

January 20, 2023

Department of Financial Protection and Innovation
Attn: Araceli Dyson
2101 Arena Blvd., Sacramento, CA 95834.

Sent via Email to: regulations@dfpi.ca.gov with a copy to David.Bae@dfpi.ca.gov

Subject: PRO 03-21 - Comments on Consumer Complaints and Inquiries Proposal

I am writing to provide comments on the DFPI's Notice of Modification to Proposed Rulemaking (PRO 03-21) regarding Consumer Complaints and Inquiries. My name is Cindy Yaklin and I'm the President of States Recovery Systems, Inc. in Rancho Cordova California.

States Recovery Systems, Inc. is a, Small Business Certified and Woman-Owned California Corporation founded in 1988. We currently employ a staff of twelve (12) total employees. Our highly trained staff works with large and small businesses across the state including, municipal government entities, financial and educational institutions, telecommunication companies, medical providers, property management and retail operators. We work with these California businesses to help recover outstanding payments for products and services they have provided to California consumers.

After reviewing the DFPI proposal I respectfully submit the comments below.

The debt collection industry is highly regulated at all levels of government. The industry is regulated by the CFPB, the FCC, Congress, 50 State AGs, state Licensing and Financial Departments, including the DFPI. The new requirements proposed in PRO 03-21 are excessive and inconsistent with existing federal requirements. The DFPI should strive for standardization and uniformity in processes as it develops any new consumer protections including this proposal.

Instead of creating a whole new burdensome system for consumers and the industry, the DFPI should consider a consumer complaint portal similar to the CFPB. A DFPI complaint portal would go a long way to create consistency for all consumers. If the DFPI were to pursue a complaint portal, the DFPI should focus its purpose on receiving actual consumer "complaints" instead of the current proposals broad approach of capturing all inquiries. The proposals broad approach will significantly increase operating costs while redirecting precious resources from true complaints and important consumer needs.





In Section 1071(a), the proposal defines a “complaint” to include an oral or written expression of dissatisfaction from a complainant regarding a specific issue or problem with a financial product or service. This overly broad approach will impose impractical and costly requirements on collection agencies.

As proposed, it will be very difficult to determine accurately and consistently what should be treated as an inquiry, complaint or dispute. Any consumer conversation with a collector that even borders on any sense of frustration or includes any negative comment would likely need to be subject to the proposed regulations. This is overly burdensome and will do little to help the consumer.

These proposed requirements would increase operating costs for States Recovery Systems, Inc. and require a least one full-time staff member and likely more to develop maintain and comply with all the new requirements. Unfortunately, a significant portion of the resources needed to comply with these new requirements would be spent logging, tracking, responding, and reporting on simple comments that could be deemed as a complaint instead of actual complaints or more serious issues.

I would respectfully request the DFPI consider the financial impact Section 1072(b)(1) has on California companies and the practical impact the requirement has on consumers. This section requires certain written disclosures to be included in all written communications with consumers. This is unnecessary and should only be required in the initial communication.

This requirement will significantly increase our postage and printing costs. Additionally, requiring all these new disclosures in every written communication will likely overwhelm the consumer with excess paper and overshadow or distract from important financial information the consumer needs.

The webpage requirements in Section 1072(b)(2) are unrealistic and not consistent with online behavior. The section requires certain information to be displayed “prominently” on “any” web pages of a covered person relating to a financial product or service. I respectfully request this section be limited to the homepage or the initial webpage to which a consumer is directed. Requiring this a disclosure on any web page is unnecessary. I would also request the DFPI clarify what qualifies as “prominently” displayed.

Thank you for the opportunity to provide these comments.

Respectfully Submitted,

[Redacted Signature]

Cindy Yaklin, President
States Recovery Systems, Inc.