



January 18, 2024

COLORADO AG ENTERS INTO AGREEMENT WITH COLLECTOR OVER COLLECTING TRIBAL LOANS

The Colorado Attorney General entered into an Order and Assurance of Discontinuance with TrueAccord, a licensed debt collector, in regard to the collection of loans made by unlicensed entities associated with Native American tribes with finance charges that exceeded the rate permitted for unlicensed entities under the Colorado Uniform Consumer Credit Code ("UCCC").

Under the agreement, the company will pay \$500,000 to the state and agreed to stop collecting on loans made to Colorado consumers if the finance charge exceeds the rate permitted by the UCCC, including loan made over the internet to Colorado consumers by unlicensed lenders purportedly associated with Native American tribes.

According to the settlement, investigators found that from 2017 to 2022, TrueAccord collected or attempted to collect on over 28,000 Colorado consumers for defaulted debt arising from loans originated by tribal lending entities with rates greater than the 12% cap for unlicensed loans under Colorado law. According to the AG, TrueAccord violated Colorado law by telling consumers they owed the full loan balance on the loans, which under Colorado consumers have no obligation to pay if the finance charge exceeds the rate permitted by the UCCC.

TrueAccord denies any violation of Colorado law. Under the agreement, TrueAccord can maintain its Colorado debt collector license and continue to collect on loans that do not violate the UCCC or the agreement.

We will continue to monitor the actions of state regulators in Colorado and other states in regard to permitted rates and debt collection activities. □

✧ *Elizabeth Anstaett and Mercedes Ramsey*

CA RELEASES NOTICE OF SECOND MODIFICATION TO PROPOSED REGULATIONS UNDER THE CALIFORNIA CONSUMER FINANCIAL PROTECTION LAW, CALIFORNIA FINANCING LAW, CALIFORNIA DEFERRED DEPOSIT TRANSACTION LAW AND STUDENT LOAN SERVICING ACT.

After considering written comments on the first modified proposed regulations, the Department of Financial Protection and Innovation released a second modified version of the proposed regulations. The Department will accept written comments on the changes to the proposed regulations through Tuesday, February 6, 2024. The Department indicated that it will not respond to any comments that are not specifically directed at the changes made since the last comment period.

This version of the proposed regulations contains few changes, but does provide that a provider of an advance of funds to be repaid in whole or in part by the receipt of a consumer's wages salary, commissions, or other compensation for services does not require a license under the California Financing Law if certain conditions set forth in the regulation are met.

The modification also makes changes to the proposed regulations related to the income-driven repayment provisions.

We will continue to monitor and report on these regulations. As the changes to this version are few, it may indicate that the Department is getting closer to the final version. □

✧ *Elizabeth Anstaett and Mercedes Ramsey*

DEALING WITH MULTISTATE DEBT COLLECTION COMPLIANCE?

We routinely advise on collection-related activities and the regulated activities of creditors, third party debt collectors, debt buyers and loan servicers. We also publish an easy-to-use reference that compiles state and federal laws governing debt collection practices. Our DEBT COLLECTION DIGEST is organized topically, includes the federal Fair Debt Collection Practices Act and Commentary for easy cross-reference, and covers ADAD and monitoring and recording statutes. **Contact us for details.**

Darrell L. Dreher
ddreher@dtlaw.com

Elizabeth L. Anstaett
eanstaett@dtlaw.com

Mercedes C. Ramsey
mramsey@dtlaw.com

Susan L. Ostrander
sostrander@dtlaw.com

2750 HUNTINGTON CENTER
41 S. HIGH STREET
COLUMBUS, OHIO 43215
TELEPHONE: (614) 628-8000 FACSIMILE: (614) 628-1600
WWW.DTLAW.COM

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Michael C. Tomkies
mtomkies@dtlaw.com

Judith M. Scheiderer
jscheiderer@dtlaw.com

Robin R. De Leo
robin@deher-la.com