

**IN THE MATTER OF:  
REGIONAL CREDIT SOLUTIONS, INC.,  
and  
WILLIAM SCUDDER,**

**Respondents**

**BEFORE THE MARYLAND  
COLLECTION AGENCY LICENSING  
BOARD IN THE OFFICE OF THE  
COMMISSIONER OF FINANCIAL  
REGULATION**

**Case No. CFR-FY2014-0082**

**FINAL ORDER TO CEASE AND DESIST**

Pursuant to Md. Code Ann., Bus. Reg. Art. (“BR”), § 7-101 *et seq.*, and Fin. Inst. Art. (“FI”), § 2-115, and for the reasons stated below, the Maryland Collection Agency Licensing Board in the Office of the Commissioner of Financial Regulation, in the Department of Labor, Licensing and Regulation, by and through Gordon M. Cooley, Chairman of the Board and the Commissioner of Financial Regulation, issues this Final Order to Cease and Desist to Regional Credit Solutions, Inc. and William Scudder.

The Summary Order to Cease and Desist (“Summary Order”) issued on November 17, 2014 is herein adopted and incorporated by reference.

**Background.**

1. As described more fully in the Summary Order, the Maryland Collection Agency Licensing Board in the Office of the Commissioner of Financial Regulation, hereinafter “the Agency,” undertook an investigation of Regional Credit Solutions, Inc. and William Scudder (collectively, “the Respondents”), as a result of a consumer complaint made by a Maryland resident.
2. The Agency’s investigation revealed that Respondent Regional Credit Solutions, Inc. is a registered business entity in the Commonwealth of Virginia and is not licensed in the State of Maryland as a collection agency.

3. The Agency's investigation further revealed that Respondent William Scudder is the owner, director, officer, manager, employee and/or agent of Regional Credit Solutions, Inc.
4. The Agency began an investigation of Respondents on or about March 12, 2014 after receiving a complaint related to Respondents' efforts to collect a consumer claim arising from a loan made to a Maryland resident, [REDACTED] ("Consumer A").
5. In 2003, Consumer A had obtained several consumer "payday" loans from on-line lenders who were not licensed to do business in Maryland. Consumer A asserts that she paid all of the loans. According to Consumer A, in 2012, Respondents attempted to collect on these already paid claims. They threatened to take her to court if she did not pay.
6. As a result of its investigation, on March 28, 2014, the Agency attempted to contact Respondents by letter in order to advise them that a Maryland collection agency license was required in order to engage in consumer collections activities in Maryland. The letter explained Maryland's consumer lending laws and advised Respondents that it was illegal for them to collect on loans made by unlicensed entities, as well as to collect on loans exceeding Maryland's interest rate caps; and that a license was required in order for Respondents to engage in collections activities in Maryland. Included in the letter was a copy of a Collection Agency Licensing Board Advisory dated July 20, 2009, advising the same. See <http://www.dlr.state.md.us/finance/advisories/advisory7-09a.shtml>.
7. On April 7, 2014, the Agency's certified letter was returned to sender as "Not deliverable as addressed. Unable to Forward."

8. On April 29, 2014, the Agency attempted again to contact Respondents about this matter. Respondents have not responded to that letter.
9. As a result of the Agency's investigation, the Acting Deputy Commissioner of Financial Regulation (for the Chairman of the Collection Agency Licensing Board and the Commissioner of Financial Regulation) found reasonable grounds to believe that the Respondents were engaged in unlicensed debt collection activities in Maryland, in violation of the Maryland Collection Agency Licensing Act (MCALA), BR § 7-101 *et seq.*
10. The Acting Deputy Commissioner also found reasonable grounds to believe that Respondents' activities violated various State and federal laws, including but not limited to the following: the Maryland Consumer Debt Collection Act ("MCDCA"), including CL § 14-202 (by claiming, attempting, or threatening to enforce a right with knowledge that the right does not exist); and the Fair Debt Collection Practices Act ("FDCPA"), including 15 U.S.C. § 1692e (by making false or misleading representations, based on conduct which involved making false representations about the character, amount, or legal status of any debt, and conduct which involved threatening to take any action that cannot legally be taken or that is not intended to be taken), and 15 U.S.C. § 1692f (by engaging in unfair or unconscionable means to collect or attempt to collect any debt, based on conduct which involved collecting any amount not expressly authorized by the agreement or permitted by law). *See also Finch v. LVNV Funding LLC*, 212 Md. App. 748, 760-64 (2013) (filing a collection action without a license constituted an attempt to enforce a right that did not exist, because, without a license, a collection agency cannot legally collect a debt).

