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Department of Financial Protection and Innovation
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VIA ELECTRONIC TRANSMISSION

COMMENTS, ANALYSIS, AND RECOMMENDATIONS FROM CONSUMER, SMALL BUSINESS AND LOW-INCOME GROUPS TO PROPOSED DEBT COLLECTION REGULATIONS (SUBCHAPTER 11.3 OF TITLE 10 OF THE CCR, SECTION 1850, *ET SEQ.*) ADDRESSING PROCESS AND GROUNDS FOR GRANTING DEBT COLLECTOR LICENSE APPLICATIONS

INTRODUCTION.

Supporters of SB 908 (Wieckowski) prominently argued to legislators that California's failure to license debt collectors existed in unwelcome contrast to most other states that required licensure. This failure, it was argued, left California consumers unjustifiably far more exposed to debt collector abuses than their fellow American citizens. The author's official fact sheet, for example, spotlighted the states and even cities that licensed debt collectors.[1] Likewise, the committee analyses of

[1] 'Thirty-four (34) states and the District of Columbia license debt collectors: Alabama, Alaska, Arizona, Arkansas, Colorado, Connecticut, Delaware, Florida, Hawaii, Idaho, Illinois, Indiana, Iowa, Maine, Maryland, Massachusetts, Michigan, Minnesota, Nebraska, Nevada, New Jersey, New Mexico, North Carolina, North Dakota, Oregon, Rhode Island, South Dakota, Tennessee, Utah, Washington, West Virginia, Wisconsin, Wyoming. Even New York City, Chicago, and Carson City license debt collectors." Senate Bill 908 Fact Sheet, Office of Senator Bob Wieckowski

SB 908 showcased the oversight of other states, with the Assembly Banking Committee (for example) observing:

> California is one of sixteen states that do not license debt collectors, and many of the 34 states that license debt collectors also have their own fair debt collection laws. In these cases, a licensing law is not a substitute for a fair debt collection law, but rather a complement that helps the state to better protect consumers by providing additional tools to improve compliance with fair debt collection laws.[2]

The Department of Financial Protection and Innovation's ("Department") draft regulations proposed for subchapter 11.3 of Title 10 of the California Code of Regulations, section 1850, *et seq.*[3], offer a promising beginning to establishing a debt collector licensing regime. However, just as California's statutes prior to enactment of SB 908 failed to follow the consumer-benefitting examples of other states so, too, do the proposed regulations fail to adequately seize upon the many examples of effective licensing statutes and regulations used to protect vulnerable consumers by regulators in other states. The debt collection regimes of other states should serve as a benchmark for what constitutes a minimally protective floor for California's new debt collection licensing program. Moreover, incorporating beneficial debt collection licensure best practices from other states should be uncontroversial, given that the regulated industry must already have settled upon compliance practices in those states.

By this submission, the undersigned consumer, small business, and low-income advocacy organizations respectfully (i) offer the legal authority for expanding upon the proposed regulations and (ii) offer suggested amendatory language for the regulations based overwhelmingly upon licensing regimes and regulations from other states.

THE IMPORTANCE OF OFFERING CALIFORNIA CONSUMERS AT LEAST THE SAME DEBT COLLECTOR PROTECTION AS CONSUMERS RESIDING IN OTHER STATES.

The Department will of course be familiar with the comprehensive data that impelled the enactment of SB 908. For the regulatory record and to underscore the importance of offering at least as much protection to California consumers from debt collector abuses as consumers residing in other states, it is warranted briefly to re-capitulate why licensing of debt collectors is so important and, therefore, why the proposed regulations should include the best examples available from other states' regulatory designs in the best spirit of the "states as laboratories" school of thought:

- Even before the pandemic plunged large swaths of consumers into debt and unemployment, Americans held more than $13 trillion in debt.[4]

- Debt collection abuses have long been a top complaint from consumers. From July 2011 to

[2] Assembly Committee on Banking and Finance analysis of SB 908 (August 12, 2020), at pp.4-5.
[3] Hereafter, "section" references will be referring to the sections of these proposed regulations.
[4] See, Assembly Banking and Finance Committee analysis, supra, at p. 3

March of 2018, the Consumer Financial Protection Bureau (CFPB) received approximately 400,500 debt collection complaints, representing 27 percent of the total complaints received, second most of all complaints received. Most troubling, a plurality of those complaints (39%) were about efforts to collect a debt not owed.[5]

- Debt collection abuses disproportionately affect and afflict communities that can least afford to have their credit reports ruined, their bank accounts garnished, or their coping skills severely tested; namely, historically economically disadvantaged communities and the poor who struggle to avoid homelessness, hunger, and fall prey to desperate and poverty-causing measures (e.g., payday lending) just to survive.[6]

- Self-help is not a realistic option for these consumers. While existing state and federal laws prohibit debt collectors from abusive, unfair, and deceptive practices, the available financial penalties are insufficient to incentivize attorneys to take on private cases involving those of limited means where, by definition, the actual damages available from which a contingency fee may be obtained are modest. As quoted on page 4 of the Assembly Committee on Banking and Finance analysis cited in this document, The Public Law Center observed:

  > While California has had laws on the books requiring fair debt collection practices since 1977, our laws do little to stem the bad behavior they prohibit. This is because the law requires the consumer to sue the debt collection company. In other words, a consumer who has been harassed, threatened, misled, ripped off, or wrongfully accused of owing a debt, must seek to enforce the law herself.
  >
  > Most consumers do not have the means to vindicate their rights under the law. Even for the few who could afford a lawyer, it isn't financially worth the time and cost it takes to bring a lawsuit against a collection agency who violated their consumer rights by collecting against the wrong person, attempting to collect on a debt already paid, inflating the amount of money owed, or misrepresenting why they were repeatedly calling. So consumers never bother to sue or they give up.

- And, as observed in the same analysis, "Licensing laws are the primary mechanism that states use to supervise and regulate providers of financial services and products."[7]

MOST APPLICABLE STATUTORY ENABLING AUTHORITIES.

