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September 15, 2025

By Electronic Submission

Comment Intake - **Request for Information on State Laws Having Significant Adverse Effects on the National Economy or Significant Adverse Effects on Interstate Commerce**
U.S. Department of Justice
950 Pennsylvania Avenue, NW,
Washington, DC 20530-0001

Re: **RFI State Laws Having Sig. Adverse Effects on Nat'l Economy or Sig. Adverse Effects on Interstate Commerce**
Federal Register 39427, Vol. 90
(Docket No. OLP182)

To Whom it May Concern:

The Receivables Management Association International ("RMAI") appreciates this opportunity to submit the following comments in response to the Department of Justice (DOJ) request for information on state laws having significant adverse effects on the national economy or significant adverse effects on interstate commerce.

RMAI supports the DOJ's efforts in identifying solutions, with the goal of removing barriers that slow economic growth, create burdens for industries, or make it harder for small businesses to thrive.

I. BACKGROUND

RMAI is a nonprofit trade association that represents more than 600 businesses that purchase or support the purchase of performing and nonperforming receivables on the secondary market. RMAI member companies work in a variety of financial service fields, including debt buying companies, collection agencies, collection law firms, originating creditors, brokers, international members, and industry-related product and service providers. The existence of the secondary market is critical to the functioning of the primary market in which credit originators extend credit to consumers. An efficient secondary market lowers the cost of credit extended to consumers and increases the availability and diversity of such credit.

RMAI's Receivables Management Certification Program[1] and its Code of Ethics[2] set the "gold standard" within the receivables management industry due to their rigorous uniform industry standards of best practice which focuses on protecting consumers.

[1] Receivables Management Association International, *Receivables Management Certification Program (RMCP)*, version 13.0 (Feb. 20, 2025), publicly available at https://rmaintl.org/GovernanceDocument.
[2] Receivables Management Association International, *Code of Ethics* (August 13, 2015), publicly available at https://rmaintl.org/about-rmai/code-of-ethics/.

Rolled out in 2013, RMAI's Certification Program sets high and robust industry standards that seek to go above and beyond the requirements of state and federal law for the protection of consumers.[3] Currently, 523 businesses and individuals hold these internationally respected certifications. Presently, all of the largest debt buying companies in the United States are RMAI certified, and we estimate that approximately 80 to 90 percent of all U.S. charged-off receivables that have been sold on the secondary market are owned by an RMAI certified business.

RMAI's Certification Program has been recognized by the collection industry's federal regulator, the Consumer Financial Protection Bureau, as "best practices."[4] In fact, the Uniform Law Commission in its Uniform Consumer Debt Default Judgment Act sought "to incorporate . . . standards set by Receivables Management Association International, a debt collections trade organization."[5]

The majority of RMAI members are small businesses. Most of its debt buyer members have annual receipts of less than $47 million. Most of its debt collector members have annual receipts of less than $19.5 million.[6] Many members would also be fall within the U.S. Small Business Administration's (SBA) small business threshold.

II. COMMENTS

RMAI is very appreciative of the Trump Administration's efforts to reduce unnecessary federal regulatory burdens on the business community that impede commercial enterprise, especially those impacting small businesses. RMAI agrees that federal regulatory burdens are just one part of a much bigger picture. State-level statutory and regulatory practices absolutely drive-up nationwide costs as industries scramble to satisfy a patchwork of state and municipal requirements that often not only go beyond federal statutory and regulatory requirements but sometimes even contradict those requirements. Depending on the severity of the incompatibility, RMAI member businesses are sometimes left with the decision of whether they need to completely abandon a particular jurisdiction. For our industry, not only do we see this negatively impacting our businesses but also, we see the market impact across America that negatively impacts consumers through rising costs of credit or even inability to access credit, particularly among vulnerable communities. As the

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[3] RMCP's Mission Statement reads in part, the certification program "is an industry self-regulatory program administered by RMAI that is designed to provide enhanced consumer protections through rigorous and uniform industry standards of best practice."

[4] Consumer Financial Protection Bureau, *Small Business Review Panel for Debt Collector and Debt Buyer Rulemaking, Outline of Proposals Under Consideration*, July 28, 2016, p. 38, http://files.consumerfinance.gov/f/documents/20160727_cfpb_Outline_of_proposals.pdf.

[5] https://www.uniformlaws.org/committees/community-home/librarydocuments?attachments=&communitykey=c57ddc7a-bebd-41df-b48a-018a850eeec3&defaultview=&libraryentry=a6c364be-ca2e-4d61-aa23-018a85e8ba79&libraryfolderkey=&pageindex=0&pagesize=12&search=&sort=most_recent&viewtype=row&5a583082-7c67-452b-9777-e4bdf7e1c729=eyJsaWJyYXJ5ZW50cnkiOiJhNmMzNjRiZS1jYTJlLTRkNjEtYWEyMy0wMThhODVlOGJhNzkifQ%3D%3D.

