

CONSUMER FINANCIAL PROTECTION BUREAU | SPRING 2022

# Semi-Annual Report of the Consumer Financial Protection Bureau



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# 1. Rules and Orders

During the reporting period, the Consumer Financial Protection Bureau (CFPB or Bureau) issued the following significant rules and orders and other rule-related actions.<sup>1</sup> A complete listing of the CFPB’s proposed and final rules can be found on the CFPB’s website.<sup>2</sup>

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

*Final rules:*

- *Facilitating the Libor Transition.* In December 2021, the CFPB amended Regulation Z, which implements the Truth in Lending Act (TILA), generally to address the anticipated sunset of London Interbank Offered Rate (LIBOR), which is expected to be discontinued for most U.S. Dollar (USD) tenors in June 2023.<sup>3</sup> The Bureau amended the open-end and closed-end provisions to provide examples of replacement indices for LIBOR indices that meet certain Regulation Z standards. The Bureau also amended Regulation Z to permit creditors for home equity lines of credit (HELOCs) and card issuers for credit card accounts to transition existing accounts that use a LIBOR index to a replacement index on or after April 1, 2022, if certain conditions are met. The rule also addresses change-in-terms notice provisions for HELOCs and credit card accounts and how they apply to accounts transitioning away from using a LIBOR index. Lastly, the Bureau amended Regulation Z to address how the rate reevaluation provisions applicable to credit card accounts apply to the transition from using a LIBOR index to a replacement index.
- *Fair Credit Reporting; Name-Only Matching Procedures.* In November, 2021, the CFPB issued an Advisory Opinion to highlight that a consumer reporting agency that uses inadequate matching procedures to match information to consumers, including name-only

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<sup>1</sup> Separate from the Bureau’s obligation to include in this report “a list of the significant rules and orders adopted by the Bureau . . . during the preceding year,” 12 U.S.C. 5496(c)(3), the Bureau is required to “conduct an assessment of each significant rule or order adopted by the Bureau” under Federal consumer financial law and issue a report of such assessment “not later than 5 years after the effective date of the subject rule or order,” 12 U.S.C. 5512(d). The Bureau will issue separate notices as appropriate identifying rules and orders that qualify as significant for assessment purposes.

<sup>2</sup> A full listing of the CFPB’s proposals and rules can be found here: <https://www.consumerfinance.gov/rules-policy/>.

<sup>3</sup> “Facilitating the LIBOR Transition (Regulation Z).” Consumer Financial Protection Bureau. Dec. 28, 2021. <https://www.consumerfinance.gov/rules-policy/final-rules/facilitating-libor-transition-regulation-z/>.

matching (i.e., matching information to the particular consumer who is the subject of a consumer report based solely on whether the consumer's first and last names are identical or similar to the names associated with the information), in preparing consumer reports is not using reasonable procedures to assure maximum possible accuracy under section 607(b) of the Fair Credit Reporting Act (FCRA).<sup>4</sup>

- *Protections for Borrowers Affected by the COVID-19 Emergency Under the Real Estate Settlement Procedures Act (RESPA), Regulation X.* In June 2021, the CFPB issued a final rule to amend Regulation X to assist mortgage borrowers affected by the COVID-19 emergency.<sup>5</sup> The final rule established temporary procedural safeguards to help ensure that borrowers have a meaningful opportunity to be reviewed for loss mitigation before the servicer can make the first notice or filing required for foreclosure on certain mortgages. In addition, the final rule temporarily permitted mortgage servicers to offer certain loan modifications made available to borrowers experiencing a COVID-19-related hardship based on the evaluation of an incomplete application. The Bureau also finalized certain temporary amendments to the early intervention and reasonable diligence obligations that Regulation X imposes on mortgage servicers.
- *Debt Collection Practices in Connection with the Global COVID-19 Pandemic (Regulation F).* The CFPB issued an interim final rule to amend Regulation F, which implements the Fair Debt Collection Practices Act (FDCPA) and contains the procedures for state application for exemption from the provisions of the FDCPA.<sup>6</sup> The interim final rule addressed certain debt collector conduct associated with an eviction moratorium issued by the Centers for Disease Control and Prevention (CDC) in response to the global COVID-19 pandemic. The interim final rule required that debt collectors provide written notice to certain consumers of their protections under the CDC eviction moratorium and prohibit misrepresentations about consumers' ineligibility for protection under such moratorium.

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<sup>4</sup> “Fair Credit Reporting; Name-Only Matching Procedures.” Consumer Financial Protection Bureau. Nov. 10, 2021. <https://www.consumerfinance.gov/rules-policy/final-rules/fair-credit-reporting-name-only-matching-procedures/>.

<sup>5</sup> “Protections for Borrowers Affected by the COVID-19 Emergency Under the Real Estate Settlement Procedures Act (RESPA), Regulation X.” Consumer Financial Protection Bureau. June 30, 2021. <https://www.consumerfinance.gov/rules-policy/final-rules/protections-for-borrowers-affected-by-covid-19-under-respa/>.

<sup>6</sup> “Debt Collection Practices in Connection with the Global COVID-19 Pandemic (Regulation F).” Consumer Financial Protection Bureau. April 22, 2021. <https://www.consumerfinance.gov/rules-policy/final-rules/debt-collection-practices-global-covid-19-pandemic-regulation-f/>.

*Proposed rules and pre-rule activities:*

- *Small Business Lending Rule under the Equal Credit Opportunity Act (Regulation B).* In October 2021, the CFPB published a proposed rule amending Regulation B that would, if finalized, implement changes to the Equal Credit Opportunity Act (ECOA) made by section 1071 of the Dodd-Frank Act.<sup>7</sup> Consistent with section 1071, the Bureau proposed to require covered financial institutions to collect and report to the Bureau data on applications for credit for small businesses, including those that are owned by women or minorities. The Bureau's proposal also addressed its approach to privacy interests and the publication of section 1071 data; shielding certain demographic data from underwriters and other persons; recordkeeping requirements; enforcement provisions; and the proposed rule's effective and compliance dates
  
- *Protections for Borrowers Affected by the COVID-19 Emergency Under the Real Estate Settlement Procedures Act (RESPA), Regulation X.* In April 2021, the CFPB published proposed rule that would amend Regulation X to assist borrowers affected by the COVID-19 emergency.<sup>8</sup> The CFPB took this action to help ensure that borrowers affected by the COVID-19 pandemic have an opportunity to be evaluated for loss mitigation before the initiation of foreclosure. As proposed, the amendments would establish a temporary COVID-19 emergency pre-foreclosure review period until December 31, 2021, for principal residences. In addition, the proposed amendments would temporarily permit mortgage servicers to offer certain loan modifications made available to borrowers experiencing a COVID-19-related hardship based on the evaluation of an incomplete application. The CFPB also proposed certain amendments to the early intervention and reasonable diligence obligations that Regulation X imposes on mortgage servicers.
  
- *Outline on Small Business Advisory Panel for Automated Valuation Model Rulemaking.* In February 2022, the CFPB outlined potential rulemaking options to ensure that

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<sup>7</sup> “Proposed Rule: Small Business Lending Data Collection under the Equal Credit Opportunity Act (Regulation B).” Consumer Financial Protection Bureau. September 1, 2021. <https://www.consumerfinance.gov/about-us/newsroom/cfpb-proposes-rule-to-shine-new-light-on-small-businesses-access-to-credit/>.

<sup>8</sup> “Protections for Borrowers Affected by the COVID-19 Emergency Under the Real Estate Settlement Procedures Act (RESPA), Regulation X.” Consumer Financial Protection Bureau. April 09, 2021. <https://www.consumerfinance.gov/rules-policy/rules-under-development/protections-for-borrowers-affected-by-the-covid-19-emergency-under-the-real-estate-settlement-procedures-act-regulation-x/>.

computer models used to help determine home valuations are accurate and fair.<sup>9</sup> The outline of proposals and alternatives under consideration was released in advance of convening a panel under the Small Business Regulatory Enforcement Fairness Act (SBREFA), in conjunction with the Office of Management and Budget and the Small Business Administration’s Chief Counsel for Advocacy.

When underwriting a mortgage, lenders typically require an appraisal, which is an estimate of the value of the home. While traditional appraisals are conducted in-person, many lenders also employ algorithmic computer models. These models use massive amounts of data drawn from many sources to value homes. The technical term for these models is automated valuation models. Both in-person and algorithmic appraisals appear to be susceptible to bias and inaccuracy, absent appropriate safeguards.

Given the crucial role of home valuation, the Dodd-Frank Wall Street Reform and Consumer Protection Act tasked the CFPB and other regulators with implementing rules on automated valuation models.<sup>10</sup> Work on the proposed rule is ongoing.

## 1.2 List of significant initiatives conducted by the CFPB

### 1.2.1 Reports

- *Report on The Consumer Credit Card Market.* In September 2021, the CFPB released its fifth biennial report to Congress on the consumer credit card market, finding that the market’s growth over the prior few years reversed course in 2020.<sup>11</sup> In reviewing the market for potential consumer harm, the report presented the latest research on consumer card use, cost, and availability. From a 2019 peak of \$926 billion, credit card debt fell to \$811 billion by the second quarter of 2020, the largest six-month decline on record, before reaching \$825 billion by the end of 2020. The release of the report reflects the

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<sup>9</sup> “Outline of Proposal and Alternatives Under Consideration: Small Business Advisory Review Panel for Automated Valuation Model (AVM) Rulemaking.” Consumer Financial Protection Bureau. February 23, 2022. <https://www.consumerfinance.gov/about-us/newsroom/cfpb-outlines-options-to-prevent-algorithmic-bias-in-home-valuations/>.

<sup>10</sup> Dodd-Frank Act section 1473(q), 124 Stat. 2198 (codified at 12 U.S.C. 3354).

<sup>11</sup> “The Consumer Credit Card Market.” Consumer Financial Protection Bureau. September 29, 2021. [https://files.consumerfinance.gov/f/documents/cfpb\\_consumer-credit-card-market-report\\_2021.pdf](https://files.consumerfinance.gov/f/documents/cfpb_consumer-credit-card-market-report_2021.pdf).

CFPB’s ongoing work to ensure the adequacy of consumer protection and a transparent and competitive marketplace for all consumers, particularly the most vulnerable. The report notes several specific areas of concern—including issuer failure to report payment amounts to credit bureaus and issuer practices with respect to credit line decreases—that will be the subject of further work as the CFPB works to promote an equitable recovery. The CFPB also intends to increase its use of demographic data in its future research.

- *Report on Disputes on Consumer Credit Reports.* In November 2021, the CFPB released research finding that consumers in majority Black and Hispanic neighborhoods, as well as younger consumers and those with low credit scores, are far more likely to have disputes appear on their credit reports.<sup>12</sup> The new research is a part of a series of reports focusing on trends in the consumer financial marketplace, and uses data from auto loans, student loans, and credit card accounts opened between 2012 and 2019. The report shows that majority Black and Hispanic neighborhoods continue to face significant challenges with credit records. In nearly every credit category reviewed (auto loans, student loans, credit cards, and retail cards), consumers residing in majority Black areas were more than twice as likely to have disputes appear on their credit reports compared to consumers residing in majority white areas. For auto loans, consumers in majority Black areas were more than three times as likely to have disputes appear on their credit reports (0.8 percent of accounts with disputes in majority white census tracts compared to 2.8 percent of accounts in majority Black census tracts). When credit reporting has errors, this can limit fair and equitable access to individuals and families nationwide. The CFPB is committed to further researching the root causes of credit information disputes, as well as investigating the reasons for the demographic disparities found in the report.
- *Report on Medical Debt Burden in the United States.* In March 2022, the CFPB released a report highlighting the complicated and burdensome nature of the medical billing system in the United States.<sup>13</sup> The report reveals that the U.S. healthcare system is supported by a billing, payments, collections, and credit reporting infrastructure where mistakes are common, and where patients often have difficulty getting these errors corrected or resolved. The report details how medical bills are often incurred through unexpected and emergency events, are subject to opaque pricing, and involve complicated insurance or charity care coverage and pricing rules. In emergency situations, patients might not even sign a billing agreement until after receiving treatment.

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<sup>12</sup> “Disputes on Consumer Credit Reports.” Consumer Financial Protection Bureau. November 2, 2021. [https://files.consumerfinance.gov/f/documents/cfpb\\_disputes-on-consumer-credit-reports\\_report\\_2021-11.pdf](https://files.consumerfinance.gov/f/documents/cfpb_disputes-on-consumer-credit-reports_report_2021-11.pdf).

<sup>13</sup> “Medical Debt Burden in the United States.” Consumer Financial Protection Bureau. March 1, 2022. [https://files.consumerfinance.gov/f/documents/cfpb\\_medical-debt-burden-in-the-united-states\\_report\\_2022-03.pdf](https://files.consumerfinance.gov/f/documents/cfpb_medical-debt-burden-in-the-united-states_report_2022-03.pdf).



In other instances, patients, including those with chronic illnesses or who are injured or ill, may desperately feel that the need for medical care forces them into accepting any costs for treatment. The report outlines how these repercussions are especially acute for people from Black and Hispanic communities, as well as people with low incomes, veterans, older adults, and young adults of all races and ethnicities.

- *Report on Justice Involved Individuals.* In January 2022, the CFPB released a comprehensive review of the financial issues facing people and families who come in contact with the criminal justice system.<sup>14</sup> The report describes an ecosystem with burdensome fees and lack of choice where families are increasingly being forced to shoulder costs. It walks through the financial challenges families encounter at every stage of the criminal justice process, and the ways in which providers— often for-profit private companies— are leveraging a lack of consumer choice and their own market dominance to impose hefty fees at families’ expense.
- *Action Plan to Advance Property Appraisal and Valuation Equity.* In March 2022, the Interagency Task Force on Property Appraisal and Valuation Equity (PAVE) issued a report outlining the historical role of racism in the valuation of property, examining the various forms of bias that can appear in residential property valuation practices, and describing how government and industry stakeholders will advance equity through concrete actions and recommendations.<sup>15</sup>
- *Report on Mortgage Servicing COVID-19 Pandemic Response Metrics.* In August 2021, the CFPB released a report on 16 large mortgage servicers’ COVID-19 pandemic response.<sup>16</sup> The report’s data metrics include call handling and loan delinquency rates and highlights the industry’s widely varied response to the pandemic. The CFPB expects servicers to compare the report’s findings to their own internal metrics to identify opportunities for, and demonstrate concrete efforts toward, improvement. The CFPB will continue its oversight work through examinations and enforcement, and it will hold servicers accountable for complying with existing regulatory requirements.

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<sup>14</sup> Justice-Involved Individuals and the Consumer Financial Marketplace.” Consumer Financial Protection Bureau. January 31, 2022. [https://files.consumerfinance.gov/f/documents/cfpb\\_jic\\_report\\_2022-01.pdf](https://files.consumerfinance.gov/f/documents/cfpb_jic_report_2022-01.pdf).

<sup>15</sup> “Action Plan to Advance Property Appraisal and Valuation Equity.” Interagency Task Force on Property Appraisal and Valuation Equity (PAVE). March 2022. <https://pave.hud.gov/actionplan>.

<sup>16</sup> “Mortgage Servicing COVID-19 Pandemic Response Metrics: Observations from Data Reported by Sixteen Servicers.” Consumer Financial Protection Bureau. August 10, 2021. [https://files.consumerfinance.gov/f/documents/cfpb\\_mortgage-servicing-covid-19-pandemic-response-metrics\\_report\\_2021-08.pdf](https://files.consumerfinance.gov/f/documents/cfpb_mortgage-servicing-covid-19-pandemic-response-metrics_report_2021-08.pdf).