The debt collector licensing statutes afford the maximum possible authority to the Department to promulgate implementing regulations according to the Department's reasonable discretion, includ-

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[5] https://files.consumerfinance.gov/f/documents/bcfp_complaint-snapshot_debt-collection_052018.pdf[2] https://www.consumerfinance.gov/about-us/newsroom/cfpb-report-finds-debt-collection-tops-older-consumer- complaints/

[6] https://www.nclc.org/images/Fact-Sheet-Racial-Disparities-in-Debt-Collection.pdf

[7] Assembly Banking and Finance Committee analysis, supra, at p. 4

ing regulations modeled on those long in existence in other states. With emphases supplied, observe the near complete absence of discretion-constraining language in the following foundational enabling statutes found in the Financial Code:

First, consider Financial Code section 100003(a) which in relevant part reads:

> The commissioner shall administer this division and may adopt rules and regulations, and issue orders, consistent with that authority.
>
> (b) ***Without limitation***, the functions, powers, and duties of the commissioner include all of the following:
>
> (1) To issue or to refuse to issue a license as provided in this division. …
>
> (6) To prescribe the form of and to receive applications for licenses and reports, books, and records required to be made or retained by a licensee. …
>
> (8) ***To require information with regard to an applicant that the commissioner may deem necessary, with regard for the paramount public interest in ascertaining the experience, background, honesty, truthfulness, integrity, and competency of an applicant for collecting consumer debt, and if an applicant is an entity other than an individual, in ascertaining the honesty, truthfulness, integrity, and competency*** of officers, directors, or managing members of the corporation, association, or other entity, or the general partners of a partnership.

The Department's powers are "[w]ithout limitation" when it comes to "refus[ing] to issue a license as provided in this division", "[t]o prescribe the form" and, critically, "to require" whatever information from applicants the Department in its discretion and in service to the "paramount public interest" the Department deems necessary to "ascertain":

> the experience, background, honesty, truthfulness, integrity, and competency of an applicant for collecting consumer debt, and if an applicant is an entity other than an individual, in ascertaining the honesty, truthfulness, integrity, and competency of officers, directors, or managing members" of applicants.

Said plainly, under this statute it is reposed to the Department's sound and expert discretion what information is and is not properly required of an applicant to test the applicant's "experience, background, honesty, truthfulness, integrity, and competency". This is clear and broad authority granted to the Department.

Second, in weighing whether a received application meets the requirements established by the Department, the Department, pursuant to Financial Code section 100004(a)(1)):

> may access, receive, and use ***any*** books, accounts, records, files, documents, information, or evidence that relates to debt collection, including, ***but not limited*** to, any of the following relating to the intent to, or the practice of, collecting consumer debt:

(A) Criminal, civil, and administrative history information.

(B) Personal history and experience information, including, but not limited to, independent credit reports obtained from a consumer reporting agency.

(C) ***Any other documents, information, or evidence that the commissioner deems relevant to the inquiry or investigation*** regardless of the location, possession, control, or custody of those documents, information, or evidence.

Under these two statutes, then, the Department is broadly empowered to establish categorical rules by which an applicant's "experience, background, honesty, truthfulness, integrity, and competency" are to be judged and by which the Department is empowered to review almost every possible document to determine whether those categorical rules are met. No other boundary on the Department's discretion on these matters is found other than those broad standards written here.

Third and lastly, Financial Code section 100012(b) ties the requirements excerpted above together to establish the grounds for denying a license:

After notice and an opportunity for a hearing the commissioner may deny an application for a license for any of the following reasons:

(3) The applicant or any principal officer, director, general partner, managing member, or individual owning or controlling, directly or indirectly, 10 percent or more of the outstanding interests or equity securities of the applicant, has violated, ***or is not in material compliance with this division***, or an order or rule of the commissioner.

(4) ***A material requirement for issuance of a license has not been met***, provided that a written notice of a material omission shall first be sent to the applicant with an opportunity to correct the omission prior to the applicant's denial**.** …

(7) The commissioner, ***based on its investigation of the applicant***, ***is unable to find that*** the financial responsibility, criminal records, experience, character, and general fitness of the applicant and its general partners, managing members, principal officers and directors, and individuals owning or controlling, directly or indirectly, 10 percent or more of the outstanding interests or equity securities of ***the applicant, support a finding that the business will be operated honestly, fairly, efficiently, and in accordance with the requirements of this division.***

(8) The commissioner may adopt regulations ***specifying the factors that the commissioner will consider in denying a license,*** including, but not limited to, the harm to the consumer, the frequency of prior violations, and the number of prior disciplinary actions taken against the licensee in California or in other states.

This statute explicitly permits a license to be denied for failure to meet "factors" specified by Department "regulations." It also permits a license to be rejected for failing to meet a "material requirement" which, of course, pursuant to these authorities, may include those requirements established by regulation pursuant to the statutes discussed and cited above. Importantly, the statute also clearly permits a license to be rejected if the Department in its cannot determine whether an applicant will be "operated honestly, fairly, efficiently, and in accordance with the requirements of this division." Of course, the Department is free to reject an application on such grounds in its *ad hoc*

judgment but reducing at least some of the "factors" informing that judgment to regulation is both fairer to regulated entities, by allowing applicants to comport their applications to known requirements, and to consumers, who more easily can measure the Department's approvals against memorialized, transparent and publicly accessible standards.

APPLICABLE LAW RELATED TO THE DEPARTMENT'S DISCRETION TO PROMULGATE THE PROPOSED REGULATIONS AND THE ADVOCATES' RECOMMENDATIONS..

By any measure, these statutes offer the Department exceptionally broad enabling authority, easily authorizing the suggestions to the proposed regulations offered below. As the leading California administrative law case teaches:

> It is a "black letter" proposition that there are two categories of administrative rules and that the distinction between them derives from their different sources and ultimately from the constitutional doctrine of the separation of powers. One kind — quasi-legislative rules — represents an authentic form of substantive lawmaking: Within its jurisdiction, the agency has been delegated the Legislature's lawmaking power. … Because agencies granted such substantive rulemaking power are truly "making law," their quasi-legislative rules have the dignity of statutes. When a court assesses the validity of such rules, the scope of its review is narrow. If satisfied that the rule in question lay within the lawmaking authority delegated by the Legislature, and that it is reasonably necessary to implement the purpose of the statute, judicial review is at an end.
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> We summarized this characteristic of quasi-legislative rules in *Wallace Berrie & Co. v. State Bd. of Equalization* (1985) [citation]: "[I]n reviewing the legality of a regulation adopted pursuant to a delegation of legislative power, the judicial function is limited to determining whether the regulation (1) is 'within the scope of the authority conferred'" [citation] and (2) is "reasonably necessary to effectuate the purpose of the statute" [citation].' [Citation.] 'These issues do not present a matter for the independent judgment of an appellate tribunal; rather, both come to this court freighted with [a] strong presumption of regularity....' [Citation.] Our inquiry necessarily is confined to the question whether the classification is 'arbitrary, capricious or [without] reasonable or rational basis.' [citations].)"

