

State Collection Agency Licensing Board

Open Session Minutes

<u>5.6.2019</u>	10:34 a.m.	Dept. of Labor, Licensing, and Regulation 500 N. Calvert Street 2 nd Floor Conference Room
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Meeting called to order at 10:33 a.m. by	Antonio P. Salazar, Chairman
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Administrator	Devki Dave
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Attendees	<p>Members: Eric Friedman, Steve Hannan, Susan Hayes, and Joanne Young, .</p> <p>Counsel: Sandra Small, Esq.,</p> <p>Staff: Jedd Bellman, Sean McEvoy, Dana Allen, Cliff Charland, Arlene William, Janelle Lawrence, and Kelly Mack.</p>
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Acknowledgements	<p>Mr. Salazar acknowledged the General Notice of the Board Meeting in the Maryland Register posted on April 26, 2019, the Notice of the Meeting posted on Board’s website on March 25, 2019, and the Notice of Agenda posted on DLLR/Board’s website on May 1, 2019.</p>
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Approval of Minutes of February 11, 2019

Mr. Salazar	
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Discussion	<p>Mr. Friedman pointed out that the word “motion” was missing on page 8 of the minutes. After reviewing the minutes of previous meeting, on a Hayes/Young motion, which was unanimously approved, the Board approved the minutes, as amended (addition of the word “motion” on page 8).</p>
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Recognition of Public Comments

Mr. Salazar	
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Discussion	No members of the public were present.
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1. Non-Depository Licensing Unit Report

Ms. Williams

Discussion

Ms. Williams presented the Non-Depository Licensing Unit's Report in the absence of Ms. Yates. Ms. Williams presented the Collection Agency License Approval Report from April 18, 2019, advising that each entity's application and supporting materials for licensure had been reviewed and found to have satisfied the licensing qualifications. Ms. Williams reported that the Board has issued total of 12 collection agency licenses since the last meeting to the following entities:- Westminster Management, LLC and MotionSoft, Inc., Rent Recovery Solutions LLC, Residential Credit Opportunities V-C Maryland, LLC, Brown & Joseph LLC, EGS Financial Care, Inc., EGS Financial Care, Inc., American Coradius International, LLC, Pacific Point Services, LLC, Radius Global Solutions, LLC, and F.H Cann & Associates Inc.. Ms. Williams briefly reviewed the terms of a Memorandum of Understanding between the Board and Anthony DiDonato concerning unlicensed activity and license approval upon certain conditions. Ms. Mack noted that she recalled that the Board had revoked Mr. DiDonato's license in the past, and several Board members shared this recollection.

On a Hayes/Young motion, which was unanimously approved, the Board ratified its prior approval and issuance of all initial and renewal collection agency licenses since February 22, 2019.

2. Consumer Services Unit Report

Ms. Mack

Discussion

Ms. Mack presented the Consumer Services Unit Complaint Report. She advised that the unit had received 171 total complaints fiscal year-to-date, 36 of which are open and 140 of which are closed. Further, Ms. Mack compared complaints by fiscal year, noting a declining trend for fiscal years 2013, 2014, 2015, 2016, 2017, 2018, at 615, 504, 375, 261, 205 and 181, respectively. Mr. Salazar mentioned that the trend in decreasing number of consumer complaints seems to be ending after having continued for each of the recent fiscal years.

3. Enforcement Unit Report

Ms. Allen	
Discussion	Ms. Allen reported that there were 6 open enforcement cases, 4 of which are in the investigation phase, and 2 of which are under review by litigation counsel.

4. Legislative wrap-up & Upcoming Outreach event

Mr. McEvoy	
Discussion	<p>Mr. McEvoy briefly described the five bills that the Commissioner's Office had presented to the legislature and that were passed and signed into law by Governor Hogan. Those were: HB59- Financial Institutions-Debt Settlement Services; HB61-Financial Institutions-Mortgage Lenders, Loan Servicers, and Loan Originators; HB107-Real Property-Residential Property Foreclosure Procedures; SB67- Financial Institutions-Disclosure of Information from Investigations; SB68-Commercial Law-Credit Services Businesses-Information Statements. He explained that none of those five bills directly affected the State Collection Agency Licensing Board, though some might be of interest to the Board members and collection agencies.</p> <p>Mr. McEvoy proceeded to give an overview of the five bills. He explained that HB59 requires registrants providing debt settlement services to obtain and maintain a valid unique identifier issued by NMLS and to transfer registration information to NMLS during a certain time period with a reduced fee of \$400/yr. (from \$500/yr.). Mr. McEvoy explained that HB61 expands the mortgage lender examination cycle from three to five years, revises the servicer net worth requirement, and eliminates the re-licensure requirement for licensees who fail to provide timely notice of change of location. He explained that HB107 substitutes the Commissioner of Financial Regulation for the Department of Labor, Licensing, and Regulation in certain provisions of law relating to the Foreclosed Property Registry, renumbers certain sections of the foreclosure statute bringing all of the procedures into one subtitle, and makes technical changes generally relating to foreclosure procedures. He explained that SB67 deals with the disclosure of certain records of investigations by the Commissioner of Financial Regulation. Mr. McEvoy explained that SB68 eliminates the requirement for the delivery of a separate information statement for credit services businesses when brokering consumer loans thereby clarifying existing law.</p>

