

**Statement of Jennifer Bassett, CEO
Pacific Rim Alliance Corporation**

**U.S. House Committee on Financial Services
Subcommittee on Oversight and Investigations**

**Hearing Entitled: From Watchdog to Attack Dog:
Examining the CFPB's Chopra-era Assault on Disfavored Industries**

June 26, 2025

Chairman Meuser, Ranking Member Green, and members of the Subcommittee, thank you for the opportunity to testify before you today as the Subcommittee examines an issue that is of great personal interest to me, and to my small business: the transition of the Consumer Financial Protection Bureau (the “CFPB” or the “Bureau”) from watchdog to attack dog.

Introduction

My name is Jennifer Bassett, and I am the CEO of Pacific Rim Alliance Corporation (“Pacific Rim”). Pacific Rim is a licensed consumer financial services company headquartered in Phoenix, Arizona. We are a women-owned small business operating for 36 years. We do not have any outside investors or private equity financing. As I will detail below, Pacific Rim was the target of a concerted and unjust campaign by the Consumer Financial Protection Bureau (CFPB) for the past three years. This was not due to any illegal conduct on our part, but rather because we operated in an industry disfavored by Director Chopra and members of the Bureau’s enforcement staff. Simply put, Pacific Rim was the victim of Chopra’s weaponization of the CFPB. We were not treated as a regulated entity deserving of fair oversight, but as an adversary whose business model was unwelcome, regardless of our compliance with the law.

Today, Pacific Rim operates 30 branch locations across five (5) states. We employ a total of 80 people. We are clearly a very small business. At the start of this ideologically driven investigation in July of 2022, we had 46 locations and 110 employees. Our company has shrunk, requiring the closing of 35% of our locations and separating from a third of our staff. As some of our lower-performing locations approached lease renewal, we were forced to make difficult decisions, including closing branches we had successfully operated for over 25 years. Under normal circumstances, we would have reinvested resources to support and revitalize underperforming locations. However, the extraordinary burden imposed by the CFPB

investigation—both in terms of financial strain and human resources—left us with no capacity to do so.

This investigation, which has been carried out for almost three (3) years, and has still not concluded, was not the result of any wrongdoing by our company, it was not precipitated by consumer complaints or exam findings, and it was not the result of state regulatory concerns. In fact, the CFPB has never articulated the legal theories under which they have pursued us. More importantly, the investigation has not resulted in a single finding or violation by the CFPB with respect to our company.

The principal method employed by the CFPB to pursue their crusade involves Civil Investigative Demands (CIDs). These demands have been issued repeatedly and without constraints, yet they have not identified any issues, consumer harm, or legal violations. We engaged with the CFPB and responded to the CIDs in good faith, and have even used the Bureau's appeal process, to no avail. The Bureau's CIDs have cost us hundreds of thousands of dollars in legal fees and consumed thousands of hours of staff time—resources that should have been devoted to improving and growing our business. The investigation has also damaged our reputation, leading to the loss of valued employees due to its public nature. We've also had to provide explanations to concerned vendors. Collectively, these impacts have caused lasting and, in some respects, irreparable harm to our company.

Pacific Rim's Business is Essential for Consumers and Complies with All Applicable Laws

Pacific Rim offers small dollar loans, along with other essential financial services to consumers in five Western states. In addition to small dollar loans, we offer check cashing, money transfers, electronic bill payment services, money orders, prepaid cards, and other money services businesses. Thousands of consumers rely on our services to conduct their day-to-day financial affairs. Pacific Rim's business was among those declared to be essential by the U.S. Treasury Department and by the governors and financial regulators of all 50 states during the COVID-19 pandemic. The closing of locations by Pacific Rim impacts not only our company and our employees, but the tens of thousands of customers who rely on our products and services.

Small dollar loans offer a lifeline to a wide array of consumers, providing critical access to credit to those underserved, ignored, or left behind by other financial institutions, or those who simply do not trust those providers. These loans provide essential support to borrowers facing unexpected expenses or temporary financial shortfalls, especially in an increasingly costly and uncertain economic environment. In short, small-dollar loans serve a critical role in the financial lives of the individuals and families who depend on them.

