

MARYLAND COLLECTION AGENCY LICENSING BOARD

BOARD MEETING MINUTES

MONDAY, FEBRUARY 13, 2017 – BALTIMORE, MARYLAND

The Collection Agency Licensing Board (the "Board") meeting was called to order by Chairman Gordon Cooley at 10:33 am at the Office of the Commissioner of Financial Regulation (the "OCFR"), Baltimore, Maryland. Members in attendance were; Eric Friedman, Stephan Hannan, Susan Hayes, and Joanne Young. Also present were; Assistant Commissioner Jedd Bellman, Assistant Attorney General Kevin McGivern, Director of Enforcement Randy Kiser, Acting Director of Non-Depository Licensing Betty McBride, Director of Consumer Services Unit Michael Jackson, and Acting Administrator Lisa Tinsley.

On a motion duly made, seconded and adopted, the Minutes and Executive Session Minutes of the November 17, 2016 meeting, were approved as written.

Mr. Cooley introduced Acting Administrator Lisa Tinsley, who is filling in for Administrative Officer, Kelly Mack.

INFORMATION ITEMS

Ms. McBride reported that there were five changes in control during the last quarter:

Northland Group, Inc.;

The Law Office of Brett M. Borland;

Solomon and Solomon, PC;

Omni Credit Management, Inc.; and

Stoneleigh Recovery Associates, LLC.

Mr. Friedman questioned the relationship between revocable trusts and companies filing change in control applications. He also questioned whether these companies have resident agents. Mr. Bellman stated that more family groups are being licensed and, therefore, instead of resident agents, in most instances, there are probably trustees.

On a motion duly made, seconded and adopted, all five change of control applications were approved by the Board.

Ms. McBride delivered a report regarding the number of licensees and changes since the previous Board meeting. There is currently a combined total of 1,655 licensed collection agencies. This combination includes both 1,237 original and 418 branch licensed locations. This number has increased from 1,481 this time last year. Since February 13, 2016, collection

account was closed and there was no effect on the patient's credit. The patient sent a complaint and requested a \$1500 fine per each violation. Alacrity argued that the complaint was not valid. Ms. Hayes was able to access the documentation uploaded by the patient through the complaint portal and was also able to respond. The portal enabled Ms. Hayes to access through a drop down box, the optional company public response, case/complaint number, date CFPB was notified of the complaint, date responded, and the date closed. She was able to complete the file in 15 minutes. The CFPB did not fine Alacrity, because the complaint was unfounded.

Mr. Cooley asked Ms. Hayes if her experience with the portal would have changed if the patient had not paid the bill before, but two to three days after. She said it would not because if he paid the bill after the receipt of the collection letter then he would have not filed the complaint. Likewise, if the payment had been in the mail there would have been no complaint because every individual has 30 days to dispute a claim against them.

Per Mr. Bellman, the OCFR has different access to the CFPB portal and the data we can access is slightly different. We can see more information.

Mr. Bellman asked whether there were indemnification clauses in their agreements with clients. Ms. Young said that there are but that does not take away a client's right to sue, but in 35 years she has not been sued. Mr. Bellman stated that Ms. Hayes' business is too small to attract the attention of the CFPB and would not be a valid use of their resources. The OCFR would be better in dealing with these type of complaints, we have the capability to be more responsive.

There was extensive discussion and suggestions made on ways to alert the collection agency licensees about which Federal and State laws and regulations are applicable to their industry. Ms. Hayes suggested that after an application is approved, that the OCFR send the licensees a package or electronic notice to review applicable laws, such as the Fair Debt Collection Practices Act ("FDCPA"). Ms. Young suggested that on the application, notice should be given to review Maryland Laws and the FDCPA. Mr. Hannan suggested that a 30 minute web-based power point would probably be more than sufficient to get information out to the licensees about the applicable laws and offered to help create this if necessary. Per Mr. Cooley, Mr. Bellman will work with Janelle Lawrence on appropriate outreach to collection agency licensees.

Mr. Cooley 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 counsel to obtain legal advice on a legal matter; and to consult with staff, consultants, or other individuals about pending or potential litigation topics intended to be discussed in closed session. Specifically, he reported that under §3-305(b)(7) of the General Provisions Article, the Board would be discussing legislative updates

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and student loan servicers update. Also under discussion during the closed session per §3-305(b)(8) of the Article listed above would be; a litigation update, approval and denial process for license applications, and pre-charge committee decisions.

At this time, the Board Chairman made a motion to go into closed session, which was then seconded, voted upon and passed.

With no further business, the meeting was adjourned at 11:20 am.

Respectfully Submitted,

Lisa M. Tinsley

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Acting Administrator