

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

<u>Date: June 13, 2023</u>		2:00 p.m.	Maryland Dept. of Labor
Meeting called to order at 2:08 p.m. by	Antonio P. Salazar, Chairman (attended via video conference call)		
Administrator	Ayanna Daugherty (attended via video conference call)		
Attendees	<p>Members: Sandra Holland, Eric Friedman, Tracy Rezvani, and Shawn Kennedy (each attended via video conference call)</p> <p>Counsel: Emily Hanson and Kenneth Krach, Esq. (each attended via video conference call)</p> <p>Staff: Clifford Charland, Amy Hennen, Dana Allen, Arlene Williams, and Betty Yates (each attended via video conference call)</p>		

Acknowledgements and Public Statement Regarding a Closed Session

Mr. Salazar	
Discussion	<p>Mr. Salazar stated that the notice of the June 13, 2023 meeting was: (i) posted on the Dept. of Labor/Board website on May 10, 2023; and (ii) published in the Maryland Register on May 19, 2023. Additionally, Mr. Salazar stated the agenda for the June 13, 2023 meeting was posted on the Dept. of Labor/Board website on June 2, 2023.</p> <p>Mr. Salazar advised the Board in open session of the need for a closed session. Mr. Salazar described the topics to be discussed in the closed session and identified the statutory authority for recommending a closed session. Specifically, Mr. Salazar read a closing statement which cited General Provisions Article, § 3-305 (b)(7) and (b)(8), Annotated Code of Maryland as the basis for a closed session and identified the topic for discussion as the potential settlement of an Enforcement Action (MOU). Mr. Salazar’s statement included advising the Board that discussion in the closed session must be limited to the topics Mr. Salazar identified. Mr. Salazar then opened the floor to questions/discussion. There were no questions or discussions. Ms. Holland moved to conduct a closed session for the purposes Mr. Salazar identified and Mr. Friedman seconded the Motion. The Board unanimously voted to move to a closed session and thereupon adjourned to a closed session at 2:26 p.m.</p>

	<p>In accordance with General Provisions Article, §3-305, Annotated Code of Maryland, Mr. Salazar prepared a written statement closing statement. Mr. Salazar's closing statement, together with the Closed Session Summary required by General Provisions Article, §3-306(c)(2), Annotated Code of Maryland, are attached to these minutes.</p> <p>Amy Hennen and Emily Hanson remained in the public session while the Board met in private session in the event any member of the public joined the meeting after the Board moved to private session.</p> <p>The Board resumed its public session at 2:40 p.m.</p>
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Approval of Minutes

Mr. Salazar	
Discussion	<p>Mr. Salazar noted the minutes for the May 9, 2023 Board meeting were previously circulated for review and asked for questions or comments. There were none, and, on a Friedman/Holland/Rezvani/Kennedy motion, the Board unanimously approved the May 9, 2023 minutes.</p>

Recognition of Public Comments

Mr. Salazar	
Discussion	<p>There were no additional comments.</p>

1. Non-Depository Licensing Unit Report

Ms. Yates	
Discussion	<p>Ms. Yates advised the Board that the Licensing Unit has reviewed nine pending applications together with all supporting materials and determined these thirty-three applications met the requirements for licensure. Accordingly, Ms. Yates recommended that the Board grant a collection agency license to the following entities:</p> <ol style="list-style-type: none"> 1. NMLS ID 1057803 Nationwide Credit and Collection, Inc 2. NMLS ID 2384375 Credit Corp Solutions, Inc 3. NMLS ID 2296798 International Rescue Committee, Inc 4. NMLS ID 1747544 Impact Receivables Management, LLC 5. NMLS ID 1775515 Community Services Group, LLC 6. NMLS ID 1908478 Perch Community Solar LLC

7. NMLS ID 2483475 AllianceOne Receivables Management, Inc (Branch)
8. NMLS ID 2479888 Systems & Services Technologies, Inc (Branch)
9. NMLS ID 2738 BMW Financial Services NA, LLC (Exempt Collection Agency Registrant)

On a Friedman/Holland/Rezvani/Kennedy motion, which was unanimously approved, the Board voted to issue licenses to the nine recommended applicants.

