



**COLLECTION SERVICE BOARD
500 JAMES ROBERTSON PARKWAY
NASHVILLE, TENNESSEE 37243
615-741-3600**

**Meeting Minutes for May 8, 2019
First Floor Conference Room 1-B
Davy Crockett Tower**

The Tennessee Collection Service Board met on May 8, 2019, in the first floor conference room of Davy Crockett Tower in Nashville, Tennessee. Mr. Howard called the meeting to order at 9:35 a.m. and the following business was transacted:

BOARD MEMBERS PRESENT: Bart Howard (teleconference), Steve Harb and Josh Holden

BOARD MEMBERS ABSENT: Chip Hellmann and Angela Hoover

STAFF MEMBERS PRESENT: Glenn Kopchak, Ashley Thomas, Carol McGlynn and Dennis Gregory

NOTICE OF MEETING/STATEMENT OF NECESSITY

Director Glenn Kopchak provided the notice of meeting and statement of necessity. Mr. Holden motioned to adopt the statement of necessity. This was seconded by Mr. Harb. The motion carried by unanimous roll call vote.

AGENDA

Mr. Harb motioned to adopt the Agenda. This was seconded by Mr. Holden. The motion carried by unanimous roll call vote.

MINUTES

Upon review of the minutes from February's meeting, Mr. Howard reiterated his interest in utilizing the Nationwide Multistate Licensing System's (NMLS) multi-state platform to assist the state in screening initial licenses but also in collecting from those out-of-state respondents who were assessed fines on the legal report as they may have licenses in other states that could be jeopardized by Tennessee's participation in the Nationwide Multistate Licensing System (NMLS). Director Kopchak assured the Board that administration has taken their concerns under advisement. Mr. Holden then motioned to adopt the minutes from the February 13, 2019 meeting as written. Mr. Harb seconded. The motion was carried by unanimous roll call vote.

DIRECTOR'S REPORT

Budget

At the previous meeting, Director Kopchak reviewed the prior fiscal year reserve balance, administrative costbacks, monthly expenses for this fiscal year through December, and provided a thorough analysis of

each. As a result, he limited the review of the budget to a review of January through March which produced a net surplus each month.

License Exemption Discussion

Mr. Howard motioned that the Board request an Attorney General's opinion regarding TCA 62-20-102(3) as to clarifiers as to what constitutes "notes" and whether a duty is owed by the Board to make a determination if a respondent can exercise this exemption or whether the burden of proof falls on the respondent or parties involved in the complaint. This was seconded by Mr. Harb. The motion carried by unanimous roll call vote.

The Board further discussed if commercial debt collections is exempt from licensing since "debt" as defined focuses on consumers. The Board with Counsel determined that TCA 62-20-102(8) includes a "person that engages in, or attempts to engage in, the collection of delinquent accounts" which would include commercial debt collections and therefore is not exempt.

Change of Ownership Discussion

The Board determined that Rule 0320-01-.04(2) does not differentiate between direct and indirect ownership. The language of the rule states "ownership or other member interest;" therefore, the consensus opinion of the Board and Counsel is that once the membership interest changes by 50% a new application would be required.

LEGAL REPORT (Presented by Dennis Gregory)

1. 2018091251

Respondent:

License Status: - ACTIVE

First Licensed: 10/11/2018

License Expiration: 10/10/2020

Disciplinary History: None

Summary:

The Complainant financed a vehicle that was ultimately repossessed due to non-payment. There appears to be some disagreement with whether or not the loan was in default, but in any event it was taken back by the creditor. The car was recovered by the Complainant; however, the account was then moved to a collections agency for further payments. It appears the Respondent is now the servicing agency for the Complainant's payments going forward.

The Respondent is a recently-licensed collection agency in Tennessee. The Respondent has never responded to the complaint.

Recommendation: Consent Order with a \$250.00 civil penalty and authorization for formal charges for failure of a licensee to respond to a sworn complaint in accordance with T.C.A. 62-20-115(3).

