

MARYLAND COLLECTION AGENCY LICENSING BOARD

BOARD MEETING MINUTES

MONDAY, FEBRUARY 23, 2015 ANNAPOLIS, MARYLAND

The Collection Agency Licensing Board Meeting was called to order by Acting Chairman Gordon Cooley at 10:30 am at Alacrity Collections Corporation in Annapolis. Members in attendance were Stephan Hannan, Eric Friedman, Susan Hayes, Joanne Young, as well as Staff Members, Administrator Michael Jackson and Administrative Officer Kelly Mack. Also present were Board Counsel Jessica Carter, Assistant Commissioner Jedd Bellman, and Acting Deputy Commissioner Keisha Whitehall Wolfe. On motion duly made, seconded and adopted, the Minutes of the November 6, 2014 meeting were approved as presented.

Acting Chairman Cooley reported that the four board members have recently been nominated to the Board for four-year terms as part of the "Greenbag" process which he explained to the group.

LICENSEE REPORT

Mr. Jackson delivered a report regarding the number of licensees and changes since prior periods. There are currently 1595 collection agency licensees operating in Maryland, which includes 412 branch offices and 78 new applications approved since November, 2014. These statistics represent a 5% decrease of 70 at December 31, 2014, compared with December 31, 2013.

INFORMATION ITEMS:

Ms. Mack presented to the Board two collection agencies that filed change-of-control applications with the Board since its last meeting. In accordance with prior Board approval, summaries of each of the applications were provided for review. The Board members did not raise any issues or concerns regarding any of the new control persons. Accordingly, the Licensing Unit will continue to proceed with the processing of the change-in-control applications in the normal course of business. It was also noted that Board Counsel would be providing an Advice of Counsel on the issue of Change of Control during closed session.

Mr. Bellman reported the enforcement actions relative to collection agencies. He indicated there are 24 open investigations against debt collection agencies, eleven of which have been referred to the Attorney General. There have been two cease and desist orders issued, one settlement pending and four final orders. He specifically briefed the Board on the following most recent actions:

- Edison Patrick Association, Inc. Final Order to Cease & Desist action filed 12/11/14-\$2,000 fine/restitution;
- Messerili & Kramer, PA – Settlement Agreement filed 1/15/15 - \$10,000 fine;
- Heinz Rockwell Dunn-Final Order to Cease & Desist action filed 2/4/15- \$680,000 fine PRA Recovery – Final Order to Cease & Desist action filed 2/5/15 - 2,000 fine;
- Portfolio Recovery Associates – Final Order to Cease & Desist action filed 2/5/15

Ms. Mack presented the 2014 Annual Report of the Maryland Collection Agency Licensing Board in a power point presentation which was well received by all. It was suggested that for future reports an additional slide should be added to represent the fines/trends for all debt collection enforcement actions. This suggestion was agreed and noted for the next annual report accordingly.

Ms. Mack provided the Board with information relating to the newly formed State/Federal Debt Collection Abuse Sweep, formally now named, "Operation Collection Protection". She reported that she is participating on a conference call on first Thursday of each month which commenced January 8, 2015. The key objectives for Operation Collection Protection are to improve communication and enforcement with the CFPB, FTC, Attorneys General and the State Regulatory Agencies, expand resources and diligently investigate enforcement actions against debt collection agencies by sharing information relating to informal actions, license revocations, warning letters, audit results, public actions and networking as a group on these calls. She further reported that Senior Attorney for the FTC Mr. Tom Carter is the moderator for this group who reiterated that all information shared is confidential. The Board discussed this joint initiative and Mr. Bellman elaborated on his anticipated involvement on the calls which will provide for engaging in partnership actions and create a drive for a fair playing field. Mr. Bellman further indicated that he sits on the multi-state mortgage committee and he will be reporting on behalf of the Board on any debt collection actions accordingly.

Mr. Cooley discussed BR 7-202(f) which was amended by the legislature effective October 1, 2014 which changes the attendance requirements for board members. He further indicated that board members are now required to attend 67% of board meetings annually, up from 50%.

Mr. Cooley reiterated the Legislative Policy disseminated to the board from newly appointed Secretary Kelly M. Schulz that explains that unless a DLLR employee, including board members, has been specifically authorized by the Legislative Office, with concurrence of the Department Secretary, to testify on a particular bill, no testimony should be offered.

Mr. Cooley noted the Augustine Commission Report as forming the basis for a number of legislative initiatives by the Administration, including items focusing on the economy, business climate, and customer service. The report also states that the major challenge for the state will be diversifying its economy, and providing opportunities to "overcome the economic and educational inequities that continue to exist across the populace."

Mr. Cooley then briefed the board and sought input on a number of pending bills, including:

HB 583 – Open Meetings Act – Requirements for Providing Agendas. The board determined that it could comply by posting agendas on the DLLR website for the Commissioner of Financial Regulation at least 24 hours prior to the scheduled meeting.

HB 951 which would exempt Landlords/Homeowner Associations, and those hired by these persons, from collection agency licensing requirements. – This issue keeps resurfacing as there is no governmental agency assigned to Landlord/Tenant issues. The board discussed this issue at length and determined that "landlord" is not clearly defined which leaves the bill open to varying interpretation

HB 678 – Attachment and Execution – Exemptions. This bill adopts the NCLC model bill and would raise exemption levels, but does not otherwise affect the ability of a creditor to collect a judgment.

Various bills that would shorten the statute of limitations for obtaining a deficiency judgment following a mortgage foreclosure action from three years to two years or, alternatively, bar a deficiency judgment altogether.