Maryland Home Improvement Commission

Business Meeting

Meeting Minutes

DATE: June 1, 2023

TIME: 10:00 AM

LOCATION: ***(Teleconference via Google Meet)***

MEMBERS PRESENT: Joseph Tunney, Chairman

Robert Altieri, *Commissioner*

Heather Connellee, *Commissioner*

Lauren E. Lake, *Commissioner*

Chandler Louden, *Commissioner*

Michael A. Newton, Commissioner

Michael Shilling, *Commissioner*

I. Jean White, *Commissioner*

STAFFPRESENT: David Finneran, *Executive Director*

Deborah Irvin Cromwell, *Assistant Director*

Kimberly Rosenthal, *Administrative Officer*

Kenneth Sigman*, Assistant Attorney General*

Tenaea Thomas*, Panel Secretary*

OTHERS PRESENT: John Dove, Commissioner of O & P

Brian Brooks

# **Meeting Called to Order**

The meeting was called to order at 10:00 a.m.

# **Approval of the April 6, 2023 Minutes**

Commissioner White moved to approve the Minutes of the April 6, 2023, meeting, and Commissioner Connellee seconded it. All Commissioners approved.

# **Welcome Commissioner John Dove**

Mr. Finneran introduced John Dove as the new Commissioner for Occupational and Professional Licensing. Mr. Dove has been in business as a salesman for over 30 years in the implantable medical device field. Prior to his career in business, he was in the Marine Corps as a logistics officer. Logistics has always been a part of his career. He looks forward to working with every Board and Commission. The Commissioners congratulated Commissioner Dove on his new position and look forward to working with him.

# **Guaranty Fund Activity Report**

The MHIC Guaranty Fund Activity Report dated May 18, 2023, is as follows:

Balance as of July 1, 2022 $ 4,450,975.45

Receipts $ 1,636,760.29

Disbursements

Claims ($1,767,812.57)

Refunds ($0.00)

Balance as of April 30, 2023 $4,319,923.17

Reserve

Anticipated Large Claims $1,000,000.00

FMIS Balance $4,206,223.17

Difference $113,700.00

Please note that the “Receipts” amount of $1,636,760.29 includes electronic licensing receipts of $1,975.00 for the month of April that were not posted into FMIS until the month of May 2023.

**Anticipated Pro Rated Claims**

**Prorated Claims Report - MHIC Business Meeting June 1, 2023**

**Recent Guaranty Fund Payouts**

**Contractor Suspension date**

**Contractor I March 8, 2019**

Payout completed on March 24, 2022

**Contractor K**  **January 16, 2020**

Payout completed on July 11, 2022

**Contractor H June 24, 2019**

Payout completed on September 28, 2022

**Contractor J December 16, 2019**

Payout completed on October 10, 2022

**Contractor G May 8, 2019**

Payout completed on December 2, 2022

**Contractor M December 5, 2019**

Payout completed on December 18, 2022

**Contractor L October 25, 2021**

Payout completed on January 17, 2023

**Contractor N April 19, 2021**

Payout completed on March 6, 2023

**Guaranty Fund Claims Pending Payouts**

**Contractor O October 25, 2021 (GF payout suspension)**

58 complaints Latest complaint opened March 30, 2023

24 criminal charges filed 4 cases pending criminal charges

**Contractor P May 7, 2022 (Show Cause suspension)**

9 complaints Latest complaint opened March 17, 2022

**Contractor Q April 5, 2022 (Emergency Suspension)**

23 complaints (plus 1) Latest complaint opened March 21, 2023

**Contractor R June 1, 2022 (Emergency Suspension)**

46 complaints (plus 2) Latest complaint opened March 29, 2023

2 criminal charges filed 1 unlicensed complaint

**Contractor S October 12, 2021 (Emergency Suspension)**

19 complaints Latest complaint opened August 22, 2022

**Contractor T September 15, 2022 (Show Cause Suspension)**

9 complaints Latest complaint opened November 1, 2022

**Contractor U October 17, 2022 (Emergency Suspension)**

154 complaints (plus 4) Latest complaint opened May 15, 2023

**Contractor V Voluntary Termination February 10, 2023**

35 complaints (plus 1) Latest complaint opened March 30, 2023

**Contractor W Emergency Suspension February 24, 2023**

7 complaints Latest complaint opened December 13, 2022

Since the last Commission meeting there have not been any new anticipated $100,000 payout contractors added to the list.

