

Justice-Involved Individuals and the Consumer Financial Marketplace

Generational Wealth: Credit Barriers for People with a Criminal History | Nov. 10, 2022



Disclaimer

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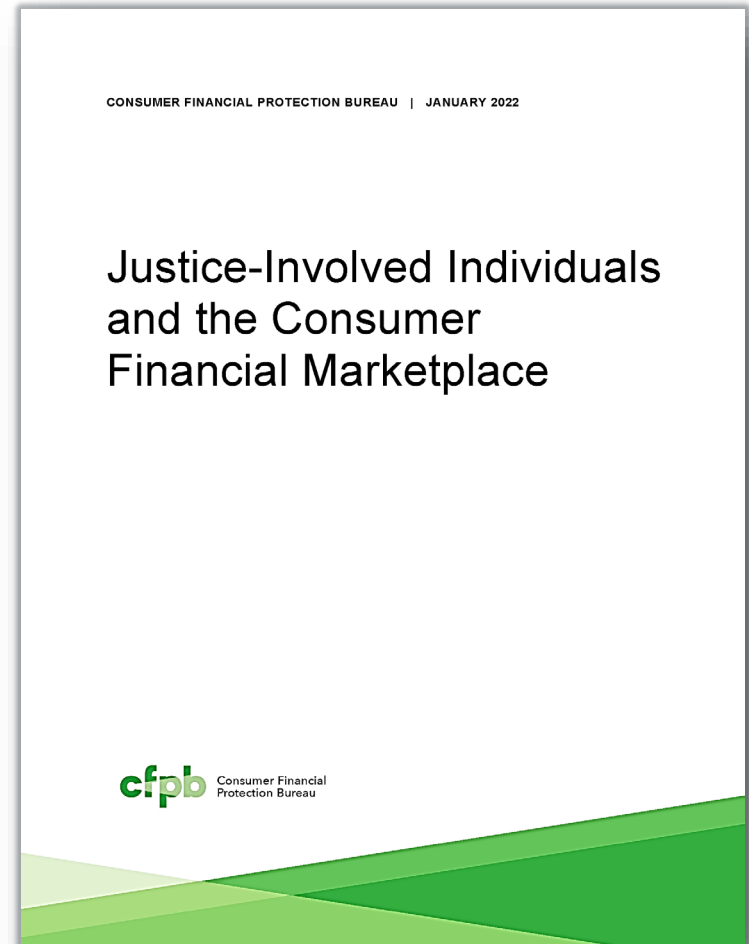
Introduction to the CFPB

- Federal agency created in 2010
- Protects consumers from unfair, deceptive, or abusive practices and takes action against companies that break the law
- Tools
 - ✓ Regulations, supervision, and enforcement
 - ✓ Consumer complaints
 - ✓ Consumer education and empowerment



Our Report

- Released in January 2022
- Scan of products and services that people must use to make their way through the system
- First report of its kind by the CFPB



Themes

- Private companies exist throughout the system
- Little to no choice over which product or service to use
 - Single-source contracts between prisons or jails and private companies are common
- Failing to pay fines and fees can lead to arrest, prosecution, detention, or reincarceration
- Lasting barriers to the broader financial marketplace
- Effects go beyond finances to impact personal lives and legal issues
- Consequences fall most heavily on people of color



At Pretrial

Detained people and their families are under duress to accept any commercial bond agreement, regardless of terms or overall costs.

Courts and bond agents may impose conditions like electronic monitoring that are run by for-profit companies and result in substantial fees.

Private bond companies may not provide information in a language a person understands, making it difficult for the person to assess terms.



During Incarceration

Incarcerated people and their families are often required to use high cost services to transfer money into a person's jail or prison account.

The challenges of managing finances while incarcerated may result in increased debt, credit delinquencies, and lower credit scores.

Negative credit records limit housing, employment, and access to financial options upon reentry.



Upon Reentry

Prepaid debit cards used to refund prison or jail account balances and pay release benefits often impose fees for use and inactivity.

Difficulties resolving errors on criminal background checks can lead to challenges in securing safe, stable housing and employment.