Ms. Yates reported that the following five collection agency licensees surrendered their license in the past 90 days:

1. Professional Bureau of Collections of Maryland, Inc - NMLS ID 1001939 - Company - No longer operating as a collection agency and they sold all their assets.
2. Pendrick Capital Partner II, LLC - NMLS ID 1171087 - Company - All the accounts previously owned by PCPII were transferred to an affiliate, Pendrick Capital Partners, LLC.
3. ARS National Services, Inc - NMLS ID 944372 - Branch - Ceased operations at the branch location on April 17, 2023.
4. Enhanced Recovery Company, LLC - NMLS ID 1254101 - Branch - No reason given
5. Enhanced Recovery Company, LLC - NMLS ID 1254088 - Branch - No reason given

Ms. Yates reported the following twenty-two change in control approvals:

1. Phoenix Financial Services LLC (1163027)
2. Pendrick Capital Partners, LLC (1144505)
3. ATG Credit, LLC (934305)
4. Selene Finance, LP (6312)
5. Universal Accounting Servicing, LLC (1060516)
6. Exeter Finance LLC (967404)
7. Designed Receivable Solutions, Inc (1660727)
8. Mercantile Adjustment Bureau, LLC (962209)
9. Monterey Financial Services, LLC (253155)
10. Frontline Asset Strategies, LLC (934311)
11. Heartland Resolution Group, LLC (2158612)
12. Lakeview Community Capital, LLC (1612582)
13. Dovenmuehle Mortgage Inc. (2481)
14. Sitel ARM Corp (1658116)
15. Remitly, Inc. (1028236)
16. Pendrick Capital Partners Asset Management, LLC (2331710)
17. Genesis FS Card Service, Inc. (1549514)
18. InDebted USA, Inc. (908487)

- 19. Cavalry Portfolio Services, LLC (942695)
- 20. Consumer Portfolio Services, Inc. (96016)
- 21. Greeting Team, LLC (2310330)
- 22. Nationwide Recovery Service, Inc. (945413)

Ms. Yates and Mr. Salazar commented on HB 686 which eliminates branch licenses as July 1st for all licensing categories. To make up for the lost revenue attributable to the former branch licenses, OFR now has the authority to do an annual assessment of licensees. The Non-Depository Fund currently has sufficient funds at this time, so there is no need for any additional assessments this year.

2. Consumer Services Unit Report

Ms. Mack

Discussion

In Ms. Mack’s absence, Ms. Daugherty advised the Board that the Consumer Services Unit circulated its report to the Board prior to the meeting showing that as of May 30, 2023, 126 complaints had been received, 22 are open and 104 were closed.

3. Enforcement Unit Report

Ms. Allen

Discussion

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

Ms. Allen also provided an overview of the Enforcement Unit’s current and new processes for reviewing cases.

Mr. Kennedy asked about how many enforcement actions on average per quarter/year does the OFR receives. Ms. Allen responded and said it depends, but we have a small team of financial investigators, so we review all cases and try to determine which ones may have a broader consumer or systemic impact. Mr. Kennedy also asked if there is any trend analysis done on complaints or violations that are occurring. Mr. Salazar stated that we have been gathering information from the CFPB and our Consumer Services Unit on a quarterly basis, and discussing it the SCALB Board meetings.

4. Legislative Session

Ms. Hennen

Discussion

Ms. Hennen advised the Board that they are working on Legislation for 2024 and are compiling a quick list of legislative proposal concepts to be sent to the

	<p>Governor’s Office for consideration by September 1st. OFR must complete concept sheets in the July-August time period for prior review/discussion. The next Legislative Session will begin in January.</p> <p>One of the concepts that has been previously discussed is whether or not the SCALB Board should have some revisions, such as a loosening of membership requirements and a re-evaluation of the Board’s Licensing function.</p> <p>Mr. Salazar mentioned that he met with the Secretary’s Office and at the meeting it was mentioned that the Governor’s Office was interested in the efficacies and effectiveness of the various agencies and boards. He asked if anyone had any suggestions on this or other topics, to raise them so that they can be discussed in the next meeting.</p>
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5. Medical Bill Implementation and CFPB

