



COLLECTION SERVICE BOARD
500 JAMES ROBERTSON PARKWAY
NASHVILLE, TENNESSEE 37243
615-741-1741

September 9th, 2015 - Minutes
First Floor Conference Room (1-B)
Davy Crockett Tower

The Tennessee Collection Service Board met on September 9th, 2015, in Nashville, Tennessee, at the Davy Crockett Tower in the first floor conference room. Chairman Bart Howard called the meeting to order at 9:30 a.m. and the following business was transacted. Director Avers called the roll and four members were present.

BOARD MEMBERS PRESENT

Bart Howard, Chairman
Steve Harb
Elizabeth Dixon
Elizabeth Trinkler

BOARD MEMBERS ABSENT

Charles (Chip) Hellman

STAFF MEMBERS PRESENT

Nikole Avers, Keeling Gamber, Jennaca Smith, Dennis O'Brien

NOTICE OF THE MEETING

Director Avers read notice of the meeting into the record, as follows:
Notice of the September 9th, 2015 meeting of the Collection Service Board was posted to the Collection Service Board web site on August 20th, 2015.

ADOPT AGENDA

Ms. Trinkler made a motion to adopt the agenda. It was seconded by Ms. Dixon. The motion carried unopposed.

MINUTES

The July 8th, 2015 minutes were reviewed. Ms. Dixon made the motion to accept the minutes as written. It was seconded by Mr. Harb. The motion carried unopposed.

DIRECTOR'S REPORT

Director Avers presented the budget information for the last four years, the year-to-date expenditure and revenue, license counts as of June 2015, and a summary on the complaint measures as of July 2015.

There were no legislative updates to report.

Director Avers requested that the board allow attorney Brian Ellis to pose a few questions on behalf of his client, since he was unable to follow the previous board meeting audio clearly.

Mr. Brian Ellis wanted the Board's clarification on whether his client, who acted on behalf of a licensed Collections Agency as a third party call center, would need to be licensed as well – since they merely made calls on behalf of the licensed agency.

The Board was clear that so long as his client was in effect 'invisible' to the parties they called on and the name of the licensed agency was always used during calls and they were not engaged in actively buying debt or collecting funds, they were outside of the rules and laws that regulated collections agencies in the state of Tennessee. The Board made it clear that there was no exemption required for his client since the activities as described by Mr. Ellis did not fall under the purview of the Board or the rules for Tennessee collections agencies. Ms. Gamber agreed to draft a letter for Mr. Ellis (for approval by the Board), outlining these facts.

LEGAL REPORT

1. 2015007141

Status: Voluntary Surrender
First Licensed: 5/31/06
License Expiration: 7/9/15
Disciplinary History: 2013024941 Close with Cease and Desist Letter

2. 2015007461

First Licensed: 9/11/13
License Expiration: 9/10/15
Disciplinary History: No prior disciplinary action

These complaints are being re-presented from the July 2015 Commission meeting, at which time the Commission voted to authorized a civil penalty in the amount of Two Hundred Fifty Dollars (\$250) for failure to timely provide proof of current surety bond coverage. The facts were presented at the July meeting as follows:

These complaints were opened by the administrative staff of the Tennessee Collection Service Board for failure to timely submit proof of current surety bond coverage as required by law. Despite this office's attempts to contact Respondents via certified letter, telephone, and email, requesting a current bond, Respondents in these matters failed to submit a response and are currently without proper surety bond coverage.

Previous Recommendation: *Counsel recommends the authorization of a civil penalty in the amount of Two-Hundred Fifty Dollars (\$250) for failure to timely provide proof of current surety bond coverage to the Board, plus proof of current surety bond coverage, to be satisfied within thirty (30) days of execution of the Consent Order. Such terms are to be settled by Consent Order or Formal Hearing.*

After the Consent Orders were sent to Respondents in these matters, this office received documentation from Respondents' attorneys, showing that Respondent businesses were closed and no longer operating. Therefore, proof of surety bond coverage is no longer necessary in these matters.

