TENNESSEE
COLLECTION SERVICE BOARD
MINUTES

DATE: July 9, 2014

PLACE: Davy Crockett Tower – Conference Room 1-B
500 James Robertson Parkway
Nashville, Tennessee

PRESENT: Board Members:
Bart Howard, Chairman
Elizabeth Trinkler, Vice-Chairman (via teleconference)
Elizabeth Dixon

PRESENT: Staff Members:
Chris Whittaker, Assistant General Counsel
Kimberly Whaley, Director of Licensing
Judy Elmore, Regulatory Boards Administrative Assistant III
Visitors:
Maria Heard
Thomas Merritt

CALL TO ORDER: Chairman Howard called the meeting to order at 9:50 a.m. and the following business was transacted:

Roll Call – Ms. Whaley called the roll. Three (3) board members were present. Elizabeth Trinkler participated in the meeting via teleconference. Steve Harb and Chip Hellman were absent.

Notice of Meeting – Ms. Whaley read the following statement for the record, "This meeting's date, time and location have been noticed on the Tennessee Collection Service Board's website, included as part of this year's meeting calendar since August 16, 2013. Additionally, the agenda for this month's meeting has been posted on the Tennessee Collection Service Board's website since July 2, 2014. This meeting was also noticed on tn.gov's public meeting calendar."

Statement of Necessity – TCA -8-44-101. Board determined that it is necessary to conduct the meeting with one member participating electronically. Motion made by Ms. Dixon, seconded by Ms. Trinkler. Roll call vote: Bart Howard, Elizabeth Trinkler, Elizabeth Dixon, voted in favor of the motion. MOTION CARRIED

Agenda – Motion to adopt agenda as amended made by Ms. Dixon, seconded by Ms. Trinkler. Roll call vote: Bart Howard, Elizabeth Dixon, and Elizabeth Trinkler voted in favor of the motion. MOTION CARRIED

Minutes – Ms. Trinkler made a motion to approve the minutes of the May 14, 2014 meeting, seconded by Ms. Dixon. Roll Call – Bart Howard, Trinkler Dixon, and Elizabeth Trinkler voted in favor of the motion. MOTION CARRIED.

LEGAL REPORT - CHRIS WHITTAKER, ASSISTANT GENERAL COUNSEL

Thirteen items on the report for the board's review. Mr. Whittaker presented the following legal report for the Board's consideration:

1. 2014003391

Year First Licensed: 2004
License Expiration: 07/24/2014

The Board previously considered this complaint at its May 2014 meeting and authorized a Consent Order with a small civil penalty. The complaint alleges that the Respondent failed to timely provide proof of surety bond coverage to the Board as required by law. The investigation revealed that the Respondent did not initially timely submit proof of such coverage to the Board, and it was originally believed that the Respondent failed to timely provide proof of coverage to Board counsel upon request after the complaint had been opened. However, additional investigation revealed that the Respondent did promptly provide proof of coverage to Board counsel as requested, but that the documentation was inadvertently misfiled. As such, because the Respondent has no prior disciplinary history with the Board, a Letter of Warning is recommended to admonish the Respondent that it is required to provide proof of surety bond coverage to the Board on or before the expiration of the agency's current bond coverage period in all future years of licensure.

Recommendation: Close this complaint upon the issuance of a Letter of Warning.

2. 2014005201

Year First Licensed: N/A
License Expiration: N/A

The Board previously considered this complaint at its May 2014 meeting and authorized a Consent Order with a $ 1,500.00 civil penalty. The complaint alleges that the Respondent, a non-licensee, attempted to collect a debt from a Tennessee consumer without possessing a Tennessee collection service license as required by law. The investigation confirmed that the neither the Respondent nor any agents acting on its behalf held a collection service license at all times relevant to this complaint. Additionally, in its written response to the complaint, the Respondent admits to having contacted the Complainant in writing and by telephone regarding the debt in question. There was an additional allegation of an FDCPA violation, but further investigation revealed no evidence to support that allegation, hence the re-presentation of this complaint and a reduction of the proposed civil penalty to $ 1,000.00.

Recommendation: Formal hearing with authorization to settle by Consent Order which requires payment of a $ 1,000.00 civil penalty by the Respondent and contains a Cease and Desist provision applicable to the Respondent and any agents working on its behalf

prohibiting the Respondent and its agents from collecting debts in Tennessee until and unless appropriate licensure is obtained.

3. 2014007201
4. 2014007781
5. 2014007791

Year First Licensed: Varies by Respondent
License Expiration: Varies by Respondent

These complaints allege that the Respondents failed to timely submit to the Board proof of current surety bond coverage as required by law. In each case, the investigation revealed that the Respondents, all of whom are relatively new licensees (licensed less than one renewal cycle), experienced internal procedural errors (misrouted correspondence, late arrival of mail etc.) which led to the delay in providing proof of surety bond coverage to the Board. None of these licensees have had any prior disciplinary action imposed against them by the Board, and each Respondent has provided written assurances that the issues which led to the delay in timely providing proof of surety bond coverage to the Board have been fixed to prevent this from happening again. As such, each complaint should be closed with a Letter of Warning.

Recommendation: Close these complaints upon the issuance of Letters of Warning.

6. 2014006971

Year First Licensed: 2001
License Expiration: 12/31/2014

The complaint alleges that the Respondent attempted to collect a debt from the Complainant that the Complainant does not owe. The investigation revealed that the Respondent could not verify whether the Complainant was the correct debtor due to multiple instances of conflicting personally identifiable information. Once it was certain that it could not confirm that the Complainant was the correct debtor, the Respondent closed and returned the account to the client with a full explanation of the Complainant's dispute that she owed the debt in question.

Recommendation: Dismiss the complaint.

