The CFPB's Taskforce On Federal Consumer Financial Law Is Stacked With Industry Allies Who Have Long Histories Of Fighting Regulation

Every single member of CFPB Director Kathy Kraninger's new Consumer Taskforce on Consumer Financial Law has a history of defending the financial industry and other corporate interests from consumer protections. From taskforce Chair Todd-Zywicki—who worked for a consultant to megabanks like Bank of America and has led an industry-backed think tank—to taskforce member Thomas Durkin—who was commissioned by "the world's largest business association" in its fight against the creation of the CFPB—it is clear that Trump's CFPB taskforce will not have consumers' interests first in mind.

- **CFPB Taskforce Chair Todd Zywicki Has Served Business Interests Throughout His Career—Including Working For A Consultant To Megabanks Like Bank Of America And Leading An Industry-Funded Think Tank.**
- **The US Chamber Of Commerce Commissioned CFPB Taskforce Member Thomas Durkin For A Study It Relied On In Its Fight Against The Creation Of The CFPB.**
- **CFPB Taskforce Member L. Jean Noonan Represented Two Different Companies Hit With Millions Of Dollars In Settlements With The CFPB, DOJ, And State Attorneys General For Harming Military Servicemembers.**
- **CFPB Taskforce Member J. Howard Beales III Is A "Sharp Skeptic Of Regulation" And Has Frequently Worked To Help Corporations Like R.J. Reynolds Tobacco Company And American Express.**
- **CFPB Taskforce Member William C. MacLeod Has Defended Financial Trade Associations And The Debt Collection Industry Against "Onerous Regulations" And His Firm Has Represented Subprime Lenders In Both State and Federal Investigations.**

CFPB Taskforce Chair Todd Zywicki Has Served Business Interests Throughout His Career—Including Working For A Consultant To Megabanks Like Bank Of America And Leading An Industry-Funded Think Tank.

Todd Zywicki Has Been Director Of A Consulting Firm That Was Frequently Hired To "Influence The CFPB And Other Regulatory Agencies" For Financial Industry Clients Like Visa, Bank Of America, And Citigroup That

Have Paid Billions Of Dollars In Fines And Settlements For Consumer Abuses.

CFPB Taskforce Chair Todd Zywicki Is Known As A "Sharp Critic" Of The Bureau.

Todd Zywicki, Known As A "Sharp Critic" Of The CFPB, Is Now Chair Of The Bureau's Taskforce On Federal Consumer Financial Law. "Zywicki has previously been a sharp critic of the agency, calling it 'the most powerful and unaccountable bureaucracy that I've ever been aware of.'" [Kate Berry, "CFPB names longtime agency critic to chair consumer task force," *American Banker*, 01/09/20]

- **Todd Zywicki Was Announced As The Chair Of The CFPB's New Taskforce On Federal Consumer Financial Law In January 2020.** "The Bureau also announced the designation of Todd Zywicki to serve as the Chair of the Taskforce and the appointment of Matt Cameron to serve as Staff Director of the Taskforce." [Press Release, Consumer Financial Protection Bureau, 01/09/20]

Todd Zywicki Has Served As A Director Of Global Economics Group, A Consulting Firm That Has Been Hired By Financial Corporations Such As Visa, Bank Of America And Citigroup In Order To "Influence The CFPB And Other Regulatory Agencies."

Todd Zywicki Has Served As A Director Of The Global Economics Group, A Consulting Business That Has "Been Hired By Industry To Influence The CFPB And Other Regulatory Agencies." Todd Zywicki "is a director of the Global Economics Group, a consulting business that boasts in a brochure that its experts have been hired by industry to influence the CFPB and other regulatory agencies." [Lee Fang, "The Scholars Who Shill for Wall Street," *The Nation*, 10/23/13]

Global Economics Group's Clients Include "Some Of The Biggest Names In The Financial Industry," Such As Visa, Bank Of America And Citigroup. "Nor does Zywicki advertise Global's client list, which includes some of the biggest names in the financial industry, among them Visa, Bank of America and Citigroup." [Lee Fang, "The Scholars Who Shill for Wall Street," *The Nation*, 10/23/13]

Zywicki Failed To Disclose His Work For Global Economics Group On His "University Profile, CV, Byline Or Congressional Testimony." Todd Zywicki's role at Global Economics Group "isn't contained in Zywicki's university profile, CV, byline or congressional testimony." [Lee Fang, "The Scholars Who Shill for Wall Street," *The Nation*, 10/23/13]

Todd Zywicki's Firm Was Retained For $500 An Hour By Morgan Drexen, A Debt-Relief Company That The CFPB Accused Of "Deceiving Consumers And Charging Illegal Upfront Fees"—A Federal Judge Ultimately Ordered The Firm To Pay "About $133 Million In Restitution And $40 Million In Civil Penalties."

Todd Zywicki's Firm Was Retained By Morgan Drexen, A "Debt-Relief Company Accused By The CFPB Of Deceiving Consumers And Charging Illegal Upfront Fees." "[...] Zywicki's firm was retained for $500 an hour on behalf of Morgan Drexen, a debt-relief company accused by the CFPB of deceiving consumers and charging illegal upfront fees. None of these potential conflicts of interest, however, have been disclosed during the course of Zywicki's anti-CFPB advocacy in the media or in government." [Lee Fang, "The Scholars Who Shill for Wall Street," *The Nation*, 10/23/13]

