



OFFICE OF INSPECTOR GENERAL

Audit Report

2016-FMIC-C-001

The CFPB's Civil Penalty Fund
Victim Identification Process Is Generally
Effective but Can Be Enhanced

January 19, 2016

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
CONSUMER FINANCIAL PROTECTION BUREAU

Report Contributors

Silvia Vizcarra, OIG Manager

Chie Hogenmiller, Project Lead

Shola Epemolu, Auditor

Cynthia Gray, Senior OIG Manager for Financial Management and Internal Controls

Melissa Heist, Associate Inspector General for Audits and Evaluations

Abbreviations

CFO	Chief Financial Officer
CFPB	Consumer Financial Protection Bureau
CPF	Consumer Financial Civil Penalty Fund
CPF rule	Civil Penalty Fund Rule
Dodd-Frank Act	Dodd-Frank Wall Street Reform and Consumer Protection Act
ENF	Office of Enforcement
GAO	U.S. Government Accountability Office
OCFO	Office of the Chief Financial Officer
OIG	Office of Inspector General
T&I	Office of Technology and Innovation



Executive Summary:

The CFPB's Civil Penalty Fund Victim Identification Process Is Generally Effective but Can Be Enhanced

2016-FMIC-C-001

January 19, 2016

Purpose

Our objective was to assess the efficiency and effectiveness of the Consumer Financial Protection Bureau's (CFPB) process for identifying victims eligible to receive compensation from the Consumer Financial Civil Penalty Fund (CPF). In the context of this audit, *efficiency* refers to the resources used in the victim identification process and *effectiveness* refers to correctly identifying eligible victims. Our scope included the three cases in which identified eligible victims received fund distributions as of December 31, 2014.

As we began our audit, other organizations were also reviewing the CFPB's CPF. As such, we designed our project to minimize any duplication of efforts. Thus, our objective focused on the CFPB's process for identifying victims eligible to receive compensation from the CPF.

Background

The CFPB regulates the offering and provision of consumer financial products or services under federal consumer financial law and can bring enforcement actions against those who violate the law. The CFPB or a court may require a defendant who has violated the law to remedy the harm caused to consumers (i.e., victims) by paying its victims for the harm it caused and, if applicable, by also paying a civil penalty.

The Dodd-Frank Wall Street Reform and Consumer Protection Act required the CFPB to establish the CPF and to deposit civil penalties that it collects into this fund. These civil penalty funds can be used for payments to any eligible victims who do not receive full compensation for their harm from defendants who harmed them.

Observation

Overall, our audit found that the CFPB's CPF victim identification process is generally effective and efficient. For example, we found that the Office of the Chief Financial Officer (OCFO) has established internal controls to facilitate the victim identification process and has implemented the procedures and guidelines set forth in the May 2013 Civil Penalty Fund Rule, which implements the applicable section of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

During our audit of the CPF, we noted an opportunity to enhance the victim identification process. Specifically, we found that the OCFO has not documented the roles and responsibilities of the Office of Technology and Innovation (T&I) in the victim identification process. The victim identification process is data dependent and in some instances requires the involvement of T&I to produce preliminary lists of eligible victims.

We attribute the absence of documented roles and responsibilities for T&I to the recent establishment of the CPF program. The three cases we reviewed were the first cases that the CFPB had processed; the CFPB made its first allocations from the CPF in 2013, and payments to eligible victims were distributed in 2013 and 2014. Clearly documenting the roles and responsibilities of all parties involved in the victim identification process can help ensure that the information used to produce preliminary lists of victims is properly maintained and that the parties involved in the process can be accountable.

We suggest that the Chief Financial Officer, in coordination with T&I, update the OCFO's procedures to document the roles and responsibilities of T&I in the victim identification process. In his response to our draft report, the Chief Financial Officer concurs with our observation.

Summary of Recommendations, OIG Report 2016-FMIC-C-001

Recommendation number	Page	Recommendation	Responsible office
No recommendations			



OFFICE OF INSPECTOR GENERAL

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
CONSUMER FINANCIAL PROTECTION BUREAU

January 19, 2016

MEMORANDUM

TO: Stephen Agostini
Chief Financial Officer
Consumer Financial Protection Bureau

FROM: Melissa Heist *Melissa Heist*
Associate Inspector General for Audits and Evaluations

SUBJECT: OIG Report 2016-FMIC-C-001: *The CFPB's Civil Penalty Fund Victim Identification Process Is Generally Effective but Can Be Enhanced*

The Office of Inspector General (OIG) has completed its final report on the subject audit. We conducted this audit to assess the efficiency and effectiveness of the Consumer Financial Protection Bureau's process for identifying victims eligible to receive compensation from the Consumer Financial Civil Penalty Fund. In the context of this audit, *efficiency* refers to the resources used in the victim identification process and *effectiveness* refers to correctly identifying eligible victims.

