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Debt collection agencies will come under federal review for the first time beginning January 2, 2013, when the Consumer Financial Protection Bureau (CFPB) begins oversight. The agency's authority to oversee debt collection agencies comes under the portion of the Dodd-Frank regulatory law that deals with nonbank financial companies.

CFPB will examine companies to ensure that they properly identify themselves to consumers as debt collectors and that they properly disclose the amount of the debt owed. In addition, debt collectors must have a process in place for resolving consumer disputes and also will be required to communicate "civilly and honestly" with consumers from whom they are attempting to collect debts. The new rules to be implemented by CFPB will cover debt collectors that have annual receipts of more than $10 million. That will include approximately 175 companies that account for more than 60 percent of the debt collection industry's $12.2 billion in annual collections.

Increasingly aggressive and abusive tactics of debt collectors have long been the focus of consumer advocates. Debt collectors have resorted to harassing phone calls and improper threats to have consumers prosecuted or imprisoned for failing to pay debts owed. In connection with its oversight of debt collectors, the CFPB will begin requiring reports from debt collectors and will conduct examinations of their compliance and procedures in an effort to detect risks to consumers and financial markets from their practices.

CFPB's press release regarding oversight of debt collectors can be accessed via CFPB's website: **www.consumerfinance.gov/pressrelease**. The new rules governing the consumer debt collection market will be set forth at 12 C.F.R. § Part 1090 and go into effect January 2, 2013.