Morgan Drexen Was A Accused Of Charging "More Than 22,000 Customers Millions Of Dollars In Illegal Upfront Fees To Help Them Resolve Outstanding Debts." "The federal government's consumer financial watchdog [...] sued Morgan Drexen Inc., of Costa Mesa, alleging it charged more than 22,000 customers millions of dollars in illegal upfront fees to help them resolve outstanding debts. The suit by the Consumer Financial Protection Bureau says Morgan Drexen and its chief executive, Walter Ledda, illegally deceived consumers into signing up for costly bankruptcy-related services by telling them they would be 'debt-free in months.'" [Jim Puzzanghera, "Consumer bureau suit says debt-relief firm charged improper fees," *Los Angeles Times*, 08/20/13]

Morgan Drexen Was Ordered By A Federal Judge To Pay "About $133 Million In Restitution And $40 Million In Civil Penalties" After It "Illegally Charged Customers Upfront Fees." "A Costa Mesa-based debt settlement company that illegally charged customers upfront fees was ordered to pay roughly $173 million in restitution and penalties by a federal judge. […] In Thursday's judgment against the company and Ledda, a federal judge ordered the company pay about $133 million in restitution and $40 million in civil penalties, although because Morgan Drexen is in bankruptcy any payment will have to go through the bankruptcy process." [Lauren Williams, "Debt firm Morgan Drexen to pay $173 million in penalties, restitution," *Orange County Register*, 03/21/16]

Bank Of America Paid $17 Billion—"The Largest Settlement Arising From The Economic Meltdown"— For "Making Serious Misrepresentations" About Its Mortgage-Backed Securities.

- **Bank Of America Paid A "Record $17 Billion Settlement" For "Its Role In The Sale Of Mortgage-Backed Securities Before The 2008 Financial Crisis," "The Largest Settlement Arising From The Economic Meltdown."** [Jeff Horwitz, "AP: Record $17B settlement reached for Bank of America's role in financial crisis," *PBS*, 08/20/14]
- **The Mortgage-Backed Securities Caused "Huge Losses For Investors And A Slew Of Foreclosures, Kicking Off The Recession That Began In Late 2007."** [Jeff Horwitz, "AP: Record $17B settlement reached for Bank of America's role in financial crisis," *PBS*, 08/20/14]
- **The Settlement Required Bank Of America To "Acknowledge Making Serious Misrepresentations" About "Questionable Loans" In The Mortgage-Backed Securities It And Its Subsidiaries Sold To Investors.** [Jeff Horwitz, "AP: Record $17B settlement reached for Bank of America's role in financial crisis," *PBS*, 08/20/14]

In 2018, Bank Of America Had To Pay At Least $114 Million In Fines And Settlements For "Misleading" Customers, "Fraudulent Practices," And "Attempted Manipulation" Of A Financial Benchmark.

- **In September 2018, Bank Of America Was Ordered To Pay A $30 Million Penalty To The CFTC For "Attempted Manipulation Of The Swaps And Derivatives Benchmark."** [Doina Chiacu, "Bank of America to pay $30 million 'manipulation' penalty: CFTC," *Reuters*, 09/19/18]
- **In June 2018, Bank Of America Agreed To Pay A $42 Million Fine To The SEC After Its Merrill Lynch Division "Admitted To Misleading Brokerage Customers."** [Lisa Lambert and Jonathan Stempel, "BofA's Merrill admits misleading customers, to pay $42 million SEC fine," *Reuters*, 06/19/18]
- **In March 2018, Bank Of America Merrill Lynch Agreed To Pay A "Record $42 Million Penalty To The State Of New York To Settle An investigation Into Fraudulent Practices In Connection With [Its] Electronic Trading Services."** [Press Release, New York Attorney General, 03/23/18]

The CFPB Ordered Citigroup And Its Subsidiaries To Pay Tens Of Millions Of Dollars For Consumer Abuses.

In January 2017, The CFPB Ordered CitiFinancial Servicing And CitiMortgage To Pay "$28.8 Million For Giving 'The Runaround' To Cash-Strapped Homeowners Who Were Facing Foreclosure." "The Consumer Financial Protection Bureau ordered CitiFinancial Servicing and CitiMortgage to pay $28.8 million for giving 'the runaround' to cash-strapped homeowners who were facing foreclosure. 'Consumers were kept in the dark about their options or burdened with excessive paperwork,' said CFPB Director Richard Cordray, in a release on Monday. 'This action will put money back in consumers' pockets and make sure borrowers can get help they need.'" [Kathryn Vasel, "Citi mortgage units fined $28.8 million," *CNN Money*, 01/23/17]

- "The CFPB charged that in 2014, CitiMortgage requested unnecessary documents and forms from some homeowners who were seeking foreclosure relief. Many of these letters requested documents that had already been provided or weren't needed in the application process, according to the CFPB." [Kathryn Vasel, "Citi mortgage units fined $28.8 million," *CNN Money*, 01/23/17]

- **CitiMortgage And CitiFinancial Are "Both Units Of Citigroup."** [Press Release, Citigroup, 12/17/09]

In February 2016, The CFPB Ordered CitiBank To Pay "$5 Million Back To Customers And $3 Million In Penalties Over Its Debt Sales And Collection Practices." "The Consumer Financial Protection Bureau said [...] that it ordered Citibank to pay $5 million back to customers and $3 million in penalties over its debt sales and collection practices." ["Consumer confidence drops to lowest level since July," *The Washington Post*, 02/23/16]

- **CitiBank Was Fined For "Selling Credit-Card Debt With Inflated Interest Rates And For Not Forwarding Consumer Payments Promptly To Debt Buyers."** "In a statement, the agency said it took action against the financial services company for selling credit-card debt with inflated interest rates and for not forwarding consumer payments promptly to debt buyers." ["Consumer confidence drops to lowest level since July," *The Washington Post*, 02/23/16]

Todd Zywicki Was The Executive Director Of The Industry-Funded Law And Economics Center At George Mason University.

