

CFPB PRIMER

Compliance Overview

Complimentary
Preview

COMPLIANCE
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an  initiative

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Introduction

The Consumer Financial Protection Bureau was formed in 2011 to oversee banks, credit unions, securities firms, payday lenders, mortgage-servicing operations, foreclosure relief services, and, most importantly for this industry, debt collectors.

As [covered on insideARM.com](#), “The CFPB is the first regulator to be given direct supervisory authority over collection agencies and debt buyers, including onsite examinations and business audits for larger companies.”

Currently, Large Market Participants – collection agencies with more than \$10 million in annual receipts – are under direct supervision of the CFPB.

“[Test to define larger participants](#). A nonbank covered person is a larger participant of the consumer debt collection market if the nonbank covered person's annual receipts resulting from consumer debt collection are more than \$10 million.”

Definitions: Bureau of Consumer Financial Protection

§ 1090.105 Consumer debt collection market.

(a) *Market-Related definitions*. As used in this subpart:

Annual receipts means, for the consumer debt collection market, receipts calculated as follows:

(i) *Receipts* means “total income” (or in the case of a sole proprietorship, “gross income”) plus “cost of goods sold” as these terms are defined and reported on Internal Revenue Service (IRS) tax return forms (such as Form 1120 for corporations; Form 1120S and Schedule K for S corporations; Form 1120, Form 1065 or Form 1040 for LLCs; Form 1065 and Schedule K for partnerships; and Form 1040, Schedule C for sole proprietorships). Receipts do not include net capital gains or losses; taxes collected for and remitted to a taxing authority if included in gross or total income, such as sales or other taxes collected from customers but excluding taxes levied on the entity or its employees; or amounts collected for another (but fees earned in connection with such collections are receipts). Items such as subcontractor costs, reimbursements for purchases a contractor makes at a customer's request, and employee-based costs such as payroll taxes are included in receipts.