

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

<u>Date: March 12, 2024</u>	2:00 p.m.	Maryland Dept. of Labor
Meeting called to order at 2:01 p.m. by	Antonio P. Salazar, Chairman	
Administrator	Ayanna Daugherty	
Attendees	<p>Members: Tracy Rezvani, Sandra Holland, Shawn Kennedy, and Eric Friedman</p> <p>Counsel: Emily Hanson, Kenneth Krach, and Jessica Kaufman</p> <p>Staff: Cliff Charland, Amy Hennen, Shereefat Balogun, Dana Allen, and Arlene Williams</p>	
Meeting Location	Google Meet	

Acknowledgements and Public Statement Regarding a Closed Session

Mr. Salazar	
Discussion	<p>Mr. Salazar stated that the notice of the March 12, 2024 meeting was: (i) posted on the Dept. of Labor/Board website on February 21, 2024; and (ii) published in the Maryland Register on February 23, 2024. Additionally, Mr. Salazar stated the agenda for the March 12, 2024 meeting was posted on the Dept. of Labor/Board website on February 29, 2024.</p> <p>Mr. Salazar also noted that there was one member of the public present in the Google Meeting who preferred not to identify themselves nor comment. He then gave an overview of the board meeting and its processes.</p> <p>Mr. Salazar also 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. Rezvani moved to conduct a closed</p>

	<p>session for the purposes Mr. Salazar identified and Mr. Kennedy seconded the Motion. The Board unanimously voted to move to a closed session and thereupon adjourned to a closed session at 2:08 p.m.</p> <p>In accordance with General Provisions Article, §3-305, Annotated Code of Maryland, Mr. Salazar had 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>Kenneth Krach 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 2:33 p.m.</p>
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Approval of Minutes	
Mr. Salazar	
Discussion	<p>Mr. Salazar noted the minutes for the February 13, 2024 Board meeting had previously been circulated for review and asked for questions or comments. On Mr. Kennedy's motion, with a second from Ms. Holland, the Board unanimously approved the February 13, 2024 minutes.</p>

1. Non-Depository Licensing Unit Report	
Ms. Williams	
Discussion	<p>Ms. Williams advised the Board that the Licensing Unit had reviewed nine pending applications with all the supporting materials and determined the nine applicants met the requirements for licensure. Accordingly, Ms. Williams recommended that the Board grant a collection agency license to the following entities:</p> <ol style="list-style-type: none"> 1. NMLS ID 1658629 Bolt Legal, LLC 2. NMLS ID 2553734 Preferred Accounting LLC 3. NMLS ID 1857501 Mission Lane LLC 4. NMLS ID 2548342 APM Professionals LLC 5. NMLS ID 2560808 DBG Property Management LLC 6. NMLS ID 2570583 Jormandy LLC 7. NMLS ID 970517 Resurgent Secured Assets LLC 8. NMLS ID 2431640 RGN Management Services Inc 9. NMLS ID 2406099 Realpage Utility Management Inc.

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

There were no collection agency licensee that surrendered their license in the past 30 days:

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

1. Adler Wallach & Associates, Inc (988275)
2. Beyond Green Solutions, LLC (2387018)
3. BMS Management Group, LLC (1678050)
4. Credigy Receivables Inc (1268820)
5. Gryphon Corp (1224248)
6. Kashable LLC (1373339)
7. LendingPoint LLC (1424139)
8. Main Street Acquisition Corp. (1268819)
9. NCEP, LLC (1268809)
10. Ray Klein, Inc (1135875)
11. Vital Recovery Services, LLC (922829)
12. Wollemi Acquisitions, LLC (1268821)
13. Zelkova Acquisition LLC (1268823)

As of 3/6/2024 the Maryland collection agency company count was 1,045 compared to the same time last year 3/6/2023 which was 1,081.

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 current report for Fiscal Year 2024 showing that as of 2/29/2024, 108 complaints have been received, 48 are open and 60 were closed.

3. Enforcement Unit Report

Ms. Allen

Discussion

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

4. Federal Activities

Mr. Salazar

Discussion

Medical Bill Implementation- Mr. Krach advised the Board that the proposed medical debt regulations are still being revised and are expected to be republished at a later date.

CFPB – Mr. Charland advised the Board that the CFPB announced in late February that they had their first contested case against an installment lender. The case involved an extension of their examination authority beyond what they have traditionally examined. The Dodd-Frank Act was passed in 2010, which gave the CFPB authority large participants such as banks, credit unions and their affiliates who do business over \$10 billion. On the non-depository side, they have authority over mortgage originators, lender, servicers payday lenders, private student loan lenders and then they were allowed to supervise larger participants in the market in certain other areas which they have defined to include consumer debt collection among other things.

However, they announced in 2022 that they were reviving a provision within Dodd Frank that was not being used which authorizes them to designate individual entities for supervisory authority, if the CFPB believes, based on complaints and other information that may receive, that the entity has been engaging in activities that pose a risk to consumers.

Although this case was not about collection agencies, there could be cases at some point in the future dealing with smaller entities that the CFPB may also focus on.