We are a state-licensed lender, and the small-dollar loans we offer are authorized and comprehensively regulated under applicable state laws, as well as several federal laws. These state laws require us to undergo regular supervision, obtain and maintain licenses, clearly disclose loan costs and fees, inform borrowers of their rights—including the right to rescind—and comply with limits on interest rates and fees. Our lending and refinancing practices align with industry standards and best practices. We operate within a robust framework of state and federal consumer protection regulations that ensure borrowers receive all necessary information to evaluate our loan products and make informed financial decisions based on their needs and circumstances. Our customers consistently report satisfaction with our services and demonstrate a clear understanding of the associated costs. Notably, we account for just 0.08% of all CFPB complaints, underscoring both our compliance and our commitment to responsible lending.

The Small Dollar Loan Products Offered by Pacific Rim are not Favored by the CFPB

In 2015, during the administration of former CFPB Director Richard Cordray, the CFPB promulgated an extensive and highly prescriptive set of regulations on small dollar loans. Prior to finalization of those regulations, the Bureau was required to conduct a Small Business Review Panel pursuant to the Small Business Regulatory Enforcement Fairness Act (“SBREFA”). Since Pacific Rim is a “Small Business” under the Small Business Administration’s standards, I was invited to participate in the SBREFA Panel for the proposed Payday Lending Rule (the “Small Dollar Rule”).¹ I believe that it was my participation on the SBREFA Panel made Pacific Rim a target for the CFPB.

The CFPB issued its final Small Dollar Rule in 2017, containing two parts: an “ability-to-repay” provision and a “payments” provision. The Rule was overly prescriptive and imposed unrealistic borrower requirements that would have effectively eliminated small-dollar lending. It was also unduly influenced by consumer advocacy groups. The industry challenged the Rule in federal court, and in 2018, under Director Kathy Kraninger, the CFPB rescinded the ability-to-repay provisions, recognizing they would unjustly restrict access to credit for millions. Due to ongoing litigation and the rescission, the Rule has never taken effect. Recently, the Bureau indicated it is deprioritizing enforcement of the remaining payments provisions.

When the Bureau failed in its efforts to finalize the Rule’s prescriptive lending requirements, the Enforcement Office under Director Chopra began investigations of several small dollar lenders, including Pacific Rim. From the start, it has been clear that the investigation into Pacific Rim sought to use the Bureau’s broad UDAAP authority to challenge our business model itself,

¹ 1 Final Report of the Small Business Review Panel on CFPB’s Rulemaking on Payday, Vehicle Title, and Similar Loans, p. 13 (June 15, 2015), available at: https://files.consumerfinance.gov/f/documents/3a_-_SBREFA_Panel_-_CFPB_Payday_Rulemaking_-_Report.pdf. Note that Ms. Bassett has, in the past (including when she served on the SBREFA panel), gone by Jennifer Robertson.

although small dollar loans are lawful products that provide consumers with valuable access to credit. These investigations were an obvious attempt to “regulate through enforcement.” Interestingly, the Bureau has issued identical CIDs to at least three (3) other small dollar lenders at the same time ours were issued, demonstrating that the investigation was aimed broadly at the industry and not at any business practice of Pacific Rim.

The campaign waged against us, and other consumer lenders, by the CFPB has negatively impacted the consumer lending industry at large, adversely affecting our customers who have few regulated alternatives for credit.

The CFPB’s Investigations into Pacific Rim are Without Any Basis

We have a history of cooperating with the Bureau. In 2015, the CFPB conducted a supervisory examination of our business. They sent ten examiners to our small corporate office for ten weeks. We underwent another examination again in early 2018 with a similar number of examiners. For a small business, I believe that this level of scrutiny is extraordinary. Nevertheless, neither of these supervisory exams identified any violations of law whatsoever. Despite these extensive examinations, we received no fines, no penalties, and were not required to provide any restitution to our customers—clear evidence that the Bureau found no wrongdoing on our part.

Neither of these prior exams should have given rise to CIDs nor the extensive investigation into our business. We are simply a small player – but in an industry that the Bureau does not like.