## 1.2.2 Compliance bulletins

- *Compliance Bulletin on Supervision and Enforcement Priorities Regarding Housing Insecurity.* In April 2021, the CFPB warned mortgage servicers to take all necessary steps to prevent a wave of avoidable foreclosures.<sup>17</sup> The CFPB issued this bulletin in light of heightened risks to consumers needing loss mitigation assistance as the COVID-19 foreclosure moratoriums and forbearances end. The CFPB will closely monitor how servicers engage with borrowers, respond to borrower requests, and process applications for loss mitigation. The CFPB will consider a servicer’s overall effectiveness in helping consumers when using its discretion to address compliance issues that arise.
- *Compliance Bulletin on Servicer Responsibilities in Public Service Loan Forgiveness Communications.* In February 2022, the CFPB released a bulletin detailing student loan servicers’ obligation to halt unlawful conduct regarding borrowers’ eligibility and benefits under the Public Service Loan Forgiveness (PSLF) Waiver.<sup>18</sup> The bulletin recommends actions servicers should consider taking to ensure they do not misrepresent borrower eligibility or make deceptive statements to borrowers about the PSLF program and the Waiver.
- *Compliance Bulletin Regarding Illegal Auto Repossessions.* In February 2022, the CFPB issued a compliance bulletin addressing illegal repossessions and sloppy servicing of auto loans.<sup>19</sup> The bulletin describes instances, in examinations and enforcement actions, where servicers may have violated the Dodd-Frank Act’s prohibition on engaging in unfair or deceptive acts or practices.

## 1.2.3 Orders to file information

In October and December 2021, the CFPB issued orders pursuant to Section 1022(c)(4) of the Consumer Financial Protection Act. The CFPB has the statutory authority to order covered

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<sup>17</sup> “Bulletin 2021-02: Supervision and Enforcement Priorities Regarding Housing Insecurity.” Consumer Financial Protection Bureau. April 1, 2021. [https://files.consumerfinance.gov/f/documents/cfpb\\_bulletin-2021-02\\_supervision-and-enforcement-priorities-regarding-housing\\_WHcae8E.pdf](https://files.consumerfinance.gov/f/documents/cfpb_bulletin-2021-02_supervision-and-enforcement-priorities-regarding-housing_WHcae8E.pdf).

<sup>18</sup> “Bulletin 2022-03: Servicer Responsibilities in Public Service Loan Forgiveness Communications.” Consumer Financial Protection Bureau. February 18, 2022. [https://files.consumerfinance.gov/f/documents/cfpb\\_bulletin\\_2022-03\\_servicer-responsibilities-in-public-service-loan-forgiveness.pdf](https://files.consumerfinance.gov/f/documents/cfpb_bulletin_2022-03_servicer-responsibilities-in-public-service-loan-forgiveness.pdf).

<sup>19</sup> “Bulletin 2022-04: Mitigating Harm from Repossession of Automobiles.” Consumer Financial Protection Bureau. February 28, 2022. [https://files.consumerfinance.gov/f/documents/cfpb\\_bulletin-2022-04\\_mitigating-harm-from-repossession-of-automobiles.pdf](https://files.consumerfinance.gov/f/documents/cfpb_bulletin-2022-04_mitigating-harm-from-repossession-of-automobiles.pdf).

persons and service providers to turn over information to help the CFPB monitor for risks to consumers and to publish aggregated findings that are in the public interest.

- *Inquiry into Big Tech Payment Platforms.* In October 2021, the CFPB issued orders to collect information on the business practices of large technology companies operating payments systems in the United States.<sup>20</sup> The information will help the CFPB better understand how these firms use personal payments data and manage data access to users so the CFPB can ensure adequate consumer protection. The orders were sent to Amazon, Apple, Facebook, Google, PayPal, and Square. The CFPB is also studying the payment system practices of Chinese tech giants, including Alipay and WeChat Pay. The orders compel information on:
  - **Data harvesting and monetization.** Payment companies may be actively storing and sharing payment data across product lines and with data brokers and other third parties. In some cases, payments companies may be using this data for behavioral targeting. These practices may not align with consumers’ expectations. The orders seek information on how companies collect and use data.
  - **Access restrictions and user choice.** When payment systems gain scale and network effects, merchants and other partners feel obligated to participate, and the risk increases that payment systems operators will limit consumer choice and stifle innovation by anticompetitively excluding certain businesses. The orders seek to understand any such restrictive access policies and how they affect the choices available to families and businesses.

**Other consumer protections.** Consumers expect certain assurances when dealing with companies that move their money. They expect to be protected from fraud and payments made in error, for their data and privacy to be protected and not shared without their consent, to have responsive customer service, and to be treated equally under relevant law. The orders seek to understand the robustness with which payment platforms prioritize consumer protection under laws such as the Electronic Fund Transfer Act and the Gramm-Leach-Bliley Act.
- *Inquiry into Buy Now Pay Later.* In December 2021, the CFPB issued orders to five companies offering “buy now, pay later” (BNPL) credit.<sup>21</sup> The CFPB issued these orders to Affirm, Afterpay, Klarna, PayPal, and Zip to collect information on the risks and benefits of these fast-growing loans. The CFPB is concerned about accumulating debt,

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<sup>20</sup> “Order to File Information on Payments Products.” Consumer Financial Protection Bureau. October 21, 2021. [https://files.consumerfinance.gov/f/documents/cfpb\\_section-1022\\_generic-order\\_2021-10.pdf](https://files.consumerfinance.gov/f/documents/cfpb_section-1022_generic-order_2021-10.pdf).

<sup>21</sup> “Order to File Information on Buy Now, Pay Later Products.” Consumer Financial Protection Bureau. December 16, 2021. [https://files.consumerfinance.gov/f/documents/cfpb\\_bnpl\\_sample-order\\_2021-12.pdf](https://files.consumerfinance.gov/f/documents/cfpb_bnpl_sample-order_2021-12.pdf).

regulatory arbitrage, and data harvesting in a consumer credit market already quickly changing with technology. BNPL credit is a type of deferred payment option that generally allows the consumer to split a purchase into smaller installments, typically four or less, often with a down payment of 25 percent due at checkout.

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

### 1.3.1 Rules and orders

Upcoming Period:

The CFPB published its Spring 2022 Rulemaking Agenda<sup>22</sup> as part of the Spring 2022 Unified Agenda of Federal Regulatory and Deregulatory Actions, which is coordinated by the Office of Management and Budget. Among other things, the Unified Agenda lists the regulatory matters that the CFPB reasonably anticipates having under consideration during the period from June 1, 2022, to May 31, 2022.

Pre-rulemaking initiatives, as reflected in the CFPB’s Spring 2022 Unified Agenda:

- Section 1033 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) provides that, subject to rules prescribed by the CFPB, a covered entity (for example, a bank) must make available to consumers, upon request, transaction data and other information concerning a consumer financial product or service that the consumer obtains from the covered entity. Section 1033 also states that the CFPB must prescribe by rule standards to promote the development and use of standardized formats for information made available to consumers. In November 2020, the CFPB published an Advance Notice of Proposed Rulemaking (ANPRM) concerning implementation of section 1033, accepting comments until February 2021. The CFPB will release materials in advance of convening a SBREFA panel, which is planned for December 2022.

Proposed rules for the upcoming period, as reflected in the Spring 2022 Unified Agenda:

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<sup>22</sup> “Regulatory Agenda.” Consumer Financial Protection Bureau. Spring 2022. <https://www.consumerfinance.gov/rules-policy/regulatory-agenda/>.

- As mentioned above, the CFPB is participating in interagency rulemaking processes with the Board of Governors of the Federal Reserve System, the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, the National Credit Union Administration, and the Federal Housing Finance Agency (collectively, the Agencies) to develop regulations to implement the amendments made by the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) to the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) concerning automated valuation models appraisals. The FIRREA amendments require implementing regulations for quality control standards for automated valuation models (AVMs). These standards are designed to ensure a high level of confidence in the estimates produced by the valuation models, protect against the manipulation of data, seek to avoid conflicts of interest, require random sample testing and reviews, and account for any other such factor that the Agencies determine to be appropriate. In February 2022, the CFPB released an outline of proposals and alternatives under consideration for the SBREFA panel, made up of representatives of small businesses that might be affected by the rulemaking. The Agencies will continue to work to develop a proposed rule to implement the Dodd-Frank Act’s AVM amendments to FIRREA.
  
- Section 307 of the Economic Growth, Regulatory Relief, and Consumer Protection Act (EGRRCPA) amended the Truth in Lending Act (TILA) to require the CFPB to prescribe regulations relating to "Property Assessed Clean Energy" (PACE) financing. As defined in EGRRCPA section 307, PACE financing results in a tax assessment on a consumer’s real property and covers the costs of home improvements. The required regulations must carry out the purposes of TILA’s ability-to-repay (ATR) requirements, currently in place for residential mortgage loans, with respect to PACE financing, and apply TILA’s general civil liability provision for violations of the ATR requirements the CFPB will prescribe for PACE financing. The EGRRCPA directs that such requirements account for the unique nature of PACE financing and specifically authorizes the collection of data and information necessary to support a PACE rulemaking. In March 2019, the CFPB issued an Advance Notice of Proposed Rulemaking (ANPRM) on PACE financing to facilitate the CFPB’s rulemaking process. The CFPB is working to develop a proposed rule to implement EGRRCPA section 307.

Final rules for the upcoming period:

- As mentioned above, Section 1071 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) amended the Equal Credit Opportunity Act (ECOA) to require, subject to rules prescribed by the CFPB, financial institutions to report information concerning credit applications made by women-owned, minority-owned, and

small businesses. On October 8, 2021, a Notice of Proposed Rulemaking (NPRM) was published in the *Federal Register*. The CFPB’s next action for the section 1071 rulemaking is the issuance of a final rule, which is expected in March 2023.

- The National Defense Authorization Act (NDAA), enacted on December 27, 2021, amended the Fair Credit Reporting Act (FCRA) to prohibit consumer reporting agencies from furnishing a consumer report containing any adverse item of information about a consumer that resulted from a severe form of trafficking in persons or sex trafficking if the consumer has provided trafficking documentation to the consumer reporting agency. The NDAA includes a requirement for the CFPB to conduct rulemaking to implement the provisions it added to the FCRA.

### 1.3.2 Other initiatives

Upcoming Period:

- *Office of Servicemember Affairs 2021 Annual Report*. In June 2022, the CFPB released a review of the top financial concerns facing servicemembers, veterans, and military families, based on the complaints they submitted to the CFPB.<sup>23</sup> Servicemembers told the CFPB about billing inaccuracies and that debt collectors used aggressive tactics to recover allegedly unpaid medical bills. Servicemembers also reported failures by credit reporting companies in helping to resolve inaccuracies and other credit reporting issues. Servicemembers, veterans, and military families have now submitted more than 250,000 consumer complaints since the CFPB began collecting complaints in 2011. In 2021, they submitted more than 42,000 complaints to the CFPB. The most common types of complaints— more than 60 percent— were about credit reporting and debt collection.
- *HMDA Data Release, Summary, and Beginners Guide*. In March 2022, the CFPB released the 2021 Home Mortgage Disclosure Act (HMDA) Modified Loan Application Registers, modified to protect privacy, for individual HMDA filers and a guide to assist stakeholders on how to use HMDA data.<sup>24</sup>

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<sup>23</sup> “Office of Servicemember Affairs 2021 Annual Report.” Consumer Financial Protection Bureau. June 13, 2022. [https://files.consumerfinance.gov/f/documents/cfpb\\_osa-annual-report-2021.pdf](https://files.consumerfinance.gov/f/documents/cfpb_osa-annual-report-2021.pdf).

<sup>24</sup> “Modified Loan/Application Register (LAR).” Federal Financial Institutions Examination Council. March 24, 2022. <https://ffiec.cfpb.gov/data-publication/modified-lar>.

- *Fair Lending Annual Report to Congress.* In May 2022, the CFPB released an annual report to Congress on the CFPB’s 2021 fair lending activities.<sup>25</sup>
- *Report on Mortgage Servicing COVID-19 Pandemic Response Metrics.* In May 2022, the CFPB released a report examining mortgage servicers’ responses to the COVID-19 pandemic.<sup>26</sup> The data, collected across 16 large servicers from May through December 2021, reveal that homeowners continue to face significant risks and challenges connected to working with their mortgage servicers. The CFPB’s continued monitoring and supervision of the mortgage market shows borrowers are still struggling with the after-effects of the pandemic, and the CFPB is encouraging mortgage servicers to enhance outreach to borrowers exiting forbearance and closely monitor data on borrower demographics and outcomes.

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<sup>25</sup> “Fair Lending Report of the Consumer Financial Protection Bureau.” Consumer Financial Protection Bureau. May 6, 2022. [https://files.consumerfinance.gov/f/documents/cfpb\\_2021-fair-lending-report\\_2022-05.pdf](https://files.consumerfinance.gov/f/documents/cfpb_2021-fair-lending-report_2022-05.pdf).

<sup>26</sup> “Mortgage Servicing COVID-19 Pandemic Response Metrics: New Observations from Data Reported by Sixteen Servicers for May-December 2021.” Consumer Financial Protection Bureau. May 16, 2022. [https://files.consumerfinance.gov/f/documents/cfpb\\_mortgage-servicing-covid-19-pandemic-response-metrics\\_report\\_2022-05.pdf](https://files.consumerfinance.gov/f/documents/cfpb_mortgage-servicing-covid-19-pandemic-response-metrics_report_2022-05.pdf).

## 2. Complaints

The CFPB has a statutory obligation to collect and monitor consumer complaints.<sup>27</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, 2021, through March 31, 2022, the CFPB received approximately 1,104,400 consumer complaints.<sup>28</sup> Consumers submitted approximately 95 percent of these complaints through the CFPB's website and three percent via telephone calls. Referrals from other state and federal agencies accounted for two 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.

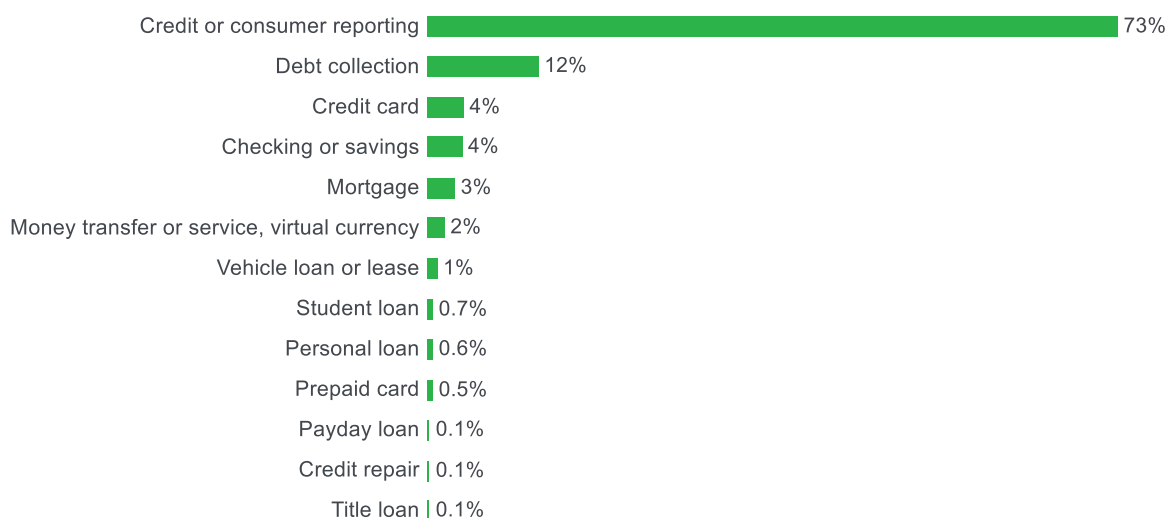
**FIGURE 1:** COMPLAINT VOLUME BY FINANCIAL PRODUCT OR SERVICE

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<sup>27</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>28</sup> Complaint data in this report are current as of August 1, 2022. 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>.





The CFPB sent approximately 745,700 complaints received to companies for review and response.<sup>29</sup> Companies responded to approximately 99 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 Consumer Response uses a variety of approaches to identify trends and possible consumer harm. Examples include:

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<sup>29</sup> The CFPB referred 6 percent of the complaints it received to other regulatory agencies and found 26 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 and 0.01 percent were pending with the Bureau.

