

# **Financial Services Enforcement Actions Tracker**

**April 2022**



## Regulatory Outlook

In alignment with previous observations on market trends, insights, and experience, Guidehouse continues to see more aggressive regulatory enforcement. With revived approach and focus on consumer protection, financial regulators have reflected on the most common violations during 2021. Guidehouse believes the resulting violations in areas such as mortgage servicing, fair lending, payday, and remittances, will be a focal point in 2022.<sup>1</sup>

- **October 21, 2021:** The Consumer Financial Protection Bureau (CFPB) targeted tech giants Amazon, Apple, Facebook, Google, PayPal, and Square by ordering the firms to provide information on how they're collecting and using customers' financial data.<sup>2</sup>
- **October 22, 2021:** Continued collaboration of regulators as the Justice Department (DOJ) announced launch of the Combatting Redlining Initiative, supported by the CFPB and the Office of the Comptroller of the Currency (OCC).<sup>3</sup>
- **December 7, 2021:** The CFPB issued final rule to facilitate transition from the LIBOR interest rate index for consumer financial products, effective April 1, 2022.<sup>4</sup>
- **December 17, 2021:** With continued focus on consumer protection, the OCC released revised interagency Home Mortgage Disclosure Act (HMDA) examination procedures, effective January 1, 2022.<sup>5</sup>

Guidehouse anticipates enhanced supervisory oversight, acceleration of cross-agency collaboration, and enforcement actions throughout 2022.<sup>6</sup> Given that, financial institutions should expect modifications of existing and proposal of new laws and regulations, as well as focus on data and technology resilience. Developing strategies to identify and mitigate emerging risks, such as in data privacy and protection, will become essential.

1. <https://www.consumerfinance.gov/about-us/newsroom/cfpb-orders-tech-giants-to-turn-over-information-on-their-payment-system-plans/>  
2. <https://www.consumerfinance.gov/about-us/newsroom/cfpb-report-highlights-supervisory-findings-of-wide-ranging-violations-of-law-in-2021/>  
3. <https://www.justice.gov/opa/pr/justice-department-announces-new-initiative-combat-redlining>  
4. <https://www.consumerfinance.gov/about-us/newsroom/cfpb-issues-final-rule-to-facilitate-transition-from-libor/>  
5. <https://www.occ.gov/news-issuances/bulletins/2021/bulletin-2021-63.html>  
6. <https://www.consumerfinance.gov/about-us/newsroom/cfpb-research-shows-banks-deep-dependence-on-overdraft-fees>



# Federal-Level Enforcement Actions

## Top Q4 2021 Federal Enforcement Actions

The following enforcement actions are examples of some of the top **federal enforcement actions** for Q4 2021.

### Improper Foreign Transactions

In Q4, 2021, there were multiple actions taken against a large bank pertaining to Improper Foreign Transactions, totaling more than \$547 million in monetary penalties and restitution. These penalties were a result of defrauding US and international investors, conspiracy to commit wire fraud, and violating multiple anti-money laundering laws.

### Governance Deficiencies

In Q4, 2021, there were nine actions cited as pertaining to Governance Deficiencies, two of which totaled \$200 million in monetary penalties and restitution. These two actions were related to a bank's failure to have adequate oversight around its communication protocols. The bank has since agreed to enhance its policies and procedures and overall compliance related to the matter.

### Fair Housing Act

In Q4, 2021, there were two actions cited as pertaining to the Fair Housing Act, totaling \$9 million in monetary penalties and restitution. These actions were related to disparate treatment of customers, which included not providing equal credit access to residents seeking first-lien mortgage loans.

### National Flood Insurance Program

In Q4, 2021, there were eight actions cited as pertaining to the National Flood Insurance Program, totaling \$3.7 million in monetary penalties and restitution. One of the actions was in connection with the bank's pattern or practice of violations of Regulation H: Membership of State Banking Institutions in the Federal Reserve System.