[6] See U.S. Small Business Administration, *Table of Small Business Size Standards Matched to North American Industry Classification System Codes*, Effective December 19, 2022, archived at https://perma.cc/ED7C-PZHQ. Debt buyers have a NAICS classification code of 522299, collection agencies 561440.

CFPB stated, "Fair and reliable collection of consumer debts is essential for a well-functioning consumer economy."[7]

The following are several examples and observations that RMAI has based on the question posed by the Department of Justice:

Which State laws significantly burden commerce in other States or between States, thus raising costs unnecessarily and harming markets nationwide.

Unfair, Deceptive, or Abusive Acts or Practices (UDAAP) – The existing patchwork of state laws seeking to create UDAAP standards result in significant compliance burdens for the business community that operate within multiple states. With varying rules as to what constitutes an "unfair, deceptive, or abusive act or practice," businesses lack clarity on which standards are expected, spend heavily on compliance costs, and face expensive litigation to defend against alleged violations of state UDAAP standards. Engaging in commerce on a national scale is becoming increasingly uncertain, expensive, and difficult given the various state UDAAP standards in place. To this end, the federal government should be the sole enforcer of UDAAP standards to avoid conflicting interpretations.

Patchwork of Licensing Laws – The patchwork of complex licensing laws across the US requires our member companies to maintain often several dedicated staff members to meet licensing compliance obligations at both the state and city level. Often these laws have unclear, broad definitions that result in states/jurisdiction officials providing conflicting information or instating clarifying regulations about the businesses that are required to license. As a result of these burdens, RMAI is aware of multiple companies that have chosen to exit markets. For example, the California Department of Financial Protection & Innovation (DFPI) is seeking to create an extremely burdensome assessment fee structure for debt collectors licensed in the state (California Financial Code § 100020) that RMAI anticipates could exceed $100,000 for some businesses. Presently, no state in the nation charges a licensing fee for debt collectors that exceeds $1,200. DFPI has indicated that it will inform its licensees of their fee by September 30, 2025.

Debt Collection Communication Laws that are Inconsistent with Federal Law – Individual states are hampering the business community's ability to communicate with consumers about critical account information, which harms the consumer, their credit score, and increases the likelihood of legal action. States that ban or restrict the flow of information deny consumers the ability to make informed decisions about their finances and disproportionally impact vulnerable populations of consumers. For example, New York essentially bans email communications (23 NYCRR 1). After the New York regulation took effect, debt collection filings increased 61% from 2016 to 2017 and another 32% from 2017 to 2018 after enactment of 23 NYCRR 1.[8] New York City has adopted amendments to effectively ban text message communications as well (industry is currently awaiting the effective date of the change). Other states with communication restrictions that conflict with federal law include Massachusetts, two calls per week (940 CMR 7.00), District of Columbia, four calls per week (D.C. Code § 28-3814(d)(4)), and New York City three calls per week (proposed amendments) – all running counter to the federal standard.

Laws and Regulations Outside the Scope of Financial Services – California Senate Bills 253 and 261 are laws enacted in 2023 to increase corporate transparency around climate-related issues. Both SB 253 and 261

[7] Consumer Financial Protection Bureau. Taskforce on Federal Consumer Financial Law Report. January 2021.
[8] Hayashi, Y. Debt Collectors Wage Comeback. Wall Street Journal. July 5, 2019.

create a substantial burden on interstate commerce by imposing compliance obligations on companies based on their total global revenue, not revenue derived from California operations. As a result, companies with only minimal business activity in California must still undertake costly and complex reporting simply because of their overall size.

Laws Prohibiting Medical Credit Reporting – The Fair Credit Report Act establishes a uniform national framework for the use and reporting of consumer credit information, including medical debt. Congress enacted the FCRA to ensure consistency across states and to prevent a patchwork of laws that would disrupt commerce. Recent federal court decisions reinforce that the FCRA preempts inconsistent state laws. The judiciary has repeatedly emphasized that federal law, not individual state policy preferences, governs the national credit reporting system. Because credit reporting and debt collection are inherently interstate in nature, the FCRA rightfully occupies the field and should override conflicting state restrictions. Nevertheless, several states have recently enacted bans on medical debt credit reporting that results in different market treatment.