BOARD DECISION: CONCUR

2. 2019005321

Respondent:

License Status: - ACTIVE

First Licensed: 3/19/2008
License Expiration: 3/18/2019
Disciplinary History: None

Summary:

The Complainant is an out of state individual who was turned over to the Respondent from an apartment management company for past due rent. The Complainant says that she never lived at the address in dispute, but that the Respondent attempted to collect the disputed amount and reported the delinquency on the Complainant's credit report. The apartment management later confirmed that the Complainant did not live there during their ownership.

The Respondent says they have returned the file to the original creditor and requested the account be removed from the credit reporting bureaus.

Recommendation: Close.

BOARD DECISION: CONCUR

3. 2019007111

Respondent:
License Status: - ACTIVE
First Licensed: 11/23/2010
License Expiration: 11/22/2020
Disciplinary History: 2016 Consent Order

Summary:

The Complainant alleges the Respondent is calling his phone and that of a close family member's regarding an alleged debt. The Complainant does not know whether or not the account referenced is his or not.

The Respondent says they have no record of any account or credit report for the Complainant. The Respondent says the Complainant is welcome to contact them if they can be of further assistance.

Short of the Complainant having a copy of the audio, there is very little way to prove the calls are coming from the Respondent. The Complainant did not provide any copies of other correspondence with the Respondent's information.

Recommendation: Close.

BOARD DECISION: CONCUR

4. 2018090601

Respondent:
License Status: UNLICENSED
First Licensed: N/A
License Expiration: N/A
Disciplinary History: None

Summary:

The Complainant says he has received a “robocall” that instructs him to call a number regarding an “important matter.” When the Complainant called the number, an individual on behalf of the Respondent explained that he was attempting to collect a debt stemming from an on-line cash advance. The Complainant provided no information to the Respondent. The Complainant says he has the call or one of the calls recorded.

The Respondent currently has no license to collect in Tennessee.

Recommendation: Consent Order for \$500.00 and authorization for formal hearing for violation of T.C.A. 62-20-105(a) (unlicensed activity).

BOARD DECISION: CONCUR

5. 2018091901

Respondent:

License Status: - ACTIVE

First Licensed: 8/25/2016

License Expiration: 8/24/2020

Disciplinary History: 2018 Letter of Warning

Summary:

This complaint deals with a vehicle repossession as part of a Chapter 13 bankruptcy proceeding. The Complainants bought a car through a finance plan in 2012. The contract was assigned to a successor in interest (the Respondent). In October 2013, the Complaint filed for Chapter 13 protection. After the trustee disbursed money on the principal and interest, the Complainant requested to surrender possession of the subject vehicle. In May 2016, the bankruptcy court ordered the surrender of the subject vehicle; however, the Complainant agreed to make voluntary payments to the Respondent outside the Chapter 13 plan.

The Complainant is, apparently, somewhat elderly and does not seem to understand the impact of the voluntary surrender. The Respondent is not acting in any way contrary to the law.

Recommendation: Close.

BOARD DECISION: CONCUR

6. 2018089021

Respondent:

License Status: - ACTIVE

First Licensed: 8/11/2011

License Expiration: 8/10/2019

Disciplinary History: None

Summary:

This complaint stems from an unpaid medical bill. The Complainant received a phone call from the Respondent explaining that he owed money to a local hospital. The Complainant claims he had not received any bill from the hospital, but did not deny receiving services.

The Respondent explains that due to a problem with the Complainant’s mail, the Complainant did not receive the first few notices. Before the complaint was made, however, the original creditor informed

the Respondent to return the account to them. The Respondent has closed the file and removed any negative information from the credit report.

Recommendation: Close.

BOARD DECISION: CONCUR

7. 2018091261

Respondent:

License Status: UNLICENSED

First Licensed: N/A

License Expiration: N/A

Disciplinary History: None

Summary:

The Complainant alleges the Respondent shared account information with a third-party without the Complainant's permission. The Complainant does not appear to dispute the debt, but is adamant no permission was given to speak with a third-party.

