

**STATE OF MICHIGAN
DEPARTMENT OF LABOR & ECONOMIC GROWTH
BUREAU OF COMMERCIAL SERVICES - LICENSING DIVISION
COLLECTION PRACTICES BOARD**

BOARD MEETING MINUTES

August 24, 2006, 10:00 a.m.

In accordance with the Open Meetings Act, 1976 PA 267, as amended, the Collection Practices Board met in Regular Session on August 24, 2006 at the Department of Labor & Economic Growth, Bureau of Commercial Services, Second Floor, Conference Room 1, 2501 Woodlake Circle, Okemos, Michigan.

CALL TO ORDER

The business meeting was called to order by Chairperson Hoppin at 10:05 a.m.

Present:	James P. Hoppin	Chairperson
	Thomas M. Angelo	Vice-Chairperson
	Daire Rendon	Professional Member
	George R. Badeen	Professional Member
	Dwight Stewart	Public Member
Absent:	Charles Havill	Professional Member
	David E. Cairnduff	Professional Member
	Raquel Reardon	Public Member
	Harley Krapohl	Public Member
Staff:	Ann Millben	Licensing Administrator
	Michele E. Riddering	Assistant Licensing Administrator
	Susan Balkema	Assistant Attorney General
	Stephen Gobbo	Manager, Compliance/Legal Unit
	William D. Wilhelm	Enforcement Division
	James C. Nelson	Enforcement Division
	Kimberly Breitmeyer	Enforcement Division
	Amy A. Shell	Policy Analyst
	Paige Colley	Testing Services
	Rita Burnett	Secretary
Visitor:	Barbara L. Stewart	Wife of Board Member Stewart

ADDITIONS TO OR DELETIONS FROM AGENDA

Ms. Millben asked to add Ms. Colley, from the Testing and Education Services unit, who wished to make a brief presentation to board members regarding the Invitation to Bid and how it will affect the examination for collection agency managers.

APPROVAL OF MINUTES FROM MEETING HELD May 4, 2006

MOTION: Ms. Rendon moved to approve the minutes of the May 4, 2006 meeting. Mr. Stewart seconded and the motion passed unanimously.

TESTING & EDUCATION SERVICES UPDATE

Ms. Colley gave a brief overview of the examination process. She noted that the Department is currently working on an Invitation to Bid (ITB) process regarding many of the examinations that are required for licensing of various occupations in Michigan. The collection agency manager examination is a part of that ITB. The Department would be contracting with a vendor, who would be doing examination development and the administration of the exams. The development would involve a job analysis and survey. It will be limited to the jurisprudence exam and will consist of the statutes, which is the same as it is now. After the job analysis survey results there would be committee meetings with subject matter experts to go over all the items in the examination bank to be sure they all are valid, current and have references to insure the validity and legal defensibility of the exam. They also look at the cut score, which is the score needed to pass the examination. All of this filters down from the survey, giving them a better idea of what is happening in the industry so that the examination reflects what is current in the industry.

Mr. Hoppin asked what stimulated this change. Ms. Colley replied that the contract with the current vendor for other occupations is expiring. She noted that there are eight other examinations that were given in-house by Department staff and these professions are being grouped together in one ITB, so that all the examinations will be given by one examination vendor. Many more resources will then be available for development and for the administration of the exam from the vendor. There will still be input from the Department and subject matter experts. It will give the Department the resources to develop a better examination.

Ms. Millben added that it is anticipated that the examination will be administered more often. Ms. Colley agreed that the examination will have daily availability. Currently there is only monthly availability. The applicant will be pre-authorized by the Department staff to take the exam. Notification will go to the vendor of people are eligible to take the examination. The applicant will call the exam vendor to schedule it on an available date convenient for them. In addition, there will be at least four sites available to take the exam rather than just the Okemos building. The four sites will be in southeast lower Michigan, western lower Michigan, central lower Michigan and one site in the Upper Peninsula. The exam will be administered via computer, which means the items on the examination items can be rotated more easily and more frequently, which ties to the validity of the examination. Over exposure of items is minimized.

Mr. Colley considered this a good direction for the collection agency examination. The contract should be awarded by October 1st, but it services wouldn't begin until January 1, 2007, so they will have some lead-in time. She surmised that the current examination would continue to be used for the first year, given on the computer, giving the vendor time to conduct the job analysis survey and put together the new examination.

Ms. Riddering asked if the Department would still own the examination questions. Ms. Colley confirmed that and added that the Department would be furnishing current exam items to the vendor as well.