New Recommendation: Counsel recommends that these matters be **Closed with no further action**, as Respondents are no longer in business.

DECISION: Board approved Counsel's recommendation.

3. 2015007271

First Licensed: 5/13/14
License Expiration: 5/12/16

Disciplinary History: No prior disciplinary action

This complaint is being represented from the July 2015 Commission meeting, at which time the Commission voted to authorized a civil penalty in the amount of Two Hundred Fifty Dollars (\$250) for failure to timely provide proof of current surety bond coverage. The facts were presented at the July meeting as follows:

This complaint was opened by the administrative staff of the Tennessee Collection Service Board for failure to timely submit proof of current surety bond coverage as required by law. Despite this office's attempts to contact Respondent via certified letter, telephone, and email, requesting a current bond, Respondent failed to submit a response and is currently without proper surety bond coverage.

Previous Recommendation: Counsel recommends the authorization of a civil penalty in the amount of Two-Hundred Fifty Dollars (\$250) for failure to timely provide proof of current surety bond coverage to the Board, plus proof of current surety bond coverage, to be satisfied within thirty (30) days of execution of the Consent Order. Such terms are to be settled by Consent Order or Formal Hearing.

Office of legal counsel attempted service of the Consent Order, but Respondent is believed to be no longer in business. The phone number listed with our office is no longer in service. All mail has been returned to this office. The mail sent to the principal place of business was returned stating the business had moved. The mail sent to the registered agent's address was returned. The address provided by an internet search was returned as "undeliverable."

New Recommendation: Counsel recommends that this matter be **Closed and Flagged**, should Respondent seek renewal of its license in the future.

DECISION: Board approved Counsel's recommendation.

4. 2014018131

Status: Expired-Grace
First Licensed: 8/14/13
License Expiration: 8/13/15
Disciplinary History: 2015007101 Under legal review

5. 2015007101

Status: Expired-Grace
First Licensed: 8/14/13
License Expiration: 8/13/15
Disciplinary History: 2014018131 Under legal review

The first matter (2014018131) was originally presented in November 2014 for failure to provide surety bond after 7/1/2014. Legal counsel advised that Respondent experienced internal procedural errors which led to the delay in providing proof of surety bond coverage. In November, the Board authorized to close the complaint with a Letter of Warning. Further, it was re-presented in March 2015 because Respondent never submitted proof of current surety bond coverage to legal counsel, after multiple requests. The Board authorized a civil penalty in the amount of Two-Hundred Fifty Dollars (\$250) plus proof of surety bond coverage or Letter of Credit to be satisfied within thirty (30) days of execution of the Consent Order. Such terms to be settled by Consent Order or Formal Hearing. The Consent Order was not accepted, and the matter was authorized for a formal hearing.

The second matter (2015007101) was opened against the same licensee in the previous case (2014018131) for failure to provide surety bond coverage after 7/1/2014. This matter was presented in July 2015, at which time the Board authorized a civil penalty in the amount of Two-Hundred Fifty

Dollars (\$250) for failure to timely provide proof of current surety bond coverage to the Board, plus proof of current surety bond coverage, to be satisfied within thirty (30) days of execution of the Consent Order. Such terms to be settled by Consent Order or Formal Hearing.

New Information: In October 2014, Board staff received a Notice of Cancellation of Bond to be effective 7/1/15. Thus, Respondent had property surety bond coverage through 7/1/15. Respondent's license expired 8/13/15. All recent mail sent to Respondent has been returned as undeliverable.

New Recommendation: Counsel recommends that this matter be **Closed and Flagged**, should Respondent seek renewal or re-apply for licensure in the future.

DECISION: Board approved Counsel's recommendation.

6. 2015011081

First Licensed: 9/11/97
License Expiration: 12/31/16
Disciplinary History: 2005044761 Consent Order \$250
2007066381 Letter of Instruction
2008025931 Letter of Warning
2010009851 Letter of Warning
2011026451 Letter of Warning

This complaint alleges Respondent failed to provide validation of the debt, as requested by Complainant. Complainant alleges that on November 1, 2014, she sent a validation request to Respondent via certified mail. Complainant alleges Respondent would not acknowledge the request and that the only correspondence she received from them was a letter informing her that Respondent was unable to determine the nature of her dispute. Complainant alleged that Respondent entered derogatory information on her credit bureau reports without answering her request for validation. Complainant alleges that the amount of the debt as reported is \$1,100.71 and is incorrect. Complainant attached copies of correspondence and certified mail receipts with her complaint.

