

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

<u>9.14.2020</u>	12:04 p.m.	Maryland Dept. of Labor
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Meeting called to order at 12:04 p.m. by	Antonio P. Salazar, Chairman (attended via video conference call)
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Administrator	Devki Dave (attended via video conference call)
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Attendees	<p>Members: Steve Hannan (attended via video conference call), Susan Hayes (attended via video conference call), and Eric Friedman (attended via video conference call)</p> <p>Counsel: Mr. Salazar introduced the Board to a new advice counsel, AAG Ken Krach. Mr. Krach is an experienced financial institutions lawyer who was recently hired to be advice counsel to the Office the Commissioner. Mr. Krach attended via video conference call and give brief introductory remarks.</p> <p>Staff: Jedd Bellman, Arlene Williams, Betty Yates, Dana Allen and Kelly Mack (each attended via video conference call), Clifford Charland (attended via conference call)</p>
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Acknowledgements	Mr. Salazar acknowledged that the meeting notice was published in the Maryland Register on August 28, 2020, and on the Board’s website on August 13, 2020, and the Agenda was posted on the Dept. of Labor/Board’s website on September 8, 2020.
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Approval of Minutes

Mr. Salazar	
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Discussion	Mr. Hannan mentioned that on page 4 of the July 13, 2020 minutes his name was spelled wrong. After reviewing the minutes of the July 13, 2020 meeting, on a Hannan/Hayes motion, which was unanimously approved, the Board approved the minutes with correction of Mr. Hannan’s name.
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Recognition of Public Comments

Mr. Salazar	
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Discussion	No members of the public were present.
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1. Non-Depository Licensing Unit Report

Ms. Yates	
Discussion	<p>Ms. Yates presented the Non-Depository Licensing Unit report. Ms. Williams advised the Board that each entity's application and supporting materials for licensure had been reviewed and found to have satisfied the licensing qualifications as set forth in Ms. Yates' Memo. Ms. Yates proceeded to recommend that the Board issue collection agency licenses to the following entities: Property Owners Exchange, Inc., TCMG Management, Inc., and Land Home Financial Services, Inc. Ms. Yates provided the names of three collection agency licensees that have surrendered their license in the past 30 days: Loan Wise LLC, Windham Professionals, Inc., and Credit Adjustments, Inc.</p> <p>On a Hayes/Hannan motion, which was unanimously approved, the Board voted to issue licenses to all recommended applicants.</p> <p>Ms. Yates also informed the Board that there were changes in control requests from three entities: Credit Adjustments, Inc., Oliver Adjustment Company, Inc., and Vervent, Inc.</p>

2. Consumer Services Unit Report

Ms. Mack	
Discussion	<p>Ms. Mack presented the Consumer Services Unit Complaint report. Ms. Mack advised that the total amount of debt collection complaints received so far in FY21 is 49. Thirty-three complaints are currently open (which includes some carried over from FY20) and 47 have been closed (which includes those closed since July 1, 2020). Further, Ms. Mack compared complaints by fiscal year, noting a declining trend from 2013 through 2019 from 615, 504, 375, 261, 205 and 181, respectively. Ms. Hayes asked if staff could add the number of complaints from 2008 - 2012 for better comparison purposes. Ms. Mack said such information could be provided.</p> <p>Ms. Mack advised that NACARAS's (North American Collection Agency Regulatory Association) October 2020 conference will be held online instead of an in-person meeting. Ms. Mack advised that the conference meetings will be offered virtually on October 5th, October 6th, and October 7th, 2020 via webinar. Ms. Mack advised that the conference will feature more Federal agency speakers and that other state regulators will try to attend these meetings. Ms. Mack mentioned that all NACARA meeting webinars are free and there are no registration fees if any Board members plan to attend.</p>

3. Enforcement Unit Report

Ms. Allen	
Discussion	Ms. Allen presented the Enforcement Unit report. She reported that there are 8 collection agency cases in pre-charge status.

4. Advisory on HB 365 (Debt Collection Exemption Change Prepared)

Mr. Salazar	
Discussion	Mr. Salazar advised the Board that HB 365: alters the amount of wages of a judgment debtor that are exempt from attachment to the greater of 75% of the disposable wages due, or thirty (30) times the State minimum hourly wage in effect at the time the wages are due, multiplied by the number of weeks during which the wages due were earned; and repeals provisions that only applied in Caroline, Kent, Queen Anne’s, and Worcester counties. The new law applies prospectively and may not be applied or interpreted to affect or apply to any writ of garnishment or writ of execution issued before its October 1, 2020 effective date. Mr. Salazar advised the Board that this law does not impact the operations of the Commissioner’s Office; however, the Office will issue an Advisory to collection agencies that are licensed with the Office in the next few weeks.

5. Request from the industry and the regulatory concept draft

Mr. Bellman	
Discussion	Mr. Bellman advised the Board that the Commissioner’s Office had received a number of comments regarding the huge impact Covid-19 has on many industries. He stated that some regulated industries, including the collection industry, had requested the State to provide them with flexibility to run their businesses during the pandemic, in particular permitting remote work. Mr. Bellman informed the Board that, in response to those requests, staff was drafting proposed regulations for certain regulated industries, including collection agencies, to permit remote work by their employees. He noted that the State of Maryland already permits mortgage loan originators to work remotely and that the proposed regulations would borrow concepts from the MLO rule. In particular, the

	<p>rule would contain provisions regarding property supervision, work protocols, and data security looking to best practices. Discussion ensued in which Ms. Hayes agreed and said that flexibility for the collection industry is necessary during these economically challenging times. Mr. Salazar advised the Board that other states are also thinking in the same direction. Mr. Hannan also mentioned that he understands the concerns for the collection agency industry and noted that the federal government is handling much work remotely. Mr. Friedman also mentioned that the marketplace is changing rapidly and that it is not unusual for new technologies to precede consumer protections. He indicated that he thought the three metrics mentioned were appropriate and added that caller ID spoofing should be addressed and the issue of jurisdiction reviewed. A discussion ensued about multi-state actions with Ms. Hayes describing the efforts technologies companies use to comply with multiple state mandates and Mr. Bellman describing the regulatory expectation of compliance and adequate supervision.</p> <p>Mr. Bellman concluded the discussion saying that the proposal will attempt to balance flexibility for industry with best practices while keeping consumer protections in place.</p>
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6. Board Reauthorization

Mr. Salazar	
Discussion	<p>Mr. Salazar renewed discussion from last month’s meeting about the Board’s reauthorization. Mr. Salazar reminded the Board that the Board’s authorization ends in 2021 and that the Board’s reauthorization will be presented in next year’s legislative session. Mr. Salazar mentioned that, on the advice of counsel, a simple reauthorization has been drafted and will be presented. Mr. Salazar mentioned that two main issues raised in the September Board meeting would continue to be discussed: namely transferring licensing authority to the Office of Financial Regulation and its licensing staff as well as expanding the Board by adding new industry or consumer representatives. The Board briefly discussed these comments and the members agreed to continue thinking of any changes that might be deemed appropriate.</p>

Adjournment	<p>Mr. Salazar announced that the next meeting would held be on October 13, 2020.</p> <p>On a Hannah/Hayes motion, which was unanimously approved, the meeting adjourned at 12:55 p.m.</p>
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