

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

<u>Date: October 8, 2024</u>	2:00 p.m.	Maryland Dept. of Labor
Meeting called to order at 2:03 p.m. by	Antonio P. Salazar, Chairman	
Administrator	Ayanna Daugherty	
Attendees	<p>Members: Tracy Rezvani, Shawn Kennedy and Eric Friedman Absent: Sandra Holland</p> <p>Counsel: Emily Hanson and Kenneth Krach</p> <p>Staff: Cliff Charland, Meredith Merchant, Shereefat Balogun, Amy Hennen, Kelly Mack, Kat Hyland, Dana Allen, Arlene Williams and Betty Yates</p>	
Meeting Location	Google Meet	

Acknowledgements	
Mr. Salazar	
Discussion	Mr. Salazar stated that the notice of the October 8, 2024 meeting was: (i) posted on the Dept. of Labor/Board website on September 13, 2024; and (ii) published in the Maryland Register on September 20, 2024. Additionally, Mr. Salazar stated the agenda for the October 8, 2024 meeting was posted on the Dept. of Labor/Board website on September 25, 2024.

Approval of Minutes	
Mr. Salazar	
Discussion	Mr. Salazar noted the minutes for the September 10, 2024 Board meeting had previously been circulated for review and asked for questions or comments. On Mr. Kennedy's motion, with a second from Ms. Rezvani, the Board unanimously approved the September 10, 2024 minutes.

Recognition of Public Comments

Mr. Salazar

Discussion

There were no members of the public present.

1. Non-Depository Licensing Unit Report

Ms. Yates

Discussion

Ms. Yates advised the Board that the Licensing Unit had reviewed twelve pending applications with all of the supporting materials and determined that the 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 2620543 Account Services, Inc
2. NMLS ID 2616779 J.A.M. Tow and Recovery L.L.C.
3. NMLS ID 2597516 Ally Cat Towing and Recovery LLC
4. NMLS ID 1184138 Synerprise Consulting Services Inc
5. NMLS ID 2623464 Knute Financial LLC
6. NMLS ID 933075 Carter Business Service, Inc
7. NMLS ID 2559612 Figure Markets Credit LLC
8. NMLS ID 2529522 Recoveri, LLC
9. NMLS ID 2638743 Eagle Utilities, LLC
10. NMLS ID 1950862 Sezzle Inc.
11. NMLS ID 2603756 ComFirst Management LLC
12. NMLS ID 2629642 Glove Corp.

On Ms. Rezvani’s motion and Mr. Kennedy’s second, the Board voted unanimously to issue a license to the twelve recommended applicants.

There were no collection agency licensees that surrendered their license in the past 30 days:

Ms. Yates reported the following eight change in control approvals for the October 8, 2024 Board meeting:

1. Educational Computer Systems, Inc (1489841)
2. Financial Corporation of America (951408)
3. AllianceOne Receivables Management, Inc (441662)
4. Credit Control, LLC (870875)
5. AMCOL Systems, Inc (1151816)
6. Figure Lending LLC (1717824)
7. Paramount Capital Group, LLC (1114719)
8. Carrington Mortgage Services, LLC (2600)

As of 9/26/2024 the Maryland collection agency company count was 1,067. On 9/3/2023 that day fell on a Sunday, therefore the date of 9/26/2023 collection agency count was 1,097.

Ms. Yates advised to the Board that the renewal season is coming up and the portal opens on November 1st. The Collection Agency license renewals are automatic, once a renewal application has been submitted in the NMLS, unless there are pending requirements or deficiencies posted in their account.

Collection Agency License Assessment Fee Discussion Update

Mr. Salazar reminded the Board that we had a discussion in August about increasing the licensing fees as part of the assessment process for Collection Agencies. However, he wanted to clarify that there are two types of fees that non-depository entities such as collection agencies must pay:

- 1) Licensing Fee
- 2) Assessment Fee for institutions

Mr. Salazar discussed the August vote to pursue a licensing fee increase and advised the Board that OFR is going to refrain from pursuing the increase in the licensing fee in order to gather more data during the renewal season, to help determine the potential assessment fees for each type of license. The assessment fees may vary year by year and would be in addition to the licensing fee. He wanted the Board to be aware of the impact of both proposed actions and thus asked for further questions.

