

**STATE COLLECTION AGENCY LICENSING BOARD
MEETING MINUTES
THURSDAY, NOVEMBER 9, 2017 – BALTIMORE, MARYLAND**

The Collection Agency Licensing Board (the "Board") meeting was called to order by Chairman Antonio P. Salazar at 10:34 a.m. at the Office of the Commissioner of Financial Regulation ("OCFR" or the "Office"), Baltimore, Maryland, at which a quorum was present. Other members in attendance were; Eric Friedman, Stephan Hannan, Susan Hayes; and Joanne Young. Also present were; Assistant Commissioner, Jedd Bellman, Assistant Attorney General, Sandy Small, Director of Non-Depository Operations, Cliff Charland, Director of Enforcement, Randy Kiser, Director of Financial and Education Outreach, Janelle Lawrence, Acting Director of Non-Depository Licensing, Betty McBride, Financial Examiner Lead, Kelly Mack, and Administrator, Lisa Tinsley. No members of the public were present.

The minutes from open session and closed session on September 14, 2017, had been distributed to the members prior to the meeting. After Ms. Hayes noted a correction to the open session minutes, the open session minutes, as amended, and the closed session minutes were unanimously approved on a motion by Mr. Hannan, seconded by Ms. Hayes.

The first topic discussed was the continuing transition of Collection Agency Licenses to the NMLS. Ms. Young inquired from which portion of the industry that the Office has received the most complaints. Commissioner Salazar informed the Board that the majority of complaints have come from lawyers that are now required to transition their licenses to the NMLS system unless they fall into an exception. Commissioner Salazar has reiterated to the Bar that the Office and Board has no control over this issue because it was a legislative decision. However, the Office did send out FAQs to the attorneys to help them in transitioning to the NMLS system.

Ms. Young questioned why her Articles of Incorporation are now being requested when they have not been previously requested and may be difficult for companies to find, and she also questioned why a new certificate of good standing is being required. Both she and Ms. Hayes said that they had to purchase these documents from SDAT. Ms. McBride said that both documents can be retrieved through SDAT. The Certificate of Good Standing is free on their website and the Office accepts the print-out so companies are not required to purchase the certificate. Copies of the Articles of Incorporation have to be purchased but companies should have them as part of their own records. It was explained that these documents need to be uploaded into the NMLS system because this is the first time the companies are registering on the NMLS.

Ms. Young has transitioned but is still having difficulty getting her license renewed. Mr. Bellman told Ms. Young that she would still be licensed, but would be approved-deficient. Ms. Young did appreciate that previous uploaded documents were available for use. Mr. Bellman said that going forward licensees that have attempted to transition will be approved-deficient to help limit the impact on their businesses. In addition, licensees who have submitted their

applications two weeks prior to expiration will be able to continue their business as usual until the Office acts on their application.

Mr. Charland said that currently just under 80% of collection agencies operating in Maryland have transitioned. Those that have not attempted transitioning have received a final notice that their license will expire and not be renewed. The notice was sent via email and regular mail. Ms. Hayes suggested that some licensees may not have transitioned because they do not intend to renew their license.

Ms. Young questioned whether bonds uploaded to NMLS renew automatically. Ms. Hayes told her that once her bond is uploaded, her bond company should be communicating directly with NMLS. Ms. Small suggested that Ms. Young send her a copy of her bond for review if she has questions.

Mr. Bellman explained that going forward, electronic bonds will be easier because the Office will not be requiring bond renewal certificates. Mr. Charland said that with electronic bonds, the Office is only alerted when the bond is cancelled.

Ms. Hayes then informed the Board that it only took her ten minutes to complete her renewal application.

Next discussed was the expiration date error that was sent out by NMLS on October 18th telling collection agency licensees that their licenses do not expire until, December 31, 2018. Mr. Charland said that this was a mistake made by NMLS and they have been reaching out to licensees to correct the error.

Mr. Charland and Mr. Bellman then explained that a notice sent out to licensees from our Office on October 23rd telling them to renew their licenses the old way was a system error made by the Agency's IT Department. However, the follow-up email that was sent on October 30th, does contain the link that will allow licensees to print their paper licenses when their renewals are complete. It was explained that the NMLS system does not have the capability to print paper licenses and so licensees need to follow the link back to the old system print our their licenses. Mr. Bellman suggested that at some point in the future the Board should discuss whether licenses need to be printed.

Mr. Hannan questioned whether any notifications have been sent out to the licensees to let them know that the help desk exists and about other information, such as not needing to pay for the Certificate of Good Standing, and that they are not required to renew through our Agency portal. Mr. Charland said that we do have the ability to send out a mass email with all of the information discussed here. Mr. Bellman said that Mr. Charland and Ms. McBride will meet to discuss all the biggest points of confusion that licensees are experiencing during transition and send out a more applicable FAQ sheet if it is deemed necessary. Ms. Hayes will forward to Ms. Tinsley a list of the five most difficult issues she experienced during transition so that Mr. Charland can use them on the FAQ sheet.

Mr. Charland explained to the Board members that the Office employees cannot see what the licensee sees when they are filling out their transition forms. Ms. Young said that this is not helpful for the licensee who needs help navigating the system. Mr. Bellman said that in future, Office staff will be viewing a demo of the licensee portal. Commissioner Salazar said that our primary focus, currently, is to get as many licensees enrolled so that their businesses are not disrupted. Ms. Young said that the NMLS help desk did a good job helping her through the issues she experienced. Ms. Hayes asked if she and Ms. Young can sit in on the demo for the Collection Agency platform. Mr. Bellman said that it is the same platform but he will see if he can get a demonstration arranged for the next Board meeting. Ms. Hayes suggested, and Mr. Charland agreed, that her input may be welcomed by CSBS who is designing NMLS 2.0 around workflow with representatives of industry. Mr. Bellman will check with CSBS to see if the Board members would fall under industry representatives or regulatory. Mr. Friedman ended this topic by pointing out that there are always multiple issues when state governments move their licenses online, but they eventually work themselves out over time.

