

State Collection Agency Licensing Board Open Session Minutes

<u>11.19.2019</u>	10:30 a.m.	Maryland Dept. of Labor 500 N. Calvert Street, 3rd Floor Conference Room
--------------------------	-------------------	--

Meeting called to order at 10:30 am by	Antonio P. Salazar, Chairman
--	------------------------------

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

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

Acknowledgements	Mr. Salazar acknowledged the meeting notice was published in the Maryland Register on November 8, 2019, and on the Board’s website on October 18, 2019, and the agenda was posted on Dept. of Labor/Board’s website on November 14, 2019.
------------------	---

Approval of Minutes of October 15, 2019

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

Discussion	After reviewing the minutes of the October 15, 2019 meeting, on a Hannan/Hayes motion, which was unanimously approved, the Board approved the minutes.
------------	--

Recognition of Public Comments

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

Discussion	No members of the public were present.
------------	--

1. Licensing Unit Report

Ms. Yates

Discussion

Ms. Yates advised the Board that each entity's application and supporting materials for licensure had been reviewed and found to have satisfied the licensing qualifications. Ms. Yates recommended that the Board issue collection agency licenses to the following entities: Accenture S.R.L., Accenture Service Center S.R.L., Orion Portfolio Purchasing LLC, Orion Portfolio Purchasing LLC (branch), Sunbit Now, LLC, Sunbit Now, LLC (branch), First Service Residential Maryland Inc., Improved Data Services LLC, Elevation Capital Partners LLC, Watson Holdings LLC, Marlette Servicing LLC, iEnergizer IT Services Private Limited, Elevate 365, LLC, HPS Management of Maryland LLC, Ocwen USVI Services, LLC, Uplift, Inc., Sequium Asset Solutions, LLC, Credit Management, LP (branch), TrueAccord Corp (branch), EGS Financial Care, Inc. (Branch), EGS Financial Care, Inc. (branch), Credit Adjustments Inc. (branch), Coast Professional Inc. (branch), Glasser and Glasser P.L.C. (Branch), Portfolio Recovery Associates, LLC (branch) and NorthStar Location Services, LLC (branch).

Ms. Yates also informed the Board that staff received and processed the following change in control requests (which did not raise concerns): Future Capital, LLC, Accelerated Inventory Management, LLC, Accounts Receivable Clearing House, LLC, Accounts Clearing House, LLC, Alltran Financial, L.P., Alltran Education, Inc., Collections Acquisition Company, Inc., Concord Servicing Corporation, Collections Management Holdings, LLC, Exeter Finance LLC and Systems & Services Technologies, Inc. AMCOL Systems, Inc., JHPDE Finance I LLC, National Hospital Colleiona, L.L.C, Alltran Health, Inc., and EGS Financial Care, Inc.

On a Hayes/Young motion, which was unanimously approved, the Board voted to issue licenses to all applicants recommended by Ms. Yates.

Ms. Yates stated that Licensing Unit recently learned Community Service Group LLC had engaged in unlicensed collection activity since 1987 and would present the company's application for licensing at the next meeting, once a Memorandum of Understanding was executed regarding the unlicensed activity. Mr. Salazar explained that the MOU and license application will be presented for approval at the next meeting, and he added that he expects to include a penalty. During the discussion, responding to a question from Ms. Hayes, Ms. Yates advised that fines are

	paid through the NMLS. Responding to Mr. Friedman, Mr. Bellman advised that the pending action (MOU) is consistent with the Board’s long-held position that management companies must be licensed if their collection activity is undertaken for other entities such as homeowner associations.
--	---

2. Consumer Services Unit Report

Ms. Mack	
Discussion	Ms. Mack presented the Consumer Services Unit Complaint Report. She advised that the unit had received 50 total complaints during the fiscal year-to-date, 20 of which are open and 49 of which are closed. Further, Ms. Mack compared complaints by fiscal year, noting a declining trend from 2013 through 2018 - at 615, 504, 375, 261, 205 and 181, respectively, and an increase to 197 for fiscal year 2019. Mr. Salazar . noted that his and his staff’s consumer awareness outreach efforts could be influencing the increasing number of complaints.

3. NACARA Conference updates

Ms. Mack	
-----------------	--

<p>Discussion</p>	<p>Ms. Mack stated that the 2019 NACARA conference and annual meeting was held in Santa Fe, New Mexico from September 16th -18th, 2019, with a theme of cybersecurity.</p> <p>Ms. Mack said that NMLS SVP Doyle gave an update on the system that will provide collaborative licensing, the NMLS key identification wizard, state examination system, and NMLS license wizard. Ms. Mack mentioned that Mr. Doyle explained that the SES Stakeholder Group-Pilot is to launch sometime in the October-December, 2019 timeframe with a nationwide launch in early 2020. He explained that it was expected that there would be gradual implementation beginning with states that accepted the SES. SES will provide a platform for investigations, consumer complaint processing, and enforcement actions. Ms. Mack mentioned that Mr. Carter provided an updated from the Federal Trade Commission. Mr. Bellman described the regulator roundtable as informative and offered a robust opportunity for participants to discuss hot topics/trends in the industry, including illegal payday lending, CFPB innovation network, data breach, credit repair (i.e., Lexington Law impact), and Midland update, noting that states continue to focus on different areas. He advised the Board that NACARA sent its comment letter about the proposed collection agency regulations to the CFPB.</p> <p>Ms. Mack advised that the CFPB representative commented on the agency's strategic goals, access, enforcement, and the proposed debt collection rule will be pursued in a later rule. Ms. Mack noted the student loan servicing discussion, specifically the average student loan amount is \$33,000 with an average 22 year pay back, California began licensing and examinations in 2018, and Illinois began licensing, examination, and an ombudsman in 2018.</p> <p>Ms. Mack mentioned that the NACARA business meeting yielded the election of new officers including Mr. Edmonds of Wyoming as new President and Mr.Engelen of Idaho as new Treasurer. Mr. Bellman will remain Vice President and Ms. Mack will remain Chairperson of the NACARA conference committee for 2020.</p> <p>Mr. Bellman briefly discussed the concept of algorithmic debt collection, and consideration of operational integrity re: use of algorithms. Mr. Salazar noted that another attorney in his office and Mr. Bellman will be looking further at this issue.</p>
-------------------	---

4. Enforcement Unit Report

Ms. Allen

Discussion

Ms. Allen reported that there are 5 collection agency cases in an investigation status and one collection agency case is in pre-charge status.

5. NMLS Renewal Process: Auto Renewal

Mr. Charland

Discussion

Mr. Charland mentioned that license renewals are in process. Mr. Salazar noted that collection agency licenses transfer to NMLS is going smoothly. Mr. Charland mentioned that licensing process has been divided into phase 1 and phase 2 process this time. He explained that the intent to implement a system of “auto-renewal” that will make the renewal process easier for existing licensees.

Mr. Hannan asked if there are any quality control procedures in place to check on information provided during an auto-renew process. Discussion ensued with Mr. Charland and Mr. Bellman over a quality control process and potential technological solutions. Mr. Salazar also mentioned the need to conform the auto renewal system to the existing statutory system and that staff would look into the issue.

Ms. Hayes mentioned that this year’s renewal process was very smooth for her company and that she expected that industry would be appreciate of the auto-renewal system once fully implemented.

Adjournment

On a Hannan/Young motion, which was unanimously approved, the meeting adjourned at 11:10 a.m.