- 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, on January 5, 2022, the CFPB published an *Annual report of credit and consumer reporting complaints*,<sup>30</sup> which is required by Section 611(e) of the Fair Credit Reporting Act. On March 31, 2022, the CFPB also published the *Consumer Response Annual Report*,<sup>31</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.<sup>32</sup>

In addition to public reports, the CFPB makes complaint data available to the public in the Consumer Complaint Database (Database).<sup>33</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>30</sup> “Annual Report of Credit and Consumer Reporting Complaints.” Consumer Financial Protection Bureau. January 5, 2022. [https://files.consumerfinance.gov/f/documents/cfpb\\_fcra-611-e\\_report\\_2022-01.pdf](https://files.consumerfinance.gov/f/documents/cfpb_fcra-611-e_report_2022-01.pdf).

<sup>31</sup> “Consumer Response Annual Report.” Consumer Financial Protection Bureau. March 31, 2022. [https://files.consumerfinance.gov/f/documents/cfpb\\_2021-consumer-response-annual-report\\_2022-03.pdf](https://files.consumerfinance.gov/f/documents/cfpb_2021-consumer-response-annual-report_2022-03.pdf).

<sup>32</sup> “Complaint Bulletin: County-level demographic overview of consumer complaints.” Consumer Financial Protection Bureau. April 2021. [https://files.consumerfinance.gov/f/documents/cfpb\\_complaint-bulletin\\_county-level-demographic-overview-consumer-complaints\\_2021-04.pdf](https://files.consumerfinance.gov/f/documents/cfpb_complaint-bulletin_county-level-demographic-overview-consumer-complaints_2021-04.pdf); “Complaint Bulletin: Mortgage forbearance issues described in consumer complaints.” Consumer Financial Protection Bureau. May 2021. [https://files.consumerfinance.gov/f/documents/cfpb\\_mortgage-forgbearance-issues\\_complaint-bulletin\\_2021-05.pdf](https://files.consumerfinance.gov/f/documents/cfpb_mortgage-forgbearance-issues_complaint-bulletin_2021-05.pdf); “Complaint Bulletin: COVID-19 issues described in consumer complaints.” Consumer Financial Protection Bureau. July 2022. [https://files.consumerfinance.gov/f/documents/cfpb\\_covid-19-issues-described-consumer-complaints\\_complaint-bulletin\\_2021-07.pdf](https://files.consumerfinance.gov/f/documents/cfpb_covid-19-issues-described-consumer-complaints_complaint-bulletin_2021-07.pdf); “Consumer complaints throughout the credit life cycle, by demographic characteristics.” Consumer Financial Protection Bureau. September 2021. [https://files.consumerfinance.gov/f/documents/cfpb\\_consumer-complaints-throughout-credit-life-cycle\\_report\\_2021-09.pdf](https://files.consumerfinance.gov/f/documents/cfpb_consumer-complaints-throughout-credit-life-cycle_report_2021-09.pdf).

<sup>33</sup> “Consumer Complaint Database.” Consumer Financial Protection Bureau. <https://www.consumerfinance.gov/data-research/consumer-complaints/>.

# 3. Supervisory and Enforcement Actions

The CFPB’s supervisory activities with respect to specific institutions are non-public. The CFPB has, however, issued numerous supervisory guidance documents and bulletins during the preceding year.

The public enforcement actions during the applicable time period to which the CFPB was a party are set forth in the following section. This section also identifies those actions involving Office of Administrative Adjudication Orders with respect to covered persons that are not credit unions or depository institutions.

## 3.1 List of public supervisory and enforcement actions

The CFPB was a party in the following public enforcement actions from April 1, 2021, through March 31, 2022, detailed as follows and listed in descending chronological order by filing date.

- *In the Matter of Edfinancial Services, LLC (File No. 2022-CFPB-0001) (not a credit union or depository institution).* On March 30, 2022, the CFPB issued an order against Edfinancial Services, LLC. (Edfinancial). Edfinancial, headquartered in Knoxville, Tennessee, is a student loan servicer that services both Federal Family Education Loan Program (FFELP) loans, which are loans from private companies, and Direct Loans, which are loans directly from the Department of Education. The Public Service Loan Forgiveness (PSLF) Program is a government program that forgives student-loan debt for certain borrowers who work in public service and make 120 qualifying loan payments. Ordinarily, FFELP loans must be consolidated into Direct Loans before any payments qualify towards the PSLF program; but in October 2021 the Department of Education provided a limited waiver allowing payments to FFELP loans to retroactively qualify so long as the borrower consolidated into Direct Loans by a certain date. The CFPB found that Edfinancial made various deceptive statements to FFELP borrowers, including in many instances telling borrowers that they were not eligible for the PSLF program even though borrowers could become eligible by consolidating their loans; that borrowers could not consolidate their loans; that borrowers’ past payments qualified when they did not qualify; and that qualifying jobs did not qualify for PSLF. The CFPB also found that,

in numerous instances, when FFELP borrowers asked about forgiveness options available to them, Edfinancial’s representatives did not mention PSLF as an available option. The order requires Edfinancial to contact all its FFELP borrowers to inform them of the limited waiver so that eligible borrowers can take advantage of the waiver before it expires. The limited waiver is currently set to expire by October 31, 2022. The order also requires Edfinancial to pay a \$1 million civil money penalty.

- *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 Consumer Financial Protection Act of 2010 (“CFPA”) and the Fair Debt Collection Practices Act (“FDCPA”). The CFPB’s complaint seeks redress for consumers, injunctive relief, and a civil money penalty. 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. FirstCash owns and operates over 1,000 retail pawnshops in the United States, offering pawn loans through its wholly owned corporate subsidiaries, including Cash America West. Cash America West operates pawn stores in Arizona, Nevada, Utah, and Washington. The CFPB alleges that FirstCash and Cash America West made pawn loans to active-duty servicemembers and their dependents that violated the Military Lending Act (MLA). The MLA puts in place protections in connection with extensions of consumer credit for active-duty servicemembers and their dependents, who are defined as “covered borrowers.” These protections include a maximum allowable annual percentage rate of 36 percent, a prohibition against required arbitration, and certain mandatory loan disclosures. The CFPB alleges that between June 2017 and May 2021, FirstCash and Cash America West made over 3,600 pawn loans in Arizona, Nevada, Utah, and Washington 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. The CFPB further alleges that

since October 3, 2016, FirstCash has, together with Cash America West and other wholly owned subsidiaries, made additional pawn loans in violation of the MLA from stores in these and other states. 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 complaint seeks redress for consumers, injunctive relief, and civil money penalties. The case remains pending.

- *United States and Consumer Financial Protection Bureau v. Trustmark National Bank (W.D. Tenn. 2:21-cv-02664)*. On October 22, 2021, the CFPB, together with the United States Department of Justice (DOJ), filed a complaint and proposed consent order in settlement of claims against Trustmark National Bank (Trustmark), which is headquartered in Jackson, Mississippi. The joint complaint alleged that Trustmark engaged in unlawful discrimination against applicants and prospective applicants, including by redlining majority Black and Hispanic communities in the Memphis, Tennessee-Mississippi-Arkansas Metropolitan Statistical Area (MSA) and engaged in acts and practices directed at prospective applicants that would discourage prospective applicants from applying for credit in violation of the Equal Credit Opportunity Act (ECOA), Regulation B, and CFPA. In the joint complaint, DOJ also alleged that Trustmark's conduct violated the Fair Housing Act (FHA). The order, as entered by the court on October 27, 2021, requires Trustmark to invest \$3.85 million in a loan subsidy program that will offer qualified applicants for credit secured by properties in majority Black and Hispanic neighborhoods in Memphis loans on a more affordable basis than otherwise available from Trustmark; open a new loan production office in a majority Black and Hispanic neighborhood in the Memphis MSA; fund targeted advertising to generate applications for credit from qualified consumers in majority Black and Hispanic neighborhoods in Memphis; and take other remedial steps to improve its fair lending compliance and serve the credit needs of majority Black and Hispanic neighborhoods in the Memphis MSA. The order also requires Trustmark to pay a civil money penalty of \$5 million, \$4 million of which would be remitted as a penalty paid to the Office of the Comptroller of the Currency (OCC) for FHA violations arising from the same conduct alleged in the complaint.
- *In the Matter of JPay, LLC (2021-CFPB-0006) (not a credit union or depository institution)*. On October 19, 2021, the CFPB issued an administrative order against JPay, LLC (JPay). JPay is headquartered in Miramar, Florida. JPay contracts with Departments of Corrections around the country to provide financial products and services to justice-involved individuals. JPay provided prepaid cards to formerly incarcerated individuals

upon their release from prison or jail (JPay debit release card). The debit release cards contained the balance of funds owed to former inmates upon their release, including their commissary money, as well as any ‘gate money,’ which are entitlements provided pursuant to state or local law, policy, or regulation to ease transition to society after release from prison or jail. The CFPB found that JPay violated the Electronic Fund Transfer Act (EFTA) and its implementing Regulation E by requiring consumers to establish an account with the particular financial institution that issued the JPay debit release card as a condition of receiving a government benefit, namely their gate money. JPay’s violations of EFTA and Regulation E also constituted violations of the CFPA. The CFPB also found that JPay engaged in unfair and abusive acts and practices by causing fees to be imposed through its JPay debit release card on consumers who were required to get a JPay debit release card to access the money owed to them at the time of their release from prison or jail. In addition, the CFPB found that JPay violated the CFPA’s prohibition against unfair acts and practices by causing some consumers to be charged fees on their JPay debit release card that were not authorized by their cardholder agreements, and the CFPA’s prohibition against deceptive acts and practices by misrepresenting fees of some JPay debit release cards. The order requires JPay to pay \$4 million for consumer redress, prohibits JPay from engaging in the illegal conduct found by the CFPB, and requires JPay to pay a \$2 million civil money penalty.

- *Consumer Financial Protection Bureau v. American Advisors Group (C.D. Cal 8:21-cv-01674)*. On October 8, 2021, the CFPB filed a lawsuit and proposed stipulated final judgment and order against American Advisors Group (AAG), which the court entered on October 25, 2021. AAG, based in Irvine, California, is the nation’s largest provider of reverse mortgages. In 2016, the CFPB issued an administrative order against AAG to address the CFPB’s finding that AAG used deceptive advertisements, including falsely claiming that consumers could not lose their homes. In this action, the CFPB alleged that in marketing its reverse mortgage product, AAG inflated consumers’ estimated home values to entice them to enter into negotiations to open a reverse mortgage with the company and falsely reassured consumers that AAG made “every attempt to ensure the home value information provided is reliable,” when in fact it did not. The CFPB alleged that this conduct was deceptive under the CFPA and violated the CFPB’s 2016 order. The stipulated final judgment and order requires AAG to pay \$173,400 in consumer redress, stop its unlawful conduct, and pay a \$1,100,000 civil money penalty.
- *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 alleges that Credit

Repair Cloud and Daniel Rosen have violated the Telemarketing Sales Rule (TSR) by providing substantial assistance to credit-repair businesses that violate the TSR's advance-fee prohibition. The CFPB also alleges that by violating the TSR, Credit Repair Cloud and Daniel Rosen have violated the CFPA. On January 7, 2022, the CFPB filed an amended complaint. The amended complaint seeks 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. The court denied the motion on April 5, 2022.

- *Consumer Financial Protection Bureau v. LendUp Loans, LLC (N.D. Cal. 3:21-cv-06945)*. On September 8, 2021, the CFPB filed a lawsuit against LendUp Loans, LLC. LendUp is an online lender offering single-payment and installment loans to consumers. The CFPB alleged that LendUp's brand identity is tied to its marketing claims that through on-time payments and repeat borrowing, borrowers will accrue points and ascend the "LendUp Ladder," gaining access to loans with more favorable interest rates or larger loan amounts as consumers reach higher Ladder levels. In 2016, the CFPB issued an administrative order against LendUp to address the CFPB's finding that LendUp misled consumers about the benefits of its loans. That order prohibits LendUp from misrepresenting the benefits of borrowing from the company. In this action, the CFPB alleged that, though LendUp claimed that consumers who ascended the LendUp Ladder would gain access to lower interest rates and larger loans, many borrowers did not actually get those benefits. The CFPB alleged that LendUp's marketing claims were deceptive under the CFPA and violated the prohibitions of the CFPB's 2016 order. The CFPB also alleged that LendUp failed to timely issue required adverse-action notices and failed to provide accurate denial reasons on its adverse-action notices to thousands of loan applicants, in violation of ECOA and Regulation B, and that these violations also constitute violations of the CFPA. On December 21, 2021, the CFPB filed a proposed stipulated final judgment and order to settle the lawsuit, which the court entered on December 30, 2021. The order imposes an injunction, prohibiting LendUp from offering or providing extensions of credit, or assisting others that are offering or providing extensions of credit; from collecting on, selling, or assigning outstanding subject loans, or assisting others in doing so; from selling consumer information; and from making misrepresentations in the sale of credit or collection of consumer debt, or assisting others in doing so. The order also imposes a \$100,000 civil money penalty and requires the payment of \$40,500,000 in consumer redress, to be suspended upon payment of the civil money penalty based on LendUp's demonstrated inability to pay.
- *In the Matter of Better Future Forward, Inc.; Better Future Forward Manager, LLC; Better Future Forward Opportunity ISA Fund (CP1), LLC; and Better Future Forward Opportunity ISA Fund (CH1), LLC (2021-CFPB-0005) (not a credit union or depository*

*institution*). On September 7, 2021, the CFPB issued an administrative order against Better Future Forward, Inc.; Better Future Forward Manager, LLC; Better Future Forward Opportunity ISA Fund (CP1), LLC; and Better Future Forward Opportunity ISA Fund (CH1), LLC (collectively, “BFF”), which are companies that provide students with income-share agreements (ISAs) to finance postsecondary education. The CFPB found that BFF falsely represented that its ISAs are not loans and do not create debt. This conduct was deceptive in violation of the CFPA. The CFPB also found that BFF failed to give certain required disclosures and imposed prepayment penalties on private education loans in violation of the Truth in Lending Act (TILA), Regulation Z, and the CFPA. The CFPB’s order requires BFF to cease misrepresentations, provide consumers with required disclosures, and reform contracts to eliminate prepayment penalties.

- *In the Matter of GreenSky, LLC (2021-CFPB-0004) (not a credit union or depository institution)*. On July 12, 2021, the CFPB issued an administrative order against GreenSky, LLC (GreenSky), a financial technology company that services and facilitates the origination of consumer loans. The CFPB found that GreenSky engaged in origination activity on thousands of loans to consumers who did not request or authorize them and that the company structured its loan origination and servicing program in a manner that enabled the origination of unauthorized loans. This conduct was unfair in violation of the CFPA. The CFPB’s order requires GreenSky to refund the accounts or cancel the loans of customers harmed by the conduct up to \$9 million, implement enhanced loan authorization and verification procedures to prevent unauthorized loans from being issued in the future, and pay a civil penalty of \$2.5 million.
- *Consumer Financial Protection Bureau; and State of Georgia ex rel. Christopher M. Carr, Attorney General of the State of Georgia v. Burlington Financial Group, LLC; Richard W. Burnham; Sang Yi; and Katherine Ray Burnham, (N.D. Ga. 1:21-cv-02595)*. On June 28 and 29, 2021, the CFPB filed a lawsuit and proposed stipulated final judgment and order, respectively, against Burlington Financial Group, LLC, and its principals, Richard Burnham, Katherine Burnham, and Sang Yi. The court entered the stipulated final judgment and order on June 29, 2021. Burlington Financial is a Maryland-based company offering debt-relief and credit-repair services. The CFPB alleged that Burlington Financial and its principals used telemarketing to solicit consumers with false promises that Burlington’s services would eliminate their credit-card debts and improve their credit scores. The CFPB alleged that Burlington and its principals charged advance fees for debt-relief and credit-repair services in violation of the TSR and engaged in deceptive acts or practices to market and sell Burlington’s services in violation of the TSR and CFPA. The CFPB also alleged that the principals substantially assisted in the company’s violations of the TSR and CFPA. The CFPB filed its complaint jointly with the Attorney General for the State of Georgia. The order bans Burlington and its



principals from telemarketing with respect to any consumer-financial product or service and from offering, marketing, selling, or providing any financial-advisory, debt-relief, or credit-repair service. The order also requires Burlington and its principals to pay civil money penalties totaling \$150,001, \$15,000 of which will be remitted upon Burlington's payment of a penalty in that amount to Georgia, and it imposes a judgment for redress of \$30,457,853, to be suspended upon payment of the civil money penalties.