If a lender considers a criminal record in evaluating income stability, access to small business loans or other loans may be affected.



Criminal Justice Debt

- Many local, state, and federal government agencies impose criminal justice debt on people via fines, fees, and restitution.
- To collect criminal justice debt, states increasingly involve private parties that may tack on additional fees and penalties.
- Criminal justice debt can lead to incarceration, driver's license suspension, and other penalties that perpetuate the cycle of justice involvement.

CFPB Enforcement Actions

Consumer Financial Protection Bureau and Virginia, Massachusetts, and New York Attorneys General Sue Libre for Predatory Immigrant-Services Scam

Bureau and States Accuse Company of Luring Non-English-Speaking Immigrants into Abusive, English-Only Contracts

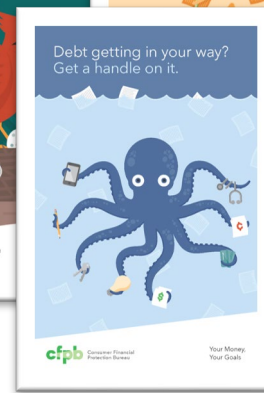
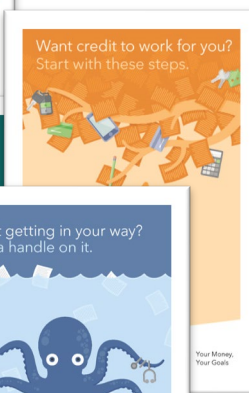
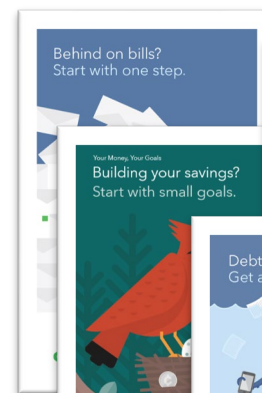
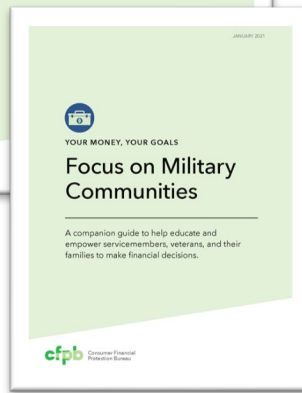
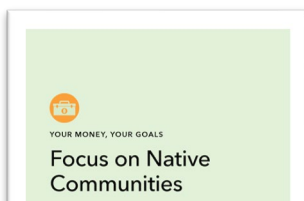
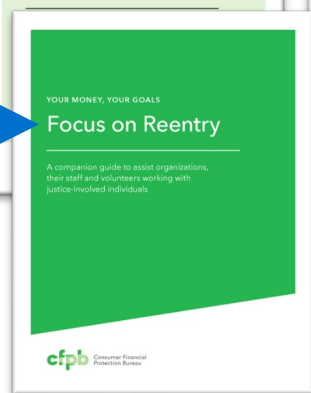
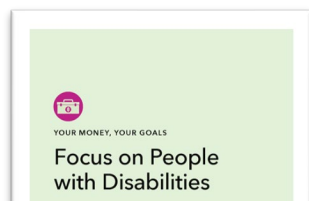
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CFPB Penalizes JPay for Siphoning Taxpayer-Funded Benefits Intended to Help People Re-enter Society After Incarceration

JPay will pay \$6 million in consumer redress and penalties

OCT 19, 2021

Consumer Education: Your Money, Your Goals



One Toolkit

Comprehensive information for practitioners.

Four Companion Guides

Help practitioners contextualize the money conversation to the unique needs of specific populations.

Four Booklets

Actionable, compact booklets on bills, credit, debt and saving. For in-person use.

