

Annual Report of Activity Under the  
**California Consumer  
Financial Protection Law**  
2022

Report required by  
Financial Code § 90018



**DFPI**

DEPARTMENT OF FINANCIAL  
PROTECTION & INNOVATION

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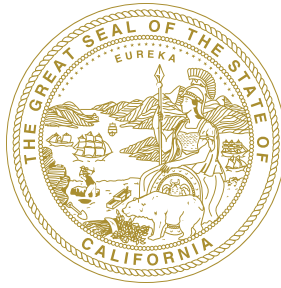
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# Table of Contents

01	Executive Summary
04	Key Accomplishments
04	Regulatory Activities
06	Legislative Activities
07	Enforcement Activities
12	Consumer Financial Protection Activities
13	New Covered Persons Program
14	Research and Market Monitoring
15	Consumer Complaint Handling and Resolutions
16	Office of Financial Technology Innovation Activities
17	Communications and Outreach Activities
22	Conclusion
22	Key to Acronyms



April 2023

The Department of Financial Protection and Innovation (DFPI) is pleased to publish its 2022 Annual Report of Activity Under the [California Consumer Financial Protection Law](#) (CCFPL) as required by [Financial Code Section 90018](#).

The following annual report details actions taken during the prior year under the CCFPL, including but not limited to rulemaking, enforcement, oversight, consumer complaints and resolutions, education and research, and the activities of the Office of Financial Technology Innovation. This report represents the second full year of CCFPL implementation and highlights data and statistics related to CCFPL implementation activities for the calendar year reporting cycle, January 1, 2022, through December 31, 2022.

The DFPI advances its regulatory mandate through continuous enforcement actions against companies violating the CCFPL, growing its targeted outreach to historically underserved communities, increasing consumer awareness through statewide communications, handling and resolving increased consumer complaint volume, regularly engaging with external stakeholders, and increasing regulatory efforts that better protect consumers and foster responsible financial innovation.

These themes also match the DFPI's overall mission to foster equity and inclusion in the financial sector. The Department has made a strong commitment to advancing generational wealth building, particularly when it concerns helping underrepresented and underbanked communities gain access to the financial products and services they need. Access, innovation, and strong consumer protections can change the reality for our most vulnerable communities. The implementation, and enforcement, of the CCFPL is key to building a strong and resilient California economy.

The investment from the Administration and the Legislature in the DFPI and CCFPL is having a tremendous positive impact on Californians. We have made significant progress, and there is still more to do.

I hope you find the report informative and useful. Please do not hesitate to contact our Deputy Commissioner of Legislation, Nicole Hisatomi, with questions or concerns. She can be reached at (916) 539-0181 or at [nicole.hisatomi@dfpi.ca.gov](mailto:nicole.hisatomi@dfpi.ca.gov). The report can also be found on the [DFPI website](#).

Sincerely,

Clothilde V. Hewlett  
Commissioner  
Department of Financial Protection and Innovation

# Executive Summary

The Department of Financial Protection and Innovation (DFPI or the Department) protects consumers and fosters trust by regulating companies and individuals offering financial products and services. In 2020, the Legislature passed Assembly Bill 1864 (Limón), the [California Consumer Financial Protection Law](#) (CCFPL), to identify and address gaps in consumer protection due to strict definitions in existing licensing laws. This law provides the DFPI with broad general authority to oversee financial products and services previously unregulated by the DFPI.

The CCFPL gives the DFPI expanded authority and resources to advance its dual mission to protect consumers and foster responsible innovation. The CCFPL enables the DFPI to stop predatory business practices, spur responsible innovation by clarifying regulatory expectations for emerging financial products and services, oversee financial activity previously unregulated by the DFPI, keep up with emerging financial trends, and increase public outreach and education to vulnerable populations.

The CCFPL was a major expansion of the former Department of Business Oversight, changing the Department's name to better characterize its mission. The law also clearly established the DFPI's authority to investigate and sanction unlawful, unfair, deceptive, or abusive acts and practices (UDAAP) in the financial services marketplace.

The law created a Consumer Financial Protection Division, an Office of Financial Technology Innovation, and an Office of the Ombuds. The [Consumer Financial Protection Division](#) has

the authority to supervise and register financial service providers previously unregulated by the DFPI, conduct targeted outreach to communities historically underserved throughout the state, and have a market monitoring and research arm to keep up with consumer trends. The [Office of Financial Technology Innovation](#) provides early guidance to entrepreneurs developing financial products and services in California to spur job creation and safeguard consumers. The [Office of the Ombuds](#) provides an impartial review of complaints and resolutions to improve and streamline department operations.