The Respondent, who is seemingly unlicensed in Tennessee, claims the individual whom the representative spoke with stated she was the Complainant's spouse. As such, the representative went into more detail about the account.

The Complainant says the third-party is his "girlfriend," but not his wife. In any event, the Respondent was unlicensed.

Recommendation: Consent Order for \$500.00 and authorization for formal hearing for violation of T.C.A. 62-20-105(a) (unlicensed activity).

BOARD DECISION: CONCUR

8. 2018084421

Respondent:

License Status: - ACTIVE

First Licensed: 3/14/2006

License Expiration: 3/13/2019

Disciplinary History: 2018 Letter of Warning

Summary:

This complaint stems from a collection matter dealing with a dental bill. The Complainant says his dental bill was sent to collections in error *after* he entered into a payment arrangement with the dentist office. The Respondent (collector) reported to the credit reporting bureau before any information got to them concerning the Complainant's payment arrangements.

The Respondent says they requested removal of the negative information within a couple of days of receiving the payment arrangement information from the dentist office. This appears to be a case where the original creditor is largely to blame for any error.

Recommendation: Close.

BOARD DECISION: CONCUR

9. 2018086371

Respondent:

License Status: - ACTIVE

First Licensed: 1/28/2010

License Expiration: 1/27/2020

Disciplinary History: None

Summary:

The Complainant was served a general sessions civil warrant stemming from an alleged debt. The Complainant says he called the Respondent who told him the suit was going to be dismissed as a debt validation letter had never been sent to him. The Complainant goes on to say that a payment arrangement was ultimately worked out, but that the Complainant and his wife are veterans with diagnosed PTSD and the experience caused them anxiety.

The Respondent states that there is no requirement for a debt validation letter prior to a lawsuit being served. The Respondent says that a voluntary payment was made on December 14, 2018 by the Complainant and that the lawsuit has been dismissed.

Pursuant to 15 USC 1692, Sec 809, a pleading (lawsuit) is not treated as an initial communication. Therefore, the lawsuit could be filed and served without a debt validation letter.

Recommendation: Close.

BOARD DECISION: CONCUR

10. 2018088941

Respondent:

License Status: - ACTIVE

First Licensed: 8/11/2011

License Expiration: 8/10/2019

Disciplinary History: None

Summary:

The Respondent received the Complainant's personal information after an overdue medical bill was placed with them for collection. The Complainant alleges the Respondent contacted her by phone and asked to verify her personal information (DOB). The Complainant says the Respondent did not initially "confirm" if the Complainant was, indeed, who she claimed to be. The Complainant says she was asked "leading questions" in order to confirm her identity.

The Respondent says their representative asked if they were speaking with the right person and the Complainant told them they were. It is difficult to reconcile how the Respondent's representative would have determined the identity of the Complainant otherwise.

Recommendation: Close.

BOARD DECISION: CONCUR

11. 2018091891

Respondent:
License Status: - ACTIVE
First Licensed: 12/7/1979
License Expiration: 12/31/2020
Disciplinary History: 2012 Consent Order

Summary:

The Complainant says she has been turned over to a collections agency “before the bill is due.” The indebtedness stems from a medical bill of some sort.

The Respondent says they communicated with the original creditor and adjusted the account to fix the problem. The Complainant agrees the problem has been solved.

Recommendation: Close.

BOARD DECISION: CONCUR

12. 2019006451

Respondent:
License Status: - ACTIVE
First Licensed: 10/2/2014
License Expiration: 10/1/2020
Disciplinary History: None

Summary:

The Complainant has been turned over to a collections agency. The Complainant alleges the Respondent is unlicensed; however, the Respondent does possess a valid license. The Complainant also appears to dispute the underlying debt.

The Respondent provided proof of licensure and supporting proof of the underlying debt.

Recommendation: Close.