Know Your Rights Brochures

- The Bureau recently updated its brochures on lending discrimination, highlighting the protections afforded by ECOA.
 - “Credit discrimination is illegal” for consumers ([English](#) | [Español](#) | [繁體中文](#) | [Tiếng Việt](#) | [한국어](#) | [Tagalog](#) | [Русский](#) | [العَرَبِيَّة](#) | [Kreyòl Ayisyen](#)).
 - “Helping consumers spot credit discrimination” for those who work with consumers ([English](#) | [Español](#) | [繁體中文](#) | [Tiếng Việt](#) | [한국어](#) | [Tagalog](#) | [Русский](#) | [العَرَبِيَّة](#) | [Kreyòl Ayisyen](#)).
- The brochures are currently available in English, Spanish, Arabic, Chinese, Korean, Tagalog, Vietnamese, Russian, and Kreyol.



Resources for Small Business Owners and Aspiring Entrepreneurs

- <https://www.consumerfinance.gov/about-us/small-business-lending/additional-resources/>

Support for starting a business

For help preparing your personal finances for entrepreneurship, check out our free resources on [planning for life events and large purchases](#), [organizing your finances](#) and [understanding credit reports and scores](#).

You can also take advantage of the following information, resources, and organizations that can help you plan and start your small business:

- [Census Data](#). Find census information on the demographics of your community including population, housing and the economy.
- [IRS Small Business Portal](#). Find answers to small business tax questions, plus access to forms and publications, a video library, an event calendar and other online tools and products.
- [Small Business Administration \(SBA\)](#). Get help starting your business. The SBA maintains district offices in all 50 states to provide resources, training, and specialists to help start and grow businesses.
- [Federal Deposit Insurance Corporation: Money Smart for Small Business](#). The FDIC's Money Smart for Small Business portal offers a variety of training modules and other resources for those interested in starting and managing a small business on diverse topics from financial and risk management to tax planning, insurance options, and organizational structures.
- [Small Business Development Centers \(SBDCs\)](#). Get advice and training for your small business. There are nearly 1,000 local SBDCs available to provide no-cost business consulting and low-cost training to new and existing businesses.
- [Social Security Online](#). Find information about a variety social security resources for small businesses and their employees.
- [U.S. Department of Commerce Department](#). Comprised of 12 different agencies, the Commerce Department promotes job creation and economic growth and works to strengthen America's position in the global marketplace.
- [U.S. Department of Labor Bureau of Labor Statistics](#). Find information on U.S. working conditions, labor market activity, and price changes in the economy.
- [U.S. Export Assistance Center \(USEACs\)](#). Find information about export assistance programs and services. Each U.S. Export Assistance Centers is staffed by professionals from the SBA, the U.S. Department of Commerce, the U.S. Export-Import Bank, and other public and private organizations.
- [U.S. Patent and Trademark Office](#). Find information on how to apply for U.S. patents and register trademarks.
- [SCORE Association](#). Get a mentor for your small business. SCORE, the nation's largest network of volunteer, expert business mentors, is dedicated to helping small businesses get off the ground, grow and achieve their goals.

Support for funding a small business

For information on how to fund your new or existing small business, check out the following:

- [GovLoans](#). Research many types of federal loans for your business and learn how to apply.
- [Grants.gov](#). Explore the official access point for grants administered by government agencies. Start your [search for grant opportunities](#) and check "small businesses" in the eligibility box. To read the full eligibility for each grant and apply through Grants.gov, [register an account](#) first.
- Banks are one of small businesses' most important source of capital. Both large banks and smaller banks (often called "community banks") lend to small businesses. You can find lists of banks provided by the [Federal Deposit Insurance Corporation](#), the [Office of the Comptroller of the Currency](#), and the [Federal Reserve](#).
- Credit unions are another importance source of small business credit for their members. [Find out more about credit unions](#) and [search for credit unions in your local area](#).
- The banks and associations of the [Farm Credit System](#) are key providers of financing for small farms across the country.
- Mission-based lenders have a particular focus on providing credit to traditionally underserved and low-income communities and individuals.
 - [Community Development Financial Institutions \(CDFIs\)](#). CDFIs are specialized, mission-driven financial institutions that create economic opportunity for individuals and small businesses, quality affordable housing, and essential community services throughout the United States. [View a list of certified CDFIs](#).
 - Minority Depository Institutions (MDIs) often promote the economic viability of minority and under-served communities, and MDIs make a greater percentage of small-business loans to minority borrowers than other financial institutions. The FDIC maintains a list of [MDIs nationwide](#).

