

UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON DC 20549

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FORM 8-K

CURRENT REPORT  
PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported) October 18, 2006

CONSUMER PORTFOLIO SERVICES, INC.  
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(Exact Name of Registrant as Specified in Charter)

CALIFORNIA ----- (State or Other Jurisdiction of Incorporation)	001-14116 ----- (Commission File Number)	33-0459135 ----- (IRS Employer Identification No.)
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16355 Laguna Canyon Road, Irvine, CA 92618  
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(Address of Principal Executive Offices) (Zip Code)

Registrant's telephone number, including area code (949) 753-6800

Not Applicable  
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(Former name or former address, if changed since last report)

ITEM 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION.

The information in this Item 2.02, and the related Exhibit 99.1, is being furnished and shall not be deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section. The information in this Current Report shall not be incorporated by reference into any registration statement or other document pursuant to the Securities Act of 1933, as amended.

On October 18, 2006, the registrant issued a news release announcing its earnings for the quarter ended September 30, 2006. A copy of the release is attached as Exhibit 99.1.

Exhibit 99.1 to the report may contain a "non-GAAP financial measure" as defined in Item 10 of Regulation S-K of the Securities Exchange Act of 1934, as amended. The possible non-GAAP financial measure is "managed receivables." This possible non-GAAP financial measure is discussed below, including the most directly comparable financial measure calculated and presented in accordance with Generally Accepted Accounting Principles in the United States ("GAAP"), a reconciliation of managed receivables to the most directly comparable GAAP financial measure, and the reasons why the Company believes the presentation of managed receivables provides useful information to management and to investors. Managed receivables should be viewed in addition to, and not as an alternative for, the Company's reported results prepared in accordance with GAAP.

On page 1 of the earnings release included as Exhibit 99.1, the Company stated that managed receivables were \$1,480.7 million at September 30, 2006. The most directly comparable financial measure calculated and presented in accordance with GAAP to the managed receivables measure is finance receivables on the consolidated balance sheet. The managed receivables measure also includes (i) the finance receivables held by unconsolidated subsidiaries off balance sheet pursuant to statement on financial accounting standards No. 140, (ii) finance receivables serviced by the Company without any ownership interest, and (iii) repossessed vehicles included in other assets in the Company's balance sheet. In addition, the managed receivables measure includes allowance for credit losses, unearned origination fees, and certain other less significant adjustments.

The following table reconciles the Company's finance receivables, prepared on the basis of GAAP, to managed receivables as of September 30, 2006:

June 30, 2006  
(in millions)

Net finance receivables per balance sheet	\$1,305.3
Allowance for finance receivables credit losses	78.8
Net deferred origination fees and costs	20.9
Finance receivables held by unconsolidated subsidiaries	50.6
Finance receivables serviced without ownership interest	6.0
Adjustment for discount and Rule 78s	1.1
Repossessed vehicles included in other assets on balance sheet	18.0
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	\$1,480.7
	=====

The managed receivables measure is useful to management and investors because it facilitates comparisons between the Company and other finance companies that either do not securitize their receivables or, due to the structure of their securitization transactions, account for the securitizations of their receivables as sales. The managed receivables measure is primarily used by investors and analysts for that purpose.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS.

(c) Exhibits.

EXHIBIT NUMBER	DESCRIPTION
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99.1	News Release dated October 18, 2006

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CONSUMER PORTFOLIO SERVICES, INC.

Dated: October 19, 2006

By: /s/ JEFFREY P. FRITZ

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Jeffrey P. Fritz  
Sr. Vice President and Chief  
Financial Officer

Signing on behalf of the registrant  
and as principal financial officer

EXHIBIT INDEX

EXHIBIT NUMBER

DESCRIPTION

99.1

News Release dated October 18, 2006

CONSUMER PORTFOLIO SERVICES, INC. REPORTS  
2006 THIRD QUARTER EARNINGS

IRVINE, CALIFORNIA, OCTOBER 18, 2006 (BUSINESS WIRE) -- Consumer Portfolio Services, Inc. (Nasdaq: CPSS) today announced earnings for its third quarter ended September 30, 2006.

Net income for the quarter ended September 30, 2006 was \$4.3 million, or \$0.18 per diluted share, compared to net income of \$1.4 million, or \$0.06 per diluted share, for the quarter ended September 30, 2005. For the three months ended September 30, 2006 total revenues increased approximately \$24.3 million, or 49.3%, to \$73.7 million, compared to \$49.4 million for the three months ended September 30, 2005. Total expenses for the three months ended September 30, 2006 were \$69.4 million, an increase of \$21.5 million, or 44.8%, as compared to \$48.0 million for the three months ended September 30, 2005.

