

Auto Finance Discrimination Workplan

The Bureau's 2012 priority-setting process identified discrimination in the auto finance market, with specific focus on dealer markup, as a Bureau priority in "Horizon 1." This "Horizon 1" work will pursue an ECOA-based approach to remedying discrimination in dealer markup in a manner that compensates consumers harmed by discrimination and prevents future discrimination.

This approach has three prongs:

- 1) examining banks for possible discrimination in dealer markups;
- 2) investigating nonbanks for possible discrimination in dealer markups; and
- 3) industry outreach.

This workplan provides a roadmap for implementing this plan, including estimated completion dates. The workplan is divided into three parts — Bank, Nonbank, and Outreach — with a joint calendar at the end.

Bank: Targeted Examinations

- Between March and May, SEFL’s Action Review Committee (ARC) process will determine which of the first wave of banks ([REDACTED]) will be subject to supervision remedies versus enforcement remedies, with settlement negotiations starting as soon as May.
- Potential Action and Request for Response (PARR) notices will go to the second wave ([REDACTED]) between April and June.
- Preparation for the last wave ([REDACTED]) will begin in March, when information/data requests are sent; the onsite portion of those exams will occur in late 2013/early 2014.

Institution	Data Request	Analysis and results	Finish exam	If findings: PARR process	If conclusion: Action Review Committee	If Supervision: Finalize Report of Exam + DOJ Referral	If Enforcement: Director’s Authorization to settle/sue + DOJ Referral	Anticipated settlement or suit
[REDACTED]	Complete	Complete	Complete	Complete	March-April	May	May	September-March 2014
[REDACTED]	Complete	Complete	Complete	Complete	March-April	May	May	September-March 2014
[REDACTED]	Complete	Complete	Complete	March-April	April-May	June	June	September-March 2014
[REDACTED]	Complete	~Complete	Complete	April-May	June-July	August	August	December-June 14
[REDACTED]	Complete	March	Complete	May-June	July- August	September	September	January-July 14
[REDACTED]	March	Preliminary: August	3Q 2013	To be decided				
[REDACTED]	March	Preliminary: August	4Q 2013	To be decided				
[REDACTED]	March	Preliminary: October	1Q 2014	To be decided				

Nonbank: Enforcement Investigations

- We and the Department of Justice will open [REDACTED] investigations in March (with 1 additional investigation to follow) by sending voluntary joint DOJ-CFPB information requests. This will coincide with other March activities: the compliance bulletin and the [REDACTED] data requests.
- If the nonbanks timely respond to the information requests, we hope to have preliminary results by August.
- We will narrow the initial investigations down to 3 enforcement subjects, to which we will send more detailed information and data requests.

Initial Steps	
Action item	Estimated completion date
Ascertain DOJ interest	Complete
Determine subjects of investigation (w/ ENF)	Complete
Initial draft of Enforcement Action Process (EAP) memo	Complete
Initial draft of information requests	Complete
Finalize plan w/ DOJ	March
Open investigations in EAP	March

Schedule of nonbank investigations and potential enforcement actions (timelines are very uncertain)			
Selected institutions:	Action	Best-Case Timeline:	Bad-Case Timeline:
[REDACTED]	Send initial info requests	March	April
[REDACTED]	Receive data	April-May	September
[REDACTED]	Preliminary data results	July-August	October-November
[REDACTED]	Cull to 3 enforcement subjects	August	November
[REDACTED]	Send detailed data requests	September	December
[REDACTED]	Analysis and Discovery	September-March 2014	January-June 2014
[REDACTED]	Authorization to settle/sue	April 2014	July 2014
[REDACTED]	Anticipated settlement/suit	August 2014	August 2015

Outreach: ECOA Compliance in Indirect Auto Finance

- In January and February Rick Hackett used two industry speaking appearances to set the stage for our auto initiative.
- On Wednesday, March 12th, Rick and Patrice Ficklin will discuss the release of an upcoming compliance bulletin Consumer Bankers Association conference in Phoenix.
- Later that week, the Bureau will release *Compliance Bulletin: Indirect Auto Lending and Compliance with the Equal Credit Opportunity Act*.
- During the same month, we plan to send ■ additional bank data requests and ■ nonbank information requests.

Schedule of Auto Outreach Activities		
Activity	Date & Location	Description
ABA Consumer Financial Services Committee	January 8 Naples, FL	Audience: industry counsel. 1 st stage-setting activity. Explain how ECOA applies to indirect auto finance.
AFSA's Vehicle Finance Conference	February 7 Orlando, FL	Audience: industry officials and senior compliance staff. 2 nd stage-setting activity. Suggest that Bureau is focused on discrimination in indirect auto finance.
Consumer Bankers Association Conference	March 12 Phoenix, AZ	Audience: industry officials and senior compliance staff. 3 rd stage-setting activity. Discuss compliance bulletin.
Compliance Bulletin	Mid-March	<i>Compliance Bulletin: Indirect Auto Lending and Compliance with the Equal Credit Opportunity Act</i>
Compliance Bulletin outreach	Mid-March and following	- Press release - Calls with industry/consumer groups
National Community Reinvestment Coalition	March 20 Washington, DC	Audience: consumer advocates, government, academia, and industry. Discuss pursuit of all available options and compliance bulletin.
Auto Finance Risk Summit	April 30 Dallas, TX	Audience: CEOs, COOs, CROs, CFOs, and others from banks, captives, credit unions, financial companies and large dealerships. Discuss pursuit of all available options and compliance bulletin.
National Auto Firm Association	June 5 Forth Worth, TX	Audience: Senior executives from subprime lenders Discuss pursuit of all available options and compliance bulletin.
Individual press for each enforcement action	Timed with each settlement	Press release, potentially coordinated with DOJ. Earliest possible would be August.

Estimated 2013 Calendar for Auto Initiative