From 2015 To As Recently As August 2017, Todd Zywicki Served As Executive Director Of The Law And Economics Center At George Mason University Which,

In 2015, Todd Zywicki Was Named Director Of The Law And Economics Center At George Mason University. [Press Release, Mercatus Center, 06/25/15]

As Of August 16, 2017, Todd Zywicki Was Still Executive Director Of The Law And Economics Center At George Mason University. ["Leadership & Staff," George Mason University Law and Economics Center via Archive.org, archived 08/16/17]

Under His Direction, The Center Received Funding From Discover Financial Services, Visa, And The U.S. Chamber Of Commerce.

As Of July 2017, The George Mason Law & Economics Center's Corporate Donors Included Discover Financial Services, Visa, The US Chamber Of Commerce, And First Heritage Credit. ["Corporate Donors," George Mason University Law and Economics Center via Archive.org, archived 07/04/17]

Todd Zywicki Was An Individual Donor To The Law And Economics Center At The Same Time.

Todd Zywicki Was An Individual Donor To George Mason University's Law & Economics Center In 2015 To 2016. ["Individual Donors," George Mason University Law and Economics Center via Archive.org, archived July 4, 2017]

The US Chamber Of Commerce Commissioned CFPB Taskforce Member Thomas Durkin For A Study It Relied On In Its Fight Against The Creation Of The CFPB.

The U.S. Chamber Of Commerce, "The World's Largest Business Association," Enlisted Now-CFPB Taskforce Member Thomas Durkin As Part Of Its Fight Against The Bill That Created The CFPB—The Group Commissioned Durkin To Conduct A Study And Then Cited Him In Congressional Testimony And An Official Statement Against The Legislation.

Thomas Durkin, A Retired Former Senior Economist At The Federal Reserve Board, Has Been Named A Member Of The Consumer Financial Protection Bureau's (CFPB's) Taskforce On Federal Consumer Financial Law.

On January 9, 2020, Thomas Durkin Was Announced As One of Four Members Of The Consumer Financial Protection Bureau's (CFPB's) Taskforce On Federal Consumer Financial Law. "The Consumer Financial Protection Bureau (CFPB) today announced four members who will serve on the Taskforce on Federal Consumer Financial Law. [...] Dr. Thomas Durkin, Senior Economist (Retired) at the Federal Reserve Board" [Press Release, Consumer Financial Protection Bureau, 01/09/20]

Thomas Durkin "Spent 20 Years At The Federal Reserve." "Last week, the Chamber released a study by Thomas Durkin, an economist who spent 20 years at the Federal Reserve." ["Perspectives on the Consumer Financial Protection Agency," Hearing of the House Financial Services Committee, 09/30/09]

The U.S. Chamber Of Commerce, "The World's Largest Business Association," Commissioned A Study By Thomas Durkin As Part Of Its Opposition To The Legislation That Would Create The Consumer Financial Protection Bureau (CFPB), Citing Durkin In Congressional Testimony And In Its Official Statement Against The Creation Of The Bureau.

In September 2009, The U.S. Chamber Of Commerce, "The World's Largest Business Organization," Issued A Statement In Strong Opposition To H.R. 3126, The Legislation To Create The Consumer Financial Protection Bureau. "We oppose H.R. 3126, the Consumer Financial Protection Agency Act of 2009, because we believe it is the wrong way to enhance consumer protections and will have significant and harmful unintended consequences for consumers, for the business community, and for the overall economy." [Statement on "The Proposed Consumer Financial Protection Agency (CFPA)," The U.S. Chamber of Commerce, 09/23/09]

- **H.R. 3126 Was Folded Into The Wall Street Reform And Consumer Protection Act Of 2009.** "Following House committee markups on various bills addressing specific issues, then-Chairman Barney Frank of the House Committee on Financial Services introduced the Wall Street Reform and Consumer Protection Act of 2009 (H.R. 4173), incorporating elements of numerous previous bills. [...] Initially incorporated bills included H.R. 2609, H.R. 3126, H.R. 3269, H.R. 3817, H.R. 3818, H.R. 3890, and H.R. 3996." [Baird Webel, "The Dodd-Frank Wall Street Reform and Consumer Protection Act: Background and Summary," 04/21/17]

- **The U.S. Chamber Of Commerce "Is The World's Largest Business Organization," With Membership That Includes "Leading Industry Associations And Large Corporations."** "The U.S. Chamber of Commerce is the world's largest business organization representing the interests of more than 3 million businesses of all sizes, sectors, and regions. Our members range from mom-and-pop shops and local chambers to leading industry associations and large corporations." ["About the U.S. Chamber of Commerce," U.S. Chamber of Commerce, accessed 01/10/20]

The U.S. Chamber Of Commerce Commissioned A Thomas Durkin Study On The "Potential Effect On Small Business Access To Credit"—It Prominently Cited The Study In Its Statement Against The Legislation To Create A Consumer Bureau. "We are particularly concerned that these unintended consequences may fall disproportionately upon small businesses. As such, the Chamber commissioned a study to examine the CFPA and its potential effect on small business access to credit, 'The Impact of the Consumer Financial Protection Agency on Small Businesses.' The study was authored by Thomas Durkin, an economist that spent more than 20 years at the Federal Reserve Board, serving as Senior Economist in the

Division of Research and Statistics." [Statement on "The Proposed Consumer Financial Protection Agency (CFPA)," The U.S. Chamber of Commerce, 09/23/09]