Our report contains a suggestion designed to enhance the effectiveness of the victim identification process. We provided you with a draft of our report for review and comment. In your response, you concur with our observation. We have included your response as appendix C in our report.

We appreciate the cooperation that we have received from the Office of the Chief Financial Officer, the Office of Enforcement, and the Office of Technology and Innovation. Please contact me if you would like to discuss this report or any related issues.

cc: Sartaj Alag
Rumana Ahmad
Anthony Alexis
Ashwin Vasani
J. Anthony Ogden

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Introduction

Objective

Our objective was to assess the efficiency and effectiveness of the Consumer Financial Protection Bureau's (CFPB) process for identifying victims eligible to receive compensation from the Consumer Financial Civil Penalty Fund (CPF). In the context of this audit, *efficiency* refers to the resources used in the victim identification process and *effectiveness* refers to correctly identifying eligible victims. Our scope included the three cases in which identified eligible victims received fund distributions as of December 31, 2014.

As we began our audit, the following reviews of the CFPB's CPF were also being conducted:

- The U.S. Government Accountability Office (GAO) was reviewing how the CPF is administered and what controls are in place to guide the management of the fund.
- The CPF was covered in the CFPB's fiscal year 2014 financial statement audit performed by GAO.
- An audit of selected operations and the CFPB's budget performed by an independent auditor evaluated the CPF relative to applicable provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) and CFPB policies and procedures for administering the CPF.

We designed our project to minimize any duplication of efforts. Thus, our objective focused on the CFPB's process for identifying victims eligible to receive compensation from the CPF.

Background

The CFPB regulates the offering and provision of consumer financial products or services under federal consumer financial law and can bring enforcement actions against those who violate the law. The CFPB or a court may require a defendant who has violated the law to remedy the harm caused to consumers (i.e., victims) by paying its victims for the harm it caused and, if applicable, also may require the defendant to pay a civil penalty.

The Dodd-Frank Act required the CFPB to establish the CPF and to deposit civil penalties that it collects into this fund. The CPF is held in an account at the Federal Reserve Bank of New York and can be used for payments to any eligible victims who do not receive full compensation for their harm from the defendants who harmed them.

A victim's eligibility for payment from the CPF depends only on whether a final order¹ imposed a civil penalty for the violation that harmed the victim, and not on whether the defendant actually paid the penalty imposed or how much of the penalty the defendant paid. Victims are not limited to receiving only what the defendant that harmed them paid into the CPF. When the victims cannot be located or when payments to the victims are not practicable, the CPF funds can also be used for consumer education and financial literacy programs.

Civil Penalty Fund Rule

The Civil Penalty Fund Rule (CPF rule), issued in May 2013, implements the applicable section of the Dodd-Frank Act. The CPF rule

- specifies the conditions under which victims will be eligible for payments from the CPF
- specifies the payments that the CFPB may make to eligible victims²
- establishes the procedures the CFPB will follow for allocating³ and distributing funds from the CPF
- establishes the position of Fund Administrator, which reports to the CFPB's Chief Financial Officer (CFO)
- sets forth several circumstances in which it will be deemed impracticable to make payments to victims

The Governance Board is the executive advisory body responsible for ensuring that the CPF is administered in a manner consistent with the provisions of the Dodd-Frank Act. The Governance Board may advise or direct the Fund Administrator on the administration of the CPF, including on issues regarding interpretation of the CPF rule and its application to particular facts and circumstances. The Fund Administrator is required to follow the Governance Board's written directives.

The CPF rule requires the Fund Administrator to establish a schedule of six-month periods for allocating funds available in the CPF. The CPF rule sets July 21, 2011, as the start date for the first allocation period and allows the first two periods to be shorter or longer than six months. As determined by the Fund Administrator, allocation period 1 was July 21, 2011, through March 31, 2013, and allocation period 2 was April 1, 2013, through September 30, 2013. The CPF rule also requires the Fund Administrator to allocate funds within 60 days after the end of a six-month period.

