

FACT SHEET

Colorado Collection Agency Regulation Sunset Review

Background

- The Colorado Fair Debt Collection Practices Act (CFDCPA) is a consumer protection law benefiting both consumers and clients who assign accounts to collection agencies. Consumer protections include: limitations on calling hours and types of contact; disclosure of consumer rights; and prohibitions on third-party disclosure of debt to persons not legally responsible for debt, threats of unlawful conduct, misrepresentations about consequences of unpaid debts, and harassment. Collection agency client protections include the requirement to maintain a surety bond and report collections monthly.
- The program is enforced by an assistant attorney general designated as Administrator of the CFDCPA. It has been in the Department of Law since 1977 when it was moved from the Department of Regulatory Agencies (DORA) per recommendation of the state auditor. The program currently has a Type 2 advisory board consisting of 3 industry members and 2 public members.

Facts

- For the past five years, the Department of Law has on average:
- licensed 743 collection agencies,
- handled 1170 written consumer complaints,
- taken administrative actions against 40 licensed collection agencies, and taken administrative action against 90 unlicensed collection agencies.
- Department of Law's enforcement, administrative sanctions, and educational outreach have reduced the numbers of written consumer complaints by a little over 300 from 2015 to 2016.

Comparison of Colorado and Federal Regulations

Colorado	Federal
<p>1. Colorado law requires that the first written notice state: For information about the Colorado Fair Debt Collection Practices Act, see www.coag.gov/car</p>	<p>1. There is no similar federal notice requirement.</p>
<p>2. Colorado law requires "meaningful disclosure" of a debt collector's identity within 60 seconds of contact with the debtor. (§12-14-106(1)(f), C.R.S.)</p>	<p>2. The federal law contains no time limitation. (15 U.S.C. 1692d(6))</p>
<p>3. Colorado law prohibits a collection agency from invoking a <i>cognovit</i> clause (confession of judgment). (§12-14-128(2), C.R.S.)</p>	<p>3. There is no similar prohibition in the federal FDCPA but other federal laws may prohibit this.</p>
<p>4. Colorado law establishes liability for harassment of a consumer's employer and family in an invasion of privacy action. (§12-14-113(7), C.R.S.)</p>	<p>4. Federal FDCPA does not specifically create this remedy in the act but it may still be actionable.</p>
<p>5. The Colorado act requires surety bonds for non-remittance of consumer funds and trust funds for client monies with requirements as to how often consumer payments must be disbursed to clients. (§§12-14-123(1)(c) & (d) and 12-14-124, C.R.S.)</p>	<p>5. The federal FDCPA provides no creditor protections. Aggrieved creditors have to sue privately in a court action.</p>
<p>6. The Colorado act requires licensure of collection agencies (§12-14-115, C.R.S.). Licenses may be revoked or suspended, licensees may be issued letters of admonition, or fined \$1,500 per violation and certain violations of the CFDCPA are criminal misdemeanors. (§§12-14-129 and 12-14-130(10), C.R.S.). Rules and regulations on standards of behavior may be issued.</p>	<p>6. There are no licensure requirements. The federal FDCPA is primarily enforced by the Federal Trade Commission (15 U.S.C. 21) and the CFPB may issue rules. (15 U.S.C. 1692l(d)).</p>
<p>7. Collection agencies may not report debts to consumer reporting agencies and credit bureaus until 30 days after the initial written notice is mailed. This does not apply to check collection or if there is not a valid known address for the consumer. (§12-14-108(1)(j), C.R.S.)</p>	<p>7. There is no similar provision in federal law.</p>

Total Active Licensee In State and Out of State

Location	2012	2013	2014	2015	2016
In State	133	132	117	104	98
Out of State	653	644	624	608	595
Total	786	776	741	712	693

Total Licensees

Location	2012	2013	2014	2015	2016
In State	149	148	144	131	111
Out of State	741	740	735	709	690
Total	890	888	879	840	801

Total Licensees Percent

Location	2012	2013	2014	2015	2016
In State	16.7%	16.7%	16.4%	15.6%	13.9%
Out of State	83.3%	83.3%	83.6%	84.4%	86.1%

Active Licensee does not include any license that was expired/revoked/denied.

Total Licensee means the total licenses that were licensed even if expired/revoked/denied that same year