Resources for small businesses that have been financially impacted by the Coronavirus

- The [SBA's Economic Injury Disaster Loans \(EIDL\)](#) program assists small businesses affected by the pandemic, offering low fixed interest rates, long maturities, and no prepayment penalties or fees.

Consumer Complaints

Submitting a complaint

- consumerfinance.gov/complaint
- Consumer gets a response from the company generally within 15 days
- Helps the CFPB identify trends and possible investigations

Having a problem with a bank, lender, or another financial company?

The Consumer Financial Protection Bureau (CFPB) can help you get a response from the company.

The CFPB is a federal agency that implements and enforces Federal consumer financial law and ensures that markets for consumer financial products are fair, transparent, and competitive for everyone, including people who are involved in the justice system. If you, or a loved one, are having a problem with a consumer financial product or service, you can submit a complaint to the CFPB. The CFPB will then work to get a response to your issue.

Examples of the issues you can submit complaints about include problems with:

- Debt collection
- Credit or debit cards
- Checking or savings accounts
- Credit reporting, such as wrong information on your credit report, identity theft, or problems with credit repair services
- Many kinds of loans (student, vehicle or lease, mortgages, payday, pawn, title, bail bond financing, or other installment loans)
- Money transfers, virtual currencies, or other money services (check cashing services, currency exchanges, cashier's/traveler's checks, debt settlement)

How to submit a complaint to the CFPB

We understand that submitting a complaint while incarcerated may be complicated and even costly. We'd like to hear about any challenges you run into while submitting a complaint (including mail or phone charges, lack of access to certain types of communications, etc.) as well as ways that we could make the complaint process more accessible. If you run into challenges or want to share ideas about how to make the process easier, please include them in the "What happened?" portion of your complaint.

1. **By Mail:** Include today's date along with your name, an address where you can receive mail, and your jail or prison ID number. You can provide an email address if you have one. If you provide an email address, you will receive updates about your complaint by email, not by postal mail. Your letter should include:

My complaint is against *Name of the company and, if possible, its address*

My complaint is about: *Product or service your complaint is about. Be as specific as possible.*

What happened: *Tell us what happened in a few words. If possible, provide dates and copies of documents that support your complaint.*

My desired outcome: *Tell us what you think would be a fair resolution to your issue.*

Mail your complaint and copies of any supporting documents to: **Consumer Financial Protection Bureau, P.O. Box 27170, Washington, DC 20038.**

2. **Online:** Visit consumerfinance.gov/complaint. You, or somebody else acting on your behalf, can submit a complaint online. The online form provides information about the special requirements for somebody to submit a complaint for you.
3. **By Phone:** Call us toll-free at 855-411-CFPB (2372), 8 am to 8 pm ET Monday thru Friday, except federal holidays. We can help consumers in over 180 languages. [TTY/TDD at 855-729-CFPB (2372)].

What happens next?

- We will confirm that we received your complaint. We will let you know if we need other information.
- We will send your complaint and any documents you provide to the company and work to get you a response, generally within 15 days. If another government agency would be better able to assist you, we will send your complaint to them and let you know.
- We will send updates about your complaint to the email you provided. If you did not provide an email address, you will receive updates by mail, or you can call us toll-free at 855-411-CFPB (2372) for an update. Have your complaint number ready when you call. It is on all letters or emails we send you.
- You will receive company's response by mail if you did not provide an email address. If you submitted a complaint using an email address and can get online, you can log in to review the response.

Tell Your Story

Your Money. Your Story.

Mortgages. Credit cards. Student loans. Credit scores. Fine print. We want to hear about your experiences with money and financial services, good and bad. The CFPB is listening.

Tell your story



Consumer

- <https://www.consumerfinance.gov/your-story/>

Small Business

- <https://story.consumerfinance.gov/tell-your-story/s/tell-your-small-business-story>

Questions or feedback?
