

Bureau of Consumer Financial Protection

The Bureau's Office of Enforcement Has Centralized and Improved Its Final Order Follow-Up Activities, but Additional Resources and Guidance Are Needed



Office of Inspector General
Board of Governors of the Federal Reserve System
Bureau of Consumer Financial Protection



Office of Inspector General

Board of Governors of the Federal Reserve System
Bureau of Consumer Financial Protection

Executive Summary, 2020-SR-C-002, March 2, 2020

The Bureau's Office of Enforcement Has Centralized and Improved Its Final Order Follow-Up Activities, but Additional Resources and Guidance Are Needed

Findings

The Bureau of Consumer Financial Protection's (Bureau) Office of Enforcement (Enforcement) has implemented some effective practices to improve its follow-up on final orders, such as creating a centralized compliance team responsible for follow-up and developing an internal database to track and analyze compliance information. Despite these efforts, we have identified additional opportunities for Enforcement to improve its final order follow-up activities and reporting.

First, we determined that Enforcement encountered challenges completing follow-up activities within the time frames established by its compliance team for 5 of 12 orders we reviewed. In addition, the enforcement actions page on the Bureau's public website provided information on the status of public enforcement actions that was prone to misinterpretation, because the website did not define the status categories or describe the purpose of the status information. After we completed our fieldwork and shared preliminary observations with the Bureau, the agency revised the status categories and indicated that it intends to provide additional clarifying information on its website. Finally, Enforcement can establish comprehensive guidance for documenting follow-up activities to help promote consistency. Clear guidance is particularly important given Enforcement's reliance on temporary staff to conduct some of the follow-up work.

Recommendations

Our report contains recommendations to improve Enforcement's follow-up activities and reporting related to final orders. In its response to our draft report, the Bureau concurs with our recommendations and outlines actions that have been or will be taken to address our recommendations. We will follow up to ensure that the recommendations are fully addressed.

Purpose

We conducted this evaluation to assess the effectiveness of Enforcement's processes for monitoring and conducting follow-up activities related to final orders. We focused on the follow-up activities conducted by Enforcement on final orders obtained before July 31, 2018. We excluded final orders monitored by the Bureau's Office of Supervision Examinations from the scope of this evaluation because in a separate evaluation, we reviewed that office's follow-up on Matters Requiring Attention, a process similar to its follow-up on final orders.

Background

Section 1055(a)(1) of the Dodd-Frank Wall Street Reform and Consumer Protection Act provides the Bureau or a court the authority to issue final orders against any entity or person for violations of federal consumer financial law.

In August 2017, Enforcement created a compliance team to centralize the office's follow-up activities on final orders. The team monitors defendants' compliance with final orders by (1) reviewing information received from defendants in accordance with the provisions of the order and (2) conducting investigatory activities. If the compliance team notes potential order violations, it can recommend further action, such as opening a compliance investigation, which may lead to a contempt action or other action.

As of April 2019, Enforcement was responsible for monitoring compliance with final orders that collectively contained more than 3,000 provisions.



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Bureau of Consumer Financial Protection

Recommendations, 2020-SR-C-002, March 2, 2020

The Bureau’s Office of Enforcement Has Centralized and Improved Its Final Order Follow-Up Activities, but Additional Resources and Guidance Are Needed

Finding 1: Enforcement Did Not Initiate Follow-Up Activities Within Its Expected Time Frames for Several Final Orders We Reviewed

Number	Recommendation	Responsible office
1	Develop a plan to help ensure that Enforcement’s compliance team has the resources needed to conduct follow-up activities on final orders in accordance with expectations.	Division of Supervision, Enforcement and Fair Lending

Finding 2: The Enforcement Actions Page on the Bureau’s Website Lacked Clarity on the Status of Public Enforcement Actions

Number	Recommendation	Responsible office
2	Ensure that Enforcement clarifies the status categories used to describe public enforcement actions on the enforcement actions page.	Division of Supervision, Enforcement and Fair Lending

