



Partner Lucy Morris quoted in American Banker article on use of CFPB civil penalty fund

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American Banker recently spoke to Hudson Cook Partner [Lucy Morris](#), a former deputy enforcement director at the Consumer Financial Protection Bureau (CFPB), about the Bureau's use of its multimillion-dollar civil penalty fund. According to *American Banker*, the fund has amassed \$576 million as of the end of September 2020. Per the Dodd-Frank Act, the civil penalty fund can only be used to compensate consumers who have been harmed or for consumer education and financial literacy programs. Fines and penalties against companies that have violated consumer financial laws are deposited into the fund.

"There is a lot of confusion about the penalty fund," said Lucy. "It is not a slush fund. It can only be used for two purposes and the bureau largely uses it to provide relief to consumers who otherwise wouldn't get it. One of the things Kraninger pointed to in defending her record was that the CFPB was able to get relief to consumers through the use of the penalty fund even where companies were not able to pay. It's not the [B]ureau's job to put companies out of business and they are supposed to consider a company's financial resources and other factors in assessing penalties."

Lucy chairs Hudson Cook's [Government Investigations, Examinations, and Enforcement practice group](#). She counsels financial institutions and others in complying with federal consumer financial laws and prohibitions against unfair, deceptive, or abusive trade practices. Lucy is an experienced advocate and litigator, representing clients in government investigations, examinations, and enforcement actions before federal and state agencies, including the CFPB, FTC, U.S. Department of Justice and state AG offices.

Subscribers to *American Banker* may [click here](#) to read the article.

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