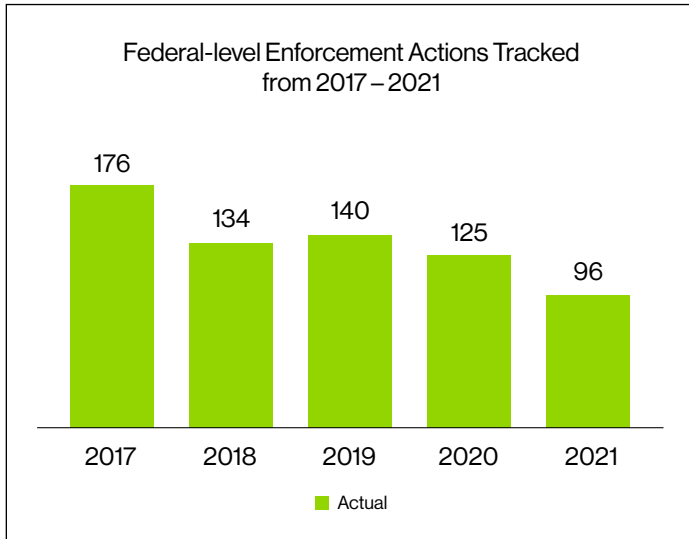




# Federal-Level Enforcement Actions

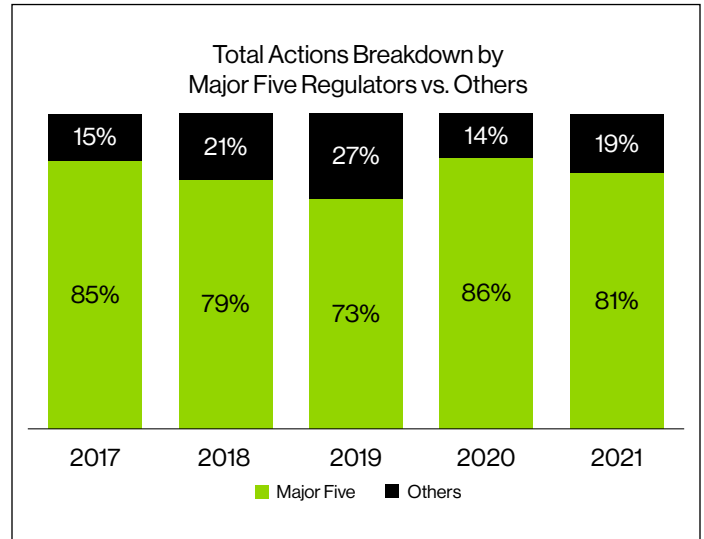
## Prior Five Years (2017 – 2021)

The charts below describe **federal-level enforcement actions from 2017 to 2021**. There has been a **consistent decline in enforcement actions over this time**.



### An overall downward trend in volume of federal-level enforcement actions was observed between 2017 – 2021:

- In 2017, federal-level regulators enforced 176 actions.
- In 2021, federal-level regulators enforced 96 actions, representing a 45% decrease compared to 2017.
- Although 2021 has proven to have had fewer enforcement actions than years past, Guidehouse projects the number of actions to accelerate in 2022, as the Biden administration's increased regulatory presence continues to ramp up.



### In the past four years, actions enforced by other federal-level regulators have accounted for a higher proportion in total federal-level enforcement actions:

- In 2017, 85% of federal actions were enforced by the major five regulators (CFPB, DOJ, Federal Deposit Insurance Corporation (FDIC), Federal Reserve Board (FRB), and OCC), **only 15% of federal-level enforcement actions were enforced by non-major five federal regulators**.
- In 2021, 81% of federal actions were enforced by the major five regulators, and the **other federal regulators enforced 19% of total federal-level actions**.

Guidehouse tracks federal-level enforcement actions related to consumer finance from certain regulators. Specifically, major five federal regulators consist of the CFPB, DOJ, FDIC, FRB, and OCC. "Others" consist of certain relevant enforcement actions levied by the CFTC, FHFA, FinCEN, FINRA, FTC, HUD, SEC, NCUA, and OFAC at banks and subsidiaries of bank holding companies.

