



STATE OF CALIFORNIA
Department of Financial Protection and Innovation

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

For Immediate Release
January 19, 2021

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**Under Expanded Consumer Protection Authority, the DFPI Launches
Investigation into Multiple Debt Collectors**

SACRAMENTO – The California Department of Financial Protection and Innovation (DFPI) today announced an investigation into multiple debt collectors potentially engaged in unlawful, unfair, deceptive, or abusive debt collection practices in California based on consumer complaints. The DFPI is issuing subpoenas to a dozen companies with significant California customer bases, representing the first major action to be taken under the expanded oversight and enforcement authority of the California Consumer Financial Protection Law (CCFPL).

The new law, which went into effect Jan. 1, 2021, allows the DFPI to oversee previously unregulated financial products and services and enforce laws prohibiting financial service providers from using unlawful, unfair, deceptive, and abusive practices.

“We take our expanded responsibility very seriously and are moving swiftly to ensure debt collectors do not violate the rights of California consumers,” said DFPI Commissioner Manuel P. Alvarez.

Subpoenas were issued to the following companies: Portfolio Recovery Associates, LLC; Encore Capital Group; Midland Credit Management, Inc.; Midland Funding, LLC; Atlantic Credit and Finance, Inc.; Enhanced Recovery Company LLC; Resurgent HP LLC and LVNV Funding LLC; IC System, Inc.; The Offices of Morgan and Moss; Convergent Outsourcing, Inc.; Spectrum Billing Services; and Monterey Financial Services LLC. Responses to the DFPI’s subpoenas are due in mid-February.

The subpoenas request documents illuminating how the companies collect debts and communicate with consumers. Both California and federal laws prohibit debt collectors from calling repeatedly over a short period of time to annoy or harass, threatening harm, calling at inconvenient or unusual times, or attempting to collect on a debt that a consumer does not owe.

Consumers from around the country have filed complaints against the debt collectors under investigation by the DFPI. Among other things, consumers allege that these debt collectors call repeatedly, fail to validate debts, and threaten to sue the consumers for debts they do not owe.

The new Debt Collection Licensing Act or SB 908 requires California debt collectors and buyers to apply for a license from DFPI by Dec. 31, 2021. It will also give consumers a single location to check whether companies are licensed, and whether they have been subject to any enforcement actions, including license suspensions or revocations.

The DFPI will begin accepting applications for debt collector licenses in the late summer or early fall of 2021. The DFPI expects to review those applications and begin issuing licenses in 2022 and 2023.

The DFPI licenses and regulates financial products and services, including state-chartered banks and



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credit unions, student loan servicers, money transmitters, the offer and sale of securities and commodities, investment advisers, broker-dealers, broker-dealers, non-bank installment lenders, payday lenders, mortgage lenders and servicers, escrow companies, Property Assessed Clean Energy (PACE) program administrators, the offer and sale of franchises, debt collectors, rent-to-own contractors, credit repair and consumer credit reporting agencies, private school student loan servicers, debt relief agencies, and more.

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