

## Dyson, Araceli@DFPI

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**From:** Fairman, Peggy@DFPI  
**Sent:** Monday, May 15, 2023 2:26 PM  
**To:** DFPI Regulations  
**Subject:** FW: PRO 01-21

### Peggy Fairman

*Attorney*

#### California Department of Financial Protection & Innovation

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**From:** Jackie Zupsic <[REDACTED]>  
**Sent:** Monday, May 15, 2023 1:56 PM  
**To:** Fairman, Peggy@DFPI <Peggy.Fairman@dfpi.ca.gov>  
**Subject:** PRO 01-21

Dear Department of Financial Protection and Innovation,

I am an AAPI business owner who operates Tusk Strategies, a business located in Los Angeles. I am writing to provide my concern regarding the impact that the Department's Proposed Rule 01-21 will have on my AAPI-owned business as it pertains to income-based advances, also known as earned wage access (EWA).

The provisions of the Proposed Rule that address EWA services will make it harder for me to give my employees options and retain them. Since the pandemic began, business has been incredibly challenging, particularly finding and keeping good employees. EWA services are the type of service that make it easier for businesses like mine to keep employees, since they can access their earned wages when they need them, with no mandatory fees or impact on their credit.

Under the proposed rulemaking, I would no longer have the option to offer my employees EWA services because they would be treated as a credit product. While similar to a loan in the aspect of money advancement to consumers, the basis of that money is based on wages earned, not future income; there are also no finance charges, interest, or legal recourse – all key elements of credit products that work against the consumer.

If regulated as credit, I am concerned that EWA providers would not be able to offer the same terms that benefit businesses like mine. I am worried that two things will happen. First, my employees will still need access to wages, but the terms they have to accept will be worse and they may not be able to replace the services offered by EWA providers. Second, it will be harder for me to recruit and retain good employees. Many AAPI businesses like mine give wage advances informally, and I value that EWA providers make this process much easier. Given that the earned wage access program is an entirely voluntary program, that doesn't seem fair.

The EWA provisions of Proposed Rule 01-21 will greatly harm AAPI businesses and the greater California AAPI

community. AAPI business owners like myself already face significant challenges as minority owned businesses doing their best in our current climate. Finding, motivating, and keeping good workers is not easy, and this draft rule if enforced, would only make it harder. As an AAPI business owner, I urge DFPI to reject these provisions of the proposed rule as written.

Sincerely,  
Jackie Zupsic