Mr. Charland	
Discussion	<p>Medical Bill Implementation- Mr. Krach advised the Board that the regulations are being revisited and the revisions will probably be republished sometime during the summer.</p> <p>CFPB – Mr. Charland advised the Board that the CFPB announced a recent enforcement action against a company for illegal medical debt collection and credit reporting. The CFPB indicated that the company was collecting without having the appropriate data to substantiate the existence of the debt and there were issues in what was being reported on consumer credit reports. The CFPB is imposing a roughly \$1.7 million penalty on this company and is working aggressively on these types of issues.</p>

6. Other State Laws Review

Mr. Krach	
Discussion	<p>Mr. Krach responded to the previous month’s request to discuss the recent changes to Washington, D.C.’s Collection Agency laws, by providing a synopsis to the Board.</p>

7. NACARA Update

Ms. Mack	
Discussion	<p>In Ms. Mack’s absence, Ms. Daugherty advised the Board that the 2023 NACARA Conference is still scheduled for September 17-20, 2023, in Denver, Colorado. The Denver Incentive application has been approved and we are moving forward with the necessary paperwork for requesting additional funding</p>

	<p>due to the increased cost for audio and hospitality needs.</p> <p>Unfortunately, due to the rising cost of goods and services (food up \$10k and audio/visual up \$7k), the Executive Committee had to make the tough decision to raise the cost of registration to \$600.</p> <p>She also stated that the Conference’s agenda is now complete and all presentations are being prepared. The Conference’s committee has added some examiner training sessions on the “Regulator Only Day”, with the option to attend this day only, at a reduced cost.</p> <p>Registration forms have been sent out and are ready for interested participants. Ms. Daugherty also mentioned that some OFR staff have already submitted their registration form.</p> <p>Amy Hennen has been asked to participate in the Student Loan Ombudsmen panel discussion, which she is interested in. NACARA VP Melinda Lee (CA) will be reaching out to her to coordinate this panel discussion and bring together presenters from California, Maryland and Colorado so they can prepare their presentation.</p> <p>The conference planning committee will be meeting again on Wednesday, June 14, 2023.</p>
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8. Additional Comments	
Mr. Salazar	
Discussion	There were no additional comments.

Adjournment	
Mr. Salazar	
Discussion	<p>Mr. Salazar concluded the meeting by informing the Board that the next scheduled meeting will be held on Tuesday, July 11, 2023, and it will take place again virtually via video conference call.</p> <p>On an unanimously approved motion, the meeting adjourned at 3:03 p.m.</p>

CLOSED-SESSION SUMMARY
(General Provisions Article § 3-306(c))

SUMMARY OF CLOSED SESSION HELD ON JUNE 13, 2023

1. Statement of the time, place, and purpose of the closed session:

Time of closed session: 2:26 pm - 2:40 pm.

Place (location) of closed session: The closed session took place during the Board's June 13, 2023, monthly meeting. The Board meets remotely so the closed session occurred in a separate zoom session from the public session, following the vote to move to a closed session. At the conclusion of the closed session, the Board returned to the public session.

Purpose of the closed session: To discuss the resolution of a potential enforcement action and license application.

2. Record of the vote of each member as to closing the session:

Names of members voting aye (5 unanimous): Antonio P. Salazar, Chairman, Sandra Holland, Eric Friedman, Tracy Rezvani, and Shawn Kennedy

Members opposed: 0

Abstaining: 0

3. Statutory authority to close session:

This meeting was closed under the following provisions of General Provisions Art. § 3-305(b):

→ *Topic #1: § 3-305(b) (7)* → *Topic #2: § 3-305(b) (8)*

4. Listing of each topic actually discussed, persons present, and each action taken in the session:

Topic description	Persons present for discussion	Action Taken/Each Recorded Vote
#1: Legal advice on potential enforcement action	Antonio P. Salazar, Chairman Members: Sandra Holland, Eric Friedman, Tracy Rezvani, and Shawn Kennedy Staff Members: Clifford Charland, Dana Allen, Arlene Williams, and Betty Yates Counsel: Ken Krach	No action taken
#2: Discussion and approval of proposed MOU	Antonio P. Salazar, Chairman	Board voted to approve MOU

	Members: Sandra Holland, Eric Friedman, Tracy Rezvani, and Shawn Kennedy Staff Members: Clifford Charland, Dana Allen, Arlene Williams, and Betty Yates Counsel: Ken Krach	
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September 24, 2018