

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

<u>Date: December 12, 2023</u>		2:00 p.m.	Maryland Dept. of Labor
Meeting called to order at 2:03 p.m. by	Antonio P. Salazar, Chairman		
Administrator	Ayanna Daugherty		
Attendees	<p>Members: Eric Friedman, Tracy Rezvani, Shawn Kennedy, and Sandra Holland</p> <p>Counsel: Emily Hanson</p> <p>Staff: Cliff Charland, Amy Hennen, Shereefat Balogun, Dana Allen, Arlene Williams, and Kelly Mack</p> <p>Special Guest: Department of Labor’s Secretary Portia Wu</p>		
Meeting Location	Google Meet		

Acknowledgements	
Mr. Salazar	
Discussion	Mr. Salazar stated that the notice of the December 12, 2023, meeting was: (i) posted on the Dept. of Labor/Board website on November 15, 2023; and (ii) published in the Maryland Register on December 1, 2023. Additionally, Mr. Salazar stated the agenda for the December 12, 2023 meeting was posted on the Dept. of Labor/Board website on December 4, 2023.

Approval of Minutes	
Mr. Salazar	
Discussion	Mr. Salazar noted the minutes for the November 14, 2023 Board meeting had previously been circulated for review and asked for questions or comments. On Mr. Kennedy’s motion, with a second from Ms. Rezvani, the Board unanimously approved the November 14, 2023 minutes.

Recognition of Public Comments

Mr. Salazar

Discussion

No members of the public were present. Labor Secretary Wu introduced herself, gave brief remarks including complimenting the Board members and staff for the work on behalf of the public in this area.

1. Non-Depository Licensing Unit Report

Ms. Williams

Discussion

Ms. Williams advised the Board that the Licensing Unit has reviewed four pending applications, together with all supporting materials, and determined the four applicants met the requirements for licensure. Accordingly, Ms. Williams recommended that the Board grant a collection agency license to the following entities:

1. NMLS ID 1890270 Persolve Recoveries, LLC
2. NMLS ID 1660115 Skopos Financial, LLC
3. NMLS ID 903771 Professional Debt Mediation, Inc
4. NMLS ID 2517323 CASA Receivables Management, LLC

On Mr. Kennedy's motion and Ms. Rezvani's second, the Board voted unanimously to issue licenses to the four recommended applicants.

There are seven collection agency licensees that surrendered their license in the past 30 days:

1. NMLS ID 2299753 - Kovo Credit Inc - We originally obtained the license in order to service debts originated by others. However, that business purpose has changed and we have not conducted any servicing activity for another nor do we plan to under Kovo Credit Inc.
2. NMLS ID 1769196 - Modern Home LLC - We will no longer be conducting business effective 11/1/2023.
3. NMLS ID 1658800 - Health Credit Services, LLC - HCS is no longer conducting any new business and all loans in HCS's portfolio have been closed.
4. NMLS ID 1028466 - Allied Collection Services, Inc. - Allied is surrendering the license because we no longer have a client that assigns accounts in Maryland.

5. NMLS ID 945528 - Professional Placement Services, LLC - company has closed.

6. NMLS ID 1690557 - Cascade Funding 2017-1 Alternative Holdings, LLC - Due to market conditions and changes to its business model. Cascade ceased acquiring, holding or indirectly collecting on residential mortgage loans in Maryland prior to 2023

7. NMLS ID 2140386 - Tutelary Financial Services Corp - We currently do not have plans to conduct any business within the state, and we are actively working to optimize our license-related expenses.

Ms. Williams reported the following five change in control approvals in the past 30 days:

1. General Audit Corporation (1134251)
2. Pioneer Credit Recovery, Inc (951914)
3. Vance and Huff, LLC (1154875)
4. Southwood Financial LLC (2490252)
5. Happy Money, Inc (1396805)

As of 11/29/2023 the Maryland collection agency company count was 1,103 compared to the same time last year 11/29/2022 which was 1,134.