- *In the Matter of 3rd Generation, Inc., d/b/a California Auto Finance (2021-CFPB-0003) (not a credit union or depository institution).* On May 21, 2021, the CFPB issued an administrative order against 3rd Generation, Inc., a California corporation doing business as California Auto Finance (California Auto). California Auto services subprime auto loans that were originated by car dealers and later assigned to California Auto. The CFPB found that, between 2016 and 2021, California Auto charged about 5,800 customer accounts a total of \$565,813 in interest on late payments of loss damage waiver fees without disclosing the charge to consumers. The CFPB concluded this is an unfair practice under the CFPA. The order requires California Auto to provide a total of \$565,813 in consumer relief, which reflects the unlawful loss-damage-waiver fees that California Auto charged its customers. The order also requires California Auto to pay a civil money penalty of \$50,000 and prohibits the company from charging interest on loss-damage-waiver fees without disclosing such terms in its contracts with consumers.
- *In the Matter of Nationwide Equities Corporation (2021-CFPB-0002) (not a credit union or depository institution).* On April 27, 2021, the CFPB issued an administrative order against Nationwide Equities Corporation (NVEC), a reverse mortgage broker and lender. The CFPB found that NVEC sent direct mail solicitations and other marketing communications to hundreds of thousands of older borrowers that violated the Mortgage Acts and Practices Advertising Rule (MAP Rule) and Regulation Z, which implement TILA. These violations also constituted violations of the CFPA. The CFPB's order prohibits such misrepresentations and requires NVEC to affirmatively review each of its mortgage advertisement templates for compliance with consumer financial protection laws before disseminating ads to consumers. The CFPB's order also requires NVEC to pay a \$140,000 civil money penalty.
- *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-00573).* On April 22, 2021, the CFPB filed a lawsuit against Douglas MacKinnon, who operated a debt-collection enterprise, and Amy MacKinnon, Mary-Kate MacKinnon, and Matthew MacKinnon, relatives of Douglas MacKinnon. The CFPB filed its complaint jointly with the Attorney General of New York. 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 New York, in violation of the Federal Debt Collection Procedures Act of 1990 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. The case remains pending.

- *Consumer Financial Protection Bureau v. SettleIt, Inc. (C.D. Cal. 8:21-cv-00674)*. On April 13, 2021, the CFPB filed a proposed stipulated final judgment and order to resolve allegations that SettleIt, Inc., a California-based debt-settlement company, violated the TSR and engaged in abusive acts and practices under the CFPA. In its complaint, the CFPB alleged that SettleIt failed to disclose to consumers its relationship to certain creditors and then regularly prioritized those creditors in settlements; claimed that its programs could be completed without borrowing more money, while steering consumers into high-cost loans to pay off third-party creditors; failed to clearly and conspicuously disclose the costs of its services; and required consumers to pre-authorize settlements so that SettleIt could settle consumers' debts without their express consent. The order, which the court entered on July 2, 2021, requires SettleIt to return at least \$646,769.43 in performance fees to consumers and to pay a \$750,000 civil money penalty.
- *In the Matter of Yorba Capital Management, LLC and Daniel Portilla, Jr. (2021-CFPB-0001) (not a credit union or depository institution)*. On April 6, 2021, the CFPB issued an administrative order against Yorba Capital Management, LLC (Yorba), a third-party debt collection company, headquartered in Anaheim California, and its former sole owner and managing member, Daniel Portilla, Jr. (Portilla). The CFPB found that from January 2017 until at least April 2020, Yorba and Portilla engaged in deceptive acts or practices in violation of the CFPA and that Yorba violated the FDCPA by mailing notices to consumers in an attempt to collect debt that falsely represented that consumers would be sued and that there would be further legal action if the consumers did not pay the debt amount on the notices. The order permanently bans both Yorba and Portilla from participating, or assisting others, in activities related to the collection of a consumer debt and orders them to pay \$860,000 in redress. The ordered redress amount is suspended in full based on Yorba's and Portilla's demonstrated inability to pay upon their payment of a \$2,200 civil money penalty to the CFPB.

- *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 United States 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 case remains pending.
- *Consumer Financial Protection Bureau v. BrightSpeed Solutions, Inc. and Kevin Howard (N.D. Ill 1:21-cv-01199)*. On March 3, 2021, the CFPB filed a lawsuit against BrightSpeed Solutions, Inc. (BrightSpeed) and its founder and former chief executive officer, Kevin Howard. BrightSpeed was a privately-owned, third-party payment processor based in Chicago, Illinois. Howard founded BrightSpeed in 2015 and ran the company until he wound it down in March 2019. The CFPB alleged that between 2016 and 2018, Howard and BrightSpeed knowingly processed payments for companies that purported to offer technical-support services and products over the internet, but actually tricked consumers into purchasing expensive and unnecessary antivirus software or services. The CFPB alleged that Howard’s and BrightSpeed’s actions were unfair practices in violation of the CFPA and as well as deceptive telemarketing practices in violation of the TSR. On January 18, 2022, the CFPB filed a proposed stipulated judgment and order to resolve its claims, which the court entered on January 19, 2022. The stipulated judgment and order permanently bans defendants from the payment processing, consumer lending, deposit-taking, and financial advisory industries and from engaging in debt collection activities and telemarketing with respect to consumer financial products or services. The stipulated judgment and order also requires the

defendants to pay \$54 million in redress, which amount will be suspended upon Howard's payment of a \$500,000 civil money penalty.

- *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' bond, 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. The case remains pending.
- *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, with DiIorio's, St. Lawrence's, and Aramburu's knowledge and direction, engaged in various unlawful mortgage lending practices in violation of TILA, the Fair Credit Reporting Act (FCRA), ECOA, the MAP Rule, and 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. The case remains pending.

- *Bureau of Consumer Financial Protection v. BounceBack, Inc. and Gale Krieg, (W.D. Mo. 5:20-cv-06179)*. On December 9, 2020, the CFPB filed a lawsuit against BounceBack, Inc. BounceBack, based in Kansas City, Missouri, operates bad-check pretrial-diversion programs on behalf of more than 90 district attorneys' offices throughout the United States. The CFPB alleged that since at least 2015, in the course of administering these bad-check pretrial-diversion programs, BounceBack used district-attorney letterheads to threaten more than 19,000 consumers with prosecution if they did not pay the amount of the check, enroll and pay for a financial-education course, and pay various other fees. BounceBack did not reveal to consumers that BounceBack—and not district attorneys—sent the letters, or that district attorneys almost never prosecuted these cases, even against consumers who ignored BounceBack's threats. In fact, in most cases, BounceBack did not refer cases for prosecution at all. BounceBack's letters also failed to include disclosures required under the FDCPA. The CFPB alleged that BounceBack's conduct violated the FDCPA, was deceptive under both the FDCPA and the CFPA, and that its violations of the FDCPA constituted violations of the CFPA. On August 27, 2021, the CFPB filed an amended complaint, which also named BounceBack's president and majority owner, Gale Krieg, and alleged that Krieg exercised control over BounceBack and materially participated in the conduct of BounceBack's affairs. The complaint alleged that Krieg engaged in deceptive acts and practices in violation of the CFPA because, among other things, he oversaw BounceBack's deceptive activities. On September 21, 2021, the CFPB filed a proposed stipulated final judgment and order to resolve the lawsuit, which the court entered on November 1, 2021. The stipulated judgment and order requires BounceBack and Krieg to pay about \$1.4 million to redress consumers, which amount would be suspended based upon defendants' demonstrated inability to pay more upon BounceBack's and Krieg's compliance with the certain provisions of the judgment and order including paying a \$30,000 civil money penalty. The order also permanently bans BounceBack and Krieg from, inter alia, engaging in debt collection related to any consumer financial product or service.
- *Bureau of Consumer Financial Protection v. DMB Financial, LLC (D. Mass. 1:20-cv-12147)*. On December 1, 2020, the CFPB filed a lawsuit against DMB Financial, LLC (DMB). DMB, which has its principal place of business in Beverly, Massachusetts, offers to renegotiate, settle, or otherwise alter the terms of unsecured debts owed by consumers to creditors or debt collectors. As alleged in the CFPB's complaint, since its

establishment in 2003, DMB claims to have successfully negotiated and settled over \$1 billion of consumer debt for over 30,000 consumers who have enrolled in its debt-settlement or debt-relief programs. The CFPB alleged that in connection with its debt-settlement and debt-relief services, DMB engaged in abusive and deceptive acts or practices in violation of the TSR and deceptive acts and practices in violation of the CFPA. The CFPB also alleged that DMB's alleged TSR violations also constitute violations of the CFPA. On May 19, 2021, the court entered a stipulated final judgment and order that resolved the CFPB's claims. The order requires DMB to pay \$7,700,000 in redress to consumers, which amount is suspended based on DMB's demonstrated inability to pay and upon its payment of \$5,400,000 within an agreed-upon timeframe and a \$1 civil money penalty to the CFPB. The order also requires DMB to refrain from charging unlawful settlement fees, engaging in specified deceptive practices, or obtaining consumers' credit reports without a permissible purpose.

- *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 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. The case remains pending against Tucci.
- *Bureau of Consumer Financial Protection v. Driver Loan, LLC, and Angelo Jose Sarjeant (S.D. Fla. 1:20-cv-24550)*. On November 5, 2020, the CFPB filed a lawsuit against Driver Loan, LLC and its Chief Executive Officer, Angelo Jose Sarjeant, for violations of the CFPA. Driver Loan is a limited-liability company based in Doral, Florida that offers short-term, high-interest loans to consumers funded by deposits made by other consumers. The CFPB alleged that Driver Loan and Sarjeant engaged in deceptive acts or practices that violated the CFPA by misrepresenting the risks associated

with the deposit product offered to consumers and by misrepresenting the annual percentage rates associated with extensions of credit it offered to other consumers. On June 1, 2021, the court entered a stipulated final judgment and order that requires defendants to return consumers' deposits—roughly \$1 million—plus all interest due to consumers under the terms of the advertised product, and to pay a \$100,000 penalty. The defendants are also permanently banned from engaging in deposit-taking activity and from making deceptive statements to consumers. On December 22, 2021, the CFPB filed an application for an order to show cause, which the court granted the same day, ordering Driver Loan and Sarjeant to set forth why they are not in violation of the stipulated final judgment and not in contempt of court. On February 8, 2022, the court entered a discovery and briefing schedule, and the matter remains pending.

- *Bureau of Consumer Financial Protection v. Performance SLC, LLC, Performance Settlement, LLC and Daniel Crenshaw (C.D. Cal. 8:20-cv-02132)*: On November 5, 2020, the CFPB filed a lawsuit against Performance SLC, LLC (PSLC), a California debt-relief business focused on federal student loan debt; Performance Settlement, LLC (PSettlement), a California debt-settlement company; and Daniel Crenshaw, the owner and CEO of the two companies. The CFPB alleged that: PSLC and Crenshaw conducted a student-loan debt-relief business that charged thousands of consumers with federal student-loan debt approximately \$9.2 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 United States Department of Education; PSLC failed to provide disclosures mandated by the TSR to consumers it required to place funds in trust accounts; Crenshaw and PSettlement used deceptive sales tactics to sign consumers up for PSettlement's debt-relief services, in violation of the CFPA; and Crenshaw substantially assisted PSLC in requesting or receiving fees illegally and PSettlement in engaging in deceptive acts and practices. On July 6, 2021, the CFPB filed an amended complaint adding a claim against PSettlement alleging it violated the TSR and CFPA when it asked consumers who enrolled in its program to sign a form that preauthorized PSettlement to agree to settlements on the consumer's behalf. As of the end of the reporting period, the case remained pending.<sup>34</sup>
- *Bureau of Consumer Financial Protection and the People of the State of New York, by Letitia James, Attorney General for the State of New York v. JPL Recovery Solutions, LLC; Check Security Associates, LLC (dba Warner Location Services, Pinnacle Location Services, and Orchard Payment Processing Systems); ROC Asset Solutions LLC (dba API*

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<sup>34</sup> Additional activity has occurred with this matter since the end of this reporting period. More information can be found here <https://www.consumerfinance.gov/enforcement/actions/performance-slc-llc-performance-settlement-llc-daniel-crenshaw/>.

*Recovery Solutions and Northern Information Services*); *Regency One Capital LLC*; *Keystone Recovery Group, LLC*; *Bluestreet Asset Partners, Inc.*; *Christopher L. Di Re*; *Scott A. Croce*; *Brian J. Koziel*; *Marc D. Gracie*; and *Susan A. Croce* (*W.D.N.Y. 1:20-cv-01217*). On September 8, 2020, the CFPB, in partnership with the New York Attorney General, filed suit against a network of five different companies based outside of Buffalo, New York, two of their owners, and two of their managers, for their participation in a debt-collection operation using illegal methods to collect debts. As set forth in the amended complaint filed on December 20, 2021, the company defendants are: JPL Recovery Solutions, LLC; Regency One Capital LLC; ROC Asset Solutions LLC, which does business as API Recovery Solutions; Check Security Associates LLC, which does business as Warner Location Services and Orchard Payment Processing Systems; Keystone Recovery Group; and Blue Street Asset Partners, Inc. The individual defendants are Christopher Di Re, Scott Croce, and Susan Croce, who have held ownership interests in some or all of the defendant companies, and Brian Koziel and Marc Gracie, who are members of Keystone Recovery Group, and have acted as managers of some or all of the defendant companies. Susan Croce is also a relief defendant. The complaint alleged that from at least 2015 through the present, the defendants have participated in a debt-collection operation that has used deceptive, harassing, and improper methods to induce consumers to make payments to them in violation of the FDCPA and the CFPA. The complaint seeks consumer redress, disgorgement of ill-gotten gains, civil money penalties, and appropriate injunctive relief against the defendants. As of the end of the reporting period, the case remained pending.<sup>35</sup>

- *Bureau of Consumer Financial Protection v. Townstone Financial, Inc. and Barry Sturner* (*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

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<sup>35</sup> Additional activity has occurred with this matter since the end of this reporting period. More information can be found here <https://www.consumerfinance.gov/enforcement/actions/jpl-recovery-solutions-llc-et-al/>.



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 Sturner, 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. The motion to dismiss the amended complaint and the case remain pending.

- *Bureau of Consumer Financial Protection v. My Loan Doctor LLC d/b/a Loan Doctor and Edgar Radjabli (S.D.N.Y. 1:20-cv-05159)*. On July 6, 2020, the CFPB filed a lawsuit against My Loan Doctor LLC, a Delaware financial company operating in West Palm Beach, Florida and New York City and doing business as Loan Doctor (Loan Doctor), and its founder, Edgar Radjabli. The CFPB alleges that Loan Doctor and Radjabli made several false, misleading, and inaccurate marketing representations in advertising Loan Doctor’s “Healthcare Finance (HCF) Savings CD Account,” in violation of the CFPA’s prohibition against deceptive acts or practices. As alleged in the complaint, starting in August 2019, Loan Doctor took more than \$15 million from at least 400 consumers who opened and deposited money into Loan Doctor’s deceptively advertised product. The CFPB seeks redress for consumers, an injunction, and the imposition of civil money penalties. The defendants filed a motion to dismiss the complaint on December 16, 2020, which the court denied without prejudice. On September 10, 2021, the defendants filed an amended motion to dismiss, which the court denied on September 30, 2022. 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. 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. The case remains pending.

