



July 1, 2022

VIA EMAIL: regulations@dfpi.ca.gov; [REDACTED]@dfpi.ca.gov

Department of Financial Protection & Innovation
Attn: Sandra Navarro, Legal Division
300 S. Spring Street, Suite 15513
Los Angeles, CA 90013

RE: Invitation for Comments on Proposed Rulemaking – PRO 03-21 “Consumer Complaints”

Dear Ms. Navarro:

Payday Money Centers (“PMC”) is a neighborhood retail financial service provider located in Southern California. Since 1997, PMC has been offering consumers deferred deposit transactions, check cashing services, money wire transfers, money orders, bill payments, debit cards and other ancillary products and services. We are a licensed Deferred Deposit Originator, CFL Lender & Broker, and DOJ permitted Check Casher subject to the statutes and rules for consumer protection both at the federal and state level. Prior to the COVID pandemic, PMC operated 23 retail facilities but due to the economic impact of this pandemic we were forced to downsize and now operate 13 locations.

We would first like to commend the Department for the changes to this proposed regulation from its previous version. It is clear the Department benefitted from previous public comments and we appreciate an opportunity to submit comments again.

Similar to our last comment letter, we second the concerns of the California Financial Services Providers, of which we are a member. But in addition, we as a small business have specific concerns that the proposed regulation will disproportionately impact businesses like ours. We respectfully submit the below comments for your consideration:

Section 1071(e) Definition of Inquiry. We renew our concerns expressed in our last comment letter that the concept of an “inquiry” as a separate category from a complaint is not found within the CCFPL. Although the terms “complaint” and “inquiry” are not specifically defined by the CCFPL, the statute language in subdivisions (a) and (b) of section 90008 uses these terms interchangeably and not as separate concepts. Complaints and inquires refer to the same thing, not two separate consumer acts needing separate handling and reporting processes. This point in fact is further supported by the language used in section 90018(b) that mandates the Department’s annual public reporting requirements. This provision only lists “consumer complaints and resolutions” with no mention of inquiries. Is it the Department’s position that the CA Legislature believes the public should only be made aware of how covered persons handle complaints but not to concern itself with how “inquires” are processed too? The absence of inquires as a separate concept in this subdivision provides further evidence that these are not separate distinct activities but one - consumer complaints. Even the Department’s proposed definition of “Inquiry” assumes a consumer has a “specific issue or problem with a financial product or service” which means the consumer is expressing some level of “dissatisfaction”, and based on the proposed definitions, has a

complaint. The concept of “inquiries” along with a separate handling process must be removed from this regulation due to a lack of statutory authority.

Section 1072(a)(3) Department’s Web Address and Number. Due to the real possibility of future changes to or within the Department, we suggest any reference to a specific DFPI URL address or telephone number in a regulation be changed to a requirement for a licensee to utilize the URL address and telephone number provided by the Department as may be updated from time to time.

Section 1072(a)(4) Complaint Link at Top of Main Webpage. As a licensee, we have no problem with providing a link with the required information. In fact, most websites provide all legal notices, policies, and contact information. However, the Department should not mandate the placement of this link to be the top section of the main page. It is customary to place this information at the bottom of the main page. For commercial, marketing and competitive reasons, we request the Department remove the reference to the “top” portion of the main page.

Section 1072(a)(5) Live Representative Callback. It is impractical to mandate a 24-hour requirement for a call back. This does not take into account days a licensee may be closed such as Sundays and holidays. This should be revised to be the next “business day”.

Section 1072(b)(1) Confirmation of Received Complaint. Again, a 24 hour or 1 calendar day is impractical. We suggest the next business day. In addition, the requirement to ensure the same email address be used while responding to a complaint is again impractical. Managers or Officers may respond directly to a customer. Small businesses do not have the IT resources to comply with this requirement.

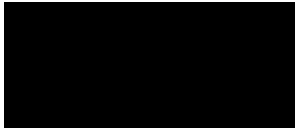
Section 1072(c)(1) Officer Requirement for Complaints. Requiring that all complaints be reviewed by the “staff..who are responsible for the services and operations..” is impractical. Does this mean the CEO, COO, District Manager, or store supervisor? This concept is too vague and will lead to unnecessary delays and or duplicated efforts. Also, in 1072(c)(1)(a), a covered person would be prohibited to delegate complaint processes other than to “officer”. The restriction not to allow a covered business to hire an outside firm to review and investigate complaints is without justification. Many business functions are outsourced due to cost and/or expertise but ultimate responsibility for compliance still rests with the business. It may be in the interest of the customer that an independent review be made. Regardless, this should be left to company management to decide how best to staff this requirement. Furthermore, this section requires an “officer” to have primary responsibility over the complaint process. This is overly burdensome and impractical for many businesses. The compliance officer is not always an appointed officer of a corporation or LLC. Lastly, the requirement to mandate monthly reviews by this officer of the complaint process seems like a one-size-fits-all requirement. Smaller covered borrowers may not have the volume of complaints warranting this frequency. Once again, this should be determined by company management.

Section 1072(h) Quarterly Complaint Reports. Given the relatively low level of complaints and the limited resources available to small businesses, it seems onerous to mandate submissions every quarter. Many covered businesses currently submit annual reports to the Department. Processes, time and resources are already allocated for this annual reporting effort. Therefore, we suggest this requirement be annual, not quarterly.

We stand ready to assist the Department in understanding what is already working and how best to establish uniform standards to achieve satisfied protected consumers without placing unrealistic or overly costly mandates on their financial services providers. To that end, we ask the DFPI establish an advisory panel that can inform the Department of operational hurdles or difficulties with any proposed regulation. As was the case with past regulations, these panels can greatly assist the Department in crafting the right regulations that balance the needs of consumers, businesses and the Department. We would gladly participate.

Thank you for your consideration of our comments.

Respectfully,



Dan Gwafney
CEO