11. The Acting Deputy Commissioner of Financial Regulation determined that immediate action was in the public interest and therefor that summary enforcement action under FI § 2-115 was appropriate, and issued the Summary Order to Respondents.
12. The Summary Order notified Respondents to cease and desist immediately from further violation of Maryland law, as specified therein, and that 1) Respondents were entitled to hearing before the Maryland Collection Agency Licensing Board to determine whether the Summary Order should be vacated, modified, or entered as a final order of the Collection Agency Licensing Board; 2) the Summary Order would be entered as a final order if the Respondents did not request a hearing within 15 days of the receipt of the Summary Order; and 3) as a result of a hearing or of Respondents' failure to request a hearing, the Commissioner of Financial Regulation for the Maryland Collection Agency Licensing Board may, in addition to taking any other action allowed by law, enter an order making the Summary Order final, issue penalty orders against Respondents, and issue orders requiring Respondents to take affirmative action to correct violations and to provide restitution to aggrieved consumers.
13. The Summary Order was properly served on Respondents via first class mail and Certified U.S. Mail. Respondents failed to request a hearing in connection with the Summary Order.

**NOW, THEREFORE**, having determined that Respondents waived their right to a hearing in this matter by failing to request a hearing within the time period specified in the Summary Order, and pursuant to FI § 2-115 and BR § 7-205, it is by the Collection Agency Licensing Board, by the Commissioner of Financial Regulation, hereby:

**ORDERED** that the Summary Order is entered as a **FINAL ORDER** of the Collection Agency Licensing Board;

**FURTHER ORDERED** that the Respondents shall permanently **CEASE and DESIST** from engaging, directly or indirectly, in the business of collecting consumer claims from Maryland residents, and from otherwise engaging in the collection agency business in the State of Maryland;

**FURTHER ORDERED** that the Respondents shall permanently **CEASE and DESIST** from violating the aforementioned laws governing debt collection activities, including but not limited to attempting to collect on loans made by unlicensed entities, threatening consumers with legal action and criminal charges in order to coerce them into paying alleged debts, attempting to enforce a right with knowledge that the right does not exist, engaging in abusive or harassing communications with the consumer, making false or misleading statements to the consumer in order to collect on a debt, and engaging in unfair, illegal, or dishonest activities in order to collect a debt;

**FURTHER ORDERED** that all provisions of this Final Order shall also apply to all named and unnamed partners, owners, officers, employees, and/or agents of Respondents;

**FURTHER ORDERED** that, pursuant to FI § 2-115(b) and upon consideration of the factors enumerated in FI § 2-115(c), Respondents shall pay to the Collection Agency Licensing Board a total civil money penalty in the amount of Three Thousand Dollars. That civil money penalty is calculated as follows:

<b>Prohibited Activity and Violation</b>	<b>Penalty per Violation</b>	<b>Number of Violations</b>	<b>Penalty</b>
Performing debt collection activities when not licensed as collection agency, BR § 7-301	\$1,000	1	\$1,000
Threatening to enforce a right with knowledge that the right does not exist, CL § 14-202(8) & 15 U.S.C. § 1692e.	\$1,000	1	\$1,000
Engaging in unfair/ unconscionable means to collect or attempt to collect a debt based on conduct which involved collecting an amount not permitted by law, 15 U.S.C. § 1692f & BR § 7—308(a)(3)(ii).	\$1,000	1	\$1,000
<b>Total</b>			<b>\$3,000</b>

**FURTHER ORDERED** that Respondents shall pay the Maryland Collection Agency Licensing Board, by cashier’s check or certified check made payable to the “Commissioner of Financial Regulation,” the amount of Three Thousand Dollars (\$3,000.00) within twenty (20) days from the date of this Final Order;

**FURTHER ORDERED** that Respondents shall be and hereby are jointly and severally liable for the payment of penalties under this Final Order;


**FURTHER ORDERED** that Respondents shall send all correspondence, notices, civil penalties, and other required submissions to the Commissioner at the following address: Commissioner of Financial Regulation, 500 N. Calvert Street, Suite 402, Baltimore, MD 21202, Attention: Proceedings Administrator;

**FURTHER ORDERED** that, notwithstanding the imposition of civil penalties herein, the Commissioner reserves the right to refer any and all of these violations to the State’s Attorney for consideration of criminal prosecution pursuant to BR § 7-401; and

**FURTHER ORDERED** that the issuance of this Final Order and the imposition of civil penalties herein do not bar action by a consumer, pursuant to CL § 14-203, for any damages proximately caused by a violation of the Maryland Consumer Debt Collection Act, including damages for emotional distress or mental anguish suffered with or without accompanying physical injury.

FOR THE MARYLAND COLLECTION  
AGENCY LICENSING BOARD IN THE  
OFFICE OF THE COMMISSIONER OF  
FINANCIAL REGULATION

2/17/2016  
DATE

  
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GORDON M. COOLEY,  
COMMISSIONER OF FINANCIAL  
REGULATION and CHAIRMAN OF THE  
MARYLAND COLLECTION AGENCY  
LICENSING BOARD