- *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, TILA, the Truth in Savings Act (TISA), and TILA's and TISA's 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. On July 12, 2021, Fifth Third filed a motion for judgment on the pleadings, and on August 13, 2021, the CFPB filed a motion for partial judgment on the pleadings. The motions and the case remain pending.
- *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 in federal court in the District of Rhode Island 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 CARD Act, as well as violations of the CFPA based on TILA violations. The CFPB alleges that Citizens systematically violated TILA and Regulation Z by failing to properly manage and respond to consumers' credit card disputes and fraud claims. The CFPB also alleges that Citizens violated TILA and Regulation Z by not providing credit counseling referrals to consumers as required by law. The CFPB seeks, among other remedies, an injunction against Citizens and the imposition of civil money penalties. The Court denied Citizens' motion to dismiss. The case remains pending.
- *Bureau of Consumer Financial Protection v. Monster Loans, Lend Tech Loans, and Associated Student Loan Debt-Relief Companies (C.D. Cal. 8:20-cv-00043)*. On January 9, 2020, the CFPB filed a lawsuit in federal court in the Central District of California against Chou Team Realty, LLC f/k/a Chou Team Realty, Inc., d/b/a MonsterLoans, d/b/a Monster Loans; Lend Tech Loans, Inc.; Docu Prep Center, Inc., d/b/a DocuPrep Center, d/b/a Certified Document Center; Document Preparation Services, LP, d/b/a DocuPrep Center, d/b/a Certified Document Center; 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.; Secure Preparation Services, LP; Docs Done Right, Inc.; Docs Done Right, LP; Bilal Abdelfattah a/k/a Belal Abdelfattah a/k/a Bill Abdel; Robert Hoose; Eduardo “Ed” Martinez; Jawad Nesheiwat; Frank Anthony Sebreros; David Sklar; Thomas “Tom” Chou; Sean Cowell; Kenneth Lawson; Cre8labs, Inc.; XO Media, LLC; and TDK Enterprises, LLC. The CFPB alleges that many of the Defendants violated the Fair Credit Reporting Act (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 alleges that certain entities and individuals are liable as Relief Defendants because they received profits resulting from the illegal conduct. The CFPB seeks an injunction against defendants, as well as damages, redress to consumers, disgorgement of ill-gotten gains, and the imposition of civil money penalties.

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 resolves the CFPB’s claims against those defendants and relief defendants. The judgment imposes an \$18 million redress judgment against Monster Loans, bans Monster Loans, Chou, and Cowell from the debt-relief industry, and imposes a total \$450,001 civil money penalty against them. On July 7, 2020, the court entered a stipulated final judgment against Robert Hoose, which resolves the CFPB’s claims against him. The judgment imposes a \$7 million redress judgment against Hoose, bans him from the debt-relief industry, and imposes a \$1 civil money penalty against him. On July 10, 2020 and August 26, 2020, the CFPB filed a first and second amended complaint, respectively, adding factual allegations regarding certain defendants. On October 19, 2020, the court entered a stipulated final judgment against relief defendants Kenneth Lawson and XO Media, LLC, which resolves the CFPB’s claim against them. The judgment imposes a \$200,000 redress judgment against Lawson and XO Media, LLC. On May 4, 2021, the court entered stipulated final judgments against Lend Tech Loans, Inc. and David Sklar, which resolve the CFPB’s claims against them. The judgment as to Lend Tech Loans requires it to dissolve and cease to exist as a corporate entity, bans it from offering or providing any consumer financial product or service, and imposes a \$1 civil money penalty against it, based on its limited ability to pay. The judgment as to Sklar imposes a \$7 million redress judgment against him, full payment of which is suspended based upon his limited ability to pay upon his payment of \$3,000 to the CFPB; it also bans him from the debt-relief industry and from telemarketing consumer financial products or services and imposes a \$1 civil money penalty against him. On May 7, 2021, the court entered a default judgment against the following student loan debt relief companies: Docu Prep

Center, Inc., d/b/a DocuPrep Center, d/b/a Certified Document Center; Document Preparation Services, LP, d/b/a DocuPrep Center, d/b/a Certified Document Center; 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. The default judgment imposes redress judgments against the companies that collectively total \$19,699,869 and civil penalties against the companies that collectively total \$11,382,136. The default judgment also bans the companies from the debt relief industry. On May 7, 2021, the court also entered a default judgment against Bilal Abdelfattah a/k/a Belal Abdelfattah a/k/a Bill Abdel (“Abdel”), which imposes a civil penalty of \$3,262,244 against Abdel and bans him from the debt-relief industry.

On May 11, 2021, the court entered a stipulated final judgment against Docs Done Right, Inc., Docs Done Right, LP (collectively, “Docs Done Right”), and Eduardo Martinez, which resolves the CFPB’s claims against them. The judgment imposes an \$18 million redress judgment against Martinez and Docs Done Right, full payment of which is suspended based on their limited ability to pay upon their payment of the ordered penalty, bans them from the debt-relief industry, and imposes a \$125,000 civil money penalty against them. On May 11, 2021, the court also entered a stipulated final judgment against Frank Anthony Sebreros, which resolves the CFPB’s claims against him. The judgment imposes a \$3,404,455 redress judgment against Sebreros, full payment of which is suspended based on their limited ability to pay upon their payment of \$35,000; it also bans him from the debt relief industry and from telemarketing consumer financial products or services, and imposes a \$1 civil money penalty against him. On August 10, 2021, the district court granted in full the CFPB’s Motion for Summary Judgment against Jawad Nesheiwat, the sole remaining defendant at that time. The court found Nesheiwat was liable for violating FCRA, the TSR advance fee ban, the TSR and CFPB prohibitions on deceptive practices and substantially assisting violations, and §1036(a)(1)(A). The court found the CFPB was entitled to injunctive relief, restitution, and civil money penalties. 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 civil money penalty, and injunctive relief including permanent bans from the debt-relief and mortgage industries, from using consumer reports for business purposes, and from telemarketing consumer financial products and services. On September 25, 2021, Nesheiwat appealed the judgment against him. That appeal remains pending.

- *Bureau of Consumer Financial Protection; State of Minnesota, by its Attorney General, Keith Ellison; State of North Carolina, ex rel. Joshua H. Stein, Attorney General; and The People of the State of California, Michael N .Feuer, Los Angeles City Attorney v. Consumer Advocacy Center Inc., d/b/a Premier Student Loan Center; True Count*

*Staffing Inc., d/b/a SL Account Management; Prime Consulting LLC, d/b/a Financial Preparation Services; Albert Kim, a/k/a Albert King; Kaine Wen, a/k/a Wenting Kaine Dai, Wen Ting Dai, and Kaine Wen Dai; and Tuong Nguyen, a/k/a Tom Nelson (C.D. Cal. 8:19-cv-01998-JVS-JDE)*/ On October 21, 2019, the CFPB filed a complaint and sought a temporary restraining order and preliminary injunction in federal court in the Central District of California against Consumer Advocacy Center Inc., d/b/a Premier Student Loan Center (Premier); True Count Staffing Inc., d/b/a SL Account Management (True Count); Prime Consulting LLC, d/b/a Financial Preparation Services (Prime); Albert Kim; Kaine Wen; and Tuong Nguyen. The CFPB alleges the debt relief companies operate as a common enterprise and have engaged in deceptive practices and charged unlawful advance fees in connection with the marketing and sale of student loan debt relief services to consumers. The CFPB also alleges the individuals substantially assisted the student loan debt relief companies. The complaint also names several relief defendants and seeks disgorgement of those relief defendants' ill-gotten gains. The court granted the request for the temporary restraining order on October 21, 2019. The court entered a stipulated preliminary injunction on November 15, 2019.

The CFPB filed an amended complaint on February 24, 2020. The CFPB's amended complaint seeks an injunction against defendants, as well as damages, redress to consumers, disgorgement of ill-gotten gains, and the imposition of a civil money penalty. The amended complaint also names several additional defendants and relief defendants. On August 26, 2020, the court entered a corrected, amended stipulated final judgment as to defendants Prime and Horizon Consultants LLC (Horizon). The order imposes a judgment of \$95,057,757 against Prime to provide redress to consumers. Horizon is jointly and severally liable for \$12,942,045 of this amount. Full payment of these amounts is suspended based on Prime's and Horizon's demonstrated inability to pay following, among other things, their turnover of assets and their payment of a \$1 civil money penalty to the CFPB. The order also bans Prime and Horizon from telemarketing or offering or providing debt relief services. On August 28, 2020, the court entered a stipulated final judgment and order as to defendant Tuong Nguyen and relief defendant TN Accounting Inc. The order imposes a judgment of \$95,057,757 against Nguyen to provide redress to consumers. Relief defendant TN Accounting is jointly and severally liable for \$444,563 of this amount. Full payment of these amounts is suspended based on their demonstrated inability to pay following, among other things, Nguyen and TN Accounting's turnover of assets and Nelson's payment of a \$1 civil money penalty to the CFPB. The order also bans Nguyen from telemarketing or offering or providing debt relief services. On September 8, 2020, the court entered a stipulated final judgment as to relief defendants Hold the Door, Corp. and Mice and Men LLC. The order imposes a judgment of \$1,638,687 against relief defendant Hold the Door and \$5,041,069 against

relief defendant Mice and Men to provide redress to consumers. Full payment of these amounts will be suspended based on their demonstrated inability to pay following their turnover of assets. On December 15, 2020, the court entered a default judgment against First Priority LLC and True Count Staffing Inc. The order imposes a judgment of \$55,360,817.14 and \$165,848.05 against True Count and First Priority, respectively, to provide redress to consumers. The order also requires True Count to pay a \$30 million penalty, of which \$29,850,000 is payable to the CFPB. It also requires First Priority to pay \$3.75 million in penalties, of which \$2,470,000 is payable to the CFPB. The order also bans the defaulted defendants from telemarketing or offering or providing debt relief services.

The CFPB filed a second amended complaint on April 20, 2021, adding additional claims and an additional relief defendant. On June 15, 2021, the court entered a stipulated final judgment and order as to relief defendant Judy Dai. The order imposes a judgment of \$3,088,381.80 against Dai for the purpose of providing redress to consumers. On July 1, 2021, the court entered a stipulated final judgment and order as to relief defendant's 1st Generation Holdings, LLC (1st Generation) and Infinite Management Corp (Infinite Management). The order imposes a judgment of \$3,984,779.28 and \$2,049,189.07 against 1st Generation and Infinite Management, respectively, for the purpose of providing redress to consumers. Full payment of the amount imposed on Infinite will be suspended based on its demonstrated inability to pay following its turnover of assets. On July 15, 2021, the court entered a stipulated final judgment and order as to defendant Consumer Advocacy Center, Inc. (CAC). The order imposes a judgment of \$35,105,017.93 against CAC for the purpose of providing consumer redress. The amount of redress to be collected will be based on the amount recovered by the bankruptcy trustee and the resolution of multiple claims against the CAC bankruptcy estate. The Court also imposed a \$1 civil money penalty in favor of the CFPB and against the CAC bankruptcy estate. The court also permanently restrained CAC from participating in any debt-relief service or telemarketing any consumer financial product. The CFPB filed a third amended complaint on August 5, 2021, to remove remaining claims relating to a relief defendant against whom a stipulated final judgment was previously entered. On March 22, 2022, the court entered a stipulated final judgment and order as to defendant TAS 2019 LLC. The order imposes a judgment of \$2,866,314.24 in consumer redress, a \$1 civil money penalty, and injunctive relief permanently banning TAS 2019 LLC from participating in any debt relief service or telemarketing any consumer financial product. As of the end of the reporting period, the case remained pending against remaining defendants Albert Kim, Kaine Wen, and relief defendant Sarah Kim. Additionally, claims against relief

defendant Anan Enterprise, Inc. are currently stayed pending the outcome of a bankruptcy adversary action filed in the Southern District of Florida.<sup>36</sup>

- *Bureau of Consumer Financial Protection v. FCO Holding, Inc., Fair Collections & Outsourcing, Inc., Fair Collections & Outsourcing of New England, Inc., FCO Worldwide, Inc., and Michael E. Sobota (D. Md. No. 8:19-cv-02817-GJH)*. On September 25, 2019, the CFPB filed a complaint against Maryland-based debt collector FCO Holding, Inc. and its subsidiaries, Fair Collections & Outsourcing, Inc., Fair Collections & Outsourcing of New England, Inc., and FCO Worldwide, Inc. (collectively, FCO). Also named as a defendant in the CFPB's lawsuit is Michael E. Sobota, the chief executive officer, president, director, and owner of FCO Holding, Inc. The CFPB alleged that FCO, which furnishes information to consumer reporting agencies, violated the Fair Credit Reporting Act and Regulation V by failing to maintain reasonable policies and procedures regarding the accuracy and integrity of the information it furnishes, including the handling of consumer disputes, failing to conduct reasonable investigations of certain consumer disputes, and failing to cease furnishing information that was alleged to have been the result of identity theft before it made any determination whether the information was accurate. In addition, the CFPB alleged that FCO and Sobota violated the FDCPA when FCO represented that consumers owed certain debts when, in fact, FCO did not have a reasonable basis to assert that the consumers owed those debts. On October 27, 2021, the court entered a stipulated final judgment and order, which requires defendants to pay a \$850,000 civil money penalty and put in place policies and procedures to prevent future violations.
- *Bureau of Consumer Financial Protection v. Forster & Garbus, LLP (E.D.N.Y. No. 2:19-cv-02928)*. On May 17, 2019, the CFPB filed a complaint in the federal district court in the Eastern District of New York against Forster & Garbus, LLP, a New York debt-collection law firm. The CFPB alleges that Forster & Garbus violated the FDCPA by representing to consumers that attorneys were behind its lawsuits when, in fact, attorneys were not meaningfully involved in preparing or filing them. The CFPB also alleges that Forster & Garbus violated the CFPA's prohibition against deceptive acts and practices by making such representations to consumers through its lawsuits. The CFPB seeks an injunction against Forster & Garbus, as well as damages, redress to consumers, disgorgement of ill-gotten gains, and the imposition of a civil money penalty. The court administratively closed the matter, pending a decision in *Seila Law LLC v. Consumer Financial Protection Bureau*, No. 19-7 (cert. granted Oct. 18, 2019). After *Seila Law LLC*

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<sup>36</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/premier-student-loan-center-et-al/>.

was decided, the court denied the CFPB's request to reopen the matter and stayed the case pending a decision in *Mnuchin v. Collins*. In October 2021, the court reopened the case after the Supreme Court denied certiorari in *Consumer Financial Protection Bureau v. RD Legal Funding, LLC, RD Legal Finance, LLC, and RD Legal Funding Partners, LP, and Roni Dersovitz* (S.D.N.Y. No. 1:17-cv-0890). The case remains pending.

- *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 a complaint against PGX Holdings, Inc. and its subsidiaries (collectively, Progrexion) and against John C. Heath, Attorney at Law PLLC, which does business as Lexington Law, in federal district court. The CFPB alleges the defendants violated the TSR by requesting and receiving payment of prohibited upfront fees for their credit repair services. The CFPB also alleges that Progrexion and its subsidiaries violated the TSR and the CFPA by making deceptive representations in its marketing, or by substantially assisting others in doing so. The CFPB seeks an injunction, as well as damages, redress to consumers, disgorgement of ill-gotten gains, and the imposition of civil money penalties. Defendants filed a motion to dismiss on July 19, 2019, which the court denied on February 18, 2020. Defendant Heath, P.C., filed a motion for partial summary judgment on August 20, 2021, which the court denied on January 20, 2022. Defendant Progrexion filed a motion for summary judgment on January 21, 2022, which as of the end of the reporting period remained pending. The CFPB filed a motion for partial summary judgment on December 10, 2021. That motion and the case remain pending.
- *Bureau of Consumer Financial Protection v. Future Income Payments, LLC, et al.* (D.S.C. No. 6:19-cv-02950). On September 13, 2018, the CFPB filed a complaint against Future Income Payments, LLC, Scott Kohn, and several related entities. The CFPB alleged that defendants represented to consumers that their pension-advance products were not loans, were not subject to interest rates, and were comparable in cost to, or cheaper than, credit-card debt when, in actuality, the pension-advance products were loans, and were subject to interest rates that were substantially higher than credit-card interest rates. The CFPB also alleged that the defendants failed to disclose a measure of the cost of credit, expressed as a yearly rate, for its loans. Among other relief, the CFPB sought compensation for harmed consumers, civil money penalties, and injunctive relief. The defendants waived service of the CFPB's complaint but failed to answer or otherwise respond to it. The CFPB obtained a clerk's entry of default in December 2018, and in August 2019, the CFPB moved for entry of default judgment against all defendants, appointment of a receiver, and to transfer the action to the District of South Carolina. On October 17, 2019, the court transferred the matter to the District of South Carolina. On



February 22, 2021, the court entered a default judgment against all defendants and appointed a receiver. The default judgment imposes a permanent injunction, including a permanent ban on advertising, marketing, promoting, offering for sale, or selling any pension-advance products, and requires defendants to pay over \$436 million in consumer restitution and a \$65,481,736 penalty. The receiver's work is ongoing.

