

**IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF TEXAS
AUSTIN DIVISION**

COMMUNITY FINANCIAL SERVICES
ASSOCIATION OF AMERICA, LTD., *et al.*

Plaintiffs,

v.

CONSUMER FINANCIAL
PROTECTION BUREAU, *et al.*,

Defendants.

Civil Action No. 1:18-cv-00295

ANSWER

Defendants Consumer Financial Protection Bureau (“Bureau”) and Kathleen Kraninger, in her official capacity as Director of the Bureau, hereby answer Plaintiffs’ amended complaint, filed on August 28, 2020 (ECF No. 76).

Defendants deny each allegation not specifically admitted.

Defendants further answer the numbered paragraphs of the complaint as follows:

1. This paragraph consists of Plaintiffs’ descriptions of the size of the market for payday and installment loans, and of the benefit to borrowers of such loans. Defendants respectfully refer the Court to the preambles of the Bureau’s final rule on payday, vehicle title, and certain high-cost installment loans (“2017 Rule”) and the Bureau’s more recent rule revoking part of the 2017 Rule (“Revocation Rule”), for an accurate description of the size of these markets, *see, e.g.*, 85 Fed. Reg. 44,382, 44,383-85 (July 22, 2020); 82 Fed. Reg. 54,472, 54,496-98 (Nov. 17, 2017), and the benefit of such loans, *see, e.g.*, 85 Fed. Reg. at 44,436-44,438. Defendants otherwise deny the allegations in this paragraph to the extent they are inconsistent with those materials.

2. This paragraph consists of Plaintiffs’ characterization of the 2017 Rule and legal conclusions, to which no response is required. To the extent a response is deemed to be required, denied, except that Defendants respectfully refer the Court to the 2017 Rule for an accurate

statement of its contents. Defendants further deny the allegations to the extent that they are inconsistent with the rule.

3. Denied. To the extent the allegations in this paragraph seek to characterize the reasons for the Bureau's decisions regarding the 2017 Rule, Defendants respectfully refer the Court to the preambles of that rule and the Revocation Rule for an accurate description of the reasons for the Bureau's actions.

4. This paragraph consists of legal conclusions to which no response is required. To the extent a response is deemed to be required, denied except to admit that the Supreme Court held unconstitutional a provision of the Bureau's organic statute that purported to limit the grounds on which the Bureau's Director can be removed in *Seila Law LLC v. CFPB*, 140 S. Ct. 2183 (2020), and respectfully refer the Court to that decision for an accurate statement of its contents.

5. The Bureau admits that it initiated a rulemaking proceeding to reconsider the ability-to-repay provisions of the 2017 Rule. The Bureau avers that it issued the resulting Revocation Rule on July 7, 2020 and further avers that the rule was published in the Federal Register on July 22, 2020. The rest of this paragraph appears to consist of Plaintiffs' characterization of the Revocation Rule. Defendants respectfully refer the Court to the rule itself for an accurate statement of its contents and otherwise deny the allegations to the extent that they are inconsistent with the rule.

6. This paragraph consists of legal conclusions to which no response is required. To the extent a response is deemed to be required, denied except to admit that the Revocation Rule did not rescind the payments provisions of the 2017 Rule.

7. This paragraph consists of Plaintiffs' characterization of the Supreme Court's decision in *Seila Law*. Defendants respectfully refer the Court to that decision for an accurate statement of its contents and otherwise deny the allegations to the extent that they are inconsistent with the decision.

8. This paragraph consists of legal conclusions to which no response is required. To the extent a response is deemed to be required, denied.

9. Denied except to admit (a) that the Bureau ratified the payments provisions of the 2017 Rule after the Supreme Court's ruling in *Seila Law* and (b) that the ratification was not

issued through notice-and-comment rulemaking. Defendants respectfully refer the Court to the ratification itself for an accurate statement of its contents.

10. Denied except to admit that the Bureau denied a rulemaking petition from Advance Financial to exclude debit and prepaid cards from the payments provisions of the 2017 Rule.

11. This paragraph consists of legal conclusions to which no response is required. To the extent a response is deemed to be required, denied.

12. This paragraph consists of legal conclusions to which no response is required. To the extent a response is deemed to be required, denied.

13. This paragraph consists of legal conclusions to which no response is required. To the extent a response is deemed to be required, denied.

14. This paragraph consists of legal conclusions to which no response is required. To the extent a response is deemed to be required, denied.

