
Senate Bill 206

Date: January 14, 2021
Committee: Senate Finance Committee
Bill Title: Financial Institutions – Commissioner of Financial Regulation – SCALB Sunset Extension
Re: **Letter of Support**

The State Collection Agency Licensing Board (“Board”) was established by the Maryland Legislature in 1977 and resides within the Office of the Commissioner of Financial Regulation (“OCFR”). The Board has responsibility for the licensing and regulation of over 1,400 collection agencies operating in Maryland. It also investigates, and if appropriate, mediates, consumer complaints and enforces the Maryland Consumer Debt Collection Act. The Board is Chaired by the Commissioner of Financial Regulation and consists of four (4) other members, two (2) consumer representatives and two (2) industry representatives, each of which is appointed by the Governor, with the consent of the Senate, to four-year terms. Members serve without compensation.

The Board, which meets regularly, informs both licensees and the public about abusive debt collection practices, supervises the licensing of collection agencies, and advocates for fair regulation of the collection industry. During the previous sunset review period, the Department of Legislative Services stated that the Board, in conjunction with the OCFR, admirably confronted many challenges and increased regulatory responsibilities while continuing to protect Maryland consumers.

Since that time the Board and OCFR have continued to confront the challenges facing Maryland consumers. Notably, in 2017, the Board entered into a Settlement Agreement and Consent Order with National Credit Adjusters, LLC, a major debt collection agency, regarding its collection activities - specifically the collection of unlicensed, unenforceable usurious short-term consumer loans, commonly known as “payday loans.” This Settlement Agreement followed an investigation by OCFR after receiving numerous complaints from Maryland consumers, and ultimately resulted in over \$480,000 in restitution, and \$130,000 in penalties and fees. Recently, they entered into a Consent Order with one of the largest collection agency groups, Encore Capital Group, Inc., Midland Credit Management, Inc. and their related collection agencies. This Order, in pertinent part, requires them to meet certain reasonable standards in order to initiate collection actions against Maryland consumers, and to collect and substantiate purchased debt.

The Board remains committed to accomplishing its objective of ensuring industry compliance with Maryland law, and generally promoting a safe and sound collection industry in Maryland.

For these reasons, the Department respectfully requests a favorable report from the Committee on Senate Bill 206.

Andrew Fulginiti, Legislative Director - Andrew.Fulginiti@maryland.gov