



**Consumer Federation of America**

**For Immediate Release**  
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**STATEMENT OF TOM FELTNER, DIRECTOR OF FINANCIAL  
SERVICES AT CONSUMER FEDERATION OF AMERICA  
ON CFPB ACTION TO PROTECT SERVICEMEMBERS FROM ABUSIVE  
ALLOTMENT FEES**

*CFPB orders Military Assistance Company to pay \$3.1 million in relief for  
charging servicemembers high, hidden fees*

**Washington, DC (April 21, 2015)**—Yesterday, the Consumer Financial Protection Bureau [announced a consent order](#) with Kentucky-based Fort Knox National Company and its subsidiary, Military Assistance Company (MAC), for the failure to disclose certain fees charged to servicemembers. The high, undisclosed fees were charged to servicemembers that allowed the payment processor to directly deduct credit payments from their earnings through the military allotment process between 2010 and 2014.

In response to the CFPB enforcement action against Fort Knox National Company and MAC, CFA director of financial services Tom Feltner released the following statement:

We applaud the CFPB for its strong action against a major participant in the allotment process responsible for charging servicemembers millions of dollars in unfair and undisclosed fees.

The fees were charged to servicemembers that made payments directly from their earnings. When used to make payments for certain purchases, for example jewelry and electronics, allotments are frequently associated with abusive practices such as the high and often undisclosed fees that are at the heart of this important enforcement action. Abuse of the allotment process by some lenders was such a problem, in fact, that the use of allotments to make credit payments on personal property was [banned by the Department of Defense](#) for contracts starting January 1, 2015.

Allotments were designed to make it easy to send money home, save and pay a mortgage, not serve as security for credit transactions. However, as this enforcement action demonstrates, too many lenders have relied upon, or even required payment by allotment as a quick way to get paid first out of military pay even before funds are deposited to servicemembers' accounts.

*The Consumer Federation of America is a national organization of more than 250 nonprofit consumer groups that was founded in 1968 to advance the consumer interest through research, advocacy, and education.*