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Kentucky Joins in \$20 Million Settlement for Unauthorized Mortgage Transactions

Frankfort, Ky. (Oct. 19, 2023) – The Kentucky Department of Financial Institutions (DFI) and 43 other state agencies have reached a settlement with ACI Payments, Inc., a licensed money transmitter, for erroneously initiating electronic transactions totaling \$2.3 billion from the accounts of 480,000 mortgage-holders. Of those individuals, 4,316 were Kentuckians.

The affected accounts were serviced by Mr. Cooper, a mortgage company which utilized ACI's Speedpay platform. Speedpay enabled customers to pay their monthly mortgage payment to Mr. Cooper via authorized automatic transfers. The violations occurred when ACI erroneously used live customer data in a platform test, which caused unauthorized, unexpected, and duplicate mortgage payments to be withdrawn from customer accounts. These transactions exposed some customers to overdraft or insufficient funds fees.

Upon notification of the incident from ACI, state regulators initiated an investigation to review the facts and circumstances surrounding the unauthorized transactions, evaluate consumer impact, analyze the root cause of the incident, and evaluate the remedial steps taken by the company.

"While the investigation into this incident uncovered no malicious intent, it still led to over 4,000 Kentuckians who were negatively impacted. DFI takes the financial security of the Commonwealth and all incidents, even erroneous ones, very seriously," said DFI's acting commissioner, Marni Rock Gibson. "All of Kentucky's financial and mortgage institutions should use this incident as a learning experience. We can never be too careful when it comes to our citizens' hard-earned money."

The enforcement action orders the following of ACI:

- **Risk and Compliance Programs** – Maintain comprehensive risk management programs tailored to the nature, size, complexity, and risk profile of ACI.
- **Agreement Monitoring** – Regular reporting for two years to a state regulator monitoring committee to ensure both the adequacy of the risk management programs and compliance with the order.
- **Administrative Costs and Penalties** – Payment of \$10 million in fines for administrative costs and penalties. Various state attorneys general, including in Kentucky, levied an additional \$10 million in fines to ACI in coordination with state regulators.

This multistate enforcement action was led by regulators from Arkansas, Connecticut, Maryland, and Texas with support from the Conference of State Bank Supervisors. The full enforcement action can be found at [KFI.ky.gov](https://kfi.ky.gov) by clicking on "Legal" and "Other Industry Enforcement Actions."

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DFI is an agency in the Public Protection Cabinet, and supervises the financial services industry by examining, chartering, licensing, and registering various financial institutions, securities firms and professionals operating in Kentucky. DFI's mission is to serve Kentucky residents and protect their financial interests by maintaining a stable financial industry, continuing effective and efficient regulatory oversight, promoting consumer confidence, and encouraging economic opportunities.