

Collector's Ink

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President's Message

NEW OPPORTUNITIES

By Chris Schumacher



Welcome to 2023! It's a new year with new opportunities, including the opportunity to collectively offer our input on proposed rules impacting our industry and push the needle in favor of small collection agencies. Our collective efforts are needed to

educate legislators on our industry. Given that over half of our 120 agencies have fewer than 10 employees, and only about 10% exceed 50 staff members, it's clear that new rules will significantly impact our ability to do business in California.

The California Department of Financial Protection and Innovation's (DFPI) Notice of Modification to Proposed Rulemaking under the California Consumer Financial Protection Law (CCFPL): Consumer Complaints and Inquiries (PRO 03-21), has created conflicts with long-established requirements for

handling consumer complaints set forth by the Consumer Financial Protection Bureau. Many of the proposed rules will result in undue burdens on collection agencies that already must comply with a multitude of state and federal requirements and add unnecessary costs to an already expensive business environment in California.

As an example, rather than the requirement under the proposed rules where small collection agencies must internally track, log and respond to complaints through a process that differs significantly from the one already established by the CFPB, the DFPI should instead manage a complaint portal that receives consumers' complaints directly and remove these requirements from the agencies. This would allow the DFPI to efficiently and easily access complaint data and reduce a burdensome process for smaller collection agencies.

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Executive Director's Report

MARK YOUR CALENDARS FOR THE 2023 LEGISLATIVE DAY

By Tammy Schoenberg

CAC's 2023 Legislative Day will take place April 25-26, 2023, at the Hyatt Regency Sacramento. We will be in person for the first time since the pandemic! Registration information will be sent out soon.

Speaking of legislative items, don't forget that the CAC PAC needs you!

The California Association of Collectors continues to focus on building our Political Action Committee fund for 2023. 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. Before California passed term limits, that was not the case. A small interest group like CAC must move quickly to educate new members about 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

WHAT'S AHEAD

By Cliff Berg

The California legislature is back in session. It commenced the 23-24 two-year legislative session on Dec. 5, 2022, when members were sworn in after the November election but quickly recessed for the holidays and returned to begin work in earnest on Jan. 4, 2023. Members could introduce bills up to Feb. 17. As of this writing, between 1,500 to 2,000 bills were introduced by the deadline.

I have seen a number of emails raising questions regarding past legislation. One of the topics was the State Privacy Law. California's State Privacy Law was originally passed in 2018 and became effective in 2020. Known as the California Consumer Privacy Act (CCPA), the CCPA is a comprehensive privacy law intended to enhance California residents' privacy rights and protections. The act required covered businesses to follow strict privacy requirements regarding personal information they collect. The first key word is "covered businesses," and the act was intended to exempt small businesses. The act applies to businesses who operate in California and either have at least \$25 million of annual gross revenue, buy, sell, share or receive personal information of a threshold number of Californians, or received over half of their revenue from the sale of personal data.

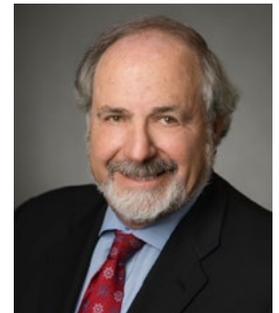
The original act was amended by Proposition 24 in the 2020 election, which expanded and built upon it. A number of provisions took effect on Jan. 1, including an exemption for employment-related information that expired. The State Chamber of Commerce led efforts last year to extend the exemption for the business community, but the effort was blocked by organized labor. The exemption dictated that various privacy rights in the act were intended to protect consumers, not employees. That is no longer the case.

The State Chamber of Commerce has made available a white paper, "[California Privacy Rights Act: What Employers Need to Know](#)," which you can download from their website under HR CA.

We do expect negotiations this year between the business community and organized labor over an extension of the act and related issues on the labor agenda relating to their concerns about employer surveillance of employees.

The legislature, elected in November, will consider this and a significant number of other privacy, labor and workers' rights issues. The clear theme of this legislature is the number of new members elected. This legislature has 30 new members out of 120, with roughly one-third of the legislators being freshmen or women. Democrats slightly increased their numbers in both Houses, and they already had supermajorities. The State Senate now has 32 Democrats and eight Republicans, and the State Assembly has 62 Democrats and 18 Republicans.

However, moderate Democrats won some key races, strengthening their numbers. We have worked closely with the moderate Democratic Caucuses in both Houses, who often can have a major impact on improving legislation authored by their progressive colleagues.



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It is imperative that we, as an organization, speak up and address how the DFPI's proposed rules will significantly complicate compliance. Our members need to stay involved and actively lobby our legislators. We all need to explain how our industry actually operates so legislators truly understand how the proposed rules will affect the business environment, not just for us but for the consumers as well.