Yamaha Corp. of America v. State Bd. of Equalization (1998) 19 Cal.4th 1, 10-11. Functionally, the broader the terms being construed through regulation the greater the discretion a regulator has to interpret them free from judicial second-guessing. An instructive example comes from the case of *20th Century Ins. Co. v. Garamendi* (1994) 8 Cal.4th 216, 280. In that case, the California Supreme Court upheld as against a vigorously pressed insurance industry challenge a highly complicated, multi-page ratemaking formula statutorily enabled by eye-of-the-beholder," "unfair"-like statutory words commanding that "[n]o rate shall be approved or remain in effect which is excessive, inadequate, or unfairly discriminatory."

The administrative law principles and authorities described in *20th Century* that afforded the Insurance Commissioner so much judicial deference in interpreting "excessive, inadequate, and unfairly discriminatory" by regulation would with equal weight compel judicial deference to regulations promulgated pursuant to even broader statutes enabling the Department:

- To specify "***factors that the commissioner will consider in denying a license,*** including, but not limited to, the harm to the consumer,

- To obtain "[a]ny ***other documents, information, or evidence that the commissioner deems relevant to the inquiry or investigation***

- To make a "***finding that the business will be operated honestly, fairly, efficiently, and in accordance with the requirements of this division."***

- To use powers that are "***[w]ithout limitation***" when it comes to "refus[ing] to issue a license as provided in this division" and "to require" whatever information from applicants the Department in its discretion and in service to the "paramount public interest" the Department deems necessary to "ascertain the experience, background, honesty, truthfulness, integrity, and competency of an applicant".

CALIFORNIANS EXPOSED TO DEBT COLLECTION SHOULD HAVE NO LESS PROTECTION THAN RESIDENTS OF OTHER STATES

More than legislative history instructs the Department to look to other states to ensure California's consumers are not more exposed to abusive debt collection practices than those in residing in other states. Financial Code section 100012(b)(5) (emphasis supplied) provides that an application may be denied if

> (5) The applicant or any principal officer, director, general partner, managing member, or individual owning or controlling, directly or indirectly, 10 percent or more of the outstanding interests or equity securities of the applicant, has violated this division or the rules thereunder, ***or any similar regulatory scheme of this or a foreign jurisdiction.*** …

This statutory language underscores the importance of California adopting the beneficial regulatory strategies used in other states to ensure that California's licensure application standards are in text "similar" to those "regulatory schemes" of "foreign jurisdictions" so that applications may incontestably be denied based on a California regulation without having to litigate "similarity." In other words, as the statute commands a review of other states' "similar" regulations to test whether an application should be denied, it makes sense by regulation to ensure the similarity is properly memorialized in California regulation to avoid having to litigate what is and is not "similar."

Doing so is consistent with one of the objectives for the proposed regulations as stated in the Notice, which is to "[s]pecify the acts that may constitute grounds for the Commissioner to deny a license."

SECTION-BY-SECTION RECOMMENDATIONS FOR AMENDMENTS.

RECOMMENDATION 1:

There is a possible hole in the definitions of debt collector and debt buyer requiring a modest addition to the proposed regulations. Those who *collect* consumer debt are definitionally covered by proposed section 1850(h). Those who *purchase charged off consumer debt to collect it* are also covered, under the same proposed section, subdivision (h). But those who purchase debt not to collect upon it but to sell it to others are not clearly covered by any current definition. Respectfully, to avoid unlicensed activity and to prevent defenses against efforts to stop unlicensed activity based upon regulatory uncertainty, coverage should be self-evident.

The **first** amendment recommended is to section 1850(h) and would read:

> (h) "Debt collector" means any person who, in the ordinary course of business, regularly on the person's own behalf or on behalf of others, engages in consumer debt collection. The term includes any person who composes and sells, or offers to compose and sell, forms, letters and other collection media used or intended to be used for debt collection. The term "debt collector" includes **both a** "debt buyer" **and a person who purchases consumer debt but does not engage in debt collection but purchases the debt to sell to another person to engage in debt collection.**

RECOMMENDATION 2:

Financial Code section 100007(b) provides that the application fee "shall be determined by the department." The amount of the application fee is thus reposed to the discretion of the Department, in the context of other applicable laws aimed at avoiding fees grossly disproportionate to the service or license or registration being provided and the due diligence by the governmental entity leading up to such provision.

Application fees are an important source of revenue for the Department financing the thoroughness of its application reviews and its enforcement for debt collectors that violate the law. For these reasons, the proposed application fee of $350 is far too low when compared to the application fees charged in lower cost states with far fewer consumers to protect. For example, Arizona, with a statewide population smaller than that of Los Angeles County,[8] requires that "[e]ach original application shall be accompanied by a nonrefundable fee of one thousand five hundred dollars."[9] North

[8] Arizona's population is about 7.29 million. Los Angeles County's about 10 million.
[9] https://dfi.az.gov/collection-agencies-dfi

Carolina requires a fee of at least $1,000 before allowing a collection agency to operate within the state.[10]

In the alternative, the current $350 fee should be charged for each affiliate applying to operate under a single license.

The **second** amendment recommended is to section 1850.7(a) and would read:

§ 1850.7. License Application for Debt Collector.

(a) … For affiliates seeking to be licensed under a single license, each affiliate must file a Form MU1 and comply with all licensing requirements except for the application fee, which is a single ~~**$350**~~ **$1,500** fee for the Form MU1 filings. The Department of Financial Protection and Innovation will issue a single license listing the names of all the affiliates. An affiliate may be licensed under only one debt collector license.

RECOMMENDATION 3:

The proposed regulations properly require the Department to approve names, including fictitious business names, of applicants and, thus, licensees. However, the regulations do not establish a standard for evaluating or rejecting proposed names. That omission should be rectified to provide an explicit legal basis for rejections the Department can point to and rely upon if challenged. As well, the regulations do not as clearly as they should prohibit applicants and, thus, licensees, from using names that have not been approved or have been rejected by the Department. Here, Connecticut's regulations are exemplary and the language recommended below is modeled virtually verbatim from that state.

The **third** amendment recommended is to section 18507(1)(B) and (C) and would read:

§ 1850.7. License Application for Debt Collector.

