



Subject: PRO 03-21 - CONSUMER COMPLAINTS AND INQUIRIES COMMENTS SUBMITTED 1/20/2023

The below comments are provided in response to the Notice of Modification to Proposed Rulemaking under the CCFPL: Consumer Complaints and Inquiries (PRO 03-21), dated December 12, 2022.

CB Merchant Services ("CBMS") is a debt collector based in the San Joaquin Valley area. Established in 1917 as a mutual benefit not for profit organization, CBMS is a small business with about 10 employees. The CBMS client base consists of medical, dental, retail and banking clients. We also collect for Municipal governments and the State of California. CBMS is not a debt buyer and does not collect on accounts for debt buyer clients.

As a small business, CBMS is not able to implement the Proposed Regulations without adding greatly to its operating costs.

The costs to create the program required by the Proposed Regulations are unreasonable to impose on a small business with limited financial resources. The projected economic impact of the Proposed Regulations is approximately \$40,000.00 annually which is equivalent to the cost of one additional full-time staff member. Among other tasks, this employee would be responsible for creating and overseeing the implementation and management of the processes and procedures required by the DFPI, along with auditing calls to ensure accurate reporting of complaints, disputes, and inquiries to the DFPI.

As a small collection agency, CBMS takes a very hands-on approach to all disputes and consumer complaints. CBMS monitors all disputes and complaints carefully to identify any potential patterns of complaints and works with the consumers to ensure that any issues are resolved promptly. If an account is referred for collection and CBMS determines there is an underlying problem with the financial product or service provided by the original creditor, CBMS often cancels the account back to the original creditor to resolve.

The costs that these Proposed Regulations will impose on covered persons are troubling and problematic, especially when these same covered persons are already struggling with the costs and uncertainty of recently adopted federal and state regulations and statutes.

As an alternative, has the DFPI considered a consumer complaint portal similar to the CFPB? A DFPI portal would be readily available to the consumer and would provide all the data analytics the DFPI is seeking for the annual reporting metrics, which will further assist the DFPI in identifying bad actors. And, this would greatly reduce the costs to the covered persons like CBMS.

Another potential alternative would be to exempt covered persons from this Rule with annual revenue <\$2 million which could serve to protect the continued sustainability of small businesses in CA. As you know many small businesses are struggling to recover from the Covid shutdowns, staffing challenges, and more recently the constant wave of new regulations.

I would like to thank the DFPI for the opportunity to provide these comments in response to the Notice regarding PRO 03-21. If you would like additional information, please feel free to reach out to me directly at [REDACTED] or [REDACTED].

Sincerely,

[REDACTED]

Linda A. Guinn

CEO/President