

**ARKANSAS STATE BOARD OF COLLECTION AGENCIES
DEPARTMENT OF LABOR AND LICENSING**

Meeting Minutes – May 18, 2022

900 West Capitol Avenue, Little Rock
Fourth Floor Training Room

I. Call to Order

Mr. Guinn called the meeting to order at 10:02 AM.

II. Roll Call

Mr. Smith called the roll.

Present	Absent
Rusty Guinn, Chair *	Ed Vance
Warner Smith, Secretary *	
Tyler Steele, Vice-Chair *#	
Cecille Doan	

Board staff in attendance: Boyd Maher, Executive Director
Rhonda Hetland, Licensing Manager
Lacie Kirchner, Assistant Attorney General *

** participated virtually via MS-Teams videoconference.
joined the meeting after roll call*

Mr. Guinn and **Mr. Maher** each introduced and welcomed Ms. Doan to the Board as its newest member.

III. Approval of Minutes

Mr. Smith presented the minutes of the February 16, 2022 meeting. **Mr. Guinn** moved to adopt the minutes as presented. **Ms. Doan** seconded. The minutes were adopted unanimously (3-0).

IV. Consent Agreement

A. Mr. Maher presented the case (**ASBCA #2022-01**) as an attempt by an unlicensed collection agency to collect from a Conway resident. Upon being contacted by staff, the agency agreed to close the consumer's account, pay a \$50 fine for the first-time offense, and to discontinue practicing in Arkansas without first obtaining a license. **Mr. Smith** moved to the adopt the consent agreement as presented, and **Ms. Doan** seconded. The agreement was adopted unanimously (3-0).

B. Mr. Maher presented the case (**ASBCA #2022-02**) as an attempt by an unlicensed collection agency to collect from a Conway resident. Upon being contacted by staff, the agency agreed to close the consumer's account, pay a \$50 fine for the first-time offense, and to discontinue practicing in Arkansas without first obtaining a license. **Ms. Doan** moved to the adopt the consent agreement as presented, and **Mr. Guinn** seconded. *Business paused briefly to address a technical issue with the virtual meeting's audio channel.* The agreement was adopted unanimously (3-0).

V. Financial Reports

- A. Mr. Maher** presented the FY22 cashflow memo. **Ms. Doan** moved to accept the memo as presented, and **Mr. Smith** seconded. The motion passed unanimously (3-0). **Mr. Maher** explained that the Board distributes nearly \$1½ million each year to several higher education institutions. **Mr. Smith** asked how this year's revenue to date compared to previous years. **Mr. Maher** explained that, while he anticipated a small year over loss, the Board's fund balance is sufficient to continue operations without any immediate concern. **Mr. Maher** continued that shifts within the collection industry have led many collection agencies to consolidate and limit new hires. **Ms. Hetland** noted that the policy changes relating to federal student loans have caused several collection agencies to downsize or close. **Mr. Maher** explained that these adjustments to the industry landscape have resulted in fewer collector registrations and declining revenue. **Mr. Smith** expressed that this trend could be problematic for the Board's long-term future. **Mr. Maher** agreed, restating that the Board's current fund balance was adequate to sustain operations in the near to intermediate term.
- B. Mr. Steele** joined the meeting. **Mr. Maher** gave an update on the Board's certificate of deposit at First Security Bank. It has a current balance of roughly \$3¾ million, an annual interest rate of 0.3%, and will mature in July 2022. He continued that the bank had quoted him a renewal rate of 0.2%. **Mr. Maher** contrasted this rate with that at the State Treasury, which is currently paying 1.15% annual interest to state agency cash accounts. He proposed that the Board should close the CD at its upcoming maturity date and move those funds to the Treasury. **Mr. Guinn** noted that the Board was not allowed to spend any money without legislative appropriation. **Mr. Steele** expressed that the Board should move quickly to realize the higher rate. He proposed that the Board transfer its funds immediately if there was no penalty for early withdrawal of the CD. **Mr. Steele** moved to close the Board's account at First Security and move all its funds to the State Treasury, and to take action immediately if there is not an early withdrawal penalty. **Mr. Smith** seconded. The motion passed unanimously (4-0).
- C. Mr. Maher** explained the Memorandum of Understanding between the Board and the Department of Labor and Licensing, and that the Department was proposing to raise the Board's administrative overhead costs. **Mr. Smith** suggested that this increase may just be a one-time "catch-up" that will not become a regular occurrence each year.

