

# Collector's Ink

PUBLISHED BY THE CALIFORNIA ASSOCIATION OF COLLECTORS | SUMMER 2022

## AMENDED CALIFORNIA BILL PROTECTING CONSUMERS FROM PREDATORY CREDIT REPAIR SERVICES ADVANCES IN STATE SENATE

**A**fter a lengthy hearing in June, an amended California bill focused on improving credit repair service regulation advanced out of the state Senate Judiciary Committee to the state Senate Appropriations Committee.

The legislation would increase enforcement of the Credit Services Act of 1984.

The California Association of Collectors Inc. (CAC) is supporting this bill, A.B. 2424, because it would provide transparency to the processes between credit services organizations (CSOs), debt collectors and consumers. It would also strengthen California's regulation and oversight of credit repair organizations.

Cindy Yaklin, immediate past president and legislative chair of the CAC testified on the bill before the Senate Judiciary Committee. The amended bill passed out of the committee 9-1.

Among the bill's new requirements are a monthly detailed statement for the consumer, restrictions on contacting a debt collector without authorization, making letters available to the consumer, providing collection agencies sufficient information to investigate a dispute or inquiry, and providing details of services to the consumer prior to contract.

Opponents to the bill asked for the amendments at the end of June and they were negotiated through the weekend. After the negotiations, they removed their opposition during the Judiciary Committee hearing.

A.B. 2424 will next go to the Senate Appropriations Committee for consideration.

### CAC SUPPORT

CAC argues that this bill is needed because member companies receive "robo letters, sent purportedly from the consumer and without disclosing the identity of the real sender."



Under federal law, upon receiving disputes from consumers, debt collectors are required to conduct a reasonable investigation, report results to the consumer within 30 days, and provide specified notices to consumer reporting agencies.

Central to CAC's position is the contention that if letters sent on behalf of the consumer do not identify that the correspondence is coming from a credit repair company, debt collectors incur costs that negatively affect the debt collector's profitability. Accordingly, among other things, this bill seeks to enact several provisions aimed at reducing the resources debt collectors must dedicate to addressing "robo letters" and other business practices of credit repair companies.

Read more on the bill's advancement in California [here](#). 

## Message From the President

# SUMMER IS ALREADY HERE!

By Chris Schumacher



I can't believe we are halfway through 2022! The time has gone by so fast and I don't see it slowing down with all the challenges and changes in our industry. California's Department of Financial Protection and Innovation (DFPI) required licensing at the

beginning of the year. The DFPI continues to process applications and the issuance of licenses continues to be delayed.

The deadline, which was originally set for Dec. 31, 2021, had already been extended to March 15, 2022. However, the Federal Bureau of Investigation has told the DFPI that it still needs to update certain protocols for requesting federal background checks. The good news is that debt collectors can largely continue with business as usual and the DFPI will not take action on any unlicensed activity for applicants who filed after Dec. 31.

We hope you were able to join our Virtual Legislative Day on June 6. For those who missed it, we presented State Assemblymember Blanca Rubio

with the Legislator of the Year Award. Rep. Rubio has been instrumental in weaving A.B. 2424 through the state's legislative cogs. A.B. 2424 will crucially update and modernize the Credit Services Act of 1984 to strengthen rules governing transparency and disclosure of services for credit services organizations.

Also attending the Legislative Day were State Sens. Anthony Portantino, Nancy Skinner, John Laird and Tom Umberg, as well as Assemblymember Timothy Grayson. The focus of our meeting was to introduce ourselves and tell them our stories. The more we engage and connect with our state lawmakers, the better informed they become of our industry.

A special thanks to Kelly Parsons-O'Brien, Cindy Yaklin, Tom Griffin, Cliff Berg, Bob Keith, Tammy Schoenberg and Kelsey Voorhees for putting on a great virtual event.

Mark your calendars for the upcoming CAC Annual Conference on Oct. 10-11, 2022, at the Omni Rancho Las Palmas Resort & Spa in Rancho Mirage. This conference will be full of educational breakouts and time to network with member vendors. I hope to see you all there! [CI](#)

## CALIFORNIA DFPI SEEKS COMMENTS ON DEBT COLLECTION LICENSING

The California Department of Financial Protection and Innovation (DFPI) is seeking comments on new draft text of the Debt Collection Licensing Act (DCLA) that took effect in January this year.

