



January 25, 2012

Dear Fellow Attorney General:

As Co-chairs of the NAAG Consumer Protection Committee, we would like to give you some information about a new project we are working on with the Consumer Financial Protection Bureau (CFPB). As we all know, servicemembers and their families are particularly vulnerable to financial scams due to their frequent relocations, the ability to direct pay via allotments, and a military code of justice that demands financial responsibility. The CFPB has created the Repeat Offenders Against Military Database (“ROAM Database”) to track companies and individuals who repeatedly target military personnel.

Fraudsters who target the military sometimes close up shop in one state when law enforcement actions are taken against them, only to set up the same scheme in another state. The initial issue this presents is simply identifying who the repeat offenders are, especially when they may operate under different corporate names.

The ROAM Database will be the first of its kind. Although the Federal Trade Commission already operates an invaluable database of consumer complaints, there is no nationwide database of completed enforcement actions. The ROAM Database will contain information on formal actions – both civil and criminal – that have been undertaken in courts and administrative forums against perpetrators of financial scams who have targeted servicemembers and their families. The CFPB plans to collect information from – and make it accessible to – law enforcement agencies at the Federal, state, and local levels.

There is a clear need for such a database. Last August, New York Attorney General Eric Schneiderman secured a \$3.5 million settlement against Rome Finance Co., Inc., an unlicensed lender that, through an established network of “dealers” (including some that did business as “SmartBuy”), targeted servicemembers for sales and financing of high-priced electronics at a mall near Fort Drum (http://www.ag.ny.gov/media_center/2011/aug/aug16a_11.html). Through its dealers, Rome locked servicemembers into its high interest revolving credit contracts, causing these troops to pay undisclosed fees and incur immense debt. Attorney General Schneiderman’s investigation revealed that this network was targeting servicemembers nationwide, with a presence near other military posts in California, Tennessee, Colorado, Georgia, North Carolina, Oklahoma, Tennessee, Texas, and even overseas.

Rome Finance and Britlee Inc., which had been targeting servicemembers at a mall near Fort Campbell, were also the subject of an enforcement action brought by the Tennessee Attorney General in 2005. (<http://www.tn.gov/attorneygeneral/cases/britlee/britlee.html>). As a result of the enforcement action, Attorney General Bob Cooper won a \$10.8 million judgment

against the company in 2009. Tennessee and New York were able to share information regarding their cases exemplifying the benefits of interstate cooperation in cases of this nature.

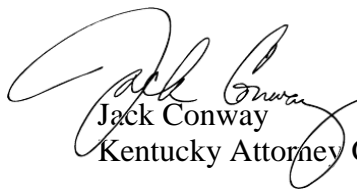
The CFPB will build the database incrementally, beginning with the collection of publicly available data, including final judgments, formal judicial and administrative filings, and other formal actions alleging particular kinds of relevant conduct. CFPB staff will gather and catalog this information directly from public sources. We would like you to help them make the database a robust and powerful enforcement tool by encouraging your staff to send copies of the complaints and final judgments, or case names and docket numbers to ROAMDatabase@cfpb.gov.

This project is a priority for the CFPB and should be for all of our offices. If you have any thoughts or comments as to how the CFPB can make this resource as useful as possible, please have your staff contact the CFPB Enforcement Attorneys who are leading this project: Navid Vazire (Navid.Vazire@cfpb.gov), 202-435-7270, and Chandana Kolavala (Chandana.Kolavala@cfpb.gov), 202-435-7323.

Sincerely,



Derek Schmidt
Kansas Attorney General



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