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March 30, 2026

To: The Honorable Kriselda Valderrama
Chair, Economic Matters Committee

From: Kira Wilpone-Welborn, Assistant Attorney General
Consumer Protection Division

Re: Senate Bill 589 – Business Regulation - Collection Agencies and Property Managers
(OPPOSE)

The Consumer Protection Division of the Office of the Attorney General (the “Division”) strongly opposes Senate Bill 589 sponsored by Senator Benjamin F. Kramer. Senate Bill 589 seeks to delay all “enforcement” of the Maryland Collection Agency Licensing Act (“MCALA”) against property managers until all appeals conclude in the *Smith v. Bozzuto* case. Such a stay of all current and future actions is not only unprecedented but would delay justice and finality for Maryland consumers and property managers alike. Additionally, the proponents of Senate Bill 589 ignore the fact that the Appellate Court, with precedential authority over the Circuit Court¹, including in *Smith v. Bozzuto* matter, has already determined that rent collectors collecting for another must have a license under MCALA.

First, for over 45 years, MCALA has consistently required that property managers and other collectors of rent obtain and maintain a license. MCALA defines a “collection agency” to include “a person who engages directly or indirectly in the business of . . . collecting for, or soliciting from another, a consumer claim,” Md. Code Ann. Bus. Reg. (“BR”) § 7-101(c)(1)(i),

¹ It must be noted that the Circuit Court Opinion in *Smith v. Bozzuto* has no precedential authority. It neither binds Judges within the Montgomery County Circuit Court, where the case began, nor any other court in Maryland. What does provide binding authority is the Maryland Appellate Court’s decision in *Williams v. eWrit*. As a result, to stay ALL ENFORCEMENT on the basis of non-binding conclusions of a Circuit Court Opinion where there is contradictory Appellate Court conclusions would be an inappropriate exercise of the General Assembly lawmaking authority.

and requires a person acting as a collection agency to possess a license. *Id.* § 7-301. In 1980, the Office of the Maryland Attorney General explained that MCALA requires that rent collectors, including property managers, be licensed as collection agencies.

It is our opinion that **all rent collectors must be licensed as collection agencies** if: (1) they are engaged in the business of collecting or attempting to collect for others rents owed or claimed to be owed to those others by Maryland residents for leasehold interests acquired for personal, family, or household purposes; and (2) they do not fall within one of the specific exclusions contained in the law.

65 Op. Att’y 316 (1980).

Second, although proponents of Senate Bill 589 continuously assert their ignorance of the law, and suggest there was some seismic shift in the interpretation and application of MCALA, these assertions are not based in fact. In 2022, the Maryland Appellate Court in *Williams v. eWrit*, held “that the plain language of the MCALA is not ambiguous.” 253 Md. App. 545, 558 (2022). Indeed, the Appellate Court concluded that, “[i]n light of the Attorney General’s broad interpretation, [referenced above,] that rent collectors must be licensed as collection agencies, the General Assembly carved out a single exemption for real estate brokers and their agents who engage in the collection of rent. By failing to exempt any other rent collection entities in the bill, **the General Assembly inferentially manifested its intent that all other rent collectors engage in debt collection activity.**” *Id.* at 560. Despite proponents’ vociferous assertions otherwise, the Appellate Court with precedential authority over the Circuit Court, including in the *Smith v. Bozzuto* matter, has determined that rent collectors collecting for another must have a license under MCALA.

Finally, Senate Bill 589 in a dangerous and unprecedented manner seeks to stay all enforcement of MCALA against property managers, including appeals. Although the breadth of the stay of enforcement is not clear, it could be read to apply to all current and future State actions against potential violators of MCALA, until one specific case proceeds through appeals, potentially for years.² This bill could stall all other actions already on appeal addressing similar matters and then leapfrog relief for this singular case; thus, delaying finality for **all** parties in matters involving MCALA claims.

Senate Bill 589 risks great harm to Maryland consumers and unnecessarily delays the adjudication of pending matters before Maryland’s courts. As such, the Division requests the Economic Matters Committee issue an unfavorable report on Senate Bill 589.

cc: The Honorable Benjamin F. Kramer
Members, Economic Matters Committee

² Although we do not understand the intent of the stay to be to apply to private actions, especially when raised as a defense.