



Settlement Administration Case Study

Administering Complex Government Enforcement Actions

In the Matter of Ally Financial Inc. and Ally Bank





The situation

In 2013, Ally Financial Inc. and Ally Bank (Ally) entered into Consent Orders with the Consumer Financial Protection Bureau (CFPB) and with the United States through the Civil Rights Division of the Department of Justice (DOJ). In its complaint the United States alleged that Ally engaged in a pattern or practice of discrimination on the basis of race and national origin in violation of the Equal Credit Opportunity Act (ECOA). The allegation was based on the interest rate “dealer markup” paid by African- American, Hispanic, and Asian/Pacific Islander borrowers who received automobile loans funded by the bank. Ally asserted in the Consent Orders that it treated all customers fairly and without regard to race or national origin, rather Ally entered into the settlement for the purpose of avoiding contested litigation and instead devoting its resources toward serving its customers.

Ally agreed to pay \$80 million in total customer monetary and other damages caused by the alleged practices described in the DOJ complaint.

Three categories of customers

The two Consent Orders identified three categories of Ally customers and detailed how each category of customer could be compensated under the terms of the Consent Orders. Specifically, the three categories of customers identified were:

1. Opt-out customers
2. Opt-in customers
3. Self-identified customers

The 201,212 opt-out customers were automatically paid unless they returned a non-participation form, or self-reported that they were not a member of one of the ethnic groups or reported they didn't want to be paid.

The 218,457 opt-in customers were eligible to be paid if they returned a participation form attesting to certain facts.

For the third category of customers, self-identifying customers, we designed an eligibility form in order to elicit whether a person who had not been

identified as an opt-out customer or an opt-in customer was nevertheless eligible to receive a participation packet. Our team received 2,571 eligibility forms from self-identifying customers.

The notice program

Seven languages

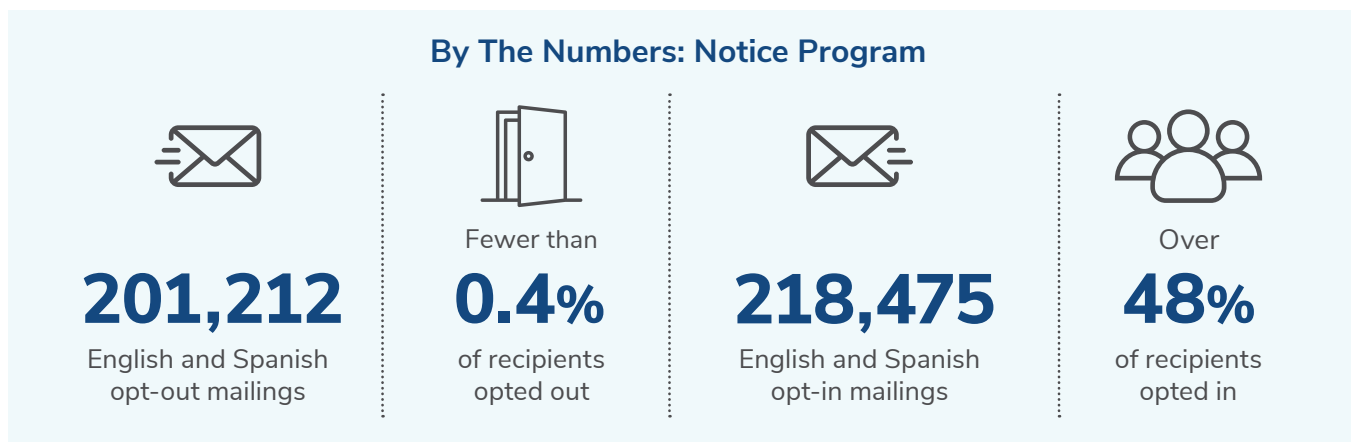
Our team was required to have all customer-facing documents translated into Mandarin, Cantonese, Vietnamese, Korean and Tagalog. English and Spanish versions were also included as a matter of course in all customer communications.

We mailed participation packets in English and Spanish to 201,212 opt-out customers. Each opt-out participation packet prominently instructed customers about the other five languages that were available and how to obtain fully translated copies.

The opt-out packets in English and Spanish included a cover letter, a non-participation form, an address correction/ confirmation form, and a postage pre-paid return envelope. Fewer than 0.4% of this group of customers opted out.

We mailed participation packets in English and Spanish to 218,457 opt-in customers. Similarly, the opt-in participation packet prominently instructed customers on how to obtain fully translated copies in any of the other five languages.

The opt-in participation packet included a cover letter and participation form which required checking boxes attesting to certain facts, signing, and dating the form. A postage pre-paid envelope was included. **Over 48% of the opt-in customers who were mailed participation packets opted in.**

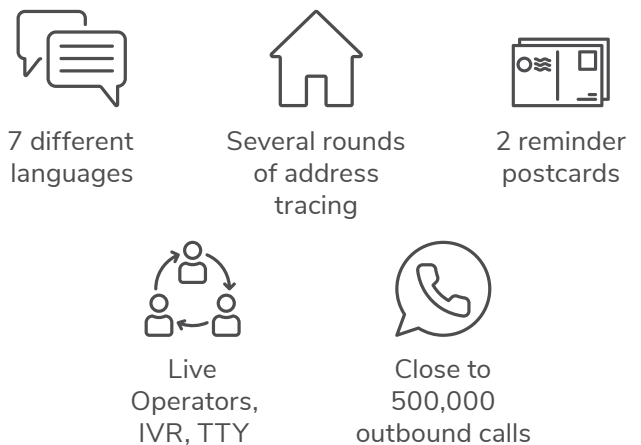


Two different address traces performed prior to re-mailing notices

Any customer participation packets that were returned as undeliverable were first address traced via automated address searches. Customers for whom the automated address trace did not return updated addresses were traced a second time via manual CLEAR address searches. All customers for whom updated addresses were obtained were re-mailed participation packets.

