

April 26, 2018

Monica Jackson
Office of the Executive Secretary
Consumer Financial Protection Bureau
1700 G Street NW
Washington, DC 20552

Re: Request for Information (“RFI”) Regarding the Bureau Civil Investigative Demands and Associated Processes (Docket No. CFPB-2018-001)

Dear Ms. Jackson:

Thank you for the opportunity to comment in response to the Consumer Financial Protection Bureau’s (CFPB’s) Request for Information (“RFI”) regarding Civil Investigative Demands (CIDs) and associated processes.

Appleaseed is a nonprofit network of seventeen public interest law and policy centers in the United States and Mexico working to break down barriers to equal opportunity. Through effective, evidence-based advocacy, we work to ensure that government advances the public interest, corporations treat consumers fairly, and all people can exercise their rights and enjoy equal opportunity. We, the undersigned Appleaseed Centers, urge you to refrain from adopting changes to the CID process that would hinder the effectiveness of the CFPB.

The Consumer Financial Protection Bureau was created after other regulators failed to react swiftly and appropriately to severe consumer protection problems in the financial marketplace. These failures led to a devastating financial crisis that impacted the entire nation. The Consumer Bureau has fulfilled its mandate and has returned nearly \$12 billion in relief to 29 million Americans. Effective enforcement of the law is a fundamentally important part of the Bureau’s mission to create a fairer and safer financial system for all of us.

The CFPB has been a crucial actor in enforcing consumer protections in many of the states Appleaseed also operates in. For example,

- In **Nebraska**, the CFPB fined First National Bank of Omaha a total of \$35 million after federal regulators concluded some of the bank’s practices deceptively or unfairly enrolled and charged customers for products they didn’t get.
- In **Texas**, the CFPB sued RPM Mortgage for allegedly paying employees bonuses to place clients in loans with higher interest rates, earning tens of millions of dollars in payments from 2011 to 2013. RPM Mortgage agreed to refund \$18 million to affected consumers, and pay an additional \$2 million fine. This also impacted people in Arizona, California, Colorado, Oregon, and Washington.
- In **Kansas** and **Missouri**, the CFPB sued two attorneys who both operated “debt relief operations” for operating debt settlement scams that typically targeted people with credit card debt. This case is still active.

- In **Louisiana** and **New York**, the CFPB sued Top Notch Funding II, LLC for lying in loan offerings to consumers who were awaiting payment from settlements or victim compensation funds. The consumers included former National Football League (NFL) players suffering from neurological disorders, victims of the Deepwater Horizon oil rig disaster, and 9/11 first responders. In January of this year, a federal judge ordered Top Notch Funding to pay a total of \$75,000.
- In **New Jersey**, the CFPB along with federal prosecutors sued Premier Consulting group, a debt-relief service provider, for allegedly collecting illegal advance fees from customers for settlement services. The CFPB also fined Pressler & Pressler in Parsippany and New Century Financial Services of Whippany, alleging that the firms were involved in more than 500,000 debt collection actions, many of which were based on “flimsy or non-existent evidence.” Pressler & Pressler paid \$1 million in fines and New Century was ordered to pay \$1.5 million in fines.
- In **New Mexico**, the CFPB, working with the Navajo Nation Department of Justice, sued Southwest Tax Loans for tricking low-income individuals into taking out high-interest tax refund anticipation loans. The CFPB alleged the lenders misrepresented the loans’ interest rates and failed to disclose that a consumer’s tax refund was available.

These are just a few examples of efforts by the CFPB to protect the rights of consumers in states where Appleseed Centers are located. The Bureau must not adopt changes to its processes for using civil investigative demands that would hinder or delay the Bureau’s important work investigating potential legal violations and hobble its crucial enforcement role. In particular:

- The Bureau must retain broad, flexible and nimble authority to investigate potential violations of the law and consumer harm.
- The ability to initiate investigations and to promulgate investigative demands must remain in the hands of senior professional staff and not be subject to political calculations.
- Bureau staff must retain the authority to initiate CIDs quickly and expect quick responses, without front-office bottlenecks or protracted appeal processes.
- Lawbreakers should not be given opportunities to delay, limit or hide evidence, or hamstring the Bureau.

Maintaining a robust, flexible and efficient investigation process is essential to the Consumer Bureau’s mission, and the Bureau’s efforts thus far have been very effective at protecting consumers from being taken advantage of by financial services companies.

Thank you for the opportunity to submit these comments.

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