Net income for the nine months ended September 30, 2006 was \$8.7 million, or \$0.36 per diluted share, compared to net income of \$1.7 million, or \$0.07 per diluted share, for the nine months ended September 30, 2005. For the nine months ended September 30, 2006 total revenues increased approximately \$60.0 million, or 43.2%, to \$199.0 million, compared to \$139.0 million for the nine months ended September 30, 2005. Total expenses for the nine months ended September 30, 2006 were \$190.3 million, an increase of \$53.0 million, or 38.6%, as compared to \$137.3 million for the nine months ended September 30, 2005.

"We are very pleased with the financial results for the third quarter," said Charles E. Bradley, Jr., President and Chief Executive Officer of Consumer Portfolio Services. "Our improved earnings highlight our recurring theme of the operating leverage inherent in our business model, as revenue growth has continued to significantly outpace expense growth. This was our sixth straight quarter of profitability, with each quarter showing sequential improvement. Operations for the third quarter remained strong as we continued the growth of our total managed portfolio while maintaining solid asset performance metrics."

During the third quarter of 2006, Consumer Portfolio Services purchased \$254.4 million of contracts from dealers as compared to \$268.8 million during the second quarter of 2006 and \$205.0 million during the third quarter 2005. During the first three quarters of 2006, new contract purchases increased approximately 55% vs. the same period in 2005, increasing from \$502.5 million in 2005 to \$777.7 million in 2006. In addition, the Company continued its regular quarterly securitization program with the September sale of \$247.5 million of asset backed notes. As previously reported, the credit enhancement levels were 150 basis points lower than those applicable to the Company's June transaction. As of September 30, 2006, the Company's managed receivables totaled \$1,480.7 million, as follows (\$ in millions):

Owned by Consolidated Subsidiaries*	\$1,422.3
Owned by Non-Consolidated Subsidiaries	52.5
As Third Party Servicer for SeaWest Financial	5.9
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Total	\$1,480.7

\* Before \$116.9 million of allowance for credit losses, deferred acquisition fees and repossessed vehicles.

As previously reported, in order to increase transparency of the Company's financial reports, in the third quarter of 2003 Consumer Portfolio Services began structuring its securitization transactions as secured financings, with receivables and associated debt remaining on the balance sheet, and without recognition of a gain on sale. Accordingly, net earnings are recognized over the life of the receivables as interest income and fee income, less related funding costs and a provision for losses. Such provisions are recorded upon acquisition and during the life of the receivables.

#### CONFERENCE CALL

Consumer Portfolio Services announced that it will hold a conference call tomorrow, October 19, 2006, at 1:30 p.m. EDT to discuss its quarterly earnings. Those wishing to participate by telephone may dial-in at 973-409-9261 approximately 10 minutes prior to the scheduled time.

A replay will be available between October 19, 2006 and October 27, 2006, beginning one hour after conclusion of the call, by dialing 877-519-4471 or 973-341-3080 for international participants, with pin number 7996460. A broadcast of the conference call will also be available live and for 30 days after the call via the Company's web site at [www.consumerportfolio.com](http://www.consumerportfolio.com) and at [www.streetevents.com](http://www.streetevents.com).

#### ABOUT CONSUMER PORTFOLIO SERVICES, INC.

Consumer Portfolio Services, Inc. is a specialty finance company engaged in purchasing and servicing new and used retail automobile contracts originated primarily by franchised automobile dealerships and to a lesser extent by select independent dealers of used automobiles in the United States. We serve as an alternative source of financing for dealers, facilitating sales to sub-prime customers, who have limited credit history, low income or past credit problems and who otherwise might not be able to obtain financing from traditional sources.