15. This paragraph consists of legal conclusions to which no response is required. To the extent a response is deemed to be required, denied.

16. This paragraph consists of legal conclusions and Plaintiffs' characterization of this action, to which no response is required. To the extent a response is deemed to be required, denied.

PARTIES

17. Defendants lack knowledge or information sufficient to form a belief about the truth of the allegations in this paragraph except to admit that Plaintiff Community Financial Services Association ("CFSA") is a national trade association representing payday and small-dollar lenders, admit that at least some of these lenders are regulated by the 2017 Rule, and aver that the final sentence of this paragraph consists of legal conclusions to which no response is required. To the extent a response to the final sentence of this paragraph is deemed to be required, denied.

18. Defendants lack knowledge or information sufficient to form a belief about the allegations in this paragraph except to admit that Plaintiff Consumer Service Alliance of Texas is a trade association headquartered in Austin, Texas and aver that the final sentence of this paragraph consists of legal conclusions to which no response is required. To the extent a response to the final sentence of this paragraph is deemed to be required, denied.

19. This paragraph consists of legal conclusions to which no response is required. To the extent a response is deemed to be required, admitted.

20. Admitted.

JURISDICTION AND VENUE

21. This paragraph consists of legal conclusions to which no response is required.

22. This paragraph consists of legal conclusions to which no response is required.

STATEMENT OF FACTS

23. Admitted.

24. This paragraph consists of Plaintiffs' characterization of the Consumer Financial Protection Act of 2010 ("CFPA"). Defendants respectfully refer the Court to that statute for an accurate statement of its contents and otherwise deny the allegations to the extent that they are inconsistent with the statute.

25. The first sentence of this paragraph consists of Plaintiffs' characterization of an article by now-Senator Elizabeth Warren, "Unsafe at Any Rate," *Democracy* (Summer 2007). Defendants respectfully refer the Court to that article for an accurate statement of its contents and otherwise deny the allegations to the extent that they are inconsistent with the article. The rest of the paragraph consists of Plaintiffs' characterization of the CFPA. Defendants respectfully refer the Court to that statute for an accurate statement of its contents and otherwise deny the allegations to the extent that they are inconsistent with the statute.

26. This paragraph consists of Plaintiffs' characterization of the CFPA. Defendants respectfully refer the Court to that statute for an accurate statement of its contents and otherwise deny the allegations to the extent that they are inconsistent with the statute.

27. This paragraph consists of Plaintiffs' characterization of the CFPA. Defendants respectfully refer the Court to that statute for an accurate statement of its contents and otherwise deny the allegations to the extent that they are inconsistent with the statute.

28. This paragraph consists of Plaintiffs' characterization of the CFPA. Defendants respectfully refer the Court to that statute for an accurate statement of its contents and otherwise deny the allegations to the extent that they are inconsistent with the statute.

29. This paragraph consists of Plaintiffs' characterization of the CFPA. Defendants respectfully refer the Court to that statute for an accurate statement of its contents and otherwise deny the allegations to the extent that they are inconsistent with the statute.

30. This paragraph consists of Plaintiffs' characterization of the CFPA. Defendants respectfully refer the Court to that statute for an accurate statement of its contents and otherwise deny the allegations to the extent that they are inconsistent with the statute.

31. This paragraph consists of Plaintiffs' characterization of the CFPA. Defendants respectfully refer the Court to that statute for an accurate statement of its contents and otherwise deny the allegations to the extent that they are inconsistent with the statute.

32. This paragraph consists of Plaintiffs' characterization of the CFPA. Defendants respectfully refer the Court to that statute for an accurate statement of its contents and otherwise deny the allegations to the extent that they are inconsistent with the statute.

33. This paragraph consists of Plaintiffs' characterization of the CFPA. Defendants respectfully refer the Court to that statute for an accurate statement of its contents and otherwise deny the allegations to the extent that they are inconsistent with the statute.

34. This paragraph consists of Plaintiffs' description of payday lending. Defendants respectfully refer the Court to the preambles of the 2017 Rule and the Revocation Rule for an accurate description of such lending, *see, e.g.*, 82 Fed. Reg. at 54,477-79, and otherwise deny the allegations to the extent that they are inconsistent with those materials.

35. This paragraph continues Plaintiffs' description of payday lending. Defendants respectfully refer the Court to the preambles of the 2017 Rule and the Revocation Rule for an accurate description of such lending, *see, e.g.*, 82 Fed. Reg. at 54,477-79, and otherwise deny the allegations to the extent that they are inconsistent with those materials.