We urge all of our members to attend this year's Sacramento Legislative Day and Convention, Tuesday and Wednesday, April 25-26. This convention offers an

invaluable opportunity to discuss proposed legislation and interact with legislators, voice our concerns, and properly explain how their actions have a real-time effect on not just our industry but the California business environment as a whole.

Additionally, mark your calendars for the CAC Annual Conference scheduled Oct. 9-10 in Long Beach, California. We hope to see you there! [CI](#)

MARK YOUR CALENDAR!

CAC Legislative Day

April 25-26, 2023

Hyatt Regency Sacramento

[Register Now!](#)

CAC Annual Conference

Oct. 9-10, 2023

Westin Long Beach

More information coming soon!

[Submit a proposal to speak at the 2023 CAC Annual Conference!](#)



What's Ahead - Cont'd from page 4

Some interesting election outcomes:

- Republican Josh Hoover defeated incumbent Ken Cooley in Sacramento by a handful of votes.
- Democratic State Senator Melissa Hurtado defeated Republican challenger David Shephard in Bakersfield by 12 votes.
- Moderate Democrat Angelique Ashby won a Sacramento State Senate seat.
- Democrat Caroline Menjivar defeated fellow Democrat Daniel Hertzberg, the son of State Senator Bob Hertzberg who was termed out.
- Democrat Stephanie Nguyen beat fellow Democrat Eric Guerra in Sacramento.
- Republican Tom Lackey beat fellow Republican

Thurston Smitty Smith in the High Desert.

- Republican Marie Waldron defeated fellow Republican Randy Voepel in Orange County.
- Republican Greg Wallis squeaked out a narrow win over Democrat Christy Holstege in Palm Springs, replacing former Assemblymember Chad Mayes.

With the number of new members, it is exceedingly important for CAC members to reach out to their legislators in the district and get to know them. It will also be extremely helpful for you to participate in the CAC Lobby Day, April 25-26, 2023. [CI](#)

The CAC Educational Scholarship Foundation is accepting applications [online](#) through June 30, 2023!

To qualify, student applicants must submit an original essay addressing *The Importance of Establishing and Maintaining Good Financial Credit During Your College Years*, and must also meet the following criteria:

- Be a current high school junior or senior enrolled in a California high school
- Plan on attending an accredited public or private college, university, or trade school within 12 months of graduation

For details on eligibility requirements and to access the application, please visit the [CAC website](#). All applications must be submitted online no later than June 30, 2023.

Please share this scholarship opportunity with your family, friends, colleagues, and within your community!

Interested in becoming a scholarship essay reader? We are looking for essay readers to help narrow down the finalists. If you would like more information on the timeline and responsibilities, please email scholarship@calcollectors.net.

Contribute to CACESF and help a student achieve their college dreams! Because financial literacy is also a foundation of the banking and finance industry, we hope you will join us in helping the youth of California have the opportunity to research, learn, and share the importance of good financial credit by donating to this program. No amount is too small, and every dollar raised will help fund the college education of a promising young student. Donations to the CACESF can be made [here](#).



ACA HUDDLE RECORDING AVAILABLE: CALIFORNIA LEGISLATIVE UPDATE

On the Nov. 23 ACA Huddle®, the California Association of Collectors legislative team—Tom Griffin, attorney at Hefner Stark & Morris LLP, Kelly Parsons-O'Brien, president of Pacific Credit Services, and Cindy Yaklin, president of States Recovery Systems Inc.—reviewed several new laws that will impact judgment collections against California consumers and may prompt a change to your current collection process.

The speakers discussed the provisions of SB 1200, SB 1477 and SB 975, including highlights from when they were introduced, what happened during the negotiation process, and where they ended up.

[This article](#) contains a link to the Zoom recording and the password needed to access it (for ACA International members only).

You can register for upcoming Huddles [right here](#). 



TAX REFUNDS TRENDING UP SO FAR IN 2023

A new [report](#) from the IRS reveals it has sent millions more tax refunds to consumers this filing season compared to the same time last year.

According to new data, the IRS has received 36.9 million returns as of Feb. 17, 2023—up from the 35.9 million returns it had received by mid-February 2022.

[A Money.com article](#) noted:

“Partially as a result of processing more returns, the IRS has refunded 11.8% more money to taxpayers—\$87.2 billion for the first part of 2023 versus \$78 billion in 2022.

The number of refunds so far is 27.8 million, which is 25.9% higher than the 22.1 million the IRS reports for the same period a year ago.”

The IRS has been warning consumers that that this year’s tax season will be different than what we’ve seen in recent years due to the wind-down of pandemic stimulus payments.

