagency-guidance-on-reconsiderations-of-value_2024-07.pdf).

been considered during an appraisal or if the deficiencies are identified in the original appraisal.

- *Consumer Financial Protection Circular 2024-04: Whistleblower Protections Under CFPB Section 1057.* In July 2024, the CFPB released a Consumer Financial Protection Circular indicating that requiring employees to sign broad confidentiality agreements can violate Section 1057 of the CFPB, the provision protecting the rights of whistleblower employees, and undermine the CFPB’s ability to enforce the law.<sup>66</sup>
- *Issue Spotlight: Costs of Electronic Payments in K-12 Schools.* In July 2024, the CFPB released an Issue Spotlight on payment processing companies that are used by school districts to process children’s school lunch payments.<sup>67</sup> These private companies process payments made by parents who may have limited or zero payment alternatives. With a captive customer base, these companies can have broad control over fees assessed for each transaction. These fees are widespread and often hit low-income families the hardest.
- *Issue Spotlight: Solar Financing.* In August 2024, the CFPB released an Issue Spotlight that provides an overview of the most common solar financing business models.<sup>68</sup> The market for residential solar panels continues to grow, in large part due to declining solar panel costs and increased government incentives, including tax credits. With that growth, the marketing and door-to-door sales of solar-related financial products have become more prevalent. Due to the size of the marketplace and the scope of potential consumer harm, this spotlight pays specific attention to risks stemming from the presentation and structure of “solar-specific” loans, which are often facilitated by large financial technology firms via a point-of-sale partnership with solar installers.
- *Report on Contract for Deed Lending.* In August 2024, the CFPB issued a report on contract for deed lending. The report describes how some lenders use contracts for deed to target low-income borrowers, including communities where consumers have limited

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<sup>66</sup> “Consumer Financial Protection Circular 2024-04: Whistleblower Protections Under CFPB Section 1057,” Consumer Financial Protection Bureau, Jul. 24, 2024, [https://files.consumerfinance.gov/f/documents/cfpb\\_circular-cfpa-section-1057-whistleblower-protections\\_2024-07.pdf](https://files.consumerfinance.gov/f/documents/cfpb_circular-cfpa-section-1057-whistleblower-protections_2024-07.pdf).

<sup>67</sup> “Issue Spotlight: Costs of Electronic Payments in K-12 Schools,” Consumer Financial Protection Bureau, Jul. 25, 2024, [https://files.consumerfinance.gov/f/documents/cfpb\\_costs-of-electronic-payment-in-k-12-schools-issue-spotlight\\_2024-07.pdf](https://files.consumerfinance.gov/f/documents/cfpb_costs-of-electronic-payment-in-k-12-schools-issue-spotlight_2024-07.pdf).

<sup>68</sup> “Issue Spotlight: Solar Financing,” Consumer Financial Protection Bureau, Aug. 7, 2024, [https://files.consumerfinance.gov/f/documents/cfpb\\_solar-financing-issue-spotlight\\_2024-08.pdf](https://files.consumerfinance.gov/f/documents/cfpb_solar-financing-issue-spotlight_2024-08.pdf).



English proficiency, and set them up to fail so the sellers can kick them out and repeat the process with a new family.<sup>69</sup>

- *Advisory Opinion: Truth in Lending; Consumer Protections for Home Sales Financed Under Contracts for Deed.* In August 2024, the CFPB issued an Advisory Opinion affirming that the consumer protections and creditor obligations of TILA and Regulation Z apply to transactions in which a consumer purchases a home under a contract for deed.<sup>70</sup> When a creditor sells a home to a buyer under a contract for deed, that transaction will generally meet TILA and Regulation Z’s definition of credit, and, where the transaction is secured by the buyer’s dwelling, the buyer will also generally be entitled to the protections associated with residential mortgage loans under TILA. This includes for certain sellers the requirement to provide informative and accurate disclosures and to assess buyers’ ability to repay, and well as limitations on mandatory arbitration and balloon payments.
- *Issue Spotlight: Cash-back fees.* In August 2024, the CFPB released an Issue Spotlight that detailed merchant cash-back fees and their impact on consumers.<sup>71</sup> The CFPB estimated that the three retailers highlighted in the paper (Dollar General, Dollar Tree, and Kroger) collected \$90 million in fees annually for people to access their money. The spotlight also noted that some merchants tend to maximize those fees by having low cash-back limits, further capitalizing financial gains. Finally, many consumers with limited banking choices, such as those living in a banking desert or in areas with limited banking and shopping options are more likely to pay these fees.
- *Report: Fair Debt Collection Practices Act CFPB Annual Report 2024.* In September 2024, the CFPB issued its annual report to Congress on debt collection, which highlights aggressive and illegal practices in the collection of medical debt and rental debt.<sup>72</sup> The report discusses how problems with rental payment companies’ “revenue management software” can result in improperly inflated rental debt amounts. The report also focuses on debt collectors’ attempts to collect medical bills already satisfied by non-profit

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<sup>69</sup> “Report on Contract for Deed Lending,” Consumer Financial Protection Bureau, Aug. 13, 2024, [https://files.consumerfinance.gov/f/documents/cfpb\\_contract-for-deed\\_report\\_2024-08.pdf](https://files.consumerfinance.gov/f/documents/cfpb_contract-for-deed_report_2024-08.pdf).

<sup>70</sup> “Advisory Opinion: Truth in Lending (Regulation Z); Consumer Protections for Home Sales Financed Under Contracts for Deed,” Consumer Financial Protection Bureau, Aug. 13, 2024, [https://files.consumerfinance.gov/f/documents/cfpb\\_contract-for-deed\\_advisory-opinion\\_2024-08.pdf](https://files.consumerfinance.gov/f/documents/cfpb_contract-for-deed_advisory-opinion_2024-08.pdf).

<sup>71</sup> “Issue Spotlight: Cash-back fees,” Consumer Financial Protection Bureau, Aug. 26, 2024, <https://www.consumerfinance.gov/data-research/research-reports/issue-spotlight-cash-back-fees/>.

<sup>72</sup> “Report: Fair Debt Collection Practices Act CFPB Annual Report 2024,” Consumer Financial Protection Bureau, Sept. 5, 2024, [https://files.consumerfinance.gov/f/documents/cfpb\\_fdcpa-2024-annual-report\\_2024-09.pdf](https://files.consumerfinance.gov/f/documents/cfpb_fdcpa-2024-annual-report_2024-09.pdf).

hospitals' financial assistance programs, as well as the fact that many medical bills from low-income consumers do not get addressed by financial assistance in the first place.

- *Consumer Financial Protection Circular 2024-05: Improper Overdraft Opt-in Practices.* In September 2024, the CFPB released a Consumer Financial Protection Circular to help federal and state consumer protection enforcers stop banks from charging overdraft fees based on phantom opt-in agreements.<sup>73</sup> Phantom opt-ins occur when banks claim they have customers' consent to charge overdraft fees, but there is no proof they actually obtained that consent. Under the Electronic Fund Transfer Act (EFTA), banks cannot charge overdraft fees on ATM and one-time debit card transactions unless consumers have affirmatively opted in.
- *Office of Servicemember Affairs Annual Report: January – December 2023.* In September 2024, the CFPB issued its annual report summarizing top concerns of servicemembers and their families.<sup>74</sup> This report includes an examination of the top-rated complaints CFPB received from servicemembers and found that the volume of servicemember complaints has risen over the last year. The report also focused on student lending issues impacting servicemembers, such as issues servicemembers have contacting student loan servicers, which impact their ability to return to repayment successfully and to ensure the repayment plans and entitlements they are eligible for are accounted for. The report highlighted impacts of university transcript withholding and how that impacts servicemember and veterans from employment advancement and completing degrees. Finally, the report found that older veterans are often the targets of financial scams and fraud.

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<sup>73</sup> “Consumer Financial Protection Circular 2024-05: Improper Overdraft Opt-in Practices,” Consumer Financial Protection Bureau, Sept. 17, 2024, [https://files.consumerfinance.gov/f/documents/cfpb\\_improper-overdraft-opt-in-practices-circular\\_2024-09.pdf](https://files.consumerfinance.gov/f/documents/cfpb_improper-overdraft-opt-in-practices-circular_2024-09.pdf).

<sup>74</sup> “Office of Servicemember Affairs Annual Report: January – December 2023,” Consumer Financial Protection Bureau, Sept. 24, 2024, [https://files.consumerfinance.gov/f/documents/cfpb\\_osa-annual-report-cy2023\\_2024-09.pdf](https://files.consumerfinance.gov/f/documents/cfpb_osa-annual-report-cy2023_2024-09.pdf).

## 2. Complaints

The CFPB has a statutory obligation to collect and monitor consumer complaints.<sup>75</sup> Consumers' complaints and companies' responses provide the CFPB with important information about the types of challenges consumers are experiencing with financial products and services and how companies are responding to consumers' concerns. The CFPB uses this information to monitor risk in financial markets, assess risk at companies, and prioritize agency action.

### 2.1 An analysis of complaints about consumer financial products or services that the CFPB has received and collected in its central database on complaints

During the period April 1, 2023, through March 31, 2024, the CFPB received approximately 1,836,300 consumer complaints.<sup>76</sup> Consumers submitted approximately 97 percent of these complaints through the CFPB's website and two percent via telephone calls. Referrals from other state and federal agencies accounted for less than one percent of complaints.

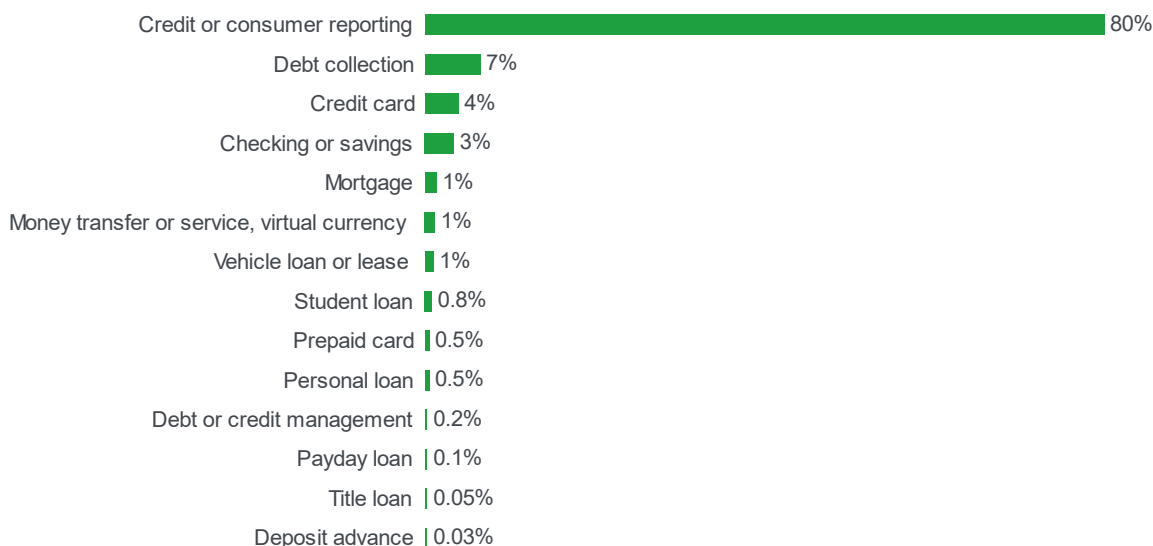
When consumers submit complaints, the CFPB's complaint form prompts them to select the consumer financial product or service with which they have a problem as well as the type of problem they are having with that product or service. The CFPB uses these consumer selections to group the financial products and services about which consumers complain to the CFPB for public reports. As shown in Figure 1, credit or consumer reporting was the most complained about consumer financial product or service during the period, followed by debt collection.

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<sup>75</sup> Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, Pub. L. No. 111 -203, Sections 1013(b)(3)(A) and 1021(b)(3)(A).

<sup>76</sup> Complaint data in this report are current as of October 1, 2024. Percentages in this section of the report may not sum to 100 percent due to rounding. This analysis excludes multiple complaints submitted by a given consumer on the same issue and whistleblower tips. For more information on our complaint process refer to the Bureau's website at <https://www.consumerfinance.gov/complaint/process>.

**FIGURE 1: COMPLAINT VOLUME BY FINANCIAL PRODUCT OR SERVICE**



The CFPB sent approximately 1,547,900 complaints received to companies for review and response.<sup>77</sup> Companies responded to approximately 99.6 percent of complaints that the CFPB sent to them for response during the period. Company responses typically include descriptions of steps taken or that will be taken in response to the consumer’s complaint, communications received from the consumer, any follow-up actions or planned follow-up actions, and a categorization of the company’s response. Companies’ responses also describe a range of monetary and non-monetary relief. Examples of non-monetary relief include correcting inaccurate data provided or reported in consumers’ credit reports, stopping unwanted calls from debt collectors, correcting account information, issuing corrected documents, restoring account access, and addressing formerly unmet customer service issues.

The CFPB’s Office of Consumer Response analyzes consumer complaints, company responses, and consumer feedback to assess the accuracy, completeness, and timeliness of company responses so that the CFPB, other regulators, consumers, and the marketplace have relevant information about consumers’ challenges with financial products and services. The Office of

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<sup>77</sup> The CFPB referred 5 percent of the complaints it received to other regulatory agencies and found 11 percent to be not actionable. Complaints that are not actionable include incomplete submissions, withdrawn complaints, and complaints in which the CFPB discontinued processing because it had reason to believe that a submitter did not disclose its involvement in the complaint process. At the end of this period, less than 0.01 percent of complaints were pending with the consumer.

Consumer Response uses a variety of approaches to identify trends and possible consumer harm. Examples include:

- Reviewing cohorts of complaints and company responses to assess the accuracy, timeliness, and completeness of an individual company's responses to complaints sent to them for response;
- Conducting text analytics to identify emerging trends and statistical anomalies; and
- Visualizing data to highlight geographic and temporal patterns.

The CFPB publishes periodic reports about its complaint analyses. For example, in March 2024, the CFPB also published the *Consumer Response Annual Report*,<sup>78</sup> which is required by Section 1013(b)(3)(C) of the Dodd-Frank Act. The CFPB also published complaint analyses in other mandatory and discretionary reports.

In addition to public reports, the CFPB makes complaint data available to the public in the Consumer Complaint Database (Database).<sup>79</sup> The Database contains certain de-identified, individual complaint level data, as well as dynamic visualization tools, including geospatial and trend views based on recent complaint data, to help users of the database understand current and recent marketplace conditions. Finally, the CFPB also shares consumer complaint information with prudential regulators, the Federal Trade Commission (FTC), other federal agencies, and state agencies.

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<sup>78</sup> See "Consumer Response Annual Report," Consumer Financial Protection Bureau, Mar. 29, 2024, [https://files.consumerfinance.gov/f/documents/cfpb\\_cr-annual-report\\_2023-03.pdf](https://files.consumerfinance.gov/f/documents/cfpb_cr-annual-report_2023-03.pdf).

<sup>79</sup> See Consumer Financial Protection Bureau, Consumer Complaint Database, <https://www.consumerfinance.gov/data-research/consumer-complaints/>.

# 3. Supervisory and Enforcement Actions

## 3.1 List of public supervisory and enforcement actions

### 3.1.1 Statement of issues for public supervisory and enforcement actions

The CFPB was a party in the following public enforcement actions from April 1, 2023, through March 31, 2024, which are listed in descending chronological order by filing date.

- *Consumer Financial Protection Bureau, New York, Colorado, Delaware, Illinois, Minnesota, North Carolina, and Wisconsin v. StratFS, LLC (f/k/a Strategic Financial Solutions, LLC), Strategic Client Support, LLC (f/k/a Pioneer Client Support, LLC), Strategic CS, LLC, Strategic FS Buffalo, LLC, Strategic NYC, LLC, BCF Capital, LLC, T Fin, LLC, Strategic Consulting, LLC, Versara Lending, LLC, Strategic Family, Inc., Anchor Client Services, LLC (now known as CS 1 PAAS Services, LLC), Bedrock Client Services, LLC, Boulder Client Services, LLC, Canyon Client Services, LLC, Carolina Client Services, LLC, Great Lakes Client Services, LLC, Guidestone Client Services, LLC, Harbor Client Services, LLC, Heartland Client Services, LLC, Monarch Client Services, LLC (now known as CS 2 PAAS Services, LLC), Newport Client Services, LLC, Northstar Client Services, LLC, Option 1 Client Services, LLC, Pioneer Client Servicing, LLC, Rockwell Client Services, LLC, Royal Client Services, LLC, Stonepoint Client Services, LLC, Summit Client Services, LLC (now known as CS 3 PAAS Services, LLC), Whitestone Client Services, LLC, Ryan Sasson, Jason Blust, Daniel Blumkin, Albert Ian Behar, Twist Financial, LLC, Duke Enterprises, LLC, Blaise Investments, LLC, and Unidentified John Does 1-50 (W.D.N.Y. No. 1:24-cv-00040) (not a credit union or depository institution). On January 10, 2024, the CFPB and seven state attorneys general – New York, Colorado, Delaware, Illinois, Minnesota, North Carolina, and Wisconsin – filed a complaint and sought a temporary restraining order and preliminary injunction against StratFS, LLC f/k/a Strategic Financial Solutions, LLC, as well as its holding company Strategic Family, Inc.; various of its subsidiaries: Strategic Client Support, LLC; Strategic CS, LLC; Strategic FS Buffalo, LLC; Strategic NYC, LLC; T Fin, LLC; BCF Capital, LLC; Strategic Consulting, LLC; Versara Lending, LLC; Anchor Client Services, LLC; Bedrock Client Services, LLC; Boulder Client Services, LLC; Canyon Client Services,*

LLC; Carolina Legal Services, LLC; Great Lakes Client Services, LLC; Guidestone Client Services, LLC; Harbor Client Services, LLC; Heartland Client Services, LLC; Monarch Client Services, LLC; Newport Client Services, LLC; Northstar Client Services, LLC; Option 1 Client Services, LLC; Pioneer Client Servicing, LLC; Rockwell Client Services, LLC; Royal Client Services, LLC; Stonepoint Client Services, LLC; Summit Client Services, LLC; and Whitestone Client Services, LLC (collectively, SFS); and as individuals: SFS Chief Executive Officer Ryan Sasson and Jason Blust. The complaint also named the following relief defendants: Daniel Blumkin; Albert Ian Behar; Strategic ESOP; Strategic ESOT, Twist Financial, LLC; Duke Enterprises, LLC; Blaise Investments, LLC; The Blust Family Irrevocable Trust through Donald J. Holmgren, Trustee; Jaclyn Blust; Lit Def Strategies, LLC; and Relialit, LLC. SFS is a debt-relief company with offices in Buffalo and Manhattan, New York. The CFPB alleges that since at least January 2016, SFS and the individual defendants have operated a debt-relief scheme that collects exorbitant, illegal advance fees from vulnerable consumers suffering financial difficulties through a web of interrelated companies they have created, including law firms, that serve as a facade for SFS's debt-relief operation. The Telemarketing Sales Rule (TSR) prohibits charging and collecting fees before renegotiating the terms of at least one debt and before a payment is made under the renegotiated terms, as well as charging fee amounts that are not tied to the percentage of the enrolled debt settled or reduced or the amount saved. The CFPB alleges that the defendants violated, and substantially assisted violating, these prohibitions. Specifically, under SFS's direction, the web of companies begin debiting fees for the debt-relief services from consumers' escrow accounts long before any of the consumers' debts have been settled, and the fee amounts the companies collect are pre-determined and do not depend on any results the companies might obtain. As alleged in the complaint, since January 2016, defendants have collected at least \$100,000,000 from consumers before any of the consumers' debts were settled, and in some instances when no such settlements ever took place. The complaint seeks permanent and preliminary injunctive relief, redress for consumers, and a civil money penalty. On January 11, 2024, the court granted the CFPB's request for a temporary restraining order. On February 1-2, 2024, the court held an evidentiary hearing on the CFPB's motion for a preliminary injunction, which the court granted on March 4, 2024. On March 4, 2024, several defendants filed motions to dismiss. On March 5, 2024, defendants began filing appeals from the district court's preliminary injunction decision. On March 27, 2024, the CFPB filed an amended complaint. As of the end of the reporting period, the case remains pending.