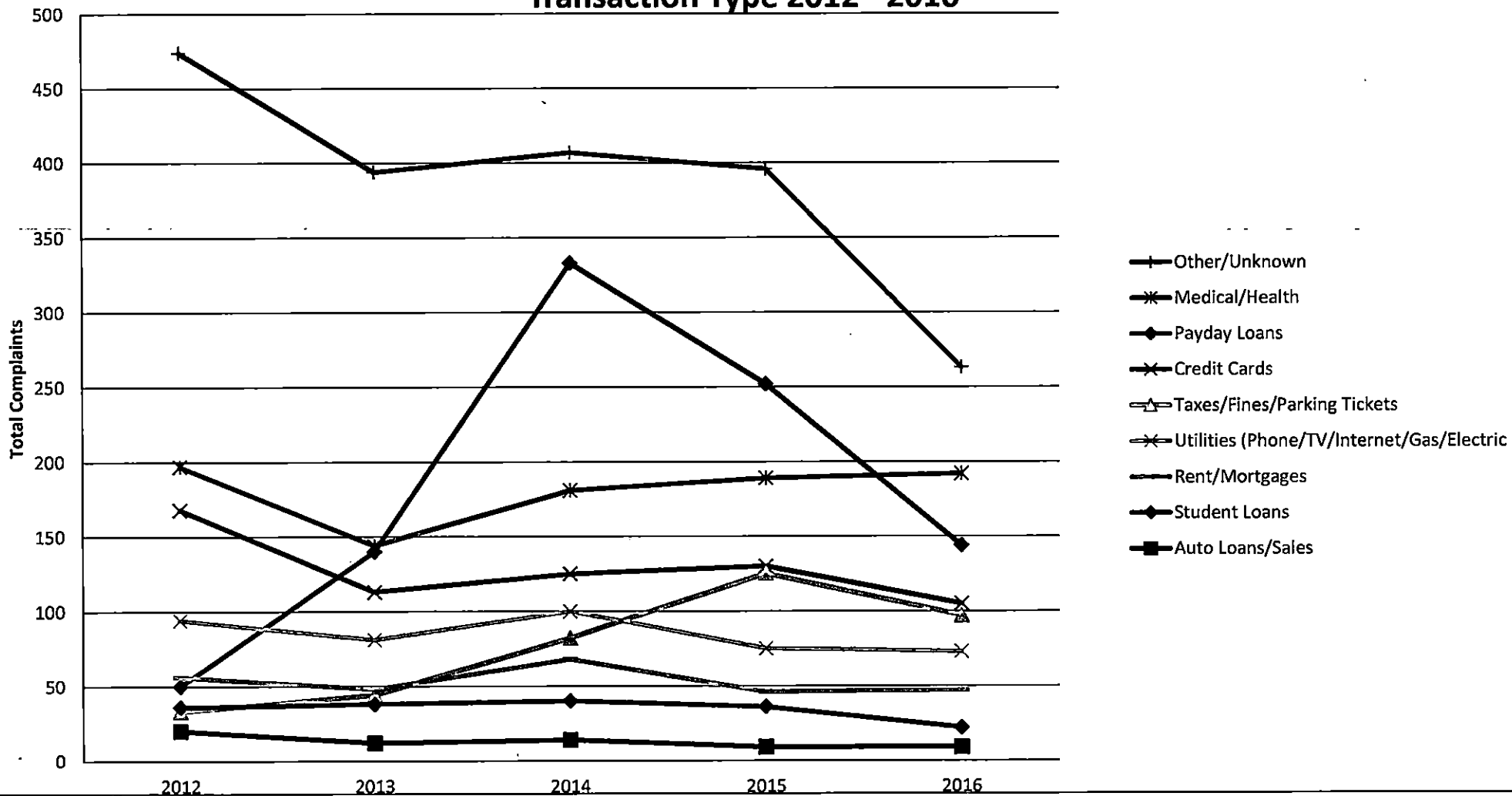
Complaint Info 2012 - 2016

Nature of Complaints	2012	2013	2014	2015	2016
Amount Not Due	568	457	621	699	608
Costs/Interest Added to Debt	67	65	58	64	77
Credit Reporting	175	152	161	141	131
Failure to Advise of Rights	13	10	15	14	18
Failure to Cease Communications	105	70	63	36	25
False or Misleading Representations	20	32	18	33	41
Harassment & Abuse	271	246	240	258	175
Legal Action (Service/venue)	87	89	104	81	97
Third-Party Contact or Disclosure	30	35	36	37	50
Unlicensed Collection Agency	44	181	466	472	271
Verification/Proof of Debt	179	89	66	81	83
Total Complaints RECEIVED	1162	1038	1384	1285	980

Transaction Type 2012 - 2016

Type	2012	2013	2014	2015	2016
Not Listed	1	1	7	1	0
Auto Loans/Sales	20	12	14	9	9
Child Support	1	1	1	0	4
Credit Cards	168	113	125	130	105
Medical/Health	197	144	181	189	192
NSF Checks	30	23	25	22	18
Other/Unknown	474	394	407	396	263
Payday Loans	50	140	333	252	144
Rent/Mortgages	56	48	68	46	47
Student Loans	36	38	40	36	22
Subrogation	2	0	1	4	6
Taxes/Fines/Parking Tickets	33	44	82	125	97
Utilities (Phone/TV/Internet/Gas/Electric)	94	81	100	75	73
Total	1162	1039	1384	1285	980

Transaction Type 2012 - 2016



Disciplinary Action Information

Type of Action	2012	2013	2014	2015	2016
Advisory Letter	17	18	54	40	27
Letter of Admonition	19	17	8	5	2
Summary Suspension	0	0	0	0	0
Suspension	0	0	0	0	0
Probation	0	1	0	0	0
Revocation	0	0	0	2	0
License/Renewal Denial	0	1	1	7	8
Injunction/Judgment/Stipulated Agreement	53	44	14	37	47
Cease & Desist Notice	35	106	107	157	47
TOTAL	124	187	184	248	131