Finding 3: Enforcement Lacks Comprehensive Guidance on Final Order Follow-Up

Number	Recommendation	Responsible office
3	Ensure that Enforcement develops comprehensive guidance addressing the expectations for the compliance team’s final order follow-up activities. As part of this guidance, define expectations for retaining documents related to Enforcement’s final order follow-up activities.	Division of Supervision, Enforcement and Fair Lending



Office of Inspector General

Board of Governors of the Federal Reserve System
Bureau of Consumer Financial Protection

MEMORANDUM

DATE: March 2, 2020

TO: Bryan A. Schneider
Associate Director, Division of Supervision, Enforcement and Fair Lending
Bureau of Consumer Financial Protection

FROM: Michael VanHuysen *Mike Van Huysen*
Assistant Inspector General for Audits and Evaluations

SUBJECT: OIG Report 2020-SR-C-002: *The Bureau’s Office of Enforcement Has Centralized and Improved Its Final Order Follow-Up Activities, but Additional Resources and Guidance Are Needed*

We have completed our report on the subject evaluation. We conducted this evaluation to assess the effectiveness of the Office of Enforcement’s processes for monitoring and conducting follow-up activities related to final orders.

We provided you with a draft of our report for review and comment. In your response, you concur with our recommendations and outline actions that have been or will be taken to address our recommendations. We have included your response as appendix B to our report.

We appreciate the cooperation that we received from the Office of Enforcement team during this evaluation. Please contact me if you would like to discuss this report or any related issues.

- cc: David Bleicken
- Cara Petersen
- Jeff Ehrlich
- Rebecca Gelfond
- Gabriel O’Malley
- Laura Schneider
- Erica Satten
- Kate Fulton
- Kirsten Sutton
- Elizabeth Reilly
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Introduction

Objective

Our objective for this evaluation was to assess the effectiveness of the Bureau of Consumer Financial Protection's (Bureau) processes for monitoring and conducting follow-up activities related to final orders. We focused on the follow-up activities conducted by the Office of Enforcement (Enforcement) in the Bureau's Division of Supervision, Enforcement and Fair Lending (SEFL) for final orders obtained before July 31, 2018. We excluded final orders monitored by the Bureau's Office of Supervision Examinations from the scope of our evaluation. Appendix A describes our scope and methodology in greater detail.

Background

The Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) established the Bureau to regulate the offering and provision of consumer financial products and services under federal consumer financial laws. With respect to the enforcement of those laws, the Dodd-Frank Act grants the Bureau authority to take enforcement actions against any entity or person the Bureau believes has violated a federal consumer financial law.¹ The Bureau can file an enforcement action by initiating an administrative adjudication proceeding or by filing an action in court.²

The Bureau refers to orders issued pursuant to the administrative process, including consent orders, as *administrative orders* and refers to orders issued by a federal court as *federal court orders*. For the purposes of this evaluation, we refer to these orders collectively as *final orders*. Final orders can contain various provisions that require defendants to do one or more of the following, among other requirements:

- pay civil money penalties
- provide monetary relief to consumers
- submit compliance reports and other relevant information to the Bureau
- respond to Bureau information requests
- create and maintain certain business records
- refrain from further violating federal consumer financial protection law

¹ The Bureau may engage in an investigation prior to filing an enforcement action. Investigations and enforcement actions may result in settlements between the Bureau and a party or may result in an adjudication by an administrative law judge through the Bureau's administrative proceeding process or by court or jury.

² Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. No. 111-203, § 1055(a)(1), 124 Stat. 1376, 2030 (2010) (codified at 12 U.S.C. § 5565(a)(1) (2010)).

The Establishment of a Centralized Compliance Team

Among other responsibilities, monitoring compliance with final orders may include determining whether all required payments were made to the appropriate parties, determining whether the Bureau received all required documentation, and monitoring the individuals or entities to identify and address potential violations of federal consumer financial laws or other provisions included in the final order. Prior to August 2017, Enforcement used a decentralized approach for monitoring compliance with final orders. Under that approach, the enforcement attorneys responsible for the negotiations or the litigation resulting in the issuance of a final order were also responsible for monitoring the defendants' compliance with the final order.