Mr. Stewart asked when board members would be involved with going through and analyzing the examination questions. Ms. Colley responded that it won't necessarily be a board function, but board members might participate as subject matter experts on the committees. She offered to take the name and contact information from anyone who was interested in being involved. Another important way to participate is to fill out and send back the surveys that will be mailed out. The examination content will be based on the results of the surveys. As the exam is jurisprudence exam so there is a very strict and limited field of information to draw from, but if there are major shifts in the industry, the surveys are how the Department staff and the exam vendor learns of it. If the focus in the industry has changed, the exam needs to change to reflect that. She added that it is important that they get that feedback, but it is difficult to get people to fill out the surveys, and they are vital to what they end up with as a final examination.

Mr. Hoppin asked where the collection agency examination ranks with the small professions that are to be added to the ITB. Ms. Colley replied that they are second or third in volume. Some of the professions have as few as six candidates a year. The other small professions to be included are Community Planners, Hearing Aid Dealers and Salespersons, Mortuary Science, Personnel, Polygraph Examiners, Security Alarm Contractors, and Surveyors. The large professions are Real Estate Brokers and Salespersons and Real Estate Appraisers. The new exam contract will encompass all of those occupations.

Ms. Millben reiterated that the new exam vendor would be administered to candidates via computer, which is a change from how they are currently administered. Ms. Colley added that the benefits of having it on the computer include being able to change exam items more easily, rotating them in and out, rather than having to have three versions of the paper examination. The content stays the same, but they can change items within the content areas. It will also speed up getting the results to the candidates. Ms. Millben noted that there is a large percentage of people coming from out-of-state to take the exam. Now they have to fly into Detroit and rent a car to drive to Okemos to take the exam. The new vendor will very likely have a testing site in the Detroit area. Mr. Hoppin asked if the fee to take the exam will go up. Ms. Colley assumed it would, but was not sure. That would be one of the factors they would take into consideration when choosing an exam vendor by the competition bid process.

PUBLIC COMMENT

None.

HEARING REPORTS

Rapid Collections, LLC, Jill Polander, Owner/Manager, License No. 2401-001626, Complaint No. 299059, Docket No. 2006-319

MOTION: Mr. Stewart moved to receive the Hearing Report in the matter of Rapid Collections, LLC. Mr. Badeen seconded and the motion passed unanimously.

MOTION: After discussion, Mr. Angelo moved that 1) Respondent pay a \$2,000 fine within 60 days of the mailing of the Final Order, 2) Respondent's license shall be suspended immediately and remain suspended until Respondent secures the requisite surety bond and pays the aforesaid fine and 3) failure to comply shall result in the denial of any license renewal and/or future applications for licensure until compliance. Ms. Rendon seconded and the motion passed unanimously.

Credit Bureau of Ypsilanti, Peter B. Fletcher, Owner/Manager,
License No. 2401-000018, Complaint No. 95481, Docket No. 2005-268

MOTION: Mr. Stewart moved to receive the Hearing Report in the matter of Credit Bureau of Ypsilanti. Mr. Angelo seconded and the motion passed unanimously.

MOTION: After discussion, Mr. Badeen moved that 1) Respondent pay a \$10,000 fine per each of the two violations within 60 days of the date of the mailing of the Final Order, 2) the license remain in revoked status, 3) Respondent must appear before the Board before he can be licensed again and 4) failure to comply shall result in the denial of any license renewal and/or future applications for licensure until compliance. Mr. Stewart seconded and the motion passed. Mr. Hoppin abstained.

Ms. Balkema added that if the Attorney General's Office received documented proof that Mr. Fletcher was still practicing, they would seek injunctive relief. Mr. Gobbo commented on the difference between debt collecting and credit reporting. He was aware that Mr. Fletcher has been involved with both collecting and reporting, but noted that while debt collection requires a state license, credit reporting does not.

STAFF REPORTS

Statistics

Ms. Riddering stated that there were currently 369 active licensed collection agencies with non-owner managers, 298 active agencies operating with an owner-manager, and 525 active non-owner managers. Thirty-seven applications are pending for agencies operating with non-owner managers, 18 pending applications for agencies operating with an owner-manager, and 130 pending non-owner manager applications. Ms. Rendon expressed surprise that there were 130 pending non-owner manager applications. Ms. Riddering responded that many of the applications are expired and/or applications that are over a year old. That number could include applicants who failed the exam and haven't attempted to take it again and applicants who failed to show up for the exam and haven't contacted the Department. Ms. Millben asked if there was a breakdown between in-state and out-of-state applicants. Ms. Riddering did not have that. Mr. Hoppin asked if there were any statistics on unlicensed agencies and Ms. Riddering replied that there were not.

Mr. Angelo asked if the Department was aware of unlicensed activity. Ms. Riddering replied that she gets emails and phone calls periodically and she sends letters to those agencies. She sometimes gets a letter back stating they the company is a not a collection agency, but a debt purchaser, which does not require a license. Sometimes the letter states that they are only the middleman for a repossession company. Mr. Badeen added that some of the larger corporations are attempting to take over the repossession industry by sub-contracting in Michigan. One corporation is in Indiana. A very large, national company in Tennessee has taken over the car repossession industry in the entire country. They call a towing firm to pick up a car for them, but that individual doesn't have a collection agency license in Michigan. Ms. Millben asked whether the towing company knows. Ms. Riddering noted that many towing companies are confused about whether a collection agency license is needed if the owner of the car volunteers to have it repossessed. Mr. Badeen agreed and added that the large auction companies are the ones who have the most violations. One of the large auction companies have been brought to court for hearings in five states.

