

Consumer Financial Services Bites of the Month - June 17, 2026 - "Rainy Day in June."

June 25, 2026 | [Justin B. Hosie](#), [Eric L. Johnson](#) and [Kristen Yarows](#)

In this month's article, we share some of our top "bites" covered during the June 2026 webinar.

Bite 10: FTC Takes Action Against Tax Debt Relief Companies

On June 2, 2026, the FTC [announced](#) a settlement with a tax debt relief company and its operators over allegations that the defendants impersonated government tax authorities and promised tax debt relief. In October 2025, a federal court issued a temporary restraining order and asset freeze against the defendants. According to the complaint, the companies also claimed they could settle taxpayers' back taxes for "pennies on the dollar" or for only a "fraction" of what taxpayers' owed, often making these claims before evaluating the individual's circumstances. The FTC alleged they impersonated government agencies, including the Internal Revenue Service, deceptively promised tax debt relief, sent threats to consumers about their debts, and pocketed tens of millions of consumers' dollars. Under the proposed order, the operators are required to turn over cash and assets, which the FTC will use to provide redress to consumers. The proposed order imposes a judgment of \$77.7 million, all except \$8 million is suspended based on the defendants' inability to pay. The proposed order also bans the operators from providing tax preparation services, impersonating government officials, as well as some telemarketing, advertising, and debt relief services.

Bite 9: FTC Modifies Settlement Over Data Security Program

On June 5, 2026, the FTC [modified](#) an order against an education technology company after the company's alleged data security failures led to a data breach involving millions of students' personal data. The FTC originally published the complaint, proposed order, and request for public comments on December 1, 2025. The FTC modified the order after it received three public comments. The modified order prohibits the company from misrepresenting its data security and privacy practices and how quickly it will notify school districts and students about breaches. The company must also: (a) delete personal information not reasonably needed to provide requested products and services; (b) refrain from collecting, processing, or maintaining personal data not reasonably necessary to provide products or services; (c) follow a publicly available data retention schedule that details why information is collected and establishes a set timeframe for its deletion; (d) establish and implement a comprehensive information security program; and (e) notify the FTC if it has alerted another federal, state, or local government about a data breach involving consumers' personal information.

Bite 8: CFPB Issues Guidance on Ability to Repay and Immigration Status

On June 8, 2026, the CFPB issued guidance on creditor's obligations under the Truth in Lending Act ("TILA"), Regulation Z, and Executive Order 14406 ("Restoring Integrity to America's Financial System"). TILA and Reg. Z require creditors to assess consumers' ability to repay before offering mortgages and certain open-end credit products. The guidance emphasizes that such creditors may be obligated to consider consumer immigration status, especially where removal from the United States may disrupt the consumer's income. The guidance states that there are various lawful immigration statuses, and it cannot be assumed that consumers with different lawful statuses have identical abilities to repay. According to the CFPB, it "cannot, and does not provide a comprehensive analysis of variations in immigration status and the consequent reasonable expectations as to a consumer's ability to repay a loan through expected income from U.S.-based employment." Instead, the CFPB claims that Reg. Z enables the lenders to make these judgments by affirming their ability to lawfully consider the consumer's immigration status, lawful presence, authorization to work, and other factors that may indicate risk of removal insofar as it bears on their current or reasonably expected income. Note that a 2023 joint statement by the prior administration's CFPB and Department of Justice (withdrawn in January 2026), had cautioned against considering immigration status as doing so could be a proxy for national origin discrimination or could discourage noncitizens from applying. To the extent applicable statutes are unclear, courts could apply their own independent judgment in addressing these issues.

Bite 7: CFPB Deletes All Statements Issued Before Trump Administration

On May 19, 2026, the CFPB deleted from its website all press releases, speeches, testimony, op-eds, and other public statements that were issued before February 2025. If you go to the CFPB's "Newsroom" page, it contains a Note that states, "News items published before February 2025 can be found in the Archives." Clicking the "Archives" link takes you to the wayback archived web page of the news items before Feb. 2025. On June 8, 2026, news outlets reported that the CFPB has deleted roughly 3,800 articles, consumer advisories, letters to state regulators, 1,600 blog posts, speeches, 1,427 press releases, and the plain-language summaries of major regulations, enforcement actions and other updates. Also, the CFPB removed 35 Supervisory Highlights reports from the website. Current CFPB employees have reported that they are unable to access prior work content, even internally, stating that it seems the administration has destroyed, or at least hid, the historic intranet information. The Federal Records Act prohibits the CFPB from destroying internal databases, and a federal district court in early 2025, prohibited the CFPB from destroying records and deleting data. However, the Wayback Machine (a non-profit digital library) has maintained a cloned website that is an archive of the CFPB site as it appeared on March 5, 2025, with the exception of the homepage.

Bite 6: Johnson Nominated to Lead CFPB

On June 10, 2026, news outlets reported that President Trump nominated Brian Johnson to lead the CFPB. If that name sounds familiar, you may remember that Johnson served as the CFPB's deputy director during the first Trump Administration under former Director Kathleen Kraninger. Johnson spent roughly two and a half years at the CFPB from December 2017 to March 2020, rising from Senior Advisor to the Director to Principal Policy Director, Acting Deputy Director, and ultimately Deputy Director, where he oversaw rulemaking, supervision, and enforcement. Johnson is currently the U.S. Card Compliance Officer at a major financial institution. In some of his prior remarks, in 2023, Johnson testified to the House Financial Services Committee that the CFPB is "ripe for reform" either by Congress or internally, and he believed that "properly structured and managed, (the CFPB) is capable of great good." Johnson's nomination will go to the Senate Banking Committee where he will face some critical pushback from the likes of Senator Elizabeth Warren and others.

