

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

Date: June 15, 2021

Time: 2:00 p.m.

Maryland Department of Labor

Meeting called to order at 2:02 p.m. by:

Antonio P. Salazar, Chairman (attended via video conference call)

Administrator

Cindy McCauley (attended via video conference call)

Attendees

Members: Susan K. Hayes, Sandra Albert, and Eric Friedman (each attended via video conference call)

Counsel: Kenneth Krach, Esq. (attended via video conference call)

Staff: Betty Yates, Jedd Bellman, Clifford Charland, Dana Allen, and Kelly Mack (each attended via conference call)

Acknowledgements

Mr. Salazar introduced and welcomed the new acting Administrator Cindy McCauley from OCFR and he indicated that she will be performing some of Ms. Dave's duties until the position is filled. Ms. McCauley has been a part of OCFR staff since September 2020. He noted that Ms. Dave had taken a new position within the State system and her position has not yet been filled.

Mr. Salazar acknowledged that the notice of the June 15th meeting was posted on the Board's website on May 13, 2021, and the agenda was posted on the Dept. of Labor/Board's website on June 14, 2021. In addition, he stated that the meeting notice for the June 15, 2021 meeting was published in the Maryland Register on May 21, 2021.

Approval of Minutes

Mr. Salazar

Discussion	<p>Mr. Salazar noted the lifting of the State of Emergency will allow the Board to consider in person meetings. Remote meetings have worked well and eliminated travel time and expense and will likely be continued on some basis post emergency. Notwithstanding it would be advantageous to get everyone in-person occasionally and the September meeting may be considered as an in person meeting if it works for all Board members.</p> <p>Ms. Hayes noted the Board has functioned well using the remote format throughout the pandemic</p> <p>Mr. Salazar noted minutes of the 05.10.2021 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/Albert motion, the Board unanimously approved the minutes.</p>
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Recognition of Public Comments

Mr. Salazar	
Discussion	No members of the public were present.

1.) Non-Depository Unit Report

Ms. Yates	
Discussion	<p>Ms. Yates advised there were fourteen 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 1700835 Credit Services International Corporation 2.) NMLS ID 1608597 Connect International LLC 3.) NMLS ID 2076070 The CBE Group 4.) NMLS ID 2098774 Square Capital LLC 5.) NMLS ID 2123477 Moore, Curtis, Leon 6.) NMLS ID 2109219 Watercress Financial Group LLC 7.) NMLS ID 2031577 EJV Real Estate Services, Inc 8.) NMLS ID 1969084 ADF Services, LLC 9.) NMLS ID 2158460 Brown & Joseph, LLC (Branch) 10.) NMLS ID 2158443 Brown & Joseph, LLC (Branch) 11.) NMLS ID 1891455 SourcePoint, Inc (Branch) 12.) NMLS ID 2127565 Encore Receivable Management, Inc (Branch)

- 13.) NMLS ID 2008334 Sitel ARM Corp (Branch)
- 14.) NMLS ID 2084810 SourcePoint, Inc (Branch)

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

Listed below Ms. Yates reported that eight collection agency licensees that surrendered their license in the past thirty days with no reason given. Mr. Salazar explained surrender process and that the Board had been asked at the beginning of the pandemic to track surrenders in which the licensee cited the pandemic as the cause.

- 1.) Green Mountain Capital, LLC (1702936) - No Reason Given
- 2.) EGS Financial Care, Inc (1829205) - No Reason Given
- 3.) EGS Financial Care, Inc (1096676) - No Reason Given
- 4.) EGS Financial Care, Inc (1829124) - No Reason Given
- 5.) EGS Financial Care, Inc (1834726) - No Reason Given
- 6.) Performant Recovery, Inc (952769) - No Reason Given
- 7.) Penn Credit Corporation (1215664) - No Reason Given
- 8.) United Consumers, Inc (1063713) - No Reason Given

Listed below were the seven Change in Control approvals for the June 15, 2021 Board meeting.

- 1.) Convergent Outsourcing, Inc (930053)
- 2.) Account Control Technology, Inc (907337)
- 3.) Convergent Healthcare Recoveries, Inc (1135288)
- 4.) General Service Bureau, Inc (1146818)
- 5.) Crown Asset Management, LLC (1110271)
- 6.) Mercantile Adjustment Bureau, LLC (962209)
- 7.) Optimum Outcomes, Inc (948477)

Question proposed by Ms. Albert was any reason given on the processes of surrendering their license?

