



July 2, 2024

Department of Financial Protection and Innovation
Legal Division
2101 Arena Boulevard
Sacramento, CA 95814
Attn: DeEtte Phelps, Regulations Coordinator

Subject: California Association of Collectors Comments on PRO 01-23, released June 17, 2024

To Whom It May Concern:

The California Association of Collectors, Inc. (“CAC”), a nonprofit corporation, is a statewide association of collection agencies, the members of which collect debts assigned to them for collection purposes by original creditors, governmental agencies, and others. CAC provides educational opportunities and conferences for its members, engages in legislative advocacy efforts on behalf of its members, and offers financial literacy scholarships to high school students. CAC supported the legislation that created the Debt Collection Licensing Act (Senate Bill 908, Wieckowski, Chapter 163, Statutes of 2020) and is supportive of regulations that implement that Act without imposing an unreasonably costly and excessively burdensome set of requirements on its members.

CAC appreciates the Department’s attempt to clarify the definition of net proceeds and to clarify which information must be submitted with licensees’ annual reports. However, CAC continues to assert that the Department should focus on collecting information regarding *active* accounts, rather than on all accounts in a licensee’s portfolio, including those that may be very old.

As CAC noted in its comment letter dated March 27, 2024, it is not uncommon for debt collectors to maintain inactive accounts on their books for long-time clients, so they can provide their clients with historical data. Often these accounts are too old to be eligible for collection. Requiring debt collectors to report data for all of the accounts in their portfolio, including inactive accounts, will provide the Department with an inaccurate picture of the extent of debt collection activities in the state.

CAC has two suggested amendments that will address our members’ concerns.

Section 1850.70(g): Face value dollar amount of California debtor accounts in the licensee's portfolio in the preceding year

To ensure that the Department receives information attributable to active accounts, rather than to all accounts (including those that are past the statute of limitations and are no longer actively being pursued for collection), CAC suggests that Section 1850.70(g) be modified as follows:

(g) The "face value dollar amount of California debtor accounts in the licensee's portfolio in the preceding year" means the total amount owed by all California debtors on all active California accounts, as of December 31 of the preceding year, before any fees or other charges are added by the licensee, regardless of when the accounts entered the portfolio. *For purposes of this section, an active account is one for which a licensee placed a telephone call, sent correspondence, furnished credit reporting data, or applied a payment in the preceding calendar year.*

1850.70(h): Number of California debtor accounts and number of California debtors in the licensee's portfolio as of December 31 of the preceding year

(h) In addition to the requirements of Financial Code section 100021, the report shall include the number of active California debtor accounts in the licensee's portfolio as of December 31 of the preceding year. If an account has more than one obligor, the account shall be counted as one California debtor account.

Thank you for the opportunity to provide these comments. Please contact Tom Griffin, CAC's legal counsel, with any questions you might have about the contents of this letter.