

UNITED STATES OF AMERICA  
FEDERAL TRADE COMMISSION  
WASHINGTON, D.C. 20580



Division of Financial Practices

March 4, 2014

Patrice Alexander Ficklin, Assistant Director  
Fair Lending & Equal Opportunity  
Consumer Financial Protection Bureau  
Washington, D.C. 20552

Dear Ms. Ficklin:

This letter responds to your request for information concerning the Federal Trade Commission's (Commission or FTC) enforcement activities related to compliance with Regulation B (Equal Credit Opportunity Act, or ECOA).<sup>1</sup> You request this information for use in preparing the Consumer Financial Protection Bureau's (CFPB) 2013 Annual Report to Congress. Specifically, you ask for information concerning the FTC's activities with respect to Regulation B during 2013. We are pleased to do so below.<sup>2</sup>

## **I. FTC Role in Administering and Enforcing Regulation B**

The Dodd-Frank Act, signed into law on July 21, 2010, substantially restructured the financial services law enforcement and regulatory system. Among other things, the Act made important changes to the ECOA and other consumer laws, such as giving the CFPB rulemaking and enforcement authority for the ECOA. Under the Act, the FTC retained its authority also to enforce the ECOA and Regulation B. In addition, the Act gave the Commission the authority to enforce any CFPB rules applicable to entities within the FTC's jurisdiction, which include most providers of financial services that are not banks, thrifts, or federal credit unions.<sup>3</sup> In accordance with the memorandum of understanding that the Commission and the CFPB entered into in January 2012, and consistent with the Dodd-Frank Act, the Commission has been coordinating

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<sup>1</sup> The ECOA is at 15 U.S.C. § 1691 *et seq.*; the CFPB's Regulation B is at 12 C.F.R. Part 1002; the Federal Reserve Board's (Board) Regulation B is at 12 C.F.R. Part 202.

<sup>2</sup> A copy of this letter is being provided to the Board's Division of Consumer and Community Affairs, in connection with its responsibility for some aspects of the Regulations after the transfer date of July 21, 2011. Among other things, the Board retained responsibility for implementing Regulation B with respect to certain motor vehicle dealers, under the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act or Act), Pub. L. 111-203, 124 Stat. 1376 (July 21, 2010). *See, e.g.*, Dodd-Frank Act, § 1029 and Subtitle H.

<sup>3</sup> The FTC has authority to enforce ECOA and Regulation B as to entities for which Congress has not committed enforcement to some other government agency. *See* 15 U.S.C. § 1691c(c).

certain law enforcement, rulemaking, and other activities with the CFPB.<sup>4</sup> The Commission is committed to continuing its enforcement of Regulation B, and it intends to do the same with other rules the CFPB issues that apply to entities within the FTC's jurisdiction.

## **II. Regulation B (ECOA)**

In 2013, the FTC engaged in research and policy development related to the ECOA. Further, the Commission provided the public with numerous business and consumer education materials to promote business compliance with the law and to help consumers protect themselves from noncompliant businesses. This letter provides information regarding some of the FTC's research and policy development and educational initiatives.<sup>5</sup>

### **A. Fair Lending: Research and Policy Development**

In 2013, the FTC's Division of Financial Practices participated in the CFPB's Auto Lending Forum. The forum included the CFPB, FTC, other federal regulators, consumer groups, and industry representatives. Additionally, members of the public participated by submitting questions at the event. Auto finance issues that were addressed included fair lending, auto loan discrimination, and interest rate markups, among others.

The FTC also continues to be a member of the Interagency Task Force on Fair Lending, a joint undertaking with the Department of Justice, the Department of Housing and Urban Development, and the federal banking regulatory agencies. Task Force members meet regularly to share information on lending discrimination, predatory lending enforcement, and policy issues. Additionally, the FTC participates in the Financial Fraud Enforcement Task Force, including, among others, its Nondiscrimination Working Group.

### **B. Fair Lending: Consumer and Business Education**

In 2013, the Commission continued its efforts to educate consumers and businesses about issues related to the consumer credit transactions covered by Regulation B. The Commission has several websites available for information to the public, in English and Spanish.<sup>6</sup> Also in 2013,

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<sup>4</sup> See FTC, Press Release, *Federal Trade Commission, Consumer Financial Protection Bureau Pledge to Work Together to Protect Consumers*, Jan. 23, 2012, available at <http://www.ftc.gov/opa/2012/01/ftccfpb.shtml>; see also Dodd-Frank Act, § 1024.

<sup>5</sup> Your letter also asks for specific data regarding compliance examinations, including the extent of compliance, number of entities examined, and compliance challenges experienced by entities subject to the FTC's jurisdiction. The Commission does not conduct compliance examinations or collect compliance-related data concerning the non-bank entities within its jurisdiction. As a result, this letter does not provide this information.

<sup>6</sup> See <http://www.consumer.ftc.gov>, <http://www.business.ftc.gov>, <http://www.consumer.gov>, <http://www.consumidor.ftc.gov>, and <http://www.consumidor.gov>.

the Commission launched its new financial education site, with free information on diverse credit topics of particular interest to those engaged in educating consumers.<sup>7</sup>

In addition, the FTC updated a publication that focuses on consumers' rights under the ECOA.<sup>8</sup> The FTC also revised its publication about credit and consumer rights, which contains information about protections available under the ECOA.<sup>9</sup> Another publication was also updated to provide new information about consumers' credit scores and how they affect prices of credit or insurance, including information about the ECOA and credit discrimination.<sup>10</sup>

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We hope that the information discussed above responds to your inquiry and will be useful in preparing the CFPB's Annual Report to Congress. Should you need additional assistance, please contact me at (202) 326-3292, or Carole Reynolds at (202) 326-3230.

Sincerely,

J. Reilly Dolan  
Associate Director  
Division of Financial Practices

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<sup>7</sup> See <http://www.consumer.ftc.gov/features/feature-0022-financial-educators>. See also Colleen Tressler, FTC Launches Its New Financial Educators Site Where Everything is FREE, FTC BUREAU OF CONSUMER PROTECTION BLOG (Aug. 20, 2013), <http://www.consumer.ftc.gov/blog/ftc-launches-its-new-financial-educators-site-where-everything-free>.

<sup>8</sup> See YOUR EQUAL CREDIT OPPORTUNITY RIGHTS, available at <http://www.consumer.ftc.gov/articles/0347-your-equal-credit-opportunity-rights>.

<sup>9</sup> See CREDIT AND YOUR CONSUMER RIGHTS, available at <http://www.consumer.ftc.gov/articles/0219-disputing-credit-card-charges>.

<sup>10</sup> See HOW CREDIT SCORES AFFECT THE PRICE OF CREDIT AND INSURANCE, available at <http://www.consumer.ftc.gov/articles/0152-how-credit-scores-affect-price-credit-and-insurance>.