In response to the question, Ms. Yates noted the NMLS does not ask for a reason for the surrender. She further noted that an OCFR employee would usually reach out to licensee's surrendering a license but the employee who handles that function had been out on medical leave so none of the eight licensees surrendering a license had been contacted.

Ms. Albert shared her concerns on the impact from the lower volume of business from her company's largest client which is a utility company that has had no disconnect activity resulting in her company having not received any new clients since March 2020. The agency does not anticipate receiving any new accounts due the relief provided by the CARES Act. It has been a challenge to make up for the lost

	<p>accounts during the pandemic and she believes other small agencies will be similarly, negatively impacted.</p> <p>The Board engaged in a general discussion concerning trends in the collection industry relating to the pandemic. Ms. Hayes believes a dramatic change is occurring in small to mid-sized agencies who are exiting the business, although the amount of change may take 1-2 years to become apparent. The Board noted some licensees will not formally surrender a license, rather they will simply decline to renew it when it expires. The Board acknowledged it possessed no easily accessible data to track these non-renewals. Mr. Bellman mentioned the licensees that have not surrendered or renewed their license will be terminated after the renewal cycle ends.</p> <p>Ms. Albert noted many agencies are facing reduced business to CARES Act payments due to creditors discharging delinquent accounts that would otherwise go to collection.</p>
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2.) Consumer Services Unit Report

Ms. Mack	
Discussion	<p>Ms. Mack presented the Consumer Services Unit report. Ms. Mack advised that 121 total debt collection complaints which is 11 up from the last meeting have been received so far in FY21 and the Unit has closed 135 cases.</p>

3.) Enforcement Unit Report

Ms. Allen	
Discussion	<p>Ms. Allen presented the Enforcement Unit report. She reported that there are four collection agency cases in pre-charge status.</p> <p>Mr. Bellman mentioned that the Office is in litigation in another matter regarding bank lending partnerships and that this matter has a debt collection license component regarding the technology company that services the debt that is at issue in the case.</p>

4.) Legislative and Regulatory Highlights Webinar

Mr. Salazar	
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Discussion	<p>Mr. Salazar advised the Board that on June 29th 2021. OCFR is hosting a "Regulatory Highlights" webinar on at 2pm, during which the OCFR staff will share important legislative, supervisory and enforcement updates. Regulated financial service businesses and other stakeholders are invited.</p> <p>Ms. Hayes noted the DC Mayor had extended restrictions on certain debt collection actions which could affect Maryland agencies operating in DC.</p> <p>Mr. Salazar offered updates and thoughts on the 11th Circuit case involving use of vendors by collection agencies.</p>
5.) Westminster (Property Manager AG Case)	
Mr. Salazar	
Discussion	The ALJ concluded Westminster needed a license to collect but that the OAG may challenge certain conclusions reached by the ALJ. The final decision may or may not be appealed to the Circuit Court.

6.) Medical Debt Bill Implementation	
Mr. Bellman	
Discussion	Mr. Bellman advised the Board that the Maryland General Assembly passed the medical debt bill. The bill's language raised concerns regarding implementation of the new requirements. Office staff will meet with stakeholders and report back to the Board on possible guidance to be issued by the Office.
7.) NACARA Update	
Mr. Bellman	

Discussion	<p>Mr. Bellman reported on two priority items that the NACARA has been focusing on. First, it is coordinating on student loan issues and developing a governance structure for state regulators to coordinate in this space. NACARA and other regulators met with the new Chief Operating Officer, Mr. Cordray, of Federal Student Aid. That call highlighted a willingness to stabilize relations between State and federal agencies and work together towards a better and more sustainable relationship for the long term.</p> <p>The second matter is the 11th Circuit Hunstein case, in which the panel ruled that providing consumer data to mail vendors was an impermissible third-party disclosure under the FDCPA. NACARA is monitoring the case. NACARA also has outreach calls with stakeholders and is collaborating with CSBS.</p>
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Adjournment	<p>Mr. Salazar stated that the next SCALB meeting will be held on July 12, 2021 via video conference. Also, with many of the Governor's executive orders being rescinded as of July 1, 2021 (with a 45 day grace period) and with other restrictions being lifted, the Board will seek to hold meetings in person potentially starting September 2021.</p> <p>On a Friedman/Hayes/Albert motion, which was unanimously approved, the meeting adjourned at 2:46 p.m.</p>
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