Prohibitions on Debt Sales – Some states such as Maryland[9] and Vermont[10] have prohibited the sale of medical debt. Debt buying companies, financial institutions, and healthcare providers operate nationally. When states impose fragmented rules, especially when they ban sales except for forgiveness, they create duplicative compliance burdens, disincentivize investment, and reduce the availability of credit. These restrictions drive up costs and hinder the efficient functioning of national healthcare and financial markets. The result is precisely what the Constitution's Commerce Clause was designed to prevent: state interference with commerce between states. Given that both the FCRA and CMS provide comprehensive federal frameworks, state laws that conflict with these authorities should be preempted.

Whether the State laws identified may be preempted by existing federal authority and, if so, what authority.

While the receivables management industry is regulated by many laws and regulations at the local, state, and federal levels, the single most paramount law impacting our members is the Fair Debt Collection Practices Act (FDCPA)[11] and the regulations related thereto contained in Regulation F[12].

The most relevant section contained in the FDCPA that relates to the question the Justice Department poses is contained in 15 USC 1692 (n). This statutory provision describes how the FDCPA interacts with state laws. It reads:

> *This subchapter does not annul, alter, or affect, or exempt any person subject to the provisions of this subchapter from complying with* ***the laws of any State*** *with respect to debt collection practices, except to the extent that those laws are inconsistent with any provision of this subchapter, and then only to the extent of the inconsistency. For purposes of this section,* ***a State law*** *is not inconsistent with this subchapter if the protection such law affords any consumer is greater than the protection provided by this subchapter.* ***(Emphasis added.)***

[9] MD Health - General Code § 19-214.2.
[10] 18 V.S.A. §9585.
[11] 15 U.S.C. § 1692 –1692p.
[12] 12 CFR Part 1006.

A real challenge the receivables management industry is currently experiencing is when local governments attempt to regulate the industry. Three primary examples include:

- New York City, where the industry has brought suit against the city for its oppressive rulemaking,
- The District of Columbia, where some RMAI businesses have refused to engage in business within its boundaries since the adoption of a confusing and draconian law in 2022, and
- The City of Chicago, the only municipality in the nation that licenses debt collectors despite the fact that the city is in a state that also licenses debt collectors.

RMAI believes a strict reading of 15 USC 1692 (n) could lead the Department of Justice to conclude that the FDCPA only granted the state legislatures of the 50 states the authority to adopt laws that exceed, but not contradict, the provisions of the FDCPA. We believe the Department of Justice or the CFPB has the ability under current law to preempt the laws and regulations adopted **by municipalities**. To date, they just have not chosen to do so.

RMAI believes other arguments for preemption related to the receivables management industry could be found in the Commerce Clause in the U.S. Constitution, the National Bank Act, and the federal Fair Credit Reporting Act.

Federal legislative or regulatory means for addressing the State laws or regulations identified or the burdens they cause.

RMAI would simply highlight the need for federal law and regulations to preempt state law and regulations in the following areas:

- Debt collection
- Privacy and data security
- Artificial intelligence
- Coerced debt
- UDAAP

Which federal agency has the subject-matter expertise to address concerns lawfully within the federal government's authority.

The receivables management industry is subject to numerous federal laws and regulations, including, but not limited to, the federal Banking law; the Fair Debt Collection Practices Act (FDCPA), including its clarifying rules contained in 12 CFR Part 1006 (Regulation F); the Telephone Consumer Protection Act (TCPA); the Fair Credit Reporting Act (FCRA); the Servicemembers Civil Relief Act (SCRA); the Electronic Fund Transfer Act; the United States Bankruptcy Code; the Federal Trade Commission Act; the Dodd Frank Act; and the Gramm-Leach Bliley Act.

The primary federal regulatory agencies RMAI interacts with are the Consumer Financial Protection Bureau (CFPB), the Federal Trade Commission (FTC), the Federal Communications Commission, the Office of the Comptroller of the Currency (OCC), and the Department of the Treasury. Any of these agencies have the subject matter expertise to address concerns lawfully within the federal government's authority.

CONCLUSION

RMAI appreciates the efforts that the DOJ is undertaking to provide regulatory relief. To be clear, RMAI is not opposed to regulatory oversight. In some instances, regulations have been helpful in providing clarity to statutory enactments. However, what we desperately need is for government, at all levels, to see the business community as an ally in building a better society based on sound and fair rules that allow, and even encourages, ingenuity and growth in a responsible manner. We are unfortunately far too familiar with governments that view the business community as an adversary that needs to be punished and controlled.

If RMAI can be of any assistance to the Department of Justice, elaborate on any point contained in our response, or answer any questions you may have, please do not hesitate to contact me at (916) 482-2462 or mbecker@rmaintl.org.

Sincerely,

Michael Becker
RMAI Executive Director