As set forth in the CPF rule, the Fund Administrator also determines how much to compensate classes of victims—groups of similarly situated victims who suffered the same or similar

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1. Under 12 C.F.R. § 1075.101, a *final order* is defined as a consent order or settlement issued by a court or by the CFPB, or an appealable order issued by a court or by the CFPB, as to which the time for filing an appeal has expired and no appeals are pending. For purposes of this definition, *appeals* include petitions for reconsideration, review, rehearing, and certiorari.
 2. The CPF rule, 12 C.F.R. part 1075, identifies the category of victims who may receive payouts from the CPF and describes the amounts they may receive.
 3. *Allocation* refers to the setting aside of money from the CPF for payments to victims or for consumer education and financial literacy programs.

violations—who are otherwise not expected to receive compensation for the harm they suffered as a result of a violation.⁴ In addition, the Fund Administrator designates a payments administrator, who is responsible for distributing payments to victims. The CPF rule also requires the Fund Administrator to issue regular reports on the CPF.⁵ A table that summarizes CPF collections and allocations during allocation periods 1 and 2 and distributions made as of December 31, 2014, is in appendix B.

Overview of the Victim Identification Process

The victim identification process includes collecting victim-related data, sorting and validating victim-related data, and developing the final list of eligible victims. Several parties contribute to the victim identification process, including the Office of Enforcement (ENF), the Office of the Chief Financial Officer (OCFO) (specifically, the Fund Administrator and the Governance and Compliance team), and a third-party vendor. The roles of these parties are described in the following internal CFPB documents:

- *Procedures for Civil Penalty Fund Administration*
- *Governance and Compliance: Data Policy*
- *Policy for Facilitation and Administration of Victim Payments from CFPB*

In some cases, the Office of Technology and Innovation (T&I) is involved in managing victim-related data.

The Role of ENF

Through the course of an investigation or for the express purpose of remediating harmed consumers, ENF collects victim-related data that help identify eligible victims for compensation. The type and amount of available victim-related data vary by case. Data such as defendant database extracts, payment processor records, and bank statements are collected from the defendant; from related parties; and, if applicable, from court-appointed receivers. For some cases, T&I assists ENF with data management and creates scripts⁶ that are used to generate preliminary lists of victims who are eligible to receive funds from the CPF. While cases are ongoing, ENF informs the OCFO twice a month about the status of the cases and any upcoming civil and administrative proceedings that may result in the imposition of a civil penalty.

For each case in which a civil money penalty is imposed, ENF completes a case-specific CPF Allocation Form. This form contains information about each case, such as the violations for which the civil penalty has been imposed, and a description of classes of eligible victims and

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4. Under the CPF rule, *victims' compensable harm* is the total amount of harm for which victims potentially may receive compensation from the CPF. The CPF may compensate any compensable harm that qualifies as uncompensated harm. *Uncompensated harm* is the compensable harm less any compensation for that harm that the victim has received or is reasonably expected to receive.
 5. The CFPB issues a "Civil Penalty Fund Annual Report" in its *Financial Report of the Consumer Financial Protection Bureau*. In addition, the CPF collections and allocations are reported in the CFO's quarterly updates.
 6. A *script* is a series of instructions for a computer, carried out in a particular order.

information relevant to whether the victims have uncompensated harm. As required, if ENF believes there are eligible victims with uncompensated harm that is compensable from the CPF, ENF completes a CPF Allocation Recommendation Memo and delivers it to the OCFO. The CPF Allocation Recommendation Memo must be approved by the ENF Director or his or her designee. The CPF Allocation Recommendation Memo contains (1) an overview of the case; (2) victim eligibility according to a final order and the CPF rule; (3) ENF's recommendation on how the uncompensated harm for each class of victims should be calculated, based on a final court order; (4) a description of available victim-related data; and (5) any other information that would assist the Fund Administrator in making an allocation to classes of victims and distributing payments to victims. As additional victim-related data become available, ENF provides them to the Fund Administrator.

The Role of the Fund Administrator and the Governance and Compliance Team

The Fund Administrator makes allocations to classes of victims with uncompensated harm based on available case information, including the CPF Allocation Recommendation Memos received from ENF. The Fund Administrator is also the Director of the Governance and Compliance team, which is the team within the OCFO responsible for managing the CPF program. When the Fund Administrator and the Governance and Compliance team receive victim-related data from ENF, the data are reviewed for quality and content.

