

MEMORANDUM**To:** Interested Parties**Date:** October 17, 2001**Subject:** Statewide Outreach on
Predatory Practices
(STOPP) Program**From:** Department of Corporations

As California's investment and financing authority, the **Department of Corporations** is responsible for protecting the public from fraudulent and unlawful business practices in connection with investments, lending and other financial services and products.

While the Department of Corporations' laws and activities are designed to protect consumers, the Department **currently has no dedicated resources** to provide Californians with information to defend themselves against unscrupulous players within the finance, investment and lending industries. Consequently, consumers remain largely unaware of the Department's responsibilities and the extent to which fraudulent and abusive practices are being perpetrated against them. The nonprofit Coalition for Responsible Lending estimates that Californians lost approximately \$1.5 billion last year due to predatory lending practices alone.

The Department of Corporations proposes to address this lack of awareness through a multimedia public outreach effort promoting financial literacy and programs to assist seniors and low-income and minority populations with financial issues and challenges. The **Statewide Outreach on Predatory Practices (STOPP)** program will enable vulnerable populations to recognize and protect themselves from predatory lending and investment scams, and will emphasize the value of savings and methods for accumulating savings for life goals like retirement, schooling and buying a home.

To maximize the results from the STOPP program, the Department of Corporations will:

- **Conduct a survey** prior to the STOPP campaign to identify the best ways to create and target its messages, and follow the campaign with a survey to evaluate its effectiveness;
- **Partner with** non-profit organizations, financial institutions and lenders, and federal, state and local government agencies to develop and implement the STOPP program;
- **Generate media stories and use** public service announcements, events, targeted mail and informational materials printed in multiple languages to reach California consumers; and
- **Set up a one-stop consumer contact center** to receive public inquiries and consumer complaints through a toll-free telephone number and an e-business portal connected to the Department's Web site.

The Department's enforcement and regulatory activities generate its own funding base. A fund reserve has accumulated, resulting from a high number of transactions over several years of good economic times. This one-time special fund surplus may only be spent on activities that support the Department of Corporations' mission; the Department plans to use its surplus to fund the STOPP initiative.

The STOPP program will benefit California consumers by giving them the tools they need to identify and avoid scams and predatory practices, and directing them to the DOC's resources before they borrow money or make investment decisions.