

STATE OF OREGON  
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES  
DIVISION OF FINANCE AND CORPORATE SECURITIES

In the Matter of:

Case No. DM-15-0106

CHARLES SCOTT SOLOMON and  
DEBT DEFENSE SERVICES, LLC;

FINAL ORDER TO CEASE AND  
DESIST AND CONSENT TO ENTRY  
OF ORDER

Respondents.

The Director of the Department of Consumer and Business Services for the State of Oregon (hereinafter “the Director”), acting pursuant to the Oregon statutes regulating debt management service providers, ORS 697.602 to 697.842, has conducted an investigation of Charles Scott Solomon and Debt Defense Services, LLC (hereinafter referred to collectively as “Respondents”).

Respondents have cooperated with the Director’s investigation and do not wish to expend additional time or incur additional costs in connection with litigating this matter.

Respondents neither admit nor deny the findings and conclusions herein, but wish to resolve this matter with the Director;

Now, therefore, as evidenced by the signature(s) subscribed on this Order, Respondents hereby CONSENT to entry of this Order.

FINDINGS OF FACT

The Director FINDS that:

1. Debt Defense Services, LLC (“DDS”) is a Maryland limited liability company. Charles Scott Solomon (“Solomon”), a Maryland resident, is the principal and managing member of DDS.

2. Until June of 2015, DDS was, at all times, working with a compliance law firm, Greenspoon Marder (“GM”), and its principal compliance lawyer. Based upon the advice

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1 provided by GM, DDS believed every aspect of its operation complied with the law of all states  
2 in which DDS conducted business, as well as federal law.

3 3. At all times relevant to this matter, "JJD" was a resident of Cloverdale, Oregon.

4 4. In October 2013, JJD received an advertising flyer by mail from a marketing  
5 company who would refer consumers to DDS. The flyer contained information regarding how  
6 consumers could challenge alleged debts, and potentially prevent collection of those debts by  
7 creditors. JJD called the phone number on the flyer and spoke with a representative of a  
8 marketing company who would refer consumers to DDS. Although DDS provided each  
9 marketing company with a script as to what each consumer could be told, DDS has no  
10 knowledge as to what actually was stated by the marketing representative.

11 5. JJD stated that the marketing representative told JJD that DDS could consolidate her  
12 debt and make payments to her creditors for her. Based on the information JJD provided to the  
13 marketing representative, JJD believed her home mortgage loan would be paid in full in  
14 approximately three years. Such information is contrary to the direction provided DDS.

15 6. At JJD's request, DDS sent JJD a proposed contract describing DDS's services. The  
16 DDS contract charged JJD a monthly fee of \$349.92, in addition to an initial fee of \$367.50. JJD  
17 signed the contract and authorized DDS to withdraw these amounts directly from her checking  
18 account at a branch of U.S. Bank in Oregon.

19 7. Beginning about November 20, 2013, and extending until March 9, 2015, JJD paid  
20 DDS a total of approximately \$5,966.22 in 17 monthly installments for what JJD believed was  
21 debt management or credit repair services, although the contract between DDS and JJD clearly  
22 stated that DDS provided neither service. Despite the fact that the contract between JJD and DDS  
23 provided that DDS did not pay the debts of consumers, nor negotiate those debts, JJD believed  
24 that DDS would assist her in improving her credit record by consolidating her debt and  
25 negotiating with her creditors. Contrary to the terms of the contract she signed with DDS, JJD  
26 believes she was instructed by DDS to stop paying on her credit cards even though the written



1 contract with DDS states: "We will never advise you to stop paying your [credit cards] nor will  
2 we advise you of your legal rights." JJD did stop making payments on her credit cards.

3 8. DDS was unable to eliminate JJD's debt. JJD was sued by her creditors and faces loss  
4 of her home through bankruptcy proceedings.

5 9. At no time material to this Order was DDS registered in Oregon with the Director as a  
6 debt management service provider.

7 10. At no time material to this Order did DDS file proof of a surety bond with the  
8 Director as required for "debt management service providers" under Oregon law.

9 11. DDS voluntarily refunded all funds paid to it by JJD.

#### 10 CONCLUSIONS OF LAW

11 12. The Director concludes that DDS performed "debt management services," as defined  
12 by ORS 697.602(2)(b) when it received money from an Oregon consumer for services related to  
13 challenging consumer debts.

14 13. The Director concludes that DDS performed "debt management services," as defined  
15 by ORS 697.602(2)(d), when it received money in exchange for the preparation and transmission  
16 of letters seeking to have a creditor or collection agency validate its debt and supply the  
17 information required by the Fair Debt Collection Practices Act.

18 14. Based on the conclusions in paragraphs 12 and 13, above, the Director concludes that  
19 DDS violated ORS 697.612(1) by engaging in the business of debt management service provider  
20 without being registered with the Director.

21 15. Based on the conclusions in paragraphs 12 and 13, above, DDS violated ORS  
22 697.642(1) when it performed the services set forth above without first filing a bond issued by  
23 one or more corporate sureties authorized to do business in Oregon.

24 16. Based on the conclusions in paragraph 12 and 13, above, DDS violated ORS  
25 697.692(1)(a) by charging an Oregon consumer an initial fee of more than \$50.

26 //



1 ORDERS

2 Now, therefore, the Director issues the following FINAL ORDERS:

3 Final Order to Cease and Desist

4 17. Pursuant to the authority of ORS 697.825(1)(a), the Director hereby ORDERS  
5 Respondents, and all entities owned or controlled by Respondents, their successors and  
6 assignees, to CEASE AND DESIST from offering services to Oregon residents in violation of  
7 any provision of the Oregon statutes regulating debt management service providers, ORS chapter  
8 697, and any rule, order, or policy issued by the Director under ORS chapter 697.