(B) An applicant shall not engage in debt collection using a fictitious business name until the Commissioner approves the use of the name **as not a name likely to cause a consumer or debtor to be misled, confused, mistaken, or deceived.**

NOTE: The phrase "misled, confused, mistaken, or deceived" is from Business & Professions Code section 14704 regulating the solicitation of financial services. More generally, the use of the standards "misleading" and "confusing" are commonplace in a variety of code sections. A text search of the word "misleading" in the Official California Legislative website in just the Business

[10] N.C.G.S. section 58-70-35. Application fee issuance of permit contents and duration. (a) Upon the filing of the application and information required by this Article, the applicant shall pay a nonrefundable fee of one thousand dollars ($1,000), and no permit may be issued until this fee is paid. Fees collected under this subsection shall be credited to the Insurance Regulatory Fund created under G.S. 58-6-25. A summary chart of state application fees can be found here: https://www.creditinfocenter.com/legal/collection-agency-requirements.shtml

& Professions and Civil Codes yield 17 pages worth of results. As for "confusing," the word is used in 19 different sections in just those two codes and is used specifically in licensing.[11]

(C) No person licensed to act within this state as a consumer collection agency shall do so under any other name or at any other place of business than that named in the license. No licensee may use any name other than its legal name or a fictitious name approved by the Commissioner, provided such licensee may not use its legal name if the Commissioner disapproves use of such name. [12]

RECOMMENDATIONS 4, 5, AND 6:

Other states with far longer experience licensing debt collectors wisely require two kinds of additional and specific kinds of disclosures that should be included in the proposed regulations to offer California consumers no less protection than that afforded residents of other states:

- **Colorado** requires applicants to designate a "collections manager" similar to a "pharmacist-in-charge" in California pharmacy law.[13] (Colo. Rev. Stat. § 5-16-119 (I): "Employ a collections manager who shall be responsible for the actions of the debt collectors in that office.") The laudable, enforcement-facilitating point of such managers is that they, with incontestable precision, allow a licensing agency like the Department to identify one person in every office who is personally accountable to a licensing authority for the lawfulness of debt collection operations there, thus (i) preventing defenses to enforcement actions based upon a "that's not my department" kind of responsibility-deflecting defense and (ii) providing a needed personal incentive for individuals to resist pressure from corporate superiors to violate the law.

  The proposed regulations come close to adopting this requirement by proposing that applicants designate "branch managers" but the proposed regulations do not clarify the accountability of such managers as needed, as in Colorado.

- **Arizona, Colorado, Maine, Minnesota, New Mexico, Nebraska, Tennessee and Washington** all specifically require or permit financial statements to be provided upon initial or renewal application while Colorado requires a verified financial statement. The absence of such an explicit requirement or permission in the proposed regulations is, respectfully, a quite significant omission, possibly blinding the Department to whether the applicant has the financial wherewithal to operate in a sober, patient, and non-predatory manner that methodically complies with the many operational requirements of California law.[14]

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[11] *See*, for example, Business & Professions Code section 5058.

[12] Compare Conn. Agencies Regs. section 36a-801: "(i) No person licensed to act within this state as a consumer collection agency shall do so under any other name or at any other place of business than that named in the license. No licensee may use any name other than its legal name or a fictitious name approved by the commissioner, provided such licensee may not use its legal name if the commissioner disapproves use of such name."

[13] California Business and Professions Code Section 4036.5.

[14] **Arizona**, A.R.S. section 32-1025: "A. Except as provided in section 32-4301, a person desiring to secure renewal of

An addition is required to proposed section 1850.7(15) addressing "Supplemental Information." That proposed regulation requires that an applicant disclose the amount collected in the prior year in California. It would, however, be helpful for the Department in assessing the adequacy of the bond required and in prioritizing application processing is an application also disclosed the size of the portfolio of debt owed by California residents which is under collection of the applicant. This information is required in the annual report under Financial Code section 10021(a)(1)-(3), but it is not included in the proposed regulation's list of application content. It should be.

Thus, the **fourth** amendment recommended is to section 1850.7(a)(10) and would read:

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a collection agency license shall file a financial statement, make a renewal application to the department and pay the fees prescribed in section 6-126 not later than January 1 of each year on forms prescribed by the superintendent setting forth verified information to assist the superintendent in determining whether or not the applicant is in default of or in violation of the terms of this chapter and whether the applicant is still meeting the requirements of this chapter. If the renewal applicant is unable to make a financial statement at the time of filing the application, the applicant may make a written request for an extension of time to file such financial report, and if the extension is granted the applicant shall file a financial statement no later than March 1." **Colorado**, Rev. Stat. section 5-16-119 "(b) A duly verified financial statement for the previous year."/ **Maine**, M.R.S.A section1131: "A. The superintendent may require such financial statements and references of all applicants for a license as the superintendent deems necessary and may make or cause to be made an independent investigation concerning the applicant's reputation, integrity, competence and net worth. The investigation may cover all managerial personnel employed by or associated with the applicant. If the applicant is a debt buyer, the superintendent shall require documentation that the debt buyer has conducted a criminal background check prior to employment on every officer or employee of the debt buyer who engages in the active collection of debt for the debt buyer or has access to consumer credit information."/**Minnesota**, M.S. section 332.33:"The commissioner may require financial statements and references of all applicants for a license or registration as the commissioner considers necessary. The commissioner may make or cause to be made an independent investigation concerning the applicant's reputation, integrity, competence, and net worth, at the expense of the applicant for the initial investigation, not to exceed $500, and for that purpose may require a deposit against the cost of the investigation as the commissioner considers adequate. The investigation may cover all managerial personnel employed by or associated with the applicant."/ **New Mexico**, N.M. Code R. section 61-18A-9: "Financial statement. The application for a collection agency license shall be accompanied by a financial statement of the applicant up to not more than sixty days prior to date of application for a new license or renewal, showing the assets and liabilities of the applicant and truly reflecting that that applicant's net worth is not less than the sum of ten thousand dollars ($10,000), and that its liquid assets are not less than one thousand dollars ($1,000) available for use in licensee's business. The financial statement shall be sworn to by the applicant, if the applicant is an individual or by a partner, director, manager or trustee in its behalf, if the applicant is a partnership, corporation or unincorporated association. The information contained in the financial statement shall be confidential and not a public record"/**Nebraska**, Neb. Admin. Code. 004.01: "Before being considered by the Board, every application for a collection agency license shall include the following information and meet the following requirements:...(H) Financial statement of corporation or business."/**Tennessee**, Tenn. Comp. R. & Regs. 20-01-.01:"(1) Upon receipt of a completed application for a license as a collection service, the Collection Service Board (or its designees) shall commence an investigation to determine the applicant's fitness to engage in the collection service business. Such investigation shall include, but not be limited to: (a) Verification of the applicant's financial statement (b) Evaluation of the applicant's financial responsibility with verification through a credit bureau report."/**Washington**, RCW 19.16.245: "No licensee shall receive any money from any debtor as a result of the collection of any claim until he, she, or it shall have submitted (GH- the idea that meeting all requirements is a precondition on collecting any money is useful and could be used overall rather than just on financial statement requirement.) a financial statement showing the assets and liabilities of the licensee truly reflecting that the licensee's net worth is not less than the sum of seven thousand five hundred dollars, in cash or its equivalent, of which not less than five thousand dollars shall be deposited in a bank, available for the use of the licensee's business. Any money so collected shall be subject to the provisions of RCW 19.16.430(2). The financial statement shall be sworn to by the licensee, if the licensee is an individual, or by a partner, officer, or manager in its behalf if the licensee is a partnership, corporation, or unincorporated association. The information contained in the financial statement shall be confidential and not a public record, but is admissible in evidence at any hearing held, or in any action instituted in a court of competent jurisdiction, pursuant to the provisions of this chapter: PROVIDED, That this section shall not apply to those persons holding a valid license issued pursuant to this chapter on July 16, 1973."