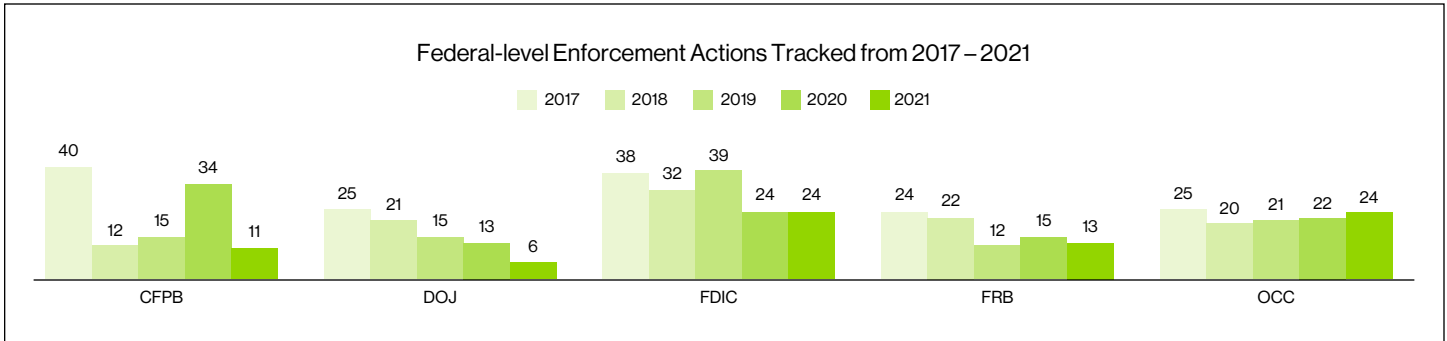


# Federal-Level Enforcement Actions

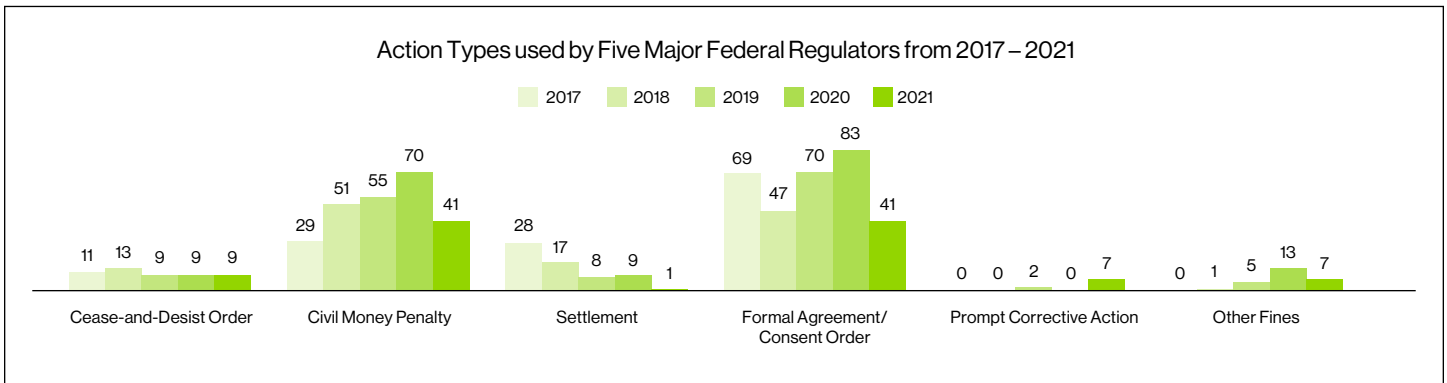
## Prior Five Years (2017 – 2021)

The charts below describe **federal-level enforcement actions from 2017 to 2021 broken down by the five major regulators** and their corresponding action types. There has been a consistent decline in enforcement actions over this time.

An **overall downward trend** in volume of actions enforced by **five major federal regulators** was observed between 2017 – 2021, with an increase in OCC enforcements in 2021.



**Formal Agreement/Consent Order** and **Civil Money Penalty** were the most frequently used action types for five major federal regulators to enforce regulatory requirements.



Note: One regulatory action may be categorized as multiple action types. Actions from previous quarters issued after the previous publication's cutoff date may be included in the above figures.