The annual report and data presented in this publication are unaudited and cover DFPI's activities related to the CCFPL in the calendar year reporting cycle, January 1, 2022, through December 31, 2022. Highlights include:

- The Enforcement Division conducted 196 investigations related to the CCFPL, an increase of 85 percent from 2021.
- The Department received 1,318 complaints regarding products and services subject to the CCFPL, which is slightly more than double the number of complaints received in 2021. The top two complaint types were debt collection and crypto assets, followed by student loan servicers, "neo banks," and credit reporting.
- The DFPI received 402 CCFPL-related complaints regarding crypto assets, a 238 percent increase from 2021. Enforcement opened 110 crypto-related CCFPL investigations, a significant increase from 2021. In response to growing concerns, the Department launched a [Crypto Assets Consumer Alerts landing page](#) on the DFPI website and issued 67 public actions and 65 consumer alerts to help consumers navigate the volatility of the crypto assets market.
- Approximately 105,000 people statewide attended targeted outreach and education events focused on reaching specific targeted communities that have been historically underserved by the financial industry: People of Color (primarily Black and Latino), Older Adults/Seniors, Military Servicemembers/Veterans, Students, and New Americans/Immigrants.
- The Communications and Outreach Division launched a statewide multilingual and multichannel communications campaign to increase consumers' awareness of the DFPI's expanded mission through the CCFPL. The three-month campaign generated a circulation of 55.7 million impressions statewide.



## A Vital Role for the DFPI

The CCFPL has positioned DFPI to better enforce other existing laws and respond to emerging products, services, and scams. It has also provided a legal framework for the Department to take novel actions that respond to changing market trends through increased coordination and strengthening bonds with other state and federal regulators.

The CCFPL is making a positive difference for all Californians. With continued support from the Administration and the Legislature, the DFPI will continue to implement and enforce the CCFPL and build a strong and resilient economy for all Californians.



# Key Accomplishments

## Regulatory Activities

In 2022, the DFPI continued to involve stakeholders in various aspects of the implementation of the CCFPL. The DFPI initiated formal rulemaking on two packages by publishing the notice of rulemaking in the California Regulatory Notice Register, beginning the one-year calendar for adopting the rules. The DFPI further sought public comment under the CCFPL in a new area—crypto asset financial products and services in California. The third rulemaking package recently entered formal rulemaking and was issued for public comment. The 2022 regulatory activity is as follows:

### **Consumer Complaints and Inquiries**

After seeking stakeholder comments in 2021, on May 20, 2022, the DFPI published a notice of proposed rulemaking in the California Regulatory Notice Register regarding consumer complaints and inquiries. The proposed regulations set forth procedures under Financial Code section 90008, subdivision (a) of the CCFPL, which authorizes the DFPI to promulgate rules establishing reasonable procedures for covered persons to provide a timely response to consumers regarding complaints and inquiries, and Financial Code section 90008, subdivision (b) of the CCFPL, which authorizes the DFPI to promulgate rules establishing reasonable procedures for covered persons to provide a timely response to the DFPI concerning consumer complaints and inquiries.

The DFPI received 35 comment letters and these comments are publicly available on



the [DFPI website](#). On December 22, 2022, the DFPI proposed modifications to the draft regulations. The comment period was extended based on the request from the public and ended on January 20, 2023. On March 23, 2023, the DFPI published further modifications for public comment. After extensive review, DFPI has decided to continue work on this rulemaking through 2023, with the goal of finalizing in 2024. The proposed regulations establish important consumer protections intended to ensure consumers can resolve complaints in a timely manner.

### **UUDAAP Protections for Small Businesses, Nonprofits, and Family Farms**

Financial Code section 90009, subdivision (e) of the CCFPL authorizes the DFPI to define unlawful, unfair, deceptive, and abusive acts and practices (UUDAAP) in connection with the offering or provision of commercial financing or other financial products and services to small businesses, nonprofits, and family farms. Under this authority, the DFPI invited stakeholder comments on potential rulemaking in 2021. Based on the comments received, on June 24, 2022, the DFPI published a notice of proposed rulemaking in the California Regulatory Notice Register. The proposed regulations set forth standards to determine whether an act or practice is unfair, deceptive, or abusive. The proposed regulations also define data collection and reporting on the provision of commercial financing, including who is covered by the requirements, what data must be provided in reports, and when reports must be filed. The DFPI received 14 comment letters and these comments are publicly available on the [DFPI website](#). Based on public comments, the DFPI anticipates making additional changes to the regulations in 2023. The DFPI anticipates that the complete rulemaking file will be filed with the Office of Administrative Law in the second quarter of 2023. If approved by the Office of Administrative Law, the regulations will become effective on October 1, 2023.

### **CCFPL Registration**

The DFPI sought stakeholder comments on requiring four industries to register with the DFPI. These four financial services and products are:

1. Debt settlement services
2. Student debt relief services
3. Postsecondary education financing (including income share agreements)
4. Income-based advances (including earned wage access products)

The DFPI received 18 comment letters. During 2022, the DFPI further considered the

comment letters and published the notice of proposed rulemaking in the California Regulatory Notice Register on March 17, 2023. The proposed regulations require providers of the four financial services and products to register with the DFPI through the Nationwide Multistate Licensing System, commonly known as NMLS. Providers will be subject to DFPI compliance examinations and will submit annual reports containing data about the costs and benefits of their products for consumers. The regulations also impose limits on the charges that providers can collect on earned wage advances, other payday advance products, and income share agreements. The DFPI anticipates the complete rulemaking file will be filed with the Office of Administrative Law in the first quarter of 2024.

