



## Collection Agencies Ceasing Activity (Maryland)

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**MARYLAND  
STATE COLLECTION AGENCY  
LICENSING BOARD**

**ADVISORY NOTICE  
REGULATORY ALERT**



**May 11, 2020**

### COLLECTION AGENCIES CEASING ACTIVITY

Due to the economic impact of the COVID-19 health emergency, some Maryland-licensed collection agencies may decide to voluntarily cease business operations in the State. Whether such a decision results in disruptions to agency's business operations that are temporary or permanent, the State Collection Agency Licensing Board ("the Board") expects collection agencies to manage such disruptions in compliance with their respective business continuity plans and otherwise wind down operations in an orderly manner so as to protect consumers from unnecessary harm, especially when transferring consumer claims to other parties.

At a minimum, the Board expects a licensed collection agency to:

- Promptly notify the owner(s) of consumer claims assigned to the collection agency if the collection agency will cease collection on those consumer claims;

- Remit any and all consumer payments held in custodial accounts, with proper accounting, to the owners of the consumer claims at the time the collection agency ceases collecting on those claims;

**NOTE:** At no time should a licensed collection agency use custodial funds to support business operations, even during periods of strained liquidity.

- Maintain, and provide to the owners of any consumer claims, to the owners' designees, or to the purchasers of any consumer claims owned and sold by the collection agency:
  - Current, accurate, and complete payment and accounting histories, including all payments received from consumers towards their respective consumer claims;
  - Current, accurate, and complete records of any loss mitigation activity, including arrangements made with consumers and those being processed;
  - Current, accurate, and complete records of any consumer complaints being processed regarding the consumer claims, including status;
  - Any correspondence with consumers regarding their respective consumer claims.

A collection agency temporarily or permanently ceasing operations should provide the Board documentation explaining its plans to meet the above expectations; such documentation should be uploaded to the Nationwide Multistate Licensing System (NMLS), under "Business Continuity Operational Status Report." Any collection agency surrendering its Maryland Collection Agency License should notify the Board through the NMLS license surrender process.

For more information, please contact Betty Yates, Assistant Director of Licensing, by e-mail at [betty.yates@maryland.gov](mailto:betty.yates@maryland.gov), or by telephone at 410-230-6150.



Office of the Commissioner of Financial Regulation  
Maryland Department of Labor

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