- *Consumer Financial Protection Bureau and United States of America v. Colony Ridge Development, LLC; Colony Ridge BV, LLC; Colony Ridge Land, LLC; and Loan Originator Services, LLC* (S.D. Tex. No. 4:23-cv-04729) (not a credit union or depository

institution). On December 20, 2023, the CFPB, together with the United States Department of Justice (DOJ), filed a complaint against land development companies Colony Ridge Development, LLC and Colony Ridge BV, LLC, affiliate mortgage company Colony Ridge Land, LLC (collectively, the Colony Ridge defendants), and loan origination company Loan Originator Services, LLC (LOS). The CFPB and DOJ allege that defendants violated the Equal Credit Opportunity Act (ECOA) by targeting Hispanic consumers with a predatory loan product. The CFPB separately alleges that the Colony Ridge defendants violated the Consumer Financial Protection Act of 2010 (CFPA) by making deceptive representations to consumers; that Colony Ridge Development and Colony Ridge BV violated the Interstate Land Sales Full Disclosure Act (ILSA) by making untrue statements, omitting material facts, failing to provide required accurate translations, and failing to report and disclose required information; and that defendants violated the CFPA by virtue of their violations of ECOA and ILSA, respectively. DOJ further alleges defendants' conduct violated the Fair Housing Act (FHA). The joint complaint seeks, among other things, injunctions against defendants to prevent future violations of Federal consumer financial laws, redress to consumers, damages, and the imposition of civil money penalties. In February 2024, defendants filed motions to dismiss and to stay. In September 2024, the district court granted the motion as to LOS, but denied it as to Colony Ridge and allowed the claims to proceed (with the exception of one FHA claim). Colony Ridge filed a motion to certify for interlocutory appeal the district court's decision on the ECOA claim. As of the end of the reporting period, the case remains pending.

- *In the Matter of U.S. Bank National Association* (2023-CFPB-0019). On December 19, 2023, the CFPB issued an order against U.S. Bank in connection with its administration of prepaid debit cards that held unemployment insurance benefits. U.S. Bank has offered prepaid debit cards to eligible consumers in at least 19 states and the District of Columbia to distribute unemployment insurance benefits through its ReliaCard program. In the summer of 2020, U.S. Bank implemented new freeze criteria to determine whether to freeze a card due to suspected fraud. Using these new fraud controls and its expanded criteria used for freezing accounts, U.S. Bank froze the accounts of tens of thousands of cardholders eligible for benefits. The CFPB found that U.S. Bank engaged in unfair acts or practices in violation of the CFPA by failing to provide those eligible ReliaCard prepaid debit cardholders whose accounts U.S. Bank froze with adequate means to verify their identities and timely regain access to their benefits. For freezes that U.S. Bank imposed in August 2020 through November 2020, on average it took a month or longer for consumers to unfreeze their ReliaCard accounts. And for freezes that U.S. Bank imposed in December 2020 through March 2021, on average it took multiple weeks for consumers to unfreeze their ReliaCard accounts. The



CFPB also found that U.S. Bank violated the Electronic Fund Transfer Act (EFTA), and its implementing Regulation E, by failing to timely investigate ReliaCard prepaid debit cardholders' notices of error concerning alleged unauthorized electronic fund transfers (EFTs). The order requires U.S. Bank to provide \$5.7 million in redress to consumers and to pay a \$15 million civil money penalty. The order also requires U.S. Bank to take measures to ensure future compliance. The Office of the Comptroller of the Currency (OCC) concurrently issued an order against U.S. Bank addressing U.S. Bank's conduct relating to administration of the ReliaCard program, separately fining it \$15 million.

- *In the Matter of Commonwealth Financial Systems, Inc.* (2023-CFPB-0018) (not a credit union or depository institution). On December 15, 2023, the CFPB issued an order against Commonwealth Financial Systems, Inc. (Commonwealth), a Pennsylvania-based third-party debt collection company that collects past-due medical debts and furnishes information about consumers to consumer reporting agencies (CRAs). The CFPB found that Commonwealth violated the Fair Credit Reporting Act (FCRA) and its implementing Regulation V by failing to establish and implement reasonable written policies and procedures regarding the accuracy and integrity of information it furnishes to CRAs; failing to conduct reasonable investigations of consumer disputes about information Commonwealth furnished to CRAs; failing to report the results of direct dispute investigations to consumers; and furnishing information to CRAs without notifying the CRA that the information was disputed. The CFPB also found that Commonwealth violated the Fair Debt Collection Practices Act (FDCPA) by sending debt collection letters to consumers before providing the consumer a verification of the debt when Commonwealth had received a written dispute from the consumer within 30 days of the consumer's receipt of a debt validation notice; misrepresenting to consumers that they owed alleged debts in certain circumstances when Commonwealth lacked a reasonable basis to make those representations; and communicating credit information about alleged debts to CRAs but failing to communicate that the debts were disputed. Among other injunctive relief, the order permanently bans Commonwealth from participating in or assisting others in any debt collection activities, debt buying, debt selling, and consumer reporting activities and requires Commonwealth to submit to all CRAs to whom it previously furnished information about any consumer a request to delete all collection accounts for such consumers. The order also requires Commonwealth to pay a \$95,000 civil money penalty.
- *In the Matter of Atlantic Union Bank* (2023-CFPB-0017). On December 7, 2023, the CFPB issued an order against Atlantic Union Bank, a regional bank headquartered in Richmond, Virginia. Under Regulation E, which implements EFTA, before a bank can charge overdraft fees on ATM or one-time debit card transactions, it must first obtain a

consumer's affirmative consent (or opt-in) to the bank's payment of those transactions. The bank must also provide the consumer with a written notice describing the overdraft service before it can obtain that consumer's consent. The CFPB found that the bank violated Regulation E because, as part of its in-branch, checking account-opening process, its employees requested that new customers orally provide their enrollment decision before providing them with an adequate written notice describing the overdraft service. The CFPB also found that Atlantic Union Bank engaged in unlawful deception in violation of the CFPA by misleading consumers who called in by phone and enrolled in its Opt-In Overdraft Privilege service; the bank misrepresented which transactions the service covered and omitted material information about the terms and conditions of the service. The Bank's actions with respect to consumers who called and opted in by phone also violated Regulation E. The CFPB's order requires Atlantic Union Bank to stop its unlawful conduct and to pay no less than \$5 million in redress to affected consumers and a penalty of \$1.2 million.

- *In the Matter of Bank of America, N.A.* (2023-CFPB-0016). On November 28, 2023, the CFPB issued an order against Bank of America, N.A., which is a national bank headquartered in Charlotte, North Carolina with branches and ATMs located in 38 states and the District of Columbia. The Home Mortgage Disclosure Act (HMDA) and its implementing regulation, Regulation C, require financial institutions to ask applicants for most mortgage loans for their race, ethnicity, and sex. The CFPB found that between 2016 and late 2020, at least hundreds of Bank of America's loan officers were not asking applicants for their race, ethnicity, and sex, as required by law, and instead falsely recorded that the applicants chose not to provide the information. The Bank's conduct violated HMDA, Regulation C, and the CFPA. The order requires Bank of America to pay a \$12 million civil money penalty and to develop policies and procedures to ensure compliance with HMDA and Regulation C, including recording and auditing phone applications to make sure that HMDA data are accurately collected and recorded.
- *In the Matter of Toyota Motor Credit Corporation* (2023-CFPB-0015) (not a credit union or depository institution). On November 20, 2023, the CFPB issued an order against Toyota Motor Credit Corporation (Toyota Motor Credit), which is the United States-based auto-financing arm of Toyota Motor Corporation and one of the largest indirect auto lenders in the country. Toyota Motor Credit provides financing for vehicles and optional "add-on" products and services sold with the vehicles. The CFPB found that Toyota Motor Credit violated the CFPA by: (1) unfairly and abusively making it unreasonably difficult for consumers to cancel unwanted add-ons, including when consumers complained that dealers had forced add-ons on consumers without their consent; (2) unfairly failing to ensure consumers received refunds of unearned

Guaranteed Asset Protection (GAP) and Credit Life and Accidental Health (CLAH) premiums when the products were no longer of any value to consumers because consumers had paid off their loans early or ended lease agreements early; and (3) unfairly failing to provide accurate refunds to consumers who canceled their vehicle service agreements as a result of flawed system logic. The CFPB also found that Toyota Motor Credit violated FCRA and its implementing Regulation V by falsely reporting customer accounts as delinquent, even though customers had already returned their vehicles, and failing to promptly correct the negative information it had sent to consumer reporting agencies; and failing to maintain reasonable policies and procedures to ensure payment information it sent to consumer reporting agencies was accurate. The order requires Toyota Motor Credit to pay \$48 million in consumer redress and a \$12 million civil money penalty. The order also requires Toyota Motor Credit to stop its unlawful practices and come into compliance with the law and prohibits incentive-based employee compensation or performance measurements in relation to add-on products.

- *In the Matter of Enova International, Inc.* (2023-CFPB-0014) (not a credit union or depository institution). On November 15, 2023, the CFPB issued an order against Enova International, Inc., a publicly-traded online small-dollar lender, headquartered in Chicago, Illinois, that markets, provides, and services loans under the brand names CashNetUSA (CNU) and NetCredit. In 2019, the CFPB issued an order against Enova based on the CFPB's finding that Enova violated the CFPA by debiting consumers' bank accounts without authorization and failing to honor loan extensions it granted to consumers. The 2019 order, among other requirements, barred Enova from making or initiating electronic fund transfers without valid authorization and from failing to honor loan extensions. The CFPB found that Enova violated the 2019 Order, and therefore the CFPA, by debiting or attempting to debit consumers' bank accounts in a wide array of circumstances without the consumer's express informed consent; failing to honor loan extensions it had granted to consumers; debiting the full loan payment instead of a loan extension fee on loans for which Enova had granted a loan extension; and making or initiating electronic fund transfers from consumers' bank accounts on a recurring basis without valid authorization identifying the particular bank account the consumer had authorized for EFTs and providing a copy of that authorization to the consumer. The CFPB also found that Enova violated the CFPA's prohibition on unfair acts and practices by debiting or attempting to debit consumers' accounts without their authorization and by canceling previously-granted loan extensions and debiting such consumers' bank accounts for the full loan payment instead of a loan extension fee. The CFPB further found that Enova violated the CFPA's prohibition on deceptive acts or practices by failing to tell consumers who had been granted a loan extension that making an interim partial payment would result in cancellation of the loan extension, misrepresenting the amount

that Enova would charge consumers who made such an interim partial payment, misrepresenting the due date for certain loan payments, misrepresenting that consumers could skip certain loan payments, and misrepresenting the amounts due on certain consumer loans. The order bans Enova from offering or providing certain types of loans, requires Enova to come into compliance with the law, and requires Enova to incorporate compliance into its executive compensation policies and agreements. The order requires Enova to provide redress to all consumers whose accounts it debited without their express informed consent and to pay a \$15 million civil money penalty.

- *In the Matter of Citibank, N.A. (2023-CFPB-0013)*. On November 8, 2023, the CFPB issued an order against Citibank, N.A., which is a national bank headquartered in New York City, New York. The CFPB found that Citibank violated ECOA and its implementing Regulation B by discriminating against certain credit card applicants based on their national origin. Specifically, from at least 2015 through 2021, Citibank employees applied extra scrutiny to, negatively assessed, and often denied, certain credit card applications based on the applicants' perceived Armenian national origin. The CFPB also found that Citibank failed to provide applicants with an accurate and adequate statement of the specific reasons for the adverse action when the applicant was denied based on their Armenian national origin in violation of ECOA and Regulation B. Citibank's violations of ECOA also constitute violations of the CFPA. The order requires Citibank to provide \$1.4 million in redress to consumers and pay a \$24.5 million civil money penalty. The order also requires Citibank to stop its illegal discrimination and take measures to ensure future compliance, including increasing oversight of communications and training materials concerning the manual underwriting of consumer credit card applications.
- *In the Matter of Chime, Inc. d/b/a Sendwave (2023-CFPB-0012)* (not a credit union or depository institution). On October 17, 2023, the CFPB issued an order against Chime, Inc. doing business as Sendwave, a nonbank remittance transfer provider headquartered in Boston, Massachusetts. Sendwave offers and provides consumers international money transfer services, known as remittance transfers, in 50 states and the District of Columbia through its mobile application, the Sendwave App. The app enables users to send money to recipients in several countries primarily in Africa and Asia. The CFPB found that Sendwave violated the CFPA's prohibition on deceptive acts and practices by misrepresenting to consumers the speed and cost of its remittance transfers. The CFPB also found that Sendwave violated EFTA and its implementing Regulation E, including Subpart B, known as the Remittance Transfer Rule, by: (1) wrongly requiring customers to waive their rights; (2) failing to provide required disclosures, including the date of fund availability and exchange rate; (3) failing to provide timely disclosures; and (4)

failing to investigate errors properly and maintain required policies and procedures for error resolution. The violations of EFTA and Regulation E also constitute violations of the CFPB. The order requires Sendwave to provide approximately \$1.5 million in redress to consumers and to pay a \$1.5 million civil money penalty. Sendwave must also take measures to ensure future compliance.

- *Federal Trade Commission, and Consumer Financial Protection Bureau v. TransUnion Rental Screening Solutions, Inc. and Trans Union LLC* (D. Colo. No. 1:23-cv-02659) (not a credit union or depository institution). On October 12, 2023, the CFPB and the Federal Trade Commission (FTC) filed a joint complaint and stipulated order against TransUnion Rental Screening Solutions, Inc., a Delaware corporation with its principal place of business in Greenwood Village, Colorado, and its parent company, Trans Union LLC, a Delaware company with its principal place of business in Chicago, Illinois (collectively, TransUnion Rental Screening). TransUnion Rental Screening is a consumer reporting agency that provides tenant and employment background screening reports to thousands of client rental property owners, property management companies, employers, and other background screening companies throughout the United States to assist users in selecting tenants and employees. The complaint alleged that TransUnion Rental Screening violated FCRA by failing in numerous instances to (1) follow reasonable procedures to assure maximum possible accuracy of eviction records in its tenant screening reports; and (2) when it obtained criminal and eviction records from third-party vendors, identify the third-party vendor as a source of the records in its disclosures to consumers. As the complaint alleged, inaccurate and misleading information in tenant screening reports can significantly interfere with consumers' ability to find housing and cause them harm, including prolonged housing searches, additional application fees, time and money spent correcting errors, higher rental payments, temporary housing costs, and denial of housing. The stipulated order, which the court entered on October 18, 2023, requires that TransUnion Rental Screening take specific actions to ensure maximum possible accuracy of its tenant screening reports and provide complete disclosures to consumers who request them. It also requires TransUnion Rental Screening to pay \$11 million in consumer redress and a \$4 million penalty to the CFPB.
- *In the Matter of TransUnion, Trans Union LLC, and TransUnion Interactive, Inc.* (2023-CFPB-0011) (not a credit union or depository institution). On October 12, 2023, the CFPB issued an order against TransUnion and two of its subsidiaries, TransUnion LLC, and TransUnion Interactive, Inc. (collectively, TransUnion), which are headquartered in Chicago, Illinois. TransUnion LLC is one of the three nationwide consumer reporting agencies. Security freezes and locks block certain third parties, such as lenders, from accessing consumers' credit reports to prevent a potential identity thief

from obtaining new credit in those consumers' names. Consumers can remove or lift security freezes upon request to, for example, apply for credit. Starting in September 2018, Federal law has required nationwide consumer reporting agencies to provide security freezes as a free service, whereas locks are a feature of certain paid products. The CFPB found that TransUnion, from as early as 2003, failed to timely place or remove security freezes and locks on the credit reports of tens of thousands of consumers who requested them, including certain vulnerable consumers; in some cases, those requests were left unmet for months or years. The CFPB found TransUnion's failure to place or remove security freezes in a timely manner occurred as a result of problems, including systems issues, that TransUnion knew about but failed to address for years. The CFPB found that TransUnion's failure to place or remove security freezes in a timely manner violated FCRA, and TransUnion's failure to place or remove both security freezes and locks in a timely manner was unfair in violation of the CFPA. Further, the CFPB found that TransUnion engaged in deceptive acts and practices by falsely telling certain consumers that their requests had been successful when they had not. In addition, the CFPB found that from September 21, 2018 to 2020, TransUnion failed to exclude certain consumers, including active-duty military and other potential victims of identity theft, from pre-screened solicitation lists in violation of FCRA. The CFPB's order requires TransUnion to pay \$3 million to consumers in redress and \$5 million in civil penalties. TransUnion must also take steps to address and prevent unlawful conduct, including convening a committee to identify and solve technical and systems problems that can affect consumers.