Mr. McEvoy informed the Board that the Office of Commissioner of Financial Regulation conducted various outreach events throughout the year for various stakeholders and consumers. Mr. McEvoy described a recent outreach event held on the Eastern Shore, Maryland for stakeholders that was very informative and productive. Mr. Salazar mentioned that they are planning to do more outreach events in Howard County and Western Maryland in near future. Mr. Salazar also mentioned that he and his staff have already conducted outreach events for Montgomery County, and Prince George’s Counties focusing on providing financial education to stakeholders and consumers.

5. Inclement Weather Guidelines

Mr. Charland

Discussion

Mr. Charland presented Inclement Weather Guidelines for Board members. Mr. Charland asked that a Board member who wishes to attend via telephone conference should notify the Administrator so that the Administrator or other designee can provide the Board member with a telephone number for attendance. Mr. Charland explained that in the event that Maryland Department of Budget and Management (DBM) declares liberal leave due to inclement weather in the location in which the meeting is to take place, the meeting will proceed as scheduled. Mr. Charland further explained that in the event that DBM declares a late opening for state offices in the jurisdiction in which the meeting is to take place, the meeting will begin at the later of the scheduled meeting time or thirty minutes after the opening time established by DBM. Finally, he explained that in the event that DBM closes State offices (statewide or in the jurisdiction in which the meeting is to take place), the meeting will be cancelled and will be rescheduled for the earliest date agreed upon by all Board members. This process will allow all Board members to attend without conflict in their individual schedules and allow sufficient time for publication in the Maryland Register of notice of the rescheduled meeting date.

6. LVNV Funding, LLC v Finch-Court of Appeals Decision issued 4/22/19

Mr.Salazar	
Discussion	<p>Mr. Salazar notified the Board that the Court of Appeals had issued its decision in the <u>LVNV v Finch</u> case. He and Mr. Bellman discussed the decision, advised that the Court’s holding supports actions that the Board had taken previously, and that LVNV could not collect on judgements obtained prior to its licensure. Discussion ensued about the impact of the case and the ability of consumers to bring private rights of action against debt collectors. Mr. Hannan raised questions about affected consumers’ ability to correct the records created by reports about the judgments to the credit reporting agencies and if there could or would be affirmative action to advise consumer about their rights in light of the new decision. Mr. Bellman indicated that the LVNV decision was only recently issued and consideration will be given to that issue going forward.</p>

7. A Fresh perspective: How startups and other new entrants are changing the landscape of the accounts receivable management industry.

Ms. Hayes	
Discussion	<p>Ms. Hayes provided the Board with an article from Rosso-May, Anne Collector ,Vol.82 about how startups and other newcomers are changing the accounts receivable management industry. She mentioned that years of expansive government regulations and increasing pressure to both invest in pricey technology and cut costs to stay competitive had resulted in a tidal wave of mergers and acquisitions. Ms. Hayes stated that many industry veterans rely mainly on letters and phone calls, while some newcomers are leaning heavily on emails and machine learning. Ms. Hayes also noted that the question of how accounts receivable management agencies are allowed to use modern technology to communicate with consumers is a lingering unknown that is partially responsible for constricting new growth in the marketplace. She said that innovation is gradually taking hold in the accounts receivable management industry. She described how predictive analytics systems are commonplace in large companies now, and how many firms are powered by collection software and chatbots.</p> <p>Mr. Salazar informed the Board that the CFPB will soon be issuing proposed debt collection regulations to update existing regulations addressing modern technology and practices. He stated that staff will send information about the proposed regulations to all Board members after they are issued. Finally, Mr. Salazar mentioned that Office of the Commissioner of Financial Regulation had issued draft regulations about credit report agencies for comment and one of the draft provisions addressed the issue of including uncollectible debt in credit reports.</p>

8. Chairman's Statement – Closing the Session	
Mr. Salazar	
Discussion	Mr. Salazar gave the Chairman's Statement. On a Hayes/Young motion, which was unanimously approved, the Board closed the session.
Re-Opened Session	
Mr. Salazar	
Discussion	On a Hayes/Friedman motion, which was unanimously approved, the meeting was reopened after the closed session. Ms. Williams advised the Board that Mr. DiDonato did not disclose any prior disciplinary action on his application. Mr. Salazar advised that the Licensing Unit will investigate whether or not the license to Anthony DiDonato d/b/a Rapid Recovery was issued, and if appropriate, the matter would be forwarded to the Enforcement Unit. On a Hannan/Hayes motion, which was approved unanimously, the Board resolved that if a license had not been sent already to Mr. DiDonato, the Board rescinded its approval of the license and staff must reopen the licensing process to determine if Mr. DiDonato qualified for a license.
Adjournment	On a Hayes/Friedman motion, which was unanimously approved, the meeting adjourned at 11:50 a.m.