Mr. Charland asked the Board their opinion about what to do about licensees whose licenses have expired, and where there have been no attempts at renewing or transitioning. Ms. Hayes said that she feels that the Office has already gone the extra step; emails, letters, and multiple reminders have gone out. In addition, if the licensee has had trouble transitioning but has at least attempted they can be approved-deficient. The Board decided that any licensee who has taken no steps to renew, should be subject to normal enforcement actions if they are found to be operating without a license. After discussion it was determined that an official vote was not required to enforce this decision.

Commissioner Salazar explained to the other Board members that due to legislative changes, there is now a requirement for Board members to take training on moving a public meeting into a closed session. Therefore, due to this legislation, the current meeting could not go into closed session. Prior to this legislation, Ms. Mack had the required training, the onus has now shifted to the Board members. Ms. Tinsley will be sending out the information on how to access and complete the Open Meeting law training. Per Commissioner Salazar, copies of the Board members' completion certificates should be sent to Ms. Tinsley for retention. Mr. Hannan moved that Resolution 2017.1, the requirement for all Board members to attain the applicable training be put to a vote, all members unanimously agreed.

Ms. McBride reported that there were no collection agency licenses approved or renewed since the last quarterly meeting.

Ms. Mack reported on the number of collection agency complaints since the start of fiscal year 2018. This far there have been 63 total complaints, 67 have been closed (some numbers included are from the previous fiscal year), and 22 cases remain open. Mr. Bellman said that complaints are trending lower because the market is evening out.

Mr. Kiser then gave the Enforcement Unit report. There have been five opened cases since the last Board meeting, two are ongoing investigations, and three are with the AG's office. Two final orders to cease and desist were issued: Braufman, Leighmann & Associates, D/B/A Berlinsky, Huffman & Levitt, CFR – FY 2015-006, signed 10/18/17, refunds/restitution in the amount of \$443.00; and CSI Recoveries, Inc. et. al., CFR – FY 2015-0035, signed 10/18/17, refunds/restitution in the amount of \$1,050.00.

Ms. Lawrence reported that the drafted interactive power point that was created as outreach to licensees on laws and regulations received approval from the Secretary's office with only minor edits. The presentation can now be posted online. Ms. Hayes' suggestion on incorporating the mini-miranda was included.

Mr. Bellman and Ms. Mack attended the annual NACARA Conference in, Bellevue, Washington, on October 2nd through October 4th. Topics discussed which may need consideration by the Board at a future time include; remote workers/home offices, land installment contracts, and first-party debt collection. Other topics discussed but which Maryland already has a clear legal position on include; foreign branching and foreign domiciled entities being licensed, passive debt buyers, and the requiring of law firms that specialize in debt collection to be licensed. Ms. Mack also distributed three handouts for review; 21st Century Debt Collection in a 20th Century Regulatory Framework, NMLS 2.0 Update, and a listing of the FTC Banned Debt Collectors.

Following this presentation, Mr. Bellman requested Ms. Small to begin researching whether telecommuting should be considered a "branch."

Mr. Bellman reported to the Board that all suggested edits received from them for the Annual Report were made.

Mr. Bellman provided an administrative update to the Board, letting them know that Ms. Tinsley and Ms. Mack have been overseeing a scanning project which includes all historical records and documents from the Board.

Mr. Bellman gave a litigation update, stating that an unspecified licensee's counsel sent a memo to the AG's office in the hopes of reconciling an issue. The company has worked hard and met most of the statutory requirements.

Mr. Kiser stated that there were no pre-charge committee updates for the Board.

Mr. Bellman stated that there were no updates on the multi-state collaboration to report to the Board.

Commissioner Salazar then informed the Board that he has a meeting scheduled with certain delegates to discuss the possibility of the introduction of a bill regarding the licensing of student loan servicers on NMLS. If this occurs and the bill becomes law, Mr. Bellman said that it would remove student loan servicers from the purview of the Board.

Ms. Lawrence updated the Board on her meeting with tax-payer advocates. The IRS is requesting that all applicable complaints from the Office be sent to them. Mr. Bellman and Ms. Wynn (with the office's Consumer Services Unit) will have to meet to discuss the process of accomplishing this task. Mr. Friedman said he found a relevant AARP article about IRS collection that he will forward to Ms. Lawrence. Mr. Hannan questioned whether the IRS are listing who they are using as third-party collectors on their webpage. Ms. Lawrence said that they are. Mr. Hannan then suggested that the Office needs to create one webpage with all of this information on it for affected consumers.

Commissioner Salazar told the Board that the initial meeting of the Maryland Financial Consumer Protection Commission occurred in October and nothing significant to the Board was discussed. He will report back in February with any updates from the next meeting.

Mr. Bellman thanked Ms. Mack for running a successful conference. At Mr. Hannan's question, Ms. Mack confirmed that none of the documents she provided from or about the conference was proprietary in nature, and therefore, can be used or distributed.

Our next meeting location and date will be decided at a later time.

With no further business, the meeting was adjourned at 12:02 p.m.

Respectfully submitted,

Lisa M. Tinsley

Lisa M. Tinsley, Administrator