Contractor O was suspended in 2021 but evidence shows he continues to enter into home improvement contracts. Criminal charges have been filed in 24 cases. These cases are primarily in Baltimore City and Baltimore County. There are four additional cases where criminal charges will be likely be charged. The MHIC is working with the new agency in Baltimore City that is addressing the larger complaints. Baltimore City is assisting MHIC and working on all the criminal cases. The Contractor was incarcerated but has been released.

Contractor R has been the subject of two more complaints since the last meeting. The Consumer Protection Division of the Attorney General’s office is now pursuing this contractor. The Consumer Protection Division issued a significant fine against this company. The Commission expects that all the homeowners may be reimbursed. These cases likely total over $400,000 in actual loss.

Contractor U is a pool builder. There are 154 complaints, four more than the last meeting. The Contractor was suspended in 2022. The Consumer Protection Division is in the process of taking action against this pool company. There are no criminal charges against the company currently. This contractor will likely reach the $250,000 Guaranty Fund payout cap. As the pool season gets underway, it would not surprise the Commission to see additional complaints concerning this company.

Contractor V has 35 complaints, one more than the last meeting. This contractor is taking very large deposits and doing little to no work. There have been deposits up to $500,000. The contractor’s scheme is to enter into a large remodeling contract, obtain a large deposit, and send an architect to the homeowner’s home to sketch the project. The architect does all kinds of drawings on the home and then takes another deposit. The company then disappears and does no work. The contractor was licensed and the license has been terminated. This contractor will likely reach the $250,000 Guaranty Fund payout limit. There are approximately $2.6 million worth of losses filed by complainants at this time. Mr. Finneran explained that Howard County has taken the initiative and is conducting a forensic investigation. Mr. Finneran will be testifying as State’s witness in criminal court on seven of the cases in the upcoming weeks. Mr. Sigman said that this contractor has filed a bankruptcy petition and the bankruptcy trustee is looking into criminal issues as well.

Mr. Finneran said the Guaranty Fund balance has increased almost $100,000 since the last Commission meeting. There is a concern about the balance being depleted due to the recent passage of Senate Bill 429. Senate Bill 429 increased the cap on the Guaranty Fund awards against a single contractor from $100,000 to $250,000. This will effect three of the ten Guaranty Fund prorated cases that are waiting to be paid because they will most likely exceed the $250,000 cap.

The Commissioners are concerned about the $250,000 cap depleting the Fund. Mr. Tunney gave kudos to Mr. Finneran for collection efforts concerning surety bonds used to reimburse the Guaranty Fund when the contractor fails to reimburse the Fund for awards. Mr. Finneran explained that the Commission’s investigators also deserve credit for maintaining the Fund balance by promoting resolution of complaints and conducting successful mediation before they result in a Guaranty Fund award.

Commissioner Altieri asked when was the last time the Commission looked at fee structures for licensed contractors? Mr. Finneran said that the last time fees were changed was six years ago. The fees were lowered at that time. The fee structure will likely change as MHIC reviews the Guaranty Fund payouts for the new assessment. The Commission may want to discuss the application fee structure at the next meeting. Commissioner Newton asked if the Commission would increase the assessment one time a year or only at the two year license renewal. Mr. Sigman said that the Commission can ask for a $50 dollar assessment from each licensed contractor up to three times a year. It may be prudent to have the Commission consider a Guaranty Fund assessment when the Commission anticipates the Guaranty Fund balance falling below a million dollars. The Commissioners will have a discussion about the Guaranty fund assessment at the next Commission meeting.

# **Review of MHIC Statistics**

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| --- | --- |
| **MARCH 2023** | |
| **LICENSING ACTIVITY** |  |
| **Current Licenses Total** | 37,719 |
| *Contractor/Salesperson* | 19,527 |
| *Salesperson* | 2,702 |
| *Contractor/Salesperson (Corp/Part)* | 14,618 |
| *Applications Approved* | 278 |
|  |  |
| **COMPLAINTS RECEIVED** | |
| **Complaints Received** | **184** |
| *Licensed* | 123 |
| *Unlicensed* | 61 |
| PendingShow Cause Hearings | **33** |
| Waiting to be sent to OAH | **80** |
| Pending Hearing/Decision at OAH | **93** |
| Mediation | 45 |
|  | |
| **Claims** | |
| Total Open Claims | **651** |
| New Claims Received | **88** |
| Small Claims Received | **6** |