The draft text is related to the scope, annual report, and document retention requirements of the DCLA.

The DCLA requires any person engaging in the business of debt collection in California to be licensed annually by the DFPI.

In the draft text, the DFPI expands on the scope of the licensing requirement for employees of debt collectors and criteria that would qualify

original creditors as engaging in the business of debt collection.

The DFPI also outlines annual report and document retention requirements for licensees.

Comments, including feedback describing the potential financial impact of the draft regulations, are due by Monday, Aug. 22.

Comments may be submitted electronically to [regulations@dfpi.ca.gov](mailto:regulations@dfpi.ca.gov). Include "PRO 05-21" in the subject line.

The California Debt Collection Advisory Committee, established under the DCLA and including several members of ACA International, will meet again on July 27. [CI](#)



Join us for the  
**CAC 2022**  
**Annual**  
**Conference**

**October 10-11, 2022**

Omni Rancho Las Palmas Resort & Spa  
Rancho Mirage, California

Register for the conference & book your hotel room:  
[www.acainternational.org/events/cac-conference-2022](http://www.acainternational.org/events/cac-conference-2022)

*Note: The room rate cut-off is Sept. 16, 2022.  
Space is limited so book now!*



## Executive Director's Report

# DON'T FORGET: THE CAC PAC NEEDS YOU

By Tammy Schoenberg

The California Association of Collectors continues to focus on building our Political Action Committee fund for 2022. Our PAC is growing and important—thanks to our valuable members!

**As you read the updates from your CAC leadership, please consider adding your additional support to the imperative CAC PAC fund.**

A pledge of \$500 will go a long way to win decisively for our industry. Here's where the money will go:

- **First priority:** The legislature is in a major state of change. Members are leaving and new members have been elected—a record number in California. Before California passed term limits, that was not the case. A small interest group like CAC must move quickly to educate new members on our industry and defuse long-held incorrect impressions of the collection industry.
- **Second priority:** A small group like ours needs to have the leadership of both Houses know us and our issues. We do not have the capacity to be a major player with the legislators, so we are left to be known by those legislators who can influence others to help us. This means the leadership of both Houses as well as committee chairs and vice chairs.

**These are real, tangible benefits that will help each and every collection agency in California!**

By providing just \$500 to CAC's PAC fund, you will become an integral part of the history-making team that continues to protect the California collection industry.

The CAC PAC fund needs your support to help elect legislators who favor creating a pro-business environment in California; an environment that allows businesses like yours to grow and prosper. We are asking you and all of your colleagues in the industry to write a check for \$500 (or any amount you can provide) to the CAC PAC fund. You know where the money will go and what it will do. Now, it's up to you.

Contributions in any amount may also be made by credit card by clicking [here](#).

Thank you for your generous help!

Tammy Schoenberg



# LEGISLATIVE ADVOCATE UPDATE

## A RECAP: JUNE PRIMARY RESULTS

By Cliff Berg

The California Association of Collectors faces substantial challenges this year in the state legislature. Those challenges are a direct result of the composition of the legislature, with Democrats in both the House and Senate holding super majorities. Democrats control the California State Senate 31 to 9 and the State Assembly 60 to 19.

Super majorities mean the Democratic leadership stacks committees with super-progressive majorities and bills go to the judiciary branch and then straight to the floor. A bill in the Assembly passes with 41 votes with 60 or 61 Democrats stopping a bill, which means pulling 20 Democrats—a nearly impossible task. This year, the CAC is opposing a number of bad bills and we have support from much of the business community in large coalitions; however, the task is daunting.

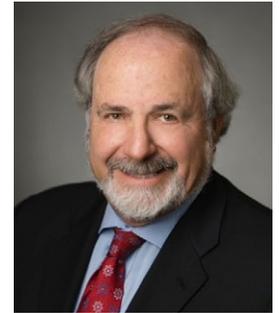
You can help change that situation by supporting your CAC political action committee (PAC) and working to establish relationships with your local legislator in your community. 2022 is an election year in California and we need to change the dynamic in Sacramento. That only happens if the business community steps up and engages.

June 7 was the primary and this November, we will see the general election. Due to the fact that California has a top-two primary, the June election created some interesting results and opportunities where two Democrats will be running against each other in November—one more of a moderate and the other a progressive. These are opportunities to support moderate Democrats in blue districts, but we need your help to impact the outcome.

