

**State Collection Agency Licensing Board Open
Session Minutes**

<u>Date: August 10, 2021</u>		Time: 2:00 p.m.	Maryland Department of Labor
Meeting called to order at 2:01 p.m. by:	Antonio P. Salazar, Chairman (attended via video conference call)		
Administrator	Cindy McCauley (attended via video conference call)		
Attendees	<p>Members: Susan K. Hayes, Sandra Holland and Eric Friedman (each attended via video conference call)</p> <p>Counsel: Kenneth Krach, Esq. (attended via video conference call)</p> <p>Staff: Deputy Commissioner Greg Thoreson, Betty Yates, Arlene Williams, Jedd Bellman, Clifford Charland, and Kelly Mack, Meredith Merchant (each attended via conference call)</p>		
Acknowledgements	<p>Mr. Salazar stated that the notice of the August 10th meeting was posted on the Board’s website on July 15th, and the agenda was posted on the Dept. of Labor/Board’s website on August 5th 2021. In addition, he stated that the August 10, 2021 meeting notice was published in the Maryland Register on July 30, 2021.</p>		
Approval of Minutes			
Mr. Salazar			

Discussion	Mr. Salazar noted minutes of the 7.12.2021 Board meeting had been circulated for review and asked for questions or comments. There were no questions or comments for the minutes and on a Hayes/Holland/ Friedman motion, the Board unanimously approved the minutes.
Recognition of Public Comments	
Mr. Salazar	
Discussion	<p>No members of the public were present.</p> <p>Mr. Salazar introduced newly appointed Deputy Commissioner Greg Thoreson to the Board. He noted that Mr. Thoreson had an extension background in the banking field. Mr. Salazar explained that Mr. Thoreson was replacing Ms. Louro who was remaining with the Office to focus on the supervision of depository institutions.</p>
1.) Licensing Unit Report	
Ms. Yates	
	<p>Ms. Yates advised there were ten applications received. Ms. Yates advised the Board that each entity’s application and supporting materials for licensure had been reviewed and found to satisfy the licensing qualifications. Ms. Yates proceeded to recommend that the Board issue collection agency licenses to:</p> <ol style="list-style-type: none"> 1.) NMLS ID 2062337 Encore Advantage LLC 2.) NMLS ID 2106411 BIFI Loan Servicing LLC 3.) NMLS ID 2147720 Starmark Financial LLC 4.) NMLS ID 1857729 MCU Holdings, LLC 5.) NMLS ID 2022468 Platinum Towing and Recovery Incorporated 6.) NMLS ID 1769013 Valley Collection Service, L.L.C. 7.) NMLS ID 2154362 InDebted USA, Inc (Branch) 8.) NMLS ID 2151481 Wakefield & Associates, Inc (Branch) 9.) NMLS ID 2186840 Wakefield & Associates, Inc (Branch) 10.) NMLS ID 2185253 Wakefield & Associates, Inc (Branch)

On a Friedman/Holland/Hayes motion, which was unanimously approved, the Board voted to issue licenses to all recommended applicants.

Ms. Yates reported that there are four collection agency licensees that surrendered their license in the past 30 days which are listed below:

1. Collection Bureau Incorporated - NMLS ID 1646373 - No reason given
2. CBE Customer Solutions, Inc - NMLS ID 1222508 - The office closed
3. Hunter Warfield, Inc - NMLS ID 1530281 - The Branch was sold
4. Ceteris Portfolio Services, LLC - NMLS ID - No reason given

Mr. Friedman noted the license applications included a towing company and indicated that some towing companies do not recognize the need for licensing when involved in collection activity.

There are no MOU's this month, so no Closed session is required.

There were five Change in Control approvals noted for the August 10, 2021 Board meeting which are listed below.

Marlette Servicing, LLC (1849345)
SLK Global Philippines, Inc (1617487)
JFQ Lending, Inc (1639493)
Financial Recovery Services, Inc (935742)
Notable Finance, LLC (1824748)

There were no questions or comments about the change in control approvals.

Ms. Williams informed the Board 47 collection agencies (including branches) had to be terminated since they had expired and failed to renew.

With respect to those agencies failing to renew Mr. Bellman related to the Governor's extension of the license date and explained that OCFR issued a notice about the need for renewal. When the Order expired there were still non-renewed licenses outstanding OCFR needed to terminate those licenses that did not renew. OCFR has not received any comment on that action.

Mrs. Hayes requested year to year data going back several years of what the typical renewal percentages for our collection agencies so they could compare that to what they saw this year.

Mr. Charland provided the Board with the renewal information from the past four years of data which showed that overall renewal rates changed a little for year to year with each year exceeding 91%.