(10) BUSINESS ACTIVITIES: In addition to the identification of business activities required on Form MU1, an applicant shall file with NMLS a detailed description of the applicant's business activities that includes the following information: …

(F) The name, mobile phone number, address, physical address, and email address of the manager for every office or unit, including branch managers, who shall be responsible for the actions of debt collectors working in that office or unit. [15]

NOTE: Relatedly, we observe that the requirement that "[a]n applicant shall register its branch offices by filing with NMLS a Form MU3 for each branch office" from section 1850.7(a)(16) of the proposed regulations is precedented. [16]

The **fifth** amendment recommended is to section 1850.7(a)(15) and would read:

(15) SUPPLEMENTAL INFORMATION: An applicant shall file information on debt collection activities as of the prior year-end directly with the Commissioner by emailing the following information to the Debt Collection Licensing Program at DebtCollectionLicensing@dfpi.ca.gov:

- The total dollar amount of debt collected from consumers as of the prior calendar year-end. The information is required to determine whether a higher surety bond amount may be required pursuant to California Financial Code section 100019, subdivision (e)(2).
- The total dollar amount of net proceeds generated by California debtor accounts (i.e., from accounts that are owned by consumers who reside in California at the time the consumer made a payment on the account) as of the prior calendar year-end. The information is required to calculate the licensee's assessment

[15] Copied nearly verbatim from Colo. Rev. Stat. section 5-16-119, quoted above in the text.

[16] Colorado law requires notice of branch offices, making investigations and enforcement far easier and less cumbersome. (Colo. Rev. Stat. section 5-16-119 (6) "A collection agency with branch offices must notify the administrator in writing of the location of each branch office within thirty days after the branch office commences business.")

for the year of licensing pursuant to California Financial Code section 100020, subdivision (a).

- **To provide the Commissioner an opportunity to assess the size of the applicant's debt collection activities for purposes of assessing an appropriate bond and to prioritize the processing of applications, the face value of California debtor accounts in the licensee's portfolio in the preceding year as described in Financial Code section 10021(3).**

The **sixth** amendment recommended is to section 1850.7(a)(17) and would read:

(17) BANK ACCOUNT/QUALIFYING INDIVIDUAL: An applicant is not required to provide bank account information in Section 10 of Form MU1 or information on a qualifying individual in Section 17 of Form MU1. **However, the Commissioner may require such financial statements, proof of insurance, and references of all applicants or for a license or direct owner, executive officer, or indirect owner as the Commissioner deems necessary and may make or cause to be made an independent investigation concerning the applicant's or direct owner's, executive officer's, or indirect owner's reputation, integrity, competence and net worth. The investigation may cover all managerial personnel employed by or associated with the applicant.**

RECOMMENDATION 7:

As a part of initial licensure, Arkansas, Michigan, New Mexico, and Wyoming sensibly require key business managers to take and pass a test that demonstrates an understanding of state debt collection licensing law and requirements and, of course, state and federal debt collection laws protecting consumers such as the state and federal FDCPAs and California's unfair competition law. California consumers and the Department would benefit from such an "ounce of prevention" kind of training requirement. Consider the Arkansas example at Ark. Code. Section 17-24-101:

> B. The proposed manager of each new Agency or branch office shall be required to pass a written examination, prepared by the Director and approved by the Board, in order to assure that said manager is versed in the laws and Rules and Regulations which regulate the activities of Collection Agencies.[17]

[17] California pharmacists-in-charge and structural pest control managers-in-charge must likewise pass examinations. (California Business and Professions Code, Division 2, Chapter 9 and Division 3, Chapter 14, respectively.)

The **seventh** amendment recommended is to section 1850.7 to add a new (a)(19) which would read:

> **(19) Every manager, including branch managers, with supervisorial duties over those who engage in debt collection shall be required prior to an application being granted, to pass a written examination, prepared by the Commissioner, in order to assure that a manager is versed in the laws, rules, regulations, that regulate the activities of licensed debt collectors, including federal and California laws prescribing fair debt collection practices. The examination may be provided and taken online.**

RECOMMENDATIONS 8 AND 9:

Proposed section 1850.10(b)(1) wisely requires "individuals who are not residents of the United States to disclose "[c]ivil court and bankruptcy court records concerning the individual for the past ten (10) years." This information required of nonresidents is indisputably relevant to the Department's statutory obligation to "ascertain the experience, background, honesty, truthfulness, integrity, and competency of an applicant". It also should be equally relevant for evaluating "the experience, background, honesty, truthfulness, integrity, and competency "of applicants who are residents of the United States. Thus, the requirement should be explicitly extended to all applicants and included in proposed section 18507. Further, the phrase "records concerning" is ambiguous and could, technically, be met by submission of uninstructive documents.

More critically, regulatory agencies like the Department cannot protect the public from licensees who are repeat offenders if they are deprived of information about the misconduct of those licensees. However, agencies like the Department are routinely deprived of that information through the unlawful but persistent use of so-called "regulatory gag clauses" in civil settlement agreements.

