Maryland Home Improvement Commission

Business Meeting

Meeting Minutes

DATE: October 5, 2023

TIME: 10:00 AM

LOCATION: ***(Teleconference via Google Meet)***

MEMBERS PRESENT: Joseph Tunney, *Chairman*

Robert Altieri, *Commissioner*

Heather Connellee*, Commissioner*

Michael Newton*, Commissioner*

Michael Shilling, *Commissioner*

I. Jean White, *Commissioner*

STAFF PRESENT: David Finneran, *Executive Director*

Deborah Irvin Cromwell, *Assistant Director*

Sarah McDermott*, Assistant Commissioner*

Lance Franklin*, Licensing Supervisor*

Destiny Rogers*, Complaint Secretary*

Kimberly Rosenthal, *Administrative Officer*

Kenneth Sigman*, Assistant Attorney General*

Tenaea Thomas*, Panel Secretary*

OTHERS PRESENT: Brian Brooks

R. Matthew McKinney

MEMBERS ABSENT: Lauren E. Lake, *Commissioner*

Chandler Louden, *Commissioner*

Wm. Bruce Quackenbush*, Commissioner*

# **Meeting Called to Order**

The meeting was called to order at 10:03 a.m.

**Commissioners Welcome Sarah McDermott, Assistant Commissioner**

Mr. Finneran introduced Sarah McDermott, the new Assistant Commissioner for the Department of Labor. Ms. McDermott was previously with the Maryland Department of Budget and Management, where she worked as the Director of Communications and Public Information Officer. Before her time with DBM, she served as Special Assistant to the Governor's Chief of Staff and held legislative aide positions in both the Senate and House of Delegates. Commissioner McDermott is also a proud Air Force veteran. She was stationed at Hickam Air Force Base in Hawaii, where she served as a Signals Intelligence Analyst. The Commissioners welcomed Commissioner McDermott and look forward to working with her.

# **Approval of the August 3, 2023 Minutes**

Commissioner Altieri moved to approve the Minutes of the August 3, 2023, meeting, and Commissioner Newton seconded it. All Commissioners approved.

# **Fee Increase**

Director Finneran explained that the Secretary’s Office had reviewed the Commission’s fee increase recommendation and decided to authorize a maximum fee increase of 12.5% for all fees charged by units of the Department of Labor, including MHIC. Assistant Commissioner McDermott explained that, in limited instances, the Secretary’s Office has authorized units to implement one 12.5% fee increase this year and a second 12.5% increase next year. Chair Tunney made a motion to increase the Board’s fees by 12.5% now and, if approved by the Secretary, by an additional 12.5% next year. Commissioner Altieri seconded the motion. The Commission unanimously approved the motion.

# **Guaranty Fund Activity Report**

The MHIC Guaranty Fund Activity Report dated August, 2023, is as follows:

Balance as of July 1, 2022 $ 4,350,003.01

Receipts $ 273,459.96

Disbursements

Claims ($467,413.46)

Refunds ($0)

Balance as of August 31, 2023 $4,156.049/51

Reserve

Anticipated Large Claims $750,000.00

FMIS Balance $4,037,280.80

Difference $118,768.71

Please note that the “Receipts” amount of $273,459.96 includes electronic licensing receipts of $117,043.71 and lockbox receipts of $1,725.00 for the month of August that were not posted into FMIS until the month of September 2023.

**Anticipated Pro Rated Claims**

**Prorated Claims Report - MHIC Business Meeting October 5, 2023**

**Recent Guaranty Fund Payouts**

**Contractor Suspension date**

**Contractor I March 8, 2019**

Payout completed on March 24, 2022

**Contractor K** **January 16, 2020**

Payout completed on July 11, 2022

**Contractor H June 24, 2019**

Payout completed on September 28, 2022

**Contractor J December 16, 2019**

Payout completed on October 10, 2022

**Contractor G May 8, 2019**

Payout completed on December 2, 2022

**Contractor M December 5, 2019**

Payout completed on December 18, 2022

**Contractor L October 25, 2021**

Payout completed on January 17, 2023

**Contractor N April 19, 2021**

Payout completed on March 6, 2023

**Guaranty Fund Claims Pending Payouts**

**Contractor O October 25, 2021 (GF payout suspension)**

58 complaints Latest complaint opened March 30, 2023

24 criminal charges filed 4 cases pending criminal charges

**Contractor P May 7, 2022 (Show Cause suspension)**

9 complaints Latest complaint opened March 17, 2022

**Contractor Q April 5, 2022 (Emergency Suspension)**

23 complaints Latest complaint opened March 21, 2023

**Contractor R June 1, 2022 (Emergency Suspension)**

46 complaints Latest complaint opened March 29, 2023

2 criminal charges filed 1 unlicensed complaint

**Contractor S October 12, 2021 (Emergency Suspension)**

19 complaints Latest complaint opened August 22, 2022

**Contractor T September 15, 2022 (Show Cause Suspension)**

9 complaints Latest complaint opened November 1, 2022

**Contractor U October 17, 2022 (Emergency Suspension)**

154 complaints Latest complaint opened May 15, 2023

**Contractor V Voluntary Termination February 10, 2023**

35 complaints Latest complaint opened March 30, 2023

**Contractor W Emergency Suspension February 24, 2023**

7 complaints Latest complaint opened December 13, 2022

MHIC - Prorated Claims October 5, 2023

Anticipated pro-rated claims

**Expected to exceed $250,000 in Guaranty Fund claims**

Contractor O

October 25, 2021 (GF payout suspension)

The MD Consumer Protection Division has initiated administrative actions

against this contractor in an effort to recover additional funds that may

reimburse homeowners for their actual loss.