Frustrated by its Inability to Implement its Small Dollar Rule, or Uncover Exam Findings, the CFPB Began a Campaign Against Pacific Rim Powered by Civil Investigative Demands

The First CID

The CFPB’s CID campaign against Pacific Rim began with its issuance of an initial CID on July 8, 2022. This initial CID included extensive interrogatories, a request for a written report from the company, document requests, and a demand for an investigative hearing inquiring into our business practices. The CID was not based upon any finding of a violation of law substantiating the investigation. Despite this failure, and the burdens imposed on us by the CID, we fully complied with the CFPB by producing over 11,000 pages of documents and information. In addition, I personally appeared for a full day of testimony and answered questions on a wide array of topics. No specific legal issues or violations were raised at the hearing. Following our response, and my testimony, the Bureau never advised us that it had found any violation, nor did it conclude its investigation. The Bureau never asked any follow up questions or additional explanations. Instead, we were left to wonder whether the matter was closed or ongoing. This CID cost us close to \$100,000, in addition to the extreme personnel strain on our resources.

The Second CID

Then, on January 5, 2023, the Bureau issued a second, sweeping CID, which expanded the scope of the first CID that remained unresolved. This CID sought, among other things, detailed data on every loan made by the company over a six-year period, reports and audits covering nearly every aspect of our consumer lending business, communications (including 3.8 Million emails) relating to marketing, origination, servicing, and collection (the soup-to-nuts of our lending business), and thousands of loan files. In total, the 2023 CID included eight interrogatories (with 23 subparts), 18 document requests (with 26 subparts), and eight requests for written reports (with 75 subparts).

The Bureau's second CID was overly broad, burdensome, bore little relation to its notification of purpose, and failed to focus its inquiry following the 2022 CID. More specifically, the CID requested nearly every document and communication concerning our consumer business, detailed information and personnel files for former and current employees, and all transactional information about every loan made by us since 2017 (more than 1.8 million loans). It sought information the Bureau knew did not exist or which had already been provided, and, once again, failed to reflect any narrowing of the Bureau's focus following the 2022 CID. But still, we followed procedure and, after a "meet and confer" conference, we asked the CFPB to withdraw the CID, narrow its focus, and identify its specific concerns. The Bureau refused to do so.

Pacific Rim Petitions for Relief – The First Time

On January 25, 2023, we filed a Petition seeking to set aside the CID. In our Petition, we explained the CID's tremendous burden (in particular, relating to its massive email requests) including that it would require us to spend millions of dollars on attorney's fees and document production costs. In support of our Petition, we provided the Bureau with confidential and proprietary financial information to demonstrate the detrimental impact of the process on Pacific Rim. We specifically requested that the Bureau treat this information confidentially due to its sensitive nature. In utilizing the CFPB's petition process, we felt that we would get a fair hearing of our reasonable requests.

Despite our valid arguments, on March 23, 2023, Director Chopra denied our Petition. When the Bureau published our Petition and its decision on its website, it curiously redacted information about the scope and breadth of its CID but published the confidential and proprietary financial information that was included in our Petition. The portions of the CID that were redacted

concealed from public scrutiny the most egregious aspects of the requests, demonstrating the massive amount of information requested from us.

This outcome led to a realization: The CFPB's petition process is patently unfair. No neutral party considers the arguments of the petitioner and the burdens of the process. It is one in which the victim is without recourse and the director of the CFPB is the judge, jury, and executioner.

Over the next several months following the denial of our Petition, we diligently produced documents, information, and email communications to the Bureau. Given our limited personnel, I was required to handle nearly all these tasks, in addition to my day-to-day duties as CEO. The process caused great financial strain on our company in terms of legal fees, document production costs, personnel costs, and drain on my time. We produced emails and loan files on a rolling twice a month basis. We predicted this process would take several years and much more money than we could afford to complete, thus we continually asked the CFPB to narrow the scope. Nevertheless, we responded to every request in the CID with remaining emails and loan files continuing the rolling monthly schedule.

The Third CID

Even though there were no violations or findings against us, on August 14, 2024, the Bureau issued another CID (the "2024 CID") to Pacific Rim. The 2024 CID sought four "investigational hearings" with testimony of three of our employees, along with a corporate representative. The testimony, which was to be conducted over five days, was supposed to cover seven different topics and 15 sub-topics. In addition, the CID included detailed, multi-part written requests.

Once again, we requested that the CFPB modify the CID to limit the burden of the proposed hearings. The Bureau still did not identify any issues, consumer harm, violations of law, or specific concerns about unfair, deceptive, or abusive acts or practices. We advised the Bureau that complying with the CID, which included overbroad and burdensome demands, would seriously hinder the operations of the business. Again, the Bureau ignored our requests.