### **Crypto Asset Financial Products and Services**

On May 4, 2022, Governor Newsom issued the Blockchain Executive Order N-9-22 to foster responsible innovation, bolster California's innovation economy, and protect consumers. The Executive Order directs the DFPI to use its broad authority under the CCFPL to develop a regulatory approach to crypto asset-related financial products and services. In accordance with this Executive Order, on June 1, 2022, the DFPI sought input from stakeholders and the public in developing guidance and, as appropriate, regulatory clarity and supervision of covered persons and service providers involved in the offering and provision of crypto asset-related financial products and services in California. The DFPI invited interested parties to comment on topics and questions that were formulated to assist in providing input. The deadline to submit comments was August 5, 2022. The DFPI received 33 comment letters in response to the invitation. Topics most frequently addressed in the comments included the need for regulatory guidance and clarity, climate risks of the industry, importance of strong consumer safeguards, need for harmonization of state and federal regulations, and importance of enforcement.

## **Legislative Activities**

The CCFPL grants the DFPI authority to enforce any California or federal consumer financial law pursuant to Financial Code section 90003, subdivision (a)(2). The following two pieces of legislation, chaptered in 2022, add to the laws the DFPI may enforce under the CCFPL:

- **AB 2433 (Grayson):** Clarifies that when the DFPI brings an order to discontinue violations against a licensee, that order can be upheld even in cases where the licensee stops violating the law before the hearing.

- **SB 975 (Min):** Defines coerced debt as a debt incurred in the name of a debtor through duress, intimidation, threat, force, or fraud. The bill also provides a path for victims of abuse who were coerced into taking on debt to seek relief while allowing the creditor to go after the abuser to collect the debt.

## Enforcement Activities

In 2022, the DFPI's Enforcement Division continued to exercise its authority to investigate and take action to protect consumers in the financial services marketplace. The Enforcement Division's key goals for 2022 included: 1) increasing enforcement measures under the CCFPL; and 2) taking necessary and appropriate enforcement actions on crypto asset products and services as directed by the Governor's Blockchain Executive Order.

Although the CCFPL has only been in effect two years, the DFPI's Enforcement Division has been effective in pursuing DFPI's consumer protection goals. Last year, the DFPI filed its first civil actions under the CCFPL taking on a "rent-a-bank" lender in California state court and jointly filing an action combating mortgage fraud with the Federal Trade Commission (FTC) in federal court. In furtherance of the Legislature's consumer protection mandate, the Enforcement Division increased the amount of effort dedicated to the CCFPL by:

- Reviewing 454 CCFPL-related complaints, a 514 percent increase from 2021.
- Conducting 196 CCFPL-related investigations, an 85 percent increase from 2021.
- Issuing 94 public CCFPL-related actions, a 92 percent increase from 2021.

CCFPL-related investigations comprised 24 percent of the 802 investigations conducted department-wide. CCFPL-related actions comprised 8 percent of the Department's 1,214 total actions. As a result of these investigations and actions, DFPI ordered \$264,500 in penalties (\$89,500 collected) and \$304,833 in restitution to customers (\$89,693 collected) related to CCFPL enforcement actions. These actions demonstrate the DFPI's strong focus on enforcement of the CCFPL.

## Market Sectors Impacted by CCFPL Actions

CCFPL authority has enabled the Department to intervene on behalf of consumers in a number of previously unregulated areas, including:

- Fixed-obligation lending or financing
- Mortgage assistance relief services
- Student loan debt relief providers
- Debt collection
- Private postsecondary education financing
- Rent-to-own
- Crypto assets

## Cases of Note

The DFPI brought its first two civil actions using its CCFPL authority in 2022, with both cases garnering national press attention:

### **DFPI v. Opportunity Financial, LLC**

This litigation is pending. In March 2022, the Department was sued by a subject of an investigation, Opportunity Financial, LLC (OppFi). OppFi is a Chicago-based non-bank entity that created a prearranged agreement with a Utah-chartered bank where the bank is the lender on paper for OppFi's loans to Californians carrying interest rates of up to 160 percent. One central issue in the litigation is whether OppFi is the actual lender of money under California law. DFPI's cross-complaint alleges that the bank is a "straw lender," and OppFi is evading compliance with the interest rate caps of the California Financing Law and is in violation of the CCFPL.