2.) Consumer Services Unit Report

Mrs. Mack

	<p>Mrs. Mack presented the Consumer Services Unit report. She advised that 137 total debt collection complaints were received in FY 21. There are 20 that are currently open and 10 currently closed which was a 7.87% increase over the last fiscal year (13 complaints over the previous fiscal year). She noted that there are 20 complaints that are currently open and 10 have been closed this fiscal year. She noted these totals still reflect low overall levels of complaints.</p>
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3.) Enforcement Unit Report	
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Mr. Charland	
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	<p>Mr. Charland presented the Enforcement Unit report. Mr. Clifford was filling in for Mrs. Allen that usually provides the report. He reported that there are three collection agency cases in pre-charge status. Mr. Charland acknowledged the report at one point erroneously stated four collection agencies are in pre-charge status and confirmed the actual number as three.</p>
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4.) Medical Debt Bill Implementation	
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Mr. Bellman	
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	<p>Mr. Bellman advised the Board that the Office held an initial meeting with advocates and industry representatives and has another scheduled with them next week on Tuesday afternoon.</p> <p>Ms. Hayes asked a question about the Medical Debt Bill asking if the restrictions apply mostly to attorney filings and a restriction that debt collectors cannot affect credit until 180 days after billing.</p> <p>Mr. Bellman stated that OCFR is still working through the bill but his read of it is that to the extent that a debt collector does collection for the hospital, the obligations and liability in the bill flow to the debt collectors if they violate the bill, including if their attorneys engage in violative behavior. He added that some parties have expressed concern about disclosures and whether they come with the FDCA requirements and so OCFR’s goal is to work through all the issues to understand the different constituents’ and stakeholders’ positions and then come back to the Board.</p> <p>Mr. Salazar stated there is a broader concern and as it applies to debt collectors because of the liability language in the Statue. He said the attorneys are typically aware of it but if a case is filed, liability for attorney action could run to the agency regardless of whether the violation involved on of their direct obligations because agencies are liable for the actions of their agents.</p>
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Mr. Bellman informed the Board OCFR is still working through this situation with interested parties. He observed that hospitals might not be good at sending information to debt collectors and that would put debt collectors in a perilous position. As such there is a desire to make sure, from an implementation perspective, both that any main points and conflicts are resolved but also to give clear guidance to the industry about what their obligations. Additionally, if the Board has concerns about interface with Hospital Regulators staff will try to ensure that there's a proper information flow especially to the debt collectors that are engaging in this activity as they face risks associated with information that might be controlled by the hospitals and not easily flowing to them.

5.) NACARA Update

Mr. Bellman

Mr. Bellman reported that the NACARA Board they will continue to move forward on two priority items. CSBS sent a letter to the Department of Education about issues around the need for coordination on student loan issues and exploring the establishment of a governance/coordinating structure for regulators. It was announced that the Department of Education is reversing certain positions taken under the prior administration and that the Department is looking to partner with State regulators and state AG's as CSBS asked. On a recent call, FSA Director Corday announced his view on how the Department will collaborate on and oversee, supervise and monitor student loan collection activity as well as servicing activity working with NACARA to create a more structured governance around student loan issues. Once the details are sent, information about governance structure and the collaboration with the appropriate states will be disclosed.

Ms. Mack gave a reminder to the Board about NACARA’s virtual conference which is scheduled for October 4th-6th. The registration is due by September 30th and the fee is \$50. Some of the topics going to be discussed at the conference include the Cybersecurity examination process and the COVID-19 impact, Also, the credit repair agencies will be on a header panel discussion on COVID-19 new debt rules, comment validation issues and new regulation legislation. In addition, a panel discussion will be held addressing the updates of the FCC, ACA and the RMAI.

Mr. Bellman informed the Board that OCFR would pay for the registration fee for any SCALB Board members that had an interest in attending this conference.

6.) Hunstein Case

Mr. Salazar gave an update to the Board telling the Board that on 7.23.21 a judge in the Eastern District of NY had dismissed six Hunstein, copy-cat cases. The Court relied upon the Supreme Court's Transunion v. Ramirez case in reaching its decision. Specifically, the Supreme Court said in footnote 6 of the Ramirez case that there was no "publication" of consumers or individual information if the information is sent to a vendor. In Ramirez, the Court said that a procedural violation that doesn't confer standing on the consumers without proof of damage. As more specific details on other Hunstein type cases become available it will be given to the Board.

Mr. Salazar introduced Meredith Merchant, OCFR's Director of Outreach. She was asked to present the OCFR's concept of a program that should be of interest to the Board. The plan is for OCFR to host an education session for collection agencies in the Fall.

Ms. Merchant informed the Board that OCFR is planning a virtual training event for collection agencies in the Fall. The tentative date will be October 26th. Regarding speakers and topics, Ms. Merchant contacted CSBS and FTC but since there has been recent training on the federal rules and issues, the focus of the OCFR session will be on specific issues and how Maryland is interpreting and enforcing the new CFPB rule. In preparation and planning for the training possible topics being considered are privacy, security issues, student loan collections, and best collection practices. More details will follow, and suggestions are being solicited during the planning of this training. Ms. Hayes and Ms. Holland will be providing Mrs. Merchant with some topics to include in this upcoming training.

Discussion

Adjournment

Mr. Salazar concluded with miscellaneous comments. He stated that in the September the Board will revisit the question of having the Board return to in-person meetings starting in October.

On a unanimously approved motion, the meeting adjourned at 2:43 p.m.