



**Memorandum in Opposition  
Connecticut Proposed Substitute Bill No. 225 (LCO 1616)**

DBA International is the nonprofit trade association that represents the interests of companies that purchase charged-off receivables on the secondary market. DBA maintains a code of ethics and a national certification program that promote uniform industry standards of best practice which member companies must comply with in order to maintain membership.

With membership in all 50 states, DBA International strives to ensure that any legislation that is introduced at either the state or federal levels adopts existing best practices to protect consumers and businesses alike. Generally, DBA International accomplishes this goal by ensuring that the most recent statutory, regulatory, or judicial trend is codified using similar language so as not to create confusion between state and federal requirements or create significantly conflicting requirements among the 50 states.

DBA International respectfully opposes Connecticut HB 225 because it attempts to define collection agencies who purchase title to defaulted receivables (frequently referred to as “charged-off receivables”) as “creditors” and subject them to liability under the Creditor’s Collection Practices Act (§36a-645 et seq.). However, this disregards the fact that these same collection agencies were just defined in Connecticut statute in 2013 as “collection agencies” that made them subject to the liability and licensure provisions of the Consumer Collection Agencies Act (§36a-800 et seq.).

A “creditor” is an entity that extends or offers credit to another. See *12 C.F.R. § 226.5(b)(2)(i)*; *12 C.F.R. pt. 226, Supp. I, P 5(b)(2)(i)-2*. In no form are collection agencies that purchase charged-off receivables extending or offering credit to the consumers on the accounts they purchase. The credit lines associated with the accounts were terminated by the creditor prior to charge-off and the subsequent sale on the secondary market to the purchasing collection agency. Consequently, what is purchased by collection agencies are solely the receivables. This is why these types of collection agencies were brought under the scope of the Consumer Collection Agency Act in 2013.

DBA International respectfully opposes SB 225 due to the fact that it is unreasonable and inconsistent to subject collection agencies to the liability provisions of two separate acts, inclusive of an act that does not relate to the business activity in which they engage.

**For additional information, please contact David Rose with Wilson Elser at (860) 249-7129 or DBA International at (916) 482-2462.**