FTC- Ms. Hanson advised the Board that she attended the FTC’s Working Group on Debt Collection quarterly meeting that met last week. They discussed a debt collector entity based out of Colorado called TrueAccord, which was attempting to collect a debt on illegal tribal loans in Colorado. Despite the interest rate that these loans were charging, the Colorado Attorney General’s office was able to argue that although the tribe may have sovereign immunity, TrueAccord which is not owned by a tribe, but is a tribal subcontractor, does not have trial sovereign immunity, and therefore cannot collect on loans that are not legal under Colorado law.

TrueAccord is licensed in Maryland as a collection agency.

5. NACARA Update

Ms. Mack

In Ms. Mack’s absence, Ms. Daugherty advised the Board that planning for the 2024 NACARA Conference is continuing. The conference will be held in Sacramento, CA from September 30th-October 2nd, 2024, The Denver Incentive Program reimbursement from 2023 is still in process and NACARA has not yet recouped these funds. The final cost of last year’s conference was \$36,000. Those planning to attend the conference this year will need to make their own hotel accommodations and packets will be provided which includes area hotels, restaurants and things to do in the Sacramento area.

It was suggested that all committees should be combined now. The new names are: Membership/Nominations Committee, NMLS/MDCC Committee, Bylaws/Legislation Committee. NACARA is looking to fill vacancies for these committees in the near future and if anyone is interested, please contact Ms. Kelly Mack.

The Conference Committee is working towards having a Cybersecurity Examiner Training tabletop exercise through collaboration with CSBS.

There is a five-hour “Artificial Intelligence Academy” which was developed for the Association of Corporate Counsel which is available as a webinar for all NACARA members and their employees between now and September. This session may be helpful for people not attending the conference. It is being offered by Leslie Bende and Eversheds Sutherland in Washington, DC.

NACARA is in discussions with ACA and RMA relating to Collector’s Certification Program, which will be available to present at future NACARA membership meetings. Interesting topics that are being considered for the conference include the following:

1. Artificial Intelligence in Collections, uses, strategies, vendor management and oversight.
2. Working Remotely – how should collection agency be managing privacy, data security and other operational risks.
3. Survey of new/updated medical debt protection laws
4. Compliance Gap and Risk Assessments - Tools and strategies for conducting well-organized examinations and assessments

Mr. Salazar invited the Board members to travel and participate in the upcoming conference in September, and if anyone is interested, please contact Ms. Daugherty.

Discussion

6. Legislative Session and Current Issues

Ms. Hennen	
Discussion	<p>Ms. Hennen advised the Board that House Bill 250 on Third Party Examinations for Banks, Credit Unions, and Non-Depository Financial Institutions has passed through one chamber and is now pending in the Senate. House Bill 246 on Earned Wage Access Products is also still under review.</p> <p>Ms. Hennen also advised the Board that House Bill 661 and some other bills, may be of interest to the Board members. She also mentioned that the registration requirements of House Bill 913 that passed last year for student financing companies just became effective. OFR is starting to receive some reports from these companies and expects to be publishing the results of the submissions by June.</p>

7. Additional Comments

Mr. Salazar	
Discussion	There were no additional comments.

Adjournment	<p>Mr. Salazar informed the Board that the next scheduled meeting will be held on Tuesday, April 9, 2024, and it will take place virtually via video conference call.</p> <p>On an unanimously approved motion, the meeting adjourned at 2:53 p.m.</p>
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CLOSED-SESSION SUMMARY
(General Provisions Article § 3-306(c))

SUMMARY OF CLOSED SESSION HELD ON March 12, 2024

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

Time of closed session: 2:12pm – 2:33pm.

Place (location) of closed session: The closed session took place during the Board's March 12, 2024 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 one enforcement action with counsel.

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

Names of members voting aye Tracy Rezvani; Shawn Kennedy; Sandra Holland; Eric Friedman

Members opposed: ____

Abstaining: _____

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: MOU Discussion for Entity 1	Board Members: Tracy Rezvani; Shawn Kennedy; Sandra Holland; Eric Friedman OFR Staff: Shereefat Balogun, Clifford Charland, Dana Allen, and Arlene Williams Counsel: Jessica Kaufman, Esq.	The board voted 3-0 to resolve the informal enforcement action pursuant to an MOU containing the terms discussed.
#2: Enforcement Matters about Entity 2	Board Members: Tracy Rezvani; Shawn Kennedy; Sandra Holland; Eric Friedman OFR Staff: Shereefat Balogun, Clifford Charland, Dana Allen, and Arlene Williams	The Board agreed with staff's recommendation for OFR to send a letter to Entity 2 requesting updated information that will serve as a basis for evaluating

Counsel: Jessica Kaufman, Esq.

compliance with the 2019 Consent Order. OFR and the its Assistant Attorney Generals will evaluate compliance based on the deliverables received, the audit that Entity 2 will conduct of 20 cases filed in 10 distinct Maryland venues, a separate OFR audit of 10-20 cases from the courts to compare to Entity 2's audit. Staff will seek a response within 45 days from the issuance of the letter and will report to the Committee once it has received and analyzed the data.