FORWARD-LOOKING STATEMENTS IN THIS NEWS RELEASE INCLUDE THE COMPANY'S RECORDED REVENUE, EXPENSE, GAIN ON SALE REVENUE AND PROVISION FOR CREDIT LOSSES, BECAUSE THESE ITEMS ARE DEPENDENT ON THE COMPANY'S ESTIMATES OF FUTURE LOSSES. THE ACCURACY OF SUCH ESTIMATES MAY BE ADVERSELY AFFECTED BY VARIOUS FACTORS, WHICH INCLUDE (IN ADDITION TO RISKS RELATING TO THE ECONOMY GENERALLY) THE FOLLOWING: POSSIBLE INCREASED DELINQUENCIES; REPOSSESSIONS AND LOSSES ON RETAIL INSTALLMENT CONTRACTS; INCORRECT PREPAYMENT SPEED AND/OR DISCOUNT RATE ASSUMPTIONS; POSSIBLE UNAVAILABILITY OF QUALIFIED PERSONNEL, WHICH COULD ADVERSELY AFFECT THE

COMPANY'S ABILITY TO SERVICE ITS PORTFOLIO; POSSIBLE INCREASES IN THE RATE OF CONSUMER BANKRUPTCY FILINGS OR CHANGES IN BANKRUPTCY LAW, WHICH COULD ADVERSELY AFFECT THE COMPANY'S RIGHTS TO COLLECT PAYMENTS FROM ITS PORTFOLIO; OTHER CHANGES IN GOVERNMENT REGULATIONS AFFECTING CONSUMER CREDIT; POSSIBLE DECLINES IN THE MARKET PRICE FOR USED VEHICLES, WHICH COULD ADVERSELY AFFECT THE COMPANY'S REALIZATION UPON REPOSSESSED VEHICLES; AND ECONOMIC CONDITIONS IN GEOGRAPHIC AREAS IN WHICH THE COMPANY'S BUSINESS IS CONCENTRATED. ALL OF SUCH FACTORS ALSO MAY AFFECT THE COMPANY'S FUTURE EARNINGS, AS TO WHICH THERE CAN BE NO ASSURANCE.

ANY IMPLICATION THAT THE RESULTS OF THE MOST RECENTLY COMPLETED QUARTER ARE INDICATIVE OF FUTURE RESULTS IS DISCLAIMED, AND THE READER SHOULD DRAW NO SUCH INFERENCE. FACTORS SUCH AS THOSE IDENTIFIED ABOVE IN RELATION TO GAIN ON SALE AND PROVISION FOR CREDIT LOSSES MAY AFFECT FUTURE PERFORMANCE.

#### INVESTOR RELATIONS CONTACT

Robert E. Riedl  
Consumer Portfolio Services  
949-753-6800

CONSUMER PORTFOLIO SERVICES, INC. AND SUBSIDIARIES  
Condensed Consolidated Statements of Operations  
(In thousands, except per share data)  
(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2006	2005	2006	2005
<b>REVENUES:</b>				
Interest income	\$ 70,623	\$ 45,321	\$188,189	\$122,015
Servicing fees	633	1,432	2,436	5,492
Other income	2,457	2,621	8,344	11,477
	73,713	49,374	198,969	138,984
<b>EXPENSES:</b>				
Employee costs	9,273	9,506	28,349	29,657
General and administrative	6,159	4,923	16,948	16,689
Interest	25,075	13,510	65,412	35,842
Provision for credit losses	24,045	15,818	65,322	43,354
Other expenses	4,896	4,219	14,256	11,738
	69,448	47,976	190,287	137,280
Income before income taxes	4,265	1,398	8,682	1,704
Income taxes	--	--	--	--
Net income	\$ 4,265	\$ 1,398	\$ 8,682	\$ 1,704
<b>Earnings per share:</b>				
Basic	\$ 0.20	\$ 0.06	\$ 0.40	\$ 0.08
Diluted	0.18	0.06	0.36	0.07
<b>Number of shares used in computing earnings per share:</b>				
Basic	21,840	21,658	21,804	21,603
Diluted	23,850	23,419	24,139	23,435

CONDENSED CONSOLIDATED BALANCE SHEETS  
(IN THOUSANDS)  
(UNAUDITED)

	September 30, 2006	December 31, 2005
Cash and restricted cash	\$ 212,376	\$ 175,451
Finance receivables, net	1,305,293	913,576
Residual interest in securitizations	17,847	25,220
Other assets	63,004	40,897
	\$1,598,520	\$1,155,144
Accounts payable and other liabilities	\$ 22,104	\$ 19,779
Warehouse lines of credit	64,816	35,350
Residual interest financing	24,243	43,745
Securitization trust debt	1,355,722	924,026
Senior secured debt	40,000	40,000
Subordinated debt	9,936	18,655
	1,516,821	1,081,555
Shareholders' equity	81,699	73,589
	\$1,598,520	\$1,155,144

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