BOARD DECISION: CONCUR

13. 2019009291

Respondent:
License Status: - ACTIVE
First Licensed: 4/28/2009
License Expiration: 4/27/2019
Disciplinary History: None

Summary:

This complaint deals with an overdue bill for medical services. The Complainant alleges the debt has shown up on the credit report before having the opportunity to dispute it. The Complainant also alleges that medical information was shared with a third-party without a HIPPA release.

The Respondent says the Complainant was provided information regarding the debt in 2017, but that the Complainant did not make payment arrangements. The claim the first dispute was not received until

January 2019. Regarding the HIPPA issue, the Respondent says that they are a wholly owned subsidiary of the healthcare provider. In any event, her medical information has not been shared with a third-party.

Recommendation: Close.

BOARD DECISION: CONCUR

14. 2019006991

Respondent:

License Status: – EXPIRED GRACE

First Licensed: 12/6/2001

License Expiration: 12/31/2018

Disciplinary History: None

Summary:

This complaint arises from overdue timeshare maintenance fees. The account eventually was placed in collections. At some point, the Complainant disputed the account and sent the Respondent a cease and desist letter. The original creditor received the cease and desist communication, but it was not received by the Respondent.

After the Respondent was notified of the dispute, the Respondent returned the account to the original creditor.

Recommendation: Close.

BOARD DECISION: CONCUR

15. 2019009301

Respondent:

License Status: - ACTIVE

First Licensed: 12/28/2016

License Expiration: 12/27/2020

Disciplinary History: None

Summary:

The Complainant alleges the Respondent is not licensed in Tennessee to collect. The Complainant does not dispute the debt.

The Respondent explains that they are, in fact, licensed. At some point at the end of 2018, the license went into an “expired-grace” status, but this would not have prevented the Respondent from attempting to collect.

Recommendation: Close.

BOARD DECISION: CONCUR

16. 2019011501

Respondent:

License Status: - ACTIVE

First Licensed: 3/14/2006

License Expiration: 3/13/2019
Disciplinary History: 2018 Letter of Warning

Summary:

This complaint is made by the Respondent's current client. In 2011, the Complainant (dentist) placed several of their accounts with the Respondent for collection. As best as anyone can tell, 2011 was the last year any accounts were sent to the Respondent. The last money recovered by the Respondent was in 2014. The Complainant, however, is now being charged a \$25.00 monthly fee. The fee is explained in the "terms of service" both parties agreed too.

Per the terms of service, if the Complainant does not place any new accounts with the Respondent for 12 months, the Complainant agrees to pay a "monthly fee of \$25 until more accounts are placed." This does not appear to violate any statute or rule. The Complainant, in all honesty, should just terminate the agreement. It appears that the Complainant or any other client can terminate the agreement by giving 30-day's notice. While the Respondent stands by its terms of service, it has agreed to waive the monthly fee. The Respondent goes on to say they are still attempting to collect on those older accounts still with them.

Recommendation: Close.

BOARD DECISION: CONCUR

17. 2019011751

Respondent:
License Status: - ACTIVE
First Licensed: 5/24/2018
License Expiration: 5/23/2020
Disciplinary History: 2018 Letter of Warning

Summary:

The Complainant was sued in general sessions court for a debt stemming from a credit card account. The Complainant claims that the law firm representing the creditor "misrepresented" itself since she agreed to a payment plan with the Respondent, but then the law firm secured a judgement against her anyway.

The Respondent provided a break-down of the events in question. It appears the account went through all the normal steps prior to going to litigation. The fact the law firm got the judgement does not violate any statutes or rules.

Recommendation: Close.

BOARD DECISION: CONCUR

18. 2019015371

Respondent:
License Status: - ACTIVE
First Licensed: 3/14/2006
License Expiration: 3/13/2019
Disciplinary History: 2018 Letter of Warning

Summary:

The complainant responded to a collection letter from the Respondent on February 20, 2019. The Respondent was handling a debt in collections stemming from some account the Complainant once had. There appears to be no dispute about the debt. The Complainant agreed to a pay off on February 21 using the Complainant's Discover card. On that same day, the Complainant alleges that he received an email advising him that his email address with Discover had changed and that his credit limit had been raised. The Complainant says that he immediately logged on to his account and saw a new email address on file and four new charges he had not authorized.