Bite 5: DOJ Takes Action Against New Mexico Supreme Court

On June 11, 2026, the Department of Justice filed a lawsuit against the New Mexico Supreme Court and the New Mexico Board of Bar Examiners, alleging violations of the Servicemembers Civil Relief Act ("SCRA") by refusing to recognize the out-of-state law licenses of qualifying servicemembers and their spouses. The SCRA gives servicemembers and their spouses the right to have their covered out-of-state law licenses recognized in a state where they have been relocated due to military orders. The lawsuit alleges that the New Mexico Supreme Court and Board of Bar Examiners refused to allow a military spouse to practice as an attorney in New Mexico after his wife was transferred to a New Mexico Air Force base. The lawsuit also alleges that New Mexico imposes requirements on military applicants that exceed what is allowed under the SCRA, by requiring them to provide transcripts, test scores, and references to submit a full character and fitness evaluation. The Assistant Attorney General of the DOJ's Civil Rights Division stated that state "supreme courts and bar associations in other states should take note of this lawsuit and come into full compliance with the SCRA immediately, or risk a lawsuit by the Department of Justice." Since 2011, the Department has obtained over \$489 million in monetary relief for over 152,000 servicemembers through its enforcement of the SCRA.

Bite 4: FTC Takes Action Against Dietary Supplement Company

On June 12, 2026, the FTC announced that it had asked a federal court to hold a dietary supplement company, its former chief science officer, and two others in contempt for violating an FTC order. The FTC alleged in its contempt motion that the company and individuals acted in concert to systematically violate the terms of a 2005 order that the chief science officer entered with the FTC. The prior order prohibited the chief science officer from making false, deceptive or unsubstantiated health claims. The FTC alleged that the company misrepresented to parents and other consumers that dietary supplements marketed for children and adults could treat, cure or mitigate health conditions such as depression, anxiety and ADHD, and for misleading its seller recruits, known as brand partners, about their potential earnings. The FTC alleges that there is no competent and reliable scientific evidence to support these health claims and that the studies the company points to are deeply flawed. In filing for contempt, the FTC is seeking compensatory damages for consumers in the full amount consumers paid for the at-issue products.

Bite 3: FTC Takes Action Against Mortgage Relief Operation

On June 3, 2026, news outlets reported that a federal court, at the FTC's request, granted a temporary restraining order against a mortgage assistance relief operation. The FTC alleged that the companies misled consumers into paying unlawful upfront fees in exchange for guarantees of lower mortgage rates and monthly payments that never materialized. The FTC alleged that since at least 2022, the companies misrepresented to consumers that they provided mortgage relief assistance under the Coronavirus Aid, Relief and Economic Security ("CARES") Act. The proposed complaint alleged violations of the FTC Act, the Mortgage Assistance Relief Services ("MARS") Rule, and the Gramm-Leach-Bliley Act. The FTC alleged that the companies violated these laws by promising mortgage loan modifications, claiming their services were associated with a federal government homeowner assistance plan, instructing consumers that they did not need to make monthly payments toward their mortgage, collecting upfront payments, and making false statements to induce consumers to provide them with customer information of a financial institution. The FTC seeks redress for affected consumers.

Bite 2: FTC Takes Action Over AI-Powered Marketing Service

On May 21, 2026, the FTC [announced](#) proposed settlements with three marketing firms over allegations that they deceived customers by falsely claiming to offer an AI-powered service that could target localized advertisements based on conversations captured from consumers' smart devices and that consumers had opted into such targeting. The complaints alleged that the service did not actually listen in on consumers' conversations or use voice data, but instead resold email lists obtained from other data brokers. The complaints also alleged that the companies deceived their potential customer by claiming that consumers had opted into this marketing service, but in reality, the companies did not seek or obtain the consumers' consent. The FTC alleged that these practices violated the FTC Act and charged two of the companies with a second count of violating the FTC Act by providing the other company with the "means and instrumentalities" to deceive customers through marketing materials, sales pitches and responses to customer questions that misled small businesses about their services. Under the proposed orders, one company will pay \$880,000 while the other two companies will each pay \$25,000. The money will be used to provide redress to customers who were impacted by these practices. The proposed orders will also prohibit the companies from making misrepresentations about the features of their services, the collection and use of voice data, and the geographic targeting capabilities. The FTC published the proposed consent agreements on the Federal Register, and the public has until June 29, 2026 to provide comments.

Bite 1: Payment Processor Held in Contempt over FTC Order

On May 19, 2026, the FTC [announced](#) that a federal judge ordered a payment processing company and its operators to pay \$6.5 million in sanctions for violating a 2015 federal court order. The court found that the defendants unlawfully processed hundreds of millions of dollars in transactions for merchants that were on Mastercard's Member Alert To Control High-risk merchants (MATCH) list. The FTC filed the initial lawsuit in 2014 and alleged that the company, its operators, and a group of merchants processed unauthorized payments, thereby causing \$26 million in consumer harm. The 2015 order had specific requirements to prevent the company from enabling consumer fraud. The FTC sought over \$52 million in compensatory relief, but the court held that \$6.5 million would "appropriately track the compensatory nature of the sanctions and are 'commensurate with the harm' under the circumstances." The FTC noted that the court concluded that the defendants helped two groups avoid monitoring programs by masking chargeback rates; failing to verify mandatory business information; ignoring evidence of shell companies; waiving documentation requirements; accepting "obviously false" websites listed on payment processing applications; processing for merchants that "consistently exceeded" the court order's chargeback thresholds; and failing to investigate and report issues despite red flags. The FTC also sought to modify the final order to permanently ban the two operators from the payment processing industry and to appoint a receiver to take control of the company, but the court denied this request.

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