

July 3, 2024

Ms. Mary Tome  
Department of Financial Protection and Innovation  
2101 Arena Blvd.  
Sacramento, CA 95834

**SUBJECT: Comments on Proposed Rulemaking PRO 01-23**

**Sent via email:** [regulations@dfpi.ca.gov](mailto:regulations@dfpi.ca.gov)  
[mary.tome@dfpi.ca.gov](mailto:mary.tome@dfpi.ca.gov)

Dear Ms. Tome:

The California Chamber of Commerce (CalChamber) appreciates the opportunity to provide comments on Proposed Regulation PRO 01-23 (Proposed Regulations) regarding debt collection and annual reporting to the Department of Financial Protection and Innovation (DFPI). We are concerned that the Proposed Regulations include information that is not typically retained or is sensitive and kept confidential. Accordingly, we request that the Proposed Regulations be modified, as discussed in more detail below, to ensure that sensitive financial information is not made public.

We appreciate that DFPI has made changes to remove the reporting requirements related to the dollar amount debt collectors paid for California debtor accounts for which collection was attempted during the preceding calendar year and the disclosure of the number of California debtors in the licensee's portfolio at the close of the preceding calendar year. These changes are a step in the right direction for protecting sensitive business information from disclosure.

#### **Proposed Regulations Exceed the Statutory Requirements in Financial Code § 100021**

Financial Code section 100021 sets forth the annual reporting requirements for debt collectors operating in California. This includes a requirement that licensees report the total number of California debtor accounts purchased or collected on in the preceding year. (Fin. Code, § 100021(a)(1).) The Proposed Regulations go far beyond this and would require companies to disclose the number of California accounts (1) collected in full, (2) resolved for less than the full amount of debt, (3) where a balance remains due but payments were made, and (4) where collections were attempted but no payments were collected. DFPI has not explained why these details are needed or what use this information would have.

To be clear: debt collectors are regulated to ensure that they comply with the limits placed upon them by law in collecting debts. It is unclear what, if any, relevance the requested data has to such compliance.

#### **Information Requested is Confidential and Proprietary**

Moreover, the four categories listed above concern confidential and proprietary information, especially the category related to accounts that are resolved for less than the full balance. This information is sensitive information that companies, in particular publicly traded companies, do not want competitors or the general public to be privy to. It is unclear why this information would be pertinent or valuable to DFPI, so this should not outweigh companies' privacy concerns.

Together with the other information provided, such as the total dollar amount of accounts purchased and the face value dollar amount of accounts purchased, this information can expose a buyer's proprietary operation structure. It would essentially give competitors a roadmap to how much collection activity is conducted on California accounts and the discounts a collector is offering consumers to resolve those accounts. All of this is exactly the information that a competitor would be quite interested in. To use a simpler metaphor: this would be the equivalent of requiring a retailer to publicly post things like: the cost of the goods they purchase, their markups on the goods, their sales volumes, and their sale prices. This would

jeopardize competitive business operations without serving the DFPI's purpose of assessing compliance and protecting consumers.

**Annual Reports Should Not Be Shared Publicly**

If DFPI insists on collecting this sensitive data, it must be kept confidential and not available to the public. In particular, the above-listed four categories of information must be kept confidential in order to protect businesses from potential misuse by competitors. Accordingly, we ask that the DFPI ensure that annual reports and the information in them will not be shared publicly.

Thank you for considering our comments on the Proposed Regulations. Please contact me if you have any questions.

Sincerely,

Robert Moutrie  
Senior Policy Advocate  
California Chamber of Commerce