36. This paragraph continues Plaintiffs' description of payday lending. Defendants respectfully refer the Court to the preambles of the 2017 Rule and the Revocation Rule for an accurate description of such lending, *see, e.g.*, 82 Fed. Reg. at 54,477-79, and otherwise deny the allegations to the extent that they are inconsistent with those materials.

37. This paragraph consists of Plaintiffs' description of consumer installment loans. Defendants respectfully refer the Court to the preamble of the 2017 Rule for an accurate description of such loans, *see, e.g.*, 82 Fed. Reg. at 54,496-98, and otherwise deny the allegations to the extent that they are inconsistent with that description.

38. This paragraph consists of Plaintiffs' description of preauthorized payments. Defendants respectfully refer the Court to the preamble of the 2017 Rule for an accurate

description of preauthorized payments, *see, e.g.*, 82 Fed. Reg. at 54,499-503, and otherwise deny the allegations to the extent that they are inconsistent with that description.

39. This paragraph consists of Plaintiffs' description of the market for payday and installment loans. Defendants respectfully refer the Court to the preambles of the 2017 Rule and Revocation Rule for an accurate description of those markets, *see, e.g.*, 82 Fed. Reg. at 54,474-76, and otherwise deny the allegations to the extent that they are inconsistent with those materials.

40. This paragraph consists of Plaintiffs' description of the benefits of payday and installment loans. Defendants respectfully refer the Court to the preambles of the 2017 Rule and the Revocation Rule for an accurate description of the benefits and costs of these loans, *see, e.g.*, 85 Fed. Reg. at 44,436-38, and otherwise deny the allegations to the extent that they are inconsistent with those materials.

41. This paragraph consists of Plaintiffs' description of the effect of state regulation on payday and installment lending. Defendants respectfully refer the Court to the preambles of the 2017 Rule and Revocation for an accurate description of state regulatory regimes, *see, e.g.*, 82 Fed. Reg. at 54,484-86, and otherwise deny the allegations to the extent that they are inconsistent with those materials.

42. This paragraph consists of Plaintiffs' description of pawn lending. Defendants respectfully refer the Court to the preamble of the 2017 Rule for an accurate description of such loans, *see, e.g.*, 82 Fed. Reg. at 54,475 & n.12, and otherwise deny the allegations to the extent that they are inconsistent with that description.

43. This paragraph consists of Plaintiffs' description of how payday lending compares to revolving credit and credit-card cash advances. Defendants respectfully refer the Court to the preamble of the 2017 Rule for an accurate description of those products, *see, e.g.*, 82 Fed. Reg. at 54,474-75, and otherwise deny the allegations to the extent that they are inconsistent with that description.

44. This paragraph consists of Plaintiffs' characterization of the effects on consumers of restricting access to covered payday and installment loans. Defendants respectfully refer the Court to the preamble of the Revocation Rule for an accurate description of those effects, *see, e.g.*, 85 Fed. Reg. at 44,436-38, and otherwise deny the allegations in this paragraph to the extent they are inconsistent with that description.

45. This paragraph consists of Plaintiffs' description of illegal sources of credit. Defendants respectfully refer the Court to the preambles of the 2017 Rule and Revocation Rule for an accurate description of such loans, *see, e.g.*, 82 Fed. Reg. at 54,610-11, and otherwise deny the allegations to the extent that they are inconsistent with those materials.

46. This paragraph consists of Plaintiffs' characterization of borrowers' satisfaction with payday loans. Defendants respectfully refer the Court to the preambles of the 2017 Rule and Revocation Rule for an accurate description of borrowers' experience with such loans, including the comments that borrowers submitted on the proposed rules, *see, e.g.*, 82 Fed. Reg. at 54,516-17, and otherwise deny the allegations to the extent that they are inconsistent with those materials.

47. This paragraph consists of Plaintiffs' description of the net effects of payday lending for borrowers. Defendants respectfully refer the Court to the preambles of the 2017 Rule and Revocation Rule for an accurate description of those effects, *see, e.g.*, 85 Fed. Reg. at 44,433-40, and otherwise deny the allegations to the extent that they are inconsistent with those materials.

48. This paragraph consists of Plaintiffs' description of borrowers' understanding of payday loans. Defendants respectfully refer the Court to the preambles of the 2017 Rule and Revocation Rule for an accurate description of that understanding, *see, e.g.*, 85 Fed. Reg. at 44,395-96, and otherwise deny the allegations to the extent that they are inconsistent with those materials.