### **DFPI v. Green Equitable Solutions, et al. (HomeMatters USA)**

This litigation is pending. In September 2022, the DFPI filed a joint complaint with the Federal Trade Commission (FTC) in the United States District Court for the Central District of California, naming two individuals and several entities as defendants. The complaint alleged

the defendants offered services to help homeowners get a loan modification when, in fact, they pocketed the money and left homeowners in arrears on their mortgage payments. The complaint alleged violations of the FTC Act and the CCFPL. The court appointed a receiver to oversee the entities during the pendency of the action. An amended complaint was filed adding additional parties as defendants and alleging more than 1,000 victims of the scam nationwide and over \$6 million was lost by consumers as part of the scheme. The amended complaint alleges violations of the FTC Act and the CCFPL.

## Student Loan Debt Relief

The DFPI issued multiple actions that continued its focus on companies offering student debt relief, utilizing violations of the telemarketing laws among other strategies as demonstrated by the following cases:

### **DocuPros**

A debt relief company based in San Diego, California that engaged in unlicensed student loan debt relief servicing activities. As part of a settlement with the DFPI, the company and its owner were ordered to desist and refrain from violations of the Student Loan Servicing Act, the Telemarketing Sales Rule (TSR), and the CCFPL. The company and its owner were further ordered to pay \$40,000 in penalties, rescind all debt relief, debt management, or debt consulting service agreements, and refund all fees collected from California consumers.

### **Student Loan Advocates Consulting Services Inc.**

A debt relief company based in Torrance, California engaged in student loan debt relief servicing activities. The company and its owner agreed to desist and refrain from violating the CCFPL and TSR. The company and the owner were further ordered to pay \$5,000 in penalties and refund all fees collected from California consumers.

## Debt Collection

The DFPI issued multiple actions and assessed more than \$150,000 in penalties under the CCFPL against companies for abusive debt collection practices such as failing to provide sufficient written notifications about debt, making threats and abusive communications, attempting to collect on debt not owed, unfounded threats of filing lawsuits, and reporting time barred debt to credit agencies. Additionally, the DFPI issued public education materials discussing how consumers can protect themselves from fake debt collection companies.

Below is one example of such an action:

### **Pinnacle Assets and Recovery**

The DFPI issued a desist and refrain order and assessed \$52,500 in penalties against Pinnacle Assets and Recovery a.k.a. Pinnacle Mediation Group (Pinnacle), a Florida entity that preyed on Californians by, among other things, falsely representing it was a mediator and not a debt collector, threatening to sue victims in civil court, and refusing to allow victims to verify the alleged debt.

### Fixed Obligation Financing

#### **Fanfaire, Inc.**

The DFPI entered a settlement with Fanfaire, Inc., a company that sells stadium seat licenses for football games and events in SoFi stadium. The Department found that the company violated the Unruh Act, specifically Civil Code section 1806.3, and thus violated the CCFPL by overcharging customers for prepayment of simple interest retail installment sales contracts. The settlement also assessed a penalty of \$37,000.

### Private Postsecondary Education Financing

#### **National Laser Institute, LLC and EDVISIO, Inc.**

The DFPI continued its focus on holding private postsecondary educational institutions accountable for the misrepresentations they make when offering financing to their students. The DFPI entered into a consent order with National Laser Institute, a school that offered financing to its students containing a deceptive contract provision erroneously claiming that the financing was a "qualified educational loan" subject to the limitations on dischargeability in bankruptcy. Additionally, the DFPI entered into a separate consent order with EDVISIO, Inc., the school's service provider, which designed and created the deceptive financing contract for the school.

### Short Term Leasing/Rent-to-Own

#### **Furnished, Inc.**

The DFPI issued its first action in the rent-to-own market, finding that Furnished, Inc. (Furnished) overcharged consumers late payment fees and failed to provide the consumer



disclosures required under California’s rent-to-own law, the Karnette Rental-Purchase Act, in violation of the CCFPL. As part of the settlement, Furnished agreed to a desist and refrain order to refund at least 387 customer overcharges and to begin offering its rent-to-own products and services in compliance with the Karnette Rental-Purchase Act. The Department thanks the California Attorney General’s Office for its assistance with this matter.

## Crypto Assets

The DFPI’s enforcement work in the crypto asset marketplace in 2022 demonstrates the Department’s unique position to coordinate with state and federal regulators and to act swiftly to protect Californians. This is due to the DFPI’s jurisdiction over securities and consumer financial services under multiple state laws which are implicated across many types of crypto asset-related financial products and services. Concerning the crypto asset marketplace and the CCFPL specifically:

- The DFPI received 402 complaints related to crypto assets and the CCFPL combined.
- The DFPI opened 110 crypto-related CCFPL investigations, a 5,400 percent increase from 2021.
- The DFPI issued 67 public actions and 65 consumer alerts related to crypto assets and the CCFPL combined.

### Applying the CCFPL to Crypto Activity

#### **GMO Global**

On October 17, 2022, the DFPI issued a [desist and refrain order](#) against GMO Global. The entity lured customers out of their money by creating a fabricated business through which it acted as a custodian of funds and a self-directed crypto asset trading service via its website and mobile applications.