Mr. Charland pointed out that with the elimination of branch license fee when the law was passed, OFR knew that we would have a big loss in revenue in our fund because the OFR did not make an assessment in 2024. OFR is working towards implementing the new assessments for the various licenses, this will help to fund the OFR for FY26 and going forward. He also mentioned that the assessment fees would most likely be calculated by the volume of business and other formulas, starting in Spring 2025. Currently there is no annual standard reporting of data for Collection Agency licenses, so OFR must develop a formula for collection of information. That process will take some time he said and would involve analysis and industry input.

Mr. Friedman commented that his office offers certain licenses for their county, mainly based on the size of the entity's staff. He was suggesting that this may be a helpful idea for calculating assessment fees.

Ms. Hyland almost mentioned that our goal for Collection Agency assessment fees including volume considerations would begin in about two years, to allow time for the gathering data.

2. Consumer Services Unit Report

Ms. Mack

Discussion

Ms. Mack advised the Board that the Consumer Services Unit circulated its current report for Fiscal Year 2025 showing that as of 9/30/2024, 19 complaints have been received, 13 are open and 6 were closed. She also advised that there will be a Trend Analysis Report given during this meeting, will provide more specific information.

3. Enforcement Unit Report

Ms. Allen

Discussion

Ms. Allen advised the Board that there are five current/on-going collection agency cases in a pre-charge status.

She also advised the Board that, regarding the Midland case, OFR and the Attorney General's office have developed a team to continue the review of the information received. It appears the company is in compliance with our requests and the Order. The next step is to make recommendations to for follow-up.

4. Federal Activities

Mr. Salazar

Discussion

Medical Bill Implementation- Ms. Hanson advised the Board that there were no new updates to report at this time.

CFPB – Mr. Charland advised the Board that the CFPB released a report last week regarding double billing and inflated charges in medical debt Collection. The CFPB said that there have been several medical debt collection attempts that could have been covered through financial assistance or medical payment products, which may not have been properly disclosed to the consumer as an option. Also, the CFPB is concerned about rental debt collection as they are concerned that rent payments may have been inflated due to illegal price fixing and collectors who are collecting on those bills may be violating Fair Debt Collection Practices Act (FDCPA). CFPB is also concerned about potential junk fees that have been added to rental bills.

Also, Mr. Charland advised the Board again that from the last meeting, that

effective January 1st, 2025, pharmacy benefit providers who provide coverage under Medicare Part D, will be mandated to offer the consumers the option to make payments for their prescription bills over time. Mr. Charland then advised the Board that as of last week, he received an update from Maryland Insurance Administration (MIA) on their stance based on their statutory definitions and regulations. There were some additional questions and comments about this matter. Mr. Salazar advised the Board that we will have another discussion with MIA on this matter and will have an update at the next SCALB meeting on whether OFR will require these pharmacy benefit managers to obtain a collection agency license.

FTC- There were no new updates to report at this time.

5. NACARA Update

Ms. Mack

Ms. Mack's advised the Board that 2024 NARACA Annual Conference was held in Sacramento, CA from September 30th-October 2nd, 2024, and that it was a great success. She provided an overview and shared some highlights from the conference during the meeting.

Below is a list of the panels and their presenters:

2024 NACARA Conference Panels and Presenters

1. FEDERAL TRADE COMMISSION UPDATE

KELLE SLAUGHTER, FTC SOUTHWEST REGION INVESTIGATOR

2. CYBERSECURITY EXAMINER TRAINING SEGMENTS- TABLETOP EXERCISE

BRAD ROBINSON, SENIOR DIRECTOR

3. STUDENT LOAN TASK FORCE PANEL UPDATE

BRADLEY FLETCHER, IL DEPART. OF FINANCIAL & PROFESSIONAL
REGULATION

4. REGULATOR ROUNDTABLE

MODERATOR MELINDA LEE,
DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION

Discussion

5. BUSINESS MEETING -COMMITTEE DISCUSSION & NACARA ELECTIONS, INCLUSIVE OF VACANT COMMITTEE PLACEMENT DISCUSSIONS

6. WHAT'S HAPPENING AT THE CFPB- TRAINING SEGMENT

JOHN MCNAMARA, CONSUMER FINANCIAL PROTECTION BUREAU

7. DEBT COLLECTION UPDATE

ANDY MADDEN, ACA INTERNATIONAL

DAVID REID, RECEIVABLES MANAGEMENT ASSOCIATION INTERNATIONAL

8. CHANGES IN PRIVACY, DATA SECURITY AND ARTIFICIAL LAWS IN THE US AND THEIR IMPACT ON CREDIT AND COLLECTIONS

LESLIE BENDER, SR. COUNSEL, EVERSHEDS SUTHERLAND (US), LLP

PORTER HEATH MORGAN IV, PARTNER-MARTIN, GOLDEN, LYONS, WATTS, MORGAN

JUSTIN MURPHY, WASHINGTON STATE COLLECTION BOARD

9. REGULATOR/INDUSTRY OPEN ROUNDTABLE DISCUSSION

HERB THOMPSON CA FINANCIAL INSTITUTION MANAGER, MODERATOR

10. DON'T TAKE IT PERSONALLY – IS IT CONSUMER OR COMMERCIAL

BRIT J. SUTTELL, SHAREHOLDER , BARRON & NEWBERGER, PC

ANNETTE WAGGONER, EXECUTIVE DIRECTOR, COMMERCIAL COLLECTIONS AGENCIES OF AMERICA

11. MDCC- COORDINATED EXAMINATION PANEL

BASICS OF EXAMINATION – REVIEW OF FREQUENTLY ASKED QUESTIONS & “WHAT TO DO WHEN YOU RECEIVE NOTICE OF EXAM FROM THE STATE?”

JILLIAN LANE, IDAHO DEPARTMENT OF FINANCE

JAMIE FIELDS, IDAHO DEPARTMENT OF FINANCE

12. THERE’S NO PLACE LIKE HOME, RESPONSIBLE OVERSIGHT OF REMOTE WORK PRIVACY DATA SECURITY & OTHER OPERATIONAL ISSUES

DAVID REID, RECEIVABLES MANAGEMENT ASSOCIATION INTERNATIONAL

ANDY MADDEN, AMERICAN COLLECTORS’ ASSOCIATION

LESLIE BENDER, SR. ATTORNEY EVERSLEDGES SUTHERLAND (US), LLP

CHRISTI YOUNG BARGER, SR. DIRECTOR-LICENSING

CORNERSTONE LICENSING SERVICES

13. UNIFORM CONSUMER CREDIT DEFAULT JUDGMENT ACT

DONALD S. MAURICE, MAURICE WUTSCHER, LLP

RAYMOND PEPE, COUNSEL – K&L GATES

6. Legislative Session and Current Issues

Ms. Hennen

Discussion

In Ms. Hennen advised the Board that OFR has submitted their concepts for the next Legislative session to the Governor’s office for review and consideration, and OFR is still awaiting feedback. She also advised the Board that as the Legislative session is rapidly approaching, so if anyone plans on testifying or potentially lobbying, please let her know so we can notify the Department of Labor if necessary.

Ms. Hennen also mentioned that she will be using the new features of the CFPB Portal to further assist with developing the Student Loan Ombudsman reports.

7. Complaint Trend Analysis Report

Mr. Armbruster	
Discussion	<p>In Mr. Armbruster’s absence, Ms. Merchant advised the Board the comparison of the debt service complaints filed in the OFR and with the CFPB for Maryland during the years of 2023 through September 2024. The information provided data on the top issues filed, top respondents, and most popular zip codes. She asked if anyone had any questions or concerns.</p> <p>Mr. Charland also advised the Board that the CFPB introduced a new version of the portal for government users last month. So in the future, OFR and Mr. Armbruster will have the ability to gather additional data such as more detailed complaints and geographical information.</p>

8. Additional Comments

Mr. Salazar	
Discussion	There were no additional comments.

Adjournment	<p>Mr. Salazar informed the Board that the next regular meeting is scheduled to be held on Tuesday, November 12, 2024 virtually, via video conference call.</p> <p>On an unanimously approved motion, the meeting adjourned at 2:47 p.m.</p>
-------------	--