

IN THE MATTER OF:

**PRA RECOVERY a/k/a
P.R. & COMPANY a/k/a
NATIONWIDECOLLECTION.NET**

Respondents.

**BEFORE THE MARYLAND
STATE COLLECTION AGENCY
LICENSING BOARD IN THE OFFICE
OF THE COMMISSIONER OF
FINANCIAL REGULATION**

Case No.: CFR-FY2013-154

FINAL ORDER TO CEASE AND DESIST

WHEREAS, the State Collection Agency Licensing Board in the Office of the Commissioner of Financial Regulation, an office in the Department of Labor, Licensing and Regulation, a principal department of the State of Maryland (the “Agency”) undertook an investigation into the business activities of PRA Recovery a/k/a P.R. & Company a/k/a Nationwidecollection.net (collectively, the “Respondents”); and

WHEREAS, pursuant to the Maryland Collection Agency Licensing Act (“MCALA”), Md. Code Ann., Business Regulations Article (“BR”), §7-101 *et seq.*, the Agency is responsible for licensing and regulating persons engaged in collection agency activities in the State of Maryland (the “State”), and for otherwise enforcing the provisions of MCALA and the Maryland Consumer Debt Collection Act (“MCDCA”), located at Md. Code Ann., Commercial Law Article (“CL”) §14-201 *et seq.*; and

WHEREAS, the Agency finds grounds to allege that Respondents have engaged in acts or practices which constitute violations of MCALA and MCDCA; and the Agency finds that action under Md. Code Ann., Financial Institutions Article (“FI”) §2-115 is appropriate; and

WHEREAS, the Agency issued a Summary Order to Cease and Desist and Order to Produce (the “Summary Order”) against Respondents on August 16, 2013, after determining that

Respondents were in violation of the aforementioned provisions of Maryland law, and that it was in the public interest that Respondents cease and desist from engaging directly or indirectly in the business of collecting consumer claims from Maryland residents, and from otherwise engaging in collection agency business in the State; and

WHEREAS, the Summary Order notified Respondents of, among other things, the following: that Respondents were entitled to a hearing before the Agency to determine whether the Summary Order should be vacated, modified, or entered as a final order of the Agency; that the Summary Order would be entered as a final order if Respondents did not request a hearing within 15 days of the receipt of the Summary Order; that as a result of a hearing, or of Respondents' failure to request a hearing, the Agency may, in the Agency's discretion and in addition to taking any other action authorized by law, enter an order making the Summary Order final, issue a monetary penalty, require Respondents to pay restitution to aggrieved consumers, and to take affirmative action to correct violations; and take other actions related to Respondents' collection activities; and

WHEREAS, the Summary Order was properly served on Respondents via First Class U.S. Mail and Certified U.S. Mail; and

WHEREAS, Respondents failed to request a hearing on the Summary Order within the fifteen (15) day period set forth in FI §§ 2-115(a)(2) and BR §7-309 or pursuant to State Government Article §10-226(c)(2) of the Code, and have not filed a request for a hearing as of the date of this Final Order to Cease and Desist (this "Final Order"); and

WHEREAS, the Agency began an investigation into the Respondents' collection activities as a result of a consumer complaint and has based its decision in this Final Order that Respondents engaged in unlicensed collection activity in violation of various provisions of

Maryland law, including but not limited to, violation of the MCALA and the MCDCA on the following determinations:

1. Pursuant to FI §11-204, “[u]nless a person is licensed by the Commissioner, the person may not: (1) [m]ake a loan; or (2) [i]n any way use any advantage provided by the Maryland Consumer Loan Law.”

2. BR §7-101 provides, in part, the following definitions:

(b) *Board*. “Board” means the State Collection Agency Licensing Board.

(c) *Collection agency*. “Collection agency” means a person who engages directly or indirectly in the business of:

(1)(i) collecting for, or soliciting from another, a consumer claim;
or

(ii) collecting a consumer claim the person owns, if the claim was in default when the person acquired it;

* * *

(d) *Commissioner*. “Commissioner” means the Commissioner of Financial Regulation.

(e) *Consumer claim*. “Consumer claim” means a claim that:

(1) is for money owed or said to be owed by a resident of the State; and

(2) arises from a transaction in which, for a family, household, or personal purpose, the resident sought or got credit, money, personal property, real property, or services.

(f) *License*. “License” means a license issued by the Board to do business as collection agency.

(g) *Licensed collection agency*. “Licensed collection agency” means a person who is licensed by the Board to do business as a collection agency.

3. Pursuant to BR §7-201, “[t]here is a State Collection Agency Licensing Board in the Office of the Commissioner of Financial Regulation in the Department [of Labor, Licensing, and Regulation].” Further, BR §7-203 provides that, “[t]he Commissioner is chairman of the Board.”

