

Collector's Ink

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PRESIDENT'S MESSAGE | SHAWN SUHR

Never let a good crisis go to waste...



If someone had suggested to me the world as we knew it would change so rapidly and we would face the enormous challenges we have now, I would have thought them a fool. The thought of

allowing collectors to work from home would have made our skin crawl. Remote work was a generous fringe benefit for the most trusted of directors and VPs. Now, we find our footing, assemble our continuity plans, stretch our

"I WANT TO TAKE A MOMENT TO THANK ALL THE PEOPLE THAT FIGHT TO KEEP US GOING"

HR support, and let our IT people show off their creative solutions.

While the bulk of America embraced the pause button, sheltered at home with their Netflix and chilled, the ARM industry took severe heat at all levels. The global collection industry watched as the news media, city councilpersons, senators, and members of Congress, often overstepping their authority and shooting from the hip, threw fire at our doorsteps with their ill-conceived, uneducated blatant bias churning executive orders, bills, and memorandums. News outlets pushed articles to millions of consumers, persecuting our industry for targeting stimulus checks. Our industry quickly recalibrated and diplomatically pushed back many untruths and honorably educated the misguided while supporting those consumers seeking to clean up their credit report in preparation for the uncertain financial climate ahead.

I want to take a moment to thank all the people that fight to keep us going. Thank You, and keep up the Good Fight!

EXECUTIVE DIRECTOR'S REPORT

KIM ANDOSCA

CAC's leadership continues to evaluate whether the face-to-face conference can be a reality this year in the current pandemic environment. Please watch for updates over the next few weeks, but do keep us on the calendar! Even if we cannot meet in person, there will be virtual opportunities provided. Stay safe all!



The Association of Collection Professionals in California



LEGISLATIVE ADVOCATE UPDATE | CLIFF BERG

While the Legislature has been in recess since September, when the California Legislature reconvened in January to begin the second year of the two-year legislative session, there was little inkling of how the world and State of California would be impacted by the COVID-19 pandemic. The Governor released a new state budget for the 2020-21 fiscal year that projected an 8-10 billion-dollar surplus. CAC worked with Assemblyman Tim Grayson to secure passage of AB 699, our sponsored bill, to provide greater transparency and prevent abuse by the credit repair industry. We were successful in getting AB 699 approved in two Assembly policy committees, Assembly Appropriations, and the Assembly Floor. Legislators introduced thousands of bills as usual and we were planning a great lobby day at the Capitol.

Then in mid-March the world changed. The Governor issued his shelter at home order, business and public places closed. We cancelled lobby day, as did one group after another, a wise decision given that the world was shut down by the time it was planned. The State Capitol closed. The Legislature passed four emergency bills to fund COVID related to public health response and left for over two months. State revenues plummeted and the Department of Finance projected a potential state deficit of 40-50 billion dollars. The Governor issued an executive order every day responding to the crisis.

However, despite shelter at home, legislators and CAC continued to work on issues and bills that were already introduced without knowing for sure when the Legislature would return or what bills they would deal with. Both houses did come back in May, but the two months wiped out most of the normal time allocated for policy committee hearings. Therefore, they limited the issues and bills that would be considered. However, most issues impacting financial obligations remained and expanded in new COVID related ways. Many legislators and local governments in California saw the devastated economy and spiraling unemployment as a reason to consider new legal limitations on enforcing financial obligations. A series of bills introduced in Sacramento in May addressed concerns related to foreclosures, evictions, defaults, as a COVID side effect. CAC was forced to engage in a number of these debates at the same time as addressing other bills and budget issues already on the table.

I would highlight the following five priority issues that we have been working on:

1) CAC successfully led efforts to prevent enactment of legislation that would have prohibited the use of auto dialers without first obtaining the express consent of the consumer. AB 3007 (Chau) would have also repealed the current exemption in law that specifically permits the use of an auto dialer when there is an existing business relationship. The bill was held in the Assembly Appropriations Committee this month after passing policy committee. CAC was able to organize a coalition of business groups including the State Chamber of Commerce, Tech Net, Cal Bankers, and many others to oppose the bill.

2) AB 2501 (Limon), which would have created a statutory right of consumers not to pay auto loans, mortgages, and other financial obligations due to the current COVID-19 pandemic was defeated on the Assembly Floor last week. CAC joined a broad array of organizations including the Cal Bankers, Credit Unions, Financial Services Association, and Auto Dealers in opposing the bill. This was a response to the concerns members of the Legislature were hearing from constituents seeking relief from financial obligations in wake of the pandemic.

3) The Governor's proposal to expand the State Department of Business Oversight (DBO) into a mini FBSC has been put on hold in the Legislature. In January, the Governor proposed an expansion of DBO authority to oversee all financial service providers including the collection industry and asked the Legislature to approve a broad proposal as part of the State budget. The budget approved by the Legislature on Monday, June 15, did not include the Governor's proposal as many Legislators want such a broad expansion to be heard and considered in the normal legislative process through policy committees. The proposal is not dead, and we expect it to come back at some point either in the ongoing budget negotiations or in legislation later this summer. Meanwhile, we worked with Senator Wieckowski on his licensing bill (see below), which would at this point provide a much clearer path for appropriate government oversight.