Additionally, if a customer's returned participation form was incomplete or invalid, we mailed an individualized deficiency letter instructing the customer how to provide the missing or corrected information.

Notice and Reminder Efforts



Two reminder postcards

Fifty days after the opt-in participation packets were mailed, our team mailed a first batch of reminder postcards to all opt-in customers who hadn't yet responded. This first batch of reminder postcards was mailed to 171,183 opt-in customers. Approximately six weeks later, a second batch of reminder postcards was mailed to those opt-in customers who still hadn't responded. This second batch of reminder postcards was mailed to 140,942 opt-in customers.

Our team mailed a total of 312,125 reminder postcards to opt-in customers.

Multi-lingual settlement website with unique logins

Our professionals built and maintained a dedicated settlement website in both English and Spanish. All content was approved by Ally and the government. The dedicated website contained a summary of the settlement, relevant documents, and a FAQs section.

In addition, we included the functionality for customers to participate in the settlement by electronically entering a unique login and password, and then completing and submitting their form(s). All forms were available on the website in English, Spanish, Mandarin, Cantonese, Vietnamese, Korean, and Tagalog.

Live operators, IVR, and TTY

Our in-house contact center provided live phone operators in both English and Spanish. The contact center was staffed five days a week from 8am – 8pm EST. We answered 80% of incoming calls within 20 seconds or less. The other 20% of the calls were answered within 45 seconds or less. We provided simultaneous interpretation services in Mandarin, Cantonese, Vietnamese, Korean and Tagalog for all customers requesting such services for live phone operators. Our live phone operators answered approximately 75,000 customer phone calls.

Interactive Voice Response (IVR) recordings were available entirely in English and Spanish, plus the IVR emphasized the availability of and detailed how

to access Mandarin, Cantonese, Vietnamese, Korean and Tagalog interpretation services.

The IVR system permitted customers to leave voicemails which were returned within two business days. Our IVR system handled approximately 120,000 customer calls. In addition, our contact center provided customers with TTY Relay Services for the deaf or hard of hearing.

Contact Center Stats**80%**

of incoming calls were answered within 20 seconds or less



The other
20%

of incoming calls were answered within 45 seconds or less



Over
75,000

customer phone calls answered

Close to half a million outbound phone calls made

For opt-in customers who had not returned participation packets within 50 days of the original notice mailing, our team was required to attempt to contact these customers by phone.

We made at least four attempts to reach each customer at each known telephone number. Our team was directed not to call an individual more than one time per day, unless instructed to do so by the customer. If the first two attempted calls were unsuccessful, we attempted contact at a different time of day.

We also performed searches to obtain additional phone numbers for calls that were unsuccessful. Over the course of the outbound opt-in calling campaign, our professionals placed over 435,000 outbound reminder phone calls to opt-in customers who had not returned their participation forms.

Over the course of the opt-out outbound calling campaign, we placed over 26,000 additional reminder phone calls to opt-out customers who had not returned a form or whose address was undeliverable.

In addition to the above outbound calling campaigns, for those opt-out and opt-in customers who had not returned a form and had not been contacted by phone, we performed additional CLEAR automated and/or manual searches, plus comparable search methods. Our team mailed participation packets to those customers for whom these additional searches provided updated addresses.

Four different form submission options

Customers were able to submit relevant forms via mail, fax, email, and the settlement website using the unique customer login name and password provided in the customers' mailed participation packets.

We also created a dedicated email address for sending and receiving emails about the settlement. We responded to all customers' emailed questions within two business days.

Third-party authorization letters

Our team prepared and distributed third-party authorization letters to determine the beneficiary or legal heir for deceased customers or legal representatives for living customers.

Customer payments

We issued over 300,000 payment packages to validated customers.

For payment packages returned as undeliverable we performed a CLEAR automated search and/or other comparable manual searches and then re-mailed the payment packages with re-issued checks to any better addresses identified, after first voiding the previously issued checks.

Summary

As a result of the extensive notice mailings, re-mailings, services in seven languages, multiple mailed reminder efforts, and extremely robust outbound calling campaign, we successfully distributed over 95% of Ally's \$80 million payment to its customers.

Kroll Settlement Administration offers a full range of class action settlement notice and administration services, including in-house contact center capabilities for any size case. Our team provides clients with the most comprehensive experience and innovation in the industry. We provide our clients with the practical knowledge needed throughout the administration process to proactively anticipate potential problems before they occur and recommend proven solutions to protect the interests of all stakeholders.





Settlement Administration Services

Kroll is the leader in cutting-edge technology and consulting services for class action, mass tort, regulatory remediation, and government redress administration.



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