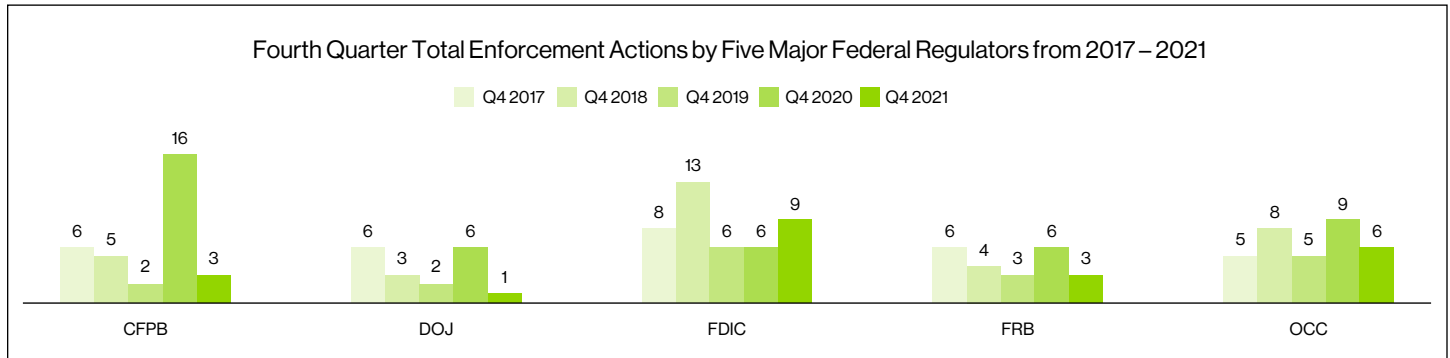


# Federal-Level Enforcement Actions

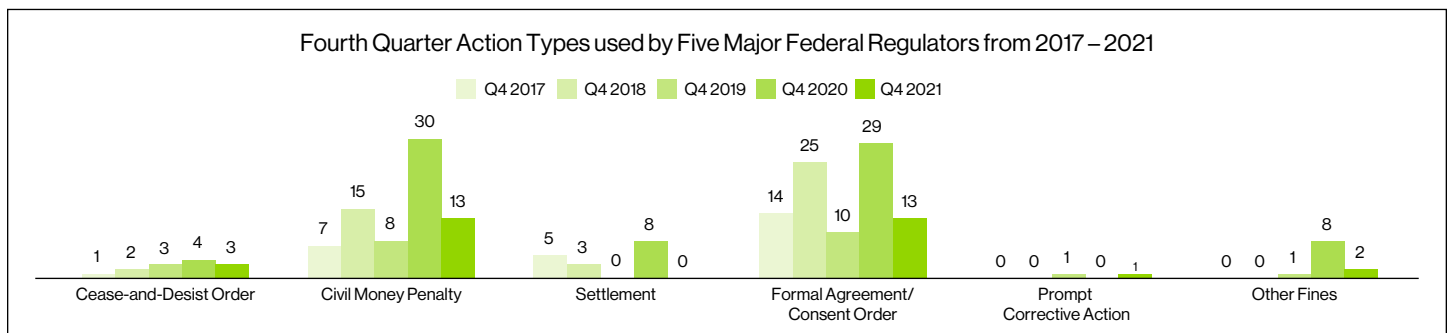
## Fourth Quarter Actions of Prior Five Years (Q4 2017 – Q4 2021)

The charts below describe **federal-level enforcement actions for the fourth quarter of each year from 2017 to 2021** broken down by the five major regulators and their corresponding action types.

An **overall downward trend** in volume of actions enforced by **five major federal regulators** was observed between 2017 – 2021, with an increase in FDIC enforcements in Q4 2021.



**Formal Agreement/Consent Order** and **Civil Money Penalty** were the most frequently used action types for five major federal regulators to enforce regulatory requirements.



