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CLICC Member Organizations

Bet Tzedek Legal Services (LA)

Centro Legal de La Raza

Community Legal Services of
East Palo Alto

East Bay Community Law Center

Elder Law & Advocacy (San Diego)

The Justice & Diversity Center (SF)

Legal Aid of Marin

Legal Aid Society of San Bernardino

Public Counsel (LA)

Public Law Center of Orange County

Riverside Legal Aid

Santa Clara University,
Alexander Community Law Center

UC Irvine Consumer Law Clinic

Watsonville Law Center

September 2, 2020

The Honorable Gavin Newsom, Governor
California State Capitol
Sacramento, CA 95814

RE: SB 908 (Wieckowski) – REQUEST FOR SIGNATURE

Dear Governor Newsom:

The California Low-Income Consumer Coalition respectfully requests your signature on Senate Bill 908, which will require debt collectors to be licensed by the state of California.

CLICC is a statewide coalition of legal aid providers that strives to ensure that all people, regardless of their income or background, have opportunities under the law to achieve their full potential. We seek to ensure that all consumers in California have their voices heard, and their needs recognized, by the Legislature.

This oversight and enforcement authority is long overdue and badly needed. While California has had laws on the books requiring fair debt collection practices since 1977, our laws do little to stem the bad behavior they prohibit. This is because the only remedy for unfair and deceptive conduct is for the consumer to sue the debt collector. In other words, a consumer who has been harassed, threatened, misled, ripped off, or wrongfully accused of owing a debt must seek to enforce the law herself.

Most consumers do not have the means to vindicate their rights under the law. Even for the few who are aware of their rights and seek the help of a lawyer, it isn't worth the time, cost and mental stress to bring a lawsuit. That is true even a collection agency violated the law by trying to collect from the wrong person, attempting to collect on a debt already paid, inflating the amount of money owed, or misrepresenting why it was repeatedly calling.

Because the state has no oversight or licensing requirements, the industry can largely behave as it wishes. California has no idea how many debt collectors operate within the state, the sheer volume of debt they are collecting from Californians, or what qualifications these companies are requiring of their employees who manage millions of accounts and thus impact the lives of millions of Californians.

SB 908 will add California to the list of 35 states that require a license in order to collect on consumer debt. The Department of Business Oversight – or, now, the Department of Financial Protection and Innovation – will license and regulate the industry. The Department will field complaints from borrowers, enforce violations of our fair debt collection laws, and provide the public with a single location to determine which companies are licensed and which have had actions like suspension or revocation taken against them.

In light of the debt collection industry's annual status as the most complained-about industry in the nation, SB 908 was already a sorely-needed bill. The COVID-19 pandemic has only exacerbated the need. Americans held more than \$13 trillion in consumer debt even before the pandemic and wages were not keeping up with the cost of living. As unemployment soars, families are being forced to make agonizing decisions, which will undoubtedly include burdening themselves with more debt. Debt collectors have the power to affect people's wages, bank accounts, credit scores, and personal property. We need SB 908 now more than ever, not only to license those who follow the law, but also to deter, restrain, and if necessary penalize the bad actors who will undoubtedly see the looming deep recession as an opportunity to prey on the desperate and vulnerable.

Finally, as noted, SB 908 dovetails with AB 1864 and the effort to expand the authority and resources of the current Department of Business Oversight. Debt collectors are the most obvious and numerous financial service providers presently exempt from oversight by the Department. The enactment of this bill along with AB 1864 will represent a significant step forward in providing protection for consumers and a level playing field for businesses that play by the rules.

SB 908 will save Californians both dollars and anguish. CLICC is proud to support the bill, and respectfully asks for your signature. If you have any questions about our position, please contact me at ted.mermin@lowincomeconsumers.org or Dani Kando-Kaiser at dani@corbinandkaiser.com.

Sincerely,



Ted Mermin, Director
California Low-Income Consumer Coalition

cc: The Honorable Bob Wieckowski