Respondent sent a response stating that an investigation of the matter indicates that Respondent became the servicer of the subject account on behalf of the purchaser on September 30, 2014. Information provided by the seller at the time of acquisition indicates this account was originated on April 2, 2013 as a credit card account, under Complainant's name. Subsequently, the account was charged off as an unpaid delinquent debt on August 25, 2014. The balance at the time of purchase was \$1,100.71. Respondent stated that there appears to be some confusion concerning Complainant's prior communications regarding the request for validation. Respondent states that on October 10, 2014, it mailed Complainant a validation letter. The letter was mailed to the same address listed within the consumer's complaint via the U.S. Postal Service. The letter was not returned as "undeliverable," satisfying the notification requirements of the Fair Debt Collection Practices Act 15 U.S.C. § 1692.

Respondent asserts that it received another letter from Complainant in response to the verification information previously mailed to her, stating that Respondent's response was not lawful and requested to have all negative information removed from her consumer credit files. In response to Complainant's January 5, 2015 letter, Respondent asked Complainant for additional information regarding her dispute so that it may further investigate her claim, which was the letter stating Respondent was unable to determine the nature of her dispute. Respondent claims that Complainant never responded with further information. Respondent claims that per Complainant's previous communication to only be contacted by mail, the subject account will remain marked

"Direct Mail Only," and while it remains due and owing, Respondent will continue to not contact Complainant via telephone.

Recommendation: Due to insufficient evidence of a violation on the part of Respondent, Counsel recommends that this matter be **Closed with no further action.**

DECISION: Board approved Counsel's recommendation.

7. 2015011881

First Licensed: 9/26/12
License Expiration: 9/25/16
Disciplinary History: No prior disciplinary action

This complaint alleges that Complainant received a letter in early April from Respondent, concerning a bill that Complainant allegedly owes a medical provider for services rendered. Complainant alleges he contacted the medical provider billing office and was told that this was incorrect. Complainant alleges the medical provider furnished him with copies of his fees and charges showing that all had been paid and that he has a zero balance. The medical provider further stated that it does not know of Respondent company and does not use Respondent as a collection referral. Complainant stated he has received a couple more calls from Respondent since then and does not want his credit to be falsely damaged.

Respondent sent a response to the complaint stating that Respondent is the collection agency for a hospital whose name is closely related to the medical provider contacted by Complainant, but not that exact provider. Respondent stated it can understand how Complainant might be confused. Respondent stated that after it sent the initial demand letter to Complainant, Complainant contacted Respondent and stated he did not owe the bill. Respondent then asked for proof of payment. At this point, Respondent put the account on hold to get further documentation. Respondent stated it has been in contact with the client, and they have informed Respondent that there is a coordination of benefits issue between Medicare and Complainant's supplemental insurance. Complainant needs to contact his insurance to remedy the issue. The client has recalled the account from Respondent, and this is not on Complainant's credit. Respondent's attorney sent documentation to this office confirming that Respondent has cancelled Complainant's account, and that it has been recalled by the client.

Recommendation: Respondent sent proof that Complainant's account has been cancelled and recalled by the client. There is no evidence of a violation on the part of Respondent. As such, Counsel recommends that this matter be **Closed with no further action.**

DECISION: Board approved Counsel's recommendation.

8. 2015012211

First Licensed: 6/27/14
License Expiration: 9/26/16
Disciplinary History: No prior disciplinary action

This complaint alleges that Respondent contacted Complainant via telephone about two years ago, asking Complainant to pay a debt owed to a cable provider. Complainant stated she has never used this company and has lived out of state and not at the address listed as having service. Complainant stated that the cable provider has no record of Complainant as being a customer. Complainant disputed the debt and asked that it be removed from all of her records, including her credit report.

