



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.