

**State Collection Agency Licensing Board  
Open Session Minutes**

<b><u>Date: November 10, 2022</u></b>	9:00 a.m.	Maryland Dept. of Labor
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Meeting called to order at 9:00 a.m. by	Antonio P. Salazar, Chairman (attended via video conference call)
Administrator	Ayanna Daugherty (attended via video conference call)
Attendees	Members: Sandra Holland and Eric Friedman (attended via video conference call)  Counsel: Kenneth Krach, Esq. and Emily Hanson, Esq. (attended via video conference call)  Staff: Shereefat Balogun, Clifford Charland, Dana Allen, Betty Yates, Arlene Williams, and Kelly Mack (each attended via video conference call)

**Acknowledgements**

Mr. Salazar	
Discussion	Mr. Salazar stated that the notice of the November 10, 2022, meeting was: (i) posted on the Dept. of Labor/Board website on October 11, 2022; and (ii) published in the Maryland Register on October 21, 2022. Additionally, Mr. Salazar stated the agenda for the November 10, 2022, meeting was posted on the Dept. of Labor/Board website on November 2, 2022.

**Approval of Minutes**

Mr. Salazar	
Discussion	Mr. Salazar noted the minutes for the October 11, 2022, Board meeting had previously been circulated for review and asked for questions or comments. The minutes were modified to reflect that Board Member Sandra Holland attended the meeting via phone call not video conference. On a Holland/Friedman motion, the Board unanimously approved the modified October 11, 2022, minutes.

**Recognition of Public Comments**

Mr. Salazar	
Discussion	No members of the public were present.

## 1. Non-Depository Licensing Unit Report

Ms. Yates

Ms. Yates advised the Board the Licensing Unit had reviewed eight pending applications together with all supporting materials and determined these eight applicants met the requirements for licensure. Accordingly, Ms. Yates recommended that the Board grant a collection agency license to the following entities:

1. NMLS ID 2362559 Independent Recovery Resources, Inc
2. NMLS ID 1612582 Lakeview Community Capital, LLC
3. NMLS ID 2033738 Crane Consulting and Outsourcing, LLC
4. NMLS ID 2400105 CBE Customer Solutions, Inc (**Branch**)
5. NMLS ID 2410960 Encore Receivable Management, Inc (**Branch**)
6. NMLS ID 2407907 Wakefield & Associated, LLC (**Branch**)
7. NMLS ID 2293991 Collection Management Company (**Branch**)
8. NMLS ID 2294005 Collection Management Company (**Branch**)

On a Friedman/Holland motion, which was unanimously approved, the Board voted to issue licenses to all recommended applicants.

Ms. Yates reported that the following ten collection agency licensees surrendered their license in the past 30 days:

Discussion

1. Comercion LLC - **NMLS ID 1135395 - Company** - No response was received from the company as to why they are surrendering their license.
2. Valor Intelligent Processing, LLC - **NMLS ID 2289690 - Branch** - No response was received from the company as to why they are surrendering their license.
3. Valor Intelligent Processing, LLC - **NMLS ID 1803953 - Branch** - This branch license is no longer needed and will not be renewed. The licensee is no longer doing third-party debt collections from this location.
4. SourcePoint, Inc - **NMLS ID 2226656 - Branch** - No response was received from the company as to why they are surrendering their license.
5. Coast Professional, Inc - **NMLS ID 970178 - Branch** - Surrender due to contract changes and a need to consolidate work space.
6. Coast Professional, Inc - **NMLS ID 1114195 - Branch** - Surrender due to contract changes and a need to consolidate work space.
7. EOS USA, Inc. - **NMLS ID 1149163 - Branch** - The branch office has ceased operations.
8. Spruce Lending, Inc - **NMLS ID 376223 - Company** - The company is in the process of winding down operations and surrendering all licenses.
9. Constar International, LLC - **NMLS ID 1922688 - Branch** - This was a duplicate license and not needed.

	<p>10. Affiliate Asset Solutions, LLC - <a href="#">NMLS ID 1391299</a> - <b>Company</b> - The company has ceased operations as of June 30, 2022</p> <p>Ms. Yates reported the following four change in control approvals:</p> <ol style="list-style-type: none"> <li>1. NCB Management Services, Inc (209072)</li> <li>2. Estate Information Services, LLC (934565)</li> <li>3. Constar International, LLC (1775977)</li> <li>4. AssetCare, LLC (1559262)</li> </ol> <p>There were no questions or comments about the change in control approvals.</p> <p>Ms. Yates also mentioned that the renewal season has started in the Licensing Unit as of November 1, 2022, and they will be reporting the license renewal updates for the collection agency licenses through the remainder of the fiscal year, starting with the next meeting.</p>
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## 2. Consumer Services Unit Report

Ms. Mack	
Discussion	Ms. Mack advised the Board that the Consumer Services Unit circulated its report to the Board prior to the meeting. As of 10/31/2022, 48 cases have been filed, 16 are open and 32 were closed.

## 3. Enforcement Unit Report

Ms. Allen	
Discussion	Ms. Allen reported to the Board that there are four current/on-going collection agency cases in pre-charge status.