Respondent sent a response to the complaint stating that it has investigated the complaint and on March 6, 2015, the cable provider placed the account with Respondent to collect on their behalf. Complainant mentions she spoke to Respondent two years ago regarding this debt. March 6, 2015 is the first time the cable provider placed this debt with Respondent. On March 27, 2015, Respondent mailed a validation letter to Complainant. On April 14, 2015, Respondent received a letter from Complainant, disputing the debt. Respondent placed the account in a cease communication status, and have not made collection attempts since. In response to Complainant's complaint, Respondent stated it has closed and returned the account to the cable provider. The information was not placed on Complainant's credit report regarding the subject account. Respondent sent documentation to this office confirming that Respondent has cancelled Complainant's account, and that it has been recalled by the client.

Recommendation: Respondent sent proof that Complainant's account has been cancelled and recalled by the client. There is no evidence of a violation on the part of Respondent. As such, Counsel recommends that this matter be **Closed with no further action.**

DECISION: Board approved Counsel's recommendation.

9. 2015013681

First Licensed: 10/27/09
License Expiration: 10/26/15
Disciplinary History: No prior disciplinary action

This complaint alleges double billing on the part of Respondent.

Respondent sent a response to the complaint stating that in investigating the Complainant's concerns, it noted on November 11, 2013 its customer referred four prescription drug coverage files for collection associated with Complainant. Respondent's current process is to combine all prescription recovery files into one to decrease the number of recovery letters a member receives. During the recovery process the member was sent collection letters dated November 12, 2013 and December 13, 2013. In response to these communications, on January 30, 2014 the member sent Respondent a letter of explanation including a copy of a check in the amount of \$227.94 that appears to indicate it was cashed by Respondent's client on June 4, 2013. Respondent relies on its client to confirm receipt of member payments so on February 6, 2014 Respondent searched the customer's reporting system and failed to confirm receipt of the \$226.94 by Respondent's client. Because Respondent was not able to validate that its client actually received the payment, collection activities continued. Ultimately, due to the lack of success in collecting the monies owed, three of the four prescription drug coverage files were placed in a cancel disposition on May 1, 2015. The fourth file was not put into this status at the same time which resulted in another collection letter being generated. The disposition error was not caught until after the letter went out. At this time all four files have been closed, and Respondent has ceased all collection activities. Respondent sent documentation to this office confirming that Respondent has cancelled Complainant's account, and that it has been recalled by the client.

Recommendation: Respondent sent proof that Complainant's account has been cancelled and recalled by the client. There is no evidence of a violation on the part of Respondent. As such, Counsel recommends that this matter be **Closed with no further action.**

DECISION: Board approved Counsel's recommendation.

10. 2015015071

First Licensed: 8/7/08
License Expiration: 8/6/16

Disciplinary History: No prior disciplinary action

This complaint alleges that Respondent is not a licensed collection agency and that it is attempting to collect a debt for a medical provider from Complainant that Complainant does not owe.

Respondent sent a response stating that it is a third party accounts receivable management firm contracted by a medical provider to collect outstanding medical debt. Complainant's inquiry states that he does not owe the bill provided to him by Respondent. Respondent reached out to its client after receiving Complainant's inquiry, and the client has since adjusted Complainant's balance. Complainant has two accounts left in Respondent's office. The balances on the accounts are \$108.06 and \$65.00. Respondent attached verification of the two balances. Respondent's client also notified Respondent that they have spoken directly with Complainant about the remaining charges. Respondent stated that its agency license is valid until August 6, 2016, and its branch license is valid until July 17, 2016.

Recommendation: Respondent's collection service license in the state of Tennessee is valid until August 6, 2016, and there is no evidence of a violation on the part of Respondent in this matter. As such, Counsel recommends that this matter be **Closed with no further action**.

DECISION: Board approved Counsel's recommendation.