See also: **Michigan**, M.C.L. section 339.912: "An applicant for a collection agency manager's license shall take a written examination developed by the department to test the applicant's knowledge of the collection agency business, collection practices, customs and ethics, and the laws and rules relating to the operations of collection agencies."/**New Mexico**, N.M. Code. R. section 61-18A-10: "Manager's license and examination. A. An applicant for a manager's license shall be examined concerning his competency, experience and knowledge of law and regulations by the director and on such pertinent subjects as the director shall require. B. Examinations shall be practical in character and of such length, scope and character as the director deems necessary to determine the fitness of applicants to engage in the general collection agency business. Both questions and answers shall be in the English language. C. The director shall prepare or cause to be prepared all examination material. The number and character of the questions, examination procedure, method of grading and the passing grade to be attained by successful applicants shall be determined by the director. D. The examination papers of any person shall be kept for a period of one year and may then be destroyed. The examination papers shall be open to inspection during the one-year period only by the director, the staff of the financial institutions division of the regulation and licensing department and by the applicant or by someone appointed by the latter to inspect them, or by a court of competent jurisdiction in a proceeding where the contents of the papers are properly involved."/**Wyoming**, Wyo. Code. R. section 33-11-107: "(c) All applicants shall have an established office in Wyoming with a bona fide resident of Wyoming as a resident manager of the office. All resident managers shall pass an examination as prescribed by the board to determine the fitness of the resident manager to conduct a collection agency business."

These "regulatory gag clauses" require the plaintiff to agree not to contact or cooperate with the defendant's regulator, or require the plaintiff to withdraw a complaint pending before that regulator.

Regulatory gag clauses cause many serious problems especially for this Department specifically tasked with making a "finding that the business will be operated honestly, fairly, efficiently, and in accordance with the requirements of this division." To effectuate this statutory directive:

- Regulated licensees cannot be permitted unilaterally to deprive their own licensing regulators of information about their own misconduct committed in the course and scope of the regulated business.

- Concealment from the regulator can never be "on the table" during civil settlement negotiations. The civil tort system and the administrative process have very different purposes. An outcome in one system (civil) should not necessarily dictate the outcome in the other (regulatory). Agencies should not be deprived of the discretion to investigate complaints.

- An injured consumer should not be put in the position of having to decide between two competing incentives: "I should take the money and run" vs. "I'd really like to help prevent what happened to me from happening to others."

Thankfully California statutory licensing precedent and case law has long outlawed these settlements. Attorneys have been prohibited by statute from entering into such settlements for more than 30 years. (Business & Professions Code section 6090.5 (originally enacted in 1986)). These agreements were outlawed by statute for physicians and surgeons in 2006 by Business & Professions Code section 2220.7. Business & Professions Code section 143.5 outlawed them for all Department of Consumer Affairs ("DCA") licensed professions in 2012. And, statutes notwithstanding, such settlements have long been decreed to be unlawful by courts as void against public policy when challenged. ***Such settlements under California law are therefore not binding; they are void* ab initio *and themselves evidence of conduct justifying an action against a licensee.*** *See,* e.g., *Cariveau v. Halferty*, 83 Cal. App. 4th 126 (2000); *Picton v. Anderson Union High School*, 50 Cal. App. 4th 726 (1996); *Mary R. v. Division of Medical Quality of the Board of Medical Quality Assurance*, 149 Cal. App. 3d 308 (1983).

Finally, and underscoring the indisputable relevance of legal actions, including settlements, almost every DCA licensed profession has a requirement that insurers and/or licensees self-report settlements, judgments, and convictions to their licensing agencies. For just two of the many, many examples, *see*, e.g., Business & Professions Code sections 5588.1 (architects), and 6670.1 (engineers). Indeed, and underscoring why DCA licensing agencies require such disclosures, it is challenging to envision how the Department will discover information that could lead to denial of a license pursuant to proposed section 1850.15(b) and (c)[18] without the aid of such commonplace reporting.

[18] Advocates strongly support proposed section 1850.15 (c). The statute permits but does not require the Department to license affiliates together with the company that controls them. See, Fin. Code. Section 100003(a)(2). The Department's decision to do so is good policy, preventing both duplicative licensing applications for those regulated and effective enforcement for the regulator. Notably, without this proposed regulation, affiliates engaging in the most abusive and unlawful of practices might be allowed to enter into the California marketplace simply by being invisibly bundled

Therefore the **eighth** amendment recommended is to add a section 18507(a)(19) to read:

> **(19) RECORD OF LEGAL DISPUTES An application for a license as a debt collector shall include for each applicant and each direct owner, executive officer, or indirect owner:**
>
> **(A) every final judgment issued by a court or final administrative agency determination, including final judgments on appeal, settlement, or arbitration award including awards on appeal, that is $10,000[19] or greater that involved claims involving debt collection, or claims involving the honesty, truthfulness, or integrity of the applicant or direct owner, executive officer, or indirect owner, including claims brought pursuant to Title 1.6C (commencing with Section 1788) or Title 1.6C.5 (commencing with Section 1788.50) of Part 4 of Division 3 of the Civil Code, within the past 7 years;**
>
> **(B) every proceeding that involved an action taken against a license issued to the applicant, direct owner, executive officer, or indirect owner for the 7 years prior to the application;**
>
> **(C) an affidavit that they will each report to the Commissioner on a form provided online by the Commissioner every judgment, adverse administrative agency determination, award, or settlement, including final judgments on appeal, settlement, or arbitration award including awards on appeal, that is $10,000 or greater that involved claims involving debt collection, or claims involving honesty, truthfulness, or integrity of the applicant or direct owner, executive officer, or indirect owner, including claims brought pursuant to Title 1.6C (commencing with Section**

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into a larger business group applicant. Moreover, while this regulatory packet addresses solely license applications, a similar regulation is also necessary with respect to suspension and revocation and should be included when those standards are proposed for regulation.

19 California's small claims court jurisdictional limit is $10,000. (California Code of Civil Procedure, Section 116.221.) It should be noted that simply because many of the examples cited from other states are to those states' statutes that does not put promulgation of regulations based upon those statutory examples beyond the promulgating reach of the Department. The only relevant factor in determining whether the Department has the authority to follow the example of another state is whether the Department's enabling statutes are broad enough to authorize the quasi-legislating. Here, as discussed, the Department's discretion is vast. *See discussion*, supra, at pp. 7

1788) or Title 1.6C.5 (commencing with Section 1788.50) of Part 4 of Division 3 of the Civil Code,
within 30 days of issuance of the decision, award, or signing of the agreement; and

(D) an affidavit that they will each report to the Commissioner on a form provided online by the Commissioner every proceeding that involved an action taken against a license issued to the applicant, direct owner, executive officer, or indirect owner within 30 days the decision is issued.