- *Consumer Financial Protection Bureau v. Freedom Mortgage Corporation* (S.D. Fla. No. 9:23-cv-81373) (not a credit union or depository institution). On October 10, 2023, the CFPB filed a lawsuit against Freedom Mortgage Corporation (Freedom), a residential mortgage loan originator and servicer headquartered in Boca Raton, Florida. In 2020, Freedom reported HMDA data on over 700,000 loans and applications and originated nearly 400,000 HMDA-reportable loans, making it the third largest mortgage lender in the United States by origination volume. In 2019, the CFPB issued an order against Freedom finding that it intentionally misreported certain HMDA data fields from at least 2014 to 2017 (2019 Order). The CFPB's 2023 complaint alleges that the mortgage loan data for 2020 that Freedom submitted pursuant to HMDA contained widespread errors across multiple data fields, in violation of HMDA and its implementing Regulation C. These alleged HMDA violations occurred while Freedom was under the 2019 Order. The CFPB's complaint further alleges that by reporting inaccurate mortgage loan data for 2020, Freedom also violated the 2019 Order and the CFPA. On December 27, 2023, defendants filed a motion to dismiss and a motion to stay. On January 12, 2024, the

court denied defendant's motion to stay. As of the end of the reporting period, the motion to dismiss and the case remained pending.<sup>80</sup>

- *In the Matter of Tempoe, LLC* (2023-CFPB-0010) (not a credit union or depository institution). On September 11, 2023, the CFPB issued an order against Tempoe, LLC, a nonbank consumer finance company, with offices in Cincinnati, Ohio, and Manchester, New Hampshire. Tempoe purchased personal property and services from retailers and then leased them to consumers. Typically, consumers were offered Tempoe's product after applying and being rejected for conventional financing through the retailer. Under the terms of Tempoe's agreements, consumers made periodic payments for an initial term of five months. Then, unless the consumer made an active selection to purchase or return the property, Tempoe continued auto-debiting the consumers for the full month-to-month term of the contract, typically 18 to 36 months. Some consumers discovered only at the conclusion of their initial term that they did not own their items and were required to pay more. The CFPB found that Tempoe engaged in unfair acts and practices in violation of the CFPB by (1) failing to ensure that consumers had access to the terms of the transaction, and (2) prohibiting the return of some goods and services. The CFPB also found that Tempoe violated Regulation M, which implements the Consumer Leasing Act, by failing to provide consumers with required disclosures for leases that extended beyond the initial term by six months or more. The order permanently bans Tempoe from offering or providing consumer leases and requires Tempoe to release all consumers with existing lease agreements from their leases and to allow them to maintain the leased products with no further financial obligation; including approximately 19,300 leases with an aggregate value of approximately \$33 million. The order also requires Tempoe to pay a \$2 million civil money penalty, of which \$1 million will be remitted upon Tempoe's payment of that amount to the states that filed a parallel multi-state settlement addressing the same conduct.
- *Consumer Financial Protection Bureau v. Heights Finance Holding Co. f/k/a Southern Management Corporation; Covington Credit of Alabama, Inc.; Southern Finance of Tennessee, Inc.; Covington Credit of Georgia, Inc.; Southern Finance of South Carolina, Inc.; Covington Credit of Texas, Inc.; Covington Credit, Inc.; and Quick Credit Corporation* (D.S.C. No. 6:23-cv-04177). On August 22, 2023, the CFPB filed a lawsuit against Heights Finance Holding Co. f/k/a Southern Management Corporation as well as its wholly owned, state-licensed subsidiaries: Covington Credit of Alabama, Inc.; Southern Finance of Tennessee, Inc.; Covington Credit of Georgia, Inc.; Southern

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<sup>80</sup> Additional activity has occurred with this matter since the end of the reporting period. More information can be found at: <https://www.consumerfinance.gov/enforcement/actions/freedom-mortgage-corporation-hmda-2023/>.

Finance of South Carolina, Inc.; Covington Credit of Texas, Inc.; Covington Credit, Inc.; and Quick Credit Corporation (collectively Southern). Southern is a high-cost installment lender that operates over 250 brick-and-mortar storefronts located in the states of Texas, Oklahoma, Alabama, Georgia, Tennessee, and South Carolina under a variety of trade names, including Covington Credit, Southern Finance, Quick Credit, and Heights Finance. The CFPB alleges that Southern employs numerous harmful underwriting, sales, and servicing practices for their refinanced loans that are designed to churn delinquent borrowers into continuous fee-laden debt, which erode the borrowers' available credit and increase their total cost of borrowing with each successive refinance. The CFPB further alleges that Southern has generated hundreds of millions in loan costs and fees and that it derives 40 percent of its net revenue through this process of "churning" borrowers in repeated, fee-laden refinances. The CFPB alleges that Southern's loan-churning practices violate the CFPB because they are unfair; they are abusive because they take unreasonable advantage of borrowers' lack of understanding of the material risks, costs, or conditions of a refinanced Southern loan; and they are abusive because they take unreasonable advantage of payment-stressed borrowers' inability to protect their interests in the selection or use of a refinanced loan. The CFPB seeks redress for consumers, injunctive relief, and a civil money penalty. On March 26, 2024, the court stayed the case pending a decision from the Supreme Court in *CFPB v. Community Financial Services Association of America, Ltd.*, No. 22-448. As of the end of the reporting period, the case remains pending.

- *In the Matter of Realty Connect USA Long Island, Inc.* (2023-CFPB-0009) (not a credit union or depository institution). On August 17, 2023, the CFPB issued an order against Realty Connect USA Long Island, Inc. (Realty Connect), a real estate brokerage firm based in Suffolk County, New York, for accepting things of value—including valuable subscription services, events, and monthly marketing services agreement payments—in exchange for referral of mortgage loans to Freedom Mortgage Corporation in violation of the Real Estate Settlement Procedures Act (RESPA) and its implementing Regulation X. The order requires Realty Connect to stop its unlawful activities and pay a \$200,000 civil money penalty.
- *In the Matter of Freedom Mortgage Corporation* (2023-CFPB-0008) (not a credit union or depository institution). On August 17, 2023, the CFPB issued an order against Freedom Mortgage Corporation (Freedom), a residential mortgage loan originator and servicer headquartered in Boca Raton, Florida, for providing things of value—including valuable subscription services, events, and monthly marketing services agreement payments—in exchange for referrals of mortgage loans in violation of RESPA and its



implementing Regulation X. The order requires Freedom to stop its unlawful activities and pay a \$1.75 million civil money penalty.

- *Consumer Financial Protection Bureau v. USASF Servicing, LLC* (N.D. Ga. No. 1:23-cv-03433). On August 2, 2023, the CFPB filed a lawsuit against USASF Servicing, LLC, an auto-loan servicer headquartered in Lawrenceville, Georgia. USASF offered both Guaranteed Asset Protection (GAP) and collateral-protection insurance (CPI), which are products that consumers can buy when they buy or lease a car. GAP covers some of a consumer's loan balance if their car is totaled but they still owe money on the loan even with car insurance. CPI is physical-damage insurance that protects the lender if a consumer does not have auto insurance that covers the amount of their car loan. The CFPB alleges that USASF engaged in unfair acts and practices by: (1) wrongfully activating nearly 80,000 times starter-interruption devices, which are devices that warn consumers with beeps or disable their car altogether when they are late with a loan payment; (2) failing to ensure refunds of GAP premiums when consumers were entitled to a refund because they paid off their loan early or their car was repossessed by USASF, totaling millions of dollars for thousands of consumers; (3) erroneously billing 34,000 consumers for CPI by charging them twice each billing cycle, totaling around \$1.9 million; (4) wrongfully applying extra consumer payments first to late fees or CPI instead of accrued interest; and (5) wrongfully repossessing consumers' cars dozens of times due to errors by USASF or its vendor. The CFPB seeks, among other things, restitution and redress to consumers, civil money penalties, and injunctions to prevent future violations. On October 10, 2023, the clerk entered a default against USASF. On January 3, 2024, the CFPB moved for a default judgment. As of the end of the reporting period, the case remains pending.
- *Consumer Financial Protection Bureau v. Snap Finance LLC, Snap RTO LLC, Snap Second Look LLC, Snap U.S. Holdings LLC, Snap Finance Holdings LLC* (D. Utah No. 2:23-cv-00462). On July 19, 2023, the CFPB filed a lawsuit against Snap Finance LLC, Snap RTO LLC, Snap Second Look LLC, Snap U.S. Holdings LLC, and Snap Finance Holdings LLC (collectively, Snap), a group of interrelated companies headquartered in West Valley, Utah. Snap offers and provides "lease-purchase" or "rental-purchase" financing, through which consumers finance merchandise and services from merchants and, in turn, make payments back to Snap. Since January 2017, Snap has offered and provided more than three million financing agreements to consumers in partnership with over 10,000 merchants in 47 states. The CFPB alleges that, during this period, Snap designed and implemented its financing program in ways that misled consumers through the advertising, servicing, and collections of its agreements, failed to provide consumers with required disclosures, and interfered with consumers' ability to

understand the terms and conditions of their agreements. The CFPB alleges that such conduct violated the CFPA's prohibition of deceptive and abusive acts and practices and the Truth in Lending Act (TILA) and its implementing Regulation Z. The CFPB further alleges that Snap violated EFTA and its implementing Regulation E by unlawfully conditioning the extension of credit on consumers' repayment through preauthorized ACH debits, and FCRA and its implementing Regulation V by failing to establish and implement reasonable written policies and procedures concerning the accuracy and integrity of consumer information that it furnished. The CFPB seeks, among other things, injunctions to prevent future violations, rescission, or reformation of Snap's financing agreements, redress to consumers, and civil money penalties. On September 28, 2023, Snap filed a motion to dismiss. As of the end of the reporting period, the case remains pending.

- *State of Washington; State of Oregon; California Department of Financial Protection and Innovation; State of Delaware; State of Minnesota; State of Illinois; State of South Carolina; State of North Carolina ex rel. Attorney General Joshua H. Stein; Commonwealth of Massachusetts; Commonwealth of Virginia; State of Wisconsin; and Consumer Financial Protection Bureau v. Prehired, LLC, Prehired Recruiting, LLC, and Prehired Accelerator, LLC* (Bankr. Del. No. 22-11007). On July 13, 2023, the CFPB and several state partners filed a complaint in an adversary proceeding against Prehired, LLC, Prehired Recruiting, LLC, and Prehired Accelerator, LLC. Prehired has its principal place of business in Delaware and, prior to filing bankruptcy, operated a private, for-profit vocational training program for software sales representatives. Prehired charged up to \$30,000 for its program and encouraged consumers who could not pay upfront to enter into income share loans. Prehired's income share loans required consumers to make minimum payments equal to between 12.5 percent and 16 percent of their gross income for four to eight years or until they had paid a total of \$30,000, whichever was sooner. Prehired transferred ownership of many of these loans to other entities, including Prehired Recruiting and Prehired Accelerator. The complaint alleged that Prehired deceptively represented that its income share loans were not loans; deceptively represented that consumers would pay nothing until they had a job making at least \$60,000 a year; and failed to disclose key financing terms required by TILA and Regulation Z. The complaint also alleged that Prehired Recruiting engaged in unfair acts and practices by filing debt collection lawsuits in a distant forum when consumers neither lived in that forum nor were in that forum when they executed the financing agreement. The complaint further alleged that Prehired Recruiting and Prehired Accelerator violated the FDCPA and the CFPA by deceptively inducing consumers to enter into settlement agreements, and the FDCPA by claiming the consumers owed more than they did. The attorneys general from Washington, Oregon, Delaware, Minnesota,

Illinois, Wisconsin, Massachusetts, North Carolina, South Carolina, and Virginia, and California’s Department of Financial Protection and Innovation joined the action. On November 20, 2023, the court entered a stipulated judgment, which requires Prehired to pay consumer redress and prejudgment interest totaling \$4,248,249.30 and a \$1 civil money penalty. It also requires defendants to cease doing business and prohibits them from participating or assisting others in advertising, selling, or assisting in providing any consumer financial product or services relating to vocational education services. The stipulated judgment also voids, and prohibits defendants from collecting on, Prehired’s income share loans or other consumer agreements that financed vocational education services.

- *In the Matter of Bank of America, N.A. (2023-CFPB-0007)*. On July 11, 2023, the CFPB issued an order against Bank of America, N.A., which is a depository institution based in Charlotte, North Carolina, to address the CFPB’s findings regarding the bank’s opening unauthorized consumer financial accounts and its misleading statements regarding certain credit cards rewards. Specifically, the CFPB found that in certain instances Bank of America opened credit card accounts without consumer consent and in doing so, obtained consumer credit reports without a permissible purpose, in violation of TILA and its implementing regulation, FCRA, and the CFPA. The CFPB further found that Bank of America engaged in deceptive acts or practices by: (a) advertising a sign-up bonus for a rewards card on its website, making it appear that it was available to all applicants, but later denying the bonus to consumers who applied over the phone or in person and not online; and (b) offering a sign-up bonus for a rewards card to certain consumers but then failing to provide them the promised bonuses due to employee error. The order requires the Bank to come into compliance, pay redress to consumers and verify previously administered redress, and pay a \$30 million civil money penalty.
- *In the Matter of Bank of America, N.A. (2023-CFPB-0006)*. On July 11, 2023, the CFPB issued an order against Bank of America, N.A., which is a national bank headquartered in Charlotte, North Carolina with branches and ATMs located in 38 states and the District of Columbia. When a consumer writes a check or authorizes an ACH transaction to a merchant or other payee using their deposit account at Bank of America, the merchant or other payee may then present that check or ACH authorization to the bank for payment. Until February 2022, if a consumer did not have sufficient funds in their account to pay for the transaction and the bank decided not to pay it, Bank of America assessed the consumer a \$35 non-sufficient funds fee. Merchants commonly “re-present” these returned transactions—that is, they again try to receive payment—often multiple times. For many years, Bank of America assessed non-sufficient fund fees on ACH and check transactions that it returned unpaid even though it had already assessed a \$35 fee

for the same ACH or check transaction that it had previously returned unpaid (i.e., repeat non-sufficient fund fees). Bank of America would assess these repeat non-sufficient fund fees potentially as soon as the next day after the initial transaction. From September 2018 until February 2022, Bank of America generated hundreds of millions of dollars in such fees. The CFPB found that Bank of America's assessment of repeat non-sufficient fund fees was unfair in violation of the CFPA. The CFPB's order requires Bank of America to refund all repeat non-sufficient fund fees that it collected since September 2018 and has not yet refunded, totaling approximately \$80.4 million in redress. The bank must also pay a \$60 million civil penalty to the CFPB. The OCC concurrently issued an order against the bank separately fining it \$60 million.

- *In the Matter of ACI Worldwide Corp. and ACI Payments Inc. (2023-CFPB-0005)* (not a credit union or depository institution). On June 27, 2023, the CFPB issued an order against ACI Worldwide Corp. and ACI Payments Inc. (collectively, ACI), a nationwide payment processor headquartered in Elkhorn, Nebraska. The CFPB found that ACI's employees improperly accessed and used sensitive consumer financial information for internal testing purposes and without employing appropriate information safety controls. These internal tests created fake payment processing files that were treated as containing legitimate consumer bill payment orders by ACI's consumer bill payment platform. Due to weaknesses in its information handling practices, ACI caused the erroneous bill payment orders to be sent to consumers' banks for processing. These actions initiated debits totaling approximately \$2.3 billion in mortgage payments from nearly 500,000 borrower bank accounts without their knowledge or authorization. The CFPB found that ACI's actions violated EFTA and its implementing rule, Regulation E, as well as the CFPA's prohibition of unfair acts and practices. The order requires ACI to stop its unlawful activities and adopt and enforce reasonable information security practices. The order also requires ACI to pay a \$25 million civil money penalty.
- *In the Matter of Phoenix Financial Services, LLC (2023-CFPB-0004)* (not a credit union or depository institution). On June 8, 2023, the CFPB issued an order against Phoenix Financial Services, LLC (Phoenix), an Indiana-based debt collector that collects primarily past-due medical debts and furnishes information about consumers to CRAs. The CFPB found that Phoenix violated FCRA and its implementing Regulation V by failing to establish and implement reasonable written policies and procedures regarding the accuracy and integrity of information it furnishes to CRAs; failing to conduct reasonable investigations of consumer disputes about information Phoenix furnished to CRAs; and failing to report the results of direct dispute investigations to consumers. The CFPB also found that Phoenix violated the FDCPA by sending debt collection letters to consumers before providing the consumer a verification of the debt when Phoenix had

received a written dispute from the consumer within 30 days of the consumer's receipt of a debt validation notice; and by representing to consumers that they owed alleged debts in certain circumstances when Phoenix lacked a reasonable basis to make those representations. The order requires Phoenix to provide redress to affected consumers by refunding all amounts paid to Phoenix on an unverified debt between January 1, 2017, and the date of the order by consumers who received an unlawful debt collection letter from Phoenix after disputing the validity of the alleged debt. The order also requires Phoenix to abide by certain conduct provisions to prevent it from engaging in the violations found by the CFPB and to pay a \$1.675 million civil money penalty.

- *In the Matter of OneMain Financial Holdings, LLC; OneMain Financial Group, LLC; OneMain Financial (HI), Inc.; OneMain Financial, Inc.; OneMain Financial of Minnesota, Inc. (2023-CFPB-0003)* (not a credit union or depository institution). On May 31, 2023, the CFPB issued an order against OneMain Financial Holdings, LLC; OneMain Financial Group, LLC; OneMain Financial (HI), Inc.; OneMain Financial, Inc.; and OneMain Financial of Minnesota, Inc. (collectively referred to as OneMain). OneMain is an Indiana-based personal loan installment lender with more than 1,400 branches across 44 states. In connection with loan originations and renewals, OneMain markets, sells, and finances add-on products, including credit life insurance, credit disability insurance, and identity theft protection. For several years, OneMain misrepresented to tens of thousands of consumers who purchased and then subsequently canceled optional add-on products that they could cancel the products during what it called a “full refund period” and be returned to the financial position they would have been in had the product never been added to their loan. The CFPB found that OneMain engaged in deceptive acts or practices in violation of the CFPA by misleading consumers into believing they must purchase add-on products to receive loans and that they could cancel the add-on products within a prescribed time period without cost. The CFPB also found that OneMain engaged in unfair acts or practices in violation of the CFPA by charging and failing to refund the full premium and interest that accrued on add-on products consumers did not agree to purchase and by charging and failing to refund interest that accrued on add-on product fees during a purported full-refund period. Finally, the CFPB found that OneMain violated the CFPA by abusively interfering with consumers' ability to understand that add-on products were optional and that OneMain charged non-refundable interest during the purported full-refund period. The order requires OneMain to stop its unlawful activities, adjust its policies to make cancellation of add-on products easier, include interest in refunds after add-on product cancellations, pay at least \$10,000,000 in consumer redress, and pay a \$10,000,000 civil money penalty. OneMain must also take measures to ensure future compliance.

- Consumer Financial Protection Bureau v. James R. Carnes; Melissa C. Carnes; James R. Carnes, as Co-Trustee of the James R. Carnes Revocable Trust dated February 10, 2010; Melissa C. Carnes, as Co-Trustee of the James R. Carnes Revocable Trust dated February 10, 2010; James R. Carnes, as Co-Trustee of the Melissa C. Carnes Revocable Trust dated February 10, 2010; and Melissa C. Carnes, as Co-Trustee of the Melissa C. Carnes Revocable Trust dated February 10, 2010* (D. Kan. No. 2:23-cv-02151). On April 5, 2023, the CFPB filed a lawsuit against James R. Carnes and his wife, Melissa C. Carnes, both individually and in their roles as co-trustees of two trusts, as a result of James Carnes’s efforts to conceal assets and avoid paying a judgment of more than \$43 million to the CFPB. The CFPB obtained the judgment after finding that Carnes and his company, Integrity Advance, LLC, violated multiple laws, including the CFPA, and caused significant harm to consumers. *See In the Matter of Integrity Advance, LLC and James R. Carnes, 2015-CFPB-0029* (administrative proceeding); *CFPB v. Integrity Advance, LLC and James R. Carnes, 2:21-mc-206* (D. Kan. July 30, 2021) (judgment). The CFPB’s complaint alleges that James Carnes engaged in multiple fraudulent transactions in violation of the FDCPA to remove assets and conceal them from the CFPB. Specifically, the complaint alleges that soon after Carnes became aware of the CFPB’s investigation into his illegal payday lending business, he began transferring significant assets to his wife’s trust and that, in total, he transferred more than \$12 million to the trust during the CFPB’s investigation and subsequent administrative proceeding. The CFPB seeks a declaration that the transactions were fraudulent and to recover the value of the transferred assets in partial satisfaction of the CFPB’s judgment against Carnes. On May 11, 2023, James and Melissa Carnes each filed a motion to dismiss, both of which the court denied on September 20, 2023. As of the end of the reporting period, the case remained pending.<sup>81</sup>
- Consumer Financial Protection Bureau v. Portfolio Recovery Associates, LLC* (E.D. Va. No. 2:23-cv-00110). On March 23, 2023, the CFPB filed a complaint and proposed stipulated final judgment and order to resolve the CFPB’s claims against Portfolio Recovery Associates, LLC, one of the largest debt collectors in the United States. The court entered the order on April 13, 2023. On September 9, 2015, the CFPB issued an order against Portfolio Recovery Associates (2015 Order) to address the CFPB’s findings that Portfolio Recovery Associates violated the CFPA and the FDCPA in connection with Portfolio Recovery Associates’ debt collection practices. The CFPB alleged that Portfolio

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<sup>81</sup> Additional activity has occurred with this matter since the end of this reporting period. More information can be found at: <https://www.consumerfinance.gov/enforcement/actions/james-r-carnes-melissa-c-carnes-james-r-carnes-revocable-trust-melissa-c-carnes-revocable-trust/>.