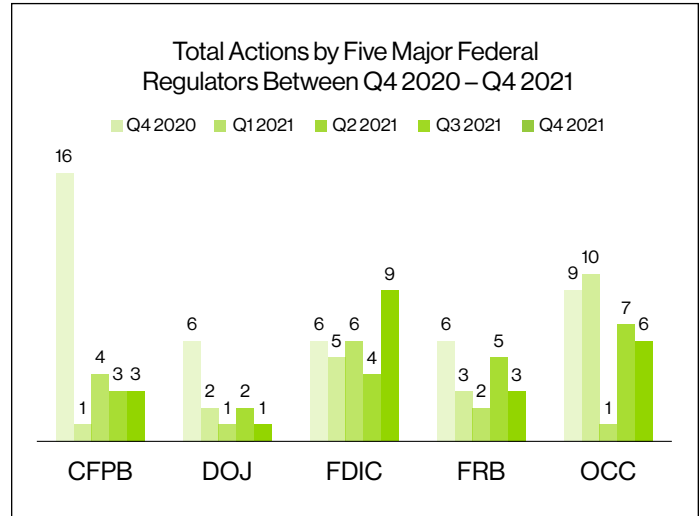
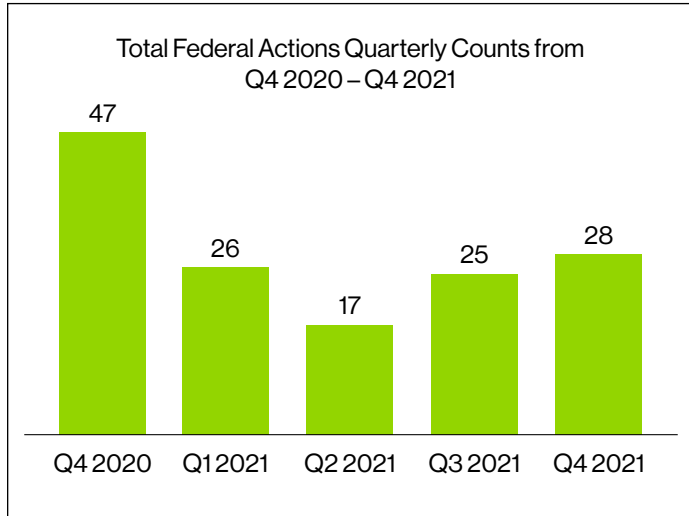
Note: One regulatory action may be categorized as multiple action types. Actions from previous quarters issued after the previous publication's cutoff date may be included in the above figures.



# Federal-Level Enforcement Actions

## Prior Five Quarters (Q4 2020 – Q4 2021)

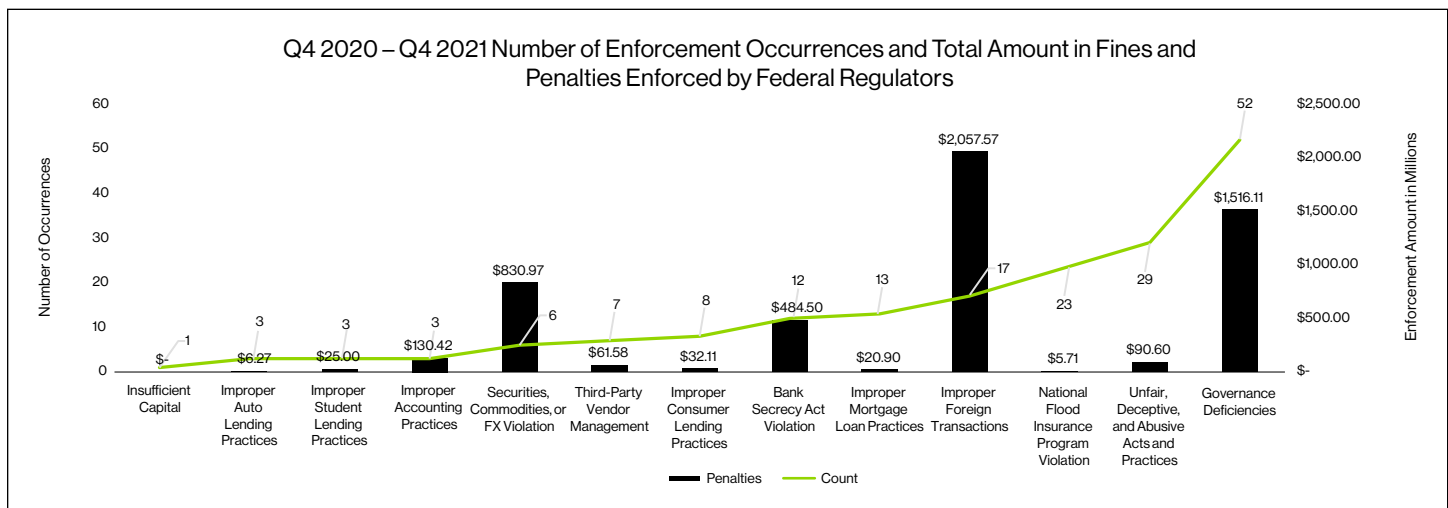
The charts below describe **federal-level enforcement actions for the past five quarters (Q4 2020 – Q4 2021)**. There was a decrease in enforcement actions from Q4 2020 to Q2 2021 and an increase in enforcement actions from Q2 2021 to Q4 2021.