49. This paragraph consists of Plaintiffs' characterization of parts of the preamble to the 2017 Rule discussing payday lending in Texas and the Rule's application to such lending. Defendants respectfully refer the Court to the relevant sections of the preamble, *see* 82 Fed. Reg. at 54,486, 54,534-35, and otherwise deny the allegations to the extent that they are inconsistent with that discussion.

50. Denied.

51. Denied.

52. Denied. To the extent the allegations in this paragraph seek to characterize the reasons for the Bureau's decisions regarding the 2017 Rule, Defendants respectfully refer the Court to the preambles of the proposal and final rule for an accurate description of the reasons for the Bureau's actions.

53. Defendants admit the Bureau issued the proposal for the 2017 Rule on June 2, 2016, *see* 81 Fed. Reg. 47863, and accepted public comment on the proposal for a four-month period ending in October. Defendants respectfully refer the Court to that proposal for an accurate statement of its contents. Defendants deny the allegations in this paragraph in all other respects.

54. Defendants admit that the proposal for the 2017 Rule receive more than 1.4 million comments, including some that were critical of the proposal. Defendants admit that the 2017 Rule was published in the Federal Register on November 17, 2017. Defendants deny the allegations in this paragraph in all other respects.

55. This paragraph consists of Plaintiffs' characterization of the 2017 Rule's ability-to-repay requirements. Defendants respectfully refer the Court to that section of the rule and the relevant sections of its preamble, *see, e.g.*, 82 Fed. Reg. at 54,624 *et seq.*, for an accurate statement of those requirements and otherwise deny the allegations to the extent that they are inconsistent with the rule.

56. Defendants admit the first sentence of this paragraph. The rest of this paragraph consists of Plaintiffs' characterization of this action, to which no response is required. To the extent a response is deemed required, denied.

57. This paragraph consists of Plaintiffs' characterization of the 2017 Rule's payments provisions. Defendants respectfully refer the Court to that section of the rule and the relevant sections of its preamble, *see, e.g.*, 82 Fed. Reg. at 54,744 *et seq.*, for an accurate statement of those provisions and otherwise deny the allegations to the extent that they are inconsistent with the rule.

58. This paragraph continues Plaintiffs' characterization of the 2017 Rule's payments provisions. Defendants respectfully refer the Court to that section of the rule and the relevant sections of its preamble, *see, e.g.*, 82 Fed. Reg. at 54,744 *et seq.*, for an accurate statement of those provisions and otherwise deny the allegations to the extent that they are inconsistent with the rule.

59. This paragraph continues Plaintiffs' characterization of the 2017 Rule's payments provisions. Defendants respectfully refer the Court to that section of the rule and the relevant sections of its preamble, *see, e.g.*, 82 Fed. Reg. at 54,744 *et seq.*, for an accurate statement of those provisions and otherwise deny the allegations to the extent that they are inconsistent with the rule.

60. This paragraph consists of Plaintiffs' characterization of expected effect of the 2017 Rule's payments provisions on borrowers. Defendants respectfully refer the Court to the preamble of the 2017 Rule for an accurate description of those expected effects, *see, e.g.*, 82 Fed. Reg. at 54,846-50, and otherwise deny the allegations to the extent that they are inconsistent with that description.

61. This paragraph consists of Plaintiffs' characterization of expected effect of the 2017 Rule's payments provisions on lenders. Defendants respectfully refer the Court to the preamble of the 2017 Rule for an accurate description of those expected effects, *see, e.g.*, 82 Fed. Reg. at 54,846-50, and otherwise deny the allegations to the extent that they are inconsistent with that description.

62. Admitted.

63. The first sentence of this paragraph consists of Plaintiffs' characterization of this lawsuit to which no response is required. The second sentence of this paragraph consists of Plaintiffs' characterization of the parties' Joint Motion for Stay of Litigation and Stay of Agency Action Pending Review, ECF No. 16. Defendants respectfully refer the Court to that filing for an accurate statement of its contents and otherwise deny the allegation to the extent that it is inconsistent with the filing.

64. Defendants admit the allegation in the first sentence of this paragraph. The rest of the paragraph consists of Plaintiffs' description of the 2017 Rule. Defendants respectfully refer the Court to the rule and its preamble for an accurate statement of its contents and otherwise deny the allegations to the extent that they are inconsistent with those materials.

