

GR 21 - SB 206 - MBA Written Testimony - Support-F

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SB 206 – State Collection Agency Licensing Board - OCFR Sunset Extension

Senate Finance Committee

January 14, 2021

Support

The Maryland Bankers Association represents FDIC-insured community, regional and nationwide banks that employ more than 26,000 Marylanders and hold more than \$182 billion in deposits in over 1,400 branches across our State. The Maryland banking industry serves about 6 million customers across the State and provides an array of financial services including residential mortgage lending, business banking, estates and trust services, consumer banking and more.

SB 206 extends operations of the State Collection Agency Licensing Board. MBA supports this legislation. Maryland banks rely on debt collection firms for a number of services. The State Collection Agency Licensing Board and the Office of Financial Regulation have done an effective job of regulating and overseeing debt collectors.

MBA supports SB 206 that enables State Collection Agency Licensing Board to continue its mission and operations. The Maryland Banker Association urges the Committee to give SB 206 a favorable report.

LETTER OF SUPPORT_ Financial Institutions – Commis

Uploaded by: Fulginiti, Andrew

Position: FAV

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

MCALB Support Letter - Jan 2021 - Final.pdf

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Position: FAV

January 14, 2021

The Honorable Delores G. Kelley, Chair
The Honorable Brian J. Feldman, Vice Chair
Senate Finance Committee
3 East Miller Senate Office Building
Annapolis, MD 21401

Dear Chair Kelley and Vice-Chair Feldman:

The Maryland Program Evaluation Act gives the General Assembly the opportunity to review the activities of the Maryland State Collection Agency Licensing Board (hereinafter "MCALB" or "the Board") to determine whether the Board has operated in a manner that gives citizens confidence in the government and promotes the health of the State's economy. The undersigned represent the current Members of MCALB, we believe that the Board's continued operation is in the public interest, and we therefore urge the Committee and General Assembly to pass SB206 and reauthorize the Board's mission for another ten years.

Maryland's licensing and regulation of collection agencies through MCALB dates to 1977 and Maryland is one of less than 25 states that have a state agency that is responsible for the licensing and regulation of collection agencies. Today, the Board is responsible for the licensing and regulation of over 1,400 collection agencies. It also investigates, and if appropriate, mediates, consumer complaints and enforces the Maryland Consumer Debt Collection Act. Comprised of a mix of unpaid industry and consumer advocacy representatives, each of whom are appointed by the Governor, with the consent of the Senate, to four-year terms, the MCALB has been active in protecting Maryland consumers and, through its participation in the North American Collection Agency Regulatory Association (NACARA), is a prominent voice in the formulation of states' policies on the regulation of collection agency activity.

During the past ten years, the Board has met regularly and has informed both collection agencies and the public about abusive debt collection practices and it continues to actively work for the good of all Marylanders as it supervises the licensing of collection agencies and investigates accusations of wrongful conduct.

Overall, thanks to the continued support of the General Assembly and the cumulative work of successive Commissioners and Board members, MCALB has efficiently and successfully met its mandates over the previous sunset period. The Board remains committed to accomplishing its original objective of ensuring industry compliance with Maryland law and generally promoting a safe and sound collection industry in Maryland. Thus, we urge the Committee and the General Assembly to pass SB206 and extend the Board's termination date to July 1, 2032.

Respectfully,

Eric Friedman, Consumer Member

Susan Hayes, Industry Member