#### **MyConstant**

On December 21, 2022, the DFPI issued a [desist and refrain order](#) against MyConstant for violations of the CCFPL and the Corporate Securities Law for offering multiple products, including: 1) peer-to-peer lending whereby MyConstant arranges fiat (U.S. dollar) loans from one consumer to another that are allegedly secured and collateralized by crypto

assets posted with MyConstant by the borrower, 2) interest-bearing fiat deposit accounts, and 3) interest-bearing crypto asset deposit accounts.

### **Crypto Asset Consumer Alerts**

The DFPI issued 65 [crypto asset consumer alerts](#) related to companies perpetrating frauds, primarily through targeting victims online and convincing them to give up their crypto assets.

## **Enforcement-Related Consumer Education**

To continue to implement the DFPI's new charge under the CCFPL to increase consumer outreach and education, the Enforcement Division partnered with the Communications and Outreach Division on key consumer education opportunities released and promoted alongside select enforcement actions throughout the year:

- [Crypto Assets landing page](#) posted on the DFPI website.
- [Crypto Assets Consumer Alerts landing page](#) posted on the DFPI website that compiles an ongoing list of companies engaging in crypto asset-related fraud.
- Consumer Alert: [Romance Scams and Crypto Assets](#) – Provides ways to avoid falling victim to romance scams after this topic was identified as a top consumer complaint trend.
- Consumer Alert: [Debt Collection Scams](#) – Provides ways to avoid falling victim to debt collection scams after this topic was identified as a top consumer complaint trend.
- [Student Debt Relief](#): The DFPI announced its action against DocuPros (noted above) and provided links to the DFPI's consumer education materials on its website.

## **Consumer Financial Protection Division Activities**

The Consumer Financial Protection Division (CFP) had a productive 2022, hiring dozens of new staff to build the New Covered Persons (NCP) and Debt Collector Licensing programs and to establish the Student Loan Servicing Ombudsperson Office. CFP coordinated with other divisions within DFPI, along with external governmental and community stakeholders, to identify products and services in need of greater oversight through licensing or

registration and advise on rulemaking and enforcement efforts pursuant to the [CCFPL](#), [Debt Collection Licensing Act \(DCLA\)](#), [Student Loan Servicing Act \(SLSA\)](#), and [Student Borrower Bill of Rights](#).

CFP staff also played a key role in developing the Department's new consumer complaint portal. The Self-Service Portal is scheduled to go live in early 2023 and will provide a friendlier user experience and more robust back-end data reporting capabilities to facilitate the Department's goal of taking a data-driven approach to regulating consumer financial products and services.

## New Covered Persons Program

While CCFPL-related rulemaking is pending, the Supervision and Registration of New Covered Persons (NCP) program has been focused on hiring, establishing policies and procedures, and building the necessary infrastructure to operate the program. The NCP program, which will be responsible for processing CCFPL registration applications and conducting examinations, anticipates being fully staffed by the end of March 2023.

- **Staff Training and Development:** The NCP program's primary efforts during the year have been the training and development of its newly hired examiners, including arming staff with knowledge on CCFPL-related financial products and services and applicable federal and state laws and regulations. Program management also made great strides in assessing any examiner skill gaps and identifying appropriate training measures, both internal and external, to enhance the skills of its staff. Efforts included creating a Training and Development Plan, a "New Examiner Orientation" presentation, and presentations about the initial four industries prioritized for registration under the CCFPL.
- **Regulatory Activities:** The NCP Program has worked closely with DFPI's Legal Division in the development of CCFPL-related regulations, including a regulations package that will require four new types of products and services to be registered with the DFPI. The Department anticipates that CCFPL registration applications will be accepted by the end of 2023. The NCP program has also developed a process to monitor and track CCFPL-related internal enforcement actions, as well as relevant supervisory highlights, guidance, and enforcement actions of federal regulators related to violations of UUDAAP (unlawful, unfair, deceptive, and abusive acts and practices), to help identify consumer risks and additional product types that may warrant future registration.

- **Building Infrastructure:** Establishing the necessary infrastructure to share and maintain information, prepare for future registration application processing, and handle various CCFPL-related annual reporting requirements have also been top priorities. The program is actively engaged in conversations with the Nationwide Multistate Licensing System and Registry (NMLS) and DFPI's Information Technology Division in efforts to ensure efficient submission and processing of applications and annual reports once rulemaking is finalized.
- **Stakeholder Engagement:** The NCP staff have participated in various meetings with CCFPL stakeholders and internal working groups and has been actively engaged in the DFPI's initiatives to streamline activities regarding crypto assets regulation and complaint tracking to ensure compliance with the Governor's Blockchain Executive Order.

## Research and Market Monitoring

The Market Monitoring, Consumer Research, Insights, and Analytics Unit (Research Team) was established under the CFP to lead department-wide efforts to deploy a data-driven approach to regulating consumer financial products and services. The Research Team coordinates with the DFPI's various supervision programs, Enforcement Division, and Office of Financial Technology Innovation (OFTI) to help the DFPI identify trends in available data that may indicate consumer risks.

