



Enforcement Alert from Hudson Cook; CFPB Fines Major Bank \$26M for Allegedly Discriminating Against Armenian Americans

November 9th, 2023 | and

HIGHLIGHTS:

- The CFPB ordered a large bank to pay roughly \$26 million to resolve charges that the bank had intentionally discriminated against Armenian Americans who applied for credit cards.
- The CFPB’s consent order alleges, among other things, that the bank trained employees to single out credit applications of potential Armenian Americans and that such applications were subjected to heightened scrutiny, leading to frequent credit denials based on Armenian national origin.
- To resolve the matter, without admitting or denying wrongdoing, the bank agreed to stop the alleged discriminatory practices, to take steps to ensure future compliance with the law, and to pay consumer redress and a civil penalty.

CASE SUMMARY:

On November 8, 2023, the Consumer Financial Protection Bureau announced that one of the nation’s largest banks (the “Bank”) agreed to settle charges that the Bank engaged in a pattern or practice of discriminating against credit card applicants it perceived as Armenian American. According to the Bureau, the Bank’s conduct violated the Equal Credit Opportunity Act (“ECOA”) and its implementing Regulation B, which prohibit lenders from discriminating based on national origin and require lenders to provide an accurate statement of specific reasons for a credit denial or other adverse action. Violations of the ECOA also constitute violations of the Consumer Financial Protection Act.

In its consent order, the Bureau charges that Bank supervisors instructed employees to avoid approving credit card applicants from Armenian Americans. Among other things, the Bureau alleges that Bank employees scrutinized credit applicants with last names ending in “ian” and “yan”—a common suffix to Armenian last names—especially in and around the Glendale, California area. The Bureau alleges that applicants identified by Bank employees as potentially of Armenian national origin were subject to heightened eligibility criteria or outright denial and, as a result, more frequently denied credit as compared to other similarly situated applicants. When the Bank denied credit applications based on Armenian national origin, the Bureau further charged, the Bank provided the applicants false or pretextual reasons for the denial.

To resolve these charges, but without admitting or denying any wrongdoing, the Bank agreed to, among other things, ensure future compliance with the ECOA and Regulation B, establish and implement a compliance management system, and pay redress of \$1.4 million for affected consumers and a civil money penalty of \$24.5 million.

Notably, this settlement comes on the heels of a joint statement issued last month by the Bureau and Justice Department, which cautioned financial institutions that credit applicants are protected from discrimination based on their national origin and other characteristics covered by the ECOA, irrespective of immigration status.

RESOURCES:

You can review all the relevant court filings and press releases at the **CFPB's Enforcement page**.

- [Consent Order](#)
- [Press Release](#)
- [CFPB and DOJ Joint Statement](#)