ARM Industry Best Practices

Tax season is an opportunity to work with consumers who often want to use their tax refund to help pay past-due bills—a friendly reminder about how their tax



refund, if available, can be used to pay down debts can be helpful.

Many debt collection agencies encourage their collectors to bring up tax refunds during conversations with consumers. Try asking, “Are you expecting a tax refund this year?” or “Have you thought about using your tax refund to pay this?”

Members can also take this time to inform clients of their best practices.

[A report from TransUnion](#) encourages collectors to

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CAC EDUCATIONAL SCHOLARSHIP FOUNDATION ANNOUNCES SCHOLARSHIP WINNERS

In November, the California Association of Collectors Educational Scholarship Foundation announced the 2022 scholarship winners.

Scholarship applicants were asked to submit an essay on “the importance of establishing and maintaining good financial credit during your college years.” Winners were selected based on their essay responses and the reading of their essays at the CAC Annual Conference.

Congratulations to:

- **Thea Larsen**, who won the first prize scholarship of \$2,500. Larsen currently attends Orange County School of the Arts. “Thank you all so much for your generosity,” Larsen said in a message to CAC. “I genuinely enjoyed meeting many of your members at the dinner. I will never forget everyone’s graciousness and kind words. This award will help me greatly in my post-secondary education plans out East. It was such an honor, and I cannot thank you all enough.”

- **Sofia Flores**, who won the second prize scholarship of \$2,000. Flores is attending California Polytechnic State University, San Luis Obispo, and previously attended Santa Susana High School. “Thank you for the very generous \$2,000 scholarship. I was very happy and grateful to learn that I was selected as one of the recipients,” said Flores.
- **Raef Makrai**, who won the third prize scholarship of \$1,500. Makrai is attending the University of California, Berkeley, and previously attended Capuchino High School.



For more scholarship information please visit CAC’s website or email scholarship@calcollectors.net. 

Tax Refunds Trending - Cont’d from page 7

make sure they are using accurate data: “To adhere to today’s regulations, you’re likely sending letters to persuade consumers to put their tax refund dollars toward debt. Direct mail is expensive, and if you’re working with outdated contact information, you can waste loads of money and time. It’s important to enhance your data before you begin your campaign. Consumers may have the extra cash, but that doesn’t mean they’re going to pay their debts. The fact is, some people are more likely to pay their debts with their refunds than others. Consider focusing your mailings on this group first.”

Here are a few additional tips for working with consumers during tax season:

- Train your team on key tax filing dates and deadlines, including areas where deadlines may be different due to natural disasters. For example,

taxpayers in California and parts of Alabama and Georgia now have until Oct. 16, 2023, to file federal individual and business tax returns, [according to the IRS](#).

- Include this information on a tax-time staff fact sheet, which can also list the income threshold for free electronic filing at IRS.gov.
- When speaking with consumers about tax refunds, keep communications positive and focus on finding solutions.

ACA offers education on tax season collection strategies, including a recent Hot Topic seminar hosted by Gordon Beck, president and COO at Valor Intelligent Processing. A recording of this webinar—available at no extra charge for [All-Access Training Zone](#) subscribers—is available on [ACA’s website here](#). 



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WALLETHUB REPORTS CREDIT CARD DEBT INCREASE, FLAGS CITIES WITH LEAST SUSTAINABLE DEBT



In December, WalletHub released its most recent [Credit Card Debt Study](#) and [report on the Cities with the Most & Least-Sustainable Credit Card Debt](#) to show how consumers are faring in the face of inflation pressures and worries about a prolonged recession. Key highlights are included below.

Credit Card Debt Study Key Stats:

- Credit card debt increased by almost \$39.6 billion during Q3 2022, an all-time record for the third quarter of the year.
- Consumers' Q3 2022 credit card debt increase was 2.4 times bigger than the post-Great Recession average for a third quarter.
- WalletHub projects that consumers will end the year with roughly \$110 billion more in credit card debt than they started with, which would be close to an annual record.
- A Federal Reserve interest rate increase on Dec. 14 would cost people with credit card debt at least an extra \$3.2 billion in the next year alone. That's on top of the \$22.9 billion increase already caused by the Fed's previous rate hikes this year.

Among the cities with the most sustainable credit card debt were Fremont, San Francisco, Irvine and San Jose, California.

The cities in California with the least sustainable credit card debt in the top 100 list were:

- Chula Vista (#39)
- San Bernardino (#50)
- Riverside (#67)
- Santa Ana (#68)
- Oceanside (#70)
- Los Angeles (#72)
- Fontana (#74)
- Long Beach (#75)
- Santa Clarita (#81)
- Oxnard (#84)
- Stockton (#93)
- Moreno Valley (#95)

[Read the complete rankings here.](#) 