

MARYLAND COLLECTION AGENCY LICENSING BOARD

BOARD MEETING MINUTES

THURSDAY, MAY 18, 2017 – BALTIMORE, MARYLAND

The Collection Agency Licensing Board (the “Board”) meeting was called to order by Chairman Gordon Cooley at 10:38 a.m. at the Office of the Commissioner of Financial Regulation (“OCFR” or “Agency”); Baltimore, Maryland. Other members in attendance were; Eric Friedman, Stephan Hannan, Susan Hayes, and Joanne Young. Also present were; Assistant Commissioner Jedd Bellman, Director of Enforcement Randy Kiser, Acting Director of Non-Depository Licensing Betty McBride, Financial Examiner Lead Kelly Mack, Administrator Lisa Tinsley, Assistant Attorney General Kevin McGivern, Assistant Attorney General Sandy Small, and a member of the public, Troy Walters who was representing a property management company.

On a motion duly made, seconded and unanimously adopted, the Minutes and Executive Session Minutes of the February 13, 2017 meeting were approved as written.

INFORMATION ITEMS

Ms. McBride reported that there were ten changes in control during the last quarter:

- Sacor Financial, Inc.
- JH Capital (V.I), Inc.
- National Collection Systems, Inc.
- PMAB, LLC
- Medical Recovery Specialists, LLC (“MRS”)
- Receivables Management Partners, LLC (“RMP”)
- Receivables Management Partners, LLC DBA Berk’s Credit Collections
- Financial Asset Management Systems, Inc. (FM Holdings)
- JH Portfolio Debt Equities, LLC
- SRA Associates, LLC

Ms. McBride reported to the Board that there are currently 1,680 collection agency licenses, 1,254 main offices and 426 which are branch office locations.

Ms. McBride continued with a discussion on the monthly process of approving collection agency licenses, licenses transitioning to NMLS, and streamlining the change of control reporting. Mr. Bellman explained to the Board that counsel has confirmed that change of controls are notice filings only, therefore, approval by the Board is not required. Going forward, Ms. McBride will list change of control filings received each month on the email distributed to the Board requesting denial or approval of new collection agency license applications or renewals. In

accordance with this new process, Ms. McBride will no longer be including the entire change of control packet for each licensee, but will be providing a short summary of notices received such as, "ABC has transferred their ownership interest to XYZ."

Chairman Cooley then explained that going forward at each quarterly Board meeting, members will be ratifying by signature, their approval of all collection agency licenses issued or renewed since the last meetings. This ratification is being done in support of the meeting minutes and can be used as supplemental documentation should questions arise in regards to the licenses issued or renewed.

Mr. McGivern explained that this first ratification covered the last two quarters.

The ratification document was signed by all members of the Board, signed and witnessed by the Board Administrator.

Ms. Mack presented FY 2017 complaints received. Thus far, there have been 168 complaints, 147 have been closed, 21 remain open. Since our last quarterly meeting in February, 36 new debt recovery complaints have been open and 19 have been closed. The majority of these complaints involve harassment of a consumer. No student loan complaints have been received.

Mr. Kiser reported on Collection Agency enforcement activity conducted by the OCFR since the last quarterly meeting. There are currently twelve open cases, including three open investigations, four cases awaiting initial charges, and five cases awaiting final orders.

Ms. Lawrence gave the Board an update on the Agency website project. The Financial Regulation homepage has gone live. This new page gives consumers the ability to search for a license, and to review financial education news and tips. The Industry webpage will be updated in the coming weeks. Mr. Walters asked for the Agency website address. Ms. Lawrence explained the steps needed to access the collection agency section of the website. Mr. Cooley informed the Board that the Depository Unit finished their banking reaccreditation process that morning and had complemented the Agency on the new website and OCFR outreach efforts.

This was followed by an extensive discussion about the NMLS licensing transition process. Mr. Cooley explained that there are many benefits to transitioning license categories to NMLS, including transparency. The more states that put licenses onto NMLS increases the efficiency for consumers and regulators alike. Mr. Cooley receives a monthly report with the number of new licensees being added to the system. Currently 42 states use NMLS for licenses other than mortgages and the number of licensing categories currently exceed 200.

Mr. Hannan inquired as to whether plumbers and similar licenses would be added to NMLS. Per Mr. Cooley, the system is currently limited to financial services related license types, however, a test state may shortly try licensing appraisal managements firms. Questions were raised as to

whether NMLS would be changing their name with the addition of these licenses. Mr. Bellman explained that the NMLS brand is stable so the name will probably remain.

Mr. Cooley explained that an additional benefit of using NMLS is that it is maintained by others and is paid for by the licensees, so the OCFR will not be responsible for its upkeep. Overtime, this will enable the Agency to commit less resources to licensing and redirect resources to other critical areas of OCFR.

Mr. Hannan asked if there was currently a link to NMLS on the system. Ms. Lawrence mentioned that at the moment there is only a licensee search function, but when the license transition has been completed there will be a link to NMLS created.

Mr. Bellman told the Board that the massive amount of data collected by the NMLS will allow the Agency to better manage risk. Being able to review enforcement data from other states, call reports, and similar information will help OCFR decide which companies need more attention.

Mr. Cooley explained to the Board that the Agency currently has two licensing systems. This increases the possibility that staff will miss data which is difficult to explain when questioned. NMLS will be introducing an examination management tool for use by states. This tool allows all states with rights on the system to review OCFR investigative reports and gives them the ability to use parts of these reports and vice versa. The Agency currently partners with other states through information sharing agreements. The NMLS team believe that this exam tool will be ready by the fall of 2018.

Mr. Cooley provided the Chairman's statement pursuant to the Open Meetings Act in anticipation of convening the meeting's closed session. In doing so, he cited the following reasons to close the meeting; the right to consult with counsel to obtain legal advice on a legal matter; and to consult with staff, consultants or other individuals about pending or potential litigation topics to be discussed in closed session. Specifically, he reported that under §3-305(b)(7) of the General Provisions Article, the Board would be discussing; legislative updates; IRS and Private Debt Collections; Marvastian – Court of Special Appeals Opinion; student loan servicers update; resources for new licensees; and the operating process for change of control applications. Also under discussion during the closed session per §3-305(b)(8) of the Article listed above would be; litigation updates, and an update on the multi-state draft protocol and agreement.

At this time, the Board Chairman made a motion to go into closed session, which was then seconded, voted upon and passed unanimously.

With no further business, the meeting was adjourned at 11:10 am.

Respectfully submitted,

Lisa M. Tinsley