

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

<u>Date: August 22, 2024</u>	2:00 p.m.	Maryland Dept. of Labor
Meeting called to order at 2:04 p.m. by	Antonio P. Salazar, Chairman	
Administrator	Ayanna Daugherty	
Attendees	<p>Members: Tracy Rezvani, Sandra Holland, Eric Friedman, and Sean Kennedy</p> <p>Counsel: Emily Hanson</p> <p>Staff: Cliff Charland, Amy Hennen, Shereefat Balogun, Kelly Mack, Dana Allen, and Arlene Williams</p>	
Meeting Location	Google Meet	

Acknowledgements	
Mr. Salazar	
Discussion	Mr. Salazar stated that the notice of the August 22, 2024 meeting was: (i) posted on the Dept. of Labor/Board website on July 25, 2024; and (ii) published in the Maryland Register on August 9, 2024. Additionally, Mr. Salazar stated the agenda for the August 22, 2024 meeting was posted on the Dept. of Labor/Board website on August 7, 2024.

Approval of Minutes	
Mr. Salazar	
Discussion	Mr. Salazar noted the minutes for the July 9, 2024 Board meeting had previously been circulated for review and asked for questions or comments. On Ms. Holland’s motion, with a second from Ms. Rezvani, the Board unanimously approved the July 9, 2024 minutes.

Recognition of Public Comments

Mr. Salazar

Discussion

No members of the public were present.

1. Non-Depository Licensing Unit Report

Ms. Williams

Discussion

Ms. Williams advised the Board that the Licensing Unit had reviewed four pending applications with all the supporting materials and determined that the 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 1974072 National Healthcare Collections, LLC
- 2. NMLS ID 2241217 Asset Recovery Bureau, LLC 010
- 3. NMLS ID 2563042 Law Offices of Brian K. Young, LLC
- 4. NMLS ID 2567882 Earnin US1, LLC

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

There were four collection agency licensees that surrendered their license in the past 30 days:

- 1. Gregory Funding LLC - NMLS ID 266062 - The company has ceased operations in Maryland.
- 2. Oliver Adjustment Co., Inc - NMLS ID 1003503 – The company closed its business effective 6/28/2024.
- 3. Healthcare Collections - NMLS ID 1390180 - The assets have been sold and the company is dissolved and no longer operating.
- 4. Vion Holdings LLC - NMLS ID 940277 - The company was a passive debt buyer that outsourced its collections. It ceased buying debts in 2013 and now has no active accounts in the State of Maryland.

Ms. Williams reported the following twelve change in control approvals for the August 22, 2024 Board meeting:

- 1. Brown & Joseph, LLC (1716869)
- 2. Cardworks Servicing LLC (1565896)
- 3. Carson Smithfield, LLC (937467)
- 4. Collection Management Company (1025901)

5. DLJ Mortgage Capital, Inc. (1589)
6. Galaxy Portfolios, LLC (1115624)
7. Klarna Inc. (1353190)
8. McCarthy, Burgess & Wolff, Inc. (931010)
9. Measured Financial, Inc. (2499576)
10. Resurgent Funding LLC (2570911)
11. RockLoans Marketplace, LLC (1399530)
12. Waypoint Resource Group, LLC (908757)

As of 8/1/2024 the Maryland collection agency company count was 1,058 compared to the same time last year 8/1/2023 which was 1,099.

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 2025 showing that as of 7/31/2024, 10 complaints have been received, 9 are open and 1 was closed.

3. Enforcement Unit Report

Ms. Allen

Discussion

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

She also advised the Board that regarding the Midland case, OFR and the Attorney General’s office continue reviewing the information that was previously received.

4. Federal Activities

Mr. Salazar

Discussion

Medical Bill Implementation- Ms. Hanson advised the Board that there were no new updates to report at this time.

CFPB – Mr. Charland advised the Board that the CFPB released a statement last week reinforcing that “land contracts” or “installment land contracts” are a form of credit and are subject to the Truth in Lending Act (TILA).

Also, Mr. Charland advised the Board that the CFPB took action on a rent-to-own company that pre-approves the consumer for a purchase, then the company would

	<p>nominally purchase the products that the consumer identified, then it would finance the sale of the product back to the consumer.</p> <p>FTC- There were no new updates to report at this time.</p>
--	---

5. NACARA Update

Ms. Mack	
Discussion	<p>Ms. Mack’s advised the Board that the NACARA’s final agenda is ready and available on the website. The details are wrapping up and programs are being finalized. This will be the 1st year that physical programs will not be provided, which is helping to reduce costs. She also requested if anyone has any topics for discussion to be submitted at the workshop roundtables, please let her know.</p> <p>Ms. Mack lastly extended the invitation to any Board members who may be interested in attending the conference, to notify her or Mr. Salazar of their interest.</p> <p>This year’s conference will be held in Sacramento, CA from September 30th through October 2nd, 2024.</p>

6. Legislative Session and Current Issues

Ms. Hennen	
Discussion	<p>Ms. Hennen advised the Board that OFR has submitted their concepts for the next Legislative session to the Governor’s office for review and consideration, and OFR is awaiting feedback.</p>