The past year's efforts focused on building the program, hiring new staff, and securing infrastructure support, such as new software, while continuing to develop its market monitoring functions and strategy. The Research Team has conducted research on several types of financial products and services to assess trends that can help inform the DFPI's policy decision-making. For example, the Research Team has analyzed transaction data that the DFPI obtained through voluntary agreements with providers of earned wage access (EWA) and shared appreciation products to assess consumer use of the products and their potential impacts. The team has also developed department-wide standards for conducting market research and provides support and advice to DFPI programs on best practices related to data research and analytics.

A notable Research Team accomplishment this year was to improve how consumer complaint data is received, coded, and analyzed. The Research Team has extensively reviewed the DFPI's internal consumer complaint data to identify emerging trends and consumer risks,

and developed a process for internal reporting of conclusions, to inform DFPI executives, management, and staff. The Research Team has identified areas of improvement in the DFPI's handling of consumer complaints and has advised on data analytic best practices and internal complaint coding. We expect these improvements to continue with the implementation of the new consumer complaint intake portal in 2023.

## Consumer Complaint Handling and Resolutions

The DFPI took several actions to improve its handling of consumer complaints and the quality of complaint data in 2022. The DFPI began implementation of a comprehensive new self-service complaint portal, which included department-wide collaboration and stakeholder input. The new portal is modeled after the complaints interface used by the federal Consumer Financial Protection Bureau (CFPB) and aims to enhance the consumer experience when submitting complaints. The new portal is expected to go live in 2023.

To improve complaint intake and response regarding crypto assets, the Consumer Services Office (CSO) established cooperative relationships and points of contact with various crypto-related companies previously unfamiliar with the DFPI's complaint processes. This helped improve complaint response rates among these companies. DFPI staff members also met with various state and federal agencies regarding general and crypto-related consumer complaint handling and resolution best practices to identify potential improvement areas.

In 2022, the DFPI received 1,318 complaints regarding products and services subject to the CCFPL, which is slightly more than double the number of complaints received in 2021 (638). Of this total, the top two CCFPL-related product types were debt collection and crypto assets, with 58 of those complaints related to Celsius Lending LLC, a crypto-interest account provider that was the subject of a desist and refrain order issued in August 2022. Additional top areas for complaints include student loan services, "neo banks" or fintech companies partnering with banks to offer deposit account services, and credit reporting. In all, the DFPI processed complaints against 23 types of new CCFPL-regulated services and secured responses for consumers in 83 percent of complaints referred to financial service providers.

Complaint volume spiked during the third quarter, increasing by approximately 52 percent from the second quarter to the third quarter. This influx likely occurred due to enforcement actions, consumer alerts related to crypto assets, and increased awareness and outreach

involving student loan servicers. In 2022, the DFPI received 158 complaints involving student loan servicers, about three times more than in 2021.

## Office of Financial Technology Innovation Activities

The Office of Financial Technology Innovation's (OFTI) mission is to support responsible innovation and job creation in California in financial services. OFTI executes this mission in the following ways:

- **Stakeholder Engagement:** In 2022, OFTI hosted 247 meetings with 161 different external stakeholders to discuss emerging products and services. Additionally, OFTI hosts weekly virtual office hours. In 2022, more than 25 organizations met with OFTI staff to share their story with the DFPI and to understand the DFPI's expectations.
- **Thought Leadership:** OFTI provides thought leadership on emerging products and services by analyzing, synthesizing, and sharing information about the risks and benefits of emerging financial products. OFTI staff are sought-after experts, appearing as featured speakers at 24 different public events, with audiences that included industry, advocates, media, law enforcement, lawmakers, and regulators.
- **Cross-organizational coordination:** To increase knowledge and understanding of crypto assets in 2022, OFTI staff provided multiple briefings and a weekly news and analysis newsletter to fellow California government employees. OFTI took the lead in creating and facilitating an internal working group of DFPI staff from multiple programs to coordinate crypto asset policy. To ensure cross-organizational cooperation and coordination on the Governor's Blockchain Executive Order, OFTI led this group through weekly meetings through late 2022. This group was responsible for the DFPI workstreams under the Governor's Blockchain Executive Order. Accomplishments for this cross-organizational team included the drafting, issuance, and analysis of responses to the DFPI's crypto asset invitation for comment, enhanced consumer complaint handling, and increased educational efforts on crypto asset risks.
- **Education:** OFTI cultivates internal expertise on emerging issues and coordinates with programs across the Department to promote policies that enhance the benefits and mitigate the risks of emerging financial products and services. To help DFPI staff better understand emerging issues, OFTI hosted 10 internal lunch and learn "Innovation Conversations" on topics such as blockchain technology, real time payments, auditing



crypto asset firms, and other pressing topics.