The Baltimore City Office of the Inspector General has initiated an

investigation to address the criminal aspect of these cases.

58 total MHIC complaints - Latest complaint opened March 30, 2023

24 criminal charges filed by MHIC

28 total MHIC claims received

3 claims denied

$729,487.00 in claims to date. Five additional claims expected to be filed.

Contractor R

June 1, 2022 (Emergency Suspension)

Guaranty Fund reimbursements recovered, and expected to be recovered, by

the MD Consumer Protection Division are expected to cover substantially all

homeowner claim awards.

46 total MHIC complaints - Latest complaint opened March 29, 2023

34 total MHIC claims received

1 claim denied

$264,493 in claims to date. Two additional claims expected to be filed.

Contractor U

October 17, 2022 (Emergency Suspension)

The Consumer Protection Division of the Maryland Office of the Attorney General is in the early stage of its investigation of this contractor and is developing a strategy to address the large volume of homeowners with possible Guaranty Fund claims.

157 total MHIC complaints - Latest complaint opened May 15, 2023

69 total MHIC claims received

$1,794,031.12 in claims to date.

Contractor V

Voluntary Termination February 10, 2023

Multiple State agencies have initiated investigations against this contractor.

The investigations include criminal and financial crimes.

35 total MHIC complaints - Latest complaint opened March 30, 2023

17 criminal charges filed by MHIC

26 total MHIC claims received. Six additional claims expected to be filed.

$2,609,630.00 in claims to date.

# **Review of MHIC Statistics**

|  |  |
| --- | --- |
| **JULY 2023** | |
| **LICENSING ACTIVITY** |  |
| **Current Licenses Total** | 38,465 |
| *Contractor/Salesperson* | 19,782 |
| *Salesperson* | 2,821 |
| *Contractor/Salesperson (Corp/Part)* | 14,982 |
| *Applications Approved* | 196 |
|  |  |
| **COMPLAINTS RECEIVED** | |
| **Complaints Received** | **112** |
| *Licensed* | 77 |
| *Unlicensed* | 35 |
| PendingShow Cause Hearings | **20** |
| Waiting to be sent to OAH | **184** |
| Pending Hearing/Decision at OAH | **273** |
| Mediation | 58 |
|  | |
| **Claims** | |
| Total Open Claims | **572** |
| New Claims Received | **43** |
| Small Claims Received | **8** |

|  |  |
| --- | --- |
| **AUGUST 2023** | |
| **LICENSING ACTIVITY** |  |
| **Current Licenses Total** | 38,747 |
| *Contractor/Salesperson* | 19,898 |
| *Salesperson* | 2,859 |
| *Contractor/Salesperson (Corp/Part)* | 15,108 |
| *Applications Approved* | 268 |
|  |  |
| **COMPLAINTS RECEIVED** | |
| **Complaints Received** | **152** |
| *Licensed* | 93 |
| *Unlicensed* | 59 |
| PendingShow Cause Hearings | **23** |
| Waiting to be sent to OAH | **181** |
| Pending Hearing/Decision at OAH | **251** |
| Mediation | 61 |
|  | |
| **Claims** | |
| Total Open Claims | **544** |
| New Claims Received | **43** |
| Small Claims Received | **0** |

# Commissioner White asked Mr. Finneran what happens with the unlicensed complaints that may be received in the office. Mr. Finneran explained that once an unlicensed complaint is received, a letter goes out to the unlicensed contractor letting that unlicensed contractor know that a complaint was filed against them. The file is then given to the Investigator to review and decide whether to issue criminal charges against the unlicensed contractor. The criminal charges could result in a fine of up to $1000 or 2 years of imprisonment or both.

# **Review of the August 2023 & September 2023 PSI Results**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Below is the examination statistics summary for the month of August 2023 & September 2023  August 2023 | | | | | |
| **Home Improvement** | | **Candidates Tested** | **Passed** | **Failed** | **Pass %** |
| Contractor | | 161 | 111 | 50 | 69% |
| Contractor Spanish | | 142 | 59 | 83 | 42% |
| Salesperson | | 118 | 84 | 34 | 71% |
| Salesperson Spanish | | 1 | 1 | 0 | 100% |
| **TOTAL** | | **422** | **277** | **167** | **60%** |
| September 2023 | | | | |
| **Home Improvement** | **Candidates Tested** | **Passed** | **Failed** | **Pass %** |
| Contractor | 165 | 116 | 49 | 70% |
| Contractor Spanish | 160 | 69 | 91 | 43% |
| Salesperson | 142 | 88 | 54 | 62% |
| Salesperson Spanish | 1 | 0 | 1 | 0% |
| **TOTAL** | **468** | **273** | **195** | **58%** |

# **CITATION REPORT**

There were no Citations issued in August 2023 or September 2023

# **Comments from the Chairman**

Chair Tunney stated that this was a very engaging Commission meeting.

**Comments from the Director**

Mr. Finneran informed the Commissioners that there is one open MHIC staff position. The MHIC will be interviewing for a Secretary for the Investigators position.

# **Adjournment**

The meeting was adjourned at 10:52 a.m.

**Signature on File December 7, 2023**

### Chair’s Signature: \_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_ Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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