According to Enforcement, given the small number of orders issued during the Bureau's first few years of operation, there was little need for a centralized approach for monitoring compliance with those orders.³ However, as Enforcement obtained more final orders, it became increasingly difficult for enforcement attorneys to effectively monitor compliance with final orders while executing their other responsibilities. In August 2017, after conducting an internal assessment and identifying limitations associated with its decentralized approach to final order follow-up, Enforcement created a compliance team to centralize the office's follow-up activities. As of August 2019, the compliance team included a senior litigation counsel, who is the compliance team lead; a compliance management and program analyst; a temporary investigator detailee; and a contract attorney.

To further centralize its processes, Enforcement created an internal database to track and analyze compliance information. The compliance team also created a follow-up memorandum template to summarize the results of its follow-up activities. This approach sought to ease the transition for temporary detailees and contractors assigned to conduct compliance work and to mitigate potential inconsistencies arising from having different individuals conduct follow-up activities every few months.

In addition, Enforcement conducted "look-back" initiatives in March 2017 and May 2018 to assess compliance with previously issued final orders. As part of those initiatives, Enforcement sent information requests to certain defendants to obtain up-to-date and comprehensive compliance status information. As of April 2019, Enforcement was responsible for monitoring compliance with final orders that collectively contained more than 3,000 provisions.

Final Order Follow-Up Processes and Results

As outlined in the compliance team's processes and procedures document, the team's core functions include monitoring defendants' compliance with final orders by verifying information received from defendants and assessing whether they are adhering to applicable requirements. The compliance team uses different types and frequencies of monitoring activities based on various factors, such as the risk of consumer harm posed by the defendant.

The compliance team's monitoring work comprises two broad categories: (1) reviewing reports submitted by defendants in response to either order requirements or Bureau-initiated requests and (2) engaging in compliance activities to determine whether the defendants subject to the order are potentially violating any of the order's provisions. Such activities often involve checking various public and proprietary

³ Enforcement obtained its first final order in 2012.

databases, including the Bureau's consumer complaint database, to uncover any evidence of potential order violations and harm to consumers. The compliance team also reviews any whistleblower complaints related to defendants subject to an order. Additionally, compliance activity may involve determining whether any of the defendants' consumer financial product offers or other advertisements violate any provisions of the final order. If the compliance team identifies potential order violations, it may recommend further action, such as opening a compliance investigation, which may lead to a contempt action or other action.

Enforcement has implemented some effective practices to improve its follow-up on final orders, such as creating a centralized compliance team responsible for follow-up and developing an internal database for tracking compliance. Additionally, we noted that as of June 2019, the compliance team's monitoring activities identified potential violations of certain final order provisions, resulting in Enforcement launching several compliance investigations. Despite these efforts and results, we have identified additional opportunities for the Bureau to improve its final order follow-up activities and reporting.



Finding 1: Enforcement Did Not Initiate Follow-Up Activities Within Its Expected Time Frames for Several Final Orders We Reviewed

For 5 of 12 final orders that we reviewed, we did not identify any documentation evidencing that Enforcement initiated follow-up work within its established time frames.⁴ The compliance team has been unable to initiate follow-up within its established time frames for these final orders because of resource constraints. As a result, potential compliance issues may linger or remain unresolved, possibly resulting in consumer harm. Additionally, as of February 2019, the compliance team had not yet established monitoring time frames for 64 of 138 final orders. The compliance team has since assigned monitoring time frames for many of those orders, which has increased its workload.

Resource Constraints Have Limited Final Order Follow-Up Activities

We did not find any evidence that the compliance team performed follow-up work within its established time frames for 5 of 12 final orders we reviewed. For example, we reviewed the Bureau's follow-up documentation for an order and identified evidence of follow-up during the first quarter of 2018, but found no evidence of follow-up during the next three quarters of 2018 or the first quarter of 2019. Similarly, we reviewed another final order and identified documentation of follow-up activities in the second quarter of 2018, but found no evidence of additional follow-up from the third quarter of 2018 through the first quarter of 2019. In each of these instances, the compliance team did not perform follow-up activities in accordance with its established time frames for the respective orders.