The Complainant contacted Discover and was told "a person" had called and requested a line of credit increase as they were about to charge \$4,000 at Home Depot. The Complainant does not think this is a coincidence and believes the Respondent's representative committed theft against him after providing his credit card information.

The Respondent says they investigated the matter internally and found no evidence of wrong doing. The Respondent says the email the Complainant references begins with a "d." The Respondent admits that while the alias for the representative is "Dana," her real name does not begin with "d." The idea being that if she were going to steal the Complainant's identity, it would likely be with her real name. The Respondent also says that the representative who took the Complainant's payment was at work all day on the day the transaction at Home Depot took place. Finally, the Respondent claims that the Complainant's credit card information is masked in their system so that their collectors are unable to go back and access after a payment has been made.

There is no evidence of theft here. If the Complainant has not already filed a police report, he should. This is a criminal matter even if the perpetrator works for the Respondent, which is unlikely.

Recommendation: Close.

BOARD DECISION: CONCUR**19. 2019015601**

Respondent:

License Status: – APPLICANT –

First Licensed: N/A

License Expiration: N/A

Disciplinary History: None

Summary:

The Complainant says he is being contacted by the Respondent for an alleged debt. The Complainant neither admits nor denies whether it is owed. In any event, the majority of the complaint deals with the Respondent's unlicensed status.

The Respondent fully admits they started contacting TN consumers before their license application was approved. The Respondent claims they have countermeasures in place to prevent such activity, but there was clearly a "breakdown."

Recommendation: Impose a Consent Order for \$250.00 and authorization for formal hearing for violation of T.C.A. 62-20-105(a) (unlicensed activity) and permit the Respondent to obtain a license or impose a letter of warning.

BOARD DECISION: CONCUR

CASES TO BE RE-PRESENTED

20. 2018061631

Respondent:

License Status: UNLICENSED

First Licensed: N/A

License Expiration: N/A

Disciplinary History: None

Summary:

This complaint deals with an allegation of unlicensed collection activity. The complainant alleges the Respondent is acting as an unlicensed collection service for chiropractic services. The Complainant claims she has had a medical lien filed against her by the Respondent acting on behalf of a chiropractor. There is no dispute that the Complainant received treatment from the subject chiropractor. The Complainant is now engaged in a civil lawsuit stemming from a personal injury claim. The chiropractor's lien, undoubtedly, has become relevant to the Complainant's settlement since the chiropractor will have to be paid.

The Respondent says they are not a debt collection agency. Rather, they claim to be an "independent personal injury case management and consulting company." They work, exclusively, in the chiropractic profession. According to one of the owner's: "They verify the injured parties' coverage, manage their entire file while they are treating, bill auto insurance for med-pay only and assist unrepresented patients with settling their own claim with the third-party insurance carrier."

The Respondent is not an office extension for this chiropractor, so they are a third-party. A license would not be required for any of the "consulting" they provide to the chiropractor. The act of filing a medical lien, while close to the definition of collection, is not specifically addressed by the statute. The Complainant provided no other form of communication with the Respondent, such as letters demanding payment, etc.

Recommendation: Close or send out for investigation to gain more information

BOARD DECISION: THE BOARD ELECTED TO SEND THIS FOR INVESTIGATION AND THEN REPRESENT FOR DECISION.

New Information: Investigation Report received 2/13/19

The Respondent did cooperate with the TDCI investigator assigned to the complaint. The Respondent explains (as they did originally) that they are a personal injury case management and consulting company who specifically cater to the chiropractic profession. They contract with doctors in the chiropractic field to help them manage recovering payments on services they've (chiropractors) provided to patients receiving medical services for injury sustained as a result of an auto accident.