VI. Old Business / New Business

- A. Mr. Maher** updated the Board on the new Enterprise Licensing and Permitting system and the current renewal cycle. He explained that staff spends a substantial amount of time helping applicants with technical issues and correcting applicant errors. **Mr. Maher** described some of the common mistakes that licensees make when submitting renewal applications, such as failing to disclose the details of recent litigation. **Mr. Guinn** noted that it is often expeditious for collection agencies to settle lawsuits. **Mr. Maher** explained how both staff members each review every application submitted through the web portal. This slows down the review process, but also allows staff to check one another's work.

Mr. Steele asked about the roster search available from the Board's website. **Mr. Maher** explained that the roster pulls information from the legacy database and can still be considered generally reliable.

Mr. Maher asked Board members to refer to staff anyone who contacts them with questions about the new web portal. **Mr. Guinn** noted that he did not experience difficulties when renewing his license through the new platform.

- B. Mr. Maher** reviewed the three procedural variances granted by staff since the Board's last meeting. Each variance involved the late registration of collectors. **Mr. Smith** asked if staff tracks how often a given licensee requests a variance. **Mr. Maher** replied that tracking repeat offenders is one of the reasons that staff now reports variances to the Board.
- C. Mr. Maher** reviewed the consumer complaints received by staff since the Board's last meeting. He asked for the Board's guidance on one case involving allegations of abusive commercial debt collection calls to several nursing home employees. **Mr. Steele** asked if the Board regulates commercial debt collection activities. **Mr. Maher** replied that the Board does regulate commercial debt collection, though consumers have additional protections. **Ms. Doan** suggested staff continue to wait for additional information from the complainant.

Mr. Maher continued reviewing recent consumer complaints. He asked for the Board's guidance on a second case involving the former owner of a business in DesArc attempting to collect past due amounts from when he owned the business. **Mr. Steele** and **Mr. Guinn** agreed this case did not sound like a violation of the Board's rules because the former business owner does not meet the Board's definition of a debt collector or collection agency. **Ms. Doan** and **Mr. Smith** concurred that this complaint sounds like a private matter between the parties. **Mr. Smith** moved to dismiss the complaint, and **Ms. Doan** seconded. The motion passed unanimously (4-0).

Mr. Maher completed the review of recent consumer complaints and invited members to contact the office with any additional questions.

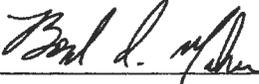
D. Mr. Maher shared two proposed amendments to the Board's enabling statute. The first proposed change would restructure an extended sentence as a list. The second would remove references to private organizations in the section on the Board's membership. Members expressed general support for these proposals. **Mr. Maher** asked for the Board's feedback on whether to amend the definition of collection agencies which use fictitious names to collect their own first-party accounts. **Mr. Guinn** expressed that such a change should not be necessary, and **Ms. Doan** agreed. **Mr. Steele** cautioned that an overbroad interpretation of the current language could result in requiring licensure of companies that most would not consider to be collection agencies.

E. Mr. Maher advised the board members of the annual conference of the North American Collection Agency Regulators Association (NACARA) coming to Nashville in October and invited interested members to contact him for additional details. **Mr. Guinn** described previous conferences as helpful in his role as a board member.

VII. Adjourn

Mr. Smith moved to adjourn, and **Ms. Doan** seconded. **Mr. Guinn** adjourned the meeting at 11:10 AM.

Mr. Guinn again welcomed Ms. Doan to the Board. **Mr. Maher** announced the Board's next meeting would be on Wednesday, August 17, 2022.



Boyd Maher, Director



Rusty Guinn, Chair