In 2023, OFTI looks to continue its engagement, thought leadership, and educational efforts on emerging issues. With the advent of a new, dedicated internal crypto asset unit within the DFPI, OFTI is turning its focus to emerging trends, such as the use of artificial intelligence and machine learning in financial services. As always, the goal remains to help stakeholders, including Department colleagues, keep up with and anticipate emerging issues in financial services.

## Communications and Outreach Activities

In 2022, the Communications and Outreach Division (C&O) focused on expanding its outreach activities to promote a fair and honest financial marketplace and help consumers make informed financial decisions. Activities included developing and deploying communications and outreach programs to California consumers to inform them of the Department's expanded mission and provide free consumer-focused resources and education delivered online and in person. The C&O also updated multiple consumer financial education materials in print and online in multiple languages. This process included a publications redesign to reflect the Department's name change, logo, and the development of consumer-focused resources for the expanded DFPI jurisdictions.

DFPI leadership presented on CCFPL-related topics at events and conferences for industry trade groups and consumer advocates and participated in media interviews to raise awareness about the CCFPL and how it has expanded the DFPI's authority to regulate the financial services marketplace. DFPI officials also met with other state and federal government agencies to brief them on CCFPL authorities and share information about pending actions.

The C&O published 19 CCFPL-related press releases in 2022, garnering coverage in local, state, and national news publications and outlets such as American Banker, Barron's, Bay Area News Group, Bloomberg News, Forbes, Los Angeles Times, Politico, Sacramento Bee, San Francisco Examiner, New York Times, Time Magazine, ABC 7 "7 on Your Side" (San Francisco), ABC 10 (San Diego), KCRA 3 (Sacramento), KQED (PBS San Francisco), and NBC Nightly News (Los Angeles). The C&O also expanded its media reach to the California Spanish-speaking community by giving interviews in Spanish on various financial topics for NBC/Telemundo (San Diego), Univision 34 (Los Angeles), and Univision 19 (Sacramento).

The DFPI partnered with three external vendors to help plan and execute a series of multilingual and multichannel marketing and communications campaigns to inform and empower specific targeted communities:

- **Statewide Communications Campaign:** To support the expanded mission of the DFPI through the California Consumer Financial Protection Law (CCFPL), the Department executed a statewide multilingual and multichannel communications campaign to increase consumer awareness and inform Californians that as the state’s financial regulator, the DFPI protects consumers by regulating financial products and services.
  - Flight: March 8–May 31, 2022
  - Ad type: Digital, social, print, radio, and outdoor ads
  - Total impressions: 55.7 million
  - Total landing page visits: approximately 34,000
- **Californians with Student Loans:** To increase awareness and provide resources for the California Student Borrower Bill of Rights, Federal Loan Repayment Restart, and Public Service Loan Forgiveness program. The Department launched a targeted campaign called *Back on Track* with a series of educational webinars and specialty content to help Californians navigate their loan repayment options.
  - Flight: August 2022–ongoing
  - Ad type: Digital, social, print, radio, and outdoor ads
  - Created the [Back On Track](#) landing page
  - Total impressions (2022): 120 million
  - Total landing page visits (2022): approximately 312,000
  - Total *Back on Track* student loan webinars: 20 webinars with 7,785 participants.
- **California Consumers:** To raise awareness for and protect California consumers from emerging financial risks and fraudulent activity and inform targeted populations of their rights and available resolution options. Preliminary campaign activities included creating a [Consumer Resources](#) landing page and developing a Consumer Financial Education webinar series.

## Targeted Outreach

The CCFPL established a Targeted Outreach function to focus on specific targeted communities that have been historically underserved by the financial industry. The Targeted Outreach strategy focused on continuing to build and develop partnerships with nonprofits, Community-Based Organizations (CBOs), and other government agencies across the state while also participating in and hosting events that would connect the Department to and engage with People of Color (primarily Black and Latino), Older Adults/Seniors, Military Servicemembers/Veterans, Students, and New Americans/Immigrants. For 2022, the C&O hosted, presented in, or staffed a resource table for 517 in-person and virtual events, with an estimated attendance of more than 105,000 people. The Division also distributed or mailed over 33,400 pieces of educational print materials.

## Website

Total users visiting the DFPI website increased from 593,517 in 2021 to 1,049,421 in 2022 (76.8 percent). The upward trend can largely be attributed to the rollout of the CCFPL and the Department's subsequent communications and outreach efforts. Statewide communications campaigns drove significant traffic to resources and information on the DFPI website, including approximately 346,000 total webpage views.

The DFPI has partnered with an external vendor to redesign the DFPI's [public-facing website](#). This project began in August 2022 and has an anticipated go-live date of Fall 2023. The objectives of the website redesign project include:

- Prioritizing user-centered communications and outreach to consumers and industry.
- Expanding financial education throughout the state.
- Conducting proactive communications with stakeholders.
- Cultivating a deep knowledge of emerging products and services through early engagement with innovators, investors, and other stakeholders.
- Producing improved website data metrics.