- A total of **28 federal level regulatory actions** were observed in Q4 2021.
  - With 28 federal actions in Q4 2021, compared to 25 federal actions in Q3 2021, there was a **11% decrease** quarter over quarter.
  - With 28 federal actions in Q4 2021, compared to 47 federal actions in Q4 2020, there was a **40% decrease** year over year.
- Please note the high volume of enforcement actions issued by the CFPB in Q4 of 2020 was primarily related to deceptive advertisements for VA mortgage loans.<sup>7</sup>

## Prior Five Quarters (Q4 2020 – Q4 2021)

The chart below depicts federal-level enforcement actions for the last five quarters (Q4 2020 – Q4 2021). **A total of 52 actions over the past five quarters involved Governance Deficiencies**, making it the most frequently occurring violation – accumulating over \$1.5 billion in fines and penalties enforced.



Note: One regulatory action may be categorized as multiple action types. Actions from previous quarters issued after the previous publication's cutoff date may be included in the above figures.

7. <https://www.consumerfinance.gov/about-us/newsroom/consumer-financial-protection-bureau-settles-ninth-mortgage-company-address-deceptive-loan-advertisements-sent-servicemembers-and-veterans/>



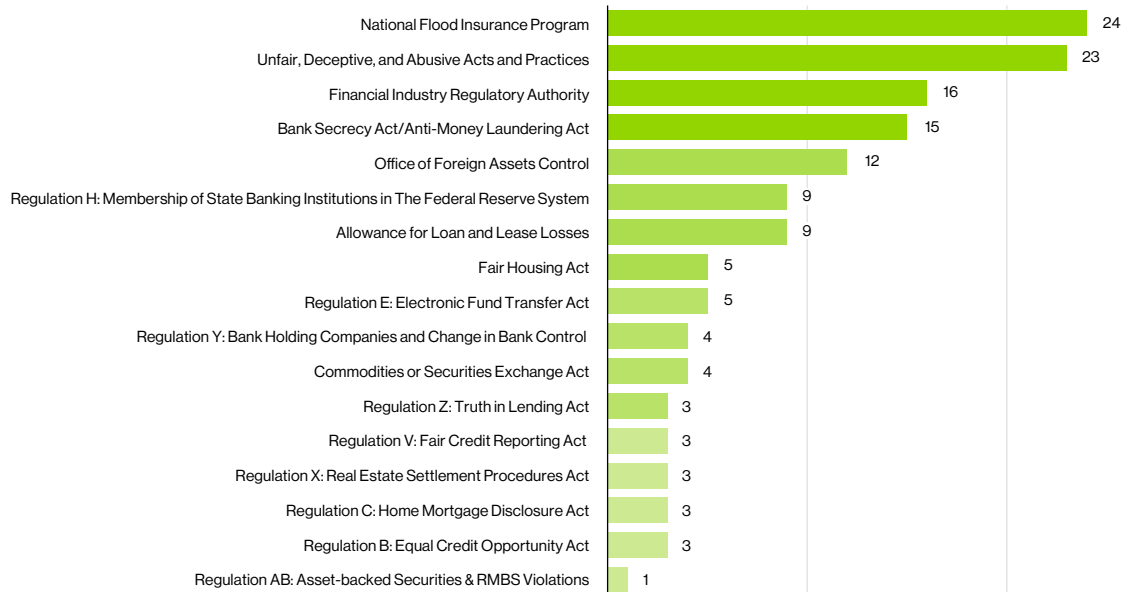
# Federal-Level Enforcement Actions

## Prior Five Quarters (Q4 2020 – Q4 2021)

The chart below provides a breakdown of the regulations cited in federal-level enforcement actions for Q4 2020 – Q4 2021.

**National Flood Insurance Program and UDAAP** were the most frequently cited area of law in federal actions during the past five quarters, with a total of 24 and 23 actions, respectively. Other top areas of cited regulations were **Financial Industry Regulatory Authority, BSA/AML, and Office of Foreign Assets Control**.