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| **APRIL 2023** | |
| **LICENSING ACTIVITY** |  |
| **Current Licenses Total** | 37,910 |
| *Contractor/Salesperson* | 19,586 |
| *Salesperson* | 2,737 |
| *Contractor/Salesperson (Corp/Part)* | 14,709 |
| *Applications Approved* | 242 |
|  |  |
| **COMPLAINTS RECEIVED** | |
| **Complaints Received** | **107** |
| *Licensed* | 67 |
| *Unlicensed* | 40 |
| PendingShow Cause Hearings | **33** |
| Waiting to be sent to OAH | **63** |
| Pending Hearing/Decision at OAH | **116** |
| Mediation | 49 |
|  | |
| **Claims** | |
| Total Open Claims | **632** |
| New Claims Received | **68** |
| Small Claims Received | **4** |

Mr. Finneran said that MHIC is getting more applications this Spring. He gave kudos to the Licensing Department for doing an outstanding job. E-Licensing is really paying off.

The number of claims that are waiting to be referred to the Office of Administrative Hearings (OAH) are high. OAH can only handle so many claims at a time and have restricted MHIC from referring more than 20 claims every 15 days.

The Commissioners like the new statistics report.

Commissioner White asked how is the mediation program going? Mr. Finneran explained that the MHIC uses a nonprofit mediation program called Community Mediation Maryland. MHIC has been using this firm for over ten years. The biggest problem that the mediation program is having is getting the parties to mediate on any given day. The firm contacts the parties and some of them back out or never mediate. Mediation is voluntary and anyone can use withdraw from mediation for any reason. Mr. Finneran said that the Investigators also try to mediate disputes. The Better Business Bureau also provides mediation.

# **Review of the April 2023 & May 2023 PSI Results**

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| --- | --- | --- | --- | --- | --- |
| Below is the examination statistics summary for the month of April 2023 & May 2023  April 2023 | | | | | |
| **Home Improvement** | | **Candidates Tested** | **Passed** | **Failed** | **Pass %** |
| Contractor | | 161 | 123 | 38 | 76% |
| Contractor Spanish | | 174 | 75 | 99 | 43% |
| Salesperson | | 118 | 68 | 50 | 58% |
| Salesperson Spanish | | 2 | 1 | 1 | 50% |
| **TOTAL** | | **455** | **267** | **188** | **59%** |
| May 2023 | | | | |
| **Home Improvement** | **Candidates Tested** | **Passed** | **Failed** | **Pass %** |
| Contractor | 137 | 88 | 49 | 64% |
| Contractor Spanish | 147 | 61 | 86 | 41% |
| Salesperson | 107 | 70 | 37 | 65% |
| Salesperson Spanish | 4 | 1 | 3 | 25% |
| **TOTAL** | **395** | **220** | **175** | **56%** |

Mr. Finneran noted that this was the first time that the Spanish speaking contractor’s took more test then the English speaking contractors. He gave credit to the three Spanish language schools for doing a wonderful job teaching Contractor exam candidates. The schools are working with the MHIC directly to get the Spanish applicants licensed. There were no questions about the PSI exams.

# **CITATION REPORT**

There were no Citations for April 2023 or May 2023.

# **Comments from the Chairman**

Mr. Tunney thanked Commissioner Dove for attending the Commission meeting and looks forward to working with him. He also thanked Commissioner Quackenbush for sitting in as Acting Chairman at the last Commission meeting. Also, with all of the complaints and applications coming into the Commission the support staff is doing a wonderful job. Chair Tunney believes that this has been the best Commission he has ever had. Ms. White said kudos to Mr. Finneran and the staff of the MHIC. Commissioner White also gave kudos to Ms. Tenaea Thomas and the staff for getting everything to the Commissioners in a timely manner. Commissioner Tunney said that we have a well-balanced Commission. He wished everyone a happy summer.

**Comments from the Assistant Director**

Mr. Finneran said that two interviews are being conducted this week. MHIC is trying to fill a contractual Investigator position and a full time Intake Secretary position. Mr. Finneran appreciates his staff and appreciates all that the Commissioners do for the MHIC. He looks forward to working with the new Commissioner Dove. He wishes everyone a happy summer.

# **Adjournment**

The meeting was adjourned at 10:49 a.m.

Signature on File August 3, 2023

### Chair’s Signature: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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