Ms. Riddering distributed information regarding changes to the website. The basic layout of the website changed, in that a calendar was added with board meeting, renewal and annual report information and deadlines. There is also applicant information, licensing information and consumer information. She made up two different application packets and added them under applicant information. One packet is for in-state and the other for out-of-state applicants. The examination information and study guide are now in a pdf file, suitable to be downloaded and printed easily. Previously the applicant needed to go to each area of the legislation separately to download and print the information. All of the forms are also available in several areas. She will be going through the FAQ's to update them. The website is now easier to use for applicants, licensees and consumers. Board members were very appreciative of Ms. Riddering's efforts and the results on the website. Ms. Millben added that Ms. Riddering had been instrumental in updating all of the occupations' websites.

Ms. Riddering added that with the study guide now on the website in a pdf file, she is no longer mailing very many out, which saves the State of Michigan the cost of copying and mailing them. Many people interested in applying for a license change their mind after receiving the study guide, which was a waste of the Department's resources. Now they can look at it online and print it out for themselves if they are still interested in applying. Ms. Riddering added that she mails out a brochure about the website. Only if the person does not have access to a computer does she mail them the entire packet.

Rules Committee

Ms. Riddering stated that the rules committee was meeting after the board meeting. Ms. Millben added the meeting that day was just a preliminary meeting. Once there is an actual document and a formal request for rule-making, Ms. Shell would be helping to shepherd the revisions through the process.

ITEMS FOR CONSIDERATION FROM BOARD MEMBERS

Mr. Hoppin asked for clarification regarding the board members' term expiration dates. His term as a board member expired in 2005. Other board members' terms had expired in 2003 and 2004 as well. He had received word that he would be reappointed, but as the chairperson for the board, he questioned whether a person's standing as a board member ended as of the date of expiration. He noted that some board members are no longer able to attend the meetings, which limits the board from attaining a quorum. He asked if current board members could have some input into the process, with regard to the commitment of attending meetings.

Ms. Millben replied that board members are asked to continue to serve until they hear from the Governor's office that they have been reappointed or replaced. Staff from the Department have been working recently with the staff at the Governor's Appointments Office on filling vacancies and on reappointments. They were giving priority to the boards where there were not enough board members to have a quorum. Sometimes the Governor's office has questions regarding a potential board member as to whether they are licensed, whether they would be a professional member, or whether there are any disciplinary actions against the person.

Ms. Millben added that she was very impressed with the staff person who is working with the licensing administrators and noted her knowledge of the process, political savvy and awareness of the importance of these appointments to the licensing process. Ms. Millben hoped that an improvement in the process and the timeliness of the appointments in the future will be seen.

Ms. Millben noted that this Collection Practices board was part of the Occupational Code, so board members could only serve two terms. If they were at the end of their second term, they would be replaced eventually. Until the Governor's Office contacts a board member, she urged board members continue to serve.

Mr. Angelo asked if board members could contact people they know who might be interested in serving on the board. Ms. Millben replied that they could. Mr. Hoppin added that his recommendations to the Governor's office when he was first appointed to the board have resulted in the appointment of some of the current board members, so there were positive results from contacting the Governor's office. He had recently been asked by the Appointments Office for any additional names of possible board members he might be aware of and willing to recommend.

Mr. Angelo asked if there were any restrictions regarding professional or public members. Ms. Millben responded that there needs to be six professional members and three public members. In this context "professional" just means licensed without any specialization noted in the Code. Some other professions have geographic criteria to consider. Ms. Rendon asked if some board members are on more than one board. Ms. Millben replied that there is some overlap in the design boards. Their statute might require an engineer to be on the architect's board, but most of the boards do not have members who are on other boards.

ELECTION OF OFFICERS

MOTION: Mr. Angelo moved to nominate Mr. Hoppin as Chairperson and that the nominations be closed and a unanimous ballot be cast. Ms. Rendon seconded and the motion passed unanimously.

MOTION: Ms. Rendon moved to nominate Mr. Angelo as Vice-Chairperson and that the nominations be closed and a unanimous ballot be cast. Mr. Stewart seconded and the motion passed unanimously.

NEXT MEETING DATE – JANUARY 18, 2007

The next regularly scheduled meeting of the Collection Practices Board will be held on January 18, 2007. Mr. Hoppin added that the Public Notice had been distributed with both meeting dates for next year. He asked board members to add this date to their calendars and to also add August 23, 2007.