65. This paragraph consists of Plaintiffs' characterization of the parties' joint stay motion. Defendants respectfully refer the Court to that filing for an accurate statement of its contents and otherwise deny the allegations to the extent that they are inconsistent with the filing.

66. Admitted.

67. This paragraph is vague as to what is meant by Plaintiffs' members having "in good faith ... reasonably relied" and "continu[ing] to rely" on the stay. As a result, Defendants lack knowledge or information sufficient to form a belief about the truth of the allegations in this paragraph.

68. The Bureau admits that Advance Financial submitted a rulemaking petition on December 13, 2018 and respectfully refer the Court to that petition for an accurate statement of

its contents. Defendants deny the allegations in this paragraph to the extent that they are inconsistent with the petition.

69. Defendants deny the first sentence of this paragraph except to admit that the Bureau issued a proposal to revoke the ability-to-repay provisions of the 2017 Rule on February 6, 2019, and that proposal was published in the Federal Register on February 14, 2019. The second sentence of this paragraph consists of Plaintiffs' characterization of that proposal. Defendants respectfully refer the Court to that proposal for an accurate statement of its contents. Defendants deny the allegations in this paragraph to the extent that they are inconsistent with the proposal.

70. This paragraph consists primarily of Plaintiffs' characterization of a comment Plaintiff CFSA submitted in response to the proposed Revocation Rule. Defendants respectfully refer the Court to that comments for an accurate statement of its contents and otherwise deny the allegation to the extent that it is inconsistent with that comment.¹ Defendants admit that other commenters asked the Bureau to revoke the payments provisions of the 2017 Rule.

71. This paragraph consists of Plaintiffs' characterization of the Supreme Court's decision in *Seila Law*. Defendants respectfully refer the Court to that decision for an accurate statement of its contents and otherwise deny the allegations to the extent that they are inconsistent with the decision.

72. This paragraph consists of legal conclusions to which no response is required. To the extent that a response is deemed to be required, denied.

73. Admitted.

74. This paragraph consists of Plaintiffs' characterization of the preamble to the Revocation Rule. Defendants respectfully refer the Court to that preamble for an accurate statement of its contents and otherwise deny the allegation to the extent that it is inconsistent with the preamble.

75. Defendants admit that on July 13, 2020, the Bureau published in the Federal Register a ratification of the 2017 Rule's payments provisions. *See* 85 Fed. Reg. 41,905. Defendants respectfully refer the Court to that ratification for an accurate statement of its

¹ *See* Comment Letter from Dennis Shaul, CFSA, to Director Kraninger, CFPB (May 15, 2019), CFPB-2019-0006-28034, *available at* <https://www.regulations.gov/document?D=CFPB-2019-0006-28034>.

contents and otherwise deny the allegation to the extent that it is inconsistent with the ratification.

76. This paragraph consists of Plaintiffs' characterization of the ratification. Defendants respectfully refer the Court to that ratification for an accurate statement of its contents and otherwise deny the allegation to the extent that it is inconsistent with the ratification.

77. This paragraph consists of Plaintiffs' characterization of the 2017 Rule and the Revocation Rule. Defendants respectfully refer the Court to the 2017 Rule and the Revocation Rule for an accurate statement of their contents and otherwise deny the allegations to the extent that they are inconsistent with those materials.

78. This paragraph consists of Plaintiffs' characterization of the 2017 Rule and the Revocation Rule. Defendants respectfully refer the Court to the 2017 Rule and the Revocation Rule for an accurate statement of their contents and otherwise deny the allegations to the extent that they are inconsistent with those materials.

79. This paragraph consists of Plaintiffs' characterization of the 2017 Rule and the Revocation Rule. Defendants respectfully refer the Court to the 2017 Rule and the Revocation Rule for an accurate statement of their contents and otherwise deny the allegations to the extent that they are inconsistent with those materials.

80. Denied.

81. Denied.

82. The first sentence of this paragraph consists of Plaintiffs' characterization of the ratification and 2017 Rule. Defendants respectfully refer the Court to the ratification and 2017 Rule for an accurate statement of their contents and otherwise deny the allegation to the extent that it is inconsistent with those materials. The rest of this paragraph consists of legal conclusions to which no response is required. To the extent that a response is deemed to be required, denied.

83. Defendants lack knowledge or information sufficient to admit or deny the allegations of this paragraph because it is vague as to what is meant by "conducting a revised cost-benefit analysis." Defendants aver that they did not conduct and publish a revised discussion of benefits and costs under Section 1022(b)(2) of the CFPA, 12 U.S.C. § 5512(b)(2), at the time the Bureau ratified the payments provisions of the 2017 Rule.