- *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. The case remains 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 alleges 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 re-plead 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. As of the end of the reporting period the appeal and the case remain pending.<sup>37</sup>

- *Consumer Financial Protection Bureau v. RD Legal Funding, LLC, RD Legal Finance, LLC, and RD Legal Funding Partners, LP, and Roni Dersovitz (S.D.N.Y. No. 1:17-cv-0890)*. On February 7, 2017, the CFPB and the New York Attorney General filed a complaint against RD Legal Funding, LLC, two related entities, and the companies' founder and owner, Roni Dersovitz. The CFPB alleges that they made misrepresentations to potential borrowers and engaged in abusive practices in connection with cash advances on settlement payouts from victim-compensation funds and lawsuit settlements. The lawsuit seeks monetary relief, disgorgement, and civil money penalties. On May 15, 2017, the defendants filed a motion to dismiss the CFPB's complaint, which the CFPB opposed. On June 21, 2018, the court issued an opinion concluding that the defendants are subject to the CFPA's prohibitions and that the complaint properly pleaded claims against all of them. The court held, however that the removal provision that applied to the CFPB's Director violated the constitutional separation of powers and could not be severed from the remainder of Title X of the Dodd-Frank Act. Based on that conclusion, the court ultimately dismissed the entire case. The United States Court of Appeals for the Second Circuit vacated the district court's judgment and remanded the case for further proceedings. On March 12, 2021, the defendants filed a motion to dismiss, which the court denied on March 16, 2022.
- *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 alleges 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

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<sup>37</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/ocwen-financial-corporation-ocwen-mortgage-servicing-inc-and-ocwen-loan-servicing-llc/>.

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 alleges 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 seeks 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 are pending. On July 10, 2020, Navient filed a motion for judgment on the pleadings, which the court denied on January 13, 2021. The case remains pending.

- *Consumer Financial Protection Bureau v. Access Funding, LLC, Access Holding, LLC, Reliance Funding, LLC, Lee Jundanian, Raffi Boghosian, Michael Borkowski, and Charles Smith (D. Md. No. 1:16-cv-3759)*. On November 21, 2016, the CFPB filed a complaint against Access Funding, LLC, Access Holding, LLC, Reliance Funding, LLC, three of the companies' principals—Lee Jundanian, Raffi Boghosian, and Michael Borkowski—and a Maryland attorney, Charles Smith. The CFPB alleged that Access Funding was aware that the individuals from whom they purchased structured settlement payments were frequently in need of the funds the company could supply. The CFPB also alleged that the companies and their principals steered consumers to receive “independent advice” from Smith, who was paid directly by Access Funding and provided only cursory communications to consumers. The CFPB alleged that Smith's conduct was unfair, abusive, and deceptive in violation of the CFPA and that Access Funding and its leadership unlawfully aided Smith's illegal conduct. The CFPB further alleged that Access Funding engaged in abusive conduct by advancing money to some consumers and represented to those consumers that the advances obligated them to go forward with transactions even if they realized that the transactions were not in their best interests. On September 13, 2017, the court granted defendants' motions to dismiss counts I–IV, arising out of Smith's conduct, on the grounds that he had attorney-client relationships with the consumers in question. The court denied the defendants' motions to dismiss the CFPB's claim relating to the advances Access Funding offered consumers. The court granted the CFPB's motion to file an amended complaint alleging that Smith did not have attorney-client relationships with the consumers in question. Defendants again filed motions to dismiss, which the court denied. The defendants filed a motion for partial summary judgment, which the court denied on January 18, 2019. On December 26, 2019, the court stayed the case pending the Supreme Court's decision in *Seila Law LLC v. CFPB*, No. 19-7 (cert. granted Oct. 18, 2019). On October 23, 2020, based on the parties'

stipulation, the court dismissed the claims against Reliance Funding, LLC. The parties moved for summary judgment, which the Court denied on July 12, 2021.

On November 18, 2021, the court entered a stipulated judgment and order against Charles Smith, which requires him to pay \$40,000 in disgorgement and a \$10,000 civil money penalty. The order also permanently bans him from the structured-settlement industry. On December 17, 2021, the court entered a stipulated judgment and order against Access Funding, LLC, Access Holding, LLC, Lee Jundanian, and Raffi Boghosian, requiring the settling defendants to pay \$40,000 in disgorgement and a \$10,000 civil money penalty. The order also prohibits the settling defendants from referring consumers to a specific individual or for-profit entity for advice concerning any structured-settlement transaction or taking unreasonable advantage of consumers' lack of understanding of the material risks, costs, or conditions of any cash advance. The order also prohibits the settling defendants from misrepresenting the relationship between themselves and providers of independent professional advice, and any other fact material to consumers (such as the material risks, total costs, or conditions of any advance) in connection with the transfer of payment streams from structured-settlement holders. As of the end of the reporting period, the case remained pending against Michael Borkowski.<sup>38</sup>

- *Consumer Financial Protection Bureau v. All American Check Cashing, Inc., Mid-State Finance, Inc., and Michael E. Gray* (S.D. Miss. No. 16-cv-0356). On May 11, 2016, the CFPB filed a complaint against two companies, All American Check Cashing, Inc. and Mid-State Finance, Inc., which offer check-cashing services and payday loans, and their president and sole owner, Michael Gray. The CFPB alleges that All American tried to keep consumers from learning how much they would be charged to cash a check and used deceptive tactics to stop consumers from backing out of transactions. The CFPB also alleges that All American made deceptive statements about the benefits of its high-cost payday loans and failed to provide refunds after consumers made overpayments on their loans. The CFPB's lawsuit seeks injunctive relief, restitution, and the imposition of a civil money penalty. On July 15, 2016, the court denied defendants' motion for a more definite statement. The defendants moved for judgment on the pleadings on May 24, 2017, and the CFPB moved for summary judgment on August 4, 2017. The court has not yet ruled on the CFPB's summary judgment motion. On March 21, 2018, the court denied the defendants' motion for judgment on the pleadings, and on March 26, 2018, the defendants moved to certify that denial for interlocutory appeal. The next day, the court granted the

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<sup>38</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/access-funding-llc-access-holding-llc-reliance-funding-llc-lee-jundanian-raffi-boghosian-michael-borkowski-charles-smith/>.

defendants' motion in part, holding that interlocutory appeal was justified with respect to defendants' constitutional challenge to the CFPB's statutory structure. On April 24, 2018, the court of appeals granted the defendants' petition for permission to appeal the district court's interlocutory order. The district court action has been stayed pending the appeal. On March 3, 2020, the Fifth Circuit affirmed the district court's denial of All American's motion for judgment on the pleadings. On March 20, 2020 the court of appeals, *sua sponte*, vacated the panel's decision and decided to rehear the matter *en banc*. On September 8, 2020, the court placed the case in abeyance pending a decision by the Supreme Court in *Collins v. Mnuchin*, which is now captioned, *Collins v. Yellen*, No. 19-422. The Supreme Court issued its opinion in *Collins* on June 23, 2021, finding that the structure of the FHFA was unconstitutional. On June 21, 2021, the Fifth Circuit directed the parties to file supplemental briefing addressing the impact of the *Collins* decision on the present matter. Supplemental briefing was completed on September 8, 2021, and a supplemental *en banc* argument was held on January 19, 2022. As of the end of the reporting period, the case remained pending in the Fifth Circuit.<sup>39</sup>

- *In the Matter of Integrity Advance, LLC and James R. Carnes (File No. 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 notice alleges that Integrity Advance and Carnes 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 notice also alleges 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 issued a Recommended Decision finding liability and recommending injunctive and monetary relief. The Recommended Decision was appealed to the Director, but further activity on that appeal was held in abeyance pending a decision in *PHH Corp. v. CFPB*, No. 15-1177 (D.C. Cir.), and, subsequently, pending a decision in *Lucia v. SEC*, No. 17-0130 (S. Ct.). Subsequent to the Supreme Court's ruling in *Lucia* that suggested that the Administrative Law Judge that presided over the proceedings in this case may have been improperly appointed, the Director remanded the case for a new hearing and recommended decision by the CFPB's Administrative Law Judge. On March 26, 2020, Respondents moved to amend their answer, to reopen the record, and to dismiss the notice of charges. The Administrative Law Judge denied these motions on April 24, 2020. In response to cross

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<sup>39</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/all-american-check-cashing-inc-mid-state-finance-inc-db-thrifty-check-advance-and-michael-gray/>.

motions for summary disposition, on August 4, 2020, the Administrative Law Judge issued a Recommended Decision finding in the CFPB's favor on all counts. Respondents noticed an appeal to the Director and filed their opening appeal brief on September 3, 2020. On January 11, 2021, the Director issued a Decision and Final Order, affirming in part and reversing in part the Recommended Decision. She affirmed the ALJ's conclusion that Integrity Advance violated TILA and EFTA and that both respondents violated the CFPB. 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 February 10, 2021, Integrity Advance filed a petition for review in the Tenth Circuit. On May 19, 2021, the CFPB filed a petition to enforce the CFPB Director's order in United States District Court for the Northern District of Kansas. The district court granted the CFPB's petition on July 30, 2021 and entered judgment for \$38,453,341.62 in restitution against Integrity Advance and Carnes, and a civil money penalty of \$7.5 million against Integrity and \$5 million against Carnes. The CFPB is currently pursuing asset discovery against Carnes in order to satisfy the judgment. As of the end of the reporting period, the petition for review of the Director's order remained pending on appeal.<sup>40</sup>

- *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., which operated under the names Student Financial Resource Center and College Financial Advisory, and Armond Aria. As alleged in the February 16, 2021 amended complaint, the defendants issued deceptive marketing letters that created the false impression that the company would provide financial aid or apply for financial aid on students' behalf and conduct extensive searches to target or match them with individualized financial aid opportunities. The CFPB also alleges that Global Financial Support, Inc. misrepresented defendants' affiliation with government and university financial aid offices, and that the defendants pressured consumers to enroll through deceptive statements suggesting that failure to fill out the company's form and pay its fee before a specified deadline would jeopardize students' ability to obtain financial aid. The CFPB also alleges that the company failed to provide required privacy notices in violation of Regulation P. A stay was entered by the court on May 17, 2016,

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<sup>40</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/integrity-advance/>.

pending an ongoing criminal proceeding involving one of the defendants. The court lifted the stay on May 27, 2019. On August 24, 2020, the CFPB moved for default judgment against the corporate defendants and for partial summary judgment against the individual defendant. On January 25, 2021, the court granted the CFPB's motion for default judgment in full and the CFPB's motion for summary judgment in part. The court also ordered the defendants to provide \$4.7 million in restitution to harmed consumers, pay a \$10 million civil money penalty, and imposed a permanent injunction. On March 26, 2021, the court denied the individual defendant's Motion for Reconsideration of its Summary Judgment Order and on March 29, 2021, the court denied the individual defendant's Motion for Stay of the Order. Individual defendant Armond Aria filed an appeal with the Ninth Circuit on May 19, 2021. The case remains pending.

- *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. The CFPB alleged the defendants engaged in abusive and deceptive acts and practices in violation of the CFPA and the TSR regarding a mortgage payment product known as the "Interest Minimizer Program," or IM Program. The CFPB alleged 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 sought 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 CFPA 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 have filed a notice of appeal. On January 23, 2020, the United States Court of Appeals for the Ninth Circuit held the parties' appeals in abeyance pending the Supreme Court's decision in *Seila Law LLC v. Consumer Financial Protection Bureau*, No. 19-7 (cert. granted Oct. 18, 2019). In September 2020, the Ninth Circuit scheduled oral argument for November 18, 2020, and ordered supplemental briefing regarding the sufficiency of a ratification the CFPB filed after the Supreme Court's decision in *Seila Law LLC*. The Ninth Circuit held oral argument on November 18, 2020, and, the following day, vacated submission of the case pending the court's resolution of *Seila Law LLC*, which the Supreme Court had remanded to the Ninth Circuit. On December 29,

2020, the Ninth Circuit issued its opinion in *Seila Law LLC*, and on January 12, 2021, the court continued its vacatur of submission of the case pending the Ninth Circuit's decision in *CFPB v. CashCall, Inc.* (No. 18-55407). The case remains on appeal to the U.S. Court of Appeals for the Ninth Circuit.

- *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 filed a lawsuit against 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 debt that is not payable to those attempting to collect it. The CFPB alleges that the individuals, acting through a network of corporate entities, used threats and harassment to collect phantom debt from consumers. The CFPB alleges the defendants violated the FDCPA and the CFPA's prohibition on unfair and deceptive acts and practices and substantial assistance to unfair or deceptive conduct. On April 7, 2015, the CFPB obtained a preliminary injunction against the debt collectors that froze their assets and enjoined their unlawful conduct. 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: Frontline Processing Corp., Global Payments, Inc., Pathfinder Payment Solutions, Inc., Francis David Corp. d/b/a/ Electronic Merchant Systems, and Global Connect, LLC. Five of the seven corporate debt collectors defaulted and the CFPB voluntarily dismissed one individual defendant, Varinderjit Bagga. On March 21, 2019, the court granted the CFPB's motion for summary judgment on all its claims against four individual debt collectors, Marcus Brown, Mohan Bagga, Sarita Brown, and Tasha Pratcher, and against the non-defaulted corporate debt collector WNY Account Solutions, LLC. The court further granted the CFPB's motion as to one of its claims against the other individual debt collector defendant, Sumant Khan, but denied summary judgment on the remaining claims. The court also denied the CFPB's motion for summary judgment against the other non-defaulted corporate debt collector S Payment Processing Solutions, LLC. Lastly, the court denied the latter two defendants' motions for summary judgment against the CFPB.

On August 21, 2019, the court entered a stipulated final judgment and order against Sumant Khan and S Payment Processing Solutions, LLC. Among other things, the stipulated judgment and order requires the settling defendants to transfer all the funds in their various bank accounts to the CFPB in partial satisfaction of a judgment of equitable monetary relief and damages in the amount of \$633,710, which is partially suspended based on inability to pay. The stipulated judgment and order permanently bans the settling defendants from engaging in debt collection activities and prohibits them from making certain misrepresentations. On November 15, 2019, the court entered a stipulated final



judgment and order against Mohan Bagga. Among other things, the stipulated judgment and order imposes a suspended judgment against Bagga of equitable monetary relief and damages in the amount of \$5,261,484, orders him to pay a \$1 civil money penalty, permanently bans him from engaging in debt collection activities, and prohibits him from making certain misrepresentations. The suspension of the judgment and the \$1 civil money penalty are based on his inability to pay. On February 19, 2020, the court appointed a receiver to, among other things, identify and conserve frozen assets of certain defendants for future potential consumer redress. On December 15, 2020, the court entered a stipulated final judgment and order against Tasha Pratcher. Among other things, the stipulated judgment and order imposes a \$300,000 judgment against Pratcher for monetary relief and damages, which amount is suspended upon her payment of \$2,500 and turnover of assets, orders her to pay a \$1 civil money penalty, permanently bans her from engaging in debt collection activities, and prohibits her from making certain misrepresentations.