A rundown of the June results include:

- The surprise of the night came in Senate District 4, where the top two runoff spots will likely be between two Democrats in what is a safe Republican seat.
- Currently the Democrats have a Senate super majority of 31 and will be picking up at least one

- seat in Senate District 4.
- There will be five competitive races, with three slightly favoring Republicans while the other two favor Democrats.
- There will also be two Senate Democrat v. Democrat races that will pit business and labor against each other and impact the moderate/progressive makeup of the Senate Democratic caucus.
- In the Assembly, it looks like there will be between seven to nine competitive Republican v. Democrat races where Democrats currently hold a 61-member supermajority. There are three Republican incumbents and two Democrat incumbents within those competitive races.
- There are also four Democrat v. Democrat races that could see outside spending from business and labor interests.



### ASSEMBLY HIGHLIGHTS

Assembly Special Elections: For the two special elections, there were two separate votes. The first vote is the special election runoff to determine who will serve out the remainder of the term. The second vote is for the primary election to determine who advances to the November general election.

- (Old) Assembly District 62 / (New) 61: Labor-backed Tina McKinnor (D) is currently up 1,517 votes on Robert Pullen-Miles (D) in the special election runoff. Pullen-Miles, who was primarily backed by business, is up 3,893 votes on McKinnor in the primary vote. McKinnor will have the advantage in November as she will be sworn in for the remainder of this term and will be the short-term incumbent.

*Continued on page 6*

## A Recap: June Primary Results - Cont'd from page 5

- Assembly District 80: Business-backed David Alvarez (D) is up 4,166 votes on labor-backed Georgette Gomez (D) in the special election runoff. Gomez is up 3,747 votes on Alvarez in the primary vote. Alvarez will have the advantage in November as the short-term incumbent.

### OTHER ASSEMBLY NOTES

- Despite heavy spending (\$1M) from housing interests, progressive incumbent Alex Lee (D) prevailed in Assembly District 24.
- Republican target Suzette Valladares in Assembly District 40 will face off against progressive candidate Pilar Shiavo (D), who prevailed over the more moderate Democrat, Annie Cho.
- Assemblymembers Tom Lackey (R) and Thurston Smith (R), who were drawn into the same district (Assembly District 34), are separated by 1,703 votes with Smith in the lead. The Democrat candidate is 3,455 votes behind Smith.
- Assemblymembers Marie Waldron (R) and Randy Voepel (R), who were also drawn into the same district (Assembly District 75), will face off in November. Waldron is up about 27% in the primary vote.
- In the hotly contested Assembly District 10, the top two is too close to call as Stephanie Nguyen (D) leads with a 1,381-vote lead over Eric Guerra (D). Guerra has a 1,165 vote margin over the only Republican candidate, Eric Rigard. If Rigard prevails over Guerra, then Nguyen will take the safe Democratic seat in November.
- Assemblymember Kevin McCarty survived a challenge from Democrat Josh Pane and will face off against a Republican in November in his safe Democratic seat.

### ASSEMBLY DEMOCRAT V. DEMOCRAT RACES FOR NOVEMBER

- **AD 12:** Sara Aminzadeh (D) v. Damon Connolly (D)—over the open Marc Levine seat (+45% Democrat).
- **AD 20:** Liz Ortega (D) v. Shawn Kumagai (D)—Kumagai holds 1,616 vote lead over the only Republican candidate.
- **AD 35:** Jasmeet Bains (D) v. Leticia Perez (D)—Perez is up 7% in the primary.
- **AD 69:** Josh Lowenthal (D) v. Al Austin (D)—Lowenthal is up 19% in the primary.