A Governance and Compliance analyst is assigned to each case.⁷ That analyst is responsible for working with the CFPB's procurement team to competitively bid each task order between two third-party vendors under contract with the CFPB to perform fund disbursement work. After a task order is awarded, the assigned Governance and Compliance analyst sends available victim-related data to the third-party vendor using a secure file transfer protocol. After the victim-related data are sent, the Governance and Compliance analyst works with the third-party vendor to process the data and develop a preliminary victims list.

The Governance and Compliance analyst also oversees the third-party vendor's activities on a continuous basis. The Governance and Compliance analyst performs the first-level review of the preliminary list of eligible victims developed by the third-party vendor. The Fund Administrator conducts a final review, approves the final list of eligible victims, and instructs the assigned Governance and Compliance analyst to send the list to the third-party vendor for payment distribution.

According to CFPB staff members, cases currently remain open for 24 months after payments are sent to eligible victims. The CFPB estimated that 24 months provides sufficient time for the CFPB, with the help of the third-party vendor, to process payments, monitor the payments, void stale-dated checks, conduct address research on undeliverable checks, and reissue payments to new addresses if necessary.

7. The assigned case analyst is also the contracting officer's representative. As the contracting officer's representative, the analyst has the authority to communicate technical direction to the contractor and is responsible for contract administration tasks, such as monitoring the contractor's performance (including inspection and testing of deliverables) and reporting on the contractor's performance to the contracting officer.

If appropriate, the Fund Administrator may engage in a claims process to identify additional victims.⁸ To determine whether a claims process may be appropriate, the Fund Administrator and the Governance and Compliance team consider the availability of allocated funds and the amount of available victim information, such as the addresses of potential victims.

The Role of the Third-Party Vendor

A third-party vendor acts as a payments administrator for each case and assists with the victim identification process. In each case, the vendor is required to submit, for CFPB approval, a task order-specific proposal and a case-specific distribution plan. Among other things, the distribution plan must contain an approach for locating, notifying, and contacting victims. In addition, the vendor works with the Governance and Compliance analyst to develop a detailed data plan that lays out how the data should be processed to identify and develop a final list of eligible victims. The distribution plan may be updated during the course of the case to align with updated case-specific needs and requirements; however, it is relatively static. In contrast, prior to funds distribution, the data plan is considered a living document and is frequently updated to record the actual steps taken to identify victims. Both the distribution plan and the data plan are submitted to the Fund Administrator for approval.

The third-party vendor receives victim-related data; processes the data into a usable format, if necessary; and creates a file with victim information, such as name, address, and amount to be paid to the victim. Then the vendor develops a preliminary list of victims by formatting the victim information, checking for duplicate entries, and searching for and updating addresses of victims before sending it to the assigned Governance and Compliance analyst. Once the list of eligible victims is approved and finalized by the Fund Administrator, the vendor disburses payment to victims according to the distribution plan that was approved by the Fund Administrator.

When instructed by the Governance and Compliance analyst, and as applicable, the vendor will proceed with a claims process to identify victims. During the process, the vendor sends claims notifications to potential victims to collect additional information so that the Fund Administrator can determine the eligibility of these potential victims. The vendor may also be instructed to send claims notifications to individuals who have already received fund distributions. The purpose of these notifications is to collect additional information to determine whether those victims have additional uncompensated harm. The information collected is evaluated by the Fund Administrator and the Governance and Compliance analyst, and fund distributions are made to eligible victims accordingly.

8. The claims process is used to solicit information not readily available to identify potential victims who may be eligible for compensation and the amount of their uncompensated harm.

Observation: The Roles and Responsibilities of T&I in the CPF Victim Identification Process Are Not Documented

We found that the CPF victim identification process is generally effective and efficient; however, the OCFO has not documented the roles and responsibilities of T&I in the victim identification process. The OCFO has established internal controls to facilitate the victim identification process and has implemented procedures and guidelines set forth in the CPF rule. Specifically, the roles of ENF, the OCFO, the Fund Administrator, the Governance and Compliance team, and the third-party vendor are described in the CFPB's *Procedures for Civil Penalty Fund Administration, Governance and Compliance: Data Policy*, and *Policy for Facilitation and Administration of Victim Payments from CFPB*. The victim identification process is data dependent and in some instances requires the involvement of T&I to produce preliminary lists of eligible victims. T&I played an important role in the victim identification process for two of the cases we reviewed; it managed data sets and created output scripts that generated preliminary lists of victims who were eligible to receive funds from the CPF.