4) SB 908 (Wieckowski) was approved by the Senate Appropriations Committee and heads to the Senate Floor for a vote this week. CAC has worked closely with the Senator and his staff and the Receivables Management Association to craft a bill that reflects best practices and is not overly burdensome. Many of our initial issues have been resolved and we are making progress on the remaining issues, although the bill is not finalized. We expect to continue working on outstanding issues over the next month.

5) AB 699 (Grayson), sponsored by CAC, seeks to strengthen California regulation of the credit repair industry, and provide greater transparency for consumers. This bill was approved by the Assembly earlier this year. Assemblyman Grayson is working on language to address issues raised in the Assembly Privacy Committee hearing and we are hoping the bill will be heard in the Senate in late July. The COVID-19 pandemic has greatly reduced the number and type of bills considered this year so there is a question as to whether the Senate will be hearing very many bills unrelated to the COVID crisis. CAC and Assemblymember Grayson are currently working on getting a hearing and moving forward.

The legislative process in California was substantially impacted by the pandemic. Both houses of the Legislature will be going on their summer recess several weeks earlier, the Assembly left last week, and the Senate will shortly follow. They return July 13 and will work through the end of August. Many new bills continue to appear due to COVID related issues and these may still impact our industry.



GENERAL COUNSEL | TOM GRIFFIN

Some might think that with California placed on hold in many ways, the legislative agenda would have slowed down. The opposite is true. The 2020 legislative year has been remarkably busy. CAC's legislative team (Cindy Yaklin and Cliff Berg) in consultation with the Board of Governors, has addressed the following legislative matters this year:

- AB 699 (Grayson). Sponsored by CAC, this bill seeks to strengthen California regulation of the credit repair industry and provide greater transparency for consumers. This bill was approved by the Assembly earlier this year and CAC remains hopeful that this bill will be heard in the Senate in late July. The COVID-19 pandemic has greatly reduced the number and type of bills considered this year so there is a question as to whether the Senate will be hearing very many bills unrelated to the COVID-19 crisis, but CAC and Assemblymember Grayson are currently working on setting a hearing and moving the bill forward.
- SB 908 (Wieckowski). This bill is aimed at instituting a licensing requirement for collection agencies and debt buyers. This bill was approved by the Senate Appropriations Committee and is headed to the Senate Floor. CAC has worked closely with Senator Wieckowski, his staff, and the Receivables Management Association to craft a bill that reflects best practices and is not overly burdensome. Many of CAC's initial issues have been resolved and we are making progress on the remaining issues, although the bill is not finalized.
- California Mini CFPB. As part of his budget proposal, the Governor proposed to reorganize and expand the Department of Business Oversight (DBO) into a California version of the Consumer Financial Protection Bureau. The newly reorganized department, which would be called the Department of Financial Protection and Innovation (DFPI), would oversee all financial service providers including the collection industry. The DFPI would develop new regulations for the industry. CAC has opposed the creation of the DFPI. The Legislature is not pleased that such a substantial reorganization of a critical regulatory department has been offered through a budget proposal, rather than through the normal legislative process (with review by policy committees). On June 15, the Legislature agreed upon a budget (which has been sent to the Governor) and the Legislature's version of the budget did not include Governor's proposal to create the DFPI. With the budget negotiations

ongoing, the Governor's proposal for the DFPI could resurface at any time. There is a possibility that both SB 908 and the Governor's proposed restructuring of DBO could pass. If that occurs, CAC will push to have the licensing bill (assuming the remaining issues with the bill are resolved satisfactorily) become the new licensing structure within the new DFPI.

- AB 3007 (Chau). This bill sought effectively to end the use of auto dialers unless collection agencies (and others) reacquired the express consent of each consumer called. Also, this bill also sought to eliminate the ability to use an auto dialer based on an existing business relationship between the consumer and the collection agency (or the original creditor). CAC and representatives of a broad coalition had numerous meetings (most of them by Zoom) and conference calls with legislators or their key staff members to voice the concerns of the collection industry and California businesses. CAC drafted its own opposition letter to AB 3007 and joined the opposition letters of others in the coalition. In the end, facing significant opposition, Assemblymember Chua withdrew the bill.
- AB 2501 (Limon). This bill would have created a statutory right of consumers, upon a simple request and without any supporting documentation, not to pay auto loans, mortgages, and other financial obligations due to the COVID-19 pandemic. The forbearance period would have been for 90 days or 180 days (depending on the type of debt), could be extended and may continue for as long as one year. CAC joined a wide array of coalition partners in opposing this bill. AB 2501 was defeated on the Assembly floor. This bill could be reconsidered by the Assembly. CAC is still tracking this bill.
- City of Los Angeles. The LA City Council passed a motion to ask the mayor to add collection agencies to the non-essential services list. That action would have effectively shut down collection activity within the City of Los Angeles. CAC retained a lobbyist in Los Angeles and the legislative team worked closely with him to engage the councilmember that proposed the motion along with the mayor's office and the city attorney's office. Although the council passed the motion, the mayor has not acted on it and it appears as though no action will be taken on the motion.

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