84. This paragraph consists of Plaintiffs' characterization of the ratification. Defendants respectfully refer the Court to that ratification for an accurate statement of its contents and otherwise deny the allegation to the extent that it is inconsistent with the ratification.

85. Denied.

86. Denied.

87. This paragraph is vague as to what is meant by lenders "reasonably rely[ing]" on the stay entered in this litigation and/or their assessment of the issue decided in *Seila Law*. This paragraph is also vague as to what "lenders" it refers to. As a result, Defendants lack knowledge or information sufficient to form a belief about the truth of the allegations in this paragraph.

88. Admitted.

89. Denied.

COUNT ONE

90. Defendants incorporate by reference their responses to each of the preceding paragraphs as if set forth fully herein.

91. This paragraph consists of legal conclusions to which no response is required. To the extent that a response is deemed to be required, denied.

92. This paragraph consists of legal conclusions to which no response is required. To the extent that a response is deemed to be required, Defendants respectfully refer the Court to the cited statutory provision for an accurate statement of its contents and otherwise deny the allegation to the extent that it is inconsistent with the statute.

93. This paragraph consists of legal conclusions to which no response is required. To the extent that a response is deemed to be required to the first two sentences, Defendants respectfully refer the Court to the cited constitutional provisions for an accurate statement of their contents and otherwise deny the allegations to the extent that they are inconsistent with the Constitution. By way of further answer, Defendants respectfully refer the Court to the Supreme Court's *Seila Law* decision. In all other respects, denied.

94. This paragraph consists of Plaintiffs' characterization of the Supreme Court's conclusions in *Seila Law*. Defendants respectfully refer the Court to that decision for an accurate statement of its contents and otherwise deny the allegations to the extent that they are inconsistent with the decision.

95. This paragraph consists of legal conclusions to which no response is required. To the extent that a response is deemed to be required, denied.

96. This paragraph consists of legal conclusions to which no response is required. To the extent that a response is deemed to be required, denied.

97. This paragraph consists of legal conclusions to which no response is required. To the extent that a response is deemed to be required, denied.

98. This paragraph consists of legal conclusions to which no response is required. To the extent that a response is deemed to be required, denied.

99. This paragraph consists of legal conclusions to which no response is required. To the extent that a response is deemed to be required, denied.

COUNT TWO

100. Defendants incorporate by reference their responses to each of the preceding paragraphs as if set forth fully herein.

101. This paragraph consists of legal conclusions to which no response is required. To the extent that a response is deemed to be required, Defendants respectfully refer the Court to the cited statutory provision for an accurate statement of its contents and otherwise deny the allegation to the extent that it is inconsistent with the statute.

102. This paragraph consists of legal conclusions to which no response is required. To the extent that a response is deemed to be required, Defendants respectfully refer the Court to the cited statutory provision for an accurate statement of its contents and otherwise deny the allegation to the extent that it is inconsistent with the statute.

103. This paragraph consists of legal conclusions to which no response is required. To the extent that a response is deemed to be required, denied.

104. This paragraph consists of legal conclusions to which no response is required. To the extent that a response is deemed to be required, denied.

105. This paragraph consists of legal conclusions to which no response is required. To the extent that a response is deemed to be required, denied.

106. This paragraph consists of legal conclusions to which no response is required. To the extent that a response is deemed to be required, denied.

107. The first sentence of this paragraph consists of legal conclusions to which no response is required. To the extent that a response is deemed to be required, denied. The second

sentence of this paragraph consists of Plaintiffs' characterization of the ratification. Defendants respectfully refer the Court to that ratification for an accurate statement of its contents and otherwise deny the allegation to the extent that it is inconsistent with the ratification.

108. This paragraph consists of legal conclusions to which no response is required. To the extent that a response is deemed to be required, denied.

109. This paragraph consists of legal conclusions to which no response is required. To the extent that a response is deemed to be required, denied.

110. This paragraph consists of legal conclusions to which no response is required. To the extent that a response is deemed to be required, denied.

111. This paragraph consists of legal conclusions to which no response is required. To the extent that a response is deemed to be required, denied.

COUNT THREE

112. Defendants incorporate by reference their responses to each of the preceding paragraphs as if set forth fully herein.