The U.S. Chamber's Statement Said Thomas Durkin's Study "Concludes That The CFPA Would Create Considerable New Risks To Lenders Of Regulatory Fines And Litigation From Extending Credit." "Taken together, Durkin concludes that the CFPA would create considerable new risks to lenders of regulatory fines and litigation from extending credit. This would increase the cost to lenders of making credit available, and create pressure for lenders to raise prices on consumer credit products. Durkin also concludes that the CFPA would cause lenders to withdraw some credit products from the market." [Statement on "The Proposed Consumer Financial Protection Agency (CFPA)," The U.S. Chamber of Commerce, 09/23/09]

In A September 2009 Congressional Hearing On The Legislation, A Lawyer Testifying On Behalf Of The U.S. Chamber Of Commerce Focused On Thomas Durkin's Study, Claiming It Showed "Would Reduce Consumer Credit And Would Likely Increase The Cost Of Credit That Is Available." In A September 2009 hearing on the legislation to create the Consumer Financial Protection Bureau, Andrew J. Pincus, A Partner for Mayer Brown LLP, testified on behalf of the U.S. Chamber of Commerce, "The Chamber opposes H.R. 3126 because it believes the bill will have significant and harmful unintended consequences for consumers, for the business community, and for the overall economy. Last week, the Chamber released a study by Thomas Durkin, an economist who spent 20 years at the Federal Reserve. He concluded that H.R. 2136 [sic] would reduce consumer credit and would likely increase the cost of credit that is available. Small businesses' access to credit would be hurt as well." ["Perspectives on the Consumer Financial Protection Agency," Hearing of the House Financial Services Committee, 09/30/09]

CFPB Taskforce Member L. Jean Noonan Represented Two Different Companies Hit With Millions Of Dollars In Settlements With The CFPB, DOJ, And State Attorneys General For Harming Military Servicemembers

CFPB Taskforce Member L. Jean Noonan Represented Freedom Stores, Inc. And Its Affiliates In A $2.6 Million Settlement With The CFPB And Two Attorneys General For "Illegal Debt Collection Practices" Against Members Of The Armed Services—Including "'Using The Military Chain Of Command To Pressure And Humiliate Servicemembers.'"

L. Jean Noonan Is A Partner At Hudson Cook, LLP, A Large Financial Services Law Firm, Focusing On "Consumer Financial Services, Fair Lending [...] And Consumer Protection Matters."

L. Jean Noonan Is A Partner In Hudson Cook, LLP's Washington, DC Office, Where She "Advises Clients On Consumer Financial Services, Fair Lending [...] And Consumer Protection Matters." "Jean is a partner in the firm's Washington, DC office. Jean advises clients on consumer financial services, fair lending, marketing, financial privacy, and consumer protection matters." ["L. Jean Noonan," Hudson Cook, LLP, accessed 01/10/20]

- **Hudson Cook, LLP "Focuses Its Practice On Banking, Consumer Financial Services And Privacy Law" In 13 Offices Nationwide.** "Established in 1997, Hudson Cook, LLP is a law firm that focuses its practice on banking, consumer financial services and privacy law, both state and federal, from its 13 offices across the country." ["Overview," Hudson Cook, LLP, accessed 01/10/20]

L. Jean Noonan Was Announced As A Member Of The CFPB's New Taskforce On Federal Consumer Financial Law In January 2020. "The Taskforce members are [...] L. Jean Noonan, Partner at Hudson Cook, former General Counsel at the Farm Credit Administration, and former Associate Director of the Bureau of Consumer Protection's Credit Practice at the Federal Trade Commission [...]" [Press Release, Consumer Financial Protection Bureau, 01/09/20]

L. Jean Noonan "Counsels Financial Institutions" And "Represents Clients In Government Investigations, Examinations, And Enforcement Actions Before Federal Agencies, Including The Consumer Financial Protection Bureau."

L. Jean Noonan "Counsels Financial Institutions And Others In Complying With Laws Related To Consumer Credit, Privacy, Telemarketing, And Unfair Trade Practices." ["L. Jean Noonan," Hudson Cook, LLP, accessed 01/10/20]

L. Jean Noonan "Represents Clients In Government Investigations, Examinations, And Enforcement Actions Before Federal Agencies, Including The Consumer Financial Protection Bureau." "Jean represents clients in government investigations, examinations, and enforcement actions before federal agencies, including the Consumer Financial Protection Bureau, Federal Trade Commission, and federal prudential regulators, and in other ancillary matters." ["L. Jean Noonan," Hudson Cook, LLP, accessed 01/10/20]

L. Jean Noonan Represented Freedom Stores, Inc. And Its Affiliates In A $2.6 Million Settlement With The CFPB And Two State Attorneys General For Allegations They Engaged In "Illegal Debt Collection Practices" Against Military Servicemembers.

In December 2014, The Consumer Financial Protection Bureau (CFPB) And Attorneys General From North Carolina And Virginia Accused Freedom Stores, Inc. And Its Affiliates Of Engaging In "Illegal Debt Collection Practices" Against Servicemembers, "Including Filing Illegal Lawsuits, Debiting Consumers' Accounts Without Authorization, And Contacting Servicemembers' Commanding Officers." "The Consumer Financial Protection Bureau (CFPB) and the Attorneys General of North Carolina and Virginia took action today to protect military servicemembers from illegal debt collection practices. The CFPB alleges that Freedom Stores, Inc., Freedom Acceptance Corporation, and Military Credit Services LLC used illegal tactics to collect debts, including filing illegal lawsuits, debiting consumers' accounts without authorization, and contacting servicemembers' commanding officers." [Press Release, Consumer Financial Protection Bureau, 12/18/14]

The CFPB And Attorneys General Filed A Consent Order Requiring Freedom Stores, Inc. And Its Affiliates To Pay "Over $2.5 Million In Consumer Redress And To Pay A $100,000 Civil Penalty." "The CFPB and the states filed a consent order in federal court to require the three companies and their owners and chief officers, John Melley and Leonard Melley, Jr. to provide over $2.5 million in consumer redress and to pay a $100,000 civil penalty." [Press Release, Consumer Financial Protection Bureau, 12/18/14]

L. Jean Noonan Represented Freedom Stores, Inc. And Its Affiliates In The Case:

FOR DEFENDANTS:

By:

L. JEAN NOONAN
JAMES CHAREQ
Hudson Cook, LLP
1020 19th Street, NW, 7th Floor
Washington, DC 20036
E-mail: jnoonan@hudco.com
E-mail: jchareq@hudco.com
Tel: (202) 327-9711
Fax: (202) 223-6935
Attorneys for Defendants
Freedom Stores, Inc., Freedom Acceptance Corporation, Military Credit Services LLC, John F. Melley, and Leonard B. Melley, Jr.