9 Final Order Assessing Civil Penalty

10 18. Pursuant to the authority of ORS 697.832, the Director may assess a CIVIL  
11 PENALTY in an amount of not more than \$5,000 per violation against any person who violates  
12 ORS 697.612 or 697.642 to 697.702, rules adopted under ORS 697.632, or any order issued  
13 under ORS 697.825.

14 19. Pursuant to ORS 697.832, the Director hereby proposes to assess Respondents, jointly  
15 and severally, a CIVIL PENALTY in the amount of \$7,500 (seven thousand five hundred  
16 dollars) as follows:

17 A. A CIVIL PENALTY of \$2,500 (two thousand five hundred dollars) for violation of  
18 ORS 697.612(1) by engaging in the business of performing debt management services without  
19 being registered with the Director;

20 B. A CIVIL PENALTY of \$2,500 (two thousand five hundred dollars) for violation of  
21 ORS 697.642(1) by performing debt management services without first filing proof of a surety  
22 bond; and

23 C. A CIVIL PENALTY of \$2,500 (two thousand five hundred dollars) for violating  
24 ORS 697.692(1)(a) by charging an Oregon consumer an initial fee of more than \$50.

25 Suspension of Civil Penalty

26 20. The Director agrees to SUSPEND the collection of the assessed CIVIL PENALTY



1 assessed herein in recognition that DDS has refunded to JJD the monies she provided to DDS,  
2 and in recognition that DDS is no longer doing business in Oregon and will not do business in  
3 Oregon in the future. Respondents agree to comply with the terms and conditions of this Order  
4 and commit no violations of the Oregon statutes regulating debt management service providers,  
5 ORS 697.602 to 697.842, the rules adopted pursuant to ORS 697.632, or any order issued under  
6 ORS 697.825.

7 21. If Respondents comply with all of the terms and conditions set out in this Order and  
8 the Director has not initiated an enforcement action for violations of the Oregon statutes  
9 regulating debt management service providers during the three-year period from the effective  
10 date of this Order, the Director WAIVES the collection of the suspended CIVIL PENALTY  
11 assessed herein.

12 22. The Director reserves the right to immediately take enforcement action, pursuant to  
13 the procedures set forth in ORS 183.745, to impose the suspended CIVIL PENALTY if  
14 Respondents violate any term of this Order.

15 23. The entry of this Order in no way limits further remedies which may be available to  
16 the Director under Oregon law.

17 SO ORDERED this 14th day of December, 2015 at Salem, Oregon.

18 PATRICK M. ALLEN, Director  
19 Department of Consumer and Business Services

20  
21 /s/ David Tatman

22 David C. Tatman, Administrator  
23 Division of Finance and Corporate Securities

24 Approved as to form:

25 \_\_\_\_\_  
26 Kimberley Hanks McGair  
Attorney for Respondents

\_\_\_\_\_ Date

DEBT DEFENSE SERVICES, LLC CONSENT TO ENTRY OF ORDER

I, Charles Scott Solomon, state the following: that I am an member or officer of Debt Defense Services, LLC (“DDS”) and I am authorized to act on its behalf; that I have read the foregoing Order and that I know and fully understand the contents hereof; that DDS and I have been advised of the right to a hearing and of the right to be represented by counsel in this matter; that DDS, voluntarily and without any force or duress, consents to the entry of this Order, expressly waiving any right to a hearing in this matter; that DDS, neither admitting nor denying the findings and conclusions herein, executes this Order as a settlement of the matters referred to in the foregoing Order; that DDS understands that the Director reserves the right to take further actions to enforce this Order or to take appropriate action upon discovery of future violations of the Oregon statutes regulating debt management service providers, ORS 697.602 to 697.842, the rules adopted pursuant to ORS 697.632, or any order issued under ORS 697.825, and that DDS will fully comply with the terms and conditions stated herein.

DDS further assures the Director that neither DDS, nor its officers, directors, employees or agents, will offer to provide services in Oregon unless such services are in full compliance with Chapter 697 of the Oregon Revised Statutes.

DDS understands that this Order is a public document.

DEBT DEFENSE SERVICES, LLC

By: /s/ C. S. Solomon  
Charles Scott Solomon

President  
Office Held

State of Maryland

County of Harford

Signed or attested before me on December 2, 2015 by Charles Scott Solomon.

/s/ Wendy Carolyn Weitzel  
Notary Public

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CHARLES SCOTT SOLOMON CONSENT TO ENTRY OF ORDER

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I, Charles Scott Solomon, state that I have read the foregoing Order and that I know and fully understand the contents hereof; that I have been advised of the right to a hearing and of the right to be represented by counsel in this matter; that I voluntarily and without any force or duress, consent to the entry of this Order, expressly waiving any right to a hearing in this matter; that I, neither admitting nor denying the findings and conclusions herein, execute this Order as a settlement of the matters referred to in the foregoing Order; that I understand that the Director reserves the right to take further actions to enforce this Order or to take appropriate action upon discovery of future violations of the Oregon statutes regulating debt management service providers, ORS 697.602 to 697.842, the rules adopted pursuant to ORS 697.632, or any order issued under ORS 697.825, and that I will fully comply with the terms and conditions stated herein.

I understand that this Order is a public document.

By: /s/ C. S. Solomon  
Charles Scott Solomon

State of Maryland

County of Harford

Signed or attested before me on December 2, 2015 by Charles Scott Solomon.

/s/ Wendy Carolyn Weitzel  
Notary Public

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