

State Collection Agency Licensing Board

Open Session Minutes

<u>5.11.2020</u>		2:02 p.m.	Maryland Dept. of Labor
Meeting called to order at 2:02 p.m. by	Antonio P. Salazar, Chairman (attended via phone call)		
Administrator	Devki Dave (attended via phone call)		
Attendees	<p>Members: Steve Hannan, Susan Hayes, Joanne Young and Eric Friedman (each attended via phone call)</p> <p>Counsel: Kimberly Ward, Esq. (attended via phone call)</p> <p>Staff: Jedd Bellman, Arlene Williams, Dana Allen and Kelly Mack (each attended via phone call)</p>		
Acknowledgements	<p>Mr. Salazar acknowledged the meeting notice was published in the Maryland Register on April 24, 2020, and on the Board's website on April 20, 2020, and the Agenda was posted on the Dept. of Labor/Board's website on May 7, 2020. Mr. Salazar introduced Ms. Ward, the Department's Deputy Advice Counsel, to the Board and indicated that she would be providing advice to Office of the Commissioner Financial Regulation and the Board until a new advice counsel for the Office was appointed.</p>		
Approval of Minutes			
Mr. Salazar			
Discussion	<p>After reviewing the minutes of the April 13, 2020 meeting, on a Hayes/Young 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.</p>		

1. Non-Depository Licensing Unit Report

Mr. Salazar

Discussion

Mr. Salazar and Ms. Williams presented the Non-Depository Licensing Unit. Mr. Salazar 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. Mr. Salazar proceeded to recommend that the Board issue collection agency licenses to the following entities: Sutherland Global Collection Services, LLC (branch), Sutherland Global Collection Services, LLC (branch), Sutherland Global Collection Services, LLC (branch), EZ Financial Solutions, LLC, Logicoll, LLC, Minute Man Recovery, Ingenuity RM, LLC, Encore Receivables Management, Inc., Residential Realty Group, Inc, and Imagine Financial.

On a Hayes/Young motion, which was unanimously approved, the Board voted to issue licenses to all recommended applicants.

Ms. Yates also informed the Board that there were ten change in control requests: Collection Management Company, Monterey Financial Services, LLC, Reunion Student Loan Finance Corporation, Harvard Collection Services, LLC, First Investors Servicing Corporation, Paramount Capital Group, LLC, Sprint Spectrum, LP, Credit Bureau Collection Services, Inc, National Credit Adjusters, L.L.C., and Reviver Financial, LLC.

2. Consumer Services Unit Report

Mr. Salazar

Discussion

Mr. Salazar presented the Consumer Services Unit Complaint Report. Mr. Salazar advised that the Unit had received 104 total complaints during the fiscal year-to-date, 26 of which are open and 95 of which are closed. Further, Mr. Salazar compared complaints by fiscal year, noting a declining trend from 2013 through 2019 from 615, 504, 375, 261, 205 and 181, respectively, but an increase to 104 for fiscal year 2020. Ms. Hayes mentioned that she believed more Consumer complaints would come as the COVID-19 crisis progressed.

3. Enforcement Unit Report

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

4. Collection Advisory Draft

Mr. Bellman	
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Discussion	<p>Mr. Bellman noted that the Collection Advisory draft had been sent to State Collection Agency Board members. Mr. Bellman explained that the Collection Advisory is intended for all licensed Maryland collection agencies that are collecting consumer claims and that it was revised from the previous draft version that had been shared with the Board. Mr. Bellman further explained that the guidance in this advisory is intended to clarify the Board's expectation about certain factors that will be part of the Board's assessment of an applicant or licensee's general fitness to warrant the belief that the business will be conducted lawfully, honestly, fairly, and effectively. Mr. Bellman mentioned that the Maryland Collection Agency Licensing Board strongly encourages all collection agencies doing business in Maryland to review this advisory as they go about their business of collecting on consumer claims in Maryland. There was no discussion.</p> <p>On a Hayes/Young motion, which was unanimously approved, the Board voted to issue collection agency advisory.</p>
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5. COVID-19 Advisories

Mr. Charland

Discussion

Mr. Salazar mentioned that this item was a follow-up item to Ms. Hayes' suggestion at the last meeting. Mr. Charland had drafted a proposed Advisory regarding Collection Agencies Ceasing Activity which was sent to all Board members. During the discussion of the impact the business closure was having on small businesses, Ms. Hayes noted that the impact was going to be uneven. She described how her business had laid off her all employees except one essential employee and that due to the drop in expenses her business had managed to show a profit last month. Ms. Hayes mentioned that her company is financially strong and they have amassed months of emergency funds to survive in COVID-19 emergency. She noted other companies might not be so fortunate. Ms. Young mentioned that she had also laid off her staff because of COVID-19 crisis, but after seeing an increase in consumer's calls, she had to talk to some of her staff regarding taking the consumers phone calls. Ms. Young mentioned that her company is not mailing any notices; they are only responding to consumers. She noted that her company does medical billing, and such agencies and collection agencies generally, are often able to assist consumers in solving billing problems. Ms. Hayes recognized that Mr. Charland had done a great job in drafting comprehensive guidelines that would prove helpful for collection agencies.

On a Young/Hayes motion, which was unanimously approved, the Board voted to issue collection agency ceasing advisory.

6. Recent Connecticut Student Loan Court Decisions

Mr. Bellman

Discussion

Mr. Bellman advised the Board that there were two recently decided cases involving student loan servicers. He explained that in the first case in which the State of Connecticut was seeking documents from a student loan servicer that the Court decided that since licensing of federal student loan servicers was pre-empted by federal law and Connecticut law did not provide any consumer protection authority for the State to act against student loan servicers, the State of Connecticut could not obtain servicer student loan documents. Mr. Bellman stated that the other case associated with student loan servicers was out of

	<p>New York and that parts of that case were also dismissed due to federal pre-emption but that some parts of the State’s case survived. He summed up providing his assessment that it these and other court cases stood for the proposition that States did not have licensing authority over servicers of federal student loans. However, he continued, he believes states do have licensing authority over servicers of private student loans and, states are in a strong position to enforce consumer protection laws on the topic of student loans such as those recently passed by the Maryland legislature.</p>
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<p>Adjournment</p>	<p>Ms. Hayes suggested that next month’s board meeting should be via video conference. Mr. Salazar stated that Ms. Dave will look into Google video conference options.</p> <p>Mr. Salazar announced that the next meeting would be on June 8, 2020.</p> <p>On a Hannan/Young motion, which was unanimously approved, the meeting adjourned at 2:31 p.m.</p>
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