Recovery Associates violated the 2015 Order, the CFPA, the FDCPA, and FCRA and its implementing Regulation V. Specifically, the CFPB alleged that Portfolio Recovery Associates violated the CFPA and, in some instances, the FDCPA, when it violated multiple conduct provisions from the 2015 Order, including prohibitions on (1) representing the amount or validity of unsubstantiated debt; (2) collecting on debt without offering to provide necessary documentation to consumers; (3) misrepresenting that it would provide the offered documents within thirty days; (4) collecting on time-barred debt without making required disclosures; (5) initiating debt collection lawsuits without possessing required documentation; and (6) suing to collect time-barred debt. The CFPB also alleged that several of Portfolio Recovery Associates' practices for resolving disputes about information it furnished to CRAs violated FCRA, Regulation V, and the CFPA. Specifically, the CFPB claimed that Portfolio Recovery Associates failed to (1) timely resolve disputes submitted by consumers directly to Portfolio Recovery Associates; (2) properly respond to disputes that Portfolio Recovery Associates deemed frivolous; (3) conduct reasonable investigations of consumer's disputes; and (4) maintain reasonable policies and procedures regarding the accuracy and integrity of consumer information that it furnished to CRAs. The CFPB alleged that Portfolio Recovery Associates illegally collected millions of dollars through its unlawful conduct, and that its illegal dispute resolution practices impacted at least tens of thousands of consumers. The order requires Portfolio Recovery Associates to pay at least \$12.18 million in redress to harmed consumers and a \$12 million civil money penalty. It also imposes broad injunctive relief designed to prevent Portfolio Recovery Associates from violating the law in the future.

- *Consumer Financial Protection Bureau and the People of the State of New York, by Letitia James, the Attorney General of the State of New York v. Credit Acceptance Corporation (S.D.N.Y. No. 1:23-cv-00038)*. On January 4, 2023, the CFPB and New York Attorney General Letitia James filed a joint lawsuit against Credit Acceptance Corporation, an indirect auto lender that funds and services car loans for subprime and deep-subprime consumers. Credit Acceptance is one of the country's largest publicly traded auto lenders, doing business with a network of more than 12,000 affiliated used-car dealers. The joint complaint alleges that Credit Acceptance pushes dealers to sell cars with hidden interest costs and surreptitiously include expensive add-on products with vehicle sales. The complaint further alleges that Credit Acceptance applies complicated algorithms to predict how much it is likely to collect from borrowers to determine how much to offer dealers for each loan, resulting in high-cost loans—with annual percentage rates often exceeding state usury caps—made without regard for borrowers' ability to repay, while still yielding profits for Credit Acceptance. A significant number of Credit Acceptance's most credit-constrained borrowers become delinquent on their loans

within the first year, and many also lose their cars to repossession and auction or suffer other negative effects from the loans. The joint complaint alleges that Credit Acceptance is engaging in deceptive acts or practices in violation of the CFPA by misrepresenting key loan terms, including the true principal, finance charge, and APR. The joint complaint further alleges that Credit Acceptance is engaging in abusive acts or practices by taking unreasonable advantage of consumers' lack of understanding of the risk of default and the severity of the consequences associated with its loans and taking unreasonable advantage of consumers' inability to protect their interests in selecting or using Credit Acceptance's loans. The joint complaint also alleges that Credit Acceptance substantially assists dealers in the deceptive sale of add-on products. The complaint seeks permanent injunctive relief, monetary relief for consumers, and civil money penalties. On March 14, 2023, Credit Acceptance filed a motion to dismiss. On August 7, 2023, the court stayed the case pending a decision from the Supreme Court in *CFPB v. Community Financial Services Association of America, Ltd.*, No. 22-448. As of the end of the reporting period, the motion to dismiss and the case remain pending.

- *Consumer Financial Protection Bureau v. ACTIVE Network, LLC* (E.D. Tex. No. 4:22-cv-00898). On October 18, 2022, the CFPB filed a lawsuit against ACTIVE Network, LLC, a payment processor owned by Global Payments, Inc., with its headquarters in Plano, Texas. ACTIVE provides enrollment and payment processing services to organizers of charity races, youth camps, and other events. The CFPB alleges that ACTIVE engaged in deceptive and abusive acts and practices in violation of the CFPA by enrolling consumers in and charging them for discount club memberships without their knowledge, consent, or a full understanding of the material terms of the transaction. ACTIVE does this by inserting a webpage into the online event registration and payment process that provides an offer for a free trial enrollment in a discount club membership called "Active Advantage." Many consumers click on the highlighted call to action button—which is typically labeled "Accept"—because they believe that by doing so, they are accepting charges to participate in an event. Instead, consumers are enrolling in a trial membership in Active Advantage, which automatically converts to a paid subscription with an annual fee, unless consumers opt out by canceling their membership within 30 days. The CFPB also alleges that ACTIVE violated EFTA and Regulation E when it increased consumers' membership fees without sending the consumer written notice of the new amount and the date of the new payment at least 10 days before initiating the new payment. The violations of EFTA and Regulation E also constitute violations of the CFPA. The CFPB seeks redress to consumers, disgorgement, appropriate injunctive relief, and the imposition of civil money penalties. On November 29, 2022, the court stayed the case pending a decision from the Supreme Court in *CFPB*



*v. Community Financial Services Association of America, Ltd.*, No. 22-448. As of the end of the reporting period, the stay and case remained pending.

- *Consumer Financial Protection Bureau v. MoneyLion Technologies Inc.; ML Plus, LLC; MoneyLion of Alabama LLC; MoneyLion of Arizona LLC; MoneyLion of California LLC; MoneyLion of Colorado LLC; MoneyLion of Connecticut LLC; MoneyLion of Delaware LLC; MoneyLion of Florida LLC; MoneyLion of Georgia LLC; MoneyLion of Idaho LLC; MoneyLion of Illinois LLC; MoneyLion of Indiana LLC; MoneyLion of Kansas LLC; MoneyLion of Kentucky LLC; MoneyLion of Louisiana LLC; MoneyLion of Maryland LLC; MoneyLion of Michigan LLC; MoneyLion of Minnesota LLC; MoneyLion of Mississippi LLC; MoneyLion of Missouri LLC; MoneyLion of Nevada LLC; MoneyLion of New Jersey LLC; MoneyLion of New Mexico LLC; MoneyLion of New York LLC; MoneyLion of North Carolina LLC; MoneyLion of North Dakota LLC; MoneyLion of Ohio LLC; MoneyLion of Oklahoma LLC; MoneyLion of Oregon LLC; MoneyLion of South Carolina LLC; MoneyLion of South Dakota LLC; MoneyLion of Tennessee LLC; MoneyLion of Texas LLC; MoneyLion of Utah LLC; MoneyLion of Virginia LLC; MoneyLion of Washington LLC; MoneyLion of Wisconsin LLC; and MoneyLion of Wyoming LLC* (S.D.N.Y. No. 1:22-cv-08308). On September 29, 2022, the CFPB filed a lawsuit against MoneyLion Technologies Inc. (MoneyLion), ML Plus, LLC, and 37 MoneyLion lending subsidiaries. The CFPB filed a first amended complaint on June 13, 2023. MoneyLion is a 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 Military Lending Act (MLA) contains a number of protections for active-duty servicemembers and their dependents, defined as “covered borrowers.” The CFPB alleges that MoneyLion and its lending subsidiaries violated the MLA by imposing membership fees on covered borrowers that, when combined with loan-interest-rate charges, exceeded the MLA’s annual percentage rate cap; inserting illegal arbitration provisions into contracts; requiring covered borrowers to submit to arbitration or, in the case of a dispute, to reject the arbitration provision within 30 days of the date of the contract; demanding that borrowers provide written notice rejecting the arbitration provision within 30 days of the date of the contract as a condition for legal action; and failing to make required disclosures to covered borrowers. The CFPB also alleges that MoneyLion, its lending subsidiaries, and ML Plus engaged in deceptive acts or practices in violation of the CFPA 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. The CFPB further alleges that MoneyLion and ML Plus engaged in unfair, deceptive, and abusive acts and practices by not permitting consumers with unpaid loan balances to exit the membership program and stop monthly membership-fee charges; misrepresenting

consumers' right to cancel their memberships for any reason and not clearly disclosing these restrictions on membership cancellation when consumers took out loans; and continuing to charge and collect monthly membership fees after consumers had asked to cancel their memberships or terminate ACH-fee withdrawals. The CFPB's first amended complaint seeks redress for consumers, injunctive relief, and a civil money penalty. On July 11, 2023, the defendants moved to dismiss the first amended complaint. On December 1, 2023, the court stayed the case pending a decision from the Supreme Court in *CFPB v. Community Financial Services Association of America, Ltd.*, No. 22-448. As of the end of the reporting period, the motion to dismiss and case remain pending.

- *Consumer Financial Protection Bureau v. Populus Financial Group, Inc., d/b/a ACE Cash Express, Inc.* (N.D. Tex. No. 3:22-cv-01494). On July 12, 2022, the CFPB filed a lawsuit against Populus Financial Group, Inc., which does business as ACE Cash Express, Inc. (ACE). ACE is a payday lender headquartered in Irving, Texas, and has approximately 979 stores in 22 states and the District of Columbia. The CFPB had previously found that ACE abusively induced borrowers with a demonstrated inability to repay their existing loan to take out a new ACE loan with accompanying fees, and on July 10, 2014, the CFPB ordered ACE to cease encouraging or suggesting that a delinquent borrower pay off their loan and then take out a new loan. ACE's loans come with a fee that is equivalent to a triple-digit interest rate, and consumers who cannot afford to pay back the loan and this fee often refinance their loans, incurring another fee to extend their loan for 14 or 30 days. Consumers in 10 states, however, had the contractual right to one free repayment plan per year if they indicated they could not repay their loan, which is designed to help consumers get out of a debt trap. Under the free repayment plan, consumers would owe their outstanding balance in four equal installments over their next four paydays, rather than owing one lump sum, without paying any additional fees or interest. The CFPB alleges that ACE engaged in unfair, abusive, and deceptive acts or practices in violation of the CFPB by concealing this free repayment plan from consumers who were entitled to it, instead inducing them to refinance their loans for additional fees. As alleged in the complaint, since July 10, 2014, hundreds of thousands of consumers have paid ACE over \$240 million in reborrowing fees while eligible for a free repayment plan. The CFPB also alleges that when ACE attempted to collect payment on its payday and title loans, it unfairly made electronic withdrawals of consumers' money without their authorization. The CFPB seeks permanent injunctive relief, redress for consumers, and civil money penalties. On September 23, 2022, ACE filed a motion to dismiss, which remains pending. On December 5, 2022, the court stayed the case pending a decision from the Supreme Court in *CFPB v. Community Financial Services Association of America, Ltd.*, No. 22-448. As of the end of the reporting period, the case remains pending but stayed.

- *Consumer Financial Protection Bureau and the People of the State of New York by Letitia James, Attorney General for the State of New York v. MoneyGram International, Inc. and MoneyGram Payment Systems, Inc.* (S.D.N.Y. 1:22-cv-03256). On April 21, 2022, the CFPB filed a lawsuit jointly with the Attorney General of New York against MoneyGram International, Inc. and MoneyGram Payment Systems, Inc. (collectively, MoneyGram), nonbank remittance transfer providers. The CFPB and New York filed an amended complaint on July 5, 2022. The CFPB alleges that MoneyGram violated the Remittance Transfer Rule and Regulation E, which implements EFTA by failing to disclose accurate fund availability dates, failing to investigate error notices promptly, failing to timely report the results of its error investigations to consumers, failing to provide a written explanation of its findings to consumers, failing to notify senders of their right to request documents related to their investigation, failing to provide fee refunds when required to remedy errors, failing to develop and maintain sufficient error resolution and document retention policies and procedures, and failing to retain documents showing its compliance with the Remittance Transfer Rule and EFTA. The CFPB and New York additionally allege that violations of the Remittance Transfer Rule constituted violations of the CFPA. The CFPB and New York also allege that MoneyGram engaged in unfair acts and practices in violation of the CFPA by failing to timely make remittance transfer funds or refunds available. The CFPB and New York seek relief, including redress to consumers, disgorgement, appropriate injunctive relief, and the imposition of civil money penalties. On August 4, 2022, MoneyGram filed a motion to dismiss and to transfer venue, which remains undecided. On December 12, 2022, the court stayed the case pending a decision from the Supreme Court in *CFPB v. Community Financial Services Association of America, Ltd.*, No. 22-448. As of the end of the reporting period, the case remains pending.
- *Consumer Financial Protection Bureau v. TransUnion, TransUnion, LLC, TransUnion Interactive, Inc., and John T. Danaher* (N.D. Ill. No. 1:22-cv-01880). On April 12, 2022, the CFPB filed a lawsuit against TransUnion, parent company of one of the three nationwide consumer reporting agencies, and two of its subsidiaries, TransUnion, LLC, and TransUnion Interactive, Inc. (collectively, the TransUnion Companies), which are headquartered in Chicago, Illinois, as well as former executive John Danaher. On January 3, 2017, the CFPB issued an order against the TransUnion Companies to address the CFPB's findings that they deceptively marketed credit scores and credit-related products, including credit monitoring, to consumers. In this action, the CFPB alleges that the TransUnion Companies and Danaher have violated multiple requirements of the CFPB's Order in violation of the CFPA, including enrolling consumers in negative option products without obtaining required consents; failing to

offer a simple mechanism for cancelling products; and failing to provide required disclosures. The CFPB also alleges that the TransUnion Companies' marketing and sale of its credit-related products have, in several ways, been deceptive in violation of the CFPA, including by misrepresenting that products were free or \$1; misrepresenting that credit card or other payment information provided by consumers would be used for identification purposes rather than payment; misrepresenting the central characteristics of its VantageScore credit score; and misrepresenting that cancellation of products would publicly expose the consumer's personal information and that re-enrolling in the product is the only way consumers can protect their information. The CFPB further alleges that the TransUnion Companies' advertisement of credit-related products on [annualcreditreport.com](http://annualcreditreport.com), a website intended to provide consumers access to free credit reports, undermined the purpose of the website, in violation of Regulation V. Also, the CFPB alleges that the TransUnion Companies violated EFTA and its implementing regulation, Regulation E, by failing to obtain required written authorization for recurring charges to consumers' debit cards and for failing to provide consumers with copies of such authorizations. Finally, the complaint alleges that by violating EFTA, Regulation E, and Regulation V, the TransUnion Companies have violated the CFPA. The CFPB seeks redress to consumers, disgorgement, appropriate injunctive relief, and the imposition of civil money penalties. The defendants filed motions to dismiss on July 8, 2022, which the court denied on November 18, 2022. In addition, on December 19, 2022, defendant Danaher filed a motion for the court to certify for interlocutory appeal the question of whether an individual who was not named in a consent order can be liable for violating it. On January 24, 2023, the CFPB moved to amend the complaint to allege a substantial assistance claim against Danaher, which was granted on May 23, 2023, and the CFPB filed the First Amended Complaint on May 24, 2023. Defendant Danaher's motion for certification of an interlocutory appeal was denied on May 23, 2023. On February 28, 2023, the defendants filed a motion to stay the case, which was denied on April 13, 2023. TransUnion filed a counterclaim in June 2023, and the CFPB moved to dismiss the counterclaim, which was granted in November 2023. As of the end of the reporting period, the case remains pending.

- *Consumer Financial Protection Bureau v. Craig Manseth, Jacob Adamo, Darren Turco, United Debt Holding LLC, JTM Capital Management, LLC, UHG, LLC, UHG I LLC (also known as United Holding Group), and UHG II LLC (collectively holding themselves out as United Holding Group, United Holding Group, LLC, and United Holdings Group, LLC)* (W.D.N.Y. 1:22-cv-29). On January 10, 2022, the CFPB filed a lawsuit against several individual debt collectors and buyers, and their companies. As set forth in the February 23, 2022 amended complaint, the CFPB alleges that the defendants, located in Colorado and New York, purchased defaulted consumer debt worth tens of millions of

dollars and then collected on those debts using third-party agents who engaged in illegal debt-collection tactics. Specifically, the CFPB alleges that since at least 2014, defendants have used collection agents to collect debts knowing that these agents were using false threats and misrepresentations to coerce immediate payment from consumers, in violation of the CFPB and the FDCPA. The CFPB's complaint seeks redress for consumers, injunctive relief, and a civil money penalty. The defendants filed motions to dismiss on March 21, 2022, which the court denied on August 22, 2023. On September 1, 2023, the defendants moved to stay the case pending a decision from the Supreme Court in *CFPB v. Community Financial Services Association of America, Ltd.*, No. 22-448, which the court denied on February 26, 2024. As of the end of the reporting period, the case remains pending.