[Stipulated Final Judgment and Order, Consumer Financial Protection Bureau et al. v. Freedom Stores, Inc. et al., 12/18/14]

Then-Director Richard Cordray Said Freedom Stores, Inc. And Its Affiliates Were "'Using The Military Chain Of Command To Pressure And Humiliate Servicemembers,'" Withdrawing From Consumers' Bank Accounts "'Without Permission,'" And "'Filing Thousands Of Lawsuits In Virginia Against Consumers Not From There.'"

Former CFPB Director Richard Cordray "'Freedom Stores And Its Affiliated Companies Were Filing Thousands Of Lawsuits In Virginia Against Consumers Not From There, Taking Money From Some Consumers' Bank Accounts Without Permission, And Using The Military Chain Of Command To Pressure And Humiliate Servicemembers.'" "'Our nation's servicemembers deserve better than to be targeted with illegal collections tactics when they are struggling to pay their bills,' said CFPB Director Cordray. 'Freedom Stores and its affiliated companies were filing thousands of lawsuits in Virginia against consumers not from there, taking money from some consumers' bank accounts without permission, and using the military chain of command to pressure and humiliate servicemembers. Today's action sends a clear message that the Consumer Bureau will continue to aggressively defend the rights of servicemembers and all consumers.'" [Press Release, Consumer Financial Protection Bureau, 12/18/14]

L. Jean Noonan Represented Nissan Motor Acceptance Corporation (Nissan MAC) In A $3 Million Settlement With The U.S. Department Of Justice Over Charges It Repossessed Servicemembers' Vehicles Without Court Orders And Refusing To Refund Lease Payments To Which They Were Entitled.

L. Jean Noonan Represented Nissan Motor Acceptance Corporation (Nissan MAC) In A $3 Million Settlement With The U.S. Department Of Justice For Allegations It Violated The Servicemembers Civil Relief Act (SCRA).

In August 2019, The U.S. Department Of Justice Announced A $3 Million Settlement With Nissan Motor Acceptance Corporation (Nissan MAC) Over Allegations That It Violated The Servicemembers Civil Relief Act (SCRA). "The Department of Justice announced today that Nissan Motor Acceptance Corporation (Nissan MAC) has agreed to pay $3 million to resolve allegations that it violated the Servicemembers Civil Relief Act (SCRA). The suit alleges that Nissan MAC repossessed 113 vehicles owned by SCRA-protected servicemembers without first obtaining the required court orders, and failed to refund up-front capitalized cost reduction (CCR) amounts to servicemembers who lawfully terminated their motor vehicle leases early after receiving military orders." [Press Release, U.S. Department of Justice, 08/01/19]

L. Jean Noonan Represented Nissan MAC In The Settlement:

For Nissan Motor Acceptance Corporation:

Dated: 8/1/2019

L. Jean Noonan

L. JEAN NOONAN
A. JAMES CHAREQ
Hudson Cook, LLP
1909 K Street, NW
Fourth Floor
Washington, D.C. 20006
Email: jnoonan@hudco.com
Telephone: 202-327-9700

[Settlement Agreement, U.S. v. v. Nissan Motor Acceptance Corp., N.A., L.L.C, 08/01/19]

Nissan MAC Allegedly Repossessed More Than 113 Servicemembers' Vehicles Without A Required Court Order And Failed To Refund Servicemembers' Upfront Payments For Their Leases, Such As The Value Of Any Vehicles They May Have Traded In To Reduce Their Monthly Payments.

The Lawsuit Alleged That Nissan MAC "Repossessed At Least 113 Servicemembers' Vehicles Without A Court Order And Failed To Refund Certain Upfront Payments After Many Service Members Terminated Their Leases." "The lawsuit alleged that Nissan repossessed at least 113 service members' vehicles without a court order and failed to refund certain upfront payments after many service members terminated their leases, as required by law." [Holly Baker, "Cash settlement for troops whose cars were repossessed," *Military Times*, 08/06/19]

- **The SCRA Prohibits Companies From Repossessing Active Servicemembers' Vehicles Without A Court Order If They Have Made An Installment Payment Or Deposit On Their Lease Before Entering Service.** "The SCRA prohibits repossessing a motor vehicle from a servicemember during military service without a court order if the individual made a deposit or installment payment on the loan before entering military service. The SCRA also permits servicemembers to terminate motor vehicle leases early without penalty after entering military service or receiving qualifying military orders for a permanent change of station or to deploy." [Press Release, U.S. Department of Justice, 08/01/19]

Nissan MAC Allegedly Failed To Refund "Initial Payments, Including The Value Of A Trade-In, Intended To Reduce The Cost Of Financing." "The amounts the government contended Nissan failed to refund were capitalized cost reduction (CCR) payments, which are initial payments, including the value of a trade-in, intended to reduce the cost of financing." [Holly Baker, "Cash settlement for troops whose cars were repossessed," *Military Times*, 08/06/19]

Nissan MAC Claimed Those Initial Payments "Do Not Qualify As 'Lease Amounts' That Need To Be Refunded" To Servicemembers Under The SCRA. "Nissan argued that those payments do not qualify as 'lease amounts' that need to be refunded under the law. Nonetheless, Nissan revised its policy effective November 2018 to conform to the government's interpretation, according to the settlement." [Holly Baker, "Cash settlement for troops whose cars were repossessed," *Military Times*, 08/06/19]

The U.S.'s Initial Complaint Against Nissan MAC Noted The SCRA Is Supposed To "Provide Servicemembers With Protections To Enable Them To Devote Their Entire Energy To The Defense Needs Of The Nation."