The documentation of roles and responsibilities is an important internal control. According to GAO's *Standards for Internal Control in the Federal Government*, internal control activities are procedures, techniques, and mechanisms that enforce management's directives and should be clearly documented, specifically in paper or electronic form. Control activities are an important mechanism for ensuring that actions are taken to address risks that occur at all levels. They include a wide range of activities, such as appropriate documentation of internal controls and creation and maintenance of related records and documentation, which provide evidence of execution of these activities and approval and execution of significant events by persons acting within the scope of their authority. Further, the standards state that internal control is an integral part of managing an organization and is critical to improving organizational effectiveness and accountability.

We attribute the absence of documented roles and responsibilities for T&I to the recent establishment of the CPF program. The three cases we reviewed were the first cases that the CFPB had processed; the CFPB made its first allocations from the CPF in 2013, and payments to eligible victims were distributed in 2013 and 2014.

As the CPF program matures, roles and responsibilities for all pertinent parties should be clearly established, documented, and communicated to ensure operational effectiveness and accountability. Clearly documenting T&I's roles and responsibilities in the victim identification process can enhance the process by helping to ensure that data sets and other supporting information used to identify victims for CPF cases are properly maintained and that the parties involved in supporting the CPF are accountable for achieving effective results.

Thus, we suggest that the CFO, in coordination with T&I, update the OCFO's procedures to document the roles and responsibilities of T&I in the victim identification process.

Management's Response

In his response to our draft report, the Chief Financial Officer concurs with our observation. The Chief Financial Officer states that our review further validates the steps the CFPB has taken to date to establish effective internal controls and to implement a program that successfully identifies eligible victims. He notes that the CFPB will continue to look for improvement opportunities.

Appendix A

Scope and Methodology

We focused our review on the management and access controls related to the victim identification process for the three cases within our scope. To answer our audit objective, we interviewed the Fund Administrator to obtain an understanding of the process for identifying victims for the cases within our scope, and we identified management and access controls related to the victim identification process.

We obtained and reviewed, among other documents, the following:

- draft and finalized CFPB internal policies related to the CPF
- the CPF rule
- two relevant GAO reports⁹
- the 2014 independent audit report of selected operations and budget¹⁰
- the OIG's January 2014 CPF audit report¹¹
- the case-specific distribution plans
- the case-specific data plans explaining the victim identification process for the CPF
- the third-party vendor's Service Organization Control report

We assessed the efficiency and effectiveness of the victim identification process by testing management controls, such as supervisory controls and vendor oversight controls. We also tested access controls over victim-related data by reviewing (1) the e-mail correspondence between the Governance and Compliance team and the third-party vendor and (2) the access to the victim-related data storage. Further, we performed detailed testing of randomly selected eligible victims for one case to determine whether the final list of eligible victims was accurate.

The scope of our review did not include the CFPB's calculation of the compensable amounts for the victims in the three cases or the CFPB's payments for the services rendered by the third-party vendor contracted to assist in administering funds allocated to the cases. In addition, our scope did not include reviewing how funds were allocated to consumer education and financial literacy programs.

We performed this audit from June 2014 through August 2015. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe

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9. U.S. Government Accountability Office, *Consumer Financial Protection Bureau: Opportunity Exists to Improve Transparency of Civil Penalty Fund Activities*, GAO-14-551, June 26, 2014; and U.S. Government Accountability Office, *U.S. Government Accountability Office Auditor's Report*, GAO-15-146R, November 17, 2014.
 10. KPMG LLP, *Consumer Financial Protection Bureau Independent Audit of Selected Operations and Budget*, February 25, 2015.
 11. Office of Inspector General, *Audit of the CFPB's Civil Penalty Fund*, [OIG Report 2014-AE-C-001](#), January 16, 2014.

that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Appendix B

CPF Collections and Allocations During Allocation Periods 1 and 2 and Distributions as of December 31, 2014

During the first two allocation periods, from July 21, 2011, to September 30, 2013, final orders in CFPB enforcement actions imposed civil penalties in 14 cases and resulted in a total collection of \$81.5 million from 13 cases; 1 of the 14 cases was deemed uncollectible (table B-1). Some of the defendants in these cases were ordered only to pay a penalty to the fund, while others were ordered to provide redress for harm caused by their illegal practices to their customers and to also pay a penalty into the CPF. Of the 14 cases in allocation periods 1 and 2, the Fund Administrator determined, based on the terms of the final orders and information received from ENF, that 4 cases had classes of eligible victims with uncompensated harm.

