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**M E M O R A N D U M**

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To Our Clients and Friends

Re: California Consumer Financial Protection Law

California enacted the California Consumer Financial Protection Law (CCFPL) on September 25, 2020, expanding the regulatory authority of the California Department of Business Oversight (DBO), and changed the name of the DBO to the California Department of Financial Protection and Innovation (DFPI). The effective date of the law is January 1, 2021. **The law exempts current money transmitter licensees, among other licensees, from its requirements to the extent that licensee is acting under the authority of its license.**

The CCFPL authorizes the DFPI to bring enforcement actions against covered persons engaging in unfair, deceptive or abusive acts or practices with respect to a consumer financial product or service, and provides broad discretion to the DFPI to define a “financial product or service.” The CCFPL further authorizes the DFPI to enforce certain provisions of the federal Dodd-Frank Act (i.e., the Consumer Financial Protection Act of 2010, or CFPA), or regulations promulgated pursuant to the CFPA by the Consumer Financial Protection Bureau, and secure remedies established by the CFPA.

The CCFPL requires the DFPI to promulgate rules establishing a registration requirement for covered persons not currently subject to DBO license requirements offering or providing a consumer financial product or service to California residents, as well as any service providers of those covered persons. Enacts certain prohibitions and compliance requirements applicable to covered persons.

The CCFPL authorizes the DFPI to assess a penalty of up to the greater of \$5,000 for each day during which a violation continues, or \$2,500 for each act or omission in violation of the CCFPL (these limits are higher for reckless or knowing violations).

The CCFPL creates an Office of Financial Technology Innovation within the DFPI that will engage with new industries and consumer advocates to encourage consumer friendly innovation and job creation in California, as well as a Division of Consumer Financial Protection, which will engage in market monitoring and research to keep up with emerging financial products.

The DFPI will increase by 90 employees over the next three years in order to implement its expanded regulatory oversight. The DFPI announced it will immediately begin the process of adding staff and meeting with stakeholders to engage in a public education campaign as it prepares for its expanded regulatory oversight.

A copy of the California Consumer Financial Protection Law is available on our website at <http://schwartzandballen.com/news.html>.

If you have any questions, please call Gilbert Schwartz, Robert Ballen, Heidi Wicker, or Victor Razon at (202) 776-0700.