



FORMER CFPB EXAMINER ALLEGES CFPB MANAGEMENT FABRICATED VIOLATIONS AND FALSIFIED REPORTS AGAINST PAYDAY LENDER

A former Consumer Financial Protection Bureau (“CFPB”) Examiner sent Attorney General Jeff Sessions a letter, dated December 6, 2017, alleging members of CFPB management requested she falsify records concerning a payday lender’s follow-up examination in order to garner a settlement against the payday lender. See <http://www.cfpbreform.org/media-center/whistleblower-letter>.

The former Examiner served as the Military Lending, Storefront Transactions Oversight and Franchise Location examiner on the follow-up examination to the consent order entered against Ace Cash Express, Inc. (“Ace”). The former Examiner alleges the CFPB Management, which included the CFPB Examiner in Charge, the CFPB Field Manager and two Assistant Regional Directors, asked the former Examiner to (i) remove documentation that the lender provided as evidence to support her initial examination report, (ii) compose a report to include findings that were false and fabricated and (iii) cite Ace for a violation for which she had verified the company was in compliance. The former Examiner stated she refused to falsify the report, and the CFPB Examiner in Charge subsequently changed the information in the former Examiner’s report and signed off on the final report. The former Examiner also alleged in the letter that after she refused to falsify the records, she was told that she was not performing at her grade level and she was subject to disciplinary action. The CFPB issued the consent order against Ace on July 10, 2014 and assessed a \$5 million penalty for alleged illegal debt collection tactics.

The allegations in this letter add to the controversy surrounding the CFPB. In October, Congress overturned the CFPB’s rule banning mandatory arbitration clauses in financial contracts. The CFPB also finalized its rule on payday lending in early October, but a bipartisan bill was introduced in the House of Representatives that would overturn the rule. Please contact us with questions. □

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