The compliance team has been limited in its ability to execute its follow-up activities due to resource constraints. According to employees we interviewed, a Bureauwide hiring freeze contributed to the compliance team's reliance on detailees and contract attorneys to perform follow-up activities.⁵ When Enforcement initially established the compliance team in August 2017, the office allocated three full-time employees to the team and sought to fill one of the positions with an investigator. However, the compliance team was unable to fill the investigator position because of the hiring freeze. An Enforcement

⁴ Enforcement established follow-up time frames for 14 of the 20 final orders we selected for review. The compliance team referred 2 of those 14 orders for a compliance investigation, leaving 12 orders that required compliance team follow-up. We analyzed whether the compliance team initiated follow-up activities in accordance with its established time frames for those 12 final orders.

⁵ The compliance team has had temporary staff assisting with follow-up work, including multiple investigator detailees, contract attorneys, and other contract employees.

official indicated that the Director approved an exception to the hiring freeze in June 2019, authorizing the compliance team to hire a full-time investigator.⁶

As of August 2019, the compliance team included two permanent, full-time employees: a senior litigation counsel, who is the compliance team lead, and a compliance management and program analyst. In addition, an investigator on a 4-month detail and a contract attorney were conducting follow-up work.⁷ Although the use of temporary detailees and contract attorneys for the compliance team mitigated some resource constraints, the compliance team still did not have the resources necessary to follow up on all final orders according to the time frames the team had established as of February 2019. In addition, the use of temporary staff for follow-up activities may limit the compliance team's ability to build subject-matter expertise over time.

The Volume of Expected Follow-Up Activities Increased When Enforcement Established a Monitoring Time Frame for Additional Final Orders

As of February 2019, the compliance team had not yet established monitoring time frames for 64 of 138 final orders. However, the compliance team subsequently established monitoring time frames for all but 2 of those 64 orders. The increased workload resulting from establishing these monitoring time frames will put additional strain on the compliance team's resources. Additionally, the volume of the compliance team's monitoring work will continue to increase as Enforcement obtains new final orders. Enforcement's inability to conduct follow-up within its established time frames increases the potential for noncompliance to go undetected and for consumers to be harmed.

Recommendation

We recommend that the Associate Director of SEFL

1. Develop a plan to help ensure that Enforcement's compliance team has the resources needed to conduct follow-up activities on final orders in accordance with expectations.

Management Response

In its response to our draft report, the Bureau concurs with our recommendation. The Bureau notes that Enforcement's compliance team now has three permanent, full-time employees. The Bureau also notes that Enforcement plans to assess its current compliance resources and anticipated volume of compliance work and, based on that assessment, develop a plan to ensure that the compliance team has appropriate resources.

⁶ The Bureau ended the hiring freeze in August 2019.

⁷ In October 2019, the compliance team hired a permanent investigator.

OIG Comment

The actions described by the Bureau appear to be responsive to our recommendation. We will follow up to ensure that the recommendation is fully addressed.



Finding 2: The Enforcement Actions Page on the Bureau’s Website Lacked Clarity on the Status of Public Enforcement Actions

In its 2019 performance plan,⁸ the Bureau indicates that operational excellence is achieved, in part, by adapting policies, processes, tools, and controls to increase the Bureau’s transparency. The Bureau maintains an enforcement actions page on its website that presents information on public enforcement actions. According to an Enforcement official, this page is a centralized repository of information regarding Bureau public enforcement actions that may be useful for the media, Bureau employees, and other stakeholders. We found that although the enforcement actions page appeared to provide the status of enforcement actions, the agency indicated that the status information presented was being used for internal website management purposes and was not meant to communicate the status of the enforcement actions or ongoing compliance obligations. Because the page did not describe the purpose of the status information or define the status categories, the information provided could have been misinterpreted.

