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Via Electronic Delivery to: [regulations@dfpi.ca.gov](mailto:regulations@dfpi.ca.gov)

File No: PRO 07-24

Department of Financial Protection and Innovation  
Attn: Diana Pha, Regulations Coordinator, Legal Division  
651 Bannon Street, Suite 300  
Sacramento, California 95811

**RE: SECOND INVITATION FOR COMMENTS ON PROPOSED RULEMAKING UNDER THE CALIFORNIA CONSUMER FINANCIAL PROTECTION LAW REGARDING REGISTRATION AND REPORTING OF COVERED PERSONS PRO 07-24**

Greetings Diana Pha,

The Professional Background Screening Association (“PBSA”) submits this comment letter in response to the invitation by the California Department of Financial Protection and Innovation (“DFPI”) on the draft reporting and regulatory requirements for proposed additional covered persons under the California Consumer Financial Protection Law (“CCFPL”).

PBSA represents more than 700 companies, ranging from small businesses to global enterprises, dedicated to providing safe workplaces, homes, and volunteer environments through compliant background screening. Our members work in an already comprehensively regulated industry, and we believe that additional reporting and regulatory requirements would create duplicative oversight and significant compliance costs which would be particularly burdensome to small and mid-sized CRAs and data furnishers, inevitably creating market consolidation and harming consumers. We also strongly believe that the CCFPL should not collapse the legal distinction between CRAs and data furnishers.

Below are our responses to the questions presented in the request for comment to the proposed rulemaking:

**1–6: Consumer and Market Concerns**

- 1. What acts or practices by consumer-reporting providers provide benefits to consumers?** Background screening companies provide accuracy-driven, legally compliant reports that support employment, housing, and volunteer opportunities.
- 2. What acts or practices by consumer-reporting providers cause harm to consumers?** Existing concerns (e.g., accuracy, dispute handling) are already addressed through federal and state law. The FCRA already mandates strict accuracy, dispute resolution, permissible purpose, and adverse action procedures. Additional DFPI oversight would not materially improve consumer outcomes but would increase compliance costs.

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## 7–16: Definitions and Scope

- 8. Should the Department define any terms relevant to consumer reporting that are not currently defined in the CCFPL? If so, why and how?**

Any perceived gaps should be addressed through guidance, not new regulatory obligations.

- 9. Should the Department define any terms relevant to consumer reporting that are not currently defined in the CCFPL? If so, why and how?**

Doing so risks creating inconsistent definitions with the FCRA and CCRAA, which would confuse both consumers and regulated entities.

- 16. Are furnishers—entities that furnish information relating to consumers to one or more consumer-reporting companies for inclusion in a consumer report—covered persons under the CCFPL? Should they be? Why or why not?**

Furnishers should **not** be treated as covered persons under the CCFPL. Furnishers do not provide consumer financial products or services; they provide data to CRAs under a separate legal framework. Treating furnishers like CRAs would be a major departure from federal law and would impose disproportionate burdens on small businesses, courts, and public agencies.

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## 17–21: Registration, Reporting, and Oversight

- 17. Should the Department consider any changes to the current registration rules (Cal. Code Regs., tit. 10, §§ 1000-1053), such as application requirements and processes or the annual registration fee?**

We believe any additional application requirements or increase in application fees would only be harmful to small businesses already operating under very narrow profit margins.

- 21. Should the Department require registrants to provide the following information in annual or special reports? (Fin. Code, § 90009, subd. (f)(2).) Why or why not? What other information should the Department collect and why? What would be the economic impact on registrants of complying with such reporting requirements?**

The proposed reporting categories (disputes, complaints, reinsertion, alternative data, etc.) are already required under the FCRA and CFPB supervision. Requiring them again would:

- impose significant administrative costs,
- require new systems and staff,
- disproportionately burden small CRAs and furnishers,
- accelerate consolidation in the industry.

**(b-c)** Data furnishers are often only provided with the minimum amount of data needed in order to process a court record search. This typically does not include a consumer's address, so it

would be almost impossible for a data furnisher to know with certainty what percentage of the reports they completed were for current residents of California.

(f) A data furnisher would have difficulty in determining if a consumer disputed information on a report other than what they contributed to the CRA who ultimately compiled the report.

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## 22–26: Economic Impact

### 25. Whether this regulatory action would create new businesses or eliminate existing businesses within California.

New entrants would face high regulatory barriers, reducing innovation and competition. The new regulations would increase compliance and other operating costs, diverting resources away from developing technology that could improve reporting accuracy and consumer service.

We believe that the proposed rulemaking would create significant duplicative regulation, greatly disrupt the background screening ecosystem by imposing unnecessary compliance burdens on data furnishers, and would not meaningfully improve consumer protection.

Thank you for the opportunity for PBSA to share our views and concerns as part of the DPFI's rulemaking efforts. Please contact us if you have any questions or need further information based on our comments.

Sincerely,  
Rory Bogdon  
PBSA State and Local Government Relations Director