- *Consumer Financial Protection Bureau v. FirstCash, Inc., and Cash America West, Inc.* (N.D. Tex. 4:21-cv-01251). On November 12, 2021, the CFPB filed a lawsuit against FirstCash, Inc. and Cash America West, Inc. On June 21, 2022, the CFPB filed an amended complaint to add defendants FCFS AL, Inc., Cash America East, Inc., Cash America Inc. of Alaska, Georgia Cash America, Inc., FCFS IN, Inc., FCFS TN, Inc., FCFS OH, Inc., FCFS KY, Inc., Cash America, Inc. of Louisiana, FCFS MO, Inc., Cash America of Missouri, Inc., Cash America, Inc. of North Carolina, FCFS NC, Inc., FCFS OK, Inc., FCFS SC, Inc., Pawn TX, Inc., Cash America Pawn L.P., and Cash America Advance, Inc. (with Cash America West, referred to as the FirstCash Subsidiaries). FirstCash owns and operates over 1,000 retail pawnshops in the United States, offering pawn loans through its wholly owned corporate subsidiaries. The FirstCash Subsidiaries operate pawn stores in Alabama, Alaska, Arizona, Florida, Georgia, Indiana, Kentucky, Louisiana, Missouri, Nevada, North Carolina, Ohio, Oklahoma, South Carolina, Tennessee, Texas, Utah, and Washington. The CFPB alleges that FirstCash and the FirstCash Subsidiaries made pawn loans to active-duty servicemembers and their dependents that violated the MLA. The MLA puts in place protections in connection with extensions of consumer credit for active-duty servicemembers and certain dependents, who are defined as "covered borrowers." These protections include a maximum allowable annual percentage rate of 36 percent, known as a Military Annual Percentage Rate (MAPR), a prohibition against required arbitration, and certain mandatory loan disclosures. The CFPB alleges that, between June 2017 and May 2021, FirstCash and the FirstCash Subsidiaries made thousands of pawn loans to more than 1,000 covered borrowers that violated prohibitions of the MLA by imposing a rate greater than the MLA's 36-percent cap; using loan agreements requiring arbitration in the case of a dispute; and without making required loan disclosures. In 2013, the CFPB ordered Cash America International, Inc. to halt its misconduct against military families, prohibiting Cash America and its successors from violating the MLA. FirstCash is a successor to Cash America and therefore subject

to the 2013 order. In this action, the CFPB alleges that FirstCash’s violations of the MLA violated the prohibitions of the CFPB’s 2013 order and consequently the CFPA. The CFPB’s amended complaint seeks redress for consumers, injunctive relief, and civil money penalties. On March 28, 2022, the CFPB filed a motion to strike affirmative defenses, and on April 27, 2022, FirstCash and Cash America West filed a motion for partial summary judgment. On June 21, 2022, the CFPB filed an amended complaint naming additional FirstCash subsidiaries as defendants. On October 24, 2022, FirstCash and the FirstCash Subsidiaries filed a motion for judgment on the pleadings. On November 4, 2022, the court stayed the case, pending a decision from the Supreme Court in *CFPB v. Community Financial Services Association of America, Ltd.*, No. 22-448. As of the end of the reporting period, the case remained pending but stayed.

- *Consumer Financial Protection Bureau v. Daniel A. Rosen, Inc., d/b/a Credit Repair Cloud, and Daniel Rosen* (C.D. Cal. 2:21-cv-07492). On September 20, 2021, the CFPB filed a lawsuit against Credit Repair Cloud – a Los Angeles, California, company that since at least 2013 has provided an “all-in-one solution” for people to start their own credit-repair businesses – and its owner and CEO, Daniel Rosen. The CFPB alleged that Credit Repair Cloud and Daniel Rosen violated the TSR by providing substantial assistance to credit-repair businesses that violated the TSR’s advance-fee prohibition. The CFPB also alleged that by violating the TSR, Credit Repair Cloud and Daniel Rosen violated the CFPA. On January 7, 2022, the CFPB filed an amended complaint. The amended complaint sought redress to consumers, disgorgement, appropriate injunctive relief, and the imposition of civil money penalties against Credit Repair Cloud and Daniel Rosen. The defendants filed a motion to dismiss the amended complaint on January 28, 2022, which the court denied on April 5, 2022. As of the end of the reporting period, the case remained pending.<sup>82</sup>
- *Consumer Financial Protection Bureau and the People of the State of New York, by Letitia James, Attorney General for the State of New York v. Douglas MacKinnon, Amy MacKinnon, Mary-Kate MacKinnon, and Matthew MacKinnon* (W.D.N.Y. 1:21-cv-00537). On April 22, 2021, the CFPB filed a lawsuit jointly with the Attorney General of New York against Douglas MacKinnon, who operated a debt-collection enterprise, and Amy MacKinnon, Mary-Kate MacKinnon, and Matthew MacKinnon, relatives of Douglas MacKinnon. The complaint alleges that defendants fraudulently conveyed a house with the intent to hinder collection efforts by creditors, including the CFPB and the State of

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<sup>82</sup> Additional activity has occurred with this matter since the end of this reporting period. More information can be found at: <https://www.consumerfinance.gov/enforcement/actions/daniel-a-rosen-inc-dba-credit-repair-cloud-and-daniel-rosen/>.

New York, in violation of the FDCPA and New York state law. The complaint specifically alleges that Douglas MacKinnon transferred ownership of his home, valued at approximately \$1.6 million, to his wife and daughter for \$1 shortly after he learned that the CFPB and the State of New York were investigating him for illegal debt-collection activities. That investigation resulted in a \$60 million judgment against Douglas MacKinnon and the companies he operated and permanently banned him from the industry. The CFPB and New York seek a declaratory judgment that a fraudulent conveyance occurred and to recover the value of the property in partial satisfaction of the \$60,000,000 judgment. On June 21, 2021, all defendants moved to dismiss the complaint, which the court denied on October 27, 2021. On October 6, 2023, the CFPB and New York filed a motion for summary judgment. As of the end of the reporting period, the motion remained and the case remains pending.<sup>83</sup>

- *Consumer Financial Protection Bureau v. Judith Noh d/b/a Student Loan Pro, Judith Noh as an individual, Syed Faisal Gilani, and FNZA Marketing, LLC* (C.D. Cal. No. 8:21-cv-00488). On March 16, 2021, the CFPB filed a lawsuit against Student Loan Pro, a California sole proprietorship that telemarketed and provided debt-relief services focused on federal student-loan debt; Judith Noh, its owner; and Syed Gilani, its manager and owner-in-fact. The CFPB also named as a relief defendant FNZA Marketing, LLC (FNZA), a California company nominally owned by Noh and controlled by Gilani. The CFPB alleges that Student Loan Pro conducted a student-loan debt-relief business from 2015 through 2019 that charged about 3,300 consumers with federal student-loan debt approximately \$3.5 million in illegal upfront fees in violation of the TSR to file paperwork on their behalf to apply for programs that were available to them for free from the Department of Education. The CFPB alleges that Noh and Gilani are individually liable for and substantially assisted Student Loan Pro's violations of the TSR. The CFPB also alleges that FNZA was the recipient of some portion of the unlawful advance fees obtained by Student Loan Pro without legitimate claim to the funds. The CFPB seeks redress to consumers, appropriate injunctive relief, and the imposition of civil money penalties against Student Loan Pro, Noh, and Gilani, and seeks to have FNZA disgorge the funds it received from Student Loan Pro. Defendants filed a motion to dismiss the complaint on July 2, 2021, which the court denied on January 18, 2022. The CFPB filed a motion to strike a number of defendants' affirmative defenses on March 21, 2022, most of which the court granted on July 24, 2022. Defendants filed a motion to dismiss and a motion to stay pending the Supreme Court's decision in *CFPB v.*

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<sup>83</sup> Additional activity has occurred with this matter since the end of this reporting period. More information can be found at: <https://www.consumerfinance.gov/enforcement/actions/douglas-mackinnon-amy-mackinnon-mary-kate-mackinnon-and-matthew-mackinnon/>.

*Community Financial Services Association of America, Ltd.*, No. 22-448 (U.S. cert. granted Feb. 27, 2023); on March 6, 2023, the court continued the motion to dismiss and granted the motion to stay, which remained pending as of the end of the reporting period. As of the end of the reporting period, the case remains pending.

- *Consumer Financial Protection Bureau; Commonwealth of Massachusetts; The People of the State of New York, by Letitia James, Attorney General of the State of New York; and Commonwealth of Virginia, ex rel. Mark R. Herring, Attorney General v. Nexus Services, Inc.; Libre by Nexus, Inc.; Michael Donovan; Richard Moore; and Evan Ajin (W.D. Va. 5:21-cv-00016)*. On February 22, 2021, the CFPB filed a lawsuit against Nexus Services, Inc. (Nexus Services), Libre by Nexus, Inc. (Libre), and their principals, Michael Donovan, Richard Moore, and Evan Ajin. Libre is a wholly owned subsidiary of Nexus Services, and both are non-banks with their principal places of business in Virginia. The CFPB alleges that Libre and its owners operated a scheme through which Libre offers to pay immigration bonds to secure the release of consumers held in federal detention centers in exchange for large upfront fees and hefty monthly payments, and that Libre creates the impression that it has paid cash for consumers' bonds, creating a debt that must be repaid to Libre through an upfront fee and subsequent monthly payments. The CFPB further alleges that Libre's efforts to collect monthly payments include making false threats and threatening to re-detain or deport consumers for non-payment and that Libre and its owners conceal or misrepresent the true costs of its services. Specifically, the CFPB alleges that Libre and its owners engaged in deceptive and abusive acts or practices in violation of the CFPA, and that Nexus Services and Libre's owners provided substantial assistance to Libre's violations. The CFPB filed its complaint jointly with the Attorneys General of Virginia, Massachusetts, and New York. The CFPB seeks an injunction, damages or restitution to consumers, disgorgement of ill-gotten gains, and the imposition of civil money penalties. On March 1, 2021, the defendants filed a motion to dismiss the complaint, which the court denied on March 22, 2022; on August 7, 2023, the court denied defendants' motion for reconsideration. Defendants appealed the denial of the motion to dismiss to the Fourth Circuit; that appeal remains pending. On February 7, 2023, the magistrate judge ordered defendants to show cause why the district court should not sanction them—including through entrance of default judgment—for various violations of court orders. On May 1, 2023, the defendants filed a motion for judgment on the pleadings, and on May 11, 2023, the district court found the defendants in civil contempt and entered default against them. The court also denied as moot the defendants' motion for judgment on the pleadings. Defendants appealed the district court's denial of their motion for judgment on the pleadings, and the appeal was dismissed on February 21, 2024. On March 31, 2024, the district court granted final judgment to the CFPB and the states, ordering consumer



redress and civil money penalties. As of the end of the reporting period, the case remains pending.<sup>84</sup>

- *Bureau of Consumer Financial Protection v. 1st Alliance Lending, LLC; John Christopher DiIorio; Kevin Robert St. Lawrence; and Socrates Aramburu* (D. Conn. 3:21-cv-00055). On January 15, 2021, the CFPB filed a lawsuit against 1st Alliance Lending, LLC, John Christopher DiIorio, Kevin Robert St. Lawrence, and Socrates Aramburu. 1st Alliance, based in Hartford, Connecticut, originated residential mortgages from 2004 to September 2019 and stopped operating in November 2019. DiIorio was its chief executive officer and he, St. Lawrence, and Aramburu were 1st Alliance's three managing executives. The CFPB's complaint alleges that 1st Alliance engaged in various unlawful mortgage lending practices in violation of TILA, FCRA, ECOA, and the Mortgage Acts and Practices Advertising Rule (MAP Rule); and that 1<sup>st</sup> Alliance, DiIorio, St. Lawrence, and Aramburu engaged in unfair and deceptive practices under the CFPA. The CFPB filed an amended complaint on April 1, 2021. The CFPB's amended complaint seeks injunctions against the defendants, as well as damages, redress to consumers, disgorgement of ill-gotten gains, and the imposition of a civil money penalty. 1st Alliance and the individual defendants filed motions to dismiss on May 11, 2021, which on March 31, 2022, the court denied as to all but one claim against the individual defendants, which it dismissed without prejudice. On March 13, 2023, the parties filed a joint stipulation dismissing certain counts and all claims against defendant Socrates Aramburu, which the court docketed on March 14, 2023. On January 26, 2024, the CFPB filed a motion for summary judgment on all remaining claims, and on February 29, 2024, the defendants filed a motion for summary judgment on all remaining claims. As of the end of the reporting period, those motions and the case remain pending against the remaining defendants.
- *Bureau of Consumer Financial Protection v. FDATR, Inc., Dean Tucci, and Kenneth Wayne Halverson* (N.D. Ill. 1:20-cv-06879). On November 20, 2020, the CFPB filed a lawsuit against FDATR, Inc., and its owners, Dean Tucci and Kenneth Wayne Halverson. FDATR was a corporation headquartered in Wood Dale, Illinois, that promised to provide student-loan debt-relief and credit-repair services to consumers nationwide. FDATR involuntarily dissolved in September 2020. Tucci and Halverson both owned and managed FDATR. The CFPB alleges that FDATR, Tucci, and Halverson violated the TSR by engaging in deceptive and abusive telemarketing acts or practices as well as the CFPA by engaging in deceptive acts or practices. The CFPB seeks injunctions against

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<sup>84</sup> Additional activity has occurred with this matter since the end of the reporting period. More information can be found at: <https://www.consumerfinance.gov/enforcement/actions/nexus-services-inc-et-al/>.

FDATR, Tucci, and Halverson, as well as damages, redress to consumers, disgorgement of ill-gotten gains, and the imposition of civil money penalties. On February 25, 2021, the CFPB filed a notice of voluntary dismissal of Halverson, now deceased, and the court dismissed him from this action the next day. On February 7, 2022, the CFPB obtained a default judgment and order against FDATR imposing \$2,117,133.28 in consumer redress, a \$41,123,897 civil money penalty, and injunctive relief permanently banning it from offering or providing financial advisory, debt-relief, or credit-repair services and from telemarketing consumer financial products or services. As of the end of the reporting period, the case remains pending against Tucci.

- *Bureau of Consumer Financial Protection v. Townstone Financial, Inc. and Barry Sturmer* (N.D. Ill. 1:20-cv-04176). On July 15, 2020, the CFPB filed a lawsuit against Townstone Financial, Inc., a nonbank retail-mortgage creditor and broker based in Chicago. The CFPB alleges that Townstone violated ECOA; its implementing regulation, Regulation B; and the CFPA. The CFPB alleges that, for years, Townstone drew almost no applications for properties in majority African American neighborhoods located in the Chicago-Naperville-Elgin Metropolitan Statistical Area (Chicago MSA) and few applications from African Americans throughout the Chicago MSA. The CFPB alleges that Townstone engaged in discriminatory acts or practices, including making statements during its weekly radio shows and podcasts through which it marketed its services, that would discourage prospective African-American applicants from applying for mortgage loans; would discourage prospective applicants living in African-American neighborhoods in the Chicago MSA from applying for mortgage loans; and would discourage prospective applicants living in other areas from applying for mortgage loans for properties located in African-American neighborhoods in the Chicago MSA. On November 25, 2020, the CFPB filed an amended complaint, which added as a defendant Barry Sturmer, Townstone's cofounder, sole owner, and sole director, as the fraudulent transferee of more than \$2.4 million from Townstone. The CFPB's amended complaint seeks an injunction against Townstone, as well as damages, redress to consumers, the imposition of a civil money penalty, and other relief. The defendants filed a motion to dismiss the amended complaint on February 8, 2021, which the court granted on February 3, 2023. The CFPB filed a notice of appeal on April 3, 2023; oral argument was held on December 8, 2023. As of the end of the reporting period, the appeal and case remain pending.<sup>85</sup>

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<sup>85</sup> Additional activity has occurred with this matter since the end of this reporting period. More information can be found at: <https://www.consumerfinance.gov/enforcement/actions/townstone-financial-inc-and-barry-sturmer/>.

- *Bureau of Consumer Financial Protection and the Commonwealth of Massachusetts ex rel. Maura Healey, Attorney General v. Commonwealth Equity Group, LLC (d/b/a Key Credit Repair); Nikitas Tsoukales (a/k/a Nikitas Tsoukalis)* (D. Mass. 1:20-cv-10991). On May 22, 2020, the CFPB and Commonwealth of Massachusetts Attorney General Maura Healey jointly filed a lawsuit against Commonwealth Equity Group, LLC, which does business as Key Credit Repair, and Nikitas Tsoukales (also known as Nikitas Tsoukalis), Key Credit Repair’s president and owner. An amended complaint was filed on September 16, 2020. As the amended complaint alleges, from 2016 through 2019 alone, Key Credit Repair enrolled nearly 40,000 consumers nationwide, and since 2011, it collected at least \$23 million in fees from consumers. The CFPB alleges that in their telemarketing of credit-repair services, the defendants violated the CFPA’s prohibition against deceptive acts or practices and the TSR’s prohibitions against deceptive and abusive telemarketing acts or practices. Massachusetts also alleges violations of Massachusetts laws. The amended complaint seeks redress to consumers, an injunction, and the imposition of civil money penalties. The defendants filed a motion to dismiss the amended complaint on September 30, 2020, which the court denied on August 10, 2021. On September 9, 2021, the defendants moved for reconsideration of the order denying the motion to dismiss, which the court denied on October 13, 2021. On February 17, 2023, the defendants filed a motion for judgment on the pleadings, and on March 22, 2023, they filed a motion to stay the case. The court denied both motions on May 1, 2023. On July 28, 2023, the plaintiffs and defendants separately moved for summary judgment on all claims with all related briefing completed on September 1, 2023. On December 21, 2023, defendants moved to stay the case, which the court denied the next day. The parties’ respective motions for summary judgment remained and the case remains pending as of the end of the reporting period.<sup>86</sup>
  
- *Bureau of Consumer Financial Protection v. Fifth Third Bank, National Association* (N.D. Ill. 1:20-cv-01683), transferred to (S.D. Ohio 1:21-cv-00262). On March 9, 2020, the CFPB filed a lawsuit against Fifth Third Bank, National Association (Fifth Third). On February 12, 2021, the court granted Fifth Third’s motion to transfer the case to the Southern District of Ohio. The CFPB filed an amended complaint on June 16, 2021. The CFPB alleges that by misleading consumers about the bank’s sales practices, opening products and services and engaging in consumer-account transactions without consumer consent, and failing to adequately address the misconduct, Fifth Third engaged in unfair and abusive acts or practices in violation of the CFPA and also violated FCRA, as well as

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<sup>86</sup> Additional activity has occurred with this matter since the end of this reporting period. More information can be found at: <https://www.consumerfinance.gov/enforcement/actions/commonwealth-equity-group-dba-key-credit-repair-nikitas-tsoukales/>.