The Status Information Presented on the Enforcement Actions Page May Have Led to Confusion

The Bureau’s 2019 performance plan highlights the agency’s focus on transparency. According to Enforcement staff, in an effort to conduct its activities in a transparent manner, the Bureau established the enforcement actions page on its website to centralize information regarding public enforcement actions for interested parties. The enforcement actions page contains a status field for enforcement matters, including those with an associated final order. We noted that the status categories used in that field included *inactive or resolved*, *active*, *open*, and *closed*. However, the page did not define those status categories, nor did the page describe the purpose of the status information. When we asked Enforcement about the purpose of the information, we learned that the status field reflected internal categorizations of enforcement actions for website management purposes and was not intended to provide the public with an update on the status of the enforcement actions or any ongoing compliance obligations.

We believe that parties viewing the public website would likely have interpreted the term *status* to refer to the current status of the action and would not have been able to readily discern the intended purpose of the information or how the term *status* was actually being used. Absent clear definitions and a description of the purpose of the status information, the information available on the enforcement actions page is prone to misinterpretation by interested parties.

⁸ In February 2019, the Bureau issued *Fiscal Year 2019: Annual Performance Plan and Report, and Budget Overview*.

Management Actions Taken

After we completed our fieldwork and shared our preliminary observations with the Bureau, Enforcement revised the status categories it uses to characterize public enforcement actions on the Bureau's enforcement actions page. The Bureau now uses this field to convey the current status of the public enforcement action to interested parties, adhering to the agency's transparency objectives. Instead of using *inactive or resolved*, *active*, *open*, or *closed* to describe the status of public enforcement actions on the enforcement actions page, Enforcement explained that it now uses *post-order/post-judgment*, *pending litigation*, and *expired/terminated/dismissed* to reflect the status of actions. We believe this change provides easier-to-understand descriptions of the actual status of public enforcement actions and mitigates the potential for misinterpretation and confusion. In addition, Enforcement indicated that it intends to add definitions to the enforcement actions page for the new status categories.

In addition to the enforcement actions page, the Bureau maintains a separate page on its public website that shows public documents filed in administrative proceedings before the agency's Office of Administrative Adjudication. Enforcement is not responsible for the information on this page, but this page contains information on public enforcement actions filed administratively, including the potentially confusing status information that had been presented on the enforcement actions page. After we brought this to the Bureau's attention, the Office of Administrative Adjudication committed to updating the status of enforcement actions on its website to be consistent with the recently revised, clear terminology on the enforcement actions page.

Recommendation

We recommend that the Associate Director of SEFL

2. Ensure that Enforcement clarifies the status categories used to describe public enforcement actions on the enforcement actions page.

Management Response

In its response to our draft report, the Bureau concurs with our recommendation. The Bureau notes that Enforcement has revised the status categories it uses to characterize public enforcement actions on the Bureau's enforcement actions page. The Bureau also notes that Enforcement is working to add definitions to the enforcement actions page for each of the new status categories, stating that these definitions will provide additional clarity for interested viewers.

OIG Comment

The actions described by the Bureau appear to be responsive to our recommendation. We will follow up to ensure that the recommendation is fully addressed.



Finding 3: Enforcement Lacks Comprehensive Guidance on Final Order Follow-Up

Enforcement's *Policies and Procedures Manual*, the primary source of policy on the Bureau's enforcement activities, and other internal Enforcement guidance do not fully address the office's follow-up activities for final orders. Comprehensive guidance is particularly important given the compliance team's reliance on short-term detailees and contract employees to conduct some of the follow-up work. In addition, Enforcement has not established guidance regarding the retention of final order follow-up documentation and other evidence gathered during its final order follow-up investigatory work. As a result, the compliance team is inconsistently documenting the results of its follow-up activities and may not be retaining records needed for future litigation, possible contempt actions, or other records requests.