## 4. Legislative Session

Mr. Salazar	
Discussion	Mr. Salazar reported to the Board there is no activity from the past Legislative Session.

## 5. Medical Bill Implementation and CFPB

Mr. Charland

**Medical Bill Implementation-** Mr. Charland advised the Board that the regulations have been proposed and the responses are currently being reviewed, prior to any finalizations of the regulations.

Mr. Salazar mentioned that the District of Columbia has just adopted several new collection agency rules and many are similar to Maryland.

**CFPB** – Mr. Charland advised that there are no updates at this time.

Ms. Holland inquired about the Maryland quarterly reporting of debt collection complaints from the CFPB. Mr. Salazar said he would inquire about it with OCFR staff in preparation for the January 2023 SCALB meeting.

Mr. Salazar stated that the CFPB is in the process of developing a national database that they will be issuing information about shortly on companies who have been subject to enforcement actions from the CFPB and the states, and also a database on the Unfair and Deceptive contract terms. Mr. Salazar anticipates some proposed regulations coming from the CFPB by year end.

Discussion

Mr. Krach mentioned a recent case in the continuing saga of parties challenging the constitutionality of the CFPB's creation/authority. The 5<sup>th</sup> Circuit recently issued a decision finding the CFPB's funding is unconstitutional because the CFPB receives funding from the FDIC and not through Congressional appropriation. Similarly, the FDIC does not receive its funding from Congressional appropriation but rather from assessments on insured institutions. This gives the CFPB double layers of independence which the 5<sup>th</sup> Circuit deemed unconstitutional. Other Circuits disagree and the case will likely go to the Supreme Court.

Mr. Salazar agreed with Mr. Krach on the independence of the CFPB through its funding mechanism. He also stated that the CFPB has not allowed this case to diminish its activity and the CFPB continues addressing issues important to consumers. Further, the case has not diminished the working relationship between the OCFR and the CFPB.

Mr. Charland added that he has spoken with individuals within the CFPB's enforcement unit who indicate the CFPB will continue business as usual pending the outcome of this case.

## 6. NACARA Update

Ms. Mack

Ms. Mack reported to the Board that the 2022 NACARA Conference was held on October 12-14, 2022, in Nashville, Tennessee and there were over 70 participants in attendance. She circulated a NACARA Highlights document prior to the meeting and did an overview during the meeting.

The panels and their presenters were:

**1. FEDERAL TRADE COMMISSION UPDATE -  
CYBERSECURITY/CRYPTOCURRENCY SEGMENT**

(KELLE SLAUGHTER, FTC SOUTHWEST REGION INVESTIGATOR)

**2. SECRET SERVICE GIOC INTELLIGENCE BRIEFING & REGULATORY  
PARTNERSHIP ENGAGEMENT**

(MARC PEARLMAN, INVESTIGATIVE ANALYST, US SECRET SERVICE)

**3. REGULATOR ROUNDTABLE**

(MODERATOR BRAD FLETCHER, ILLINOIS DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION)

**4. INVESTIGATION/EXAMINATION TECHNIQUES**

(JIM SCARBRO, TENNESSEE BUREAU OF INVESTIGATION, CRIMINAL INVESTIGATION DIVISION)

**5. MDCC– COORDINATED EXAMINATION PANEL - BASICS OF EXAMINATION**

(JILLIAN LANE, IDAHO DEPARTMENT OF FINANCE & SANDY GIBBONS, CONNECTICUT DEPARTMENT OF BANKING)

**6. THIRD-PARTY DISCLOSURE AND USE OF VENDORS, REGULATION F VS  
STATE LAW “INCONSISTENCIES AND CONFLICTS”, AND FD CPA – ‘WHAT’S  
HOT AND WHAT’S NOT’**

(MANNY NEWBURGER, BARRON & NEWBURGER, P.C.)

**7. STUDENT LOAN TASK FORCE PANEL UPDATE**

(DEVIN BRAGG, CA DEPT. OF FINANCIAL PROTECTION & INNOVATION &  
BRAD FLETCHER, ILLINOIS DEPARTMENT OF FINANCIAL AND PROFESSIONAL  
REGULATION)