### ASSEMBLY REPUBLICAN V. DEMOCRAT RACES FOR NOVEMBER

- **AD 5:** Joe Patterson (R) v. Rebecca Chenoweth (D)—This race leans towards a Republican/Safe Republican district although Chenoweth currently leads by 3%.
- **AD 7:** \*Ken Cooley (D) v. Josh Hoover (R)—This race leans Democrat/toss up with a +5% Democratic registration advantage.
- **AD 22:** Juan Alanis (R) v. Jessica Self (D)—This race is a toss up with a +7% Democratic registration advantage, but Central Valley seat.
- **AD 27:** Esmeralda Soria (D) v. Mark Pazin (R)—This race leans Democrat/toss up with a +15% Democratic advantage.
- **AD 33:** \*Devon Mathis (R) v. Jose Sigala (D)—This race leans Republican with a +0.7% Republican registration advantage. Sigala was a labor candidate.
- **AD 40:** \*Suzette Valladares (R) v. Pilar Schiavo (D)—This is leaning toward a toss up with a +13%

*Continued on page 7*



## A Recap: June Primary Results - Cont'd from page 6

Democratic registration advantage. Schiavo was the progressive Democrat running.

- **AD 47:** Christy Holstege (D) v. Greg Wallis (R)—This is leaning toward a toss up with a +5.82% Democratic registration advantage.
- **AD 70:** Diedre Nguyen (D) v. Tri Ta (R)—This is leaning toward a toss up with a +3.98% Democratic registration advantage.
- **AD 72:** Diane Dixon (R) v. Judie Mancuso (D)—This is leaning toward a safe Republican district with a +6.15% Republican registration advantage.
- **AD 74:** \*Laurie Davies (R) v. Chris Duncan (D) —This is leaning toward a toss up with a +0.24% Democratic registration advantage.
- **AD 76:** \*Brian Maienschein (D) v. Kristie Bruce-Lane (R)— This is leaning toward a Democrat/safe Democrat seat with a +6.38% Democratic registration advantage.  
\* = incumbent

## SENATE HIGHLIGHTS

Huge surprise in Senate District 4: Republicans split the vote enough to where the top two runoff spots are likely to be between two Democrats in what is a safe Republican seat. Top GOP vote getter, George Radanovich, is currently 2,692 votes short of the top two with 12 precincts left to report.

### Senate Republican v. Democrat Senate Races:

- **SD 6:** Paula Villescaz (D) v. Roger Neillo (R)—This race leans Republican with a +0.53% Republican registration advantage.
- **SD 16:** \*Melissa Hurtado (D)\* v. David Shepard (R)—This race leans Democrat/toss up with a +13.1% Democratic registration advantage.
- **SD 36:** Janet Nguyen (R) v. Kim Carr (D)—This race leans Republican with a +1.96% Republican registration advantage.
- **SD 38:** Matt Gunderson (R) v. Catherine Blakespear (D)—This race leans Democrat with a +5.58% Democratic registration advantage.
- **SD 40:** \*Brian Jones (R)\* v. Joseph .Rocha (D)—This race leans Republican with a +0.21% Democratic registration advantage.

## SENATE DEMOCRAT V. DEMOCRAT RACES:

- **SD 8:** Angelique Ashby (D) v. Dave Jones (D) for Richard Pan's seat.
- **SD 10:** Lily Mei (D) v. Aisha Wahab (D) for Bob Wieckowski's seat.

\* = incumbent

- **SD 28:** Lola Smallwood-Cuevas (D) v. Cheryl Turner (D) for Sydney Kamlager's seat.

## NEW MEMBERS:

- **AD 21:** Diane Papan (D) for Kevin Mullin's seat, prevailed over the more progressive candidate Giselle Hale.
- **AD 28:** Gail Pellerin (D) for Mark Stone's seat.
- **AD 30:** Dawn Addis (D) for Jordan Cunningham's seat.
- **AD 37:** Gregg Hart (D) for a new seat.
- **AD 39:** Juan Carillo (D) for a new seat. Carillo prevailed over labor-backed Rosenthal in an expensive primary race.
- **AD 51:** Rick Zbur (D) for Richard's Bloom seat.
- **AD 60:** Corey Jackson (D) for Jose Medina's seat.
- **AD 63:** Bill Essayli (R) for Kelly Seyarto's seat.
- **AD 64:** Blanca Pacheco (D) for Cristina Garcia's seat. Pacheco prevailed over the more progressive candidate Elizabeth Alcantar.
- **AD 68:** Avelino Valencia (D) for Tom Daly's seat. Valencia prevailed over the more progressive Latino candidate Bulmaro Vicente.
- **AD 72:** Diane Dixon (R). Seat is open after Asm. Petrie Norris moved to run against Asm. Choi.
- **SD 4:** Alvarado-Gil (D) or Robertson (D)—runoff in a safe Republican seat.
- **SD 18:** Steve Padilla (D) for Ben Hueso's seat.
- **SD 20:** Daniel Hertzberg (D) for Bob Hertzberg's seat.