(E) No disciplinary action shall be taken by the Commissioner against an applicant, direct owner, executive officer, or indirect owner for violating this subparagraph if the Commissioner received the information pursuant to section 1850.8.

The **ninth** amendment request is to make conforming changes to section 1850.10(b)(1):

~~(2) Civil court and bankruptcy court records concerning the individual for the past ten (10) years. The search for these records shall include a search of the court data in the country(s), state(s), and town(s) where the individual resided or worked;~~

(2) Information required by section 18507(a)(19).

RECOMMENDATIONS 9, 10, 11, AND 12:

Between the grounds for denial of a license specified in Financial Code section 100012 and those set forth in the draft, the proposed regulations mostly capture the grounds used in other states to deny an application for a debt collector's license.[20] Only three requirements are omitted that should be included:

[20] *See,* for e.g., **Massachusetts:** 209 CMR 18.04:"(c) within ten years prior to the filing of the application, (1) been convicted of or pleaded nolo contendere to a felony, (2) had any adverse judgments entered against it in any court action or in any administrative enforcement action, in any jurisdiction, based upon allegations of fraud, misrepresentation, or dishonesty, or (3) committed any act involving dishonesty, fraud, or deceit, which act is substantially related to the qualifications, functions, or duties of a person engaged in the business of a debt collector."/ **Idaho:** Idaho Code Ann. section 26-2227:"(k) Has had a license substantially equivalent to a license under this act issued by another state revoked, suspended or denied."

- Following the example of several states, the Commissioner should examine whether the applicant's net worth is sufficient to ensure that it is not a "fly-by-night" operation but one, instead, sufficiently capitalized so that it can obey legal requirements without confronting cash-flow crises.[21]

- The Commissioner should expressly be permitted to reject an application if the requirements for self-reporting of prior civil lawsuits and administrative discipline (suggested above) have been violated.

- The Commissioner should expressly be permitted to reject an application based upon the histories of direct owners, executive officers, or indirect owners *individually* – their individual records must clearly be a sufficient ground to deny an application. Financial Code section 100012 permits the Department to deny a license based on certain prior activities of owners, control persons, general partners, and managing members. Proposed section 1850.15(b) describes those factors in terms of the prior record of the applicant and omits references to the activities of the associated persons. Clarifying that the Department may also consider the activities of associated persons in applying the factors would bring the factors into closer alignment with the statute and would ensure that the factors are not thought to narrow the statute.

Moreover, one modest drafting clarification to proposed section 1850.15 would improve the section. It respectfully should be clearer than it is that the bases for license denial in proposed section1850.15*(a)* are sufficient whether or not the factors in 1850.15*(b)* also apply. Currently, proposed section 1850.15(a) cross references Financial Code 100012(b)(1)-(7) as bases for license denial. Proposed section 1850.15(b) sets forth the additional factors the Commissioner will consider in license denial. It would be useful to clarify what is already implied here, as between the to subdivisions: that the statutory bases in (a) are sufficient, standing alone, to reject an application regardless of whether the application also fails to satisfy the additional application of the factors in (b).

Based on the foregoing discussion, the **ninth, tenth, eleventh, and twelfth** amendment requests are to proposed section 1850.15 and would read as follows:

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[21] While we endorse an analysis of net worth inspired by other states' examples we reject a mechanical, one-size-fits-all identification of what capitalization is adequate to satisfy the Commissioner which has lead other states to adopt minimums that would be preposterously low for a state the size of California. See, **New Mexico**, N.M. Code R. section 61-18A-9: "The application for a collection agency license shall be accompanied by a financial statement of the applicant up to not more than sixty days prior to date of application for a new license or renewal, showing the assets and liabilities of the applicant and truly reflecting that that applicant's net worth is not less than the sum of ten thousand dollars ($10,000), and that its liquid assets are not less than one thousand dollars ($1,000) available for use in licensee's business."/ **North Dakota**, N.D.A.C. section 13-05-04.2:"Minimum net worth required. A minimum net worth must be continuously maintained by every licensee in accordance with this section. 1. Minimum net worth must be maintained in the amount of twenty-five thousand dollars. 2. If the net worth of a licensee falls below the minimum net worth as set forth in subsection 1, the licensee shall provide a plan, subject to the approval of the commissioner, to increase the licensee's net worth to an amount in conformance with this section. Submission of a plan under this section must be made within twenty business days of a notice from the commissioner that the licensee is not in compliance with subsection 1. If the licensee does not submit a plan under this section, fails to comply with an approved plan, or has repeated violations of subsection 1, the commissioner may revoke the license."/**Washington,** RCW 19.16.245:"No licensee shall receive any money from any debtor as a result of the collection of any claim until he, she, or it shall have submitted a financial statement showing the assets and liabilities of the licensee truly reflecting that the licensee's net worth is not less than the sum of seven thousand five hundred dollars, in cash or its equivalent, of which not less than five thousand dollars shall be deposited in a bank, available for the use of the licensee's business."

§ 1850.15. Denial of License Application.

(a) The Commissioner may deny an application for a license for any of the reasons in Section 100012, subdivision (b)(1) through (b)(7) of the Financial Code **regardless of whether the applicant satisfies any or all of the factors set forth in (b).**

(b) The Commissioner will consider the following factors in deciding whether to deny a license to an applicant, or applicants in the case of affiliates seeking to be licensed under the same license:

(1) The nature and seriousness of the applicant's prior violations involving dishonesty, fraud, or deceit that are substantially related to the qualifications, functions or duties of a person engaged in the business of debt collection.

(2) The harm to consumers from the applicant's prior violations involving dishonesty, fraud, or deceit that are substantially related to the qualifications, functions or duties of a person engaged in the business of debt collection.

(3) The number and frequency of the applicant's prior violations involving dishonesty, fraud, or deceit that are substantially related to the qualifications, functions or duties of a person engaged in the business of debt collection.

(4) The number of prior disciplinary actions taken against the applicant by regulatory agencies in California or other states.

(5) Whether permitting an affiliate or affiliates to be licensed under the same license would violate or facilitate the violation of other laws.

(6) Whether the net worth or insurance of the applicant is sufficient to sustain debt collection practices that meet the requirements of state and federal law.