In their standard agreement with chiropractors, it states that the Respondent “agrees to serve as a liaison between client and client’s legal counsel and third party to promote efficiency and assist with collection.” Additionally, the Respondent will “negotiate all claims and settlements with insurance adjusters and/or legal counsel on behalf of the client.” These actions are coupled with the filings of numerous medical liens. The investigator was not provided with any letters or other correspondence that could be interpreted as collection letters or notices. Apparently, the Respondent does not use those or they did not share those with the investigator.

Finally, the Respondent states that “collections” as it relates to their contracts only pertain to Med Pay, personal health policies and/or final settlements. The Respondent is compensated by a percentage of the “collected funds of open accounts.”

New Recommendation: Discussion.

BOARD DECISION: The Board elected to authorize a formal hearing and send a consent order with a \$500.00 civil penalty for unlicensed activity. The consent order will also include cease and desist language and give the Respondent sixty (60) days to apply for licensure. If within that sixty (60) day period, Respondent fails to apply for licensure, then counsel may refer this matter to the local district attorney’s office.

21. 2018075331

Respondent:

License Status: UNLICENSED

First Licensed: N/A

License Expiration: N/A

Disciplinary History: None

Summary:

The Complainant says she is being contacted by the Respondent regarding a debt that is in a debt consolidation program. The Complainant further alleges that she is receiving phone calls at work and that family members are getting calls from the Respondent. The Complainant has requested these calls cease and that the Respondent only contact her through the mail.

The Respondent says they were never notified in writing that the Complainant was in a debt consolidation program. The Respondent goes on to say that when the Complainant requested no calls be made while she was at work, that request was honored. The Respondent also contends that no information was shared with any third parties such as family members. All further communication will be through the mail.

Recommendation: Close.

BOARD DECISION: BOARD REJECTED THE RECOMMENDATION AND ELECTED TO SEND A CONSENT ORDER WITH A \$500.00 CIVIL PENALTY FOR UNLICENSED ACTIVITY, HOWEVER, UPON FURTHER RESEARCH COUNSEL DETERMINED THAT THIS RESPONDENT HAS A PARENT ENTITY THAT IS DULY LICENSED IN TENNESSEE AND THIS WILL BE RE-PRESENTED AT THE MAY 8, 2019 MEETING FOR CLOSURE.

NEW INFORMATION: See above

NEW RECOMMENDATION: Close

NEW BOARD DECISION: The Board elected to authorize a formal hearing and send a consent order with a \$500.00 civil penalty for unlicensed activity. The consent order will also include cease and desist language and give the Respondent sixty (60) days to apply for licensure. If within that sixty (60) day period, Respondent fails to apply for licensure, then counsel may refer this matter to the local district attorney's office.

22. 2018008891

Respondent:

License Status: - ACTIVE

First Licensed: 3/18/2014

License Expiration: 3/31/2020

Disciplinary History: None

Summary:

This complaint arises from two medical bills. The Complainant says he had a compensable injury that was covered under workers compensation. The Respondent placed two medical bills on the Complainant's credit report. The Complainant says he verified that neither bill was his responsibility as they had been paid through worker's compensation.

The Respondent is a TN licensee, but has never responded to the complaint. This may be due, however, to some internal issue with how the Respondent responds to mail rather than simply ignoring the complaint. This is a common theme with out-of-state licensees.

Recommendation: Letter of Warning for failure of a licensee to respond to a sworn complaint in accordance with T.C.A. 62-20-115(3).

BOARD DECISION: THE BOARD REJECTED THE RECOMMENDATION AND ELECTED TO SEND A CONSENT ORDER WITH A CIVIL PENALTY OF \$250.00 FOR FAILURE TO RESPOND TO A COMPLAINT.

NEW INFORMATION: After the Respondent received an email with a Consent Order attached, they provided information showing where the Respondent did, in fact, respond within the statutory time period.

NEW RECOMMENDATION: Close.

NEW BOARD DECISION: CONCUR

ADJOURNMENT

There being no other new business, Mr. Harb made a motion to adjourn. Mr. Holden seconded. The motion was carried by unanimous roll call vote. Mr. Howard adjourned the meeting at 11:02 a.m.