

From: Richard Segol - ACS [REDACTED]
Sent: Friday, January 20, 2023 12:41 PM
To: DFPI Regulations; Bae, David@DFPI
Subject: PRO 03-21 - Comments from a small business owner

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All,

I want to first point out that we are a small business that has been in operation since 2009. In the last several years the business has quickly lost revenue due to the regulations that have become so cumbersome and expensive that we cannot be competitive in the marketplace and are provided the opportunity to purchase as in the past. Regulation has forced the banks and large institutions that had done business with us in the past to only work with large organizations. By imposing these modifications you will only further hurt my business until I will have to shutter operations and lay off the remainder of my employees and cancel contracts with my vendors and associates. Below you will find comments from myself and others like me discussing this impact of these rules.

- Based on definition of “Complaints” in the Proposed Regulations, covered persons will likely have to consider each of the following a “complaint.”
 - Each letter sent by a credit repair organization, sent on behalf of a consumer, falsely stating that the covered person has not responded to a consumer, even after the covered person has responded to the consumer.
 - Any time a consumer says, “you are harassing me,” and hangs up.
 - Any time a consumer is not happy that the covered person is reporting an account to their credit report.
 - Anytime a consumer complains about a covered person not deleting an account from their credit report.
 - CFPB complaints.
- Due to the broad definition of “complaint” and “inquiry,” PCS may have to log, track, respond to, and report (in a detailed manner) more than _____ “complaints” and “inquiries.” That will be a substantial cost.
- We estimate that we will have to add one full time person to handle complaints as defined by DFPI because the definition is so broad.
- Excessive amount of letters that have to be sent to the consumer and the huge increase to our postage costs.

In addition to the financial impact there are several issues with the proposed rules as well:

- How about the DFPI having a complaint portal like the CFPB, why should be collection agencies be responsible for the costly burden to track complaints, disputes and inquiries?
- Section 1071 – Definitions. Under Section 1071(a), a “complaint” is defined expressly to include an oral or written expression of dissatisfaction from a complainant regarding a specific issue or problem with a financial product or service (except for the listed exclusions). This definition is rather broad and will impose unrealistic requirements on covered persons. Determining the

difference between a complaint, a dispute and an inquiry will be challenging enough based on their definitions. Having to log, track and report oral complaints will be unduly burdensome, time consuming and costly.

- Section 1072(c)(3). This Section requires covered persons to return a consumer's voicemail within two (2) business days. This is too short.
- Section 1072(d)(3). This Section is unnecessarily narrow as it authorizes a covered person not to respond to a repetitive complaint only if the complaint is the identical act, omission, decision, condition, or policy.
- Section 1072(b)(1). This Section requires a covered person to include certain written disclosures in **all written communications** with consumers in 12-point font. How are we going to handle electronic communication? Why does this have to be on ALL communication

Yours very truly,

Richard Segol, CRCP
President
ALLIANCE CREDIT SERVICES, INC.
4 Orinda Way, Suite 180-C
Orinda, CA 94563

office
cell
fax

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