

State Collection Agency Licensing Board

Open Session Minutes

2.11.2019	10:34 a.m.	Dept. of Labor, Licensing, and Regulation 500 N. Calvert Street 2 nd Floor Conference Room
------------------	------------	---

Meeting called to order at 10:34 a.m. by	Antonio P. Salazar, Chairman
--	------------------------------

Administrator	Devki Dave
---------------	------------

Attendees	<p>Members: Susan Hayes joined via conference call, Joanne Young, Steve Hannan, Eric Friedman joined via conference call.</p> <p>Counsel: Sandra Small, Esq.,</p> <p>Staff: Jedd Bellman, Sean McEvoy, Dana Allen, Cliff Charland, Arlene William, Betty Yates, Janelle Lawrence, and Kelly Mack,</p>
-----------	---

Acknowledgements	<p>Mr. Salazar introduced Ms. William-Director of Non-Depository Licensing Unit and Mr. McEvoy-Assistant Commissioner-Policy and Consumer Services to the Board. Mr. Salazar acknowledged the General Notice of the Board Meeting in the Maryland Register posted on February 1, 2019, along with the posting of the Notice of the Meeting posted on January 4, 2019, and Notice of Agenda on DLLR/Board's website on January 28, 2019.</p>
------------------	---

Approval of Minutes of November 29, 2018

Mr. Salazar	
-------------	--

Discussion	After reviewing the minutes of previous meeting, on a Hannan/Young motion, which was unanimously approved, the Board approved the minutes.
------------	--

Recognition of Public Comments

Mr. Salazar	
-------------	--

Discussion	Mr. Salazar noted receipt of written comments supplementing Ms. William's Testimony during the November 29, 2018 meeting. Mr. Salazar mentioned that Ms. Dave has all documents for Ms. Williams's testimony.
------------	---

1. Non-Depository Licensing Unit Report

Ms. Williams/Ms. Yates	
Discussion	<p>Ms. Williams introduced herself to the Board. Ms. Williams reported that the Licensing Unit did great job during the 2019 renewal season. Ms. Williams advised that Ms. Yates will continue to present Non-Depository Licensing Unit Report. Mr. Bellman advised the Board that further information would be provided to the Board regarding leveraging the capabilities of NMLS 2.0.</p> <p>Mr. Bellman discussed the denial of Midland Funding LLC and its associate's branches. On a Hannan/Young motion, which was unanimously approved, the Board ratified denying licenses to Midland Funding LLC and its associate's branches. Mr. Bellman advised that he expects Midland to request a hearing, and could request the Board to reconsider the license denials based on the settlement discussed at a meeting with Midland Funding LLC and the Attorney General's office on February 8, 2019.</p> <p>Ms. Yates presented the Collection Agency License Approval Report from February 1, 2019, advising that each entity's application and supporting materials for licensure had been reviewed and found to have satisfied the licensing requirements except Anthony DiDonato d/b/a Rapid Recovery. On a Hannan/Young motion, which was unanimously approved, the Board ratified its prior approval and issuance of all initial and renewal collection agency licenses since November 29, 2018. Ms. Yates directed the Board's attention to a Renewal Snapshot Report from 2018 and 2019, showing the number of licenses renewed in 2018 were 1,076 and 1,172 in 2019 as of February 6, 2019. Ms. Yates mentioned that going forward Ms. Williams and she will review all renewals for 2020.</p>
2. Final Transition/Renewal Report	
Mr. Charland	
Discussion	<p>Mr. Charland provided the final transition report, noting that 9 collection agency transitioned during 2018 (after the official transition period). Mr. Charland also reported that 86 companies and 21 branches did not transition and did not apply for renewals during 2018.</p>
3. Consumer Services Unit Report	
Ms. Mack	

Discussion	<p>Ms. Mack presented the Consumer Services Unit Complaint Report. She advised that the unit had received 131 total complaints fiscal year-to-date, 41 of which are open cases and 90 of which are closed cases. Further, Ms. Mack compared complaints by fiscal year, noting a declining trend for fiscal years 2013, 2014, 2015,2016,2017,2018, respectively at 615,504,375,261,205 and 181, respectively. Mr. Salazar advised that he had requested Ms. Mack to report on the complaints mentioned by the members of the public during the November 2018 meeting. Ms. Mack reported that she identified 6 complaints by cross referencing the sign in sheet and transcript to the complaint database. Ms. Mack offered to provide the report if any of the members was interested. Mr. Bellman advised that based on the data from Ms. Mack’s comparison, there appears to be confusion between servicers and collection agencies, e.g., Ocwen.</p>
------------	--

4. Enforcement Unit Report	
Ms. Allen	
Discussion	<p>Ms.Allen reported that there were 5 open enforcement cases, 3 of which are in the investigation phase, and 2 of which are under review by litigation counsel.</p>
5. Maryland Consumer Financial Protection Commission 2018 report	
Mr. Salazar	

Discussion	<p>Mr. Salazar reported that the Maryland Consumer Financial Protection Commission met in 2018 for its second year of operation. He mentioned that Maryland Consumer Financial Protection Commission 2018 report is available on Maryland state's website. He noted topics of concern to the Commission are: (1) crypto currency, (2) licensing card dealers who are compensated as a result of a car loan, (3) proposing legislation that would require student loans to register (Mr. Bellman stated that registration would require discontinuing consideration of student loan servicers as collection agencies), (4) clarification of mobile home loan to improve default protection, and (5) data protection.</p>
------------	---

6. Legislation	
Mr. McEvoy	

Discussion

Mr. McEvoy discussed 2 legislation bills, SB485-Maryland Collection Agency Licensing Act and HB594-Financial Institutions-Student Loan Servicers-Unfair, Abusive or Deceptive Trade Practices. Mr. McEvoy reported that SB-485 amends the definition of “consumer claims” under the Maryland Collection Agency Licensing Act to specifically include mortgage and other real property secured consumer transactions so that purchasers of mortgage debt in default, resulting in purchasers meeting the definition of a “collection agency” and being required to obtain a collection agency license. This bill is in response to the August 2018 Sharma decision by the Court of Appeals that held a trust that purchasers if defaulted mortgages are not subject to licensing as collection agencies

Mr. McEvoy reported that HB-594 furthers the State’s oversight of student loan servicers by establishing certain standards for the servicing of student loans and providing that violations of such standards are violations of the Maryland Consumer Protection Act. However, he advised that the bill does not link the proposed standards to the student loan ombudsman under the Commissioner of Financial Regulation, and the Commissioner’s investigation and enforcement authority. Mr. Salazar noted that 1 student loan servicers is licensed as a collection agency. Further, he noted that a D.C. court decision held that state licensing of student loan servicers does not apply to federal student loans.

7. DLLR'S Legislative Policy

Mr.McEvoy

Mr. McEvoy reviewed DLLR'S Legislative Policy from Acting Secretary Mr. Rzepkowski, reminding the Board that testimony in an official capacity (including board members) may be offered only with the approval of the Governor's legislative office, with the concurrence of the DLLR's Acting Secretary.

Ms. Hayes mentioned that inclement weather related policy for the Board should be included for discussion at the next meeting.
Mr. Salazar mentioned that Department of Budget and Management's website includes State closure information and the State's Liberal Leave Policy.

Discussion

8. Chairman's Statement – Closing the Session

Mr. Salazar

Discussion

Mr. Salazar gave the Chairman's Statement. On a Hannan/Hayes, which was unanimously approved, the Board closed the session.