Discussion

	<p><b>8. DEBT COLLECTION UPDATE</b></p> <p>(ANDY MADDEN, ACA INTERNATIONAL &amp; DAVID REID, RECEIVABLES MANAGEMENT ASSOCIATION INTERNATIONAL)</p> <p><b>9. ATTORNEY EXEMPTION/MEDICAL DEBT UPDATE PANEL DISCUSSION</b></p> <p>(JEDD BELLMAN, SENIOR COUNSEL-BUCKLEY, LP, KENNETH KRACH, MARYLAND ASSISTANT ATTORNEY GENERAL, LESLIE BENDER, SR. ATTORNEY EVERSHEDES SUTHERLAND (US), LLP &amp; MISSY MEGGISON, EDITOR INSIDEARM AND THE IA INSTITUTE)</p> <p><b>10. CFPB REGULATION F, NEW RULING – TRAINING SEGMENT</b></p> <p>(JOHN MCNAMARA, CONSUMER FINANCIAL PROTECTION BUREAU)</p> <p><b>11. THE “CALM AFTER THE STORM” – POST PANDEMIC TRENDS-REGULATOR PANEL DISCUSSION</b></p> <p>(GRACE HAMILTON (WA), MELINDA LEE (CA) &amp; MATTHEW KINGSLEY (WI) AND CHIP HELLMAN (TN))</p> <p><b>12. CREDIT REPORTING UPDATE – SCORES, TRENDS AND HOT TOPICS</b></p> <p>(ERIC J. ELLMAN, SENIOR VP – PUBLIC POLICY AND LEGAL AFFAIRS, CONSUMER DATA INDUSTRY ASSOCIATION)</p> <p><b>13. NON-BANK CYBERSECURITY PROGRAM PROCEDURES</b></p> <p>(MIKE BRAY, CONFERENCE OF STATE BANK SUPERVISORS)</p> <p><b>14. SES EXAMS/COMPLAINTS - UPDATE</b></p> <p>(LINDSAY SCHMIDT, CONFERENCE OF STATE BANK SUPERVISORS)</p> <p>Ms. Mack advised that a survey of attendees was distributed after the conference and several have been returned. Many participants expressed their favorable opinions on the panels and stated the topics they would like to see at the next conference, which will be held in Denver, Colorado in Fall 2023.</p>
Adjournment	<p>Mr. Salazar concluded by informing the Board that the next scheduled meeting will be held on Tuesday, December 13, 2022, and it will take place virtually.</p> <p>On an unanimously approved motion, the meeting adjourned at 9:32 a.m.</p>

**TEMPLATE FOR CLOSED-SESSION SUMMARY  
TO BE INCLUDED IN THE MINUTES IN THE NEXT OPEN MEETING  
(General Provisions Article § 3-306(c))**

**Instructions:** When a public body meets in a session closed under § 3-305 of the Open Meetings Act, it must disclose the following four sets of information in the minutes either of its next open session or in the minutes of the open session that it held that day, so long as the public knows to look there. This template provides a checklist for the required information. The worksheet at the bottom of the model closing statement contains a shorter form of the same checklist. Use of these forms is optional; the formatting of the summary is up to the public body so long as the public body includes the required information in its minutes at the required time.

The four sets of information required by § 3-306(c) are:

1. A statement of the time, place, and purpose of the closed session.
2. A record of the vote of each member as to closing the session.
3. Statutory authority to close session.
4. A listing of the actual topics of discussion, persons present, and each action taken in the session.

**SUMMARY OF CLOSED SESSION HELD ON OCTOBER 11, 2022**

**1. Statement of the time, place, and purpose of the closed session:**

Time of closed session: 9:28 a.m. to 9:43 a.m.

Place (location) of closed session: SCALB October 11, 2022, monthly meeting (conducted remotely)

Purpose of the closed session: Discuss potential litigation and the possibility of resolving that litigation through an informal Memorandum of Understanding. Counsel would be present to answer any questions requiring legal analysis or advice.

**2. Record of the vote of each member as to closing the session:**

Names of members voting aye: **Antonio P. Salazar, Sandra Holland, Eric Friedman**

Members opposed: **None**                      Abstaining: **None**

**3. Statutory authority to close session:**

This meeting was closed under the following provisions of General Provisions Art. § 3-305(b):

➔ **Topic #1: § 3-305(b) (8)    Topic #2: § 3-305(b) (8)    Topic #3: § 3-305(b) (7)**

**4. Listing of each topic actually discussed, persons present, and each action taken in the session:**

Topic description	Persons present for discussion (all were present either by video or nonvideo conference call)	Action Taken/Each Recorded Vote
#1: Discussion of pending litigation in the form of a possible enforcement action against a person for violations of the Maryland Collection Agency Licensing Act.	Antonio P. Salazar, Commissioner; Sandra Holland, Board Member; Eric Friedman, Board Member; Kenneth Krach, Counsel; Clifford Charland, OCFR; Dana Allen, OCFR; Kelly	No action taken other than vote noted in #2

	Mack, OCFR; Ayanna Daugherty, OCFR Administrator	
#2: Discussion of a proposed resolution with the person discussed in Topic #1 through an informal Memorandum of Understanding (MOU).	Antonio P. Salazar, Commissioner; Sandra Holland, Board Member; Eric Friedman, Board Member; Kenneth Krach, Counsel; Clifford Charland, OCFR; Dana Allen, OCFR; Kelly Mack, OCFR; Ayanna Daugherty, OCFR Administrator	The Board voted 3-0 to approve resolution of this potential enforcement action through an MOU on the terms discussed during the closed session.
#3: Questions to counsel requiring legal analysis and advice directly related to Topics #1 and #2.	Antonio P. Salazar, Commissioner; Sandra Holland, Board Member; Eric Friedman, Board Member; Kenneth Krach, Counsel; Clifford Charland, OCFR; Dana Allen, OCFR; Kelly Mack, OCFR; Ayanna Daugherty, OCFR Administrator	No action taken other than vote noted in #2

September 24, 2018