TILA, the Truth in Savings Act (TISA), and their implementing regulations. The CFPB seeks an injunction to stop Fifth Third's unlawful conduct, redress for affected consumers, the imposition of a civil money penalty, and other legal and equitable relief. As of the end of the reporting period, the case remained pending.<sup>87</sup>

- *Bureau of Consumer Financial Protection v. Citizens Bank, N.A.* (D.R.I. No. 1:20-cv-00044). On January 30, 2020, the CFPB filed a lawsuit against Citizens Bank, N.A. (Citizens), alleging violations of TILA and its implementing Regulation Z, including TILA provisions passed under the Fair Credit Billing Act (FCBA) and the Credit Card Accountability, Responsibility, and Disclosure Act (CARD Act), as well as violations of the CFPB due to its violations of TILA and Regulation Z. Specifically, the CFPB alleged that Citizens failed to: (1) reasonably investigate and appropriately resolve billing error notices and claims of unauthorized use by automatically denying such claims for failure to return a fraud affidavit; (2) credit consumers' accounts for fees and finance charges when unauthorized use and billing errors occurred; (3) provide consumers with required acknowledgment and denial notices regarding billing error notices; and (4) disclose required credit counseling information to consumers when consumers called the toll-free number designated for such purpose. On May 23, 2023, the CFPB filed a proposed stipulated final judgment and order, which the court entered the same day. The order requires Citizens to pay a \$9 million civil money penalty. It also imposes injunctive relief designed to prevent Citizens from violating the law in the future.
- *Bureau of Consumer Financial Protection v. Monster Loans, et al.* (C.D. Cal. 8:20-cv-00043). On January 9, 2020, the CFPB filed a lawsuit against Monster Loans, Lend Tech Loans, and associated student loan debt-relief companies and individuals. The CFPB alleged that many of the defendants violated FCRA by wrongfully obtaining consumer report information and that, in connection with the marketing and sale of student loan debt relief products and services, certain defendants charged unlawful advance fees and engaged in deceptive acts and practices. The CFPB also alleged that certain entities and individuals are liable as relief defendants because they received profits resulting from the illegal conduct. On May 14, 2020, the court entered a stipulated final judgment against Chou Team Realty, LLC, Thomas Chou, TDK Enterprises, LLC, Cre8labs, Inc., and Sean Cowell, which imposes an \$18 million redress judgment and a total \$450,001 penalty and bans Monster Loans, Chou, and Cowell from the debt-relief industry. On July 7, 2020, the court entered a stipulated final judgment against Robert Hoose, which imposes a \$7 million redress judgment and \$1 penalty against him and bans him from

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<sup>87</sup> Additional activity has occurred with this matter since the end of this reporting period. More information can be found at: <https://www.consumerfinance.gov/enforcement/actions/fifth-third-bank-national-association/>.

the debt-relief industry. On October 19, 2020, the court entered a stipulated final judgment against relief defendants Kenneth Lawson and XO Media, LLC, which imposes a \$200,000 redress judgment against them. On May 4, 2021, the court entered stipulated final judgments against Lend Tech Loans, Inc. and David Sklar, which among other things requires Lend Tech Loans to dissolve and bans Sklar from the debt-relief industry. On May 7, 2021, the court entered a default judgment against: Docu Prep Center, Inc., Document Preparation Services, LP; Certified Doc Prep, Inc.; Certified Doc Prep Services, LP; Assure Direct Services, Inc.; Assure Direct Services, LP; Direct Document Solutions, Inc.; Direct Document Solutions, LP; Secure Preparation Services, Inc.; and Secure Preparation Services, LP; it imposes redress judgments totaling \$19,699,869 and penalties totaling \$11,382,136 and bans them from the debt relief industry. On May 7, 2021, the court also entered a default judgment against Bilal Abdelfattah, which imposes a \$3,262,244 penalty and bans him from the debt-relief industry. On May 11, 2021, the court entered stipulated final judgments against Docs Done Right, Inc., Docs Done Right, LP, Eduardo Martinez, and Frank Anthony Sebreros, which among other things bans them from the debt relief industry. Following a finding of liability, on September 23, 2021, the court entered a judgment and order against Nesheiwat imposing a judgment of nearly \$20 million in consumer redress, a \$20 million penalty, and injunctive relief including permanent bans from the debt-relief and mortgage industries. Following an appeal, on December 27, 2022, the Ninth Circuit affirmed the district court's ruling.

- *Bureau of Consumer Financial Protection, et al. v. Consumer Advocacy Center Inc., d/b/a Premier Student Loan Center, et al.* (C.D. Cal. 8:19-cv-01998). On October 21, 2019, the CFPB and states of Minnesota, North Carolina, and California filed a complaint against related debt-relief companies Premier, True Count, and Prime, and associated individuals. The CFPB alleges the companies operate as a common enterprise, have engaged in deceptive practices, and charged unlawful advance fees in connection with the marketing and sale of student loan debt relief services. The CFPB also alleges the individuals substantially assisted the student loan debt relief companies. The court granted a temporary restraining order on October 21, 2019 and entered a stipulated preliminary injunction on November 15, 2019. On August 26, 2020, the court entered a stipulated final judgment as to Prime and Horizon, which among other things bans them from telemarketing or offering or providing debt relief services. On August 28, 2020, the court entered a stipulated final judgment as to Tuong Nguyen and relief defendant TN Accounting, which among other things bans Nguyen from telemarketing or offering or providing debt relief services. On December 15, 2020, the court entered a default judgment against First Priority and True Count Staffing, imposing redress judgments of \$55,360,817.14 and \$165,848.05 against True Count and First Priority, respectively, a

\$30 million penalty against True Count, of which \$29,850,000 is payable to the CFPB, a \$3.75 million penalty against First Priority, of which \$2,470,000 is payable to the CFPB, and banning them from telemarketing or offering or providing debt relief services. On July 14, 2021, the court entered a stipulated final judgment as to Consumer Advocacy Center, imposing a \$35,105,017.93 redress judgment and permanently restraining them from participating in any debt-relief service or telemarketing any consumer financial product. On March 22, 2022, the court entered a stipulated final judgment as to TAS 2019 LLC, imposing a \$2,866,314.24 redress judgment and \$1 penalty and permanently banning them from participating in any debt relief service or telemarketing any consumer financial product. On June 10, 2022, the court entered a stipulated final judgment as to Albert Kim, which among other things bans him from participating in any debt relief service or telemarketing any consumer financial product or service. On September 8, 2020, June 15, 2021, July 1, 2021, and May 24, 2022, the court entered stipulated final judgments as to relief defendants Hold the Door, Mice and Men, Judy Dai, 1st Generation Holdings, Infinite Management, and Sarah Kim. On July 7, 2023, the court found Kaine Wen liable, imposing a \$95,057,757 redress judgment, \$148 million civil money penalty, and a permanent, industry-wide ban. On August 3, 2023, Wen filed a notice of appeal. On August 8, 2023, the CFPB voluntarily dismissed its claim against relief defendant Anan Enterprise. As of the end of the reporting period, the case against Wen remains pending on appeal.

- *Bureau of Consumer Financial Protection v. Progrexion Marketing, Inc.; PGX Holdings, Inc.; Progrexion Teleservices, Inc.; eFolks, LLC; CreditRepair.com, Inc.; John C. Heath, Attorney at Law, P.C., d/b/a/ Lexington Law* (D. Utah No. 2:19-cv-00298). On May 2, 2019, the CFPB filed suit against PGX Holdings, Inc. and its subsidiaries, Progrexion Marketing, Inc., Progrexion Teleservices, Inc., CreditRepair.com, Inc., and eFolks, LLC (collectively, Progrexion) and against John C. Heath, Attorney at Law PC, which does business as Lexington Law. Progrexion and Lexington Law offered and provided credit repair services through the brands Lexington Law and CreditRepair.com, which are two of the largest credit repair companies in the country. The TSR requires that fees for telemarketed credit repair services may only be sought and received after the credit repair company provides the consumer with documentation in the form of a consumer report reflecting that the promised results were achieved more than six months after such results were achieved. As alleged in the amended complaint filed on August 17, 2022, Progrexion and Lexington Law violated the TSR by requesting and receiving prohibited upfront fees for their credit repair services. The CFPB also alleged that Progrexion and its subsidiaries violated the TSR and the Consumer Financial Protection Act of 2010 by making deceptive representations in its marketing, or by substantially assisting others in doing so, to entice consumers into

purchasing credit repair services. On March 10, 2023, the district court ruled that defendants violated the TSR's prohibition on upfront fees and granted the CFPB partial summary judgment against the defendants. On August 28, 2023, the CFPB and all defendants filed a proposed stipulated final judgment and order, which the court entered on August 30, 2023. The order imposes a judgment of \$2,660,926,481 for consumer redress against all defendants, a civil money penalty of \$45,817,452 against Progrexion, and a civil money penalty of \$18,408,726 against Lexington Law. The order also imposes a 10-year ban on defendants' telemarketing credit repair services and requires them to send notices to remaining customers who were enrolled through telemarketing of the lawsuit and their right to cancel their credit repair services, among other injunctive relief.

- *Consumer Financial Protection Bureau v. The National Collegiate Master Student Loan Trust, et al.* (D. Del. No. 17-cv-1323). On September 18, 2017, the CFPB filed a complaint and proposed consent judgment against several National Collegiate Student Loan Trusts (collectively, "NCSLT"). The CFPB alleges that NCSLT brought debt collection lawsuits for private student loan debt that the companies could not prove was owed or was too old to sue over; that they filed false and misleading affidavits or provided false and misleading testimony; and that they falsely claimed that affidavits were sworn before a notary. Soon after the CFPB's filing, several entities moved to intervene to object to the proposed consent judgment. The judge granted the intervention motions, and on May 31, 2020, the court denied the CFPB's motion to approve the proposed consent judgment filed with the original complaint. Several of the intervenors then filed motions to dismiss, one of which was granted in part, dismissing the complaint without prejudice. On April 30, 2021, the CFPB filed an amended complaint, adding clarifying allegations related to several issues raised in the motions to dismiss the original complaint. On May 21, 2021, defendants and certain intervenors filed a motion to dismiss the amended complaint, which the court denied on December 13, 2021. On February 11, 2022, the court certified two holdings in its opinion denying the motion to dismiss for interlocutory appeal to the Third Circuit and stayed the matter. On April 29, 2022, the Third Circuit granted the petition to appeal. On March 19, 2024, the Third Circuit held that the Trusts are covered persons subject to the CFPA's enforcement authority and the CFPB did not need to ratify its action before the statute of limitations had run. On March 25, 2024, the CFPB filed a letter motion to strike the Intervenor's Answers and exclude them from further participation in the litigation. As of the end of the reporting period, the motion to strike and the case remain pending.
  
- *Consumer Financial Protection Bureau v. Ocwen Financial Corporation, Ocwen Mortgage Servicing, Inc., Ocwen Loan Servicing, LLC, and PHH Mortgage*

*Corporation* (S.D. Fla. No. 17-cv-80495). On April 20, 2017, the CFPB filed a complaint against mortgage loan servicer Ocwen Financial Corporation and its subsidiaries. The CFPB alleged that they used inaccurate and incomplete information to service loans, misrepresented to borrowers that their loans had certain amounts due, illegally foreclosed on homeowners that were performing on agreements on loss mitigation options, failed to adequately investigate and respond to borrower complaints, and engaged in other conduct in violation of the CFPA, TILA, FDCPA, RESPA, and Homeowners Protection Act (HPA). On September 5, 2019, the district court rejected the majority of Ocwen's arguments in its motion to dismiss but required the CFPB to replead its allegations, which the CFPB did on October 4, 2019. The case was partially consolidated with a related case against Ocwen brought by the Office of the Attorney General and Office of Financial Regulation for the State of Florida, and the Florida plaintiffs settled their claims against Ocwen. On March 4, 2021, the district court granted in part defendants' Motion for Summary Judgment as to Counts 1-9 of the CFPB's First Amended Complaint based on *res judicata*. On April 19, 2021, the CFPB filed a Second Amended Complaint that dropped Count 10 of its First Amended Complaint and limited the claims set forth in Counts 1 through 9 to allegations of violations for the time period of January 2014 through February 26, 2017. On April 21, 2021, in light of the CFPB's recently filed Second Amended Complaint, the district court entered a final judgment in favor of the defendants. The CFPB filed a notice of appeal the same day. On April 6, 2022, the Eleventh Circuit held that the parties intended to preclude new challenges to conduct covered by the parties' prior 2013 settlement agreement's servicing standard, monitoring, and enforcement regime. It vacated the district court's decision and remanded the case for further analysis of the CFPB's claims and the parties' prior 2013 settlement agreement. On May 2, 2023, the district court granted summary judgment to Ocwen.

- *Consumer Financial Protection Bureau v. Navient Corporation, Navient Solutions, Inc., and Pioneer Credit Recovery, Inc.* (M.D. Pa. No. 17-cv-0101). On January 18, 2017, the CFPB filed a complaint against Navient Corporation and its subsidiaries, Navient Solutions, Inc., and Pioneer Credit Recovery, Inc. The CFPB alleged that Navient Solutions and Navient Corporation steered borrowers toward repayment plans that resulted in borrowers paying more than other options; misreported to credit reporting agencies that severely and permanently disabled borrowers who had loans discharged under a federal program had defaulted on the loans when they had not; deceived private student loan borrowers about requirements to release their co-signer from the loan; and repeatedly incorrectly applied or misallocated borrower payments to their accounts. The CFPB also alleged that Pioneer and Navient Corporation misled borrowers about the effect of rehabilitation on their credit reports and the collection fees that would be



forgiven in the federal loan rehabilitation program. The CFPB sought consumer redress and injunctive relief. On March 24, 2017, Navient moved to dismiss the complaint. On August 4, 2017, the court denied Navient's motion. On May 19, 2020, the CFPB and all three defendants moved for summary judgment and these motions were pending as of the end of the reporting period. On July 10, 2020, Navient filed a motion for judgment on the pleadings, which the court denied on January 13, 2021. As of the end of the reporting period, the case remained pending.<sup>88</sup>

- *In the Matter of Integrity Advance, LLC and James R. Carnes* (2015-CFPB-0029) (not a credit union or depository institution). On November 18, 2015, the CFPB filed a notice of charges against an online lender, Integrity Advance, LLC, and its CEO, James R. Carnes. The CFPB alleged that they deceived consumers about the cost of short-term loans and that the company's contracts did not disclose the costs consumers would pay under the default terms of the contracts. The CFPB also alleged that the company unfairly used remotely created checks to debit consumers' bank accounts even after the consumers revoked authorization for automatic withdrawals. On September 27, 2016, the Administrative Law Judge (ALJ) issued a Recommended Decision finding liability and recommending injunctive and monetary relief. The Recommended Decision was appealed to the Director, and the Director remanded the case for a new hearing and recommended decision by the CFPB's ALJ. In response to cross motions for summary disposition, on August 4, 2020, the ALJ issued a Recommended Decision finding in the CFPB's favor on all counts, which the respondents appealed. On January 11, 2021, the Director affirmed and reversed in part the Recommended Decision. She affirmed the ALJ's conclusion that Integrity Advance violated TILA and EFTA and that both respondents violated the CFPA. With respect to the appropriate remedy, she concluded that Integrity Advance and James Carnes were jointly and severally liable for more than \$38 million in restitution and imposed a \$7.5 million civil money penalty against Integrity Advance and \$5 million penalty against Carnes. The Director did not order restitution for conduct that pre-dated July 21, 2011, which is the CFPB's designated transfer date. On September 15, 2022, the Tenth Circuit affirmed the Director's order, and on September 29, 2022, the defendants petitioned for rehearing *en banc*, which the Tenth Circuit denied on November 11, 2022. On March 6, 2023, defendant Integrity Advance petitioned the Supreme Court for writ of certiorari, which the Court denied on June 12, 2023.

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<sup>88</sup> Additional activity has occurred with this matter since the end of this reporting period. More information can be found at: <https://www.consumerfinance.gov/enforcement/actions/navient-corporation-navient-solutions-inc-and-pioneer-credit-recovery-inc/>.

- *Consumer Financial Protection Bureau v. Global Financial Support, Inc., d/b/a Student Financial Resource Center, d/b/a College Financial Advisory; and Armond Aria a/k/a Armond Amir Aria, individually, and as owner and CEO of Global Financial Support, Inc.* (S.D. Cal. No. 15-cv-2440). On October 29, 2015, the CFPB filed a complaint against Global Financial Support, Inc. (Global Financial), which operated under the names Student Financial Resource Center and College Financial Advisory, and its owner and CEO, Armond Aria. The CFPB alleged that the defendants issued marketing letters instructing students to fill out a form and pay a fee in exchange for the company providing a financial aid program or conducting extensive searches to target or match students with individualized financial aid opportunities. The CFPB also alleged that consumers who paid the fee received nothing or a generic booklet that failed to provide individualized advice. The CFPB also alleged that the defendants misrepresented that missing the deadline indicated in the marketing letter could jeopardize consumers' ability to obtain financial aid when the deadline actually had no consequences. On January 25, 2021, the court granted, in part, the CFPB's motion for partial summary judgment against Armond Aria and default judgment against Global Financial, finding that 76,000 consumers purchased Global Financial's "program" based on its misrepresentations. On February 16, 2021, the CFPB filed an amended complaint dismissing the remaining claims against Aria. On March 29, 2021, the court entered a final judgment and order against both defendants imposing injunctive relief, \$4,738,028 in restitution to consumers, and a \$10 million civil money penalty. Aria filed an appeal of the final judgment to the Ninth Circuit on May 19, 2021. On December 13, 2022, the Ninth Circuit affirmed the district court's decision in its entirety. On February 27, 2023, Aria filed a petition for rehearing or rehearing *en banc*, which the court denied on April 14, 2023.
- *Consumer Financial Protection Bureau v. Nationwide Biweekly Administration, Inc., et al.* (N.D. Cal. No. 3:15-cv-2106). On May 11, 2015, the CFPB filed a complaint against Nationwide Biweekly Administration, Inc., Loan Payment Administration LLC, and Daniel S. Lipsky, alleging that they engaged in abusive and deceptive acts and practices in violation of the CFPB and the TSR regarding a mortgage payment product known as the "Interest Minimizer Program," or IM Program. The CFPB alleges that the defendants misrepresented their affiliation with consumers' mortgage lenders; the amount of interest savings consumers would realize and when consumers would achieve savings on the IM Program; consumers' ability to attain the purported savings on their own or through a low- or no-cost option offered by the consumers' servicer; and fees for the program. The CFPB seeks a permanent injunction, consumer redress, and civil money penalties. A trial was held beginning on April 24, 2017, and on September 8, 2017, the court issued an opinion and order finding that the defendants had engaged in deceptive

and abusive conduct in violation of the CFPB and TSR. The court imposed a \$7.93 million civil money penalty but denied the CFPB's request for restitution and disgorgement. On November 9, 2017, the court reduced the previous order to a judgment that included a permanent injunction forbidding defendants from engaging in specified acts or practices. The court denied defendants' post-trial motions on March 12, 2018, and both parties filed notices of appeal. On January 27, 2023, the United States Court of Appeals for the Ninth Circuit issued a decision vacating the district court's September 8, 2017, order and remanding the case to the district court to consider several issues raised on appeal. The Ninth Circuit's decision did not include a ruling on the merits of the parties' respective appeals. As of the end of the reporting period, the case remains pending.

- *Consumer Financial Protection Bureau v. Universal Debt & Payment Solutions, LLC, et al.* (N.D. Ga. No. 15-cv-0859). On March 26, 2015, the CFPB sued a group of seven debt collection agencies and six individual debt collectors, four payment processors and individual sales organizations, and a telephone marketing service provider alleging unlawful conduct related to a phantom debt collection operation. Phantom debt is debt that consumers do not actually owe or that is not payable to those attempting to collect it. The CFPB alleged that the individuals, acting through a network of corporate entities, used threats and harassment to collect phantom debt. The CFPB alleged the defendants violated the FDCPA and engaged in, or substantially assisted, unfair and deceptive acts and practices. On April 7, 2015, the CFPB obtained a preliminary injunction against the debt collectors. On August 25, 2017, as a discovery sanction against the CFPB, the court dismissed the CFPB's claims against the payment processors and the telephone marketing service provider. Five of the seven corporate debt collectors defaulted and the CFPB voluntarily dismissed one individual defendant. On March 21, 2019, the court granted the CFPB's motion for summary judgment against individual debt collectors, Marcus Brown, Mohan Bagga, Sarita Brown, and Tasha Pratcher, and against the non-defaulted corporate debt collector WNY Account Solutions. The court also granted the CFPB's motion as to one of its claims against individual debt collector, Sumant Khan. On August 21, 2019, November 15, 2019, and December 15, 2020, the court entered stipulated final judgments against Sumant Khan, Payment Processing Solutions, Mohan Bagga, and Tasha Pratcher, which among other things, permanently ban them from engaging in debt collection activities. On October 20, 2021, the court entered a final judgment against Marcus Brown, Sarita Brown, and WNY Account Solutions and a default judgment against the five corporate debt collectors—Check & Credit Recovery, Credit Power, Universal Debt & Payment Solutions, Universal Debt Solutions, and WNY Solutions Group—which had previously defaulted. The orders impose a \$5,183,947.71 judgment for monetary relief against them, joint and severally, and require them to pay

penalties totaling \$2,016,000. The orders also permanently ban them from engaging in debt collection activities, prohibit them from making certain misrepresentations, and prohibit them from using consumer information they obtained during the debt collection scheme. On December 17, 2021, the CFPB appealed the district court's August 25, 2017 sanctions order, which the Eleventh Circuit affirmed on June 12, 2023.

