Date of Hearing: June 2, 2020

ASSEMBLY COMMITTEE ON APPROPRIATIONS Lorena Gonzalez, Chair AB 2559 (Bauer-Kahan) – As Introduced February 19, 2020

| Policy Committee: | Banking and Finance | Vote: 10 - 0 | |
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| Urgency: No | State Mandated Local Program: | Yes | Reimbursable: No |
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SUMMARY:

This bill authorizes the Department of Business Oversight (DBO) to seek ancillary relief – such as refunds, restitution or damages – on behalf of any person harmed by a violation of the California Financing Law (CFL).

FISCAL EFFECT:

Ongoing savings to DBO in the range of \$350,000 annually.

COMMENTS:

Background and purpose. CFL lenders typically serve consumers with limited credit options due to damaged credit history or minimal credit experience. These consumers often lack the option to obtain credit from banks and credit unions, so they rely on alternative financial service providers for their credit needs. Under the CFL, DBO licenses and regulates these lenders. As the Assembly Banking Committee notes in its analysis, DBO has a range of enforcement tools available to it, but there is no administrative mechanism for harmed consumers to be made whole. Currently, a consumer must file a civil lawsuit after DBO identifies a violation and holds an administrative hearing.

This bill creates a new process that allows DBO to seek ancillary relief on behalf of consumers. Consumer Action, writing in support, argues that this bill "will increase DBO efficiency by streamlining the process by which consumers can receive monetary restitution." This bill also clarifies how DBO seeks a judgment to enforce an administrative order.

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