

State Collection Agency Licensing Board

Open Session Minutes

<u>11.29.2018</u>	10:31 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 10:31 a.m. by	Antonio P. Salazar, Chairman
Administrator	Devki Dave
Attendees	Members: Susan Hayes, Joanne Young, Steve Hannan, Eric Friedman , Counsel: Sandra Small, Esq., Melina Trust, Esq. Staff: Jedd Bellman, Cliff Charland, Kelly Mack, Dana Allen, Janelle Lawrence, Betty Yates Court Reporter: Jack L. Becker
Acknowledgements	Mr. Salazar acknowledged the General Notice of the Board Meeting in the Maryland Register posted on November 9, 2018, along with the posting of the Notice of the Meeting and Notice of Agenda on DLLR/Board’s website on October 24, 2018.

Approval of Minutes of May 10, 2018

Mr. Salazar	
Discussion	After reviewing the minutes of previous meeting, Mr. Salazar pointed out that “NACARA” typographical error on page 2 and page 3, #5 Student Loan Ombudsman/Service, 2 nd paragraph, line 2 - delete the phrase “to register with the Commissioner and” because the law does not require registration. On a Hayes/Young motion, which was unanimously approved, the Board approved the minutes as corrected.

Recognition of Public Comments

Mr. Salazar	
Discussion	A substantial number of members of the public were present at the Board meeting desirous of providing comments to the Board. A list of those present from the public is attached. Mr. Salazar thanked those attending and announced that the

meeting would be recorded and would be conducted in accordance with Maryland's Open Meeting laws and the regulations of DLLR as applicable. Mr. Salazar stated that the Board would take public comments and asked that those members of the public who wanted to provide comments should sign up on the sheets provided. He stated that all public members would have three minutes to make their comments and that after everyone had had their opportunity to provide comments, the Board would proceed with the items on its agenda.

Public Comments

Ms. Harris expressed support.

Ms. Damon Beasley also expressed support.

Mr. George McDermott described himself as a victim's rights advocate who just ran for Congress in Maryland's Fourth Congressional District and he provided testimony about DLLR purportedly allowing unlicensed debt collectors, and the attorneys who represent them, using fraudulent documents and stealing homes of consumers. He said the finding in a recent Court of Appeals decision overturning a decision on debt collectors' licensing was absurd and explained he knows of many victims and referred the Board to his website, secretjustice.com

Mr. Greg Matton expressed support for the comments expressed by the prior speakers.

Mr. Frenz Mutz expressed support for the comments expressed by the prior speakers.

Mr. Phillip Robinson provided five copies of written testimony to the Board. His verbal comments summarized the written material. Mr. Robinson said he was an attorney practicing consumer law and the laws that created the Board. He stated that he was the attorney who argued the Blackstone (aka Sharma/Marvastian) case and provided the Board with his opinion on Marvastian/Sharma and Blackstone court case and issues related to debt purchasers. He stated that it was important for the Board to know that counsel representing the hedge fund industries represented to the Court that they did not want to be licensed by the Board because it might cause them to pay taxes. Mr. Robinson also stated he wanted the Board to know is that in the decision the Court relied on documents outside the record of the case, records that are confidential Executive Branch documents. He said they were probably the Board's documents prepared in 2006 authorizing legislation that was introduced into the Legislature in 2007. He stated that the disclosure was problematic because the Maryland State Ethics law prohibits disclosure of confidential information to benefit another and that the disclosure in this case benefitted the hedge funds. He closed by saying this job was to give the Board the information he provided though he stated there was more information and that he and the other attendees would be going outside after testifying.

Ms. Ruth Wilcox, a resident of Anne Arundel County, stated she wanted to support the Board and to urge it to investigate the debt collection industry and unlicensed debt buyers using foreclosure properties. Ms. Wilcox described her past dealings with debt collectors and the Office of the

Commissioner of Financial Regulation. She explained that the Office refused to look into the debt collectors but she was able to find private counsel. She urged the Board to review the Commissioner's complaint review process and its timings and that if the Board needs protection from political influence, it should seek resources from the General Assembly.

Ms. Paulette Robinson was absent when her name was called.

Ms. Karen Maxwell was absent when her name was called.