- *Consumer Financial Protection Bureau v. The Mortgage Law Group, LLP, d/b/a The Law Firm of Macey, Aleman & Searns; Consumer First Legal Group, LLC; Thomas G. Macey; Jeffrey J. Aleman; Jason E. Searns; and Harold E. Stafford* (W.D. Wis. No. 3:14-cv-0513). On July 22, 2014, the CFPB filed a complaint against The Mortgage Law Group, LLP (TMLG), the Consumer First Legal Group, LLC (CFLG), and attorneys Thomas Macey, Jeffrey Aleman, Jason Searns, and Harold Stafford. The CFPB brought suit alleging that the defendants violated Regulation O, formerly known as the Mortgage Assistance Relief Services Rule, by taking payments from consumers for mortgage modifications before the consumers signed a mortgage modification agreement from their lender, by failing to make required disclosures, by directing consumers not to contact lenders, and by making deceptive statements to consumers when providing mortgage assistance relief services. A trial was held in April 2017. On June 21, 2017, the district court entered a stipulated judgment against the bankruptcy estate of TMLG, which sought Chapter 7 bankruptcy. The court enjoined TMLG from operating and ordered TMLG to pay \$18,331,737 in redress and \$20,815,000 in civil money penalties. On May 29, 2018, the CFPB filed an unopposed motion to increase the redress amount ordered by the court to \$18,716,725.78, based on newly discovered information about additional advance fees paid by consumers. The amended stipulated judgment against TMLG increasing redress to \$18,716,725.78 was issued by the court on November 11, 2018. On November 15, 2018, the court issued an opinion and order ruling that defendants CFLG, Macey, Aleman, Searns, and Stafford violated Regulation O by taking upfront fees and by failing to make required disclosures, and that some of the defendants also violated Regulation O by directing consumers not to contact their lenders and by making deceptive statements. The court directed that the parties submit briefs addressing what damages, injunctive relief, and civil money penalties, if any, should be awarded. On November 4, 2019, the court issued an opinion and order against defendants CFLG, Macey, Aleman, Searns, and Stafford, imposing a total of \$21,709,022 in restitution (\$18.7 million of which TMLG is also jointly and severally liable for) and \$37,294,250 in civil money penalties. CFLG, Macey, Aleman, and Searns were permanently enjoined from marketing, selling, providing, or assisting others in selling or providing any mortgage-assistance-relief or debt-relief products or services. Stafford was enjoined from marketing, selling, providing, or assisting others in selling or providing mortgage-assistance-relief services for five years. CFLG, Macey, Aleman, Searns, and

Stafford filed an appeal with the Seventh Circuit on December 4, 2019. On July 23, 2021, the Seventh Circuit affirmed the district court's rulings that defendants violated Regulation O, vacated the remedial order, and remanded to the district court for further proceedings on remedies. On August 1, 2022, the district court awarded \$10,854,510.85 in restitution and \$18,410,500 in penalties against the defendants and imposed an eight-year ban on all the defendants except Stafford, whose five-year ban remained in place, on mortgage-assistance relief services. On August 11, 2022, defendants filed a notice of appeal, and the CFPB filed a notice of cross-appeal on September 15, 2022. On February 5, 2024, the remaining defendants entered into a settlement under which the parties dismissed their respective appeals, and on February 7, 2024, the Seventh Circuit dismissed the appeals. The settlement requires defendants to pay \$10.9 million in consumer redress and a \$1.1 million penalty. The individual defendants remain subject to the bans from the mortgage assistance relief services under the district court's August 1, 2022 order.

- *Consumer Financial Protection Bureau v. CashCall, Inc.; WS Funding, LLC; Delbert Services Corporation; and J. Paul Reddam* (D. Mass. No. 1:13-cv-13167), transferred to (C.D. Cal. No. 2:15-cv-07522). On December 16, 2013, the CFPB filed a complaint against online lender CashCall Inc.; its owner J. Paul Reddam; WS Funding, LLC, a subsidiary; and Delbert Services Corporation, an affiliate, for collecting money consumers did not owe. The CFPB's amended complaint, filed on March 21, 2014, alleges that the defendants violated the CFPA's prohibition against unfair, deceptive, and abusive acts and practices by collecting and attempting to collect consumer-installment loans that were void or uncollectible because they violated either state caps on interest rates or state licensing requirements for lenders. The complaint alleges that CashCall serviced loans it made in the name of an entity, Western Sky, which was located on the Cheyenne River Sioux Tribe's land. The loan agreements included a choice-of-law provision saying that the Tribe's law applied to the loans. On August 31, 2016, the court granted the CFPB's motion for partial summary judgment, concluding that the choice-of-law provision in the loan agreements was not enforceable and that the law of the borrowers' states applied, resulting in the loans being void or uncollectible. Because the loans were void, the court found that the defendants engaged in deceptive acts or practices by demanding and collecting payment on debts that consumers did not owe. On January 19, 2018, the court issued findings of fact and conclusions of law imposing a \$10.28 million civil money penalty but denying the CFPB's request for restitution and an injunction. The CFPB and the defendants appealed. On May 23, 2022, the Ninth Circuit affirmed the district court's finding of liability; vacated the district court's penalty, remanding for the district court to reassess the penalty taking into account defendants' reckless conduct; and vacated the district court's decision to award no restitution, remanding to the

district court to determine whether and what restitution would be appropriate in consideration of the Ninth Circuit Court’s opinion. On February 10, 2023, the district court issued an order awarding the CFPB a \$33,276,264 civil money penalty and \$134,058,600 in restitution. On March 16, 2023, CashCall appealed the district court’s final judgment. As of the end of the reporting period, the case remains pending on appeal.

## 3.2 Actions taken regarding rules, orders, and supervisory and enforcement actions with respect to covered persons which are not credit unions or depository institutions

The CFPB’s Supervisory Highlights publications provide information about the CFPB’s supervisory activities at banks and nonbanks without identifying specific companies. The CFPB issued one Supervisory Highlights issue during this reporting period: a Fall 2023 Supervisory Highlights Junk Fees Update Special Edition (Issue 31).<sup>89</sup>

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<sup>89</sup> “Supervisory Highlights,” Consumer Financial Protection Bureau <https://www.consumerfinance.gov/compliance/supervisory-highlights/>.

# 4. State Consumer Financial Law

For purposes of the Section 1016(c)(7) reporting requirement, the CFPB has determined that any actions asserting claims pursuant to Section 1042 of the Dodd-Frank Act are “significant.”

## 4.1 Assessment of significant actions by attorneys general and state regulators relating to federal consumer financial law

The CFPB has been apprised of the following developments in pending state attorney general and regulatory actions asserting claims under the Dodd-Frank Act during the October 1, 2023, through March 31, 2024 reporting period.

- *State of Minnesota, by its Attorney General Keith Ellison, v. Evan Azure, in his official capacity as CEO of Island Mountain Development Group, and Geno Levaldo, in his official capacity as Chairman of Island Mountain Development Group.* On October 30, 2023, the Minnesota Attorney General sued individuals that control online lenders Bright Lending, Green Trust Cash, and Target Cash Now. The complaint alleges that defendants engaged in unfair, deceptive, and abusive practices in violation of 12 U.S.C. 5536 related to the marketing, origination, and collection of loans with interest rates in excess of Minnesota’s usury laws. On February 22, 2024, the attorney general filed a settlement pursuant to which defendants agreed to stop offering illegal loans and collecting on interest in excess of Minnesota’s usury caps.
- *Consumer Financial Protection Bureau, New York, Colorado, Delaware, Illinois, Minnesota, North Carolina, and Wisconsin v. StratFS, LLC (f/k/a Strategic Financial Solutions, LLC), Strategic Client Support, LLC (f/k/a Pioneer Client Support, LLC), Strategic CS, LLC, Strategic FS Buffalo, LLC, Strategic NYC, LLC, BCF Capital, LLC, T Fin, LLC, Strategic Consulting, LLC, Versara Lending, LLC, Strategic Family, Inc., Anchor Client Services, LLC (now known as CS 1 PAAS Services, LLC), Bedrock Client Services, LLC, Boulder Client Services, LLC, Canyon Client Services, LLC, Carolina Client Services, LLC, Great Lakes Client Services, LLC, Guidestone Client Services, LLC, Harbor Client Services, LLC, Heartland Client Services, LLC, Monarch Client Services, LLC (now known as CS 2 PAAS Services, LLC), Newport Client Services, LLC,*

*Northstar Client Services, LLC, Option 1 Client Services, LLC, Pioneer Client Servicing, LLC, Rockwell Client Services, LLC, Royal Client Services, LLC, Stonepoint Client Services, LLC, Summit Client Services, LLC (now known as CS 3 PAAS Services, LLC), Whitestone Client Services, LLC, Ryan Sasson, Jason Blust, and Unidentified John Does 1-50* (W.D.N.Y. No. 1:24-cv-00040) (not a credit union or depository institution). On January 10, 2024, the CFPB and seven state attorneys general – New York, Colorado, Delaware, Illinois, Minnesota, North Carolina, and Wisconsin – filed a complaint and sought a temporary restraining order and preliminary injunction against StratFS, LLC f/k/a Strategic Financial Solutions, LLC, as well as its holding company Strategic Family, Inc.; various of its subsidiaries; and as individuals: SFS Chief Executive Officer Ryan Sasson and Jason Blust. The complaint also named the following relief defendants: Daniel Blumkin; Albert Ian Behar; Strategic ESOP; Strategic ESOT, Twist Financial, LLC; Duke Enterprises, LLC; Blaise Investments, LLC; The Blust Family Irrevocable Trust through Donald J. Holmgren, Trustee; Jaclyn Blust; Lit Def Strategies, LLC; and Relialit, LLC. *See supra* Section 3.1.1 for a full description.

- *United States of America and the State of North Carolina ex rel. Josh Stein, Attorney General, v. First National Bank of Pennsylvania in its corporate capacity and as successor in interest to Yadkin Bank.* On February 5, 2024, the North Carolina Department of Justice filed a consent order along with the United States Department of Justice, Civil Rights Division in the United States District Court for the Middle District of North Carolina. The consent order resolved allegations that the First National Bank of Pennsylvania violated Regulation B and the state deceptive practices act by engaging in racially discriminatory redlining when providing home mortgage loans in the Charlotte and Winston-Salem areas. The consent order requires the bank to create a \$11.75 million loan subsidy fund that will help increase credit for home mortgage loans for communities of color in the Charlotte and Winston-Salem areas. It also requires the bank to make a number of other investments to provide financial services to increase the availability of credit to residents of color in these areas. The court entered the consent order on February 13, 2024.
- *State of Texas, v. Colony Ridge, Inc.; Colony Ridge Development, LLC; Colony Ridge BV, LLC; Colony Ridge Land, LLC; T-Rex Management, Inc.; John Harris; and Houston El Norte Property Owners' Association, Inc.* On March 14, 2024, the Texas Attorney General filed suit against defendants for allegedly targeting foreign born and Hispanic consumers with limited or no access to credit with promises of cheap, ready to build land and financing without proof of income. The Attorney General alleges that defendants misrepresented conditions that buyers would experience on the property and then churned purchasers through a foreclosure mill. Texas alleges that defendants



violated the CFPB's prohibition against deceptive practices, the Interstate Land Sales Act, and state deceptive sales practice laws.

- *State of Washington; State of Oregon; California Department of Financial Protection and Innovation; State of Delaware; State of Minnesota; State of Illinois; State of South Carolina; State of North Carolina ex rel. Attorney General Joshua H. Stein; Commonwealth of Massachusetts; Commonwealth of Virginia; State of Wisconsin; and Consumer Financial Protection Bureau v. Prehired, LLC, Prehired Recruiting, LLC, and Prehired Accelerator, LLC* (Bankr. Del. No. 22-11007). On July 13, 2023, the CFPB and several state partners filed a complaint in an adversary proceeding against Prehired, LLC, Prehired Recruiting, LLC, and Prehired Accelerator, LLC. *See supra* Section 3.1.1 for a full description.
- *Consumer Financial Protection Bureau and the People of the State of New York, by Letitia James, the Attorney General of the State of New York v. Credit Acceptance Corporation* (S.D.N.Y. No. 1:23-cv-00038). On January 4, 2023, the CFPB and New York Attorney General Letitia James filed a joint lawsuit against Credit Acceptance Corporation, an indirect auto lender that funds and services car loans for subprime and deep-subprime consumers. *See supra* Section 3.1.1 for a full description.
- *State of Tennessee ex rel. Jonathan Skrmetti, et al. vs. Ideal Horizon Benefits, LLC d/b/a Solar Titan USA, LLC, Craig Kelley, Richard Atnip, and Sarah Kirkland, and Solar Mosaic, LLC, Defendants, and Solar Titan Charters, LLC d/b/a Titan Charters* (E.D. Tenn. 3:23-cv-46). On February 6, 2023, the attorneys general of Tennessee and Kentucky filed suit against Solar Titan, its principals and Solar Mosaic, the company that provided financing to consumers for the purchase and installation of solar systems. The states allege that defendants made numerous misrepresentations in connection with the sale and financing of solar systems and that these practices violated the Consumer Financial Protection Act (CFPA)'s prohibitions against unfair, abusive, and deceptive practices, as well as the states' own consumer protection statutes. The attorneys general have also alleged that defendants' have violated the Truth in Lending Act (TILA)'s disclosure and rescission requirements. As of the end of the reporting period, the case remains pending.
- *Consumer Financial Protection Bureau and the People of the State of New York by Letitia James, Attorney General for the State of New York v. MoneyGram International, Inc. and MoneyGram Payment Systems, Inc.* (S.D.N.Y. 1:22-cv-03256). On April 21, 2022, the CFPB filed a lawsuit jointly with the Attorney General of New

York against MoneyGram International, Inc. and MoneyGram Payment Systems, Inc., nonbank remittance transfer providers. *See supra* Section 3.1.1 for a full description.

- *Consumer Financial Protection Bureau; Commonwealth of Massachusetts; The People of the State of New York, by Letitia James, Attorney General of the State of New York; and Commonwealth of Virginia, ex rel. Mark R. Herring, Attorney General v. Nexus Services, Inc.; Libre by Nexus, Inc.; Michael Donovan; Richard Moore; and Evan Ajin* (W.D. Va. 5:21-cv-00016). On February 22, 2021, the CFPB filed a lawsuit against Nexus Services, Inc. (Nexus Services), Libre by Nexus, Inc. (Libre), and their principals, Michael Donovan, Richard Moore, and Evan Ajin. Libre is a wholly owned subsidiary of Nexus Services, and both are non-banks with their principal places of business in Virginia. *See supra* Section 3.1.1 for a full description.
- *Commonwealth of Pennsylvania, by Attorney General Josh Shapiro; District of Columbia, through the Office of the Attorney General; Matthew J. Platkin, Acting Attorney General of the State of New Jersey; State of Oregon, ex rel. Ellen F. Rosenblum, in her official capacity as Attorney General; State of Utah, by Attorney General Sean D. Reyes; and State of Washington v. Mariner Finance, LLC* (E.D. Pa. No. 2:22-cv-3253). On August 16, 2022, the attorneys general of Pennsylvania, the District of Columbia, New Jersey, Oregon, Utah, and Washington filed a lawsuit against Mariner Finance, LLC, a subprime installment lender. The attorneys general alleged that: (1) Mariner engages in unfair and deceptive acts and practices in violation of the CFPB by charging consumers for add-on products without obtaining their consent and by loan flipping; (2) the design and implementation of Mariner’s loan closing process is abusive in violation of the CFPB; (3) Mariner engages in abusive acts and practices that take unreasonable advantage of a lack of consumers’ understanding of the material risks, costs, or conditions of add-on products and by loan flipping in violation of the CFPB; (4) the disclosures Mariner provides to its customers fail to disclose accurate finance charges and annual percentage rates in violation of Regulation Z and the CFPB; and (5) Mariner fails to disclose to consumers the commission payments it retains and deducts from insurance premium payments paid to credit insurers in violation of TILA and the CFPB. The attorneys general of Pennsylvania, Washington, and New Jersey have also alleged that Mariner has violated their respective state consumer protection statutes. As of the end of the reporting period, the case remains pending.
- *Bureau of Consumer Financial Protection and the Commonwealth of Massachusetts ex rel. Maura Healey, Attorney General v. Commonwealth Equity Group, LLC (d/b/a Key Credit Repair); Nikitas Tsoukales (a/k/a Nikitas Tsoukalis)* (D. Mass. 1:20-cv-10991). On May 22, 2020, the CFPB and Commonwealth of Massachusetts Attorney General

Maura Healey jointly filed a lawsuit against Commonwealth Equity Group, LLC, which does business as Key Credit Repair, and Nikitas Tsoukales (also known as Nikitas Tsoukalis), Key Credit Repair's president and owner. *See supra* Section 3.1.1 for a full description.

# 5. Fair Lending

## 5.1 An analysis of efforts to fulfill the Fair Lending mission of the CFPB

### Fair lending supervision

The CFPB assesses compliance with federal fair lending consumer financial laws at banks and nonbanks over which the CFPB has supervisory authority. To fulfill its fair lending mission during this reporting period, the CFPB initiated ten supervisory activities onsite at financial services institutions under the CFPB's jurisdiction to determine compliance with federal laws, including the Equal Credit Opportunity Act (ECOA) and the Home Mortgage Disclosure Act (HMDA).

For supervisory communications issued by the Office of Supervision during the reporting period, the most frequently identified issues included lenders issuing inadequate Notices of Incompleteness (NOI) and Adverse Action Notices (AANs) in violation of ECOA and Regulation B and violating HMDA and Regulation C by reporting incorrect information in the HMDA Loan Application Register (LAR).

During this reporting period, the CFPB examiners issued matters requiring attention (MRAs) or memoranda of understanding (MOUs), which direct entities to take corrective actions and are monitored by the CFPB through follow-up supervisory events. Among other things, examiners encouraged mortgage lenders to enhance oversight of redlining risks, to enhance compliance management systems for HMDA compliance, to enhance policies and procedures regarding identifying adverse action reasons under ECOA, and to implement a monitoring program designed to monitor appraisals for risks to consumers, including risks of bias or discrimination.

### Fair lending enforcement

The CFPB engages in research, conducts investigations, and—where appropriate—takes public enforcement actions for violations of fair lending laws under the CFPB's jurisdiction. The CFPB is required to refer matters to the Department of Justice (DOJ) when it has reason to believe that a creditor has engaged in a pattern or practice of lending discrimination.<sup>90</sup> During this

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<sup>90</sup> See 15 U.S.C. § 1691e(g).

reporting period, the CFPB referred four matters regarding a pattern or practice of lending discrimination to the DOJ pursuant to Section 706(g) of ECOA.