The Enforcement Manual and Other Internal Guidance Do Not Fully Address Enforcement's Follow-Up Activities

Enforcement's *Policies and Procedures Manual* indicates that it is the primary source for policy governing the work of Enforcement and that no other document serves as an enforcement policy, but the manual does not provide any guidance on follow-up activities conducted by the compliance team. In addition to the manual, Enforcement maintains an *Enforcement Process Blueprint* that outlines the major phases of the enforcement process—preresearch, research, investigation, settlement, litigation, and postjudgment. The postjudgment portion of this guidance covers (1) making a public announcement of the order and (2) conducting postjudgment activities.⁹ The postjudgment activities section indicates that order follow-up activities are case specific, so the guidance identifies topics for consideration rather than outlining procedures. The blueprint provides staff with some guidance for order provisions that impose civil money penalties or require providing redress to consumers; however, it does not provide guidance on the investigatory activities that the compliance team should conduct to follow up on final order provisions.

Enforcement Has Not Defined the Follow-Up Records That the Compliance Team Must Retain

Enforcement has not established guidance specifying which records, if any, must be retained. As a result, we found inconsistencies in the documentation supporting Enforcement's follow-up work. For example, for some of the final orders we reviewed, the compliance team retained extensive records documenting

⁹ The blueprint also contains guidance on initiating contempt investigations and actions.

the investigative activities it conducted. For other final orders, the compliance team summarized the investigative activities conducted and did not maintain additional supporting documentation.

Although the enforcement manual contains detailed guidance on storing Enforcement matter records from initiation through the issuance of an order, it does not include similar guidance regarding records created during final order follow-up activities. During our fieldwork, we noted that the compliance team created a template so that its attorneys and investigators can summarize the results of order follow-up activities in a more consistent manner. However, the template does not address document retention.

Absent comprehensive guidance on the retention of final order follow-up documentation and evidence, Enforcement may not retain records needed for future litigation, possible contempt actions, or other records requests. Further, comprehensive guidance is particularly important given Enforcement's reliance on short-term detailees and contract employees to conduct some of the follow-up work.

Recommendation

We recommend that the Associate Director of SEFL

3. Ensure that Enforcement develops comprehensive guidance addressing the expectations for the compliance team's final order follow-up activities. As part of this guidance, define expectations for retaining documents related to Enforcement's final order follow-up activities.

Management Response

In its response to our draft report, the Bureau concurs with our recommendation. The Bureau notes that Enforcement has begun updating its internal guidance, including the *Compliance Team Processes and Procedures*, to ensure that its procedures and guidance set expectations for final order follow-up activities and for document retention associated with these activities. Additionally, the Bureau noted that Enforcement also plans to update its *Policies and Procedures Manual* to address Enforcement's compliance-focused work.

OIG Comment

The actions described by the Bureau appear to be responsive to our recommendation. We will follow up to ensure that the recommendation is fully addressed.



Appendix A: Scope and Methodology

The scope of our evaluation included Enforcement’s follow-up activities related to final orders obtained prior to July 31, 2018. The evaluation team reviewed a nonrandom, judgmental selection of 20 final orders of a total population of 132 final orders. The original population of 132 final orders is limited to those the Bureau or a court issued prior to July 31, 2018, and those that Enforcement is responsible for monitoring to determine compliance. We excluded final orders monitored by the Bureau’s Office of Supervision Examinations from the scope of this evaluation because in a separate evaluation, we reviewed that office’s follow-up on Matters Requiring Attention, a process similar to its follow-up on final orders.¹⁰

From the population of 132 final orders, we chose not to select orders that Enforcement defined as “default orders,” orders that were issued jointly with another federal agency or a state agency, and one order with an associated entity subject to an ongoing investigation. The 20 final orders we selected for review cover a variety of attributes and include

- orders that the compliance team chose as a result of its prioritization efforts
- orders with different monitoring time frames
- orders that have been classified by the Bureau as federal or administrative
- orders that have been closed and orders that remain open
- orders that had been issued in different years, including both recently issued final orders and final orders that have been open for years

Our results cannot be projected to the entire population of final orders.

To accomplish our objective, we identified and reviewed relevant criteria, including Enforcement’s *Policies and Procedures Manual*, *Compliance Team Processes and Procedures*, and *Enforcement Process Blueprint*. We also interviewed officials and employees within Enforcement, including members of the compliance team, detailee investigators, case attorneys, and a contract attorney.