Table B-1: Civil Penalties Collected by the CFPB During Allocation Periods 1 and 2

Case	Allocation period	Defendant name	Penalty amount (\$)	Victims with uncompensated harm ^a
1	1	Capital One	25,000,000	No
2	1	Discover	7,000,000	No
3	1	American Express Centurion Bank	3,900,000	No
4	1	American Express Bank, FSB	1,200,000	No
5	1	American Express Travel	9,000,000	No
6	1	Payday Loan Debt Solution, Inc.	5,000	Yes
7	1	Abraham Pessar (Gordon, et al.)	1	Yes
8	2	United Guaranty	4,500,000	No
9	2	Genworth	4,500,000	No
10	2	Radian Guaranty	3,750,000	No
11	2	MGIC	2,650,000	No
12	2	American Debt Settlement Solutions, Inc.	15,000	Yes
13	2	National Legal Help Center ^b	0	Yes
14	2	JPMorgan Chase	20,000,000	No
Total			81,520,001	

Source: OIG analysis and "Civil Penalty Fund Annual Report," found in *Financial Report of the Consumer Financial Protection Bureau, Fiscal Year 2014*.

^aFor cases with no victims with uncompensated harm, the defendant provided full compensation to its victims.

^bPenalties uncollectible.

The Fund Administrator distributed \$2.1 million for 3 cases as of December 31, 2014 (table B-2).

Table B-2: CPF Funds Distributed as of December 31, 2014

Case	Allocation date	Allocation amount (\$)	Distribution date	Distribution amount (\$)
Payday Loan Debt Solution, Inc.	05/30/13	488,815	11/21/13	458,526 ^a
American Debt Settlement Solutions, Inc.	11/29/13	499,248	05/21/14	499,246
National Legal Help Center	11/29/13	2,057,983	10/31/14	1,164,249 ^b
Total		3,046,046		2,122,021

Source: OIG analysis of information received from the OCFO and "Civil Penalty Fund Annual Report," found in *Financial Report of the Consumer Financial Protection Bureau, Fiscal Year 2014*.

^aThe allocation included a small contingency amount recommended by ENF. At the time of allocation, ENF was in the process of validating victim information and added a contingency amount to allow for potential additional harm amounts.

^bDistributions were made to the initial victims who were identified by the CFPB. The CFPB is continuing to identify additional victims through the claims process, in which it solicits information from potential victims that is not readily available to the CFPB.

In addition, during the first two allocation periods, the Fund Administrator allocated \$1.6 million for administrative costs and \$13.4 million for consumer education and financial literacy programs.

The CFPB made payments to victims in two cases, Payday Loan Debt Solution, Inc., and American Debt Settlement Solutions, Inc., within 6 months from the dates that the funds were allocated. For the National Legal Help Center case, the CFPB began making payments to eligible victims within 11 months from the allocation date.

Appendix C

Management's Response



1700 G Street NW, Washington, DC 20552

January 5, 2016

Ms. Melissa Heist
Associate Inspector General for Audits and Evaluations
Board of Governors of the Federal Reserve System and
Consumer Financial Protection Bureau
20th and Constitution Avenue
Washington, DC 20551

Dear Ms. Heist,

Thank you for the opportunity to review and comment on the Office of Inspector General's draft report, *CFPB's Civil Penalty Fund Victim Identification Process is Generally Effective, but Can Be Enhanced*. We have reviewed the report and concur with the observation.

Overall, we are pleased that your report has found that the Bureau's victim identification process is generally effective and efficient. Your review has further validated the steps we have taken thus far to establish effective internal controls and implement a program which successfully identifies victims eligible for payment from the Fund.

As the Civil Penalty Fund program continues to mature, we thank you for your review and look for additional opportunities for improvement.

Sincerely,

A handwritten signature in black ink that reads "Stephen J. Agostini". The signature is written in a cursive style with a loop at the end.

Stephen Agostini
Chief Financial Officer

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OFFICE OF INSPECTOR GENERAL

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