Mr. Mike Morin mentioned that he is a Maryland attorney. He suggested that the Board should request an Attorney General's opinion on certain procedures regarding Board confidential records and their disclosure. He asked the Board to consider whether it is proper for the Board or any Board member to directly or indirectly interfere in pending litigation without notifying the parties to the litigation. He also said that the Board could vote to support certain initiatives to be presented in the upcoming General Assembly including strengthening independence of the Board from political interference and establishing greater authority for the Board to regulate hedge funds acquiring defaulted debt no matter what they type of debt. He said that the Board should support permitting private counsel to carry out its duties to file briefs to the state and federal courts. He stated that if any Board member believes that confidential records of the Board were released without authority of the Board to Secretary Shultz or her office, that the Board member could file a complaint with the Maryland Public Ethics Commission.

Ms. Patricia Respect expressed support for a neighbor who lost her home.

Ms. Annette Leslie Williams described how her house went into foreclosure property which she said was a wrongful foreclosure. She stated that DLLR intervened but was unable to prevent the foreclosure. The case involved a reverse mortgage property issues and alleged robo-signed assignments. Ms. Williams provided the Board with documents regarding her case.

Ms. April Bermen expressed support for the testimony of the prior speakers and stated that she was a victim of unlicensed debt collectors.

Ms. Kentas explained how her farm, which was once owned by her deceased son, went into foreclosure even though she was

paying her payments. She said she need help in fighting the foreclosure.

Mr. David Berwan expressed support for the testimony of the prior speakers.

Mr. Roger Mogan did not testify.

Ms. Shepherd Libebe did not testify.

Ms. Renee Mccray did not testify.

Ms. Rudriguez said that she was a former Baltimore City homeowner who lost her home. She that her lender and loan servicer were both unlicensed companies. She stated that she was not aware of the Board's existence and that there were many others who were also unaware of the Board's existence. She also expressed concern about unlicensed lenders and asked the Board to provide oversight over them.

Ms. Verdell Small did not testify.

Mr. Fred Marvastian did not testify.

Ms. Bertina Hanley stated that she was a former homeowner in Howard County and she mentioned that her property was foreclosed upon in May of 2018. She stated that she had not received service of the foreclosure papers and was only give 48 hours to leave the property. She said her mortgage company was Ocwen and she stated that something needs to be done about lenders such as Ocwen and that the foreclosure process is fixed so others can avoid her fate.

Mr. Michael Peterson was absent when his name was mentioned.

Ms. Vocci, an attorney with Santoni, Vocci and Ortega said that she was presenting testimony on behalf of Ms. Foxwell-Chabin who described that she is a verteran and had concerns about unlicensed debt collectors and the sale of debts and lack of proof of ownership of the debts when they are collected.

Ms. Ruth Wilcoz was absent when her name was mentioned.

Ms. Rohonda Wimbush mentioned about unlicensed title companies and foreclosure on invalidated debt.

Upon reaching the end of the sign-in sheet, Mr. Salazar asked if there was anyone else in the room that had comments they

wanted to make. An unidentified member of the public then displayed a sign which read "Don't turn a blind eye. We value consumer protection enforcement."
With no further comments from the public, the Board moved to the next item on its Agenda.

1. Non-Depository Licensing Unit Report	
Ms. Yates	
Discussion	<p>Ms. Yates presented the collection agency license approval report from November 20, 2018 advising that each entity's application and supporting materials for licensure has been reviewed and satisfied the requirements for licensure. Ms. Yates also directed the Board's attention to a renewal snapshot report from 2018 and 2019 showing the number of licenses that were renewed to date in 2018.</p> <p>On a Salazar/Friedman motion, which was unanimously approved, the Board ratified its prior approval and issuance of all initial and renewal collection agency licenses since September 6, 2018.</p>
2. Consumer Services Unit Report	
Ms. Mack	
Discussion	<p>Ms. Mack presented the Consumer Services Unit Complaint Report. She explained that the Consumer Services Unit had received 84 total complaints about collection agencies in fiscal year 2019. Ms. Mack advised that year-to-date – fiscal 2019, the Consumer Services Unit had 28 open cases and had closed 56 cases. 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.</p>
3. Enforcement Unit Report	
Ms. Allen	
Discussion	<p>Ms. Allen reported that there were five open enforcement cases; three cases are in the investigation phase, and two cases are under review by the litigation counsel.</p> <p>Ms. Allen explained National Credit Adjustors, LLC had requested a modification of their Settlement Agreement and Consent Order. Mr. Salazar signed such an Amendment, recommended approval, and on Motion made and seconded, the Board unanimously ratified the amendment to the Settlement Agreement and Consent Order dated March 2, 2017 by and between the Board and National Credit Adjustors, LLC.</p>
4. Student Loan Ombudsman/Service Update	
Mr. Salazar	
Discussion	<p>Mr. Salazar mentioned that Mr. Sean McEvoy was appointed as the Student Loan Ombudsman for Maryland in October 2018. Mr. McEvoy assumed the responsibilities of the Ombudsman, in addition to his current position as the</p>