11. 2015015391-Unlicensed

Disciplinary History: No prior disciplinary action

This complaint was referred from the Tennessee Department of Financial Institutions, and originally was filed by a consumer alleging that Respondent is not a licensed collection agency and that it is attempting to collect a debt from Complainant that Complainant does not owe. Respondent is not a licensed collection service agency in the state of Tennessee.

Respondent sent a response to the complaint stating that on June 18, 2015, an account for an unpaid Internet based loan was forwarded to Respondent's office by its client. Respondent's client represents to possess a complete chain of title relative to this account, from the lender. There has been no interest, penalties, or fees assessed on this account since charge-off. This collection account included the applicant's name, address, phone number, e-mail address, all original loan information, and the bank account where funds were to be available to repay the loan. Respondent attached a validation of debt for the subject account. Respondent stated its records show that Complainant called Respondent's office on June 19, 2015. Based on Complainant's complaint and the chronology report, in an effort to resolve this complaint, a cease and desist and dispute exception have been placed on this account in Respondent's office and Respondent's client has been notified. In further resolution of this complaint, all accounts for customers in the state of Tennessee have been segregated to be returned to Respondent's client. Respondent's client has been instructed to not place any additional accounts for customers residing in Tennessee with Respondent.

Recommendation: Respondent admitted to taking part in collection services in the state of Tennessee without a valid license to do so. As such, Counsel recommends the authorization of a civil penalty in the amount of One Thousand Dollars (\$1,000) to be satisfied within thirty (30) days of execution of the Consent Order for unlicensed activity in violation of T.C.A. 62-20-105(a). Such terms to be settled by Consent Order or Formal Hearing.

DECISION: Board approved Counsel's recommendation for a \$1,000 Consent Order, in addition to a separate complaint being opened against Respondent to investigate how many accounts Respondent was collecting on in Tennessee. The Commission requested that the

new complaint also address whether or not the creditor, itself, is in Tennessee, in order to determine if there is a violation for soliciting business.

12. 2015015581

First Licensed: 12/13/13
License Expiration: 12/12/15
Disciplinary History: No prior disciplinary action

This complaint was filed by a consumer and alleged that Respondent attempted to double bill, since the bill had already been paid. Complainant alleges that in June 2015, he received a letter claiming he owed \$1,284.00, which was the amount he owed before the money had already been paid. Complainant stated that it sent a letter to Respondent stating he no longer owed that debt. The letter was returned, unopened marked "undeliverable". It was addressed to the address on the letter informing Complainant they wanted to collect money. Complainant stated he has received several telephone calls attempting to get him to pay by credit card or authorize bank withdrawals since Complainant told Respondent he was disputing the claim. The last telephone call was received on Friday, June 19, 2015.

Respondent sent a response to the complaint stating that this account was assigned to Respondent for collection on March 28, 2015. The amount assigned to Respondent for collection was \$1,284.00. Since the assignment of this account no payments have been received by Respondent's company. From the records it appears that there were two accounts Complainant had with Respondent's client that were consolidated into one billing. That billing shows four payments made by Complainant in the total amount of \$50.00. The original bill was \$1,334.00. Credit for payments of \$50.00 was given on the statement of account reducing the amount owed to \$1,284.00 which was the amount assigned to Respondent. Respondent stated that Complainant attached copies of three pages apparently from her account with her credit union, which show what appear to be three electronic checks in the amount of \$200 each that were paid to the collection service firm. This firm collects medical and consumer debt and is not affiliated with Respondent company in any way.

Recommendation: Counsel recommends that this matter be **Closed with no further action.**

DECISION: Board approved Counsel's recommendation.

13. 2015016261

First Licensed: 6/5/97
License Expiration: 12/31/16
Disciplinary History: 2003147921 Letter of Reprimand
2005044931 Letter of Warning
2006041311 Letter of Instruction
2009005661 Consent Order \$2,000

This complaint alleges that Respondent is attempting to collect a past due amount of \$4,017.00 for an undocumented charge. Complainant alleges the attempt to collect is a scam.