113. This paragraph consists of legal conclusions to which no response is required. To the extent that a response is deemed to be required, Defendants respectfully refer the Court to the cited constitutional provision for an accurate statement of its contents and otherwise deny the allegation to the extent it is inconsistent with the Constitution.

114. This paragraph consists of legal conclusions to which no response is required. To the extent that a response is deemed to be required, denied.

115. This paragraph consists of legal conclusions to which no response is required. To the extent that a response is deemed to be required, denied.

COUNT FOUR

116. Defendants incorporate by reference their responses to each of the preceding paragraphs as if set forth fully herein.

117. This paragraph consists of legal conclusions to which no response is required. To the extent that a response is deemed to be required, Defendants respectfully refer the Court to the cited constitutional provision for an accurate statement of its contents and otherwise deny the allegation to the extent it is inconsistent with the Constitution.

118. This paragraph consists of legal conclusions to which no response is required. To the extent that a response is deemed to be required, denied except insofar as the allegations

consist of Plaintiffs' characterization of the CFPA. With respect to those allegations, Defendants respectfully refer the Court to the cited statutory provisions for an accurate statement of their contents and otherwise deny the allegations to the extent that they are inconsistent with the statute.

119. This paragraph consists of legal conclusions to which no response is required. To the extent that a response is deemed to be required, denied.

COUNT FIVE

120. Defendants incorporate by reference their responses to each of the preceding paragraphs as if set forth fully herein.

121. This paragraph consists of legal conclusions to which no response is required. To the extent that a response is deemed to be required, Defendants respectfully refer the Court to the cited statutory provision for an accurate statement of its contents and otherwise deny the allegation to the extent that it is inconsistent with the statute.

122. This paragraph consists of legal conclusions to which no response is required. To the extent that a response is deemed to be required, denied.

123. This paragraph consists of legal conclusions to which no response is required. To the extent that a response is deemed to be required, denied except insofar as the allegations consist of Plaintiffs' characterization of the CFPA. With respect to those allegations, Defendants respectfully refer the Court to the cited statutory provisions for an accurate statement of their contents and otherwise deny the allegations to the extent that they are inconsistent with the statute.

124. This paragraph consists of legal conclusions to which no response is required. To the extent that a response is deemed to be required to the first sentence, Defendants respectfully refer the Court to the cited statutory provision for an accurate statement of its contents and otherwise deny the allegations to the extent that they are inconsistent with the statute. To the extent that a response is deemed to be required to the second sentence, denied.

125. This paragraph consists of legal conclusions to which no response is required. To the extent that a response is deemed to be required, denied.

126. This paragraph consists of legal conclusions to which no response is required. To the extent that a response is deemed to be required, denied.

COUNT SIX

127. Defendants incorporate by reference their responses to each of the preceding paragraphs as if set forth fully herein.

128. This paragraph consists of legal conclusions to which no response is required. To the extent that a response is deemed to be required, denied.

129. This paragraph consists of legal conclusions to which no response is required. To the extent that a response is deemed to be required, denied.

130. This paragraph consists of legal conclusions to which no response is required. To the extent that a response is deemed to be required, denied.

131. The first sentence of this paragraph consists of Plaintiffs' characterization of the 2017 Rule. Defendants respectfully refer the Court to the 2017 Rule for an accurate description of its contents and otherwise deny the allegations to the extent that they are inconsistent with the rule. The rest of this paragraph consists of legal conclusions to which no response is required. To the extent that a response is deemed to be required, denied.

132. The first sentence of this paragraph consists of Plaintiffs' characterization of the 2017 Rule. Defendants respectfully refer the Court to the 2017 Rule for an accurate description of its contents and otherwise deny the allegations to the extent that they are inconsistent with the rule. The rest of this paragraph consists of legal conclusions to which no response is required. To the extent that a response is deemed to be required, denied.

133. This paragraph consists of legal conclusions to which no response is required. To the extent that a response is deemed to be required, denied.

134. The second sentence of this paragraph consists of Plaintiffs' characterization of the 2017 Rule. Defendants respectfully refer the Court to the 2017 Rule for an accurate description of its contents and otherwise deny the allegations to the extent that they are inconsistent with the rule. The rest of this paragraph consists of legal conclusions to which no response is required. To the extent that a response is deemed to be required, denied.

135. Denied.

136. This paragraph consists of Plaintiffs' characterization of the 2017 Rule and the differences between types of payment transfers. Defendants respectfully refer the Court to the 2017 Rule for an accurate description of those differences, *see, e.g.*, 82 Fed. Reg. at 54,746-51, and otherwise deny the allegations to the extent that they are inconsistent with that description.

