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&gt; PREPARED REMARKS OF CFPB DIRECTOR RICHARD CORDRAY ON THE GE CAPITAL ENFORCEMENT ACTION PRESS CALL

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# Prepared Remarks of CFPB Director Richard Cordray on the GE Capital Enforcement Action Press Call

BY [RICHARD CORDRAY](#)

Thank you for joining us on this call today. Today, the Bureau is ordering GE Capital Retail Bank, now known as Synchrony Bank, to provide \$225 million in remediation to 746,000 consumers who were harmed by GE Capital's deceptive credit card add-on practices and discriminatory debt relief promotions. This kind of conduct has no place in the consumer financial marketplace. People deserve to be given clear information and they deserve to be treated fairly.

Today's action against GE Capital's credit card add-on products is the result of a Bureau examination that began in December 2012. Our examiners found that the bank deceptively marketed the company's suite of debt cancellation products. GE Capital had several versions of these products, all of which promised to cancel some percentage of consumers' credit card debt if certain life events – like a disability or involuntary unemployment – occurred.

When consumers called GE Capital to inquire about something on their statement, they were often passed on to telemarketers who would try to sell them the add-on products. The Bureau found that the telemarketers misrepresented these products to consumers in four main ways.

First, the telemarketers led consumers to believe they would not have to pay for the products as long as they paid off their card balance. One customer service representative told a customer that the product “doesn't have any charge if you don't carry a balance” – which is simply untrue. Consumers could avoid the fee only in very specific and limited circumstances – if the account was not in use or if the customer had paid off the balance before GE Capital issued the monthly billing statement.

Second, in many cases, consumers mentioned that they were retired or disabled, which would mean that they were not eligible for the key benefits supposedly provided by the products. Even knowing this, the telemarketers never told the consumers that they were ineligible for key debt cancellation benefits and the consumers bought the products without this important information.

Third, the telemarketers often did not make it clear that consumers were actually purchasing these products. Rather, they made it seem like the consumers were updating their accounts or that the telemarketers were handling other administrative tasks. Telemarketers made statements like, “let's just go ahead and update your card security today” or let's “take care of your card security benefit.” Given this deceptive wording, it is no wonder that some consumers did not understand they were buying a product.



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Fourth, many customer service representatives falsely told consumers that these debt cancellation products were a “limited time offer.” In reality, nothing about the availability of these products was limited. The telemarketers falsely led consumers to believe they had only a short time to sign up, which may have pressured them to sign up under conditions that were entirely made up.

These misleading tactics were compounded by the fact that consumers could not review the full terms of these products before enrolling in them, as the transactions occurred over the phone. GE Capital has now ended its practice of enrolling consumers for credit card add-on products over the phone, and customers who have not already received remediation will receive it in the coming months. Specifically, GE Capital must refund \$56 million to approximately 638,000 consumers affected by GE Capital’s deceptive marketing. The bank must also pay \$3.5 million in civil money penalties for its deceptive marketing. Altogether, in the six enforcement actions the Bureau has taken on credit card add-on products thus far, we have put roughly \$1.5 billion back in the pockets of consumers.

In coordination with the Department of Justice, we are also taking action against GE Capital for violating fair lending laws by discriminating against Hispanic customers. Over the course of several years, the bank extended two separate debt relief offers to qualified customers. One offer gave customers with overdue accounts a credit of up to \$100 if they paid the minimum amount due to make their accounts current. The other offer gave different customers with overdue accounts the opportunity to settle their outstanding balances for just a fraction of the total owed.

But GE Capital did not make these offers available to everyone on an equal basis. Instead, for customers who had indicated that they preferred to communicate in Spanish and for those with mailing addresses in Puerto Rico, GE Capital did not extend any of these offers, in any language. These consumers never knew they were missing out on anything and thus had no way of recognizing that they were even being discriminated against – which is often the challenge in confronting discrimination. At the Consumer Bureau, we are working diligently to right these kinds of wrongs. No one should be excluded from credit opportunities simply because of where they live or the language they speak.

The 108,000 borrowers who did not receive debt relief offers simply because they prefer to speak Spanish or have a mailing address in Puerto Rico will receive or have received \$169 million in remediation. They will receive checks or credits to their accounts. If GE Capital had already written off or sold their debt, that debt will be forgiven. The bank will also work with the credit reporting agencies to ensure that any negative credit history that resulted here is deleted. No penalties were imposed for this violation based on the fact that GE Capital self-reported the violation and initiated remediation for the harm done to affected consumers.

I would like to thank the Department of Justice for their hard work and close partnership with us on this issue. We have been and will continue to be vigilant in taking action against those who deceive or discriminate against consumers. To date, this marks the third joint enforcement action we have taken with the Department of Justice to root out illegal discrimination, and together we have addressed over \$280 million in consumer harm caused by discrimination. We are dedicated to making sure that in the consumer financial marketplace all people, regardless of race, national origin, or other protected status, are treated fairly. Thank you.

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*The Consumer Financial Protection Bureau is a 21st century agency that helps consumer finance markets work by making rules more effective, by consistently and fairly enforcing those rules, and by empowering consumers to take more control over*

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