On October 20, 2021, the court entered a permanent injunction and final judgment against Marcus Brown, Sarita Brown, and WNY Account Solutions, LLC and a default judgment against the five corporate debt collectors—Check & Credit Recovery, LLC, Credit Power, LLC, Universal Debt & Payment Solutions, LLC, Universal Debt Solutions, LLC, and WNY Solutions Group, LLC—which had previously defaulted. These orders impose judgments for monetary relief against Marcus Brown, Sarita Brown, WNY Account Solutions, LLC, and the defaulted defendants, joint and severally, in the amount of \$5,183,947.71 and require them to pay civil money 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 course of the debt collection scheme. On December 17, 2021, the CFPB filed a notice of appeal of the court’s August 25, 2017 order dismissing its claims against the payment processors and the telephone marketing services provider, and the parties have completed briefing on the appeal. The case remains pending.

- *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 December 16, 2021, the district court ordered the parties to file briefs on appropriate remedies based on the Seventh Circuit's opinion, which issue remained pending as of the end of the reporting period.<sup>41</sup> The case remains pending.

- *Consumer Financial Protection Bureau v. CashCall, Inc.; WS Funding, LLC; Delbert Services Corporation; and J. Paul Reddam (C.D. Cal. No. 15-cv-7522)*. 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.

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<sup>41</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/mortgage-law-group-and-consumer-first-legal-group-dba-law-firm-of-macey-aleman-and-searns-consumer-first-legal-group-llc-thomas-g-macey-jeffrey-j-aleman-jason-searns-harold-e-stafford/>.

The CFPB's amended complaint, filed on March 21, 2014, alleged 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 alleged 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 case was transferred to the Central District of California, where defendants were based, on September 23, 2015. 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 uncollectable. 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. A two-day trial was held in October 2017 on the issue of appropriate relief. 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. Oral argument was heard on September 9, 2019. After the Supreme Court decided *Seila Law LLC v. Consumer Financial Protection Bureau*, No. 19-7 (cert. granted Oct. 18, 2019), and the Ninth Circuit decided that case on remand, the court in this case invited supplemental briefing, which concluded in April 2021. The Ninth Circuit heard oral argument on the supplemental briefing on September 23, 2021, and took the appeal under submission, which was pending as of the end of the reporting period.<sup>42</sup>

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<sup>42</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/cashcall-inc-ws-funding-and-delbert-services/>.

## 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 general information about the CFPB's supervisory activities at banks and nonbanks without identifying specific companies. The CFPB published two issues of *Supervisory Highlights* between October 1, 2021, and March 31, 2022.<sup>43</sup>

All public enforcement actions are listed in Section 5.1 of this Report. Those actions taken with respect to covered persons which are not credit unions or depository institutions are noted within the summary of the action.

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<sup>43</sup> Supervisory Highlights, Issue 25, Fall 2021, [https://files.consumerfinance.gov/f/documents/cfpb\\_supervisory-highlights\\_issue-25\\_2021-12.pdf](https://files.consumerfinance.gov/f/documents/cfpb_supervisory-highlights_issue-25_2021-12.pdf); Supervisory Highlights, Issue 26, Spring 2022, [https://files.consumerfinance.gov/f/documents/cfpb\\_supervisory-highlights\\_issue-26\\_2022-04.pdf](https://files.consumerfinance.gov/f/documents/cfpb_supervisory-highlights_issue-26_2022-04.pdf).

# 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 state attorneys general and state regulators relating to federal consumer financial law

The CFPB is aware of the following developments in pending State attorney general and regulatory actions asserting Dodd-Frank Act claims during the October 1, 2021 through March 31, 2022 reporting period.

- *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 and the Attorneys General of Virginia, Massachusetts, and New York filed a lawsuit in the United States District Court for the Western District of Virginia against Nexus Services, Inc. (Nexus Services), Libre by Nexus, Inc. (Libre), and their principals, Michael Donovan, Richard Moore, and Evan Ajin. The CFPB and states allege that Libre and its owners operated a scheme through which Libre offers to pay the immigration bonds to secure the release of consumers held in federal detention centers in exchange for large upfront fees and hefty monthly payments, while concealing or misrepresenting the true costs of its services. Specifically, the CFPB and states allege that Libre and its owners engaged in deceptive and abusive acts or practices in violation of the Consumer Financial Protection Act (CFPA), and that Nexus Services and Libre’s owners provided substantial assistance to Libre’s violations. The CFPB and states seek 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 was denied on March 22, 2022. The case remains pending.

- *Bureau of Consumer Financial Protection and the People of the State of New York, by Letitia James, Attorney General for the State of New York v. JPL Recovery Solutions, LLC; Check Security Associates, LLC (dba Warner Location Services, Pinnacle Location Services, and Orchard Payment Processing Systems); ROC Asset Solutions LLC (dba API Recovery Solutions and Northern Information Services); Regency One Capital LLC; Keystone Recovery Group, LLC; Bluestreet Asset Partners, Inc.; Christopher L. Di Re; Scott A. Croce; Brian J. Koziel; Marc D. Gracie; and Susan A. Croce (W.D.N.Y. 1:20-cv-01217).* On September 8, 2020, the CFPB, in partnership with the New York Attorney General, filed suit against a network of five different companies based outside of Buffalo, New York, two of their owners, and two of their managers, for their participation in a debt-collection operation using illegal methods to collect debts. As set forth in the amended complaint filed on December 20, 2021, the company defendants are: JPL Recovery Solutions, LLC; Regency One Capital LLC; ROC Asset Solutions LLC, which does business as API Recovery Solutions; Check Security Associates LLC, which does business as Warner Location Services and Orchard Payment Processing Systems; Keystone Recovery Group; and Blue Street Asset Partners, Inc. The individual defendants are Christopher Di Re, Scott Croce, and Susan Croce, who have held ownership interests in some or all of the defendant companies, and Brian Koziel and Marc Gracie, who are members of Keystone Recovery Group, and have acted as managers of some or all of the defendant companies. Susan Croce is also a relief defendant. The complaint alleged that from at least 2015 through the present, the defendants have participated in a debt-collection operation that has used deceptive, harassing, and improper methods to induce consumers to make payments to them in violation of the Fair Debt Collection Practices Act (FDCPA) and the CFPA. The complaint seeks consumer redress, disgorgement of ill-gotten gains, civil money penalties, and appropriate injunctive relief against the defendants. As of the end of the reporting period, the case remained pending.<sup>44</sup>
- *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

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<sup>44</sup> Additional activity has occurred with this matter since the end of this reporting period. More information can be found here <https://www.consumerfinance.gov/enforcement/actions/jpl-recovery-solutions-llc-et-al/>.

\$23 million in fees from consumers. The CFPB and Commonwealth allege that in their telemarketing of credit-repair services, the defendants violated the CFPA's prohibition against deceptive acts or practices and the TSR 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. On September 23, 2021, the defendants answered the amended complaint. 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. The case remains pending.

# 5. Fair Lending

Congress charged the CFPB’s Office of Fair Lending and Equal Opportunity (Fair Lending) with “providing oversight and enforcement of federal laws intended to ensure the fair, equitable, and nondiscriminatory access to credit for both individuals and communities” that are enforced by the CFPB.<sup>45</sup> This Semi-Annual Report update provides highlights from the CFPB’s fair lending-related activities from October 1, 2021 through March 31, 2022.

## 5.1 An analysis of efforts to fulfill the fair lending mission of the CFPB

### Fair lending supervision and enforcement

#### 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 21 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), the Home Mortgage Disclosure Act (HMDA), and the prohibition against unfair, deceptive, or abusive acts and practices (UDAAPs).

For supervisory communications issued by the Office of Supervision during the reporting period, the most frequently identified issues related to the CFPB’s review of mortgage origination underwriting policies and guidelines, especially with respect to underwriting policies that exclude lending relating to properties in certain locations or geographies.

During this reporting period, the CFPB examiners issued fewer matters requiring attention (MRAs) or memoranda of understanding (MOUs) than in the prior period. MRAs and MOUs direct entities to take corrective actions and are monitored by the CFPB through follow-up supervisory events. Examiners encouraged lenders to enhance oversight and identification of fair lending risk and to implement policies, procedures, and controls designed to effectively manage HMDA activities, including regarding integrity of data collection.

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<sup>45</sup> Dodd-Frank Act, § 1013(c)(2)(A).



## Fair lending enforcement

Congress authorized the CFPB to enforce ECOA, HMDA, and the prohibitions against UDAAPs under Title X of the Dodd Frank Act. 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. Like other federal agencies responsible for enforcing ECOA, the CFPB is required to refer matters to DOJ when it has reason to believe that a creditor has engaged in a pattern or practice of lending discrimination.<sup>46</sup> During this reporting period, the CFPB referred three matters regarding a pattern or practice of lending discrimination to the DOJ pursuant to Section 706(g) of ECOA.

The CFPB announced two fair lending-related enforcement actions during the reporting period against Trustmark National Bank (Trustmark) and JPay, LLC (JPay). These actions were brought under ECOA as well as other federal consumer financial laws that protect consumers and ensure fair access to credit, including the Consumer Financial Protection Act of 2010 (CFPA) and the Electronic Fund Transfer Act (EFTA). For more information, please refer to Section 5.1 of this report.

## Fair lending guidance

For more information, refer to Section 1.2 of this report.

## Fair lending rulemaking

In Fall of 2021, the CFPB issued a Notice of Proposed Rulemaking (NPRM) on Section 1071 of the Dodd-Frank Act (“section 1071”) to collect small business lending data and participated in interagency rulemaking to improve quality control standards for automated valuation models (AVM), including outlining options for review to ensure that computer models used to help determine home valuations are accurate and fair. For more information pertaining to these rulemakings, please see section 3 of this report.

## 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 enforcement agencies to promote consistent, efficient, and effective enforcement of federal fair lending laws.

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<sup>46</sup> See 15 U.S.C. § 1691e(g).

The CFPB, along with the FTC, U.S. Department of Housing and Urban Development (HUD), FDIC, Federal Reserve Board (FRB), National Credit Union Administration (NCUA), 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 FDIC is currently the Chair of this Task Force.

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. The agencies use these meetings to also discuss fair lending developments and trends, methodologies for evaluating fair lending risks and violations, and coordination of fair lending enforcement efforts.

The CFPB also participates with other agencies on issues of bias in home appraisals through the Property Appraisal and Valuation Equity (PAVE) Task Force. On March 23, 2022, the PAVE Task Force issued a report, *Action Plan to Advance Property Appraisal and Valuation Equity: Closing the Racial Wealth Gap by Addressing Mis-valuations for Families and Communities of Color*.<sup>47</sup> The report outlines the historical role of racism in the valuation of property, examines the various forms of bias that can appear in residential property valuation practices, and describes how government and industry stakeholders will advance equity through concrete actions and recommendations. Aside from its involvement in PAVE, the CFPB is actively working with its interagency partners on issues of bias in home appraisals.

In February 2022, the CFPB, along with HUD, FRB, DOJ, OCC, FDIC, NCUA, and FHFA submitted a letter to the Appraisal Standards Board regarding proposed changes to the 2023 Edition of the Uniform Standards of Professional Appraisal Practice.<sup>48</sup>

The Federal Financial Institutions Examination Council’s (FFIEC) Appraisal Subcommittee (ASC), comprised of designees from the CFPB and certain other federal agencies, provides

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<sup>47</sup> “Action Plan to Advance Property Appraisal and Valuation Equity.” Interagency Task Force on Property Appraisal and Valuation Equity (PAVE). March 2022. <https://pave.hud.gov/actionplan>.

<sup>48</sup> Letter to Michelle Czekalski Bradley.” Patrice Alexander Ficklin, Consumer Financial Protection Bureau; Amy Frisk, U.S. Department of Housing and Urban Development; Arthur Lindo, Deputy Director, Division of Supervision and Regulation; Sameena Shina Majeed, U.S. Department of Justice; Donna Murphy, Office of the Comptroller of the Currency; Mark Pearce, Federal Deposit Insurance Corporation; Timothy Segerson, National Credit Union Administration; James Wylie, Federal Housing Finance Agency. February 4, 2022. [https://files.consumerfinance.gov/f/documents/cfpb\\_appraisal-discrimination\\_federal-interagency\\_comment\\_letter\\_2022-02.pdf](https://files.consumerfinance.gov/f/documents/cfpb_appraisal-discrimination_federal-interagency_comment_letter_2022-02.pdf).

federal oversight of state appraiser and appraisal management company regulatory programs, and a monitoring framework for the Appraisal Foundation.<sup>49</sup>

Through the FFIEC the CFPB works with other member agencies that focus on fair lending issues. For example, throughout the reporting period, the CFPB has chaired the Home Mortgage Disclosure Act (HMDA)/Community Reinvestment Act (CRA) 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 the Task Force.

## Fair lending outreach and education

The CFPB regularly engages in outreach with stakeholders, including consumer advocates, civil rights organizations, industry, academia, and other government agencies to educate or communicate about fair lending issues.

The CFPB achieves its educational objectives through publication of proposed rules, advisory opinions, and interpretive rules; issuance of compliance bulletins and CFPB circulars; policy statements; requests for information; press releases, blog posts, podcasts, videos, brochures, and website updates; 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 federal and state regulators and agencies.

During the reporting period, the CFPB also issued a range of content available to the public and to market participants related to fair lending.<sup>50</sup>

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<sup>49</sup> Additional activity has occurred with this matter since the end of this reporting period. Deputy Director Zixta Martinez became chair of the ASC on April 1, 2022.

<sup>50</sup> The fair lending and access to credit related blogs, press releases, speeches, and reports are available at [consumerfinance.gov/about-us/newsroom/](https://www.consumerfinance.gov/about-us/newsroom/) and <https://www.consumerfinance.gov/about-us/blog/>.

# 6. Workforce and Contracting Diversity

The Office of Minority and Women Inclusion (OMWI) is charged with overseeing all matters at CFPB relating to diversity in management, employment, and business activities. OMWI works to develop and foster a diverse and inclusive workforce and workplace culture at CFPB. OMWI's work is informed by best practices in diversity, equity, and inclusion in which employees have equal access to opportunities and are valued for their expertise and authentic perspectives.

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

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

The CFPB launched a new Diversity, Equity, Inclusion, and Accessibility Strategic Plan (DEIA Strategic Plan), FY 2022–2026<sup>51</sup> in March 2022 that guides CFPB's efforts in promoting diversity, equity, inclusion, and accessibility in its workforce. The DEIA Strategic Plan aligns with the CFPB's new overall Strategic Plan FY 2022–2026,<sup>52</sup> which was released in January 2022.

Objective 4.1 of the CFPB's Strategic Plan commits the CFPB to “cultivate an engaged and informed workforce to maximize talent and development in alignment with the CFPB's mission.” The plan requires the CFPB to achieve this objective with specific strategies, which are:

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<sup>51</sup> “Diversity, Equity, Inclusion, and Accessibility (DEIA) Strategic Plan.” Consumer Financial Protection Bureau. June 2, 2022. [https://files.consumerfinance.gov/f/documents/cfpb\\_deia-strategic-plan\\_report\\_2022-06.pdf](https://files.consumerfinance.gov/f/documents/cfpb_deia-strategic-plan_report_2022-06.pdf).

<sup>52</sup> “Consumer Financial Protection Bureau Strategic Plan.” Consumer Financial Protection Bureau. January 2022. <https://www.consumerfinance.gov/about-us/budget-strategy/strategic-plan/>.

- Reinforce human capital policies and programs to help the agency effectively and efficiently manage a talented, engaged, diverse, and inclusive workforce.
- Analyze and mature our learning and development opportunities to develop the new skills, leadership traits, and professional growth required for a modern workforce.
- Foster a positive, innovative work environment that promotes diversity, equity, integrity, inclusion, and trust for all employees.
- Review and redesign the skills and values we want in the CFPB’s employees and enhance our services to enable them to do their best work.
- Maintain comprehensive equal employment opportunity (EEO) compliance and diversity and inclusion programs, including those focused on minority and women inclusion.

In addition, the CFPB’s DEIA Strategic Plan also aligns with Executive Order 14035, *Diversity, Equity, Inclusion, and Accessibility in the Federal Workforce*, released by the White House in June 2021.