We obtained data from Enforcement’s compliance database in October 2018, February 2019, and June 2019. We reviewed information in the compliance database for the final orders we selected. In addition, we reviewed documentation from a Bureau shared drive folder for each final order we selected, as well as information on the Bureau’s public website.

We conducted our fieldwork from October 2018 through October 2019. We performed our evaluation in accordance with the *Quality Standards for Inspection and Evaluation* issued by the Council of the Inspectors General on Integrity and Efficiency.

¹⁰ Office of Inspector General, *The Bureau Can Improve Its Follow-Up Process for Matters Requiring Attention at Supervised Institutions*, [OIG Report 2019-SR-C-001](#), January 28, 2019.

Appendix B: Management Response



1700 G Street NW, Washington, D.C. 20552

February 13, 2020

Michael VanHuysen
Assistant Inspector General for Audits & Evaluations
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW
Washington, DC 20551

Dear Mr. VanHuysen,

Thank you for the opportunity to review and comment on the Office of Inspector General's report entitled *The Bureau's Office of Enforcement Has Centralized and Improved Its Final Order Follow-Up Activities, but Additional Resources and Guidance Are Needed*.

The Bureau values the effort that the Office of Inspector General (OIG) has put into its evaluation and the recommendations it has provided for improving the Office of Enforcement's final order follow-up activities and reporting. We are pleased with your finding that Enforcement has implemented some effective practices to improve its follow-up on final orders, such as creating a centralized compliance team responsible for follow-up and developing an internal database to track and analyze compliance information. We note your observations that there are opportunities for further improvement and that the compliance team has been limited in its ability to execute its follow-up activities due to resource constraints.

As reflected in the report, the Bureau is already taking steps to address some of your recommendations and is committed to addressing the remainder.

Thank you again for your review and the opportunity to provide comments on this report.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Bryan A. Schneider', is written over a light blue circular stamp.

Bryan A. Schneider
Associate Director
Division of Supervision, Enforcement and Fair Lending

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Responses to Specific Recommendations

Recommendation 1: Develop a plan to help ensure that Enforcement’s compliance team has the resources needed to conduct follow-up activities on final orders in accordance with expectations.

The Bureau concurs with this recommendation. Enforcement’s compliance team now has three permanent full-time employees, having onboarded a compliance investigator in October 2019. The compliance investigator’s primary responsibility is to conduct compliance follow-up activities on final orders on a recurring basis. Enforcement plans to assess its current compliance resources and anticipated volume of compliance work and, based on that assessment, develop a plan to ensure that the compliance team has appropriate resources.

Recommendation 2: Ensure that Enforcement clarifies the status categories used to describe public enforcement actions on the enforcement actions page.

The Bureau concurs with this recommendation. As noted in the report, Enforcement has revised the status categories it uses to characterize public enforcement actions on the Bureau’s enforcement actions page to reflect one of the following statuses: “post-order/post-judgment,” “pending litigation,” and “expired/terminated/dismissed.” Enforcement is also working to add definitions to the enforcement actions page for each of the new status categories. These definitions will provide additional clarity to interested viewers.

Recommendation 3: Ensure that Enforcement develops comprehensive guidance addressing the expectations for the compliance team’s final order follow-up activities. As part of this guidance, define expectations for retaining documents related to Enforcement’s final order follow-up activities.

The Bureau concurs with this recommendation. Enforcement has begun updating its internal guidance, including the *Compliance Team Processes and Procedures*, to ensure that its procedures and guidance set forth expectations for final order follow-up activities and include guidance on document retention for final order follow-up activities. Enforcement also plans to update its *Enforcement Policies and Procedures Manual* to address Enforcement’s compliance-focused work.



Abbreviations

Bureau	Bureau of Consumer Financial Protection
Dodd-Frank Act	Dodd-Frank Wall Street Reform and Consumer Protection Act
Enforcement	Office of Enforcement
OIG	Office of Inspector General
SEFL	Division of Supervision, Enforcement and Fair Lending

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