137. This paragraph consists of Plaintiffs' characterization of the 2017 Rule and the purported differences between payment-transfer attempts for single-payment versus installment loans. Defendants respectfully refer the Court to the 2017 Rule for an accurate description of payment-transfer attempts with respect to both types of loans, *see, e.g.*, 82 Fed. Reg. at 54,720-24, and otherwise deny the allegations to the extent that they are inconsistent with that description.

138. This paragraph consists of Plaintiffs' characterization of the 2017 Rule and legal conclusions to which no response is required. To the extent that a response is deemed to be required, denied except that Defendants respectfully refer the Court to the 2017 Rule for an accurate statement of its contents. Defendants further deny the allegations to the extent that they are inconsistent with the rule.

139. This paragraph consists of Plaintiffs' characterization of the 2017 Rule and the Bureau's consideration of regulatory alternatives. Defendants respectfully refer the Court to the 2017 Rule for an accurate account of its contents, including the Bureau's consideration of regulatory alternatives, *see, e.g.*, 82 Fed. Reg. at 54,869-70, and otherwise deny the allegations to the extent that they are inconsistent with that description.

COUNT SEVEN

140. Defendants incorporate by reference their responses to each of the preceding paragraphs as if set forth fully herein.

141. This paragraph consists of legal conclusions to which no response is required. To the extent that a response is deemed to be required to the first sentence, Defendants respectfully refer the Court to the cited statutory provision for an accurate statement of its contents and otherwise deny the allegations to the extent that they are inconsistent with the statute. To the extent that a response is deemed to be required to the second sentence, denied.

142. This paragraph consists of legal conclusions to which no response is required. To the extent that a response is deemed to be required, denied.

143. This paragraph consists of legal conclusions to which no response is required. To the extent that a response is deemed to be required, denied.

COUNT EIGHT

144. Defendants incorporate by reference their responses to each of the preceding paragraphs as if set forth fully herein.

145. This paragraph consists of legal conclusions to which no response is required. To the extent that a response is deemed to be required, Defendants respectfully refer the Court to the cited statutory provision for an accurate statement of its contents and otherwise deny the allegation to the extent that it is inconsistent with the statute.

146. This paragraph consists of legal conclusions to which no response is required. To the extent that a response is deemed to be required, denied.

147. This paragraph consists of legal conclusions to which no response is required. To the extent that a response is deemed to be required, denied except that, in response to Plaintiffs' allegations about the former Director's insulation from presidential control, Defendants respectfully refer the Court to the Supreme Court's *Seila Law* decision.

148. Denied.

149. This paragraph consists of legal conclusions to which no response is required. To the extent that a response is deemed to be required to the second, third, or fourth sentences in this paragraph, Defendants respectfully refer the Court to the cited statutory provisions for an accurate statement of their contents and otherwise deny the allegations to the extent that they are inconsistent with the statute. To the extent that a response is deemed to be required to rest of the paragraph, denied.

150. Defendants admit that the proposal for the 2017 Rule received more than 1.4 million comments, including more than 1 million that generally opposed the proposed rule. The rest of this paragraph consists of legal conclusions to which no response is required. To the extent that a response is deemed to be required to the first sentence in this paragraph, Defendants respectfully refer the Court to the cited statutory provision for an accurate statement of its contents and otherwise deny the allegation to the extent that it is inconsistent with the statute. To the extent that a response is deemed to be required to rest of the paragraph, denied.

COUNT NINE

151. Defendants incorporate by reference their responses to each of the preceding paragraphs as if set forth fully herein.

152. The first two sentences of this paragraph consist of Plaintiffs' characterization of Advance Financial's rulemaking petition. Defendants respectfully refer the Court to that petition for an accurate statement of its contents and otherwise deny the allegation to the extent that it is

inconsistent with the petition. The last sentence of this paragraph consists of legal conclusions to which no response is required. To the extent that a response is deemed to be required, denied.

153. This paragraph consists of legal conclusions to which no response is required. To the extent that a response is deemed to be required, denied.

PRAYER FOR RELIEF

This section sets forth Plaintiffs' requested relief, to which no response is required. To the extent a response is deemed required, Defendants deny that Plaintiffs are entitled to the relief they seek or to any other relief in this action.

Dated: September 18, 2020

Respectfully submitted,

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