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JUSTICE NEWS

Department of Justice

Office of Public Affairs

FOR IMMEDIATE RELEASE

Thursday, June 19, 2014

**Justice Department and Consumer Financial Protection  
Bureau Reach \$169 Million Settlement to Resolve  
Allegations of Credit Card Lending Discrimination by GE  
Capital Retail Bank**

The Department of Justice and the Consumer Financial Protection Bureau (CFPB) today announced a settlement to resolve allegations that GE Capital Retail Bank, known as of this month as Synchrony Bank, engaged in a nationwide pattern or practice of discrimination by excluding Hispanic borrowers from two of its credit card debt-repayment programs. The settlement resolves claims by the department and the CFPB that GE Capital violated the Equal Credit Opportunity Act (ECOA) by excluding borrowers who indicated that they preferred communications to be in Spanish or had a mailing address in Puerto Rico from two credit card debt-repayment programs. The agreement is a joint fair lending enforcement action by the department and the CFPB and is the federal government's largest credit card discrimination settlement in history.

The settlement provides \$169 million in relief to approximately 108,000 borrowers in the form of monetary payments and the reduction, or complete waiver, of borrowers' credit card balances. GE Capital itself identified and reported the discrimination to the CFPB, was proactive in taking steps toward providing relief to affected borrowers, and has worked closely with the department and the CFPB to further identify and compensate victims of the discrimination. Specifically, GE Capital has already provided the benefits of the offers or their equivalent value to approximately 84,000 borrowers, totaling \$131.8 million in relief. Following the settlement, the bank will provide the remaining \$37 million in payments, reductions and waivers to affected borrowers.

"The blatant discrimination that occurred here is unlawful and will not be tolerated," said Acting Assistant Attorney General Jocelyn Samuels for the Civil Rights Division. "Borrowers have the right to credit card terms that do not differ based on their national origin, and the settlement today sends the message that the Justice Department can and will vigorously enforce the law against lenders who violate that right."

"Discrimination has no place in the consumer financial marketplace," said CFPB Director Richard Cordray. "No one should be excluded from credit opportunities simply because of where they live or the language they speak."

According to the United States' complaint, the department alleges that from January 2009 to March 2012, GE Capital excluded certain borrowers, due to their national origin, from the "Statement Credit Offer" – a program offering eligible borrowers a credit to their account if they met certain criteria – and the "Settlement Offer" – a program offering eligible borrowers the chance to settle their credit card debt if they paid a percentage of their remaining account balance, ranging from 25 percent to 55 percent. As a result of the exclusions, Hispanic borrowers experienced higher debt levels and longer periods of debt; some of these Hispanic borrowers may have suffered additional consequential economic damages, including increased risk of credit problems, default and repossession; having their accounts closed or "charged-off" and sold to a third party; and other damages, including emotional distress.

GE Capital's settlement with the department, which is subject to court approval, was filed today in the U.S. District Court for the District of Utah in conjunction with the department's complaint. GE Capital resolved the CFPB's claims by entering into a public administrative settlement.

In addition to the \$169 million dollars in relief, GE Capital has also agreed to eliminate negative credit reports for affected borrowers that occurred during periods of the alleged discrimination



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. GE Capital will also take affirmative steps to strengthen its fair lending compliance, and the department commends the efforts the bank has already taken to that end. These steps put in place strong review mechanisms and training to ensure borrowers are not discriminated against because of their national origin.

The department's enforcement of fair lending laws is conducted by the Fair Lending Unit of the Housing and Civil Enforcement Section in the Civil Rights Division. Since the Fair Lending Unit was established in February 2010, it has filed or resolved 34 lending matters under the Fair Housing Act, ECOA and the Servicemembers Civil Relief Act. The settlements in these matters provide for more than \$1 billion in monetary relief for impacted communities and individual borrowers. The Attorney General's annual reports to Congress subject to ECOA highlight the department's accomplishments in fair lending and are available at [the division website](#).

The Civil Rights Division and the CFPB are members of the Financial Fraud Enforcement Task Force. President Obama established the interagency Financial Fraud Enforcement Task Force to wage an aggressive, coordinated and proactive effort to investigate and prosecute financial crimes. The task force includes representatives from a broad range of federal agencies, regulatory authorities, inspectors general and state and local law enforcement who, working together, bring a powerful array of criminal and civil enforcement resources. The task force is working to improve efforts across the federal executive branch, and with state and local partners, to investigate and prosecute significant financial crimes, ensure just and effective punishment for those who perpetrate financial crimes, combat discrimination in the lending and financial markets and recover proceeds for victims of financial crimes. For more information on the task force, visit [www.StopFraud.gov](http://www.StopFraud.gov).

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**Related Material:**

- [GE Capital Complaint](#)
- [Consent Order](#)

14-649

Civil Rights Division



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