During the reporting period, the CFPB filed four fair lending enforcement actions, two of which pertained to violations of ECOA (Citibank N.A. and Colony Ridge (Colony Ridge Development, LLC, and Colony Ridge BV, LLC, and affiliate mortgage company Colony Ridge Land, LLC)) and two of which pertained to violations of HMDA (Freedom Mortgage Corporation and Bank of America, N.A). For more information on these matters, see Section 3.1.1 *supra*.

## Fair lending-related rulemaking and guidance

During the reporting period, the CFPB engaged in several fair lending-related rulemaking and guidance initiatives. For more information on those matters, see Sections 1.1 and 1.2 *supra*.

## Interagency fair lending coordination

During the reporting period, the CFPB coordinated its fair lending regulatory, supervisory, and enforcement activities with other federal agencies and state regulators and other enforcement agencies to promote consistent, efficient, and effective enforcement of federal fair lending laws. The CFPB, along with the Federal Trade Commission (FTC), U.S. Department of Housing and Urban Development (HUD), Federal Deposit Insurance Corporation (FDIC), Federal Reserve System (Board), National Credit Union Administration (NCUA), Office of the Comptroller of the Currency (OCC), DOJ, and Federal Housing Finance Agency (FHFA), constitute the Interagency Task Force on Fair Lending. This Task Force meets regularly to discuss fair lending enforcement efforts, share current methods of conducting supervisory and enforcement fair lending activities, and coordinate fair lending policies.

The CFPB also participates in the Interagency Working Group on Fair Lending Enforcement, a standing working group of federal agencies—with the DOJ, HUD, and FTC—that meets regularly to discuss issues relating to fair lending enforcement.

Further, through the Federal Financial Institutions Examination Council (FFIEC), the CFPB has engagements with other partner agencies that focus on fair lending issues. For example, throughout the reporting period, the CFPB has continued to chair the HMDA/Community Reinvestment Act Data Collection Subcommittee, a subcommittee of the FFIEC Task Force on Consumer Compliance. This subcommittee oversees FFIEC projects and programs involving HMDA data collection and dissemination, the preparation of the annual FFIEC budget for processing services, and the development and implementation of other related HMDA processing projects as directed by this Task Force.

## **APPRAISAL BIAS**

The FFIEC Appraisal Subcommittee (ASC), comprising designees from the CFPB and certain other federal agencies, provides federal oversight of state appraiser and appraisal management

company regulatory programs, and a monitoring framework for the Appraisal Foundation. CFPB Deputy Director Zixta Q. Martinez currently serves as the chair of the ASC. Through the ASC, the CFPB addresses topics including discriminatory bias in home appraisals. On February 13, 2024, the ASC held its fourth public hearing on appraisal bias. The discussion examined the Appraisal Foundation, highlighting its deficiencies, including its conflict of interest policies, its insular governance structure that favors private interests, and the lack of transparency in its process to select its president.

Additionally, on February 12, 2024, the FFIEC issued a statement of principles related to valuation discrimination and bias for member entities to consider in their consumer compliance and safety and soundness examinations. The principles aid member entities in assessing whether their supervised institutions' compliance and risk management practices are appropriate to identify and mitigate discrimination or bias in their residential property valuation practices.<sup>91</sup>

## Fair lending outreach and education

The CFPB regularly engages in outreach with external stakeholders, including consumer advocates, civil rights organizations, industry, academia, sovereign governments, and other government regulators and agencies to educate or communicate about fair lending issues. The CFPB achieves its educational objectives through publication of proposed and final rules, Advisory Opinions, and interpretive rules; Compliance Bulletins and CFPB Circulars; policy statements; requests for information; press releases, blog posts, podcasts, videos, brochures, social media posts, and website updates; *amicus* briefs; and reports regarding fair lending issues. Additionally, CFPB staff deliver speeches, panel remarks, webinars, and presentations addressing fair lending issues; and participate in smaller meetings and discussions with external stakeholders, including international, federal, sovereign, and state regulators and agencies, industry, academia, and consumer and civil rights organizations. During the reporting period, the CFPB also issued a range of content available to the public and to market participants related to fair lending.

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<sup>91</sup> “Statement on Examination Principles Related to Valuation Discrimination and Bias in Residential Lending,” FFIEC, Feb. 12, 2024, [https://files.consumerfinance.gov/f/documents/cfpb\\_ffiec-statement-on-exam-principles\\_2024-02.pdf](https://files.consumerfinance.gov/f/documents/cfpb_ffiec-statement-on-exam-principles_2024-02.pdf).

# 6. Workforce and Contracting Diversity

The Office of Minority and Women Inclusion (OMWI) is charged with overseeing all matters at the CFPB relating to diversity in management, employment, and business activities.

## 6.1 An analysis of CFPB efforts to increase workforce and contracting diversity consistent with procedures established by OMWI

During the reporting period, the CFPB continued its work to advance diversity and inclusion under the mandates of Section 342 of the Dodd-Frank Act.

## 6.2 Office of Minority and Women Inclusion

### 6.2.1 Significant Initiatives

Current period:

In December 2023, OMWI rolled out its first online mandatory training for all employees to facilitate the CFPB's annual performance standards that require CFPB employees to have competencies that cultivate a diverse and inclusive workplace. The training is aligned with the mandates of the Dodd-Frank Act, Section 342.

In addition, OMWI developed and delivered several new inclusion-building trainings, including *Leading Inclusive Teams for Supervision's Examiners-in-Charge* and customized trainings on workplace culture, inclusive leadership styles to the Division of Regulations, Markets, and Research.. Moreover, OMWI continued to promote the work of the Disability and Accessibility Program Section (DAPS) by conducting Bureau-wide trainings.

## Upcoming Period:

Going forward, OMWI will continue to socialize the leadership and development opportunities developed by the Treasury Executive Institute TEI to supervisory staff members. OMWI, in conjunction with the Office of Human Capital's Talent Management staff and the Office of Civil Rights, also launched a new two-day course for all supervisors, entitled *Coaching Skills for CFPB Leaders*.

### 6.2.2 An analysis of CFPB efforts to increase workforce diversity consistent with procedures established by OMWI

As of March 2024, an analysis of the CFPB's current workforce reveals the following key points:

- Forty-eight percent of CFPB executives are women and 50 percent of executives identify as minorities.
- Women represent 50 percent of the CFPB's workforce.
- Minority employees (Hispanic, Black, Asian, Native Hawaiian/Pacific Islander, American Indian/Alaska Native, and employees of two or more races) represent 43 percent of the CFPB workforce.
- 15.6 percent of CFPB employees on permanent appointments identified as individuals with a disability. Of the permanent workforce, 2.8 percent of employees identified as individuals with a targeted disability.
- Twenty-two percent of the CFPB workforce participated in at least one employee resource group during the reporting period.
- The CFPB had 50 new hires, which included 24 (48 percent) women and 26 (52 percent) minorities.

The CFPB's Talent Acquisition and Staffing team within the Office of Human Capital (OHC) has continued to prioritize leveraging technology and strategic outreach efforts to engage well-qualified and diverse applicants from all segments of society.

The CFPB continued its focus on recruiting Persons with Disabilities (PWD) and Persons with Targeted Disabilities (PWTD). Collaborating with organizations and networks that target these populations has enabled us to establish vital connections with potential applicants.

The CFPB continued to implement model employer recommendations from the Equal Employment Opportunity Commission (EEOC) to promote the recruitment of individuals with



disabilities. We utilize government-wide disability programs such as the Workforce Recruitment Program and the Office of Personnel Management's Agency Talent Portal to develop a robust talent pipeline for individuals with disabilities. A Selective Placement Program Coordinator in OHC assists with Schedule A(u) hiring efforts, including the monitoring of conversions, and providing resources and information regarding special hiring authorities to potential candidates and hiring managers.

The CFPB's DAPS provides employees and applicants with disabilities access to reasonable accommodations and other accessibility services required to perform the essential functions of their jobs and obtain fair and equitable access to apply and interview for CFPB positions. These efforts support the CFPB's overall efforts to recruit, hire, promote, and retain individuals with disabilities as required by the EEOC's Section 501 regulation.

The CFPB continued to enhance its digital recruitment strategy, effectively utilizing platforms such as LinkedIn, eQuest, and Handshake. These social media platforms have proven highly effective for establishing direct connections and ongoing engagement with a diverse range of candidates, including veterans and individuals with disabilities. The CFPB also further enhanced its virtual recruiting capabilities while also increasing attendance at in-person recruitment activities and events.

The CFPB effectively leveraged flagship professional programs, including the Director's Financial Analyst Program, the Honors Attorney Program, and the Pathways Intern Program, onboarding five new entry-level employees. The interns hired through the Pathways program have taken on roles such as administrative and office support, program assistants, and legal assistants, enhancing our organizational capacity while fostering talent development.

### **6.2.3 Increasing Contracting Diversity**

During this reporting period, OMWI aimed to modernize its supplier diversity program. Moving towards a more efficient, data-driven stakeholder approach involves using analytics to conduct guided small-group sessions with program office representatives, vendors, and/or contractors.

### **6.2.4 Outreach to Contractors**

Throughout the reporting period, OMWI and the Office of Finance and Procurement (OFP) worked to broaden representation within the CFPB's supplier registry by targeting events featuring discrete minority and women-owned business (MWOB) populations within the industries that most closely aligned with the CFPB's mission. Going forward, the new approach will redirect resources away from a cost-prohibitive events model and enable OMWI to cultivate partnerships with targeted populations, such as African American and Hispanic vendors.

The CFPB added hundreds of vendors to its supplier registry from partners such as the National Association of Black Accountants (NABA) and Women in Technology. The CFPB also hosted

events and recruited vendors at conferences sponsored by NABA, National Government Procurement, and within the financial regulatory space with the Federal Reserve Board. OMWI also worked with OFP to update employee mandatory training content.

TABLE 1: DOLLARS AND PERCENT SPENT AND AWARDED TOWARD MINORITY-OWNED AND WOMEN-OWNED BUSINESSES

	<b>Spend</b>	<b>Percent</b>
Women Owned	\$20,635,965	21.9%
Minority Owned	\$32,312,744	34.3%
Minority or Women Owned	\$52,948,709	56.2%

### 6.2.5 Diversity within the CFPB Contractors’ Workforces

OMWI enhanced the Good Faith Effort (GFE) user experiences, improved reporting metrics, and applied survey science to help modernize its GFE data collection system. OMWI improved data integrity and integration, by updating the survey field list, optimizing form flow to better guide respondents throughout GFE standards, and automated submission scoring to provide real-time compliance outcomes to contractors.

In addition to updating the GFE form, OMWI developed technical assistance content to help GFE Contractors refine their workforce and supplier diversity practices. OMWI provided access to both online and instructor-led technical assistance on DEIA best practices and adherence to the CFPB’s GFE standards. Piloting the new form this Fall will help OMWI to identify potential improvements ahead of its 2025 Office of Management and Budget (OMB) data collection renewal opportunity.

### 6.2.6 Assessing Diversity of Regulated Entities

As required by Section 342(b)(2)(c) of the Dodd-Frank Act and Goal 5 of the CFPB’s DEIA Strategic Plan, the CFPB continued to collect voluntarily submitted diversity and inclusion assessments from regulated entities.

# 7. Budget

## 7.1 Justification of the budget request for the previous year

The CFPB’s Annual Performance Plan and Report and Budget Overview includes estimates of the resources needed for the CFPB to carry out its mission.<sup>92</sup> The document also describes the CFPB’s performance goals and accomplishments, supporting the CFPB’s long-term strategic plan.

### 7.1.1 Fiscal Year (FY) 2024 spending through the end of the second quarter of the FY

As of March 31, 2024, the end of the second quarter of FY 2024, the CFPB had spent approximately \$468.3 million in FY 2024<sup>93</sup> funds to carry out the authorities of the CFPB under Federal consumer financial law. There were 1,697 CFPB employees on board at the end of the second quarter.<sup>94</sup>

#### **FY 2024 spending by expense category:**

<b>Expense Category</b>	<b>Fiscal Year 2024</b>
Personnel Compensation	\$156,832,000
Personnel Benefits	\$92,911,000
Benefits for Former Personnel	\$1,000
Travel	\$4,520,000
Transportation of Things	\$111,000
Rents, Communications, Utilities & Misc.	\$9,121,000
Printing and Reproduction	\$881,000
Other Contractual Services	\$176,429,000
Supplies & Materials	\$5,792,000

<sup>92</sup> “Budget and Performance,” Consumer Financial Protection Bureau, <https://www.consumerfinance.gov/about-us/budget-strategy/budget-and-performance/>.

<sup>93</sup> This amount includes commitments, new obligations, and upward adjustments to previous year obligations.

<sup>94</sup> This figure reflects the employees on board during the final complete pay-period of the quarter (PPO5, ending March 23, 2024).

Equipment	\$20,623,000
Land & Structures	\$1,118,000
<b>Total</b>	<b>\$468,339,000</b>

## 7.1.2 FY 2024 fund transfers received from the Federal Reserve System

The CFPB is funded principally by transfers from the Federal Reserve System, up to the limits set forth in the Dodd-Frank Wall Street Reform and Consumer Protection Act.<sup>95</sup> As of March 31, 2024, the CFPB had received the following transfers for FY 2024. The amounts and dates of the transfers are shown below.

<b>Date</b>	<b>Funds Transferred</b>
October 25, 2023	\$315.0M
January 3, 2024	\$285.0M
<b>Total</b>	<b>\$600.0M</b>

Additional information about the CFPB's finances, including information about the CFPB's Civil Penalty Fund and CFPB-Administered Redress programs, is available in the annual financial reports and the Chief Financial Officer (CFO) quarterly updates published online at <https://www.consumerfinance.gov/about-us/budget-strategy/financial-reports/>.

Copies of the CFPB's quarterly funds transfer requests are available online at <https://www.consumerfinance.gov/about-us/budget-strategy/funds-transfer-requests/>.

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<sup>95</sup> CFPB's operations are funded principally by transfers made by the Board of Governors of the Federal Reserve System (Board) from the combined earnings of the Federal Reserve System, up to the limits set forth in the Dodd-Frank Act. The CFPB Director requests transfers from the Board in amounts that they have determined are reasonably necessary to carry out the CFPB's mission within the limits set forth in the Dodd-Frank Act. Transfers from the Board are capped at \$785.4 million in FY 2024. Funds transferred from the Board are deposited into the Consumer Financial Protection Bureau Fund (Bureau Fund), which is maintained at the Federal Reserve Bank of New York.

# 8. Appendix

## 2023 Annual Report to Congress on the Secure and Fair Enforcement for Mortgage Licensing Act of 2008 (SAFE Act)

The Secure and Fair Enforcement for Mortgage Licensing Act of 2008 (SAFE Act) mandates a nationwide licensing system and registry for residential mortgage loan originators. It requires that State licensing and registration and federal registration of residential mortgage loan originators be accomplished through the same online system, known as the Nationwide Mortgage Licensing System and Registry (NMLS&R). The NMLS&R is operated by the State Regulatory Registry LLC (SRR), a wholly owned subsidiary of the Conference of State Bank Supervisors (CSBS). The statutory purposes of the SAFE Act generally include increasing uniformity, reducing regulatory burden, enhancing consumer protection, and reducing fraud.

In July 2011, the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act) transferred to the CFPB rulemaking authority, and other authorities, of the Board of Governors of the Federal Reserve System, the Comptroller of the Currency, the National Credit Union Administration, the Federal Deposit Insurance Corporation, and the Secretary of the Department of Housing and Urban Development for the SAFE Act. With this transfer, the CFPB assumed the (1) responsibility for developing and maintaining the federal registration system; (2) supervisory and enforcement authority for SAFE Act compliance for applicable entities under the CFPB's jurisdiction; (3) back-up and related authority relating to SAFE Act standards for mortgage loan originator licensing systems at the State level; and (4) certain rulemaking authority. It also transferred to the CFPB the requirement to submit an annual report to Congress on the effectiveness of the SAFE Act's provisions. This section of the CFPB's Spring Semi-Annual Report constitutes the annual SAFE Act report for 2023.

While administering the SAFE Act during 2023, the CFPB worked closely with SRR/CSBS to facilitate sharing mortgage loan originator information between State and federal regulators through the NMLS&R. Officials from the CFPB and SRR/CSBS met regularly to discuss issues related to the operation of the NMLS&R, resolve issues, and discuss requirements and policies related to the administration and functions of the NMLS&R. The CFPB reviewed, and approved as applicable, NMLS&R record adjustment requests to correct inaccurate information on federal registrant accounts. It also responded to Freedom of Information Act (FOIA) requests that

pertained to federally registered mortgage loan originators. As of December 31, 2023, there were approximately 369,163 active federally registered mortgage loan originators in the NMLS&R.

In February 2023, CFPB staff attended the 2023 annual NMLS User Conference and Training that provided information and training on the NMLS&R's State licensing and federal registry system related processes. The event was open to regulatory and industry system users, education providers, consultants, and others interested in attending, so it also provided an opportunity for CFPB staff to meet the other participants, build relationships, and share contact information.

The CFPB continues to answer SAFE Act-related questions through its regulations guidance function and provides different forms of guidance and compliance resources on its website. In 2023, the CFPB received approximately 16 inquiries concerning the SAFE Act through its "Regulations inquiries" feature accessible on the CFPB's website. Most of the inquiries sought information about mortgage loan originator licensing and registration requirements. The CFPB also maintains a SAFE Act Inquiries e-mail box to manage operational questions about the SAFE Act. The CFPB received approximately 120 emails in 2023, many of which pertained to the registration of mortgage loan originators and the use of the NMLS&R. The CFPB also continues to work with SRR/CSBS officials with inquiries associated to the use of the system.

While the CFPB has not conducted a formal assessment of the SAFE Act, our interactions with SRR/CSBS and the public indicate that the system is meeting expectations and provides a comprehensive licensing and supervisory database as contemplated by the SAFE Act. During 2023, all of the required States (including U.S. territories and the District of Columbia) continued to use the NMLS&R for licensing their mortgage loan originators, as is mandated by the SAFE Act, as implemented in Regulation H. The NMLS&R continues to collect and maintain the information required by the SAFE Act, as implemented in Regulations G and H. Additionally, an online consumer portal is available at no charge to consumers to provide employment and publicly adjudicated disciplinary and enforcement history for mortgage loan originators consistent with the statutory objectives of the SAFE Act.

The CFPB is litigating an enforcement action that alleges that Connecticut mortgage company, 1st Alliance Lending, LLC, violated Regulation Z by using unlicensed employees to engage in mortgage-origination activities that required them to be licensed under the SAFE Act, its implementing regulations, and State SAFE Act implementing law. Both the CFPB and 1st Alliance have filed competing summary judgment motions. On December 17, 2024, the Court will hold oral argument on the summary judgment motions.

All bank and non-bank mortgage origination exams conducted by the CFPB in 2023 included a review for compliance with the SAFE Act. Examiners tested for accurate licensing and registration as well as related policies and procedures.

During 2023, SRR/CSBS continued to engage the CFPB on issues regarding the NMLS&R and the modernization of the NMLS&R. The desired outcome of the NMLS&R modernization effort is to improve its operations, enhance the user experience, and strengthen supervision. The CFPB continues to provide its feedback and position on current and proposed functions relating to the federal registration process for mortgage loan originators in the NMLS&R to SRR/CSBS.