Mr. Kennedy advised the Board that he received a national survey report from TransUnion that reported since 2013 the number of third-party debt collection firms has decreased from 9,994 to 6,606 and a 2.8% decrease from 2022-2023. This report explains that companies may be leaving the industry because of consolidations and complications with regulation compliance etc.

2. Consumer Services Unit Report

Ms. Mack

Discussion

Ms. Mack advised the Board that the Consumer Services Unit circulated its current report for Fiscal Year 2024 showing that as of 11/30/2023, 64 complaints have been received, 37 are open and 27 were closed.

The Consumer Services Unit has also received 20 student loan complaints since October 2023, which was the time that the student loan repayments started and are increasing.

3. Enforcement Unit Report

Ms. Allen	
Discussion	Ms. Allen advised the Board that there are two current/on-going collection agency cases in a pre-charge status.

4. Legislative Session and Current Issues

Ms. Hennen	
Discussion	<p>Ms. Hennen advised the Board again that the following four OFR's departmental bills will be presented during the upcoming Legislative session, and she noted that some other bills are being re-presented, such as one dealing with student loans debt collections.</p> <ol style="list-style-type: none">1) Earned Wage Access Products2) True Lender Act Legislation3) Foreclosure Law revisions (including Zombie Mortgage foreclosures)4) Third Party Examinations for Banks, Credit Unions, and Non-Depository Financial Institutions who use third parties (Currently thirty-eight states have the ability to do these examinations.) <p>Ms. Hennen also advised the Board that 35,000 emails were sent out last week to former college students who had defaulted student loans suggesting that they apply for consolidation by the end of the year in order to qualify for the payment adjustment process.</p> <p>Mr. Salazar advised the Board that Mr. Andrew Fulginiti, Licensing Director for the Department of Labor advised he will be distributing a memo providing direction for any Board members who plan on testifying at legislative hearings on any bills, and he asked that members planning do so notify him so that he can make the Legislative team aware of it.</p>

5. Medical Bill Implementation and CFPB

Mr. Salazar

Discussion

Medical Bill Implementation- Ms. Hanson advised the Board that the medical debt regulations changes were expected to be published on December 2, 2023, but unfortunately, they were not. Now they are expected to be republished after the next regulatory moratorium ends in February.

Ms. Hanson also mentioned an article in the Baltimore Banner about how Maryland hospitals have stopped suing patients for unpaid bills. Below is the link to the article:

<https://www.thebaltimorebanner.com/community/public-health/maryland-hospital-lawsuits-5ITYJF4PA5GPPHYIFMLOC7344Q/>

CFPB –Mr. Charland advised the Board that the CFPB recently released a report regarding medical debt collections and the new national and state regulations. He stated that the report noted that CFPB’s examiners are still discovering violations within some companies who are still harassing former patients with allegedly unpaid medical bills, telling them that they are responsible for these debts when in fact they were incurred through identity theft.

Also Mr. Charland advised the Board that there was a recent action against Toyota Motor Credit regarding inaccuracies in the information they reported to the credit bureaus. The CFPB is taking this type of matter within the industry seriously and will continue to investigate these types of issues.

6. NACARA Update

Ms. Mack

Discussion

Ms. Mack advised the Board that the 2024 NACARA Conference will be held in Sacramento, CA from September 30th through October 2nd, 2024 and will be hosted by the California Department of Financial Protection and Innovation. There was an executive Committee meeting held on December 7, 2023 and they are currently working on preparations for next year. It has been decided that there will be no hotel blocking, so everyone planning to attend will need to make their own hotel accommodations.

Adjournment

Mr. Salazar informed the Board that the next scheduled meeting will be held on Tuesday, January 9, 2024 and it will take place virtually via video conference call.

On an unanimously approved motion, the meeting adjourned at 2:28 p.m.