In 2022, the C&O focused on creating a more consumer-centered website. Before the CCFPL, the Department's website mainly focused on servicing its industry licensees.

Consumer-focused updates and compliance activities for the website included:

- Publishing 19 press releases, 72 consumer alerts, and 12 consumer insights articles.
- Posting 1,675 website content updates.
- Completing Section 508 ADA compliance and remediation of more than 1,196 documents for publishing on the website.
- Developing several new pages on the website to support various consumer-focused campaigns and initiatives, including:
  - [Back on Track landing page](#)
  - [Consumer Connection Newsletter](#)
  - [Consumer Insights](#)
  - [Consumer Resources landing page](#)
  - [Crypto Assets landing page](#)
  - [Office of Financial Technology Innovation](#)

## Social Media

The DFPI's digital strategy focused on providing education and awareness of the CCFPL through continuous communication of enforcement actions/orders, policies, and services and what they mean for consumers. The DFPI has implemented tools for deep social listening to track online conversations about new financial products and services the Department regulates and created streamlined methods for content creation. The DFPI has added the capability to follow mentions on social media and respond to them in real time. Additionally, the Department continues to analyze statistics to make messaging site-specific and increase engagement.

The DFPI continues to see increased followers from verified financial service and technology providers, regulatory agencies, and consumer advocates. Many of the DFPI's most successful posts have been CCFPL-related, including content on enforcement actions and debt collection/relief consumer education. The DFPI continues to see an increase in the use of "tags," using the @ feature in posts to include the DFPI in conversations where consumers seek resolutions with service providers on Twitter.

- [Facebook](#): Reach increased by 14,000 percent or 2,891,225 people.
- [Twitter](#): Followers increased by 35 percent or 780 people.
- [LinkedIn](#): Followers increased by 65 percent or 1,041 people.
- [Instagram](#): Reach increased by 100 percent or 67,820 people.
- [YouTube](#): 411 subscribers

For the coming year, the C&O will be working to gather enhanced engagement metrics for measuring tangible consumer actions due to its social media activities. For example, when a consumer alert is posted on DFPI digital channels, the Department can now track the number of new consumer complaints received by the Department within a specified time range after posting. Collecting this type of data will help the Department understand the impacts of its digital communications activities.

2022 CCFPL-Related Communication & Outreach Activities	2021	2022
Campaigns: Impressions/Circulation	N/A	175,684,362
Outreach Events: Attendance	17,378	105,000
Consumer Connection Newsletter: Subscribers	640	2,710
Website: Total Users	593,517	1,049,421
Social Media: Reach	76,334	3,040,696
Social Media: Views	4,416	8,677

# Conclusion

The DFPI made significant progress in its second year of the CCFPL implementation. It is grateful to all stakeholders, including Governor Newsom and the Legislature, for their continued input and support.

The DFPI continues to implement the CCFPL through rulemaking, enforcement, complaint handling, market research, proactive stakeholder outreach and communications, recruitment and hiring, and working with the Legislature and the Governor's Office on statutory and budgetary changes to enhance the operations and authority of the DFPI.

The adoption of formal regulations in the coming months for the oversight of New Covered Persons will allow the Department to fulfill the mandate of effective oversight of additional sectors of the state's financial services marketplace.

The market research functionality of the DFPI will expand as it hires additional staff and develops in-house and collaborative research projects related to emerging financial services and products.

The Office of Financial Technology Innovation will continue to reach out to entrepreneurs, business innovators, and academics to facilitate the Department's monitoring and response to breakthroughs in financial services.

The Department expects continued success in effectively carrying out the mandate of the CCFPL to protect consumers and foster responsible innovation in California.



# Key to Acronyms

<b>BNPL</b>	Buy Now, Pay Later
<b>CCFPL</b>	California Consumer Financial Protection Law
<b>CFL</b>	California Financing Law
<b>CFP</b>	Consumer Financial Protection Division (DFPI)
<b>CFPB</b>	Consumer Financial Protection Bureau
<b>CSO</b>	Consumer Services Office (DFPI)
<b>DCLA</b>	Debt Collection Licensing Act
<b>DFPI</b>	Department of Financial Protection and Innovation
<b>EWA</b>	Earned Wage Access
<b>FTC</b>	Federal Trade Commission
<b>NCP</b>	New Covered Persons Program (DFPI)
<b>NMLS</b>	Nationwide Multistate Licensing System and Registry
<b>OFTI</b>	Office of Financial Technology Innovation (DFPI)
<b>SLSA</b>	Student Loan Servicing Act
<b>TSR</b>	Telemarketing Sales Rule
<b>UDAAP</b>	Unlawful, Unfair, Deceptive, or Abusive Acts and Practices

# DFPI

DEPARTMENT OF FINANCIAL  
PROTECTION & INNOVATION