Respondent sent a response to the complaint stating that its client placed this account with Respondent's office for collections. The amount due represents Complainant's portion of the balance for medical services performed on September 10, 2013 after Complainant's insurance company paid their portion of the balance. Respondent indicated that as of the date of its response, July 30, 2015, Complainant's account is closed with Respondent's office, and Complainant will hear nothing further from Respondent regarding the matter. On September 1, 2015, office of legal counsel received correspondence/documentation from Respondent, indicating that Complainant's account is closed.

Recommendation: Counsel recommends that this matter be **Closed with no further action.**

DECISION: Board approved Counsel's recommendation.

14. 2015017281

First Licensed: 3/17/75
License Expiration: 12/31/16
Disciplinary History: 2005027831 Consent Order
2006001641 Consent Order
2006005221 Letter of Warning
2011026141 Letter of Warning

This complaint alleges that on May 6, 2015, Complainant initiated a payment in full for \$107 via online payment to Respondent. After the payment was made, Complainant alleges she received a letter demanding \$30 for a returned check. The company did not even provide evidence of the bank declining the check when Complainant requested it. On May 28, 2015, Complainant alleged she made an online payment to Respondent for \$107 after she was notified that they did not receive the May 6 payment. Complainant alleges that Respondent continues to call her demanding the \$30 for the declined payment. Complainant alleges 2 violations on the part of Respondent, the first of which is attempting to impose an unauthorized collection charge. The second violation alleged is charging a fee above \$9 for a returned check as per T.C.A. 62-20-101.

Respondent sent a response to the complaint, outlining the sequence of events as they took place, according to Respondent. On April 20, 2015, Respondent's client, a medical provider, placed an account with Respondent's office for collections in the amount of \$107 for medical services rendered to Complainant on October 6, 2014. On April 22, Respondent mailed Complainant an initial notice, and on May 6, Complainant contacted Respondent office and stated he will pay \$5 per month until the bill is paid in full. Respondent's account representative notated the account as such and entered the \$5 payment arrangement beginning on May 30, 2015. On May 6, 2015, Complainant accessed Respondent's website and entered information to process a bank draft to pay the \$107 balance in full. On May 7, Respondent processed Complainant's payment and posted it to his account. On May 11, the bank returned Complainant's check draft as "account not found". In accordance with Respondent's policy, it added \$30 to the amount Complainant owed. After several attempts to notify Complainant, on May 27 Respondent sent Complainant a letter notifying him that his check had been returned from the bank. On May 28, Complainant again accessed Respondent's website and authorized a \$107 payment. On June 2, Complainant contacted Respondent's office requesting proof that Respondent attempted to cash the check, what bank Respondent uses, and that Complainant's bank had no record of an attempt to draft his bank account. On June 10, given that Complainant had made a good faith effort to pay his obligation originally, and subsequently paid his account, Respondent removed the \$30 returned check fee previously added to the account. Respondent implied that Complainant entered an incorrect account number the first time he attempted to pay the bill. His account is currently reflected as paid in full.

Recommendation: Counsel recommends the authorization of a civil penalty in the amount of Two Hundred Fifty Dollars (\$250) to be satisfied within thirty (30) days of execution of the Consent Order for violation of T.C.A. 62-20-115(2), which states in pertinent part, "The following actions constitute grounds for which disciplinary action against a licensee may be taken by the board: (2) Collecting, or attempting to collect from the debtor any fee, commission, or other compensation not provided by law for collection services rendered to a client, except that a collection service may recover from debtors reasonable charges imposed by banks for processing insufficient fund checks; provided, that such charges do not exceed nine dollars (\$9) per check. Such terms are to be settled by Consent Order or Formal Hearing.

DECISION: Board authorized Closure of the matter with a Letter of Warning pertaining to T.C.A. 62-20-115(b)(2).

Vote: Ms. Trinkler made a motion to accept counsel's recommendation on all the cases presented. This was seconded by Ms. Dixon. The motion carried unanimously.

NEW BUSINESS

Director Avers informed the board that the new licensing system for the Department of Commerce and Insurance, Regulatory Boards, went live at 9am this day.

There being no new business, Chairman Howard adjourned the meeting at 10:10 a.m.