The Complaint Against Nissan MAC Stated, "The Purpose Of The SCRA Is To Provide Servicemembers With Protections To Enable Them To Devote Their Entire Energy To The Defense Needs Of The Nation And To Protect Their Civil Rights During Military Service." [Complaint, U.S. v. Nissan Motor Acceptance Corporation]

After The Settlement Was Reached, An Assistant Attorney General Emphasized The Role Of The SCRA To Protect Servicemembers And A U.S. Attorney Noted

The Law's Purpose To "Minimize Undue Financial Burdens" On Servicemembers.

Assistant Attorney General Eric Dreiband Said, "'Men And Women In Uniform Risk Their Lives To Serve Our Country, And Congress Enacted The Servicemembers Civil Relief Act To Protect Them When They Serve Our Nation.'" "'Men and women in uniform risk their lives to serve our country, and Congress enacted the Servicemembers Civil Relief Act to protect them when they serve our nation,' said Assistant Attorney General Eric Dreiband of the Justice Department's Civil Rights Division." [Press Release, U.S. Department of Justice, 08/01/19]

U.S. Attorney Don Cochran Said, "'Minimize Undue Financial Burdens Associated With Deployments And Other Instances Where Our Military Servicemembers Experience A Profound And Prolonged Lifestyle Change." "The SCRA exists to offer protections to our military service members and to minimize undue financial burdens associated with deployments and other instances where our military servicemembers experience a profound and prolonged lifestyle change," said U.S. Attorney Don Cochran, for the Middle District of Tennessee." [Press Release, U.S. Department of Justice, 08/01/19]

CFPB Taskforce Member J. Howard Beales III Is A "Sharp Skeptic Of Regulation" And Has Frequently Worked To Help Large Corporations Like R.J. Reynolds Tobacco Company and American Express.

As Far Back As 2001, CFPB Task Force Member J. Howard Beales III Was Seen As A "Sharp Skeptic Of Regulation" Whose Work Has Helped Industry To "Fight Federal Regulations."

J. Howard Beales III, A Former Director At The Federal Trade Commission's (FTC's) Bureau Of Consumer Protection And George Washington University Professor, Has Been Named A Member Of The Consumer Financial Protection Bureau's (CFPB's) Taskforce On Federal Consumer Financial Law.

On January 9, 2020, J. Howard Beales III Was Announced As One of Four Members Of The Consumer Financial Protection Bureau's (CFPB's) Taskforce On Federal Consumer Financial Law. "The Consumer Financial Protection Bureau (CFPB) today announced four members who will serve on the Taskforce on Federal Consumer Financial Law. [...] Dr. J. Howard Beales, III, former Professor of Strategic Management and Public Policy at the George Washington University and former Director of the Bureau of Consumer Protection at the Federal Trade Commission." [Press Release, Consumer Financial Protection Bureau, 01/09/20]

As Early As 2001, Ahead Of His Appointment As Director Of The Federal Trade Commission's (FTC's) Bureau Of Consumer Protection, J. Howard Beales III Was Seen As A "Sharp Skeptic Of Regulation" Whose Work Helped Companies To "Fight Federal Regulations."

In 2001, J. Howard Beales III Was Characterized As "A Sharp Skeptic Of Regulation [...] Whose Studies Have Been Used By A Tobacco Company And Other Large Consumer-Goods Makers To Fight Federal Regulations." "Incoming Federal Trade Commission Chairman Timothy Muris is expected to appoint a sharp skeptic of regulation as the agency's new consumer-protection chief. J. Howard Beales III, an academic whose studies have been used by a tobacco company and other large consumer-goods makers to fight federal regulations, could assume the post as early as next week, a government official said." [Glenn R. Simpson and Gordon Fairclough, "New FTC Chief Is Expected to Name Regulatory Skeptic to Consumer Post," *The Wall Street Journal*, 05/31/01]

J. Howard Beales III Served As A Consultant For American Express, Whose Subsidiaries Were Subject To CFPB Orders To Pay Over $165 Million In Fines And Relief For Harmed Consumers.

J. Howard Beales III Has Served As A Consultant For American Express, Whose Subsidiaries Were Ordered By The CFPB To Pay Back Over $165 Million In Fines And Consumer Relief.