4. BR §7-308 provides in relevant part, as follows:

(a) *In general.* – Subject to the hearing provisions of §7-309 of this subtitle, the Board may reprimand a licensee or suspend or revoke a license if the licensee or any owner, director, officer, member, partner, or agent of the licensee:

- (3) in connection with the collection of any consumer claim:
 - (i) commits any fraud; or
 - (ii) engages in any illegal or dishonest activities;
- (4) knowingly or negligently violates the Maryland Consumer Debt Collection Act;

(b) *Multiple licenses.* – If the Board finds that a ground for suspension or revocation of a license applies to more than 1 place of business that a licensee operates, the Board may act against:

- (1) each license of the licensee;

5. BR §7-401(a) provides that, “except as otherwise provided in this title, a person may not knowingly and willfully do business as a collection agency in the State unless the person has a license.”

6. Pursuant to the MCDCA, and specifically, at CL §14-202(8) “[i]n collecting or attempting to collect an alleged debt” a collector may not: “[c]laim, attempt, or threaten to enforce a right with knowledge that the right does not exist.”

7. Fair Debt Collections Practices Act (“FDCPA”) at 15 U.S.C. §1692 *et seq.*, provided, in relevant part as follows:

§1692e. False or misleading representations

A debt collector may not use any false, deceptive, or misleading representation or means in connection with the collection of any debt. Without limiting the general application of the foregoing, the following conduct is a violation of this section:

* * *

- (2) The false representation of –
 - (A) the character, amount, or legal status of any debt; or

* * *

(5) The threat to take any action that cannot legally be taken or that is not intended to be taken.

* * *

(10) The use of any false representation or deceptive means to collect or attempts to collect any debt or to obtain information concerning a consumer.

* * *

§1692f. Unfair practices

A debt collector may not use unfair or unconscionable means to collect or attempt to collect any debt. Without limiting the general application of the foregoing, the following conduct is a violation of this section:

(1) The collection of any amount (including any interest, fee, charge, or expense incidental to the principal obligation) unless such amount is expressly authorized by the agreement creating the debt or permitted by law.

* * *

8. Persons engaged in unlicensed collection activities involving Maryland consumers are in violation of BR §7-401(a) of the MCALA (“except as otherwise provided in this title, a person may not knowingly and willfully do business as a collection agency in the State unless the person has a license”). Engaging in unlicensed collection activities is also a violation of CL §14-202(8) of the MCDCA (“[o]n collecting or attempting to collect an alleged debt”, a collector may not “[c]laim attempt, or threaten to enforce a right with knowledge that the right does not exist”). Unlicensed collection activities also violate various provisions of the FDCPA: they constitute false or misleading representations in violation of 15 U.S.C. §1692(e)(2) (false representations about the “character, amount, or legal status of any debt”), (e)(5) (“[t]he threat to take any action that cannot legally be taken or that is not intended to be taken”), and (e)(10) (“[t]he use of any false representation or deceptive means to collect or attempt to collect any debt”); and they constitute unfair or unconscionable means to collect or

attempt to collect a debt, in violation of 15 U.S.C. §1692(f)(1) (the collection of any amount that is not permitted by law).

9. The following relevant and credible evidence, obtained pursuant to the Commissioner's investigation, was considered in the issuance of the Summary Order: internet information; written communication between Respondent and the Consumer; public records and Maryland's licensing records, and statements by Maryland residents who had dealings with Respondents:

a. PRA Recovery is a purported business entity based in the State of New York and is also known as P.R. & Company and nationwidecollection.net. PRA Recovery under its name, or its aliases, has never been licensed as a collection agency in Maryland.

b. In April 2013 the Agency received a complaint related to Respondent's efforts to collect a consumer claim purported arising from dental services made to a Maryland resident, [REDACTED] ("Consumer A").

c. In March 2013, a representative of Respondent called Consumer A on his cellular phone in an attempt to collect \$239 for a debt that Respondent alleged Consumer A owed a Rockville family dental group. Consumer A disputed that he owed the debt and asked the representative to provide him with the date and time of the service, what services were provided, and the name of the doctor. The only information the representative could provide was that the service was provided to Consumer A's son sometime in July 2011. Consumer A then informed Respondent's representative that he and his family lived in Arkansas from October 2009 to November 2011, and therefore would not have seen a dentist in Maryland in July 2011. Respondent's representative told Consumer A that he would check this information and respond via email. On or about March 20, 2013, Respondent sent Consumer A a letter demanding

