



STATE OF CALIFORNIA

Department of Financial Protection and Innovation

GOVERNOR **Gavin Newsom** • COMMISSIONER **Manuel P. Alvarez**

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With the California Consumer Financial Protection Law in Effect, the DFPI Prepares to Better Protect Consumers and Foster Financial Innovation

SACRAMENTO – With the new California Consumer Financial Protection Law now in effect, the Department of Financial Protection and Innovation (DFPI) will exercise expanded powers to better protect consumers from unlawful, unfair, deceptive, and abusive practices.

Beginning immediately, the DFPI will review and investigate consumer complaints against previously unregulated financial products and services, including debt collectors, credit repair and consumer credit reporting agencies, debt relief companies, rent to own contractors, private school financing, and more. The shift comes as millions of Californians turn to non-traditional financial products and services to weather job losses and other financial hardships due to the coronavirus pandemic.

“Californians struggling with the economic fallout associated with the COVID-19 pandemic face increased financial pressures and are more likely to be victims of financial scams and fraud,” said DFPI Commissioner Manuel P. Alvarez. “The new law could not have come at a better time.”

This spring, the DFPI will launch a statewide campaign to educate California consumers on how the department can support and protect consumers. Offering translation services in dozens of languages, the DFPI hotline will help all Californians. DFPI representatives never ask questions about a callers’ immigration status.

The Department is also preparing to open a new Office of Financial Technology Innovation that will engage with new industries and consumer advocates to encourage consumer friendly innovation and job creation in California. This expansion will allow department representatives to work proactively with entrepreneurs and create a regulatory framework for responsible, emerging financial products.

The DFPI is also in the process of standing up a new Division of Consumer Financial Protection that will feature a market monitoring and research arm to keep up with emerging financial products. Consumer outreach to target vulnerable populations, such as students, new Californians, military servicemembers and senior citizens will be expanded. An ombudsman will help independently investigate complaints against the Department and work to resolve process issues.

To solicit input on implementation of the new law before beginning the regulations process, the Department last year hosted multiple listening sessions with various stakeholders, including consumer advocates and businesses and individuals who believe they fall under the 'new covered persons' designation.

To focus on these new activities and expanded charge, the DFPI will hire 90 additional employees over the next three years. The staffing increases will be financed from department reserves for the first three years. After that, the department projects increased annual costs of \$19.3 million. The additional employees represent a 13 percent staffing increase.

The new law expands DFPI's reach, adding various types of financial products and services to DFPI's existing territory, which includes state-chartered banks and credit unions, student loan servicers, commodities and investment advisers, money transmitters, securities issuers and broker-dealers, non-bank installment lenders, payday lenders, mortgage lenders and servicers, escrow companies, PACE administrators, and franchisors.

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