7. Fee Discussion

Mr. Salazar	
Discussion	<p>Mr. Salazar commenced a conversation about fees at this time because OFR was engaged in a comprehensive analysis and review of its fees in light of the recent change to a partial assessment-based fee system. He advised the Board that the fees for collection agency licenses are set by regulation found in MD COMAR 09.03.13.1 and 09.03.13.2 so that collection agency fees would not fall under the assessment analysis that OFR was undertaking. However, he explained that such fees were part of the OFR’s overall revenue and thus were subject to review at the same time as the assessment setting process. He explained that he wanted to introduce the topic to the Board because the assessment review process was underway and that any proposals for change to the regulations must go through a review process beginning with the Board, then to the Secretary and all the way through to the Governor’s Office. Mr. Salazar also advised the Board that the</p>

current licensing fee for collection agencies is \$350 per year and has been this amount since 2011. In 2018, the collection agency license process was added to the NMLS system and the fees began to be collected directly by the NMLS versus OFR. By using the NMLS system, each company was due to pay an additional \$100 processing fee. However, the prior administration decided that OFR would absorb the cost of the NMLS processing fee rather than pass the cost on to each collection agency seeking licensing. That practice has continued until today and Mr. Salazar advised the Board that OFR considers the current \$350 fee to be composed of two pieces, \$100 for the NMLS company processing fee and \$250 for the MD OFR licensing fees. At just over 1,058, Collection Agency licenses account for approximately one third of the total number of company licenses issued by OFR.

Due to the increases in the OFR's operating costs including labor and overhead and licensing related costs and assessments, OFR decided to consider increasing collection agency licensing fees as part of its assessment process. OFR has conducted research and did a survey of other states who have collection agency licensing fees. The national average annual licensing fee is \$672. Mr. Salazar also advised the Board that the NMLS processing fee will likely soon be increasing. As such he indicated that OFR is considering requesting that the Board raise the annual collection agency licensing fee from \$350 to \$500 (inclusive of any NMLS fee) to now allow for the potential NMLS increase in processing fees, and assist in covering a portion of the administrative salaries and the time invested in the various Units who handle collection agency licensees, as well as complaints and enforcement. Upon discussion by the Board, it was suggested that maybe increasing the fee to \$525 would be preferable as it would avoid the need for any near-term additional increases and account for the NMLS fee increase. The Board members agreed that \$525 would be a reasonable fee level.

Mr. Salazar asked if there were any more questions and feedback from the Board. Ms. Holland inquired as to why a smaller increase in the fee had not been considered sooner. Mr. Kennedy was concerned that there may be a decline in collection agency licenses in the future due to companies that no longer can collect on medical debt and many may deciding to surrender their licenses for various reasons. Mr. Friedman stated that there is no exact method on how to collect fees, but in Montgomery County, MD, they call most of their local licenses "registrations" and the fee schedules are typically based on the number of employees, locations etc., of the companies. Mr. Charland responded to Mr. Friedman that OFR is considering ways to collect more data from our collection agency licensees, such as their volume, etc., to help assist in further scaling of fees. However, he stated that OFR does not have that type of reporting at this time for this type of license. Ms. Rezvani mentioned that for the larger companies, since we do not know how many branches they have now, this could be a matrix to help with assessing. Mr. Salazar commented that the Legislature recently eliminated fees for branch licensing but that collection agencies typically do have branches, but if they do, they are required to report them to OFR. He agreed that having that count can bear a relationship in regards to the fees to be

	<p>assessed but that it would be part of any future assessment if additional information is obtained.</p> <p>Mr. Salazar stated that his initiation of this discussion was intended to be an initial conversation on the topic to allow the Board members to consider the information until the next meeting and then have a formal vote. However, since all the Board members were in agreement to act at this meeting to initiate the process of increasing of the licensing fee and the discussion held today, Mr. Salazar called for a the vote to authorize OFR to pursue commencing the initial approval process to increase the collection agency licensing fee to \$525, which requires OFR to prepare documents to send to the Department of Labor’s Secretary’s office for review and consideration.</p> <p>On Ms. Rezvani’s motion and Mr. Kennedy’s second, the Board voted unanimously to begin the process.</p>
--	---

8. Additional Comments

Mr. Salazar	
Discussion	<p>Ms. Rezvani asked the Board if they received an email about sharing/tagging with the Governor’s Appointments Office through LinkedIn. Mr. Kennedy said he received it also. The email was addressed to the appointees about sharing their photo and stories from their appointment journey.</p> <p>Mr. Charland and some others reiterated that the upcoming NACARA Conference would be a great experience for the Board members if they were interested in attending.</p>

Adjournment	<p>Mr. Salazar informed the Board that the next regular meeting is scheduled to be held on Tuesday, September 10, 2024 virtually, via video conference call.</p> <p>On an unanimously approved motion, the meeting adjourned at 2:42 p.m.</p>
-------------	---