

STATE COLLECTION AGENCY LICENSING BOARD

MEETING MINUTES

THURSDAY, SEPTEMBER 14, 2017 – BALTIMORE, MARYLAND

The Collection Agency Licensing Board (the "Board") meeting was called to order by Chairman Antonio Salazar at 10:36 a.m. at the Office of the Commissioner of Financial Regulation ("OCFR" or the "Agency"), Baltimore, Maryland. Other members in attendance were; Eric Friedman, Stephan Hannan, Susan Hayes, and Joanne Young. Also present were; Director of Enforcement, Randy Kiser, Acting Director of Non-Depository Licensing, Betty McBride, Financial Examiner Lead, Kelly Mack, Administrator Lisa Tinsley, Assistant Attorney General, Sandy Small, Director of Financial and Education Outreach, Janelle Lawrence, Director of Non-Depository Operations, Cliff Charland, present via phone was Assistant Commissioner, Jedd Bellman. Also present were two members of the public; Michael A. Bergamini with the Law Office of Chad M. Shue, LLC and attorney David Schlee.

Commissioner Salazar introduced himself to the other Board members and gave a brief background on himself and his work history. Following that, the Commissioner explained that Ms. Small was attending the meeting in lieu of normal advice counsel, Kevin McGivern.

On a motion duly made by Ms. Hayes, seconded, and unanimously adopted, the Minutes and Executive Session Minutes of the, May 18, 2017 meeting were approved as written.

Following that action, the members of the public in attendance, Mr. Bergamini and Mr. Schlee, were introduced to the Board, welcomed, and permitted three minutes each to make comments or ask questions about concerns or issues that they or those they are representing wish to be addressed. Mr. Bergamini, representing the Law Office of Chad Shue, said that he was attending as a majority of their clients were collection agencies. Mr. Schlee will be attending on a regular basis as his association represents 56 law firms who are seeking help with transition and other issues.

INFORMATION ITEMS

Ms. McBride reported to the Board that there are currently 1,732 licensed collection agencies, 890 which were branches. Since her last report, there were 20 new collection agencies licensed and there were no change of control applications since her August licensing report email to the Board. At this time, Commissioner Salazar brought forth a resolution to the Board for ratification of the collection agency licenses approved or renewed since the last Board meeting. All Board members agreed to ratify all approvals, the ratification document was signed by all Board members, then signed and witnessed by the Board Administrator. Ms. Hayes questioned whether the Board would need to ratify votes at every meeting. Commissioner Salazar said yes, with the explanation that this provides documentary support of approvals made electronically.

Ms. McBride recommended to the Board that applications for new and renewal licenses be approved on a bi-weekly basis. Her reasoning is that individuals who submit an application early in the month are being prohibited from doing business for the period of time that they are on hold and waiting for the monthly approval process. Mr. Hannan said that a bi-weekly approval process would be appropriate based on this reasoning. All members of the Board agreed.

Mr. Charland introduced himself and gave background information on his position with the agency and the collection agency licensees' transition to NMLS. He informed the Board that the license transition period is occurring between August 1st and September 30th. As of September 13th, 560 licensees have transitioned or are in transition, this is an equivalent of 32.5%. There are seven license types transitioning, totaling 3400, 51% are collection agencies. Per NMLS, 74% of collection agency licenses are already on the system. Collection agency licenses are set to expire on December 31st of this year, therefore, all new and renewal applications will be processed on NMLS. However, none can be completed until the licensee has transitioned onto the NMLS electronic system. Ms. Hayes expressed concern about the September 30th deadline. Mr. Charland said that reminder notices were sent on September 6th and additional reminders will be sent in the coming weeks. The reminder notices include instructions on NMLS use which may increase phone calls to the Licensing Unit. Ms. Hayes asked if the help desk number is prominent on the reminder and Mr. Charland assured her that it was. Finally, Mr. Charland informed the Board that the Agency is currently working on drafting FAQs for law firms and attorneys who are subject to licensure.

Ms. Hayes is having trouble getting through the NMLS process. Mr. Charland explained that there is a difference between transition and renewal. Once transition occurs, NMLS will contact the applicant to let them know their account is activated. However, Ms. McBride and Mr. Charland will check to see if Ms. Young's company has transitioned successfully.