## STATEWIDE RACES:

- Gov. Gavin Newsom (D) will face Brian Dahle (R).
- **State Controller race:** Lanhee Chen (R) was the top vote getter with Board of Education member Malia Cohen (D) securing the second spot over a crowded Democrat field.
- **Insurance Commissioner:** Incumbent Insurance Commissioner Ricardo Lara has secured the top spot in the primary election. Republican Robert Howell currently leads Democrat Asm. Marc Levine by only approximately 1,472 votes respectively.
- **Attorney General:** Rob Bonta, appointed attorney general by Gov. Gavin Newsom, will face off against Nathan Hochman (R) as No Party Preference candidate and Sacramento District Attorney Anne Marie Schubert was not able to break through.

There are many opportunities here to elect a more business-friendly legislature. [CI](#)



## A STORY TO TELL AT CALIFORNIA LEGISLATIVE DAY

**M**embers of the California Association of Collectors Inc. recently met with several key players in the California legislature for the state unit's annual legislative day.

The goal of the event was to help educate legislators about the accounts receivable management (ARM) industry and how their votes can impact businesses.

It is vital for ACA International and CAC members to have an impact on the narrative being told at the capitol, which the CAC did during the legislative day by focusing on members sharing their stories about their work in the ARM industry and helping consumers.

"We wanted to focus on who we are as members and community businesses as much as, if not more than, legislation we've been tracking this year," said Kelly Parsons-O'Brien, secretary for the CAC and president of Pacific Credit Services.

Highlights from the CAC legislative day include:

- The group issued its Legislator of the Year Award to California Assembly Member

Blanca Rubio. Rubio is the author of [A.B. 2424](#), the amended Credit Services Act of 1984 currently making its way through the legislature. The bill would update the 1984 legislation to address modern technology and how consumers do business in 2022. "Our goal is to add continued consumer protection for California consumers," Parsons-O'Brien said.

- The CAC is also tracking legislation on a wage garnishment bill, [S.B. 1477](#), for any consumer that earns less than \$80,000 a year; and [S.B. 1200](#), which only allows renewal of judgments when creditor has a lien, and reduces interest to the prime rate. The bill's author, State Sen. Nancy Skinner, met with members about the proposal and the impact it would have.
- Members working with judgment collections can reach out to Parsons-O'Brien at [kelly@pacificcreditservices.com](mailto:kelly@pacificcreditservices.com) about the impact of the bill and if they are interested in advocacy. **CI**

# LICENSING UPDATE: CALIFORNIA LAUNCHES SEARCH PORTAL FOR DEBT COLLECTION LICENSE APPLICANTS



California's Department of Financial Protection and Innovation (DFPI) recently launched an [online portal](#) for consumers and debt collection license applicants to search for their operation status while their application is being reviewed by the state.

The Debt Collection Licensing Act, which took effect Jan. 1, 2022, requires any person engaging in the business of debt collection in California to be licensed annually by the DFPI.

The DFPI is expecting to license thousands of entities over the next two years. To avoid missing important updates, interested parties are encouraged to check the DFPI website periodically and subscribe to the DFPI's [email subscription service](#).

Meanwhile, the new online portal has two options to look up your application or for consumers to search for a debt collector's license.

Some licensing applicants, under the Debt Collection Licensing Act, are allowed to do business while they are waiting for the DFPI's decision on their license.

The DFPI also told ACA's licensing department that in the event applicants used a trade name or "doing business as" name on their licensing application and it isn't displayed on the online portal, they can still search the portal using their company name.

## How Did We Get Here?

The first license applications were due Dec. 31, 2021, to operate in California. Before the end of 2021, the DFPI received approximately 600 applications, which allowed companies to operate while the approval process played out.

Melinda Lee, deputy commissioner, debt collector licensing with the DFPI, said last year the department expected the approval process to continue through 2022 and possibly 2023.

ACA's licensing team has resources to help members navigate the licensing process.

For more information on how to contact the licensing team at [licensing@acainternational.org](mailto:licensing@acainternational.org) or call (952) 926-6547 or visit the [website](#). 

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