	<p>Assistant Commissioner of Policy and Consumer Services within the Office of the Commissioner of Financial Regulation. Mr. McEvoy and his team are helping Maryland consumers with questions/issues related to Student Loan servicing and servicers. Our Assistant Attorneys General are training the Consumer Services Unit regarding student loan ombudsman/servicers related issues.</p>
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5. Marvastian/Sharma-Court of Appeals Decision Update	
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Mr. Salazar	
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Discussion	<p>Mr. Salazar discussed the Court of Appeals decision in the Marvastian/Sharma case that was handed down on August 2, 2018. Mr. Salazar also mentioned Mr. Robinson’s concerns related to debt purchasers. During the discussion Mr. Hannan informed the Board that when he was head of the Howard County Consumer Protection Division he had been a colleague of Mr. Robinson. Hr. Hannan reported that Mr. Robinson had sent him an e-mail prior to the Board’s meeting informing Mr. Hannan that Mr. Robinson intended to be present at the meeting. Mr. Hannan said he called Mr. Robinson to say “hi” and that Mr. Robinson at that point offered to tell him about the comments he was preparing to give. Mr. Hannan wanted the Board to know that he asked Mr. Robinson to refrain from doing so and encouraged Mr. Robinson to present his remarks to the full Board.</p>
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6. Implementation of SB1068	
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Mr. Salazar	
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Discussion	<p>Mr. Salazar informed the Board that two new provisions in SB 1068 became effective on October 1, 2018. First, violations of Fair Debt Collection Practices Act now are unfair or deceptive practices and are subject to jurisdiction of the Consumer Protector Division. Accordingly, there is joint jurisdiction of the Board and the Consumer Protection Division. Second, the Student Loan Ombudsman position and provisions became effective on that date.</p>
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7. NACARA Annual Conference Update

Ms. Mack /Mr. Bellman	
Discussion	<p>Ms. Mack reported that in October 2018 Mr. Salazar, Mr. Bellman, and Ms. Mack attended the NACARA annual conference in Charleston, SC. Ms. Mack said the conference theme was on medical debt collector issues. She stated that the group received training from Mr. Christopher Holland in Kinesic interview and interrogation techniques. CSBS also made a presentation. Mr. Bellman mentioned that the NACARA committee is working with CSBS on state laws and also on Vision 2020 for CSBS. Mr. Salazar gave the keynote address, mentioning that statistically California is the highest state in reported suspicious activity on elderly abuse issues and that in Maryland the largest reports stem from Baltimore, Montgomery and Prince George’s Counties. Mr. Salazar stated that our agency is continuously working with different NGOs, Department of Aging and other departments to handle the reporting of fraudulent activities and that the gist of his presentation was governmental agencies must continue to focus on the issue and apply pressure where they can because there is no simple solution. Mr. Bellman reported that he worked to provide a new logo for NACARA. Ms. Mack reported that federal regulators from the FTC and CFPB were also present at the conference and gave presentations during a regulatory roundtable mediated by Mr. Bellman. The attendees also heard a presentation from Mr. Sam Wiley, Program Director, Alzheimer’s Program Association, Charleston, SC. Ms. Hayes had a question regarding her licensing renewal for NMLS and mentioned that transition to NMLS should be easy.</p>

8. Chairman’s Statement – Closing the Session

Mr. Salazar	
Discussion	<p>Mr. Salazar gave the Chairman’s Statement. On a Hayes/Young, which was unanimously approved, the Board closed the session.</p>