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February 6th, 2024

The Honorable Clothilde V. Hewlett  
Commissioner, Department of Financial Protection & Innovation  
2101 Arena Boulevard  
Sacramento, CA 95833

**RE: CAACC OPPOSITION - PRO 01-21**

Dear Commissioner Hewitt:

I trust this letter finds you well. On behalf of the California African American Chamber of Commerce, I am writing to express our ongoing concerns regarding PRO 01-21, and its potential implications for earned wage access (EWA) products. The revised regulations presented by the Department of Financial Protection and Innovation (DFPI) on January 17 have sparked reservations within our community.

Acknowledging the historical context underpinning the emergence of the EWA industry and other FinTech solutions is crucial. This sector has evolved to address a critical gap created by traditional banking institutions' historical denial of equitable access to capital for African Americans. Fintech, including EWA products, has gained prominence as a response to the inadequacies of too-big-to-fail banks in adequately capitalizing and providing access to the Black community, thus addressing the longstanding inequity in banking and financial services.

While we appreciate DFPI's commitment to monitoring and collecting data on the EWA market, there is a sense of ambiguity and confusion within the proposed PRO 01-21 revisions. Specifically, the classification of EWA as a loan under licensing laws and its exemption from licensure requirements poses a challenge for businesses and consumers across California.

EWA, especially employer-integrated EWA, is a valuable tool utilized by numerous employers and employees in our state. Businesses leverage EWA to attract talent, retain staff, and reduce worker absenteeism. At the same time, employees benefit from the convenience of accessing their earned wages when needed, preventing financial challenges like overdrafts and late bill payments.

Given the substantial impact of California's economy, state regulations need to provide clarity for businesses operating within our borders. Regrettably, the proposed rules confuse employers offering EWA and the broader EWA industry.

Understanding the complexity of classifying EWA as a loan, we kindly request further clarification from the Department. If reaching an agreement with stakeholders proves challenging, we respectfully ask for your consideration of a complete exemption from lending laws for EWA products. Such an exemption would address confusion concerns and enable California employers and employees to continue benefiting from EWA without unnecessary hindrance.

The California African American Chamber of Commerce sincerely appreciates your time and consideration.

Best regards,

Timothy Alan Simon, Esq.

Chairman of the Board of Directors