(7) Whether the application failed to disclose information required by section 18507(a)(19).

(c) The Commissioner may deny an application for a license based on the prior violations or disciplinary actions of a single affiliate under the application **or of a direct owner, executive officer, or indirect owner**.

RECOMMENDATIONS 13 AND 14:

The draft regulations at proposed section 1850.50 properly recognize the critical role surety bonds play in protecting consumers from the worst actors; those whose actions cause them to have their licenses revoked, thereby forcing them out of business. Without sufficient bond security, the Department could be placed between the rock of protecting future consumers by revoking a license and the hard place of putting a licensee out of business thereby denying already-harmed consumers a source of compensation for the wrongs they have suffered. Almost, if not every other, licensing state has a bond requirement.

What is missing from proposed section 1850.50 is a more certain and, for consumers, reassuring regulation calling for the escalation of bonding as debt collection activity increases in the proposed subdivision (h). Take the example of Minnesota. M.S. section 332.34 provides:

> The commissioner of commerce shall require each collection agency licensee to file and maintain in force a corporate surety bond, in a form to be prescribed by, and acceptable to, the commissioner, and in a sum of at least $50,000 plus an additional $5,000 for each $100,000 received by the collection agency from debtors located in Minnesota during the previous calendar year, less commissions earned by the collection agency on those collections for the previous calendar year. The total amount of the bond shall not exceed $100,000.

These amounts are self-evidently too low for a state with nearly 40 million residents. However, the *approach* is the right one and it is sufficiently important that more specificity than currently exists in the proposed subdivision (h) is respectfully warranted.

Also missing from the proposed section 1850.50 is an express statement of who is the intended beneficiary of the bond; namely, consumers. Consider North Carolina's memorialization of this at N.C.G.S. § 58-70-20:

> The bond shall expressly provide that the bond is for the benefit of any person, firm or corporation for whom the collection agency engages in the collection of accounts.

The **thirteenth and fourteenth** amendment requests are to proposed section 1850.50 and would read as follows:

> **§ 1850.50. Surety Bond.**
>
> (d) All surety bonds, amendments, cancellations, notices of claims, and information related to surety bonds such as riders and endorsements shall be filed with NMLS for transmission to the Commissioner **and shall expressly provide that the bond is for the benefit of any person, firm or corporation for whom the collection agency engages in the collection of accounts and all persons with respect to whom the licensee collects or attempts**

to collect a debt, with first priority to consumers.

(e) The surety bond shall be in the form of the "electronic surety bond form," titled "SURETY BOND, DEBT COLLECTION LICENSING ACT LICENSEE BOND", ESB Form Version 1 Effective 07/01/2021, NMLS Version: CA-DFPI – 07/01/2021, incorporated herein by reference in its entirety.

(f) For purposes of obtaining a license, an applicant shall initially file a surety bond of at least $25,000 **or such higher amount as the Commissioner may set for the reasons described in (g).**

(g) The Commissioner may set a higher minimum surety bond amount for a licensee based on the total dollar amount of consumer debt collected by the licensee **or such other factors as the Commissioner finds necessary to protect the persons, firms or corporations for whom the collection agency engages in the collection of accounts and all persons with respect to whom the applicant or licensee collects or attempts to collect a debt.** Upon notification by the Commissioner of the new surety bond amount, the licensee shall file the new surety bond with NMLS

(h) The Commissioner ~~may~~ **shall require the applicant to sign an acknowledgement as a part of the application that the Commissioner will not less than every two years review each applicant's bond and shall have the discretion as a condition of continued licensure to change the amount of a licensee's surety bond based upon any changes to the total dollar amount of consumer debt collected by the licensee or upon such other factors as the Commissioner deems necessary to protect the persons, firms or corporations for whom the collection agency engages in the collection of accounts and all persons with respect to whom the applicant or licensee collects or attempts to collect a debt, with first priority to consumers.**[22]

CONCLUSION: BEWARE OF "SEWER SERVICE".

22 Licensing is essentially about the standards that govern legally exclusive entry to a business or profession at the front-end and the standards by which a business or individual licensee is required to end participation on the back-end. While recognizing that these proposed regulations address the standards for applying for licensure, the undersigned welcome the opportunity in the near future to discuss with the Department the content of regulations addressing suspension, revocation, and impairment of licenses. Such regulations should continue the arc created by these regulations such that the Department persists in placing consumer protection at the heart of the debt collection licensing act.

It is useful, in conclusion, to contextualize the importance of these regulations by recalling the example of the debt collection company Leucadia and its menagerie of subsidiaries. The company was caught engaging it what was dubbed "sewer service;" a pun based on the filing of affidavits falsely asserting that consumers had been served a notice of a collection lawsuit. The debt collector could then - based on a lie that itself is based on a brazen abuse of legal process - win a default judgment against the consumer, without the consumer ever knowing their life was in the process of being devastated. Only when their pay was docked, their credit ruined, or a prized job opportunity lost, would many consumers discover too late about this corporate abuse.[23]

As Susan Shinn of the New Economy Project was quoted as saying: "They were lying to the courts, they were getting judgments, and then they were wreaking havoc on people's lives by freezing their bank accounts, garnishing their paychecks, having these judgments deny people an opportunity at an apartment or at a job." [24]

Eventually, a class action settlement provided after-the-fact restitution to about 75,000 individuals and vacated bogus default judgments for another 195,000 people. But, in truth, much of the damage done – certainly not the stress, the sunk hours of wasted self-help -- was not and can never be undone by the settlement.

Licensure is about harm ***prevention.*** The Commission is to be commended in an excellent first series of steps towards implementing a debt collection licensing program in California. California consumers do, however, deserve more. They deserve at least what the consumers of other states enjoy when it comes to preventing harm to them. The Department should only be approving for licensure those applicants who, to coin a guiding phrase, can demonstrate the highest level of honesty, truthfulness, integrity, and competency. Our neighbors – California's consumers – deserve no less.

Respectfully submitted:

California Association for Micro Enterprise Opportunity (CAMEO)

California Low Income Consumer Coalition (CLICC)

Center for Responsible Learning (CRL)

Community Legal Aid SoCal

Consumer Federation of California (CFC)

Legal Aid of Marin

Office of Kat Taylor

Public Law Center

[23] https://www.reuters.com/article/debtcollection-decision/us-court-allows-sewer-service-debt-collection-class-action-idUSL1N0VK19N20150210

[24] https://www.thenation.com/article/archive/debt-trap/