

Partner Catherine Brennan comments for Bloomberg Law on California's "mini-CFPB"

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On August 31, 2020, the California legislature passed the California Consumer Financial Protection Law ("CCFPL"). The CCFPL will presumably be signed by Governor Gavin Newsom, as he included funding for its enactment in his 2020-2021 budget. The Department of Business Oversight would become the Department of Financial Protection and Innovation (DFPI), and expand its ability to charge companies with unfair, deceptive, or abusive acts or practices (UDAAP). *Bloomberg Law* reported that the financial watchdog's enforcement powers could extend to online small business lenders as well. It will have the option to regulate nonbank small business lenders, many of which are fintech companies, but does not require it.

Nonbank small business financing has grown swiftly since the 2008 recession but has often been left in a "Wild West" of little to no regulation, Hudson Cook Partner Catherine Brennan told *Bloomberg*. "It's not surprising the largest state in the country would try to impose regulations onto that market," she said.

The agency's oversight of some of the most cutting-edge fintech companies, including virtual currency issuers and exchanges and wage access and payments companies, is set to expand. The legislation also broadens the UDAAP authority over payday lenders, student loan services, and debt collectors.

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