7. 2014005921

Year First Licensed: 2006
License Expiration: 03/13/2015

The complaint alleges that the Respondent attempted to collect a debt from the Complainant that the Complainant does not owe because he and/or his insurance carrier had already paid the debt in question. The investigation revealed that the debt arose from dental work received by the Complainant several years prior to the placement of the account with the Respondent. The Complainant initially requested that the Respondent validate the debt, and the Respondent provided the information it was provided by the creditor to the Complainant. However, there was some disagreement as to the amount of money the Complainant owed because the dentist who performed that work had sold his practice and because the billing records he kept appeared to be incomplete and/or confusing. After settlement discussions with

The Board previously considered this complaint at its March 2014 meeting and authorized a Consent Order with a $ 250.00 civil penalty. The complaint alleges that the Respondent failed to timely submit to the Board proof of current surety bond coverage as required by law. The original investigation appeared to indicate that the Respondent had signed for the complaint but did not respond in any way. However, further investigation revealed that the Respondent agency was purchased by another agency licensed in Tennessee after this complaint had been opened. Because the agency which was issued this license no longer exists, it is recommended that a Cease and Desist Letter be sent to the company which acquired the Respondent to advise them that a branch license is required if the new company wishes to operate at this location under the name of the acquiring company because Tennessee collection service licenses are not transferable.

Recommendation: Close this complaint upon the issuance of a Cease and Desist Letter.

12. 2014012731

Year First Licensed: 2013
License Expiration: 08/22/2015

The complaint alleges that the Respondent attempted to collect a debt from the Complainant that the Complainant does not owe. The investigation revealed that the Complainant rejected the Respondent's written offer to settle the debt but did not request that the Respondent validate the debt. There is also no indication that the Complainant contacted the Respondent by phone relative to this debt prior to filing his complaint against the Respondent. It appears that the Respondent did timely respond to this complaint, that the Respondent returned this account to its client with an explanation of the Complainant's dispute, and that this alleged debt was never reported to any credit bureau. As such, dismissal of this complaint is recommended.

Recommendation: Dismiss the complaint.

13. 2014014571

Year First Licensed: 2012
License Expiration: 2014 (Voluntary Surrender)

The complaint alleges that the Respondent failed to timely provide proof of surety bond coverage to the Board as required by law. The investigation revealed that the Respondent voluntarily surrendered its license, but that the surrender paperwork arrived after a complaint had already been opened. As such, dismissal is recommended.

Recommendation: Dismiss the complaint.

MOTION: Ms. Dixon made a motion to accept the Legal Report as presented, seconded by Ms. Trinkler. Roll Call Vote: Roll Call: Bart Howard, Elizabeth Trinkler, Elizabeth Dixon voted in favor of the motion. MOTION CARRIED

ADMINISTRATIVE REPORT – KIMBERLY WHALEY, DIRECTOR OF LICENSING

Complaint Comparison Report - Ms. Whaley presented the Board's performance measure. She also advised the Department's performance measure for complaint processing sets a benchmark requiring at least seventy-five percent (75%) of complaints to receive formal action by the Board within one hundred eighty (180) days of receipt. She further advised the Collection Service Board's current performance measure of ninety-four and sixty-six hundredths percent (94.66%) exceeds the benchmark.

Budget Report – Ms. Whaley presented the revenues and expenses through the end of May 2014.

Application Reviews –
Renewal - Mr. Whitaker presented info regarding license renewal after some discussion Ms. Dixon moved that the Board accept the renewal based on the terms that had been discussed with the legal counsel, seconded by Ms. Trinkler. Roll Call: Bart Howard, Elizabeth Trinkler, Elizabeth Dixon voted in favor of the motion. MOTION CARRIED

New Application – Ms. Whaley presented a collection agency application marked Tab 6 for the Board's review and consideration. After some discussion, a motion was made by Ms. Dixon to approve the application, seconded by Ms. Trinkler. Roll Call: Bart Howard, Elizabeth Trinkler voted in favor of the motion Elizabeth Dixon voted against. MOTION CARRIED

New Application – Ms. Whaley presented a collection agency application marked Tab 7 for the Board's review and consideration. After some discussion, a motion was made by Ms. Trinkler to approve the application seconded by Ms. Dixon. Roll Call: Bart Howard, Elizabeth Trinkler, Elizabeth Dixon voted in favor of the motion. MOTION CARRIED

NACARA Conference – annual conference to be held in Boise, Idaho September 28-30, 2014. Mr. Howard recommended that Mr. Whitaker attend along with himself. Ms. Trinkler made a motion that Mr. Howard and Mr. Whitaker attend, seconded by Ms. Dixon. Roll Call: Bart Howard, Elizabeth Trinkler, Elizabeth Dixon voted in favor of the motion. MOTION CARRIED

Meeting Dates – Ms. Dixon made motion to approve proposed meeting dates for 2015, seconded by Ms. Trinkler. Roll Call: Bart Howard, Elizabeth Trinkler, Elizabeth Dixon voted in favor of the motion. MOTION CARRIED

Legislative Update – Public Chapter 815, Certificate of Employability, has been applied to the entire Division of Regulatory Boards. Public Chapter 881 requires that each board/division create an apprenticeship program. However, the Board does not license individuals. Therefore, the rule does not apply. The division will prepare a statement to submit to the legislature explaining the exemption.

Other- An inquiry was made about the font size on business inducing forms. Taking the recommendation of Mr. Whitaker, the board members agreed that business inducing forms should not use font smaller than 10 pt. Motion made by Ms. Trinkler to approve the

recommendation, seconded by Ms. Dixon. Roll Call: Bart Howard, Elizabeth Trinkler, Elizabeth Dixon voted in favor of the motion. MOTION CARRIED

Meeting was adjourned at 11:00

Bart Howard

Bart Howard, Chairman