J. Howard Beales Has Served As A "Consultant" For American Express. ["J. Howard Beales, III Curriculum Vita," U.S. House of Representatives, accessed 02/10/20]

In August 2017, The CFPB Ordered Two American Express Banking Subsidiaries To Pay A Total Of $96 Million In Consumer Redress For "Discriminating Against Consumers In Puerto Rico, The U.S. Virgin Islands, And Other U.S. Territories By Providing Them With Credit And Charge Card Terms That Were Inferior To Those Available In The 50 U.S. States." "The Consumer Financial Protection Bureau (CFPB) took action against American Express Centurion Bank and American Express Bank, FSB for discriminating against consumers in Puerto Rico, the U.S. Virgin Islands, and other U.S. territories by providing them with credit and charge card terms that were inferior to those available in the 50 U.S. states. […] American Express has paid approximately $95 million in consumer redress during the course of the Bureau's review and American Express' review, and the Bureau's order requires it to pay at least another $1 million to fully compensate harmed consumers." ["American Express Centurion Bank and American Express Bank, FSB," Consumer Financial Protection Bureau, 08/23/17]

- **American Express Centurion Bank And American Express Bank, FSB Are "American Express Banking Subsidiaries."** "The Consumer Financial Protection Bureau (CFPB) today took action against two American Express banking subsidiaries for discriminating against consumers in Puerto Rico, the U.S. Virgin Islands, and other U.S. territories by providing them with credit and charge card terms that were inferior to those available in the 50 states." [Press Release, Consumer Financial Protection Bureau, 08/23/17]

In December 2013, America Express Centurion Bank Was Fined "$9.6 Million In Civil Penalties" And Ordered To Refund "An Estimated $59.5 Million To More Than 335,000 Consumers For Illegal Credit Card Practices," Including "Unfair Billing Tactics And Deceptive Marketing With Respect To Credit Card 'Add-On Products.'" "The CFPB ordered American Express to refund an estimated $59.5 million to more than 335,000 consumers for illegal credit card practices. These practices included unfair billing tactics and deceptive marketing with respect to credit card 'add-on products' such as payment protection and credit monitoring. American Express will pay an additional $9.6 million in civil penalties to the CFPB." ["American Express Centurion Bank," Consumer Financial Protection Bureau, 12/24/13]

- **American Express Centurion Bank Is One Of American Express' "Banking Subsidiaries."** "The Consumer Financial Protection Bureau (CFPB) today took action against two American Express banking subsidiaries for discriminating against consumers in Puerto Rico, the U.S. Virgin Islands, and other U.S. territories by providing them with credit and charge card terms that were inferior to those available in the 50 states." [Press Release, Consumer Financial Protection Bureau, 08/23/17]

In 1993, Beales' Work Was Used By R.J. Reynolds Tobacco Company As It Fought Charges That Its "'Joe Camel'" Ad Campaign Encouraged Children To Smoke—In 2001, The President Of The Campaign For Tobacco-Free Kids Said Putting Beales In Charge Of Consumer Protection At The FTC Was "'Like Putting The Wolf In Charge Of The Henhouse.'"

Beales' Work Was Used To Defend R.J. Reynolds Tobacco Company As It Fought Claims That Its "'Joe Camel'" Advertising Campaign Encouraged Minors To Smoke.

Beales' Work Was Used "In An Effort To Fend Off Deceptive Advertising Charges Regarding The 'Joe Camel'" Cigarette Ad Campaign Run By R.J. Reynolds Tobacco Company, Which Was Accused Of Encouraging Minors To Smoke. "In 1993, former Justice Department antitrust chief James Rill submitted a Beales paper to the FTC in an effort to fend off deceptive advertising charges regarding the 'Joe Camel' campaign for R.J. Reynolds Tobacco Co. The study, which concluded that the ad campaign didn't encourage minors to smoke, used a statistical analysis 'largely conducted in connection with a consulting project for R.J. Reynolds Tobacco Company,' Mr. Beales stated in a footnote; he also thanked Mr. Muris 'for many helpful suggestions.' The FTC remains the primary federal regulator of the tobacco industry." [Glenn R. Simpson and Gordon Fairclough, "New FTC Chief Is Expected to Name Regulatory Skeptic to Consumer Post," *The Wall Street Journal*, 05/31/01]

The President Of The Campaign For Tobacco-Free Kids Said Putting Beales In Charge Of Consumer Protection Was "'Like Putting The Wolf In Charge Of The Henhouse.'"

The President Of The Campaign For Tobacco-Free Kids Said Beales "'Cannot Be Counted On To Protect Kids'" And Putting Him In Charge Of Consumer Protection Was "'Like Putting The Wolf In

Charge Of The Henhouse.'" "Matthew L. Myers, president of the Campaign for Tobacco-Free Kids, said that naming Mr. Beales to the consumer-protection post is 'like putting the wolf in charge of the henhouse.' He said 'a person with those kind of ties to the tobacco industry' and who doesn't believe cigarette advertising influences children's decisions to smoke 'cannot be counted on to protect kids.'" [Glenn R. Simpson and Gordon Fairclough, "New FTC Chief Is Expected to Name Regulatory Skeptic to Consumer Post," *The Wall Street Journal*, 05/31/01]

As Beales Was About To Be Appointed To Lead The FTC's Consumer Protection Bureau, The Agency Was About To Investigate R.J. Reynolds For Claiming One Of Its Products "'May Present Less Risk Of Cancer'"—But Studies Found The Product Actually Contained "Higher Levels Of Some Cancer-Causing Chemicals" Than Some Conventional Cigarette Brands.

Ahead Of Beales' Appointment, The FTC Was Poised To Investigate R.J. Reynolds' Claims That Its "Unconventional" Eclipse Product, "Which Mostly Heats Tobacco Instead Of Burning It," "'May Present Less Risk Of Cancer.'" "One of Mr. Beales's first decisions will be whether to participate in a major tobacco issue before the agency. Massachusetts's health department and others last year asked the FTC to investigate R.J. Reynolds's claims that its unconventional Eclipse cigarette is potentially safer for smokers. Ads running in Dallas, where Reynolds is testing Eclipse, say the cigarette, which mostly heats tobacco instead of burning it, 'may present less risk of cancer.'" [Glenn R. Simpson and Gordon Fairclough, "New FTC Chief Is Expected to Name Regulatory Skeptic to Consumer Post," *The Wall Street Journal*, 05/31/01]

However, Tests Commissioned By Massachusetts Health Officials "Found That Eclipse Contains Higher Levels Of Some Cancer-Causing Chemicals Than Two Regular Ultralight Brands." Massachusetts' "State health officials said a series of tests they commissioned found that Eclipse contains higher levels of some cancer-causing chemicals than two regular ultralight brands." [Glenn R. Simpson and Gordon Fairclough, "New FTC Chief Is Expected to Name Regulatory Skeptic to Consumer Post," *The Wall Street Journal*, 05/31/01]

CFPB Taskforce Member William C. MacLeod Has Defended Financial Trade Associations And The Debt Collection Industry Against "Onerous Regulations" And His Firm Has Represented Subprime Lenders In Both State and Federal Investigations.

