

**CALIFORNIA CREDITORS
BAR ASSOCIATION**

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November 23, 2021

Department of Financial Protection and Innovation
Attention: Sandra Sandoval, Regulations Coordinator
300 S. Spring Street, Suite 15513
Los Angeles, California 90013

Re: Revised Proposed Debt Collection Regulations

Dear Ms. Sandoval:

The California Creditors Bar Association (CCBA) is pleased to provide comments on revised proposed regulations relating to debt collectors licensing requirements. CCBA members are lawyers and law firms representing clients to collect debts, including contract claims, consumer obligations, child support and others. We thank you for providing us with this valuable opportunity to comment and provide input regarding these regulations.

Our comments are focusing on the definition of “branch offices” contained in subdivision (c) of Section 1850 and its applications to our members who operate in multiple states. The prior version defined “branch offices” to mean “a location other than the applicant’s principal place of business identified in a license application or an amended application”. However, the most recent modifications add onto this prior definition with “if activity related to debt collection occurs at the location and the location is held out to the public as a business location or money is received at the location or held at the location.” While we believe this language was added to clarify the types of activities transacted at a “branch office”, we believe this new language has added uncertainty and is overly broad.

For example, we have members who operate law firm offices in multiple states. The California offices conduct debt collection activities with California residents while the out-of-state offices do not conduct business with Californians. Under the proposed definition, our members would have to submit to the Department of Financial Protection and Innovation (Department) all “branch offices” even though these non-California offices do not engage in California debt collection. We fail to understand why the Department would want a definition so broad that it would include locations which are not within the Department’s jurisdiction and are not physically located in California. Hence, we believe this drafted approach is too broad and will result in confusion for Department staff.

To address our concerns, we propose that the definition be clarified by adding the language below. We believe that with this clarifying language that the purpose and intent behind submitting a list of branch offices is furthered.

(c) "Branch office" means a location other than the applicant's or licensee's principal place of business identified in a license application or an amended application if activity related to debt collection occurs at the location and the location is held out to the public as a business location or money is received at the location or held at the location. For purposes of filing a form MU3, holding a location out to the public includes receiving postal correspondence from the public at the location, meeting with the public at the location, including the location on business cards, letterhead, or any correspondence, including signate at the location, or any other representation to the public that the location is a business location of the applicant or licenses.

"Branch office" does not include a location that is located outside of California that does not conduct debt collection activities with any California residents.

Finally, some of our members have already submitted their license application to the Department through the NMLS. We are concerned that changes in the proposed regulations will require our members to reapply. For example, some may not have submitted information about "branch offices" due to the uncertainty in the definition. We ask that the Department treat existing applications as sufficient.

We appreciate the opportunity to comment on the revised proposal and would be happy to answer any questions you might have.

Sincerely,



Donald Sherrill, Esq.
President CCBA