### Q4 2020 to Q4 2021 Number of Regulations Cited by Federal Regulators





# State-Level Enforcement Actions

## Q4 2021 State Enforcement Actions

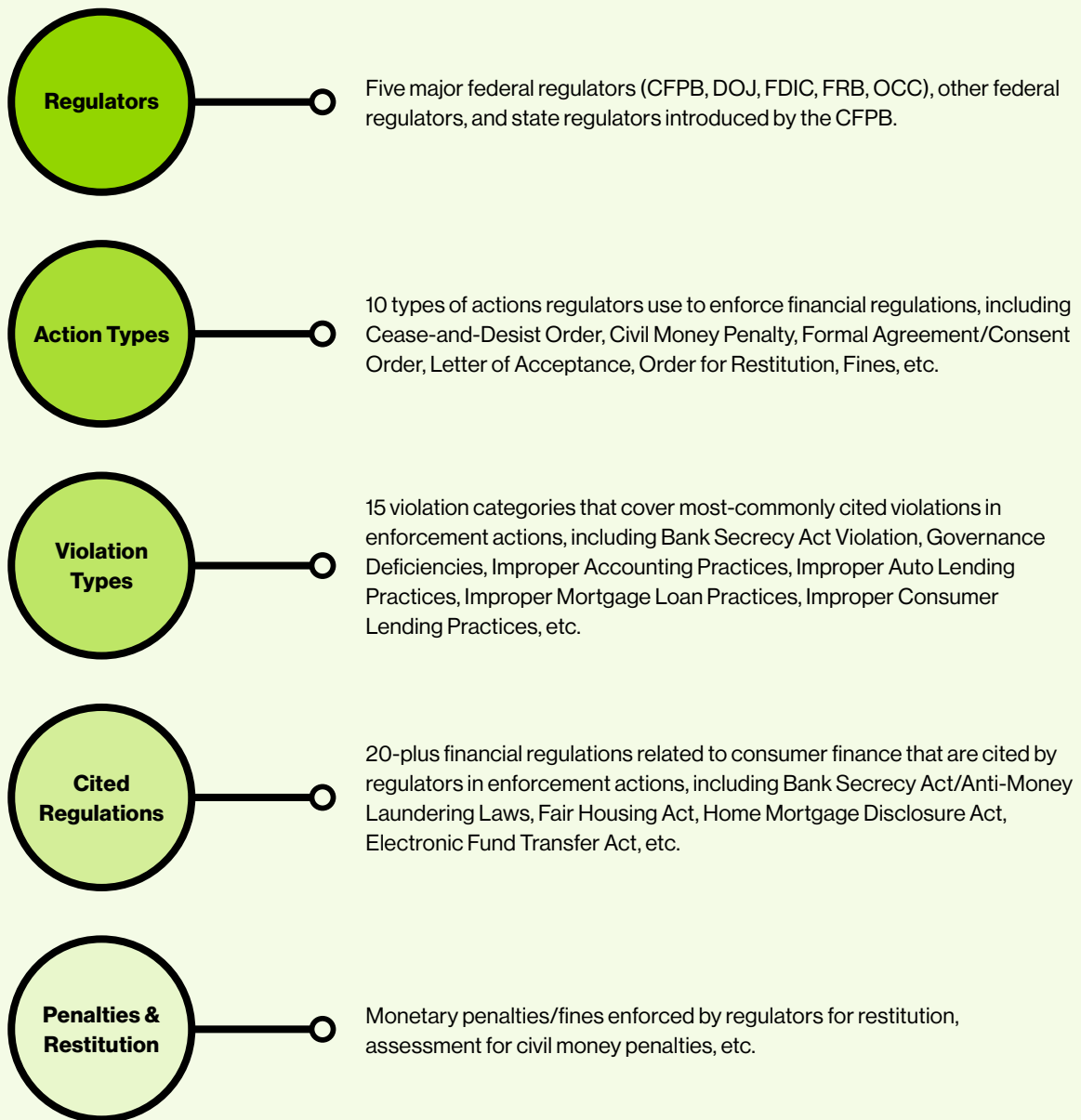
The map below shows state-level enforcement actions in Q4 2021.<sup>8</sup>



8. Based on experience and historic data, judgmentally selected and reviewed five states, as included in the above figures.

# Methodology

Guidehouse's Financial Services Enforcement Actions Tracker compiles publicly available data from both federal and state regulators regarding quarterly enforcement actions against financial institutions. First published in 2016, the Tracker showcases the types of activities that consumer finance-focused regulators are currently monitoring and helps the audience better address the trends and challenges in today's regulatory environment.



Note: Actions against individuals, removal or prohibition orders, termination of insurance, Section 19 letters, 1829 letters, certain securities enforcement actions, and actions related to improper report filing or licensing, unlawful debt collection, and complaints are not captured.



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