Pacific Rim Petitions for Relief – The Second Time

After our request was denied, on September 3, 2024, we petitioned the Bureau to set aside the CID (the "2024 Petition"), citing the financial and personnel strain of preparing four witnesses for testimony along with the costs of travel and legal fees. We advised the Director that responding to the 2024 CID would put our total attorneys' fees and costs in connection with the investigation across all three CIDs at upwards of **half a million dollars**. On November 13, 2024, Director Chopra denied our second Petition. This denial came even after the election of President Donald Trump.

Once again, no neutral party evaluated the reasonableness of the CID or our arguments. As a result, the burdens of the CID on a small business like Pacific Rim were completely ignored. On January 6, 2025, we advised the CFPB in writing that we disagreed with the Decision and that we would not respond to the 2024 CID until the new Administration could review the investigation.

The CFPB Refuses to Adhere to Protocol and Halt the Investigation

Notwithstanding the election and the fact that the new Administration intended to review pending administrative actions, the CFPB pushed ahead, continuing to send interim demands for status updates, requesting additional information related to (but not contained in) the CIDs, and seeking supplements to our prior productions.² It was not until Acting Director Bessent's stop-work order on February 3, 2025, that the Bureau ceased its constant barrage of requests. The investigation into Pacific Rim, which has cost us hundreds of thousands of dollars, and resulted in not a single finding of wrongdoing, has dragged this process on for three years, which is well past the Bureau's two-year investigation goal.³

Indeed, the Bureau's investigation into Pacific Rim represents a "bureaucratic witch hunt" of the kind outlined by the Chairman of the Senate Banking Committee, Senator Tim Scott (R-SC), during former Director Chopra's June 2024 hearing before the Committee. Then-Director Chopra reassured lawmakers that the Bureau's focus was on large market participants and "repeat offenders," neither of which designation applies to Pacific Rim. During similar hearings before the House Financial Services Committee, Director Chopra also expressed concern for small companies facing the Bureau's massive enforcement authority, stating that "You cannot have a situation where small businesses just get . . . the hammer, and everyone else is sort of getting a light touch."

Contrary to Director Chopra's testimony, however, the CFPB approached this investigation of our small business with the blunt force of a hammer. It issued three CIDs to us over the course of the investigation and has continually harangued us for status reports and other information outside of the CIDs. The investigation is a continuing fishing expedition in search of a theory and reeks of regulation by enforcement. We have repeatedly asked the Bureau to identify specific

² In just the two-week time period from December 20 to January 3—which spanned two major holidays—the Bureau sent three separate communications demanding documents and information (January 2, 2025 letter from A. Seabrook to L. Morris; December 23, 2024 letter from A. Seabrook to L. Morris; December 20 email from A. Seabrook to A. Caton and L. Morris), one of which contained 10 separate requests (December 23, 2024 letter from A. Seabrook to L. Morris).

³ Consumer Financial Protection Bureau, Evaluation Report, 2024-SR-C-002 (January 8, 2024), "The CFPB Can Enhance Certain Aspects of Its Enforcement Investigations Process," available at: <chromeextension://efaidnbmninnibpcajpcglclefindmkaj/https://www.consumerfinanceinsights.com/wpcontent/uploads/sites/9/2024/01/cfpb-enforcement-investigation-proces.pdf>.

concerns regarding our business practices. The Bureau has never identified any issues, consumer harm, or violations of law.

Conclusion: The CID Process Must Be Reformed

The Bureau's endless investigation of Pacific Rim is a prime example of the weaponization of an agency that was designed to provide protection to consumers and recourse for those who have been harmed. The CFPB has never identified any consumer harm or violation of law by Pacific Rim. Further, the process provided to a company like ours for relief is woefully inadequate. Once served with a CID, a company has no way out other than to capitulate to the Bureau's demands, no matter how unreasonable, costly, and burdensome they are. Entrusting the review of a CID to the director of the agency that issued the demand is hollow, and a denial of due process. It should be replaced with a process that is fair to the victims – in this case, the owners, employees, and customers of Pacific Rim. The process must include a neutral arbiter to promptly resolve the issues and should impose standards for the issuance and prosecution of CIDs.

We hope that this Subcommittee will support real meaningful reforms to this process, including supporting the bipartisan Civil Investigative Demand Reform Act (H.R. 1653).

Thank you again for the opportunity to testify before you today. I am happy to answer any questions.