payment of \$239 and threatening to refer the case to an attorney to “commence litigation in the local courts” if payment was not received within 30 days. On or about March 26, 2013, Consumer A sent Respondent a letter via certified mail asking Respondent to verify the debt. On or about April 4, 2013, Karen Brooks, a Financial Regulation Examiner with the Agency sent Respondent a letter via certified mail, return receipt, informing Respondent that a license was required in order to engage in collections activity in Maryland and warning Respondent that its attempts to collect from Consumer A were a violation of Maryland law. On or about April 23, 2013, Respondent sent a letter to Consumer A once again demanding payment and threatening to report the delinquent account on Consumer A’s credit report and to commence litigation to enforce the debt. On or about May 10, 2013 Agency Investigator David Schickner sent a letter to Respondent again informing Respondent that a license was required and requesting that Respondent contact him regarding Consumer A’s complaint. Investigator Schickner did not receive a response.

10. Respondent knowingly collected consumer debts from Maryland residents without first obtaining a license.

11. By attempting to collect on a consumer debt from a Maryland consumer without being licensed, by refusing to acknowledge Consumer A’s dispute or verify the disputed debt, and by threatening legal action which they had no right to take, Respondents violated various State and federal laws, including but not limited to the following: the MCDCA, including CL §14-202 (by claiming, attempting, or threatening to enforce a right with knowledge that the right does not exist); the FDCPA including both 15 U.S.C. §1692e (by making false or misleading representations, based on conduct which involved making false representations about the character, amount, or legal status of any debt, and conduct which involved threatening to take

any action that cannot legally be taken or that is not intended to be taken), and 15 U.S.C. §1692f (by engaging in unfair or unconscionable means to collect or attempt to collect any debt, based on conduct which involved collecting any amount not expressly authorized by the agreement, or permitted by law); and MCALA, including both BR §7-308(a)(3)(ii) (by engaging in any illegal or dishonest activities in connection with the collection of a consumer claim, namely the above referenced violations of MCDCA and the FDCPA), and BR §7-308(a)(3)(iii) (by knowingly or negligently violating the MCDCA in connection with the collection of a consumer claim).

12. By engaging in unlicensed collection activities in Maryland without being duly licensed by the Agency, Respondents engaged in unlicensed collection agency activities in violation of BR §7-401 of MCALA. Further, such unlicensed collection activities violated CL §14-202(8) of the MCDCA, as well as 15 U.S.C. §§1692(e)(2), (5), (10) and 1692(f)(1) of the FDCPA.

NOW THEREFORE, having determined that Respondents waived their right to a hearing in this matter by failing to request a hearing within the time period specified in the Summary Order, and pursuant to FI §§2-115(a), SG § 10-226(c)(2), and BR §7-309, it is by the Commissioner hereby:

ORDERED that the Summary Order to Cease and Desist issued by Maryland State Collection Agency Licensing Board in the Office of the Commissioner of Finance Regulation on August 16, 2013, is entered as a Final Order of the Agency, and Respondents shall permanently **CEASE** and **DESIST** from engaging in any collection activities involving Maryland consumers; and that Respondents shall permanently **CEASE** and **DESIST** from engaging directly or indirectly in the business of collecting consumer claims from Maryland residents, and from otherwise engaging in the collection agency business in the State of Maryland; and that

Respondents shall permanently **CEASE** and **DESIST** from violating the aforementioned laws governing debt collection.

ORDERED that, pursuant to FI §2-115(b) and upon careful consideration of 1) the seriousness of the Respondents’ violations; 2) the lack of good faith of Respondents, 3) the history and nature of Respondents’ violations; and 4) the deleterious effect of Respondents’ violations on the public and on the debt collection and collection agency businesses, Respondents shall pay to the Agency a total civil money penalty in the amount of **\$2,000**, which consists of the following:

<i>Prohibited Activity and Violation</i>	Penalty per Violation	x Number of Violations	= Penalty
<i>Unlicensed Collection Activity in Violation of MCALA</i>	\$1,000	1Md. Consumer	\$1,000
<i>Violation of MCDCA</i>	\$1,000	1 Md. Consumer	\$1,000
		TOTAL	\$2,000

And it is further,

ORDERED that Respondents shall pay to the Commissioner, by cashier’s or certified check made payable to the “Commissioner of Financial Regulation,” the amount of **\$2,000** within fifteen (15) days from the date of this Final Order; and it is further

ORDERED that Respondents shall send all correspondence, notices, civil penalties and other required submissions to the Commissioner at the following address: Commissioner of Financial Regulation, 500 North Calvert Street, Suite 402, Baltimore, Maryland 21202, Attn: Proceedings Administrator.

7/25, 2015
Date



Gordon Cooley
Acting Commissioner of Financial Regulation