William C. MacLeod Has Defended Financial Trade Associations And Companies Against "Onerous Regulations."

As Chair Of Kelley Drye & Warren's Antitrust And Competition Practice Group, William C. MacLeod Has Defended Trade Associations And Financial Companies Against "Onerous Regulations."

William C. MacLeod Is A Partner At Kelley Drye & Warren LLP Where He Chairs Its Antitrust And Competition Practice Group. "William MacLeod is a Partner in Kelley Drye & Warren LLP's Washington, D.C., and Chicago offices and Chair of the Antitrust and Competition practice group. A former Bureau Director at the U.S. Federal Trade Commission (FTC), Mr. MacLeod focuses his practice on competition law, trade regulation, advertising, privacy and security." ["William C. MacLeod Esq.," Bloomberg Industry Group, accessed 01/17/19]

William C. MacLeod Has Defended Trade Associations And Financial Companies Against "Onerous Regulations." "In his work with trade associations and their members, he has fought onerous regulations and advocated sensible policies on competition, biotechnology, health and privacy. In his work on privacy and security, he has defended the practices of major retailers, manufacturers and financial companies." ["William C. MacLeod Esq.," Bloomberg Industry Group, accessed 01/17/19]

One of William MacLeod's Practice Areas At Kelley Drye & Warren – Consumer Financial Protection Regulation – Has Represented The Debt Collection Industry In Various CFPB And FTC Investigations.

Kelley Drye & Warren's Consumer Financial Protection Regulation Practice Group Has Represented The Debt Collection Industry – Including "One Of The Largest Debt Collection Agencies" – In CFPB And FTC Investigations.

Kelley Drye & Warren's Consumer Financial Protection Regulation Practice Group Has "Represented One Of The Largest Debt Collection Agencies To Settle FTC Allegations That The Company's Collection Techniques Violated The FTC Act And FDCPA. ["Consumer Financial Protection Regulation," Kelley Drye & Warren, accessed 01/22/20]

Kelley Drye & Warren's Consumer Financial Protection Regulation Practice Group Has "Represented A Major Third-Party Servicer In A Confidential Investigation Before The CFPB." ["Consumer Financial Protection Regulation," Kelley Drye & Warren, accessed 01/22/20]

Kelley Drye & Warren's Consumer Financial Protection Regulation Practice Group "Represented Numerous Credit Counseling Companies As Defendants That Resulted In Settlement Of FTC And State Attorneys General Allegations Regarding Unfair And Deceptive Practices In The Offering Of Credit Counseling And Debt Management Programs." ["Consumer Financial Protection Regulation," Kelley Drye & Warren, accessed 01/22/20]

Kelley Drye & Warren's Consumer Financial Protection Regulation Practice Group "Advise[d] A Peer-To-Peer Lending Platform On FCRA And TILA Compliance." ["Consumer Financial Protection Regulation," Kelley Drye & Warren, accessed 01/22/20]

Kelley Drye & Warren's Consumer Financial Protection Regulation Practice Group Has "Represent[ed] [A] Debt Portfolio Management Company Regarding Information Requests Under Section 6(B) Of The FTC Act." ["Consumer Financial Protection Regulation," Kelley Drye & Warren, accessed 01/22/20]

<u>Kelley Drye & Warren's Consumer Financial Protection Regulation Practice Area Has Also Helped The Debt Collection Industry Create A "Self-Regulatory Program."</u>

Kelley Drye & Warren's Consumer Financial Protection Regulation Practice Group "Assisted An Association Of Credit And Collection Professionals In The Development Of A Self-Regulatory Program For The Debt Collection Industry." ["Consumer Financial Protection Regulation," Kelley Drye & Warren, accessed 01/22/20]

<u>William MacLeod Is A Primary Contact For The "Consumer Financial Protection Regulation" Practice At Kelley Drye & Warren.</u>

William MacLeod's Practice Areas Include "Consumer Financial Protection Regulation." ["William C. MacLeod," Kelley Drye & Warren LLP, accessed 01/22/20]

William MacLeod Also Serves As A Primary Contact For Kelley Drye & Warren's Consumer Financial Protection Regulation Practice Group. ["Consumer Financial Protection Regulation," Kelley Drye & Warren, accessed 01/22/20]

["Consumer Financial Protection Regulation," Kelley Drye & Warren, accessed 01/22/20]

William MacLeod's Law Firm, Kelley Drye & Warren, Has Represented A "Sub-Prime Lender" Against Lawsuits From Federal And State Authorities And Against Class Actions.

<u>Kelley Drye & Warren Has Represented A "Sub-Prime Lender" In Litigation From The Federal Trade Commission [FTC], Six State Attorneys General, And Against Class Action Lawsuits.</u>

Kelley Drye & Warren "Represented A Sub-Prime Lender In Litigation Filed By The FTC, Six State Attorneys General, AARP And Related Consumer Class Actions." ["State Attorneys General," Kelley Drye & Warren, accessed 01/22/20]