Mr. Bellman reminded the Board that renewal season does not begin until November 1st. Ms. Hayes expressed concern for mid to small size collection agencies trying to transition. The process took her 2 ½ hours. At the end she was asked for payment and was told that someone in our office was reviewing the application. Ms. Charland told Ms. Hayes that there should be no fee for a transition and that some are being completed incorrectly and sent through as a new license. Ms. McBride is rejecting these and refunding the money.

Going forward, Mr. Bellman said renewing should be easier. Commissioner Salazar told the Board that the Agency has temporarily increased staffing in the licensing unit to help stay ahead of transitioning issues. We are also trying to be more responsive to all, including law firms. Mr. Schlee told the Board that once transitioning is complete the process is smooth, but he suggested that licensees keep their passwords because their accounts are difficult to unlock without the passwords. However, he also said that law firms of less than five people prefer the old system. Mr. Charland said that this is expected and that NMLS 2.0 is being designed around the workflow for all users. The scheduled date for the release of NMLS 2.0 is September 2018.

Ms. Mack reported on the number of collection agency complaints since the start of fiscal year 2018. Thus far, there have been 34 total complaints, 12 have been closed, and 22 remain open. Based on the last three fiscal years, consumer complaints are trending down.

Mr. Kiser then gave the Enforcement Unit report. There are three open investigations, four closed with no further action, and two cases are with the AG's office pending new action. Three final orders were issued; Eisenburg, Whitman & Associates; Johnson and Johnson Financial Services; and Zimmerman Young & Associates.

Ms. Lawrence said that she and Mr. Hannan have been working together on the outreach project for licensees regarding new laws and regulations. The first draft has been sent to the Board and she is awaiting feedback. Ms. Hayes said that she is happy with the work product and will send edits via email, but overall, feels it will work well for licensees. Ms. Lawrence said that once the project is complete, it will need to be reviewed by the Secretary's Office.

Ms. Lawrence will be meeting with Renee Felder and James Leith with the Local Taxpayer Advocate next week to discuss third party debt collection. She wants to find out how they are doing outreach. She will have more information at the next meeting.

Ms. Hayes presented information based on the article, *State Licensing Laws What's New and Trending*, by Andrew Pavlik, from Collector Magazine, Vol. 82 NUM.12 July 2017, p 20-23. Topics covered were clarifications and changes regarding: student loan servicing, remote workers, and the Nationwide Multistate Licensing System and Registry. Ms. Hayes questioned whether the Board has ever discussed remote work locations. Mr. Bellman said the Board has not. Ms. Hayes would like to discuss this issue in the future. Mr. Bellman did inform the Board that the Commissioner has just passed new regulations in regards to remote work locations for loan originators, however, he does not know if the Board has the same authority under the Collection Agency Statute.

Commissioner Salazar updated the Board on the Maryland Financial Consumer Protection Commission. Due to scheduling issues, the September 28th meeting has been cancelled. He feels that the impetus for the Commission has decreased because the legislative atmosphere in Washington, D.C. regarding financial issues has changed.

Next discussed was the Collection Agency Licensing Board submission to the Annual Report. Ms. Tinsley distributed the draft and requested that the Board members send edits to her within the next two weeks.

Commissioner Salazar provided the Chairman's statement pursuant to the Open Meetings Act in anticipation of convening the meeting's closed session. In doing so, he cited the following reasons to close the meeting; the right to consult with staff, consultants, or other individuals about pending or potential litigation. Specifically, he reported that under §3-305(b)(8) of the General Provisions Article, the Board would be discussing; the licensing fee regulation, litigation updates, pre-charge committee updates, the multi-state collaboration, student loan servicing,

and an update on the Marvastian/Sharma litigation. At this time, Ms. Hayes made a motion to go into closed session which was seconded by Ms. Young. This was voted upon and passes unanimously.

With no further business, this meeting was adjourned at 11:33 am.

Respectfully Submitted,

Lisa M. Tinsley

Lisa M. Tinsley, Administrator