

# NORTH AMERICAN COLLECTION AGENCY REGULATORY ASSOCIATION



April 17, 2012

Monica Jackson  
Office of the Executive Secretary  
Bureau of Consumer Financial Protection  
1700 G Street NW  
Washington, DC 20006

*Re: Defining Larger Participants in Certain Consumer Financial Product and Service Markets –  
Docket No. CFPB-2012-0005, RIN 3170-AA00*

Dear Ms. Jackson:

The North American Collection Agency Regulatory Association (NACARA) appreciates the Bureau of Consumer Financial Protection's (the Bureau) request for comments on the proposed rule regarding the definition of larger participants in the markets for consumer debt collection and consumer reporting. Our comments in this letter address specifically "larger participant" as it pertains to consumer debt collection.

NACARA is an association comprised of governmental agencies that regulate the debt collection industry, and administer and enforce laws and regulations. Our member agencies regulate debt collectors through such methods as licensing or registration, compliance and consumer protection examinations, responses to consumer complaints, and administrative or civil enforcement actions.

We welcome the involvement of, and partnership with, the Bureau, particularly to the extent that the federal agency recognizes the work of the states in the area of collection regulation and seeks to complement our members' efforts utilizing the authority and resources allocated to the Bureau. We are especially enthusiastic about the possibility that the Bureau will be able to address situations in which states' abilities are limited because of the interstate nature through which many actual or purported financial services and products are offered, including collection activities related to Internet-based payday loans.

We support the Bureau's proposal to define "larger participants" in the consumer debt collection market as nonbank entities with more than \$10 million in gross annual receipts. NACARA also supports the Bureau's proposal to aggregate the activity levels of affiliated companies when determining if the larger participant threshold has been met, as we have seen many instances in which financial service or product providers divide up various facets of their operations (or use a variety of assumed business names), often in attempts to deflect regulatory responsibility. We have no concerns with the Bureau's proposed definition of "affiliated company." Additionally, NACARA stands behind the

Bureau's anticipation that it will consider alternative or additional criteria for measuring larger participants of the market for consumer debt collection in the future, based on future availability of data.

NACARA understands that under the Consumer Financial Protection Act of 2010, the term "financial product or service" includes "collecting debt related to any consumer financial product or service." Furthermore, the Bureau has clarified that the collection market under its supervision includes the collection of debt related to consumer credit, certain consumer leases, and other consumer financial products or services; but generally not medical or other debt incurred by individuals. Although it does not fall under the Bureau's authority, we think it important to note that NACARA's member agencies regulate not only the collection activities of debt related to consumer credit, but also of other personal debt, including but not limited to medical debt, bills for professional services rendered, and debt associated with memberships entered into by contract, such as health clubs. Many participants in the market collect on a variety of debt, some of which is related to consumer financial products or services, and other which is not. This may present difficulties to the Bureau as it attempts to identify debt collectors that meet the larger participant threshold. As such, NACARA recommends that the Bureau highlight this distinction to industry participants in the market since those participants may assume their annual receipts should be calculated based on income generated from collections of both consumer financial product debt and non-consumer financial product debt collection.

Thank you again for the opportunity to comment on the proposed rule. NACARA's members understand the magnitude of the Bureau's undertaking, since our regulatory agencies have maintained oversight of debt collectors for many years. We strive to provide protection and assistance for debtors and other consumers subject to collection activity, as well as to provide clear guidance to regulated third-party collectors and debt buyers. We look forward to working collaboratively with the Bureau, and are always available to share with you our knowledge and experiences regulating the debt collection industry.

Sincerely,

/s/

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