

State Collection Agency Licensing Board Open Session Minutes

<u>8.10.2020</u>		2:05 p.m.	Maryland Dept. of Labor
Meeting called to order at 2:05 p.m. by	Antonio P. Salazar, Chairman (attended via video conference call)		
Administrator	Devki Dave (attended via video conference call)		
Attendees	<p>Members: Susan Hayes and Eric Friedman each attended via conference call. Steve Hannan did not participate due to an excused absence.</p> <p>Counsel: Kimberly Ward, Esq. (attended via conference call)</p> <p>Staff: Arlene Williams, Betty Yates, Clifford Charland, Kelly Mack, and Dana Allen (each attended via conference call).</p>		
Acknowledgements	<p>Mr. Salazar acknowledged that the meeting notice was published in the <i>Maryland Register</i> on July 31, 2020, on the Board's website on July 15, 2020, and on the Dept. of Labor/Board's website on August 6, 2020.</p>		
Approval of Minutes			
Mr. Salazar			
Discussion	<p>After reviewing the minutes of the July 13, 2020 meeting, on a Hayes/Friedman motion, which was unanimously approved, the Board approved the minutes.</p>		
Recognition of Public Comments			
Mr. Salazar			
Discussion	<p>No members of the public were present in person or on the call.</p>		

1. Non-Depository Licensing Unit Report

Ms. Yates	
Discussion	<p>Ms. Yates presented the Non-Depository Licensing Unit’s report. Ms. Yates 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 recommended that the Board issue collection agency licenses to the following entities: Asset Management Services USA LLC, Medical Account Management, Inc., Modernizing Medicine Billing Services, LLC, E.C. Collections, Inc., US Mortgage Resolution LLC, DC Portfolio Services, LLC, Per Solve Recoveries, LLC, Coastal Settlement Recovery, Inc., CKS Prime Investments, LLC, First Credit Services Inc. (Branch), Steel River Systems LLC (Branch), TCS e-Serve International Limited (Branch) and MRS BPO, LLC (Branch).</p> <p>On a Hayes/Friedman 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 five change in control requests: Client Services, Inc., Mandarich Law Group, LLP, Peritus Portfolio Services II, LLC, Revco Solutions, Inc. and First Investors Servicing Corporation.</p> <p>Ms. Yates also reported that the Office had received 2 branch and 1 company license surrenders last month but none were COVID-19 related.</p>

2. Consumer Services Unit Report

Ms. Mack	
Discussion	<p>Ms. Mack presented the Consumer Services Unit Complaint Report. Ms. Mack advised that the Unit had received 16 total complaints so far in fiscal year 2021. She reported that CSU currently has 31 open complaints and has closed 15. Ms. Mack compared complaints by fiscal year, noting a declining trend from 2013 through 2019 from 615, 504, 375, 261, 205 and 181, respectively, and an increase of 24.5% (from the prior year) for fiscal year 2020 which ended June 30, 2020. All agreed that the number of complaints was likely to increase due to the COVID-19 emergency.</p>

3. Enforcement Unit Report

Ms. Allen	
Discussion	<p>Ms. Allen presented the Enforcement Unit report. She reported that there are 7 collection agency cases in pre-charge status.</p>

4. ARM Industry - Managing economic challenges

Ms. Hayes	
Discussion	<p>Ms. Hayes presented information based on the article “ARM Industry - Managing of economic challenges.” Ms. Hayes provided an overview of the accounts receivable management industry and the factors that negatively affected the ARM industry during 2008 recession. Ms. Hayes explained that during 2018 and 2019 the accounts receivable management industry reported revenues of \$18.5 billion but that expectation are that the industry, while resilient, will be negatively impacted again by the Covid-19 pandemic during 2020 and 2021.</p> <p>Ms. Hayes stated that as consumer financial concerns arise due the Covid-19 pandemic she was concerned that the industry will see an increase in consumer complaints (including out- of the-state agencies). Mr. Friedman noted that the Agency needed to be proactive in terms of complaints and providing information to the industry. Mr. Salazar agreed and noted by way of example that staff was preparing an advisory regarding the soon-to-be-effective new law on wage garnishments.</p> <p>Ms. Hayes noted that in recognition of the hardship brought on by the Covid-19 emergency that her Division had softened its collection processes and letters and had increased referrals for debtor assistance to community and other sources of assistance. She encouraged all Division to follow suit.</p> <p>Mr. Salazar also discussed the article that was sent to members on how banks are ready to use new technology tools to tackle debt collection during challenging economic times.</p>

5. Board Reauthorization

Mr. Salazar	
Discussion	<p>Mr. Salazar stated that after ten years, as is the case with state agencies generally, the State Collection Agency Licensing Board’s reauthorization would be coming up in the next legislative session. Mr. Salazar discussed several reauthorizing options with board members ranging from a simple reauthorization with no change to the Board or its powers, to reauthorization with a modification of the Board’s powers, to reauthorizing the Board as only an advisory body. During discussions, Mr. Salazar explained that he was awaiting advice from the Department’s advice counsel as to whether anything other than a simple reauthorization was possible but that he wanted a</p>

conversation about the topic. During the discussion, Ms. Hayes and Mr. Friedman stated that they were in favor of reauthorization of the Board and Mr. Salazar indicated that Mr. Hannan had indicated, prior to the meeting that he was also in favor of reauthorizing the Board. As to changes to the Board, Mr. Friedman and Ms. Hays also indicated that they favored granting the Commissioner, through the licensing staff, the authority to make decisions on the issuance of collection agency licenses. Mr. Friedman noted that modernization of the process was warranted and that he Board generally follows the Commissioner's recommendations. It was noted during discussions that as the Commissioner's staff has been vetting all collection agency licensing applications for years and the Board has regularly approved their work, and since the license applications are now coming through the NMLS system with the requirement of Board approval resulting in a delay of the process, they felt that the process could safely be transferred to the Commissioner. Mr. Salazar indicated that Mr. Hannan had also indicated his support of such a change so long as the Board retained policy and enforcement authority. Mr. Salazar also discussed the option of retaining the collection agency licensing board and expanding the size of the board by adding direct consumer representatives as well as other industry representatives. Both Ms. Hays and Mr. Friedman wanted to consider that option before offering any substantive comments on it. Mr. Salazar then called for a motion to reauthorize the collection agency licensing board for another ten years. On ~~an~~ a Friedman/Hayes motion, which was unanimously approved, the Board approved the seeking of the ten years' reauthorization of the State Collection Agency Licensing Board. On a separate Friedman/Hayes 'motion, which was unanimously approved, the Board also approved pursuit of legislation that would transfer the authority to license collection agencies from the Board to the Commissioner and that such legislation could be either part of, or independent of, the ten years' reauthorization of the State Collection Agency Licensing Board.

The Board members agreed that they would be discussing adding more board members to the collection agency licensing board in upcoming monthly licensing board meetings.

Adjournment

Mr. Salazar announced that the next meeting would held be on September 14, 2020.

On a Friedman/Hayes motion, which was unanimously approved, the meeting adjourned at 2:30 p.m.