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JUSTICE NEWS

**Remarks by Acting Assistant Attorney General for the
Civil Rights Division Jocelyn Samuels at GE Capital
Retail Bank Press Conference**

Washington, D.C. ~ Thursday, June 19, 2014

Good afternoon, it is an honor to be here today with Director Richard Cordray of the Consumer Financial Protection Bureau to discuss the Justice Department and CFPB's \$169 million settlement with GE Capital Retail Bank, now known as Synchrony Bank. The settlement resolves claims that the bank discriminated against Hispanic borrowers by excluding them from two credit card debt-repayment programs. It is the federal government's largest credit card discrimination settlement in history.

Today's settlement shows the deep partnership that the Justice Department and CFPB have built to enforce our nation's fair lending laws. I'd like to commend Director Cordray for his leadership and for all that the bureau has done to protect consumers from credit discrimination.

Lending discrimination in any form is unacceptable. This settlement is part of the Justice Department's continued work to ensure that all people have equal access to credit, regardless of national origin.

Credit cards are essential in our economy, and millions of Americans use them in their daily lives. Here, the scope of the potential harm, as well as the blatant nature of the discrimination, is particularly troublesome. GE Capital offered two debt-repayment programs, to help those who were behind on their credit card payments, and make the debt less burdensome and payments more manageable.

However, it excluded two categories of borrowers: those who had indicated they preferred to receive communications from the lender in Spanish rather than English and those who had a mailing address in Puerto Rico. The department and the CFPB allege that from January 2009 to March 2012, the Bank excluded these borrowers 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. Hispanic borrowers were thus denied a significant financial benefit provided to other customers.

The settlement is a comprehensive response to these alleged violations. The settlement, which was filed with a complaint and is subject to court approval, 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. The bank will also eliminate negative payment histories for affected borrowers and will implement significant fair lending compliance and monitoring measures to ensure this type of discrimination does not occur again. For accounts that the bank closed, the bank must ask the three major credit reporting agencies to which it furnishes information to delete any negative reporting for those customers who did not receive the offers. The bank has already provided relief of over \$131.8 million to victims of the discrimination, and has committed in the settlement to provide the balance of the relief to the remaining victims.

We commend GE Capital for identifying the discrimination and reporting it to its regulator, the CFPB, and we applaud the bank's proactive steps toward providing relief to affected borrowers even before government intervention. We also appreciate this lender's efforts in working closely with the department and the CFPB to further identify and compensate affected borrowers.

We hope the detection of this issue by one of the nation's major credit card issuers will prompt the rest of the industry to take a careful look at the way they structure and publicize offers with benefits to borrowers.

The Justice Department's enforcement of fair lending laws is conducted by the Housing and Civil Enforcement Section in the Civil Right Division. Since February 2010, it has filed or resolved 34 lending matters under the Fair Housing Act, the Equal Credit Opportunity Act and the Servicemembers Civil Relief Act. The settlements in these matters provide for more than \$1 billion in monetary relief for individual borrowers and impacted communities.



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I want to commend our dedicated team of attorneys as well as our partners at the Consumer Financial Protection Bureau for their work on this case. The filing of this complaint and proposed consent order marks a significant step in our efforts to enforce fair lending laws.

The Justice Department remains committed to ensure that borrowers who suffer harm based on discriminatory lending practices receive compensation. And we will continue to aggressively enforce the law to protect the rights of all who face discrimination, and to ensure fair and equal access to credit for all.

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