## 6.2 Office of Minority and Women Inclusion

### 6.2.1 Significant initiatives

#### Current period:

In October 2021, the CFPB began implementing the Persons with Disabilities Action Plan to begin addressing and eliminating barriers to equal employment opportunity identified for persons with a disability or a targeted disability. The accomplishments and outcomes of the identified actions will be published in the FY 2022 EEO Status Report (MD-715 Report).

On November 22, 2021, the CFPB was one of three agencies highlighted in the White House Domestic Policy Council’s Diversity, Equity, Inclusion, and Accessibility (DEIA) initiative webinar titled “Promising Practices from Agencies.” The CFPB presented on the outstanding work it has done to promote LGBTQ+ equity and inclusion within the CFPB and best practices other agencies can adopt.

In January 2022, the CFPB submitted the CFPB Equity Action Plan to Office of Management and Budget (OMB) in voluntary response to Executive Order 13985 (racial and economic equity). The Plan identifies specific actions CFPB will take to break down barriers to equity and

performance and accountability measures to ensure our goals are met. The Plan is also published on the CFPB's website, [consumerfinance.gov](https://consumerfinance.gov).

In March 2022, the CFPB submitted its No FEAR Act Annual Report. In April 2022, the CFPB also submitted its annual EEO Status Report (MD-715 Report) and Office of Minority and Women Inclusion (OMWI) Annual Report to Congress.

The OMWI Director, as the CFPB's Chief Diversity Officer, led the CFPB's voluntary response to Executive Order (EO) 14035 (diversity, equity, inclusion, and accessibility - DEIA). The OMWI Director led a cross-agency team to facilitate the development of a new 5-year DEIA Strategic Plan to guide CFPB's efforts in promoting diversity, equity, inclusion, and accessibility in its workforce, supplier diversity, and work to promote diversity and inclusion in Financial Services. The CFPB submitted the Plan to OMB in March 2022 and published the Plan on the CFPB's public website, [consumerfinance.gov](https://consumerfinance.gov).

## Upcoming period

In April 2022, the CFPB launched a professional development pilot program in its Supervision Enforcement and Fair Lending (SEFL) division designed to assist employees in administrative positions with skills development and career planning to support advancement beyond their current administrative positions. The goal is to leverage the learnings from the pilot to establish a cross-agency program.

In September 2022, the CFPB will complete mandatory diversity, equity, and inclusion (DEI) training for all CFPB divisions. The training focuses on cultivating inclusive teams and is designed to provide substantive opportunities for discussion, practice, and collaboration within the CFPB workforce. As of June 2022, five of the CFPB's six divisions had completed the training.

### **6.2.2 An analysis of Bureau efforts to increase workforce and contracting diversity consistent with procedures established by OMWI**

As of March 2022, an analysis of the CFPB's current workforce reveals the following key points:

- Women represent 50 percent of the CFPB’s workforce in 2022.<sup>53</sup>
- Minorities (Hispanic, Black, Asian, Native Hawaiian/Other Pacific Islander, American Indian/Alaska Native, and employees of two or more races) represent 43 percent of the CFPB workforce in 2022 with an approximate 1 percent increase from FY 2021.
- As of March 31, 2022, 15.1 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. As a result, the CFPB continues to exceed the 12 percent workforce goals for employees with disabilities and two percent workforce goals for employees with targeted disabilities in both salary categories as required in the U.S. Equal Employment Opportunity Commission’s (EEOC) Section 501 regulation 4.

The CFPB engages in the following activities to increase workforce diversity:

- Staffing:
  - The CFPB had 78 new hires which included 41 (53 percent) women and 28 (36 percent) minorities.<sup>54</sup>
  - The CFPB continues to enhance diversity by recruiting, hiring, and retaining highly qualified individuals from diverse backgrounds to fill positions at the CFPB:
    - The CFPB uses social media platforms like LinkedIn, Twitter, and Facebook to broadly promote vacancies. In addition, the CFPB has been using eQuest, a diversity specific recruitment tool to promote direct outreach to diversity organizations.
    - The CFPB takes steps to mitigate bias in the hiring process, for example by removing applicant names from resumes and other application documents before submitting certain best-qualified lists to selection officials.

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<sup>53</sup> “Office of Minority and Women Inclusion Annual Report to Congress.” Consumer Financial Protection Bureau. March 31, 2022. [https://files.consumerfinance.gov/f/documents/cfpb\\_2021-omwi-annual-report\\_2022-03.pdf](https://files.consumerfinance.gov/f/documents/cfpb_2021-omwi-annual-report_2022-03.pdf).

<sup>54</sup> New Hires data are collective over the period from October 1, 2021 to March 31, 2022.

- The CFPB regularly analyzes whether any job qualifications may inadvertently disadvantage individuals who are members of underserved communities.
    - The CFPB’s OMWI and OHC collaborate with hiring managers on strategic diversity and inclusion recruitment options.
  - The CFPB also utilized other professional development programs, and recruitment efforts directed to reach veterans and applicants with disabilities to assist in the CFPB’s workforce needs. In addition, the CFPB recently hired a Selective Placement Program Coordinator who has a focus on expanding outreach to applicants with disabilities and veterans.
  - The CFPB’s Disability and Accessibility Program Section (DAPS) provides employees and applicants with disabilities access to reasonable accommodations and other accessibility services required to meet 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 Equal Employment Opportunity Commission’s (EEOC) Section 501 regulation.
- Workforce engagement:
  - To promote an inclusive work environment, the CFPB continues to conduct strong engagement with employees and utilizes an integrated approach of education, training, and engagement programs that ensures diversity, equity, inclusion, and non-discrimination concepts are part of the learning curriculum and work environment. Employee resource groups, cultural education programs, employee dialogue sessions, a mentor program, and mandatory DEI training are key components of this effort. Notable examples include: 2022 Unity Day Celebration; Webinars on Personal Pronoun Etiquette; Dialogues on Gender Identity, Colorism, and the Cost of Racism; and Administrative Professionals Day.
  - In January 2022, the CFPB included the integration of racial equity and DEIA principles into the Bureau Strategic Plan and the CFPB’s divisional biannual performance review (BPR) process to facilitate greater management commitment and accountability on equity and inclusion. DEIA was also included as a focus for all divisions during the Spring BPR sessions.



- In March 2022, the CFPB adopted a new DEIA Strategic Plan that includes actions on workplace inclusion and employee engagement to facilitate an inclusive, equitable work environment.

### 6.2.3 Increasing contracting diversity

In addition to the mandates in Section 342(b)(2)(B) of the Dodd-Frank Act, Goal 4 of the CFPB's DEIA Strategic Plan describes the efforts the CFPB takes to increase contracting opportunities for diverse businesses including Minority- and Women-owned Businesses (MWOBs). The CFPB's OMWI and Procurement offices collectively work to increase procurement opportunities for participation by MWOBs.

#### 6.2.3.a Outreach to contractors

The CFPB promotes opportunities for the participation of small and large MWOBs by:

- Actively engaging CFPB business units with MWOB contractors throughout the acquisition cycle.
- During the reporting period, OMWI and the Office of Procurement held technical assistance events virtually due to COVID-19 restrictions. In fiscal year 2022, OMWI provided technical assistance to approximately 125 MWOBs and added over 150 vendors to its MWOB database. Attendance remained consistent at around 100 registrants and 55 attendees per session. These events included expert advice directly from CFPB procurement and program office professionals. The events aimed to align the CFPB's upcoming needs to vendor capabilities in data analytics, management consulting, and legal support services. In coordination with the Office of Procurement, OMWI attended two in-person events in addition to co-hosting two virtual business inclusion events for vendors and internal stakeholders.

In addition:

- OMWI supports program office stakeholders with updated market research and targeted outreach to engage current and potential MWOBs, and by providing suggestions for Divisions on how to incorporate supplier diversity goals into their diversity and inclusion strategic plans.
- OMWI tracks the percentage of contract dollars spent with MWOBs to advance economic equity. During the first and second quarters of FY 2022, the CFPB's MWOB spend percentage was 31 percent.

- OMWI regularly participates in virtual and in-person national supplier diversity industry days, such as the *31st Annual Government Procurement Conference and Women's Business Enterprise National Council conferences*, that help to foster business partnerships among the federal government, its U.S. prime contractors, and MWOBs.
- As a result of these efforts, 27 percent of the \$96 million in contracts that the CFPB awarded or obligated during the reporting period went to MWOBs. The following table represents the total amount of dollars spent and disbursed to MWOBs as a result of contract billing.

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

Dollars Spent	% of Total	MWOB Category
\$14,304,967	18.2%	Women Owned
\$2,118,882	2.7%	Black/African American
\$1,066,360	1.4%	American Indian/Alaskan Native
\$12,810,098	16.3%	Asian/Pacific Islander American
\$2,039,658	2.6%	Hispanic American

## 6.2.4 Diversity within the Bureau contractors' workforces

The CFPB requires its contractors and sub-contractors to report their diversity and inclusion data through the Good Faith Effort (GFE) contract requirement. During the reporting period, the CFPB collected GFE compliance data from contractors, providing an opportunity for contractors to demonstrate their efforts to address the six evaluation criteria: 1) Diversity Strategy; 2) Diversity Policies; 3) Recruitment; 4) Succession Planning; 5) Outreach; and 6) Supplier – Subcontractor Diversity. OMWI continues to maximize technical assistance to CFPB contractors throughout this process. During the reporting period the data collection form associated with the Good Faith Effort was broadened to allow for greater customization for Small Businesses. The modified form is awaiting OMB approval.

## 6.2.5 Assessing diversity of regulated entities

Per Section 342 (b) (2) (c) of the Dodd-Frank Act and Goal 5 of the CFPB's DEIA Strategic Plan, the CFPB continues to collect voluntarily submitted diversity and inclusion assessments from regulated entities. During the reporting period, the CFPB engaged in analysis of public diversity and inclusion data of regulated entities to gain a better understanding of diversity and inclusion within the financial services sector and compiled a report to share its findings. The *Diversity and Inclusion within Financial Services* report was published in January 2022. In addition, the CFPB continued its research of publicly available information related to corporate commitments designed to combat racial inequity. The CFPB followed press updates from institutions on their progress towards meeting these commitments and any new developments.

As part of ongoing the CFPB's self-assessment data collection efforts, the OMWI sent data calls to approximately 1,300 institutions and invited them to submit a diversity self-assessment. The OMWI also met directly with several financial institutions to learn more about their internal programming. These meetings have informed the OMWI about innovative initiatives that institutions have engaged in to address racial inequity within their organizations as well as in the communities they serve. The OMWI continues to welcome institutions to meet to discuss their diversity and inclusion initiatives including opportunities and challenges. The CFPB will continue to follow industry developments related to these initiatives and commitments. The CFPB will also continue its outreach to increase awareness and to encourage voluntary submission of the Diversity and Inclusion self-assessment.

# 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>55</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) 2022 spending through the end of the second quarter of the FY

As of March 31, 2022, the end of the second quarter of FY 2022, the CFPB had spent approximately \$365.7 million<sup>56</sup> in FY 2022 funds to carry out the authorities of the CFPB under federal consumer financial law, including approximately \$193.0 million for employee compensation and benefits.<sup>57</sup> There were 1,604 CFPB employees on board at the end of the second quarter.<sup>58</sup>

**TABLE 2:** FY 2022 SPENDING BY EXPENSE CATEGORY

Expense Category	Fiscal Year 2022
Personnel Compensation	\$135,685,000

<sup>55</sup> “Budget and Performance.” Consumer Financial Protection Bureau. <https://www.consumerfinance.gov/about-us/budget-strategy/budget-and-performance/>.

<sup>56</sup> This amount includes commitments and obligations. A commitment is a reservation of funds related to an authorized procurement action; an obligation is a transaction or agreement that creates a legal liability and obligates the government to pay for goods and services ordered or received.

<sup>57</sup> The 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 were capped at \$717.5 million in FY 2021 and are capped at \$734.0 million in FY 2022 and \$750.9 million in FY 2023. Funds transferred from the Board are deposited into the Consumer Financial Protection Bureau Fund (Bureau Fund) at the Federal Reserve Bank of New York.

<sup>58</sup> This figure reflects the employees on board during pay-period 06 of calendar year 2022.

Benefit Compensation	\$57,239,000
Benefit Compensation – Former Employees	\$31,000
Travel	\$48,000
Transportation of Things	\$80,000
Rents, Communications, Utilities & Misc.	\$9,081,000
Printing and Reproduction	\$2,489,000
Other Contractual Services	\$140,994,000
Supplies & Materials	\$4,799,000
Equipment	\$15,208,000
<b>Total (as of March 31, 2022)</b>	<b>\$365,654,000</b>

### 7.1.2 FY 2022 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 of 2010 (Dodd-Frank Act). As of March 31, 2022, the CFPB had received the FY 2022 transfers listed in Table 2 below.<sup>59</sup>

**TABLE 3: FUND TRANSFERS**

Date	Funds Transferred
October 01, 2021	\$235.0M
January 04, 2022	\$276.0M
<b>Total</b>	<b>\$511.0M</b>

<sup>59</sup> Current year spending in excess of funds received is funded from the prior year's unobligated balance.

Additional information about the CFPB’s finances, including information about the CFPB’s Civil Penalty Fund and Bureau-Administered Redress programs, is available online in the annual financial reports.<sup>60</sup>

Copies of the CFPB’s quarterly funds transfer requests are available online.<sup>61</sup>

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<sup>60</sup> “Financial Reports.” Consumer Financial Protection Bureau. <https://www.consumerfinance.gov/about-us/budget-strategy/financial-reports/>.

<sup>61</sup> “Funds Transfer Requests.” Consumer Financial Protection Bureau. <https://www.consumerfinance.gov/about-us/budget-strategy/funds-transfer-requests/>.

# 8. Appendix A

## 8.1 2021 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 (MLOs) 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), as a contractor for the Bureau. 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 Bureau 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 Bureau 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 Bureau's jurisdiction; (3) back-up and related authority relating to SAFE Act standards for MLO licensing systems at the state level; and (4) certain rulemaking authority. It also transferred to the Bureau the requirement to submit an annual report to Congress on the effectiveness of the SAFE Act's provisions. This section of the Bureau's Spring Semi-Annual Report constitutes the annual SAFE Act report for 2021.

While administering the SAFE Act during 2021, the Bureau worked closely with SRR/CSBS to facilitate sharing MLO information between state and federal regulators through the NMLS&R. Officials from the Bureau 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 Bureau 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 MLOs. As of December 31, 2021, there were approximately 390,708 active federally registered MLOs in the NMLS&R.

In February 2021, Bureau staff virtually attended the 2021 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 Bureau staff to meet the other participants, build relationships, and share contact information.

The Bureau 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 2021, the Bureau received approximately 22 inquiries concerning the SAFE Act through its "Regulations Inquiries" feature accessible on the Bureau's website. Most of the inquiries sought information about MLO licensing and registration requirements. The Bureau also maintains a SAFE Act Inquiries e-mail box to manage operational questions about the SAFE Act. The Bureau received approximately 115 emails in 2021, many of which pertained to the registration of MLOs and the use of the NMLS&R. The Bureau also continues to work with SRR/CSBS officials with inquiries associated to the use of the system.

While the Bureau 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. During 2021, all of the required states, territories, and D.C. regulators (state regulators) continued to use the NMLS&R for licensing their MLOs, 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 MLOs consistent with the statutory objectives of the SAFE Act.

The Bureau 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. On March 31, 2022, the United States District Court for the District of Connecticut denied 1st Alliance's motion to dismiss this claim finding that the requirement, for loan originator organizations to ensure that their loan originators are licensed as required by state and federal law, is clearly authorized by TILA.



All bank and non-bank mortgage origination exams conducted by the Bureau in 2021 included a review for compliance with the SAFE Act. Examiners tested for accurate licensing and registration as well as related policies and procedures.

During 2021, SRR/CSBS continued to engage the Bureau on issues regarding the NMLS&R and the modernization of the NMLS&R. The modernization entails rebuilding the NMLS&R on a more modern platform to improve its operations, enhance the user experience, and strengthen supervision. The Bureau continues to provide its feedback and position on current and proposed functions relating to the federal registration process for MLOs in the NMLS&R to SRR/CSBS.